MINUTES OF 3rd MEETING OF EPCG COMMITTEE HELD UNDER THE CHAIRMANSHIP OF SHRI SATYAN SHARDA, ADDITIONAL DIRECTOR GENERAL OF FOREIGN TRADE AT 11.00 AM ON 28.06.2019 IN COMMITTEE ROOM NO.11, H WING, UDYOG BHAWAN, NEW DELHI.

I. Following officers attended the meeting:

i. Shri S.S. Ahuja, OSD, Department of Revenue
ii. Shri Rajbir Sharma, Joint Director General of Foreign Trade, DGFT
iii. Shri Randheep Thakur, Deputy Director General of Foreign Trade, DGFT

II. Minutes of the last Meeting held on 14.06.2019 were confirmed.

III. The Committee deliberated upon all the cases and following decisions were taken:

Sl. No.	Firm's Name and Numbers	EPCG Authorisation No.	Subject	Decision of the Committee
1.	M/s. Akshay Textile, Sangli, Maharashtra 01/36/218/218/AM-19/EPCG-I	3130006059 dated 13.10.2011	Block-wise extension in EOP, extension in EOP and addition of alternate product for fulfillment of EO.	The Committee noted that the subject EPCG authorisation was issued on 13.10.2011 when there was a provision to allow fulfilment of EO by export of alternate product to the extent of 50%. The Committee deliberated upon the case and decided to **defer** it for calling report from RA regarding the nexus of the capital goods imported and the alternate export products.
2.	M/s. Amaravathi Spinning Mills (Rjpm) Pvt. Ltd, Rajapalayam 01/36/218/67/AM-16/EPCG-I	3530000619 dated 10.08.2004	Block-wise extension in EOP and waiver of penalty imposed against SCN.	The party has requested for block-wise extension in EOP and waiver of penalty imposed against Show Cause Notice issued by RA, Madurai. The Committee observed that the Order-in-Original dated 15.10.2012 has been set aside by the Appellate Authority vide Order-in-Appeal dated 04.03.2019 and the case has been remanded back to adjudicating authority for denovo examination. The Committee deliberated upon the case and decided to **reject** it as the case is under examination by Adjudicating authority.
3.	M/s. Gajanan Bhimrao Chougule, Pune 01/36/218/217/AM-19/EPCG-I	3130004725 dated 06.04.2010	Block-wise extension in EOP, extension in EOP and addition of alternate	The Committee noted that the subject EPCG authorisation was issued on 13.10.2011 when there was a provision to allow fulfilment of EO by export of alternate product to the extent of 50%. The Committee deliberated upon the case and decided to **defer** it for calling report from RA

			product for fulfillment of EO.	regarding the nexus of the capital goods imported and the alternate export products.
4.	M/s. Indorama Industries Limited, Chandigarh 01/36/218/311/ AM-18/EPCG-I	i.2230001705 dated 05.05.2011 ii.2230001715 dated 12.05.2011 iii.2230001829 dated 25.08.2011 iv.2230001833 dated 30.08.2011 v.2230001832 dated 30.08.2011 vi.2230001836 dated 30.08.2011	Second extension in EOP.	The Committee noted that the party has requested for second extension of EOP in respect of their EPCG authorizations issued under Zero Duty EPCG Scheme which allows only one extension in the EOP beyond six years of original EO period. The request of the party was taken up in the EPCG Committee meeting held on 13.02.2019. The party had stated, inter-alia, that they are the sole manufacturer of Spandex/ Elastomeric Yarn in India; and that they failed to complete the EO in six years for the following reasons: i. The EPCG licenses in the year 2011 were issued at 45.19 INR and today it is about 70 INR per 1 USD. Also, the raw material issued involved in the product are not available in India. Thus, this contributed towards the rise in the cost of production for the party. ii. The party also obtained orders from Pakistan/ Iran/ Turkey for their products. However, because of the political reasons and fluctuations in the foreign exchange market, i.e., devaluation of the currency, they could not send exports to the respective nations. iii. Further, in the year 2010, the rate of Spandex (exported good) in the international market fell from USD 9 per Kg to USD 4-4.5 per kg. Eventually they had to nearly sell double the quantity to meet their export obligation. iv. Moreover, the present demand for the Spandex in India is 25,000 MT, however, they are producing 8600 MT, which means India is still the net importer of the product. Also, the importers in India are importing the product from the ASEAN countries @ USD 5.5 per kg under ASEAN FTA Agreement. The EPCG Committee in its meeting held on 13.02.2019 took the following decision: "The request of the party is for second extension in EOP in respect of Zero Duty EPCG Authorisations. The representative of the party appeared for the personal hearing. The Committee took into account

