**Minutes of the Policy Relaxation Committee Meeting held under the Chairmanship of DGFT, Shri Pravir Kumar, IAS on 24.04.2015**

Meeting No. 2/AM16 held on 24.04.2015 at 12.00 PM.

List of officers present in the meeting is given below:

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|---|---|---|
| 1. | Shri D. K. Singh | Addl. DGFT |
| 2. | Shri L.B. Singhal | Addl. DGFT |
| 3. | Shri KC. Rout | Addl. DGFT |
| 4. | Shri Jaikant Singh | Addl. DGFT |
| 5. | Shri Darshan Singh | Jt. DGFT |
| 6. | Shri J.M. Gupta | Jt. DGFT |
| 7. | Shri S.K.Samal | Jt. DGFT |
| 8. | Shri Jay Karan Singh | Jt. DGFT |
| 9. | Shri S.K. Mohapatra | Dy. DGFT |
| 10. | Smt. N.R.Choudhury | FTDO |

**Personal Hearing Case:**

**M/s Haldia Petrochemicals Ltd, Kolkata.**
F.No. 01/60/162/744/AM104/EFGC (PRC)
PRC Meeting No. 2/AM16 dated 24.04.2015
Subject: - Request for EOP extension of 82 Advance Authorizations including following 61 AAs which were discussed in PRC meeting dt. 11.3.2014.

**Mr. Subhasendu Chatterjee, Director in charge of M/s Haldia Petrochemicals Ltd, Kolkata appeared before the Committee and made the following submissions:**

i. **Worldwide economic slowdown had an adverse effect on the export markets of HPL.**
ii. **The cost and time over-runs of their SUPERMAX project and a series of plant shut downs in 2011-12 resulted in further deterioration of their condition.**
iii. **As the priority changed from exports to domestic sales for immediate sales proceeds, the products earmarked for exports were diverted to the domestic markets.**
iv. **HPL has never sold any naphtha imported duty free in the domestic / international market. Entire naphtha, imported duty free, has been converted into finished products and then sold either in the domestic market or in the export market.**
v. **Customs Authority has demanded the company to pay Rs.2600 crore (inclusive of interest).**
vi. **DGFT may look at this case as a special one and grant extension of EOP.**

**The Committee noted that M/s Haldia Petrochemicals Ltd, Kolkata has admitted on record that the duty free inputs imported under 82 Advance Authorizations have been consumed for manufacture of resultant product and**

**the said resultant products have been diverted in the domestic market. The committee noted further that Advance Authorisation is issued with 'Actual User' condition and goods imported as duty free can't be sold/transferred in domestic market. As per provisions of duty exemption scheme, even finished goods can't be sold in the domestic market unless the Authorisation holder has fulfilled stipulated export obligation. Since, the act of the applicant contravenes the provisions of FTP and F.T.(DR)Act, the committee decided as follows:**

- **(i)** **The applicant shall pay immediately duty along with interest on goods imported against 82 Advance Authorisations, in proportion to shortfall in fulfilment of stipulated export obligation, to the Customs Authority.**
- **(ii)** **RA concerned shall initiate penal action as per provisions of F.T.(DR)Act and Rules thereunder.**

(**Action: M/s Haldia Petrochemicals Ltd, Kolkata & RA, Kolkata**)

The following cases were discussed as per agenda, decision taken on the individual cases are as under:-

**Case No.1. M/s Siddhartha Tubes Ltd., Indore**
F.No. 01/60/162/151/AM10/EFGC(PRC)
PRC Meeting No. 2/AM16 dated 24.04.2015
Subject: - Compliance of Hon'ble High Court order dt. 8.1.2015 in WP (Civil) no. 621/2013 and CM no. 1179/2013 regarding clubbing of the following 6 Advance Authorizations as per Para 4.20.3 of HBP (2015-2020) 2009-14.

(i) 1110001229 dt. 13.12.2000
(ii) 1110001409 dt. 23.01.2001
(iii) 1110001410 dt. 23.01.2001
(iv) 1110003132 dt. 30.01.2002
(v) 1110003303 dt. 04.03.2002
(vi) 1110004469 dt. 19.09.2002.

