MINUTES OF EPCG COMMITTEE HELD AT 11.00 AM ON 23.09.2010 IN ROOM NO. 04, UDYOG BHAWAN, NEW DELHI UNDER CHAIRMANSHIP OF SHRI V.K. GUPTA, ADDITIONAL DIRECTOR GENERAL OF FOREIGN TRADE.

Export Promotion Capital Goods (EPCG) Committee Meeting was held at 11.00 AM on 23.09.2010. Following officials participated:

S. No.	Name and Designation
1.	Shri V.K. Gupta, Addl. DGFT & Chairman
2.	Shri Hardeep Singh, Jt. DGFT.
3.	Shri S.S. Tak, Industrial Advisor, M/o Steel. .
4.	Shri Pramod Kumar, Technical Officer, DOR
4.	Shri Ishwar Singh, Dy. DGFT.
5.	Shri Kamlesh Kumar, FTDO (EPCG-I).
6.	Shri S.K. Swarnkar, FTDO (EPCG.II)

2. Minutes of last Meeting dated 29.07.2010 were confirmed.

3. Shri Pramod Kumar, Technical Officer, DOR handed over letter No. 605/13/2010-DBK dated 23rd September, 2010 to Chairman, indicating views of DoR in respect of 9 cases. Of these nine cases, DoR recommended for rejection of **five** cases i.e. (S.No. 1,2,3,7 & 9); not to accede to the requests in **three** cases i.e. (S.No. 4,5&6); and to accede to the request of a firm partly in case No.8.

4. In this regard, it is appropriate to draw a reference to the minutes of EPCG Committee dated 19.6.2008 wherein the issues concerning applicability of provisions like re-fixation of export obligation on duty saved amount basis, Inclusion of alternate product for fulfillment of export obligation, extension in export obligation period under BIFR and fast track provisions of para 5.11 of Foreign Trade Policy, which are having bearing on the redemption of EPCG licences came up for discussion before Committee. Committee discussed these provisions at length and observed that these are the provisions which facilitate the exporter(s) for speedy redemption of the EPCG licences and as such if these provisions are made effective from prospective date(s) the facilitities contained in these provisions would become available only after 8-10 years which is not the intention of the Government. In order that the facilities provided under these provisions are made available immediately after their introduction in the policy, these provisions should be made effective retrospectively to be applicable to all those old EPCG licences (Un-redeemed) which come for redemption after the introduction of such provisions in the Policy.

5. Attention was drawn to Para 2.5 of FTP. It was also explained that Committee's recommendation are approved by DGFT before implementation. DGFT has otherwise also powers to relax policy provisions on the recommendation of the EPCG Committee in cases of genuine hardships. Committee is only considering such cases which cannot be finalized within the parameters of Policy by Regional Authorities.

5. With the above background in view, the Committee observed that most of the cases are covered under the existing policy provisions and the facilities sought for are being allowed by the Committee in all such cases on merit. Therefore, the recommendation of DoR were not agreed to and it was decided to take up the Agenda on case to case basis.

3. The Agenda comprised of two parts, that is, Part-I and Part-II. It consisted of two types of cases i.e. Policy related cases and Nexus approval cases. At first, the Committee took up the cases relating to Policy and took the decisions as indicated against each of the case below:

S. No.	Case No.	Firm's Name	Licence No. & Date	Request of the firm	Decision of the EPCG Committee
1	1 of Agenda	Paramount Textile Mills (P) Ltd. Madurai	(i) 3530000199 dated 28.05.2002 (ii) 3530000224 dated 30.07.2002 (iii) 3530000226 dated 31.07.2002	1. Extension in export obligation period for two years; 2. Condonation of Block-wise Export Obligation fulfillment in all three licenses; 3. Re-fixation of Export Obligation on the basis of 8 times of duty saved amount.	The case was discussed as per agenda and observations of DOR in O.M No 605/13/2010-DBK dated 23.9.2010. The Committee noted that the requests for condonation of Block-wise EO and extension in EOP are covered under Para 5.8 and 5.11 of HBP.Vol.I, respectively. Therefore, these requests have been acceded to subject to payment of 2% composition fee, separately for each of the requests. The representative of DOR advocated for rejection of request for re-fixation of EO due to non-fulfillment of block-wise EO. The Committee noted that since

					the firm would regularize the block-wise EO by paying 2% composition fee in proportion to the shortfall at the end of each of the blocks and 2% for each year of extension upto 2 years. The Committee approved the request for re-fixation of EO on duty saved amount basis as per Para 5.19 of HBP since, after EO extension, the licences would become valid.
2	2 of Agenda	M/s KLRF Textiles Limited, Tiruneveli	2154243 dated 17.01.2000	Inclusion of “Knitted / Readymade Garments as an alternate Product.	The case was discussed as per agenda and observations of DoR in O.M. No. 605/13/2010-DBK dated 23.9.2010. The Committee noted that the firm had applied for inclusion of alternate product on 6.8.2003 when there was no provision therefor.