				the submission of the party that they have completed more than 55% of EO in the stipulated EOP due to decline in the price of their export product in the international market. The Committee noted that the party vide their email dated 17.01.2019 has stated that they have obtained extension in EOP for two years available under the provision in respect of all Zero Duty EPCG authorisations. The Committee deliberated upon the case and decided to defer the matter for further examination on file." The matter was examined on file. The party had submitted a representation dated 31.05.2019 and further stated inter-alia, that they have already completed 84% of the export obligation in INR. The matter was discussed in the meeting dated 28.06.2019. The representatives of the party appeared in personal hearing and submitted that quantity wise they have already fulfilled the EO in six years in rupee terms upto 84% and in dollar terms to 55% and they are seeking additional two years only to complete the EO in full as the shortfall is mainly due to rupee rate fluctuation and not because of lack of intention on their part. They also stated that in addition to the facts and reasons already narrated, another factor that has also started hampering their exports is imposition of additional import duty on their export product in Turkey and thus they need more time to export. The Committee asked them to submit these grounds in writing so that these new submissions can also be in the agenda for the next meeting to decide the matter and thus **deferred** the case for the next meeting.
5.	M/s. Kabelschlepp India Pvt. Ltd, Bangalore 01/36/218/211/ AM-19/EPCG-I	0730007029 dated 04.06.2008	Condonation of procedural lapse of non-mention of EPCG authorization number in ARE-3.	The party has requested for condonation of procedural lapse of non-mention of EPCG authorization number in ARE-3. The party has stated that all the deemed exports for 100% EOUs are made through ARE-3 forms only but against all supplies due to clerical oversight/human error they have not mentioned/endorsed in the EPCG license Nos. in the sales invoices or original ARE-3 copies. The Committee noted that the RA, Bangalore vide their deficiency letter dated 24.02.2014 has rejected their request for EODC as there is no endorsement of EPCG authorisation number on the ARE-3.

				The Committee deliberated upon the case and decided to **reject** it as there is no merit in the request.
6.	M/s. Kshitij Textiles, Pune 01/36/218/219/ AM-19/EPCG-I	3130006052 dated 12.10.2011	Extension of block-wise EOP, extension of EOP and addition of alternate product for fulfillment of EO.	The Committee noted that the subject EPCG authorisation was issued on 13.10.2011 when there was a provision to allow fulfilment of EO by export of alternate product to the extent of 50%. The Committee deliberated upon the case and decided to **defer** it for calling a detailed report from RA including the nexus of the capital goods imported and the alternate export products.
7.	M/s. Metal Forms Pvt. Ltd, Chennai 01/36/218/132/ AM-19/EPCG-I	0430011487 dated 25.07.2012	Review of the decision taken in EPCG Committee meeting held on 03.01.2019 regarding condonation of procedural lapse of non-inclusion of Third party details in Draw back Shipping bill.	The Committee deliberated upon the case and decided to **defer** it as the party vide email dated 26.06.2019 requested for deferment of the case as their representative was not well to attend the PH.
8.	M/s. Honda Cars India Limited, New Delhi 01/36/218/31/AM-15/EPCG-I	0530159503 dated 16.10.2012	Acceptance of installation certificate issued by independent Chartered Engineer instead of Central Excise Authority.	The Committee took into account submission of the party that they got permission on 27.06.2014 for shifting of capital goods from Plant-I to Plant-II in EPCG Committee meeting. In this connection, they inform that had shifted 13 set of machines from the total machines which was installed at Plant-I vide installation certificate dated 1307.2013 issued by the office of the commissioner of central excise & service tax and reinstalled at Plant-II. There was a procedural lapse on their part, that they could not obtain the installation certificate from Central excise and obtained fresh installation certificate for the shifted machines from an Independent Chartered Engineer. The party has now submitted the installation certificate from the Chartered Engineer. The installation of capital goods is in within stipulated time. The Committee deliberated upon the case and noted

