MINUTES OF THE POLICY RELAXATION COMMITTEE MEETING NO.02/AM06 HELD ON 22ND JUNE, 2005

The meeting was held under the Chairmanship of DG and the list of officers present in the meeting is given in Annexure-I. The decision taken in each individual case taken up for discussion by PRC is detailed below:

Case No.	1
Firm's Name	M/s Nectar Lifesciences Ltd., Chandigarh
File No.	01/83/171.AM05/DES-IV
Subject:	E.O. Extension.

The issue concerns request made by the applicant for extension of EO period in respect of Advance Licence No.0246288 dt.28.3.2001 beyond a period of 36 months. The Committee observed that Para 4.22.1 of the Foreign Trade Policy 2004-09 provides for extension beyond 36 months on the payment of composition fee @2% p.m. of the duty saved amount in proportion to the balance EO that remains to be fulfilled. It was, therefore, decided that the RLA concerned should consider the request of the applicant in line with the provisions of Para 4.22.1 of the Handbook of Procedures Vol.I 2004-09 updated as on 31.3.2005.

Case No.	2
Firm's Name	M/s National Organic Chemicals Indus. Ltd., Mumbai
File No.	01/83/162/125/AM03/DES-IV
Subject:	Re-credit of DEPB for rejected goods.

The Committee observed that the case had already been cleared by the PRC in its meeting held on 21.7.2003 for re-credit of DEPB in respect of the goods re-exported against which the said DEPB had been surrendered towards payment of customs duties. It was further observed that this re-credit does not involve any revenue loss and therefore, the concern expressed by the Deptt of Revenue is not tenable. Since the permission for re-credit of DEPB credit against the subject DEPB has no revenue implications as detailed above, it was decided that this re-credit may be allowed. That apart, the DEPB in question may be revalidated for a period of 6 months to facilitate the said DEPB to be utilized by the applicant. This revalidation of 6 months period will be effective from the date of endorsement of said revalidation on the DEPB.

Case No.	3
Firm's Name	M/s Vishnu Fabrics Pvt. Ltd., T.N.
File No.	01/84/162/263/AM05/DES-IV
Subject:	Waiver of custom duty and penalty.

JDG(SBSR) informed the Committee that this case had earlier been considered by the PRC. However, the details thereof were not available. Accordingly, it was decided that DES-IV Division would first find out the details about the earlier PRC decision in the case and the case be brought back before the Committee with all relevant details for further view to be taken by the Committee.

Case No.	4
Firm's Name	M/s Ramsarup Engg. Indus. Ltd.
File No.	01/81/162/922/AM05/DES-**II**
Subject:	Revalidation of Advance License.

The Committee observed that denial of facility of import against the advance licence where export obligation stands fulfilled amounts to denial of the benefits of the scheme to the exporter, irrespective of the fact that the licence holder was not be able to utilize the licence within the initial/permissible limit of the said licence. It was therefore, decided that the licence in question be revalidated for a period of 6 months and this 6 month period will commence from the date of such endorsement on the licence. However, it was also decided that this revalidation may be permitted subject to the condition that penalty amount equivalent to 2% of the un-utilized CIF value of the licence may be imposed as fee towards such revalidation. It was also decided that Policy Division may work out modalities to provide a provision in the policy that allows availing benefits of DFRC in such cases where exports have been completed and no imports have taken place against an advance licence.

Case No.	5
Firm's Name	M/s V.V.F. Ltd.
File No.	01/83/162/112/AM05/DES-V
Subject:	To allow partial physical E.O. through deemed export.

The Committee agreed to allow the balance EO to be fulfilled in the instant case under Deemed Export supply to 100% EOUs subject to the condition that in case CVD exemption has been availed for such imports against the subject advance licence for physical exports and in case the said CVD benefits were not available in respect of Advance Licence for Deemed exports at that particular point of time, the applicant will get the benefit of fulfillment of EO by supplying to 100% EOUs only after surrendering the CVD exemption availed plus interest thereof.

Case No.	6
Firm's Name	M/s Cosmo Films Ltd., New Delhi
File No.	01/87/162/925/AM05/DES-VIII
Subject:	Extension in E.O. for Annual Advance License.