<u>**Decision:**</u>

**As per the Hon'ble Delhi High Court order, the applicant was afforded Personal Hearing by e-mail dated 15.04.2015 followed by FAX dated 22.04.2015. However, the applicant informed on 23.04.2015 that they can't appear before the committee on short notice as communication of PH was received by them only two days before. The committee therefore postponed the case for personal hearing in subsequent PRC meeting.**

**(Action: M/s Siddhartha Tubes Ltd., Indore)**

**Case No.2. M/s Lupin Ltd, Mumbai**

F.No. 01/60/162/609/AM15/PRC
PRC Meeting No. 2/AM16 dated 24.04.2015
Subject: - Request for EOP extension of Advance Authorization No. 0310703685 dated 01.08.2012, issued under PC-9 condition, for regularization purpose.

**Decision:**

**The Committee noted that the applicant has fulfilled 65% export of obligation within initial obligation period and 35% outside the stipulated obligation period. Hence, the Committee decided the following:**

I. **Export obligation period be extended upto 31.10.2013. It is for regularisation of exports made after expiry of initial obligation period.**
II. **This is subject to a payment of composition fee @ 0.5% on unfulfilled FOB value of export made outside EOP.**
III. **This is subject to fulfilment of minimum prescribed value addition.**

**(Action: RA, Mumbai / applicant)**

**Case No.3. M/s. Flexituff International Ltd., Dhar (M.P.)**
F.No. 01/60/162/469/AM15/PRC
Meeting No. 2/AM16 dated 24.04.2015
Subject: - Request for EOP extension of Advance Authorization No. 1110020834 dated 04.08.2009 for regularization purpose.

**Decision:**

**The Committee noted that the applicant has fulfilled 99.07% export of its obligation within initial obligation period and 0.93% outside the stipulated obligation period. Hence, the Committee decided the following:**

I. **Export obligation period be extended upto 30.09.2012. It is for regularisation of exports made after expiry of initial obligation period.**
II. **This is subject to a payment of composition fee @ 0.5% on unfulfilled FOB value of export made outside the EOP.**
III. **The minimum value addition of 15% as prescribed under Para 4.09 of FTP (2015-2020) shall be maintained.**

**(Action: RA, Bhopal / applicant)**

**Case No.4. M/s. Flexituff International Ltd., Dhar, M.P**
F.No. 01/60/162/467/AM15/PRC
PRC Meeting No. 2/AM16 dated 24.04.2015
Subject: - Request for EOP extension of Advance Authorization No. 1110023342 dt. 12.10.2010.

**Decision:**

**The Committee noted that the applicant has fulfilled more than 85.39% of its stipulated export obligation (Qty. wise) within initial export obligation period. However, the applicant has approached the PRC after laps of 11 months from the date of expiry of EOP. Therefore, no prospective extension in EOP was possible, as period for which PRC considers the request has already lapsed. However, the Committee decided the following:**

I. **Export obligation period be extended upto 31.10.2014 for regularisation of exports, if any, made after expiry of initial obligation period.**
II. **The extension is subject to payment of composition fee @ 0.5% of FOB value of exports made after 36 months but upto 42 months i.e. upto 30/04/2014 and @ 0.5% per month of FOB value of exports made after 42 months and up to 48 months i.e. upto 31/10/2014.**
III. **The minimum value addition of 15% as prescribed under Para 4.09 of FTP (2015-2020) shall be maintained.**
IV. **This is further subject to verification by RA that EO as claimed to have been fulfilled is more than 50% in proportion to imports made within original export obligation period.**
V. **Shortfall, if any, shall be regularized in terms of Para 4.49 of HBP (2015-2020).**

**(Action: RA, Bhopal / applicant)**

**Case No.5. M/s Intas Pharmaceuticals Ltd. Ahmedabad.**
F.No. 01/60/162/665/AM15/PRC
Meeting No. 2/AM16 dated 24.04.2015
Subject: - Request for EOP extension of Advance Authorization No. 0810108544 dated 07.02.2012 issued under PC-9 condition for regularization purpose.