						The enabling provision for fulfillment of EO through alternative product was introduced on 28.1.2004 and hence the Committee decided to accede to the request of the firm from 28.1.2004. This would however be subject to the condition that the exporter should have valid RCMC as Manufacturer exporter/Industrial licence for the alternate product(s) on that date. With regard to allowing third party exports, the Committee noted that the shipping bill does not contain the name of the firm and as such circular No. 7 dated 11.7.2002 is not applicable in this case. However, the firm is allowed for counting third party exports provided co-relation is	

					established to the satisfaction of RA between supplies made by the firm and product exported by the third party made out of the supplies so made.
3.	3 of Agenda	M/s Fiat India Automobiles Limited.	As per Agenda	Extension of Export Obligation period for 12 years due to CIF value being over 100 crores.	The case was considered as per agenda and observations of DOR in O.M. NO. 605/13/2010-DBK dated 23.9.2010. The Committee noted that the licences have been issued in different years under different custom notifications, the Committee decided not to accede to the request of the firm.
4	4 of Agenda	M/s Jain Studios Ltd., New Delhi.	(i) 0530130599 dated 30.09.1999 (ii) 0530130827 dated 07.03.2000 (iii) 0530131085 dated 05.07.2000 (iv) 0530131137 dated 20.07.2000 (v) 0530131182 dated 10.08.2000	(i) Extension in E.O. period up to 12 years from the date of issue under Para 5.11 HBP Vol.I (ii) Condonation of Block-wise fulfillment. (iii) Re-fix the E.O. on duty saved amount basis instead of 8 times of CIF value.	The case was discussed as per agenda and observations of DOR in O.M No 605/13/2010-DBK dated 23.9.2010. The Committee noted that the

					requests for condonation of Block-wise EO is covered under Para 5.8 of HBP subject to payment of composition fee of 2% on duty saved amount equal to unfulfilled portion of EO for each block.. The request for extension in EOP is covered under present para 5.11 of HBP. Vol.I subject to payment of composition fee equal to 2% of proportionate duty saved amount on unfulfilled export obligation for each year of two years (50% of Custom duty in proportion of unfulfilled EO in case of 2nd extension). Committee decided to accede to both the requests. The representative of DOR advocated for rejection of	

					request for re-fixation of EO due to non-fulfillment of block-wise EO. The Committee noted that since the firm would regularize the block-wise EO by paying 2% composition fee in proportion to the shortfall at the end of each of the blocks, 2% composition fee for each year of extension for first two years and 50% of custom duty for further 2 years. The licences would thus become valid. Committee decided to accede to request for re-fixation of EO on duty saved amount basis as per Para 5.19 of HBP after payments as above are paid. **However, the Committee directed that the above approval would not apply to authorization No. 0530130599**

					dated 30.09.1999 or any other authorization in respect of which enforcement action has been taken.
5	5 of Agenda	M/s Kingsway Rubber Products Pvt. Ltd.	0730004194 dated 02.06.2006	Transfer of capital goods imported under EPCG licence No. 0730004194 dated 02.06.2006 to another firm.	The Case was discussed as per agenda and observations of DOR in OM No. 605/13/2010-DBK dated 23.9.2010. The Committee observed that as per Para 5.4 of FTP, import under EPCG Scheme is subject to 'Actual User Condition" according to which transfer of capital goods before completion of export obligation is not allowed. The Committee further observed that transfer of CG has never been allowed. The representative of DoR also expressed concern that the custom notification does not have enabling provision for

					recovery of custom duty in the event of default by the transferee firm. Having regard to the above, the Committee decided to reject the request.
6	6 of Agenda	M/s Tata B.P. Solar, Bangalore	(i) 0730006422 dated 24.12.2007 (ii) 0730006466 dated 03.01.2008 (iii) 0730006535 dated 18.01.2008	Sale of scrap of capital goods damaged in fire.	The Case was discussed as per agenda, observations of DOR in OM No. 605/13/2010-DBK dated 23.9.2010 and submissions of the firm in Personal Hearing. The representative of the firm submitted that the scrap would be disposed of only after completion of export obligation. The request before the committee is only to allow removal of the scrap to a warehouse to enable the firm to install new capital goods for commencement of commercial production for fulfillment of