The Committee agreed to allow extension in the instant case for regularization purposes for exports made beyond the initial export obligation period to the extent of 3.98% of shortfall of EO subject to the condition that they pay the composition fee on the CIF value in proportion to the un-utilized quantity @2% p.m. in respect of exports made beyond the initial EO period till the date of completion of EO.

Case No.	7
Firm's Name	M/s Amalgam Marine Harvests Ltd., Chennai
File No.	01/36/218/227/AM02/EPCG-I
Subject:	Condonation of year-wise fulfillment of EO.

The Committee observed that the total EO in the instant case had been fulfilled except that the said application were not fulfilled on year-wise basis to the extent of 10%, 20% & 30% in the 2nd, 3rd & 4th year respectively. It was decided to regularize the matter and treat the obligation fulfilled even if the same has been fulfilled in the 5th year in stead of maintaining the requirement of year-wise fulfillment.

Case No.	8
Firm's Name	M/s Choice Clothing Co. Pvt. Ltd., Gurgaon
File No.	01/84/162/350/AM03/DES-V
Subject:	Extension in EO of Annual Advance License.

The Committee approved to allow extension in EO period in the instant case upto 27.3.2005 for regularization purpose subject to payment of applicable composition fee as per Para 4.22.1 of the current Handbook of Procedures Vol.I 2004-09 updated as on 31.3.2005.

Case No.	9
Firm's Name	M/s St. John Freight Systems Ltd., Tuticorin
File No.	01/94/162/1391/AM05/PC-IV
Subject:	Revalidation of DFCE No. 3510011463 dt. 23.1.04.

This case had come up before the Committee earlier and was rejected. A representation in this case has come from the applicant against the said rejection and it has been pleaded that against the DFCE they propose to import equipment for modernization for container freight station at Tuticorin. The Committee observed that since Tuticorin port was not operational and therefore the plea put forth by the applicant of not having been able to utilize the DFCE within the initial validity was justified. It was also observed that the policy now provides 24 months validity in respect of DFCE issued on or after 1.4.2004. Taking both these factors into consideration, the DFCE in the instant case having been issued on 23.1.2004, it was decided to allow revalidation in the instant case for a period of 6 months and this 6 months period will commence from the date of such endorsement of revalidation on the DFCE.

Case No.	10
Firm's Name	M/s K. Shoes Pvt. Ltd.,
File No.	01/92/180/AM05/PC.II
Subject:	Extension in the validity period of DTA Sale Permission

The Committee observed that this case had come up before the PRC on an earlier occasion with the request for seeking extension against their DTA Sales Entitlement. On the earlier occasion they had sought the extension upto 31.3.2005 and the application to this effect was made in June/August 2004. However, the case had come up before the PRC on 14.1.2005 where the extension was allowed upto 31.3.2005 and the communication to this effect was sent to the applicant only on 4.2.2005 which provided it only 1 ½ months period to avail the DTA Sale Entitlement. Taking these facts into consideration, it was decided to allow the period upto 31.12.2005 for DTA Sale.

Case No.	11
Firm's Name	M/s Khanapur Taluka Co-Op Spinning Mills Ltd.
File No.	01/92/180/66/AM05/PC.II
Subject:	Grant of DTA Sale Permission – retrospectively

The Committee decided to reject the request of the applicant to grant retrospective DTA Sale permission of balance entitlement proposed to be adjusted against DTA Sale already made without DTA Sale permission.

Case No.	12
Firm's Name	M/s Ralco Exports. Ludhiana
File No.	01/83/50/191/AM04/DES-IV
Subject:	Endorsement of Natural Rubber on Adv. Lic.