**Decision:**

**The Committee noted that the Authorisation was issued with PC-9 condition which allows 12 months period for exports from import of each consignment. Therefore, no further relaxation in such cases is warranted. However, as the committee allows six month extension for fulfillment of export from the date of expiry of initial obligation period, the following was decided:**

I. **Export obligation period be extended from 12 months to 18 months from the date of first import consignment i.e. upto 30.09.2013.**
II. **This is subject to a payment of composition fee @ 0.5% on unfulfilled FOB value of export.**
III. **The minimum value addition of 15% as prescribed under Para 4.09 of FTP (2015-2020) shall be maintained.**

**(Action: RA, Ahmedabad / applicant)**

**Case No.6. M/s Titan Laboratories Pvt. Ltd. Mumbai**
F.No. 01/60/162/652/AM15/PRC
PRC Meeting No. 2/AM16 dated 24.04.2015

Subject: - Request for EOP Extension of Advance Authorization No. 0310659395 dated 13.10.2011 issued under PC-9 condition.

**Decision:**

**The Committee observed that the Advance Authorisation in question was issued with PC-9 condition which allows 12 months period for export from import of each consignment. As such no further relaxation in such case is warranted. Further, the applicant has made only 42% export within its initial validity period and request for further extension is made after lapse of 6 months. As the committee normally allows one extension of 6 months from expiry of initial obligation period, which has lapsed in this case. Hence, the Committee did not accede to the request. The applicant is hereby directed to get their case regularized in terms of Para 4.49 of HBP (2015-2020) read with PC-18 dated 30.10.2007.**

(**Action: RA Mumbai-** If the firm fails to get the case regularized in terms of Para 4.49 of HBP (2015-2020) within a month from the date of communication of this decision, RA shall take action against the firm under the provision of FT (D&R) Act. 1992 and submit an Action Taken Report).

**Case No.7. M/s Ashpriya Impex Pvt Ltd., Delhi**
F.No. 01/60/162/577/AM15/PRC
PRC Meeting No. 2/AM16 dated 24.04.2015
Subject: - Request for EOP Extension of Annual Advance Authorization No. 0510263036 dt. 27.4.2010.

**Decision:**

**The Committee noted that the applicant has fulfilled more than 50% exports within its initial obligation period. Hence, the Committee decided the following:**

I. **Export obligation period be extended upto 30.04.2014 for regularisation of exports, if any, made after expiry of initial obligation period.**
II. **The extension is subject to payment of composition fee @ 0.5% of FOB value of exports made after 36 months but upto 42 months i.e. upto 31/10/2013 and @ 0.5% per month of FOB value of exports made after 42 months but upto 48 months i.e. upto 30/04/2014.**
III. **The minimum value addition of 15% as prescribed under Para 4.09 of FTP (2015-2020) shall be maintained.**
IV. **This is further subject to verification by RA that EO as claimed to have been fulfilled is more than 50% in proportion to imports made within original export obligation period.**
V. **Shortfall, if any, shall be regularized in terms of Para 4.49 of HBP (2015-2020).**

**(Action: RA, Delhi / applicant)**

**Case No.8. M/s Vilas Transcore Limited, Vadodara**

F.No. 01/60/162/619/AM15/PRC
PRC Meeting No. 2/AM16 dated 24.04.2015
Subject: -Request for Extension of Export Obligation Period of license no. 3410028480 dt. 01.11.2010

**Decision:**

**The Committee noted that the applicant has fulfilled more than 50% of its stipulated export obligation (Qty. wise) within initial export obligation period, the Committee therefore decided the following:**

I. **Export obligation period be extended upto 31.10.2014 for regularisation of exports, if any, made after expiry of initial obligation period.**
II. **The extension is subject to payment of composition fee @ 0.5% of FOB value of exports made after 36 months but upto 42 months i.e. upto 30/04/2014 and @ 0.5% per month of FOB value of exports made after 42 months but upto 48 months i.e. upto 31/10/2014.**
III. **The minimum value addition of 15% as prescribed under Para 4.09 of FTP (2015-2020) shall be maintained.**
IV. **This is further subject to verification by RA that EO as claimed to have been fulfilled is more than 50% in proportion to imports made within original export obligation period.**
V. **Shortfall, if any, shall be regularized in terms of Para 4.49 of HBP (2015-2020).**

**(Action: RA, Vadodara / applicant)**

**Case No.9. M/s. Alstom T & D India Limited Vadodara**
F.No. 01/60/162/637/AM15/PRC
Meeting No. 2/AM16 dated 24.04.2015
Subject: - Request for EOP extension of Advance Authorization 3410034815 dated 7.8.2012.

