MINUTES OF EPCG COMMITTEE HELD AT 11.00 AM ON 3.3.2011 IN ROOM NO. 04, UDYOG BHAWAN, NEW DELHI UNDER CHAIRMANSHIP OF SHRI V.K. GUPTA, ADDITIONAL DIRECTOR GENERAL OF FOREIGN TRADE.

S. No.	Name and Designation
1.	Shri V.K. Gupta, Addl. DGFT & Chairman
2.	Shri Hardeep Singh, Jt. DGFT
3.	Shri V.C. Aggrawal, IA, DHI
4.	Shri Shaish Kumar, Industrial Advisor, DIPP
5.	Shri R.A Lal, Director, O/o Textile Commissioner
6.	Shri S.K. Jain, Development Officer, DIPP
6.	Shri Ishwar Singh, Dy. DGFT.
7.	Shri Kamlesh Kumar, FTDO (EPCG-I).

2. Minutes of last Meeting dated 20.1.2011were confirmed.

3. The Committee deliberated upon the Agenda, case to case basis and took the following decisions:

rms Name	EPCG Lic. No. and Date	Request of the firm	Decision of the EPCG Committee
's Switchgear d Control chnics Private nited	0730001881 dtd 21.06.2004	Acceptance of ARE, Bill of Lading etc. in lieu of Shipping Bills	The Committee considered the case as per Agenda. The DOR vide O.M No. 605/13/2010-DBK dated 23.2.2011 has recommended not to allow third party export. The Committee noted that the case is not for allowing third party export. The Committee further noted that the firm has supplied goods to the exporter and has documentary evidence therefor in form of ARE-I and Bill of Lading duly certified by Central Excise authorities. Only missing link is shipping bill number.Therefore, the Committee decided to ask the firm to submit a certificate from Jurisdictional Excise Authority of the Exporter establishing linkages between

			ARE-I, CT-I and Shipping bills of the exporter to the RA.
's Arjuna ıtural Extracts ı., Kerala	N.A.	Issuance of EPCG authorizations for laboratory furniture to exporter of Essential Oil Turmeric extract mango butter, etc	The Committee did not accept the views of the DOR that furniture cannot be allowed under EPCG Scheme.. However, the Committee decided to defer the case to obtain additional details regarding description of items of furniture and R&D registration of the Laboratory.

s Hindustan c Limited., aipur	As per Annexure	Re-fixation of Annual Export Obligation excluding the export of units in DTA (converted to EOU on 8.5.2008) in respect of EPCG authorizations issued during 2007-08.	The case was considered as per Agenda and submissions of Shri M.L.Kothari, GM before the Committee. The Committee noted that DOR vide O.M dated 23.2.2011 has commented upon the request for reduction of specific export obligation whereas the request of the firm is to re-fix Annual Export Obligation excluding the export of Chandriya Unit in DTA (converted to EOU on 8.5.2008) in respect of EPCG authorizations issued from 2007-08 onwards. The Committee noted that there are total number of 152 licences for re-fixation of average EO and felt that in principle, the company should be allowed exclusion of exports of the DTA unit converted into EOU for purposes of AEO of other licences. This will be in tune with para 6.36.1 of HBP. However, specific / additional obligation outstanding against EPCG licences of CHANDRIYA UNIT being converted into EOU will be added to future EO by adding

			value of capital goods to the imported capital good value of the EOU, the export of the said unit will also not be counted towards fulfillment of export obligation in respect of any other EPCG licence obtained by the firm in 07-08. However, before taking final decision deficiency pointed out by DOR that Annexure C submitted by the exporter should be reviewed and re-submitted, has to be completed and case placed before next committee meeting.
s Lotus Printers vate Limited, ngalore	0730002180/5/11/00 dtd 13.10.2004	Condonation of block-wise fulfillment of EO	The case was considered as per Agenda. The views of DOR vide letter dated 23.2.2011 for non-extension of blocks had not been accepted and a suitable reply was sent earlier. The Committee noted that the request of the firm is covered as per Para 5.8.3 of current HBP and allowed condonation of block-wise performance subject to payment of composition fee of 2% of duty saved amount in proportion to the shortfall at the end of each block. Such requests have been acceded to earlier also.