				that the current FTP allows that the Authorization holder can produce the installation certificate from the jurisdictional customs authority or an independent Chartered Engineer, at the option of the authorisation holder and further that where the authorisation holder opts for independent Chartered Engineer's certificate, he shall send a copy of the certificate to the jurisdictional Customs Authority for intimation/ record. The Committee decided **to recommend to DG for relaxation under Para 2.58 of FTP 2015-20 to allow** acceptance of installation certificate from Chartered Engineer, subject to intimation to the Jurisdictional Customs Authority and subject to payment of Rs.5000/- against the Authorisation. Further, RA to verify that no ECA/DRI/Customs action against the party is pending. **This has the approval of DG.**
9.	M/s. Nepa Limited, Mumbai 01/37/218/71/AM-18/EPCG-II	0330046712 dated 21.03.2017	Condonation of delay in submission of installation certificate.	The party has requested for condonation of delay in installation of CAPEX imported vide BOE dated 07.06.2017 and 14.06.2017. The Committee took into account submission of the party that Government of India approved their revival package on 25.09.2012 which was sanctioned by BIFR on 04.03.2014 and consent to establish (expansion) was issued by MP Pollution Control Board on 23.01.2016. In order to complete the installation of Chemical handling & Preparation Plant which require some other machinery to be installed resulting in the delay in CAPEX. The party is hopeful of completing the installation of the capital goods by December, 2019. The Committee deliberated upon the case and **decided to recommend to DG for relaxation under Para 2.58 of FTP 2015-20 to allow** condonation of delay in installation of capital goods till December, 2019, subject to payment of composition fee of Rs.5000/- to concerned RA against authorisation and to the condition that no ECA/DRI/Customs action has been initiated against the subject EPCG authorisations. **This has the approval of DG.**

10.	M/s. Pratik Textiles, Pune 01/37/218/188/ AM-19/EPCG-II	i. 3130006053 dated 12.10.2011 ii. 3130007281 dated 28.03.2013	Extension of block-wise EOP, extension of EOP and addition of alternate product for fulfilment of EO.	The Committee noted that the subject EPCG authorisation was issued on 13.10.2011 when there was a provision to allow fulfilment of EO by export of alternate product to the extent of 50%. The Committee deliberated upon the case and decided to **defer** it for calling a detailed report from RA including the nexus of the capital goods imported and the alternate export products..
11.	M/s. Madura Mercerisers India Pvt. Ltd, Tirupur 0136/218/81/A M-18/EPCG-I	3230025753 dated 10.04.2017	Deletion of annual average EO fixed on the basis of Form H sales in respect of EPCG authorization	The Committee noted that at the time of issue of EPCG authorisation the H form sales of the party were counted for calculation of Annual Average Export obligation. The Committee deliberated upon the case and decided to **defer** it for further examination on file.
12.	M/s. Tara Print & Bind, New Delhi 01/36/218/18/A M-20/EPCG	0530154655 dated 31.01.2011	Second extension in EOP in respect of zero duty EPCG authorization	The Committee noted that the party, vide its letter dated 22.04.2019, had requested for extension in EOP beyond two years under Zero Duty EPCG Scheme, stating, inter-alia, that they have been in trade for the last 52 years but due to the explosive growth of e-Books, the domestic and the international market for printing industry has been drastically hit; that they could only meet partial obligation (approx 63% completed) during first 4 years; that this was mainly because of tremendous slowdown in the printing trade worldwide that they were not able to meet the remaining obligation even in extended period of two years; that under the zero duty EPCG scheme no further extension is available beyond 2 years, where as in previous scheme an additional extension was allowed subject to payment of applicable composition fee as per FTP; that depositing of duty and interest is very hard for them because of present trade position in export as well as domestic market after the demonetisation and GST; that being an MSME unit they are trying to stay afloat even after such hurdles which have not only hampered the growth in the industry but also forced many units to shut down. With regard to that letter, the Committee noted that the request was examined in the EPCG Section on file and rejection was conveyed vide letter dated 25.04.2019 stating that "…..the request for further two year extension in EOP beyond two years permission

