EPCG-I

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Minutes of the 1st Meeting of EPCG Committee of AM-07 held on 26.04.2006 at 3.00 P.M.

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Part-C-II

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C-II/01 M/s.Mulberry Silk International Ltd., Gurgoan
01/AM07 dated 26.04.2006 F.No.20/938/AM-96/EPCG-I

The Committee considered the agenda note and discussed the case. The representative of Deptt. of Revenue has requested for some more time for sending their comments. The Committee, therefore, decided to defer the case and consider further on the receipt of comments of Deptt. of Revenue.

C-II/02 M/s.Super Cassettes Industries Ltd., New Delhi
01/AM07 dated 26.04.2006 F.No.01/36/218/77/AM-06/EPCG-I/

The Committee considered the agenda note and decided to certify nexus between the end product and the equipment which is being imported against EPCG licence No.0530132634 dated 01.03.2002 on the basis of comments of Deptt of Information Technology vide letter No.13(1)/2006-IPHW dated 23.03.2006.

C-II/03 M/s. Rituraj Holdings Pvt. Ltd., Mumbai
01/AM07 dated 26.04.2006 F.No.01/36/218/03/AM-06/EPCG-I/

The Committee considered the agenda note and decided to certify nexus between the export products i.e. Cellulosic/non-cellulosic mixed blended Yarn and the capital goods imported against EPCG licence No.0330001324 dated 31.08.2001 on the basis of comments of o/o the Textiles Commissioner, Mumbai vide letter No.40(2)/2/2005/EPCG/Wvg./vol.IX/31 dated 12.04.2006.

C-II/04 M/s.Pinkcity Gem Technologies, Jaipur
01/AM07 dated 26.04.2006 F.No.23/45/AM-02/EPCG-I

The Committee considered the agenda note and decided to defer the case and to inform the firm to furnish necessary information/clarification requested within 15 days failing which case shall not be considered subsequently for non-submission of information/ clarification.

C-II/05 M/s.Pinkcity Gem Technologies, Jaipur
01/AM07 dated 26.04.2006 F.No.23/47/AM-02/EPCG-I

The Committee considered the agenda note and decided to defer the case and to inform the firm to furnish necessary information/clarification requested within 15 days failing which case shall not be considered subsequently for non-submission of information/ clarification.

C-II/06 M/s.Zenith Fibres Ltd., Baroda
01/AM07 dated 26.04.2006 F.No.01/36/218/107/AM-06/EPCG-I

The Committee considered the agenda note and decided to certify nexus between Capital goods imported, i.e., spinneret and export product, i.e., Polypropylene fibre against EPCG licence No.3430000110 dated 09.05.2003 on the basis of comments of O/o the Textile Commissioner, Mumbai vide letter No.40(2)/1/2005/EPCG-Spg/Wvg/Vol.II/33 dated 12.04.2006.

C-II/07 M/s.Bloom Dekor Ltd., Ahmedabad
01/AM07 dated 26.04.2006 F.No.01/36/218/269/AM-00/EPCG-I

The Committee considered the agenda note and decided to defer the case on the request of D/o C&PC since the matter is under examination in their Department.

C-II/08 M/s.Reliance Gas Pipelines Ltd., Mumbai
01/AM07 dated 26.04.2006 F.No.01/36/218/112/AM-06/EPCG-I

The Committee considered the agenda note and decided to certify nexus between the capital goods to be imported and services to be rendered as a Service Provider on the basis of comments of Ministry of Petroleum and Natural Gas vide OM No.L-11012/3/06-Gp dated 18.04.2006 for grant of EPCG licence for the pipeline project. The services to be provided are transportation services to carry gas to power plants and other industries situated in SEZ's.