s K.K. bricant Pvt l, New Delhi	0530135680 dated 12.02.2004	Condonation of block-wise fulfillment	The case was considered as per Agenda. The views of DOR vide letter dated 23.2.2011 for non-extension of blocks had not been accepted and a suitable reply was sent The Committee noted that the request of the firm is covered as per Para 5.8.3 and allowed condonation of block-wise performance subject to payment of

			composition fee of 2% of duty saved amount in proportion to the shortfall at the end of each block..
s Autoline lustries Ltd	3130000041 dated 19.05.2000	Extension in export obligation period for two years w.e.f. 20.05.2010 to 19.05.2012 and condonation of Block-wise fulfillment against EPCG License No. 3130000041 dated 19.05.2000	The case was considered as per Agenda. The DOR vide O.M dated 23.2.2011 has not supported the requests. The Committee noted that the requests for condonation of Block-wise EO and extension in EOP are covered under present 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 blocks and each year of EO extension for first two years and 50% custom duty for subsequent two years of the requests.
s Devgiri ıthetics Pvt l	1330002505 dated 19.03.2010	Conversion of license from 0% to 3%	The Committee allowed conversion from zero duty to 3% Custom duty if payment of custom duty and interest has been made.
s K.C. ɔres Limited. A, New lhi	0097669 Dated 14.10.1998	(a) Extension in EO period by 2 years i.e. 13.10.2003 to 12.10.2005 (b) Condonation of fulfillment of mandatory block-wise EO. (c) Inclusion of alternate product i.e. Cotton Bath Mats from 28.01.2004. (d) Condonation of Installation certificate from Central Excise Authority.	The case was considered as per Agenda. The views of DOR vide O.M. dated 23.2.2011 for rejecting request of the firm were not accepted The requests for condonation of Block-wise EO and extension in EOP for two years and inclusion of alternate product are covered under Para 5.8 and 5.11 of HBP Vol.I and Para 5.5(i) of FTP, respectively. Therefore, following requests have been acceded to (a) Extension in EO period by 2 years i.e. 13.10.2003 to 12.10.2005 in terms of Para 5.11 of HBP Vol.I. on payment of 2 % composition fee for each year. (b) Condonation of fulfillment of mandatory block-wise EO on

			payment of composition fee of 2 % for each block. (c) Inclusion of alternate product i.e. Cotton Bath Mats from 28.01.2004. (d) Condonation of delay in submission of Installation certificate from Central Excise Authority (e) Installation certificate to be submitted as per present para 5.3.1 of HBP .
s Appasamy sociates, ennai	04500326 Dated 31.12.1997	Condonation of block-wise fulfillment and to permit to count excess export in average EO to be adjusted against shortfall in average EO in previous years. (ii) To accept ANF.5B for redemption	The case was considered as per agenda. It was noted that the request of the firm for condonation of block-wise export obligation is covered as per para 5.8.3. of HBP.Vol.I on payment of composition fee of 2% for each year. The request has also been allowed shifting of excess/shortage of EO& AEP in different blocks /years, as the firm has fulfilled entire export obligation against the licence. The ANF-5 B is already acceptable for issuance of EODC even in respect of old licences.
s LGW Limited, lkata	0230004491 dated 24.09.2009	Conversion of license from 0% to 3%	The Committee considered the case as per agenda and with concurrence of DOR. The Committee agreed to convert licence from0% to 3% if customs duty with interest from the date of first import has been paid..
s Can-Pack lia Private nited, Mumbai	0330022062 dated 16.02.2008 & 0330022563 dated 02.03.2009	Inclusion of alluminium scrap for fulfillment of Export Obligation against EPCG License (i) No 0330022062 dated 16.02.2008 (ii) No. 0330022563 dated 02.03.2009.	The case was considered as per agenda and views of DOR that allowing scrap would defeat targeted objective of the scheme; upto 50% of EO can be fulfilled by export of other goods and scrap is not product but by-products of a manufacturing process. The

			Committee noted that the firm has been exporting tin and the scrap generated during the process can be treated as an alternate product. As per provisions of Para 5.5.(i) of FTP, " upto 50% export obligation may also be fulfilled by exports of other good(s) manufactured or service(s) provided by the same firm/company, or group company/managed hotel, which has the EPCG authorization…" and allowed inclusion of alluminium scrap upto 50% of export obligation against EPCG License (i) No 0330022062 dated 16.02.2008 (ii) No. 0330022563 dated 02.03.2009 under Para 5.5(i) of the FTP.

