

Directorate General of Foreign Trade

Udyog Bhawan, New Delhi-11 Minutes of the 7th Meeting of EPCG Committee of AM07 held on 10-1-2007 at 3.30 P.M

The 7th meeting of the EPCG Committee during the licensing year 2006-07 was held on 10-01-2007 at 3:30 P.M. in Room No.108 under the Chairmanship of Shri N.K. Gupta, Addl. DGFT to consider the cases under the EPCG Scheme.

2. The following officers were present in the meeting:

S/Shri

1. N.K. Gupta, Chairman.
2. Sanjay Rastogi, Export Commissioner.
3. Anurag Bakshi, Senior Technical Officer (DBK) Department of Revenue
4. V.C. Agarwal, SIA, Department of Industrial Policy and Promotion.
5. Gaj Raj Singh, SDO, Deptt. of Heavy Industry
6. A.C. Sen, Under Secretary, Department of Animal Husbandry, Dairying & Fisheries. Ministry of Agriculture.
7. Ishwar Singh, Dy. DGFT.
8. Brajesh Sikka, FTDO.
9. S.S. Prasad, FTDO.

3. The Chairman welcomed the members and invited for their considered views on the cases contained in the agenda. The Committee deliberated on each of the cases and took the following decisions.

Item No. 1 (M.No.07/AM07) M/s. Parle Products Ltd., Mumbai
Date 10-01-2007 EPCG. Licence No.0330003341 Dated 3-3-2003.
F.No. 01/36/218/80/AM06/EPCG.I

The Committee considered the item as per agenda. It pertains to certification of nexus between the capital goods imported and the export products. The comments of the Department of Food and Public Distribution were obtained and placed before the Committee. The Committee noted that the export products are Biscuits and Confectionery and there are (19) items for import including the Oil Burner. The import of Oil Burner, being a component of Baking oven, is not covered as per the relevant policy. Hence, the Committee rejected the request of the firm for nexus approval against the EPCG Licence No. 0330003341 Dated 3-3-2003.

Item No. 2 (M.No.07/AM07) M/s. Radhakrishna Foodland Pvt. Ltd, Mumbai
Date 10-01-2007 EPCG. Licence No.0330003468 Dated
31-3-2003.
F.No. 01/36/218/70/AM06/EPCG.I

The Committee considered the item as per Agenda. It is for certification of nexus between the imported goods and export product. The comments were called for from the Ministry of Food Processing Industries and the Marine Products Export Development Authority, Cochi (MPEDA). The Ministry of Food Processing Industries did not send its comments despite several reminders. The firm was also requested to furnish justification for establishing nexus between import of capital Good and export product, which the firm has not provided. The comments of MPEDA were received and placed before the Committee. The Committee noted that the export

comments of the MPEDA were received and placed before the Committee. The Committee noted that the export products are fish, marine products, food products and miscellaneous products. The Committee considered the item in light of the comments of the MPEDA that “ the items imported are not seen to be meant for seafood export products”, and decided to reject the firm’s request.

Item No. 3 (M.No.07/AM07)
Date 10-01-2007

M/s. Gujarat Coop. Milk Marktng Fed. Ltd.
EPCG. Licence No.3430000151 Dated
18-9-2003.
F.No. 01/36/218/03/AM07/EPCG.I

The Committee considered the item as per agenda note. It pertains to certification of nexus between the Capital Goods and the Export Products. The Comments of the Department of Animal Husbandry, Dairy and Fisheries, Ministry of Agriculture were obtained and placed before the Committee. The representative of the Department of Animal Husbandry was also present in the meeting. The Department of Animal Husbandry, vide their letter dated 20th September, 2006 stated that they have no objection to the nexus approval subject to the condition that the firm gets the other dairy products, namely Ice Cream, UHT milk/cream and cheese, etc. incorporated in its Registration Certificate. With this observation, the Committee decided to certify the nexus

between capital goods imported and the export products against EPCG Licence No. 3430000151 Dated 18-9-2003.

Item No. 4 (M.No.07/AM07)	M/s. The Panchmahal Dist. Co-Op. Milk Producers Union Ltd.Godhra.
Date 10-01-2007	EPCG. Licence No.3430000102 Dated 3-3-2003.
	F.No. 01/36/218/106/AM06/EPCG.I

The Committee considered the item as per the agenda note. It pertains to certification of nexus between the CGs imported and the Export product. The comments of the Ministry of Food Processing Industries and Agricultural and Processed Food Products Export Development Authority (APEDA) were called for. The comments of the Food Processing Ministry were not received. The Comments of APEDA were received and placed before the committee. APEDA has commented that imported machine is meant for packing of fat based dairy products like butter, margarine etc. The Committee noted that the export products were Dairy products . The Committee decided to certify nexus of the items of import with the export of dairy products, namely, butter & margarine, on the basis of the comments of APEDA conveyed vide letter No. APD/DAIRY/2006/9336 dated 6-9-2006 against the EPCG Licence No. 3430000102 Dated 3-3-2003.