					export obligation. The Committee decided to accede to the request to this extent only.
7	7 of Agenda	M/s Visba, Moradabad.	0082850 dated 13.03.1997	Waiver of maintenance of annual average export obligation, being the export product relating to handicraft sector from 1996-97	The Case was discussed as per agenda, observations of DOR in OM NO. 605/13/2010-DBK dated 23.9.2010 and submissions of the representative of the firm [Shri Abdul Azim (President)]. The Committee noted that the firm has fulfilled the export obligation as per Para 41 of HBP. Vol. I read with para 38 of FTP (RE-1996) as their exports are more than 75% of total production as well as specific EO. Otherwise also, average EO on handicraft is not required to be maintained since 2002. Hence, the Committee decided to accede to the request of the firm for

					regularization of the subject licence.
8	8 of Agenda	M/s Globe Metal Industries, Moradabad	(i) 2930000065 dated 04.06.2004 (ii) 2930000079 dated 10.03.2005 (iii) 2930000126 dated 01.06.2006 (iv) 2930000132 dated 25.07.2006 (v) 2930000134 dated 31.07.2006 (vi) 2930000139 dated 03.11.2006 (vii) 2930000142 dated 12.01.2007 (viii) 2930000146 dated 09.03.2007 (ix) 2930000147 dated 20.03.2007 (x) 2930000151 dated 20.07.2007 (xi) 2930000152 dated 20.07.2007 (xii) 2930000157 dated 12.09.2007 (xiii) 2930000161 dated 27.12.2007 (xiv) 2930000180 dated 01.08.2008 (xv) 2930000181 dated 27.08.2008	Inclusion of 'alternate products' namely Glass Artwares, Brass Artwares, Aluminium handicrafts, Iron handicrafts & Stainless Steel Handicrafts for fulfillment of export obligation.(Annexure-I)	The Case was discussed as per agenda, observations of DOR in OM NO. 605/13/2010-DBK dated 23.9.2010 and submissions of the representative of the firm [Shri Sat Pal (MD)]. The representative during his submissions informed the Committee that the firm has already fulfilled export obligation in respect of licence No. 2930000065 dated 4.6.2004. The Committee noted that the provisions for alternate product were introduced on 28.1.2004 and the licences have been obtained between 2004-2008. Therefore, the firm is allowed to fulfil export obligation through

					alternate products in respect of the licences issued upto 27.12.2007. In respect of licences issued on 1.8.2008 and 27.8.2008, only upto 50% of the export obligation may be fulfilled through alternate product. This is however subject to the condition that the exporter should have valid RCMC/Industrial licence for the products.
9	9 of Agenda	M/s Unibind Wire-O Pvt. Ltd., Bangalore	0730000400 dated 13.09.2001	Extension in export obligation period under Para 5.11 of HBP. Vol.I.	The Case was discussed as per agenda and observations of DOR in OM NO. 605/13/2010-DBK dated 23.9.2010.The Committee decided to accede to the request of the firm for extension in export obligation period for one/two year under Para 5.11 of HBP.Vol.I subject to payment of 2%

					composition fee for each year.
10.	10 of Agenda	M/s S.Kumar Nation wide Limited, Mumbai	01500711 dated 19.2.1998	Extension in EOP for 2 years, condonation of Block wise EO and refixation of EO on Duty saved amount basis.	The Case was discussed as per agenda. The Committee noted that the firm has not availed 2nd extension in EOP under Para 5.11. Accordingly, it was decided to maintain decision taken in Committee meeting held on 29.8.2008 and allow extension upto February 2010 for regularization purposes under Para 5.11 of HBP. Vol.I, subject to payment of 50% of the Custom duty saved in proportion to the unfulfilled export obligation before endorsement of extension. The Committee further noted that since the firm would regularize the block-wise EO by paying 2% composition fee in

					proportion to the shortfall at the end of each of the blocks, the condition for fulfillment of mandated EO would be waived. The Committee approved the request for re-fixation of EO on duty saved amount basis as per Para 5.19 of HBP from the date of receipt of application. It is presumed that they have paid 2% composition fee for each year of extension from Feb, 2006 to Feb.2008, in case this has not been paid, the same amount will be deposited alongwith 50% Custom duty before their request is acceded. This is further subject to the condition that adjudication action has not been taken in these cases.
11.	11 of	M/s Associated	0330008606 dated	Regularization of two	The Case was