				cannot be accepted as there is no provision in the policy on the ground submitted by you”. Later on, against the rejection by the EPCG Section, the party submitted its request dated 10.05.2019 to the Policy Relaxation Committee (PRC) for relaxation of the procedure but the PRC Section referred the file back to the EPCG section. Therefore, the decision was taken on file to discuss the matter in the EPCG Committee. The case was placed in the EPCG Committee meeting held on 14.06.2019 and after deliberation the Committee decided to defer it for further examination. With respect to further examination, it was noted that recently the PRC had taken decision to allow extension in EOP in a zero duty authorisation owing to hardship faced by the printing industry due to e-printing and, therefore, the case was again placed before the EPCG Committee in its meeting dated 28.06.2019. The Committee noted that the PRC, in its meeting dated 07/AM20 held on 28.05.2019 in the case of M/s Rajendra Ravindra Printers Limited, New Delhi, had observed that M/s Rajendra Ravindra Printers Limited had stated that huge problems and hardship were faced by them as well as other entities in the printing and publishing sector in wake of the technological changes having taken place all over the world with introduction of e-books, which are now most popular than the physical books and as a result; that their export of published printed books has considerably gone down and the down trend is continuing from year to year and that hence, books publishing industry are facing various serious challenges from electronic era even their survival has become a major issue. The PRC had taken the decision that due to change in technology, the firm has faced the problem which was beyond their control and accordingly decided to allow EOP extension in EPCG Authorizations for a period of 2 years from the date of endorsement. When the matter was discussed in the EPCG Committee meeting dated 28.06.2019, the representative of the Department of Revenue stated that in the zero duty EPCG Authorisations, extension in EOP beyond first extension permissible in the Policy should not be considered by the Committee as otherwise such cases will not get closed and,

				therefore, recommended rejection of the request. The Committee duly noted the views of the representative of the Department of Revenue. In this regard, attention was drawn to Para 2.58 of the FTP which deals with "Exemption from Policy/Procedures." Under this Para, DGFT may in public interest pass such orders or grant such exemption, relaxation or relief, as he may deem fit and proper, on grounds of genuine hardship and adverse impact on trade to any person or class or category of persons from any provision of FTP or any Procedures and while granting such exemption in respect of issues pertaining to nexus with Capital Goods (CG) and benefits under EPCG Schemes, DGFT may impose such conditions as he may deem fit after consulting the EPCG Committee. It was, therefore, explained that the decisions of the EPCG Committee are recommendatory in nature which are put up to the DGFT who has the power to relax policy provisions on such recommendation in case of genuine hardship. It was also explained that the EPCG Committee considers such cases on case to case basis on their individual facts and merits and that is why some genuine cases are recommended on their merits for relaxation of provisions of policy/procedure and others are not. The Committee after considering that in the present case also the party has faced genuine problems and hardship in their printing business in the wake of the technological changes having taken place all over the world with introduction of e-books and despite having faced such problems has fulfilled export obligation upto 63%, did not accept the recommendation of the representative of the Department of Revenue and **decided to recommend to DG for relaxation under Para 2.58 of FTP 2015-20** to allow further two years extension in the EOP on payment of composition fees equal to 2% of the proportionate duty saved amount on unfulfilled EO. **This has the approval of DG.**
13.	M/s. Tata Steel Limited, Kolkata 01/36/218/20/AM-20/EPCG	i.0230011230 dated 18.04.2016 ii.0230011141 dated 15.03.2016 iii.0230011229 dated	Condonation of delay in submission of installation certificate.	The Committee took into account the submission of the party that that they had imported "Parts of Coil & Pinch Roll Unit" under Post Exports Export Promotion Capital Goods, which was installed in their premises which is situated at Jamshedpur on 15th July 2016 and installed within 6 months from the last date of import but due to unavoidable circumstances, the Installation Certificate pertaining to the same could