This case had come up before the Committee earlier on and was rejected on the grounds that the applicant had not claimed the benefit of import of natural rubber in the original application submitted by the applicant. However, it was brought to the notice of the Committee that the fact of the matter was contrary to this and in the original application they had actually mentioned requirement of natural rubber as an input but had not specified the CIF etc. against the same as the policy did not provide import of natural rubber at that point of time. Subsequent to this Policy Circular No.17 dt.10.2.2003 was issued which permits endorsement of natural rubber on licence in such cases where applicant had initially mentioned this in the original application. The Committee therefore opined that there is no need to relax the policy in the instant case and RLA should endorse the natural rubber entitlement in the licence as per Policy Circular No.17 dt.10.2.2003. **It** was further decided to allow the revalidation for a period of 6 months in the instant case to facilitate such imports by the licence holder. This 6 months period will commence from the date the said endorsement is made on the licence.

Case No.	13
Firm's Name	M/s EPSON India Pvt. Ltd.
File No.	01/80/162/1565/AM05/DES.I
Subject:	Revalidation of DEPB Lic.

The Committee taking into account the humanitarian aspect agreed to the revalidation of the DEPB licence in the instant case for a period of 4 months and this 4 months period will commence from the date of said endorsement is made on the DEPB Credit Certificate.

Case No.	14

Firm's Name	M/s EMCO Ltd.,
File No.	01/80/163/ 3 /AM06/DES.I
Subject:	Revalidation and Extension in E.O. period

From the details presented before the Committee in the Agenda, it was seen that they had utilized the licence to the extent of US$ 2196125 and had fulfilled the Export Obligation on pro-rata basis. Therefore, there is no reason for allowing both revalidation and EO extension to facilitate further imports and exports in the instant case particularly when the validity of the licence has expired as also the EO period thereof. It was decided that the case be closed under the policy after working out the pro-rata EO and in case the exporter intends to make further import and export they are free to make a fresh application for a new licence.

Case No.	15
Firm's Name	M/s Apar Indus. Ltd.,
File No.	01/80/162/1626/AM05/DES.I
Subject:	Revalidation and Extension in E.O. period

The case was withdrawn by DES-I Division as the validity of the licence and EO period for supply of Turnkey Projects is co-terminus with the validity of the duration of the contracted project as per Para 4.15(a) of Handbook of Procedures 1997-2002 read with Para 4.22.1 of the Handbook of Procedures Vol.I 2004-09 updated as on 31.3.2005. The issue may be decided by the concerned division on file in line with the existing policy.

Case No.	16
Firm's Name	M/s Apar Indus. Ltd.,
File No.	01/80/162/1627/AM05/DES.I
Subject:	Revalidation and Extension in E.O. period

The case was withdrawn by DES-I Division as the validity of the licence and EO period for supply of Turnkey Projects is co-terminus with the validity of the duration of the contracted project as per Para 4.15(a) of Handbook of Procedures 1997-2002 read with Para 4.22.1 of the Handbook of Procedures Vol.I 2004-09 updated as on 31.3.2005. The issue may be decided by the concerned division on file in line with the existing policy.

Case No.	17
Firm's Name	M/s Marson's Electrical Indus.
File No.	01/80/162/1471/AM05/DES.I
Subject:	Extension in EOP for Special Imprest License

The Committee took note of the ground realities in this case and observed that Grid Corporation of Orissa to whom supply of transformers is required to be made is still not doing well and therefore deemed export supply in the instant case has got delayed and order cancelled subsequently. It was decided to extend the EO period in the instant case by a period of 6 months which shall commence from the date of endorsement of such EO extension and this balance EO within this extended period of 6 months will be fulfilled by direct physical exports as requested by the applicant. Taking into consideration the facts of the case, it was also decided that no composition fee shall be charged in this case for EO extension.

Case No.	18
Firm's Name	M/s Kirloskar Ebara Pumps Ltd.
File No.	01/80/162/833/AM05/DES.I
Subject:	Extension in Export Obligation period

The case was withdrawn by DES-I Division as the validity of the licence and EO period for supply of Turnkey Projects is co-terminus with the validity of the duration of the contracted project as per Para 4.15(a) of Handbook of Procedures 1997-2002 read with Para 4.22.1 of the Handbook of Procedures Vol.I 2004-09 updated as on 31.3.2005. The issue may be decided by the concerned division on file in line with the existing policy.