	Agenda	Hotels Limited, Mumbai	10.5.2005 0330009324 dated 5.8.2005	EPCG Authorizations on fulfillment of EO, relaxing the condition of Ciruclar No. 7 dated 7.5.2008	discussed as per agenda. The Committee noted that the firm has already fulfilled the export obligation and submitted requisite documents. However, it was observed that the EO had been fulfilled prior to cut off date of registration the vehicles were got registered as commercial vehicle on 31.12.2008. The Committee noted that since the firm has got the vehicle registered as commercial, the Committee decided to advise RA to consider the request of the firm for redemption of the subject licences as the firm has registered their vehicle as commercial, now and that no case is pending against the htel with DRI/CBI in

					respect of import of cars.

The Committee took up the agenda for nexus approval. The following cases were approved on the basis of technical inputs of the Technical Authorities and other members of the Committee:

S. No.	**Name of the firm**	**Licence No & Date**	**Import items**	**Export items**	**Remarks**
1.	Hindalco Inds Ltd. Varanasi 23/62/AM09/ EPCG.I (also for below listed 26 cases)	1530000026 Dt.26-2-2002	As per list	Aluminum Ingots, Wire/Bars Rod/Ally Billets	The Committee directed to call for the application, catalogue and import/ export products from RA/firm and send to M/s Mines.
2.	--Do--	1530000019 Dt.9-11-2001	As per list	-Do-	-do-
3.	--Do--	1530000036 Dt. 17-3-2003	As per list	-Do-	-do-
4.	--Do--	1530000032 Dt. 18-11-2002	As per list	-Do-	.-do-
5.	--Do--	1530000027 Dt. 10.7.2002	As per list	-Do-	-do-
6.	--Do--	1530000039 Dt. 27-03-03	As per list	-Do-	-do
7.	--Do— Mumbai	0330000819 Dt. 12-1-2001	Slitter Machine etc.	Aluminum Foils	-do-
8.	-Do-	0330001520 Dt. 13-11-01	Lamintor	Aluminum Foils	-do-

9.	Mangalore Refinery & Petro Chemical Ltd., Mumbai	0330004188 Dt. 26-08-03	As per list	Naphtha, ATF,HSD, etc.	The Committee directed to call for the application, catalogue and import/ export products from RA/firm and send to M/o C&PC.
10.	Ballarpur Inds. Ltd. Mumbai	0330001531 Dt. 3-12-01	As per list	Paper & Paper products	The Committee directed to call for the application, catalogue and import/ export products from RA/firm and send to M/o DIPP.
11.	Bharat Hotels Ltd. Mumbai	0330001332 Dt. 4-9-01	As per list	Service Provider	Nexus certified.
12.	Technova Imaging Systems Pvt. Ltd., Mumbai	0330003075 Dt. 8-1-03	As per list	Offset Printing Plates used for image transfe	The Committee directed to call for the application, catalogue and import/

					export products from RA/firm and send to M/o DHI.
13.	Indian Dairy machinery Co. Ltd., Udyog Nagar	3430000083 Dt. 15-11-2002	As per list	As per list	The Committee directed to call for the application, catalogue and import/ export products from RA/firm and send to M/o DIPP.
14.	Jewel Consumer Care Pvt. Ltd., Baroda	3430000059 Dt. 27-6-2002	As per list	Tooth Brushes/Domestic Brushes/Paint Brushes/Synthetic or Artificial Monofilament yarn	The Committee directed to call for the application, catalogue and import/ export products from RA/firm and send to M/o DIPP.
15.	Steelco Gujarat Ltd., Bharuch	3430000135 Dt.31-7-2003	As per list	Cold Rolled Non Alloy Sheets/W9de coils/circle Cold Rolled Galvanized Non Alloy Steel sheets/wide Coils	The Committee directed to call for the application, catalogue and import/