		18.04.2016 iv.0230011535 dated 22.07.2016		not be obtained from the Chartered Engineer within 18 months as a result, they are not in a position to submit the same to RA Kolkata within the stipulated time period of 12 months. The Committee deliberated upon the case and decided advise the party **to approach concerned RA** in terms of provision of Public Notice No.37/2015-20 dated 25.10.2017 ready with the Public Notice No.78/2015-20 dated 11.03.2019. RA to examine the request on merit.
14.	M/s. Vaishali Gajanan Chougule, Pune 01/37/218/190/AM-19/EPCG-II	3130004723 dated 06.04.2010	Extension of block-wise EOP, extension of EOP and addition of alternate product for fulfillment of EO.	The Committee noted that the subject EPCG authorisation was issued on 13.10.2011 when there was a provision to allow fulfilment of EO by export of alternate product to the extent of 50%. The Committee deliberated upon the case and decided to **defer** it for calling a detailed report from RA including the nexus of the capital goods imported and the alternate export products.
15.	M/s. Uttam Galva Metallics Limited, Mumbai 01/37/218/396/AM-17/EPCG-II	i.0330020112 dated 27.05.2008 ii.0330020729 dated 17.07.2008 iii. 0330020884 dated 05.08.2008 iv.0330021117 dated 27.08.2008 v.0330023245 dated 01.07.2009 vi.0330023720 dated 02.09.2009 vii.0330024243 dated 09.11.2009	Regularization of exports made by Group Company for fulfillment of EO.	The Committee observed that the request for regularization of exports made by group company for fulfillment of EO was taken up in the EPCG Committee meeting held on 27.09.2018 and it was decided to recommend to allow regularization of the exports made by their Group Company for the purpose of fulfilment of EO subject to the party fulfilling the criteria of Group Company as per policy read with the Judgement of the Hon"ble High Court of Bombay in the case of Tata Teleservices. The Committee deliberated upon the case and decided to **defer** it for further examination.
16.	M/s. Reema Rajendra Chila, Mumbai 01/37/218/189/AM-19/EPCG-II	0330024782 dated 30.12.2009	Block-wise extension in EOP, extension in EOP and addition of alternate product for fulfillment of EO.	The Committee noted that the subject EPCG authorisation was issued on 13.10.2011 when there was a provision to allow fulfilment of EO by export of alternate product to the extent of 50%. The Committee deliberated upon the case and decided to **defer** it for calling a detailed report from RA including regarding the nexus of the capital goods imported and the alternate export products.

17.	M/s. S.P. Garments, Ludhiana 01/36/218/44/AM-20/EPCG	3030013887 dated 31.03.2015	Request for condonation of procedural lapse of non-mention of the word “printed” along with description of export item	The request of the party is for condonation of procedural lapse of non-mention of the word “printed” along with description of export item “Readymade: Garments made of blended cotton & Manmade fibre. Boys T Shirts (Knitted” in the shipping bills for fulfilment of EO. The Committee noted that as per the EPCG authorisation the export items mentioned in the subject EPCG authorisation are: i. ITCHS code 61099090 Readymade Garments i.e. T-shirts (Embroidered/printed) ii. ITCHS Code 61033990 Jackets (Embroidered/Printed) iii. ITCHS code 61119090 Baby Suits (Embroidered/Printed) The Committee deliberated upon the case and decided to **reject** it as there is no merit in the request.
18.	M/s. Liberty Shoes Ltd, Karnal 01/36/218/03/AM-19/EPCG-I	i.3330000583 dated 21.07.2006 ii.3330000638 dated 16.10.2006 iii.3330000652 dated 30.10.2006 iv.3330000701 dated 22.01.2007 v.3330000840 dated 11.09.2007 vi.3330001190 dated 25.11.2008 vii.3330001579 dated 04.02.2010	Review of the decision taken in EPCG Committee meeting held on 27.09.2018 regarding waiver of shortfall in maintenance of annual average EO.	The Committee deliberated upon the case and decided to **defer** it as the party vide email dated 27.06.2019 requested for deferment of the case because their representative was not well to attend the PH.
19.	M/s. Srinivasa Engineering Works, Chennnai 01/37/218/350/AM-17/EPCG-II	0430014014 dated 09.09.2014	Review of the decision taken in EPCG Committee meeting held on 06.12.2017 regarding fulfilment of Specific EO	The Committee deliberated upon the case and decided to **defer** it as the representative of the party did not appear for PH.

