

MINUTES OF EPCG COMMITTEE MEETING HELD ON 29.8.2008 AT 11.00 A.M. UNDER CHAIRMANSHIP OF DR. SHYAM AGARWAL, ADDITIONAL DIRECTOR GENERAL OF FOREIGN TRADE (Addl. DGFT)

Export Promotion Capital Goods (EPCG) Committee Meeting was held on 29.8.2008. Following officials participated:

S. No. Name and Designation

1. Dr. Shyam Agarwal, Addl. DGFT, Chairman
2. Shri G.S. Reddy, Jt. DGFT
3. Sh. V.C. Aggarwal, Industrial Adviser, Deptt. of Heavy Industry
4. Sh. P.V.K Raja Sekhar, OSD, Deptt. of Revenue
5. Sh. S.K.Jain, Development Officer ; DIPP
6. Sh. Ishwar Singh, Dy. DGFT
7. Sh. S.K.Panigrahi, FTDO (EPCG-I)

2. EPCG Committee took following decisions after deliberations:-

2.1 Case No.1: Sterlite Industry (India) Limited

EPCG licence number & date	CIF/Duty saved amount		Export obligation (EO)	
	Original	Amended	Addl. EO	Average EO
16 licences as per annexure 1 and 2 of Annexure 'A' of agenda.	As per column 3 of Annexure 'A'	-	As per column 4 of Annexure 'A'	As per column 6 of Annexure.

Committee noted that capital goods imported were essentially needed in the sulphuric acid plant to comply with environmental norms for manufacturing copper anodes and rods (a value added product). A similar view was taken while approving cases in respect of licences issued to Hindalco. Accordingly, following decisions were taken:

2.1.1 Since import item against licence No. 030004099 dated 11.8.2003 is a raw material and not a capital good, earlier rejection by EPCG Committee in its meeting held on 29.1.2004 (case No. II-C-19, 30/AM04 dated 18.12.2003) was

maintained.

2.1.2 Since capital goods and spares were allowed in relevant Policy and items imported against following licences were either capital good or spares,

nexus was approved in respect of following 8 (eight) licences:

(Rs. in lakhs
US\$ in amount)

Sr. No.	Agenda Sr. No.	Lic. No. and date	CIF/Duty Saved	Export Obligation	Average Export Obligation	Type of capital good
1	2	3	4	5	6	7
2	2	0330003488 dated 31.3.2003	Rs. 316.30 (CIF)	US\$ 33,49,940.00	Rs. 19,766.67 (RA to check above figure)	Acid cooling system consisting of (a) absorber energy recover cooler; (b) product cooler; (c) anotrol systems.
3	3	030004318 dated 2.9.2003	Rs. 11.19 (Duty Saved)	US\$ 1,92,433	Rs. 41,317.00	Nest for analog and multi point digital
4	4	0330003784 dated 19.6.2003	Rs. 4.19 (Duty Saved)	US\$ 70,006.21	Rs. 41,317.00	Local digital indicator part, vibrator monitor system, copper concentration monitor standard and arsenic gas detector.
5	5	0330003463 dated 28.3.2003	Rs. 11.09 (CIF)	US\$ 1,17,500.00	Rs. 22,133.33	Drying tower, material pad material and style, demister style HSH sport grid and bottom weld mesh screens.
6	8	0330002949 dated 17.12.2002	Rs. 3.05 (CIF)	US\$ 32,310.00	Rs. 22,133.33	Rotary valve tag and rotary plug valve tag.
7	10	0230003931 dated 11.7.2003	Rs. 104.23 (Duty Saved)	US\$ 17,42,618.01	Rs. 41,317.00	Air cooled heat exchanger (dry cooler).
8	12	0330003744 dated 9.6.2003	Rs. 127.74 (Duty saved)	US\$ 21,35,671.64	Rs. 24975.67	Distributed controlled system model

					(RA to check above figure)	
9	14	0330004026 dated 4.8.2003	Rs. 25.81 (Duty Saved)	US\$ 4,31,475.36	RA to indicate the figure.	Mixture model PVE14D-PTO 110.

2.1.3 Details/documents of following 7 (seven) licences like exact CIF value utilized, date of import of capital good, use of capital good, export product and quantity thereof were not available. These details must be obtained and placed for taking a final view/decision.