C-II/09 M/s.Utility Printers, Thane
01/AM07 dated 26.04.2006 F.No.23/977/AM-01/EPCG-I

The Committee considered the agenda note and decided to make amendment in the description of the export product as per IEM with value addition of 50% to read as "manufacture of other paper and paper board articles NEC viz Boxes made of paper/paper board/printed leaflet made of paper board printed posters made of paper board" against EPCG licence No.0330000705 dated 16.11.2000 on the basis of comments of DIPP vide letter No.IPP/6/47/2004/TSW dated 13.01.2005.

C-II/10 M/s.AVL Technical Centre Pvt. Ltd., New Delhi
01/AM07 dated 26.04.2006 F.No.01/36/218/35/AM-06/EPCG-I

The Committee considered the agenda note and decided to maintain rejection as decided in the EPCG Committee meeting dated 30.11.2005 since the EO cannot be waived under any provisions of the EPCG scheme given in the Foreign Trade Policy.

C-II/11 M/s.Essar Steel (Hazira) Ltd., Mumbai
01/AM07 dated 26.04.2006 F.No.01/36/218/113/AM-06/EPCG-I

The Committee considered the agenda note and decided to defer the case and consider the matter in the EPCG meeting to be held on 03.05.2006 when the comments from Deptt. of Steel are received alongwith the few other cases which could not be considered earlier in this EPCG Committee meeting.

EPCG-II

Case. No.	Name of the firm /File No.	EPCG Licence No/Meeting No.& date..
1	Thyssenkrup Electrical Steel India Pvt.,	01500610 dt.10.07.1997

	Ltd 01/36/022/033/AM 97/EPCG.II	No. 01/AM.07 dt.03.05.2006

The request of the party for deletion of 50% enhanced EO was considered as per agenda. The Committee decided to defer the consideration of the request and directed to ask the firm to furnish up to date export performance in the above-mentioned licence block-wise and also to request Ministry of Steel for an appropriate report as to whether the items exported by the firm (as per CA's certificate) are value added products or not.

S.No.	Name of the firm /File No.	EPCG Licence No/Meeting No & date..
2	M/s.Shaily Engineering Plastics Ltd., Baroda. F.No.18/100/AM.06/EPCG.II	03430000046 dt.08.03.2002 No.1/AM.07 dt.03.05.2006

The case of Nexus approval between capital goods and the export products in respect of EPCG licence No.0343000046 dated 08.03.2002 issued by RLA in terms of Para 6.8 of the Exim Policy (Self declaration method) filed by M/s.Shaily Engineering Plastics Ltd., Baroda was considered as per agenda. The Committee decided to approve the Nexus between Capital goods imported and the export product in respect of the above-mentioned licence as per the written comments of Deptt. of Chemicals & Petrochemicals.

Case No.	Name of the firm /File No.	EPCG Licence No/Meeting No & date..
3	M/s.Roha Dyechem Pvt., Ltd., Mumbai. 18/51/AM.06/EPCG.II	0330002415 dt.01.08.2002 No.1/AM.07 dt.03.05.2006

The case of Nexus approval between capital goods and the export products in respect of EPCG licence No.0330002415 dated 01.08.2002 issued by RLAs in terms of Para 5.3 of the Exim Policy filed by M/s.Roha Dyechem Pvt Ltd., Mumbai was considered as per agenda. The Committee decided to approve the Nexus between Capital goods imported and the export product in respect of the above-mentioned licence as per the written comments of Deptt.of Chemicals & Petrochemicals.

Case No.	Name of the firm /File No.	EPCG Licence No/Meeting No. & date..
4.	M/s.Eesha Tools. F.No.18/30/AM.06/EPCG.II	0114109 dt.10.09.1999 No.1/AM.07 dt.03.05.2006

The request of the firm for considering the exports of their group company namely M/s. Commec India Moulds Pvt., Ltd., towards the completion of EO against the EPCG licence No.0114109 dated 10.09.1999 on third party export basis was considered as per agenda. The Committee decided to reject the request of the firm as the concept of the group company was not present in the Exim Policy in the year 1999-2000, and it came in 2004 and also they do not fulfill criteria of third party exports.