Item No.5 (M.No.07/AM07)	M/s. Balasore Alloys Ltd. Kolkata
Date 10-01-2007	CG. Licence No.2134467 Dated 31-7-1995.
	F.No. 20/4405/AM06/EPCG.I

isation of Export obligation
the subject licence. The
firm was a BIFR Unit, and the
nger sick.

extension has already been
EO, on deregistration from
for revival, based on EO
may push the firm again to
E.O. may be decided on file

17.11.1995.

of the firm for deletion of
used the claims of the firm
the mosaic is an art, surface
closely in adhesive ground
and wall cladding". Firm has
of issuance of licence No.
of marble/granite tiles may

be deleted and the other exports made may be counted towards fulfillment of additional EO imposed. The Committee noted that as per sub-para (V) of Para 4.1 of Chapter VI of the policy of 31st March, 1995, the export obligation shall be in addition to any other export obligation undertaken by the importer and shall be over and above the average level of exports of same product achieved by him in the preceding three licensing years.”

The Committee decided to defer the case for want of comments of DIPP as the matter is under their examination. The Committee also decided to send these observations of Committee to CLA, New Delhi to prepare the para wise comments, in response to Writ Petition filed by the firm.

Item No. 7 (M.No.07/AM07)
Date 10-01-2007

M/s. Amison Foods Ltd. Cochin
EPCG. Licence No.0150042 Dated
F.No. 20/891/AM96/EPCG.I

5.10.1995.

The Committee considered the item as per agenda and decided to allow to withdraw the case. EPCG Division may forward to Policy relaxation Committee (PRC) for appropriate action.

**Item No. 8 (M.No.07/AM07)
Date 10-01-2007
17.02.2000.**

**M/s. Premina Exports, Tirupur
EPCG. Licence No.3230000023 Dated**

F.No. 01/36/218/18/AM07/EPCG.I

The Committee considered the item as per agenda note. The request of the firm for conversion of the EPCG Licence No. 3230000023 dated 17-02-2000 from Zero % duty scheme to 10% duty scheme due to less utilization under the licence was deliberated upon. The Committee noted that the firm could utilize the licence only for Rs. 25,33,882/- against allowed CIF value of Rs.1,32,66,196/-. The representative of the Department of Revenue informed the Committee that the firm must have deposited 10% Additional duty at the time of import against zero percent EPCG licence, as per the policy prevalent at the time. He further informed that it may not be possible to adjust the duty already paid against the differential duty payable if the conversion of the licence is allowed. The Committee decided that willingness of the firm to pay duty liability under 10% licence and interest there upon may be taken. The Committee further noted that this is a case of policy relaxation. In view of this, the matter may be referred to the Policy Relaxation Committee (PRC) for consideration.

Item No. 9 (M.No.07/AM07)
Date: 10-01-07

M/s. Rai Prexim (India) Pvt. Ltd. N.Delhi
EPCG. Licence No.0530131101 Dated.
7.7.2000

F.No. 23/486/AM01/EPCG.I

The Committee considered the item as per agenda note. The item pertains to amendment of the export products. The Committee noted that the original export product is Connecting Rod bolt and Valve seat etc. The Committee further noted that the firm in its letter dated 22-9-2006 has submitted the revised list of export products as Annexure 'A' and 'C'. The list of assembly items in Annexure 'B' were withdrawn by the firm itself. The comments of the DIPP, DHI, Textile Commissioner were called for. The Comments were received from Textile Commissioner, DIPP and DHI. Textile Commissioner has informed that machinery is not related to Textiles. DIPP has informed that Department of Heavy Industry is concerned with the matter. The Committee considered the item in light of the comments of DHI.

The Committee decided to certify the nexus of the export products as mentioned in the Annexure 'A' and 'C' of the firm's letter dated 22-9-2006 excluding six products from the Annexure 'A' i.e. Connecting Rod Bearing, Disc, Flexible bearing mounting, Sledge body, suction Gun Removable and Threading Wire LH and RH. against

EPCG Licence No. 0530131101 Dated. 7-7-2000 on the basis of comments of Department of Heavy Industry vide letter No.15 (17)/2006 AEI dated 17-11-2006.