Case No.	19
Firm's Name	M/s Bajaj Tempo Ltd.
File No.	01/80/162/772/AM05/DES.I
Subject:	Extension in Export Obligation period

The case was withdrawn by DES-I Division as the validity of the licence and EO period for supply of Turnkey Projects is co-terminus with the validity of the duration of the contracted project as per Para 4.15(a) of Handbook of Procedures 1997-2002 read with Para 4.22.1 of the Handbook of Procedures Vol.I 2004-09 updated as on 31.3.2005. The issue may be decided by the concerned division on file in line with the existing policy.

Case No.	20
Firm's Name	M/s Piem Hotels Ltd.
File No.	01/94/180/87/AM06/PC.I
Subject:	Disposal of TVs imported under EPCG

The Committee agreed to the request made by the applicant in the instant case and decided to permit the applicant to dispose off / sell 70 Nos. of imported 21" Philips TVs, imported under EPCG licence without waiting for the completion of 5 years period in November 2005 as laid down in para 5.7.6 of the Handbook of Procedures Vol.I 2004-09 updated as on 31.3.2005.

Case No.	21
Firm's Name	M/s ALA Chemicals Pvt. Ltd.
File No.	01/83/50/972/AM03/DES.IV
Subject:	Revalidation of Adv. Lic.

The Committee observed that denial of facility of import against the advance licence where export obligation stands fulfilled amounts to denial of the benefits of the scheme to the exporter. The licence holder was not able to utilize the licence within the initial/permissible limit of the said licence. It was therefore, decided that the licence in question be revalidated for a period of 6 months and this 6 month period will commence from the date of such endorsement on the licence. However, it was also decided that this revalidation may be permitted subject to the condition that penalty amount equivalent to 2% of the un-utilized CIF value of the licence may be imposed as fee towards such revalidation.

Case No.	22
Firm's Name	M/s Savio Texcone (P) Ltd.
File No.	01/87/162/907/AM04/DES-VIII
Subject:	Grant of Duplicate Special Imprest Lic.

It was brought to the notice of the Committee that basically the applicant had submitted the licence to the RLA concerned for seeking revalidation which on the contrary was accepted by the RLA as unutilized licence surrendered by the applicant for cancellation. It was therefore decided the a duplicate licence for the unutilized value may be issued in the instant case and the validity of this be extended by a period of 6 months subject to payment of penalty equivalent to 2% of the unutilized value of the licence as revalidation fee.

Case No.	23
Firm's Name	M/s Brahma Steyr Tractors Ltd.
File No.	01/53/8/809/B-21 / AM01 /ILS
Subject:	Revalidation of Import License

On perusal of the agenda papers, it was seen that the complete details about this case have not been reflected in the Agenda. It was decided that a complete agenda note giving factual position of the case be put up. This should be put up alongwith the status from the Customs as to why there was a delay of more than a year for accepting the Bills of Entry, etc. as the same is stated to have been filed on 5.5.2003.

Case No.	24
Firm's Name	M/s Manor Hotels Pvt. Ltd.
File No.	01/93/180/384/AM06/PC-I(B)
Subject:	Waiver of Homologation condition for import of BMW Car.

The Committee agreed to relax policy to allow exemption from homologation procedure subject to the condition that the CIF value of the car imported is in excess of US$ 40000 and Engine capacity is 3000 C.C. & above.

The meeting ended with vote of thanks to the Chair.

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Annexure-I

LIST OF PARTICIPANTS

1. Shri Surat Singh, Addl. DGFT
2. Shri S.K.Prasad, Addl. DGFT
3. Shri Vipin Saxena, EC
4. Shri Anil Bamba, Jt. DGFT
5. Shri A.K.Singh, Jt. DGFT
6. Shri P.C.Tripathi, Jt. DGFT
7. Shri S.B.S. Reddy, Jt. DGFT
8. Shri Raj Kamal, Jt. DGFT
9. Ms. K. Chandramathi, Jt.DGFT
10. Shri Anil Aggarwal, Jt. DGFT
11. Shri P.K.Santra, Dy. DGFT
12. Smt. Kiran Sehgal, Dy. DGFT
13. Shri H.C. Azad, Dy.DGFT
14. Shri M.K.Parimoo, Dy.DGFT