s Steel Strips ieels Ltd, andigarh	3030004634 dated 16.10.2008	Relaxation regarding prior permission of RA for transfer of capital goods from one unit to another unit of the same company	The case was considered as per Agenda. The Committee noted that the firm had intimated the Jurisdictional Excise Authority and the concerned RA Ludhiana for shifting of machinery from one unit to another unit. The Committee also noted that both the units have same IEC/RCMC; both units are managed/controlled by same company; and the capital goods have been installed and put to use for the same purpose as was intended for. Had the firm mentioned address of unit at Chennai, RA would have allowed EPCG licence for that unit in a routine manner. In view of the above, the Committee condoned the shifting/transfer, subject to the condition that the firm has not

			been adjudicated by Excise authority.
s Bombay Dyeing Mfg. Co. Ltd	AS per enclosure	Re-fixation of annual average in respect of 23 EPCG Authorizations issued during the period 2-8-2006 to 27-5-2008 to the new unit as old unit closed.	The case was considered as per agenda and views of DOR that that was a policy matter. The Committee observed that the request of the firm need to be relooked and a Status Note may be prepared and placed before committee in its next meeting with regard to fixing of average EO.
s Southern rochemical ustries rporation Limited, ennai	3230001154 dated 16.04.2002	Inclusion of alternate products namely 'aluminum fluoride'	The case was considered as per agenda and views of DOR that it should not allowed as there was no provision for fulfilling export obligation in the year of issuance of licence i.e. 2002. The Committee noted that Public Notice No. 42 dated 28.1.2004 allowed the facility for old licences. Further, it was noted that the alternate product proposed for inclusion was " aluminium fluoride" which might be under Restricted Category for export. In view of this, the Committee deferred the case for obtaining comments of Export Policy Division.
s Padmini chnologies Ltd	01500427 dt 16.05.1996 0530130442 dt 30.06.1999	(a) Extension of EOP, for two years w.e.f. from 30.06.2009 to 29.06.2011 under para 5.11 of HBP Vol.I, condonation of block wise fulfillment against of EPCG Lic No. 0530130442 dated 30.06.1999 (b) To allow clubbing of license No. 01500426 dated 16.05.1996, 01500427 dated 16.05.1996 and license No.	The case was considered as per agenda. Shri Mahesh Malhotra appeared before the Committee and committee felt that there was no merit in the request : unit has already closed down in 2001 and all unit of company had been auctioned. RA is also taking adjudication action against firm. They should pay duty & interest to customs without delay..

		0530130442 dated 30.06.1999. (c) Inclusion of alternate products viz., Gems & Jewellery, Readymade Garments, softwqre., fisheries (d) Condonation of block-wise and refixation of EO on the basis of duty saved amount.	
s Numero Uno ernational Ltd	0330000521 dt 23.08.2000	Deletion of Annual average fulfillment condition against EPCG Licence No. 0330000521 dated 23.08.2000 on export product Television & Film software.	The Committee noted that software can be created only on computer and as such the product of the firm is computer software . As per the relevant policy, the exporter of computer software was not required to maintain average export obligation. Hence, the Committee decided to re-fix the Annual Average Export Obligation in terms of Para 6.5 (vii) of HBP.Vol.I (RE 2000-2001).
s Haffkine Bio-aramceutical rporation Ltd	0330003959 dt 17.07.2003	Waiver for maintenance of annual average export obligation against EPCG authorization No. 0330003959 dated 17.07.2003 (Duty Saved amount: Rs. 2.29 lakhs and Average EO: Rs. 45.71 crores)	The case was considered as per agenda. Licence holder is a government undertaking and plant of the firm was not upto the mark for WHO-GMP compliance. UNICEF has stopped taking OPV from them since 2004. The Committee also observed that due to amendment in Prevention of Cruelty against Animal it could not manufacture oral polio vaccine(to be manufactured from horse blood) and as such the supply being made to various government health institution could not be continued. Taking into consideration all the facts that legally they could not manufacture and supply, items for