Item No. 10.

M/s BPL Ltd., Bangalore
EPCG Licence No. 01500450 dt. 23.05.96
F.No.01/36/22/77/AM-96

Meeting Date. 10.1 .07

The Committee considered the item as per Agenda. The item pertains to waiving of shortfall in fulfilment of Export Obligation by 21 % or granting extension in EOP as CDR Unit. The Committee considered the requests of the firm in light of the provisions of the Policy and observed that the provisions permit waiving shortfall in EO upto 5% only. The Committee further observed that there is no provision for providing extension in EOP to CDR units.

The request of the firm for either waiving off the 21% shortfall in fulfillment of export obligation or granting of extension in export obligation period for being a CDR Unit in respect of EPCG licence No. 01500450 dated 23.05.1996 were therefore rejected.

Item No. 11	M/s Jindal Steel & Power Ltd., New Delhi
	(Fresh case)
Meeting Date. - 10.1 .07	F.No. 18/63/AM07/EPCG-II

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The Committee considered the item as per Agenda. The item pertains to extend approval for issuance of a fresh licence for the duty saved amount of Rs. 114.05 crores.

The Committee observed that some of the export items like Sponge iron, blooms, Billets, Rounds, Pig Iron, Ferro Alloys and Ferro Chrome cannot be manufactured by the imported CGs i.e 5000 mm Heavy plate mills. As such, the Committee decided to defer the consideration of the case and directed to seek clarifications from the firm as well as from the Ministry of Steel about the nexus between the imported CGs and the export products.

Item No. 12 – M/s Motor Industries Co. Ltd., Bangalore.
(License No. 01500647 dt. 22.8.97)
Meeting Date. - 10.1 .07 F. No. 36/22/24/AM98/EPCG-II

The Committee considered the item as per Agenda. The case pertains to re-fixation of balance export obligation on the basis of eight times duty saved amount in terms of para 5.19 (c) of HBP in respect of EPCG licence No. 01500647 dated 22.08.1997.

The representative of the Deptt. of IPP recalled the discussions held in the Meeting of the EPCG Committee dated 10.10.2006, wherein a few similar cases were considered and it was decided by the Committee that no re-fixation of export obligation would be considered in such cases, where condonation/ carry forward of block wise fulfillment of export obligation has been granted by the Committee.

In view of this, the Committee rejected the request of the firm as they had been allowed to carry forward the shortfall of 7.43% of export obligation fulfillment in 3rd block to 4th block by the EPCG Committee in its meeting held on 16.01.2006.

Item No. 13	M/s Stallion Garments, Tirupur.
	Licence No. 2144501 dt.21.12.1999
Meeting Date. - 10.01.07	F. No.18/42/AM07/EPCG-II

The Committee considered the item as per Agenda. The item pertains to condonation of block-wise export obligation fulfilment against Licence No. 2144501 dated 21.12.1999 .

The Committee decided to defer the consideration of the case and directed to reexamine the issue, on file, in light of the provisions of Foreign Trade Policy of the relevant period i.e. 1999-2000.

Item No. 14 **M/s Owens Corning (India) Ltd., Mumbai**
 Licence No. 0330004316 dt. 12.09.03
Meeting Date. - 10.01.07 **F. No. 18/67/AM06/EPCG-II**

The Committee considered the item as per Agenda. It pertains to nexus approval between the imported capital good i.e 1 no. Second hand shrink-wrapping machine and export products i.e Glass fibre roving & Glass fibre mats. The Comments of the Department of Industrial Policy and Promotion were obtained and placed before the Committee.

The Committee decided to approve nexus between the imported machine and the export products as per written comments of Deptt. of IPP. The Committee noted that relevant Foreign Trade Policy of 2003-04 allowed import of second hand CGs, which were upto 10 years old. Thus, age of CGs as on date of import needs to be confirmed.

Item No. 15	M/s Sleek Fashions, Tirupur.
	Licence No.2124458 drt. 10.12.99
Meeting Date. - 10.01.07	F. No. 18/65/AM07/EPCG-II

The Committee considered the item as per Agenda. The item pertains to condonation of fulfilment of block wise export obligation in respect of EPCG licence no. 2124458 dated 10.12.1999 .

The Committee decided to defer the consideration of the case and directed to reexamine the issue, on file, in light of the provisions of the Foreign Trade Policy of the relevant period, i.e. 1999-2000.