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20.	M/s. S. Viswanathan (Printers & Publishers) Pvt. Ltd, Chennai 01/37/218/182/ AM-17/EPCG-II	0430011985 dated 17.12.2012	Review of the decision taken in EPCG Committee meeting held on 24.01.2019 regarding the request for condonation of non-mentioning of EPCG authorization number in the shipping bills.	The Committee deliberated upon the case and decided to **defer** it as the representative of the party did not appear for PH.
21.	M/s. IRIS Products Pvt. Ltd, Gujarat 01/60/162/99/AM-20/PRC/EPCG	i.0830006080 dated 13.01.2014 ii.0830006058 dated 07.01.2014 iii.0830006135 dated 14.02.2014 iv.0830006033 dated 30.12.2013 v.0830006017 dated 20.12.2013 vi.0830009677 dated 25.05.2017 vii.0810137003 dated 13.01.2016	Request for exemption from Customs Duty Payment under EPCG scheme.	The party has requested for exemption from payment of customs duty in respect of EPCG authorisations due to not being able to fulfil Export Obligation. The Committee noted that the firm has submitted that they obtained EPCG authorisation for import of capital goods to manufacture Tortilla Chips/Nachos/corn chips for which basic raw material is corn, which is nixtamalized- cooked and processed with lime solution for making the chips. They have to import corn from abroad because the Indian corn does not have the consistency that is required for human consumption as per international standards. The main raw material Corn Masa flour being imported from Italy. However, in September, 2017 as per NPPO, this item is not allowed to be imported into India resulting in stoppage of their supply. Import of Corn floor is banned as per India plant Quarantine Regulation Order. Their supplier has applied to the Ministry of Agriculture with the request to have this item included in the list of allowable imports to India but no response has been received. Due to order of NPPO, the authorisation holder is not in a position to fulfil the EO under the EPCG scheme and is seeking a

				waiver. The Committee deliberated upon the case and decided to **reject** it as there is no merit in the request of the party.
22.	M/s. P.Vasudevan Webcot, Erunakulam 01/37/218/235/ AM-19/EPCG-II	i.1030002859 dated 19.05.2015 ii.1030003451 dated 28.12.2017	Permission to take over the EPCG obligation by M/s. Dynamic Techno Medicals Pvt. Ltd,	The request of the party is for permission to take over the EPCG obligation of M/s. Dynamic Techno Medicals Pvt. Ltd, in respect of EPCG authorization No.1030002859 dated 19.05.2015 and 1030003451 dated 28.12.2017 issued to them. The Committee deliberated upon the case and decided to **defer** it with the direction to call copy of amended IEC and RCMC incorporating the address of M/s. P.Vasudevan Webcot, Erunakulam.

DGFT = Directorate General of Foreign Trade, DG = Director General, FTP = Foreign Trade Policy, HBP v1 = Handbook of Procedure Vol. I, EO = Export Obligation, EODC = Export Obligation Discharge Certificate, EOP = Export Obligation Period, B.O.E.=Bill of Entry, EPCG = Export Promotion Capital Goods, RA = Regional Authority, BG = Bank Guarantee, FFE = Free Foreign Exchange, IEC = Importer-Exporter Code, DoR = Department of Revenue, IEM = Industrial Entrepreneurs Memorandum, RCMC = Registration-cum-Membership-Certificate.