Case No.	Name of the firm/File No.	EPCG Licence No/ Meeting No.& date.
5.	M/s .Hitachi KK. Manufacturing Co.,.Kolkatta. F.No.18/63/AM.06/EPCG.II	0230000216 dt.01.05.2002 No.1/AM.07 dt.03.05.2006

The case of Nexus approval between capital goods imported and the export product in respect of EPCG licence No.0230000216 dated 01.05.2002 issued to M/s. Hitachi KK Manufacturing Co., Kolkata was considered as per agenda. The Committee decided to approve the Nexus between capital goods imported and the export product as per the written comments of DIPP with additional EO as the export product "Wooden Photo frame" is a value added product.

Case No.	Name of the firm/File No.	EPCG Licence No/Meeting No. & date.

6	M/s.Shree Rayalaseema Alkalies and Allied Chemical Ltd., Kurnool. F.No.18/563/AM.04/EPCG.II	2108667 dt.22.07.1999 No1/AM.07 date03.05.2006

The request of the firm of deletion of Average EO against EPCG licence No.2108667 dated 22.7.1999 issued from RLA, Hyderabad was considered as per agenda. The firm's representative who was called for explaining the request was asked to furnish the up-to-date export statement year-wise in EPCG licence No.2108667 dated 22.7.1999 after taking/not taking average exports into account. The Committee directed to reconsider the request after getting the reply from the firm.

Case No.	Name of the firm/File No.	EPCG Licence No/Meeting No. & date.
7.	M/s;Spentex Industries Ltd., F.No.18/73/AM.06/EPCG.II	0830000389 dt.14.10.2003 No.1/AM.07 date 03.05.2006

The Committee decided to defer the consideration of transfer of Export obligation imposed on EPCG licence No.0830000389 dated 14.10.2003 to M/s Spentex Industries Ltd., as the representative from Deptt. Of Revenue was not present in the meeting due to some preoccupation.

Case No.	Name of the firm/File No.	EPCG Licence No/Meeting No. & date
8.	M/s .Sea Princess Hotel & Properties Pvt, Ltd. ,Mumbai. 18/45/AM.06/EPCG.II	0330002477 dt.28.08.2002 No.1/AM.07 date 03.05.2006

The request of the firm for disposal of the Mercedes Benz car against EPCG LicNo.0330002477 dated 28.08.2002 was considered as per agenda. The committee recommended to place the case before the next Policy Relaxation Committee for taking a view.

EPCG-III & IV

Case no.	Name of the firm	Licence number
C-I/01 01/AM07 26.4.2006	M/s Titagarh Industries Ltd, Kolkata F.No.20/165/93/EPCG-IV	2129448 dated. 29.4.92
This case was considered as per agenda. The representative of Deptt. of Heavy Industry present in the meeting stated that DIPP has already certified that the imported CG is mainly used for casting purpose. He further informed that export product 'Crawler Shoe' is also one of the casting only and therefore it has the nexus with the imported CG. The Committee, therefore, decided to certify the nexus between export product and the machinery imported against the EPCG licence No. P/CG/2129448 dated. 29.04.1992.		

C-1/02 01/AM07 26.4.2006	Representation from FICCI F.No.20/05/2006-07/EPCG-III	

This case was considered as per agenda. FICCI had sent an elaborate list of items, which could be classified as CGs for the retail sector under EPCG Scheme. The representative of DOR present in the meeting informed that since 2000 onwards they have discontinued notifying any kind of list of CGs for services sector because there are more than 150 services notified in Appendix-10 of HBP(Vol.1). They further clarified that service provider under EPCG scheme have also been allowed to import consumer goods under EPCG Scheme. However, it is upto the licensing authority to decide whether the items applied for by the applicant covered under the category of CG or not. They further informed that a high level meeting on this issue is scheduled to be held in the next week and they will inform the outcome of the meeting shortly. Committee therefore decided to defer the case.