(Rs. in lakhs
US\$ in amount)

Sr. No.	Age-nda Sr. No.	Lic. No. and date	CIF/Duty Saved	Export Obligation	Average Export Obligation	Documents/information required
1	2	3	4	5	6	7
10	6	0330003462 dated 28.3.2003	N/A	*	*	Details/documents like exact CIF value utilized, date of import of capital good, use of capital good, export product and quantity thereof were not available
11	7	0330004270 dated 4.9.2003	Rs. 4.69 (Duty saved)	US\$ 78,392.30	Rs. 41,317.00	-do-
12	9	0330003424 dated 25.3.2003	Rs. 556.40 (CIF)	US\$ 58,92,860.00	Rs. 22,133.33	-do-
13	11	0330003776 dated 19.6.2003	*	*	*	-do-
14	13	0330003476 dated 31.3.2003	Rs. 245.82 (CIF)	US\$ 26,03,500.00	*	-do-

15	15	0330004460 dated 7.10.2003	*	*	*	-do-
16	16	0330002044 dated 3.10.2002	*	*	*	-do-

*Note - Not available.

2.1.4 Committee observed that copper anode and copper slime is main product; copper cathode is a value added product. Cases mentioned below 2.1.2 on pre-page were approved subject to maintenance of average EO of the alternate product and enhancement of EO by 50% in respect of value added products.

2.2 Case No.2: SPL Limited (now Somany Ceramics Ltd.) New Delhi.

EPCG licence number & date	CIF/Duty saved amount		Export obligation (EO)	
	Original	Amended	Addl. EO	Average EO
0530132985 dated 17.06.2002	Rs. 12,72,84,000/- (CIF)	Rs. 12,72,84,000/- (CIF)	US\$ 1,32,31,185 Refixed – US\$ 9695812)	Rs. 11,12,80,217/- Refixed – Rs. 4,57,73,707/-

Export item prior to obtaining licence as well as after receipt of licence remained the same. It has only been upgraded to be in a better quality and bigger size. Since the export product is same and similar product, request for deletion of annual average EO was rejected.

2.3 Case No. 3 SGS Interknits (P) Ltd.

EPCG licence number & date	CIF/Duty saved amount		Export obligation (EO)	
	Original	Amended	Addl. EO	Average EO
EPCG licence No. 3125187 dated 4.8.1999	Rs. 1,54,93,965/-	Rs. 1,54,93,965/-	US\$ 27,02,438	-

Extension in EO period (EOP) for one year from 5.8.2005 to 4.8.2006 is approved subject to payment of 2% composition fee on duty saved amount as per para 5.11 of Handbook of Procedures v.1. However, firm must fulfil all conditions of Policy Circular No. 7 dated 11.7.2002 for acceptance of third party exports.

2.4 Case No. 4: Datre Corporation Limited, Kolkata

EPCG licence number & date	CIF/Duty saved amount		Export obligation (EO)	
	Original	Amended	Addl. EO	Average EO
01500170 dated 21.12.1995	Rs. 33,57,10,000/- (Duty Saved)	Rs. 25,64,52,090/-	Rs. 133,88,42,360/-	Rs. 16,73,55,295/-

In this case period of 12 years allowed to sick units has already expired on 21.12.2007. Pending finalization of Rehabilitation Scheme/package by BIFR, request for further extension in time cannot be acceded to. Accordingly, request was rejected.

2.5 Case No. 5 Surindra Engineering Co. Limited, Mumbai

EPCG licence number & date	CIF/Duty saved amount		Export obligation (EO)	
	Original	Amended	Addl. EO	Average EO
03500993 dated 20.10.1998	Rs. 15,16,26,334/-	Rs.3,12,16,922/- (claimed by firm)	US\$ 1,77,54,840/-; US\$ 36,55,377 (amended)]	-

Order of BIFR dated 10.1.2007, not agreeing to sick status was set aside by AAIFR vide Order dated 31.12.2007. However, the status of finality of cases pending before Debt Recovery Tribunal need to be obtained before any decision is taken. No precipitative action need to be taken till final decision. Details may be obtained and placed in November, 2008 meeting.

2.6 Case No.6: Shree Precoated Steels Limited

EPCG licence number & date	CIF/Duty saved amount		Export obligation (EO)	

	Original	Amended	Addl. EO	Average EO
Grant of EPCG Authorization above Rs. 100 crores	(1) Rs. 853235880/- (2) 880561632/- (3) 895365000/- (4) 880561632/- (5) 690027960/-	-	(2) 7044493056/- (3) 7162920000/- (4) 7044493056/-	To be fixed by RA on the basis of exports during preceding three years.