**Decision:**

**The Committee noted that the firm has already obtained one extension of six months from RA and exports made so far are less than 50% of its stipulated export obligation. As such there is no merit in the case for consideration. The Committee therefore did not accede to the request. The applicant is hereby directed to get their case regularized in terms of Para 4.49of HBP (2015-2020).**

(**Action: RA Vadodara -** If the firm fails to get the case regularized in terms of Para 4.49 of HBP (2015-2020) within a month from the date of communication of this decision, RA shall take action against the firm under the provision of FT (D&R) Act. 1992 and submit an Action Taken Report).

**Case No.10. M/s Wockhardt Limited, Mumbai**
F.No. 01/60/162/593/AM15/PRC
PRC Meeting No. 2/AM16 dated 24.04.2015
Subject: - Request for extension of EOP of advance authorization No. 0310748365 dt. 04.09.2013 issued under PC-9 condition for regularization purpose.

**Decision:**

**The Committee noted that the Authorization is issued with PC-9 condition and exports made within original EOP are less than 50%. The Committee, therefore, decided the following:**

I. **Export obligation period be extended from 12 months to 18 months from the date of first import consignment i.e. upto 31.03.2015, for the purpose of regularisation of exports, if any, made after initial obligation period.**
II. **This is subject to a payment of composition fee @ 0.5% per month on unfulfilled FOB value of export.**
III. **Minimum value addition of 15% as prescribed under Para 4.09 of FTP (2015-2020) shall be maintained.**
IV. **Shortfall, if any, shall be regularized in terms of Para 4.49 of HBP (2015-2020) read with PC-18 dt. 30.10.2007.**

(**Action: RA, Mumbai/ Applicant)**

**Case No.11. M/s. Torrent Pharmaceuticals Ltd., Gujarat**
F.No. 01/60/162/503/AM15/PRC
PRC Meeting No. 2/AM16 dated 24.04.2015
Subject: - Request for EOP extension of Advance Authorization No. 0810117848 Dated 28.01.2013 issued with PC-9 condition.

**Decision:**

**The Committee noted that the Authorization is issued with PC-9 condition and exports made within initial EOP are less than 50%. The Committee, therefore, decided the following:**

I. **Export obligation period be extended from 12 months to 18 months from the date of first import consignment i.e. upto 31.08.2014, for the purpose of regularisation of exports, if any, made after initial obligation period.**
II. **This is subject to a payment of composition fee @ 0.5% per month on unfulfilled FOB value of export.**
III. **Minimum value addition of 15% as prescribed under Para 4.09 of FTP (2015-2020) shall be maintained.**
IV. **Shortfall, if any, shall be regularized in terms of Para 4.49 of HBP (2015-2020) read with PC-18 dt. 30.10.2007.**

(**Action: RA, Ahmedabad/ Applicant)**

**Case No.12.** M/s. Worldfa Exports Pvt. Ltd. New Delhi
F.No. 01/60/162/632/AM15/PRC
PRC Meeting No. 2/AM16 dated 24.04.2015
Subject: - Request for EOP extension of DFIA No. 0510304479 dated 30.09.2011.

**Decision:**

**The Committee observed that there seems to be a mismatch between item allowed for imports and the resultant product to be exported. Items of import allowed is magnetic stainless steel cold rolled sheet/coil which is normally not used for table kitchen and other household utensils. Therefore, the Committee deferred the case for seeking inputs of Norms Committeee-2.**

**(Action: Norms Committee-2)**

**Case No.13. M/s Unimark Remedies Ltd., Mumbai**
F.No. 01/60/162/509/AM15/PRC
PRC Meeting No. 2/AM16 dated 24.04.2015
Subject: - Request for revalidation & EOP extension of **Annual Advance Authorization** No. 0310714852 dt. 12.11.2012

**<u>Decision:</u>**

**The committee noted that the applicant has not provided any data of exports made so far against the Authorisation. Further, Annual Advance Authorisation is issued enabling the applicant to import goods for meeting the requirement of whole year on the basis of past performance. The question of allowing further revalidation does not arise in such cases. So far extension of EOP is concerned, as no exports have been made so far, the committee did not accede to the request.**

Case No.14. M/s. Nocil Limited, Mumbai
F.No. 01/60/162/767/AM14/PRC
PRC Meeting No. 2/AM16 dated 24.04.2015
Subject: - Request for clubbing of the following 3 Advance Authorization