C-1/03 01/AM07 26.4.2006	M/s Edassery Enterprises (P) Ltd, Cochin F.No.01/94/162/1113/AM06/EPCG-III	

This case was considered as per agenda. The Committee decided to advise Jt.DGFT, Cochin to take a decision as per the current Foreign Trade Policy. In case, they want to seek clarification on any specific point, the same may be referred to this office for the specific points on which clarification is required.

Case no.	Name of the firm	Licence number
C-1/04 01/AM07 26.4.2006	M/s Nila Palace, Kollam, Kerala F.No.20/67/2005-06/EPCG-III	5330000860 dated. 27.9.2004

This case was considered as per agenda. The Committee decided to advise Jt.DGFT, Trivandrum to take a decision as per the current Foreign Trade Policy provisions. In case, they have some query on any specific point, the same may be referred to this office for clarification.

Case no.	Name of the firm	Licence number
C-1/05 01/AM07 26.4.2006	Clarification regarding import of 'Catalyst' under EPCG Scheme.	

The Committee considered the case as per agenda wherein representative of DIPP was also present. After detailed discussion, Committee decided to defer this case for reconsideration by the Committee.

Case no.	Name of the firm	Licence number
C-1/06 01/AM07 26.4.2006	M/s Sesa Goa Limited, Goa F.No.20/68/2005-06/EPCG-III	

The Committee considered the case as per agenda. The Committee decided to seek a detailed report from the firm on the following points with proper justification to process the case further:-

(i) The purpose of importing railway wagons (rakes),
(ii) The use of railway wagons and how it will help in exports.
(iii) Whether the firm is registered as service provider

Case no.	Name of the firm	Licence number
C-1/07 01/AM07 26.4.2006	M/s Hindalco Industries Limited, (formerly Indo Gulf Corp). F.No.38/00217/AM04/EPCG-III	Licence No.3430000077 dated. 27.09.2002

The Committee considered this case as per agenda. The following allegations have been made against the firm in an anonymous complaint received in this office:-

1. Illegal import of Rs.3.50 crore of capital goods for its (PAP) Phosphoric Acid Plant at Dahej under EPCG Scheme at concessional duty @5% instead of paying normal duty and thereby illegally evading Rs.1.55 crore of duty.

2. Facts regarding PAP plant, SAP plant were suppressed and not disclosed.
3. Deliberately hiding the fact regarding production of Phosphoric Acid and subsequently selling the fertilizer made out of it in the local market.
4. Submission of wrong declaration towards nexus approval by submitting Chartered Engineer Certificates prepared by its employees. Based on their wrong justification/forged documents, they obtained EPCG licences.

The representative of the firm appeared for personal hearing before the Committee on 26.4.2006. They have explained that they have Copper smelter and refinery, Sulphuric Acid and Phosphoric Acid Plants which are integral to each other for the manufacture of copper. They have also stated that sulphuric di-oxide gas as per environment department norms cannot be released in the atmosphere and accordingly need to be converted into Sulphuric Acid. Therefore, Sulphuric acid plant was essential. Keeping this point into consideration, their request for nexus clearance may be considered accordingly. They have also undertaken to fulfill additional export obligation of products like CC Rods etc. It has also been stated that while submitting the application for the EPCG licence, they have inadvertently submitted the certificate issued by the Chartered Engineer employed in their company instead of an ‘Independent Chartered Engineer’. They have rectified this anomaly by submitting another certificate issued by an Independent Chartered Engineer, which may be taken on record in place of earlier certificate submitted by them.