			public health to UNICEF. the Committee decided to recommend to DG to waive the condition for maintenance of annual export obligation, in relaxation of policy under Para 2.5 of FTP in this case. Committee also felt that status note be prepared for taking care of such hard cases wherein average E.O. is hurting the exporters.
upur Textiles vate Ltd, Tirupur	3230000769 dt 04.07.2001 3230000989 dt 12.12.2001 3230001431 dt 10.10.2002 3230002752 06.02.2004	(a) Extension in E.O. Period of all four EPCG authorization for four years w.e.f. March, 2011 (b) To waive off maintenance of annual average export obligation during the extended period. (c) Condonation of Block-wise fulfillment. (d) Re-fix the E.O. on duty saved amount basis.	The Committee observed that the textile industry in Tirupur need encouragement in view of large amount of employment generation by the sector and closure of 700 dying units in Tirupur because of high Court orders on pollution in manufacturing units. The Committee further observed that production of the unit suffered negative growth ranging from Rs. 82.91 crores in 2001-02 to 70.22 Crores in 2009-10 & 38.69 crores in 2010-11 (April to August). Their export of cotton yarn was 12.47 crores in 2001-02 and 8.60 crore in 2009-10 and 8.27 crore in 2010-11 (April to August) unit is running into losses since 2008. The unit is employing 1500 workers and has now been accumulate losses. From 10 years performance of unit it is clear that they have hardly met specific EO and if we enforce average EO, units will only close down causing loss of employment Export of cotton yarn is already restricted. The Committee took cue from the BIFR provisions that the extension in export

			obligation period is granted to sick units as per the sanctioned scheme of BIFR, without any restriction of period. In the instant case, though the unit is not a sick unit, the financial conditions of the firm are not better The exporter in willing to fulfill entire average EO. Fixed for initial EO period and left over of specific EO in the coming year of March 2011 onwards In view of the specific circumstances of the firm, the Committee recommends to the DGFT in terms of Para 2.5 of FTP to accede to the requests, namely' (a) Extension in E.O. Period of all four EPCG authorization for four years w.e.f. March, 2011 without composition fee and maintenance of annual average export obligation for the extended period. (b) Condonation of Block-wise fulfillment with payment of 2% composition fee in proportion to shortfall at the end of each block(s) and (c) Re-fixation of the E.O. on the basis of duty saved amount as per Para 5.19 of HBP.Vol. I. The firm is to fulfill total export obligation (i.e. specific & additional on the basis of duty saved amount as well as average EO fixed by RA initially i.e. there is no exemption from average EO fixed for initial validity of licence issued in 2001 exemption in average is limited to the period of EO extension only. Committee also suggests that Policy guidelines may be laid

			down for such cases of hardship of average EO
s High Speed chining India Pvt ., Bangalore	0730001558 dt 05.02.2004	Condonation of block-wise fulfillment of EO	The case was considered as per agenda. It was noted that the request of the firm was covered as per Para 5.8.3 of HBP.Vol.I and as such condonation was allowed subject to payment of composition fee of 2% of duty saved amount in proportion to the shortfall at the end of each block.
ITSIDE ENDA CASE			
s Jindal Steel & ver Limited, mbai	Annexure-A	Transfer of ownership of capital goods imported against EPCG authorization in the name of Subsidiary Company in the same premise & for same purpose.	. M/s. Jindal Steel & power Limited is under taking a corporate restructuring exercise which shall enable it to cut cost and being about management synergies & operational efficiency. They intend to transfer captive power plants imported under EPCG Scheme to its subsidiary company M/s. Jindal Power Limited . Business restructuring in modern business by way of acquisition/take over, hiring off merger/demerger in case of large companies is very common now. It was decided to allow Jindal Steel & Powers Limited to transfer capital goods to its subsidiary company i.e. Jindal Power Limited (JPL), subject to the following conditions:- (a)Location of Power Plant or any of the equipment imported against the EPCG Authorization will continue to

			remain at the same place where it has been installed; (b) The CGs will continue to be used for the intended purpose for which they were imported; (c)JSPL & JPL will file a joint undertaking bond with Customs Authorities for fulfillment of the condition of EPCG licenses jointly/and or severally and a fresh Installation Certificate will need to be submitted within 6 month (d) Capital Goods imported under EPCG Scheme will not be transferred in any manner by M/s JPL & JSPL till EODC has been issued by the concerned RA; (e) The firm will approach RA for re-fixation of AEP on the basis of revised CA Certificate . They will maintain the higher AEP of the same/similar export product of the transferor company or transferee company.