1. 0310450977 dt. 21.11.2007
2. 0310450982 dt. 21.11.2007
3. 0310578263 dt. 10.06.2010

**<u>Decision:</u>**

**The Committee observed that though the Authorizations at Sl No (ii) 0310450982 dt. 21.11.2007 & (iii) 0310578263 dt. 10.06.2010 have been issued within a period of 36 months from the date of issue of the earliest Authorisation but the date of last shipment under the Authorisation No. 0310578263 dt. 10.06.2010 is beyond the period of 48 months of the date of issue of the earliest Authorisation No. 0310450977 dt. 21.11.2007. Hence the Committee decided the following:**

I. **Clubbing of the 3 Advance Authorizations as referred above be allowed. On clubbing, all Authorisations shall for all purposes, be deemed to be one Authorisation.**
II. **Export obligation period for the clubbed Advance Authorisations would be 48 months from the date of issuance of the first Authorisation.**
III. **This is only for regularization of exports already effected and closure purpose and not for any further exports/imports.**

IV. **Accounting of exports made against the Authorisations so clubbed, beyond 36 months but upto 48 moths, from issue of the earliest Authorisation would be as under:**

**(a) For exports made after 36 months but upto 42 months subject to payment of composition fee @ 0.5% of FOB value of exports.**

**(b) For exports made after 42 months but upto 48 months on payment of composition fee @ 0.5% per moth of FOB value of exports.**

V. **RA shall examine the case in terms of Para 4.09 of FTP (2015-2020) and ensure value addition of minimum 15%. The 15% value addition for evaluating entitlement is to be applied on the entire FOB and CIF of the Authorizations to be clubbed.**

VI. **RA should ensure proper accounting of the duty free inputs with reference to the export product while clubbing the Authorizations.**

VII. **Even after clubbing, shortfall, if any, shall be regularized on payment of Customs Duty + Interest in terms of Para 4.49 of H.B.P.**

(**Action: RA, Mumbai)**

Case No.15. M/s Macro Polymers p. Ltd., Gujarat
F.No. 01/60/162/496/AM15/PRC
PRC Meeting No. 2/AM16 dated 24.04.2015
Subject: - Clubbing of 2 Advance Authorizations for Regularization.
1. 0810089650 dated 14.06.2010
2. 0810121802 dated 07.06.2013

**Decision:**

**The Committee observed that the Advance Authorisation No. 0810121802 dated 07.06.2013 has been issued within a period of 36 months from the date of issue of the Advance Authorisation No. 0810089650 dated 14.06.2010 and the date of last Shipment under the Advance Authorisation No. 0810121802 dated 07.06.2013 is within the period of 48 months of the date of issue of the Advance Authorisation No. 0810089650 dated 14.06.2010. Hence the Committee decided the following:**

I. **Clubbing of the 2 Advance Authorizations as referred above be allowed. On clubbing, all Authorisations shall for all purposes, be deemed to be one Authorisation.**

II. **Export obligation period for the clubbed Advance Authorisations would be 48 months from the date of issuance of the first Authorisation.**

III. **This is only for regularization of exports already effected and closure purpose and not for any further exports/imports.**

IV. **Accounting of exports made against the Authorisations so clubbed, beyond 36 months but upto 48 moths, from issue of the earliest Authorisation would be as under:**

**(a) For exports made after 36 months but upto 42 months subject to payment of composition fee @ 0.5% of FOB value of exports.**

**(b) For exports made after 42 months but upto 48 months on payment of composition fee @ 0.5% per moth of FOB value of exports.**

V. **RA shall examine the case in terms of Para 4.09 of FTP (2015-2020) and ensure value addition of minimum 15%. The 15% value addition for evaluating entitlement is to be applied on the entire FOB and CIF of the Authorizations to be clubbed.**

VI. **RA should ensure proper accounting of the duty free inputs with reference to the export product while clubbing the Authorizations.**

VII. **Even after clubbing, shortfall, if any, shall be regularized on payment of Customs Duty + Interest in terms of Para 4.49 of H.B.P.**

(**Action: RA, Ahmedabad)**

Due to paucity of time, the rest of the Agenda items were deferred.

**The meeting ended with a Vote of Thanks to the Chair.**

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