As regards the allegation No (i), (ii) and (iii), it has been noted by the Committee that the firm has been issued an EPCG licence No.3430000077 dated. 27.9.2002 for import of equipments for a CIF value of Rs.12,79,89,014/-. The firm was placed under export obligation for export of Copper Cathodes, CC Rod, Gold and Silver, Anode Slime, Selenium for FOB value of Rs.63,99,45,074/-. As per the written comments of D/o C&PC and M/o Mines vide their UO No.14010/146/2005/CHP dated 06.02.2006 and OM No.4(18)/2005-MET/III/L dated.27.2.2006 respectively, it has been observed by the Committee that there has been nexus between the item of import as specified in the subject licence and the items of export product. It has been specifically mentioned by the D/o C&PC that for the manufacture of Copper Cathodes, CC Rod, Gold and Silver etc, the party uses copper concentrate, which contains 25 to 35% of copper, 25 to 35% of sulfides and 25 to 30% of iron. Copper concentrate is taken into smelter for the manufacture of copper cathodes etc. in the smelter, temperature is maintained at 13000C where Sulphur present in the copper concentrate gets converted to Sulphur Di-Oxide. This is then converted into Sulphuric Acid. Sulphuric Acid is made to react with rock phosphate to give Phosphoric Acid.

In the process of smelting, Sulphur di-oxide emanates as gas and allowing this to escape into atmosphere will be disastrous from the environmental angle. Sulphur di-oxide is obtained as by-product, which is converted into Sulphuric Acid and Sulphuric Acid is converted to Phosphoric Acid for use in manufacture of fertilizers. In this way, an environmental friendly product is produced. This also enables proper disposal of Sulphuric Acid which is a product coming from an integral process of copper manufacture. Thus manufacture of Copper Cathode, C C Rod, Sulphuric Acid and Phosphoric Acid involve integrated project.

The pumps and GRP internals for gas cooling system which are covered under EPCG licence are essentially needed in the plants of Sulphuric Acid and Phosphoric Acid. The equipments of Sulphuric Acid and Phosphoric Acid do not have nexus with the items of export i.e Copper Cathodes etc. stipulated in the EPCG licence.

Since Sulphuric Acid and Phosphoric Acid are produced out of compulsion to observe environment standards and these products are highly hazardous and can not be transported to longer distances, a view may be taken for the export of alternate products (Copper Cathode, CC Rod, Gold and Silver etc.) manufactured in their plants in lieu of export obligation of Sulphuric Acid and Phosphoric Acid.

After having detailed deliberations in the matter, the Committee also decided to add Phosphoric Acid and Sulphuric Acid as the item of manufacture in addition to what has already been mentioned. Average EO may also be imposed taking into consideration, the average exports of Sulphuric Acid and Phosphoric Acid made during the preceding three years on the date of filing an application for the subject licence in addition to what has already been imposed earlier.

As regard the allegation No (iv), it has been admitted by the firm in their letter dated 13.4.2006 and also by their representatives appeared for personal hearing before the Committee on 26.4.2006 that they have inadvertently submitted a certificate issued by the Chartered Engineer employed in their firm instead of a certificate issued by an ‘Independent Chartered Engineer’. Now, they have submitted a certificate issued by an Independent Chartered Engineer requesting that it may be taken on record in place of the earlier such certificate submitted by them. Consequently, the Committee decided to impose 50% additional export obligation on the firm against the subject licence.

Based on the reports furnished by the Jt.DGFT, Baroda, the Committee noted that the other seven EPCG licences were also issued on the basis of CE certificate issued by their employees. The firm admitted before the Committee that that they have committed some mistakes/irregularities in giving information to DGFT while filing an application and pleaded the aforesaid mistake as unintentional.

In view of the above, it was decided by the Committee that the firm may be penalised by imposing 50% additional export obligation in addition to what had already been imposed in the subject licence and also in the following licences issued by RLA after obtaining the CE certificate from an Independent Chartered Engineer in each case. The firm may also be warned that in future, they should be more careful in filing application with correct information.

1. 3430000076 dated. 23.09.2002
2. 3430000173 dated. 28.10.2003
3. 3430000189 dated. 03.12.2003

3. 3430000189 dated. 03.12.2003
4. 3430000175 dated. 06.11.2003
5. 3430000225 dated. 04.03.2004
6. 3430000228 dated. 04.03.2004
7. 3430000226 dated. 04.03.2004

The Committee further decided to advise the Jt.DGFT, Baroda to take action accordingly under intimation to DGFT (Hqrs).