2.6.1 Following three EPCG authorizations involving duty saved amount of:

(a) Rs. 880561632/-,

(b) Rs. 895365000/- and

(c) Rs. 880561632/- (Total CIF value Rs. 265,64,88,264/-) mentioned at Sl. Nos. 2, 3 and 4 of agenda were approved for obtaining approval of CIM for issue.

2.6.2 Authorization at Sl. No. 1 is related to a power plant of 2X30 MW. However, amount of import shown i.e US\$ 111,742,892.00 appears to be on higher side. Views/comments of Ministry of Power may be obtained.

2.6.3 Similarly, request at Sl. No. 5 is for import of tube mil/spiral welded power plant. Details as to availability of industrial licence for import/export products need to be obtained from the firm.

2.7 Case No.7: Jindal Steel & Power Limited, Delhi.

EPCG licence number & date	CIF/Duty saved amount		Export obligation (EO)	
	Original	Amended	Addl. EO	Average EO
Issue of fresh Authorization	Rs. 112,92,65,530.00 (duty saved)	NA	Rs. 9034124240/-	To be fixed by RA on the basis of exports during preceding three years.

Firm has requested for grant of approval for issuance of EPCG licence under project import. Since it is a project import, prior recommendation from concerned Ministry is a pre-requisite. Hence, comments of Ministry of Steel and Ministry of Power may be obtained.

2.8 Case No.8 : Discussion on Para 3.1 and 3.2 amendments in respect of M/s. Rayalseema Alkalies & Allied Chemicals Ltd., suggested by Shri V.C. Aggarwal, Industrial Advisor, Deptt. of Heavy Industry and confirmation of Minutes of EPCG Committee Meeting held on 19.6.2008 (Annexure-A)

Representatives of DOR and Department of Heavy Industry sought for some more time for examination of issues and hence the case was deferred.

2.9 Case No.9: Sanghi Industries Ltd.

EPCG licence number & date	CIF/Duty saved amount		Export obligation (EO)	
	Original	Amended	Addl. EO	Average EO
2156099 dated 19.2.1996	Rs. 1618243538/-	Rs. 1565680990/-	EO US\$ 185100776.00 US\$ 182231480 (Revised)	-

Representative of DOR / DIPP sought for further time for examination of the request of the firm and hence the case was deferred.

2.10 Case No. 10: Gold Plus Glass Industry Ltd. N. Delhi

[Licence is yet to be issued by RA CLA New Delhi]

Deferred. To be placed before Committee in its next meeting on 12.9.2008.

2.11 Case No. 11 Silvenia Ceramics Pvt. Ltd. Morbi Gujarat

EPCG licence number & date	CIF/Duty saved amount		Export obligation (EO)	
	Original	Amended	Addl. EO	Average EO
2430000170 dated 29.12.2003	Rs. 40,17,289.00		Rs. 3,21,38,312/- = US\$ 6,71,647.06	-

Deferred. To be placed before Committee in its next meeting on 12.9.2008.

2.12 Case No. 12 Mid India Power & Steel Ltd. Indore

EPCG licence number & date	CIF/Duty saved amount		Export obligation (EO)	
	Original	Amended	Addl. EO	Average EO
EPCG licence applied for	CIF Value Rs. 9,85,60,456.27/- (US\$ 24,73,286.23); Duty Saved Rs. 28,563,524/-		Rs. 228508192/-	To be fixed by RA on the basis of exports during preceding three years.

Deferred. To be placed before Committee in its next meeting on 12.9.2008.

2.13 Case No. 13: Bisazza India Private Ltd., Ahmedabad.

EPCG licence number & date	CIF/Duty saved amount		Export obligation (EO)	
	Original	Amended	Addl. EO	Average EO
0830000188 dated 18.3.2002	Rs. 1,22,6,258.21		US\$ 10,86,743.70	Rs. 12,90,97,465/-

Deferred. To be placed before Committee in its next meeting on 12.9.2008.

2.14 It was observed that Regional Authorities were authorized to issue authorizations upto CIF value of Rs. 50 crores value without referring to any Committee. However, in Headquarters, authorizations of and above Rs.50 crores are being

placed before the EPCG Committee in view of OMI Instructions No. 01/2005 dated 7.1.2005. Since the Handbook of Procedures provides only 3 days time for issuance of EPCG authorizations, placement of such requests in EPCG Committee would take a longer time in calling for the comments of technical authorities etc. Therefore, the requirement for placement of such cases before EPCG Committee may be analyzed and OMI instructions may be modified, if considered appropriate.

Meeting ended with vote of thanks to all participants.