Item No. 16

**M/s Ingersoll-Rand (I) Ltd.Mumbai
Licence No. 0330002816 dt. 11.11.02
F. No. 18.78/AM06/EPCG-II**

Meeting Date. - 10.01.07

The Committee considered the item as per Agenda. It pertains to nexus approval between imported capital goods and the export products. The comments of the Department of Industrial Policy and Promotion were obtained and placed before the Committee.

The Committee decided to approve the nexus between the imported machine i.e Frequency Converter and the export products i.e Air Compressors and Vacuum pumps, as per comments of DIPP conveyed vide letter-dated 29.9.2006. DIPP has further noted that export products are value added products. The Committee observed that relevant Foreign Trade Policy provided for 50% Additional EO for value Added products. Thus condition of 50% additional EO would be imposed.

Item No. 17

**M/s Hy-Grade Pellets Limited, Mumbai
Licence No. 01500622 dated 10.7.1997**

Meeting Date. 10.01.07

F. No. /0136/22/59/AM7/EPCG-II

The requests of the firm for (1) transfer of export obligation in the name of Essar Steel Ltd., (2) permission for fulfillment of export obligation through the exports of iron ore pellets made by the firm prior to the date of installation of the imported CGs for the beneficiation plant at Krandul in EPCG Licence No. 01500622 dated 10.7.1997 (3) condonation of delay beyond 6 months for submission of installation certificate, were considered by the Committee as per agenda. The representative of the firm appeared before the Committee and explained their case.

After deliberating upon the facts, the Committee decided to approve the request of the firm to the transfer of EO in the name of M/s Essar Steel in view of the orders dated 17.6.2006 of the Gujarat High Court, allowing amalgamation of the firms, namely M/s Hygrade Pellets Ltd., Mumbai and M/s Essar Steel Ltd.

As regards 2nd and 3rd requests of the firm, the Committee noted that the firm had earlier imported ERW pipes for the slurry pipeline connecting the beneficiation plant at Krandul and pellet plant at Visakhapatnam, in 1995 under EPCG Licence No. 2156102 dated 17.10.1995. These ERW pipes were installed by May, 2005. In an earlier meeting held on 19.8.2004, the EPCG Committee had decided acceptance of the fulfillment of export obligation in respect of exports already made before installation of CGs imported against EPCG Licence No. 2156102 dated 17.10.1995.

The present EPCG Committee noted the firm's statement that due to a ban imposed by the Supreme Court on felling of trees in Chhatisgarh, they could not install the equipment for beneficiation plant imported under EPCG Licence No. 01500622 dated 16.7.1997. The firm has claimed to have applied to the Empowered Committee of the Supreme Court for felling of trees and getting clearance from the Empowered Committee. The installation work could start thereafter only.

The EPCG Committee decided that the firm may be asked to submit authenticated copy of the application made to the Empowered Committee set up by the Supreme Court and its decision in the matter. The Committee

further decided that the firm may be allowed to fulfil export obligation in respect of exports already made before installation of CGs imported and late installation of CGs, in line with decision of EPCG Committee held on 19.8.2004, in case adequate documents are supplied by the firm to justify delay in installation of CGs imported. In case the matter is not settled, it may again be brought before the Committee.

Item No. 18

**M/s Ultratech Cement Ltd., Mumbai
(Fresh case)**

Meeting Date. - 10.01.07

F. No.18/45/AM07/EPCG-II

The Committee considered the item as per Agenda. It pertains to grant of approval for issue of fresh EPCG licence for import of capital goods for duty saved amount of Rs. 91.85 crores. The comments of the Department of Industrial Policy and Promotion were obtained and placed before the Committee.

The Committee decided to approve nexus between imports of 'Captive Power Plant' for their unit located at Amreli and export of Portland cement as per the comments of the DIPP conveyed vide their U.O. NO.

at 7:11 AM and experts of Portland Cement as per the comments of the DIPP conveyed vide their letter IPP/6/15/06-TSW dated 14.12.06. Committee further noted that DIPP has rightly observed about project import benefits not being available to the firm, as commercial production has already started. Thus, only EPCG benefits can be allowed for import of equipment.

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Observations of the Committee regarding Minutes of the Meeting held on 10.10.2006.

It was brought before the Committee that in 2 cases decided by the EPCG Committee in the meeting held on 10-10-2006, block wise condonation of EO has been allowed in Case No.19 and 20 i.e. M/s. Auto-bhan Motor Products Pvt. Ltd. and M/s. Quality Care Labs Pvt. Ltd. respectively of EPCG.II Section.

The Committee decided that the words 'no request for re-fixation of EO will be allowed' may be added in case No. 19 and 20 in EPCG Committee minutes of 10.10.06. The firms may be informed accordingly.