					export products from RA/firm and send to M/o Steel.
16.	Perfect Colourants and Plastics Pvt. Ltd., Broda	3430000205 Dt. 28-1-04	As per list	Colour, white and balckmaster batches, compound of poly propylene etc.	Nexus Certified.
17.	M/s. Grand Hotels (Bombay) Pvt. Ltd. Mumbai	0330000379 Dt. 23-6-2000	Elantra Coupe 1.8 A/T Model=ANCDB6B with accessories and spares	Services to customer	Nexus Certified.
18.	Star Circlips & Engg.Ltd., Nagpur	0330000844 Dt. 23.1.2001	As per list	Circlipsertaining Ring, Oil Engine Ring, Snap Ring, Pressure Plate, Washers and Sheet Metal Components and Ind Containers without tin plate.	Nexus Certified.
19.	Goldman Sachs (India) Securities Pvt. Ltd., Mumbai	0330061114 Dt. 17.05.2007	(i) Back to back Enclosed end panel. (ii) Column back panel. (iii) Back panel for single desks. (iv) Reduced enclosed end	Financial and Banking Services	Nexus Certified

			panel for single desks. (v) Mobile, 3 drawer, veneer pedestal. (vi) Static veneered L, return.		
20.	Goldman Sachs (India) Securities Pvt. Ltd., Mumbai	0330016115 Dt. 17.05.2007	(i) Back to back height selectable 'Triax' Desk. (ii) Single height selectable 'Triax' Desk (iii) Back to back single height slatwall assembly. (iv) Fully articulating flat screen arm with slatwall bracket. (v) Pully out CPU trolley to accommodate loom. (vi) Infeed module holder assembly.	Financial and Banking Services	Nexus Certified
21.	Southern Machine Tools	0730000365 Dt.12.07.2001	Supermax Brand Vertical Machining Center model YCM V654 with OMC Control Rigid Tapping, Kanuc Two year warranty supply standard Accessories.	1.Automobiles Spares Parts 2. Press Components 3.Non.Ferrous castings.	Nexus Certified.
22.	Selva	0430000618	Excavator Hitachi	Rough	Nexus

	Granites	Dt. 29.04.2002	Model Zaxis ZX 200 LC with Isuzu Engine, 568 Meter Boom, 2.2 Meter Arm& 091 Cum Bucket.	GraniteBlocks	Certified

23	Groz- Beckert Asia Pvt. Ltd., New Delhi	0530133349 Dt 25.09.2002	1 Latch Machines	NT Latches for Hosiery Needles.	The Committee directed to call for the application, catalogue and import/ export products from RA/firm and send to Technical Authorities.
24	Honda	0530134905 Dt. 22.09.2003	N.A	N.A	The Committee directed to call for the application, catalogue and import/ export products from RA/firm and send to Technical Authorities.

The Committee decided that the following cases may be deferred for preparing a statement showing import and export items.

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S.No	**Name of the firm**	**Licence No & Date**	**Import items**	**Export items**	**Remarks**
1.	M/s.Bharti Infotel Limited	0530135382 Dt.16.12.2003	As Per List of Import items enclosed	Service Provider	**Deferred**
2.	M/s.Bharati Celluar Limiter,N D	0530134754 Dt.29.08.2003	As Per List of Import items enclosed	Service Provider	**Deferred**
3.	M/s. Syndicate Binders	0530132243 Dt.16.10.2001	12000 Sinloch Perfect Blinder SB-1300 S4MP-Number-1	Stationary & Allied Products (Diaries etc.)	**Deferred**
4.	M/s. Macro Entertainment Pvt. Limited,	0530132507 Dt.21.01.2002	As Per List of Import items enclosed	Video Software,	**Deferred**

				Television Software, Multimedia Software, Graphics Related services Thereof.	
5.	M/s. Samsong India Electronics Limited ND	0530133818 Dt.05.02.2003	As Per List of Import items enclosed	Colour Televisions	**Deferred**
6.	M/s. Smatal Color Limited	0530134534 Dt.18.07.2003	As Per List of Import items enclosed	Color Picture Tube/Color Display Tubes	**Deferred**
7.	M/s. Sunstar Overseas Limited, Delhi	0530134173 Dt.14.05.2003	As Per List of Import items enclosed	Basmati/Non Basmati Rice	**Deferred**
8.	M/s. Musashi Auto Partsindia Pvt. Limited,	0530134559 Dt.23.07.2003	As Per List of Import items enclosed	Bearings, Gears, Gearing and Driving Elements	**Deferred**
9.	M/s. Musashi Auto Partsindia Pvt. Limited,	0530134578 Dt.25.07.2003	As Per List of Import items enclosed	Bearings, Gears, Gearing and Driving Elements	**Deferred**
10.	M/s. Positive Television Pvt. Limited,	0530135138 Dt.27.10.2003	As Per List of Import items enclosed	Television services, Television Transmission services, Video Software Related Services.	**Deferred**

Meeting ended with thanks to participants.

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