Directorate General of Foreign Trade
(PRC-section)

Minutes of the Policy Relaxation Committee Meeting held under the Chairmanship of Shri Alok Vardhan Chaturvedi, Director General of Foreign Trade

Meeting No. 07/AM19 held on 10.07.2018 at 10:30 AM

The following members were present in the meeting:

1.	Shri K. C. Rout	Addl. DGFT
2.	Shri J. V. Patil	Addl. DGFT
3.	Shri S.B.S. Reddy	Addl. DGFT
4.	Shri N.K.Srivastava	Addl. DGFT
5.	Shri Jay Karan Singh	Jt. DGFT
6.	Shri Akash Taneja	Jt. DGFT
7.	Shri S. P. Roy	Jt. DGFT
8.	Shri Rajbir Sharma	Jt. DGFT
9.	Shri Lokesh H. D	Jt. DGFT

Following cases were discussed. The decision taken on the individual cases are as under:-

Case No.01: M/s Nicomet Industries Limited, Mumbai.
F. No. 01/60/162/522/AM18/PRC
PRC Meeting No. 07/AM19 dated 10.07.2018

Subject: **Condonation of delay to file SHIS benefit for the exports made during 2012-13 under file no.03/87/88/00001/AM17.**

The Committee noted the following statements made by the applicant in its application:

1) Their export performance during the period 2012-13 was Rs.45.88 crore.

2) However, with the onset of global recession in 2008 onwards, demand for their products in global markets from 2009-10 onwards declined largely due to the recession that prevailed particularly in European Union Market to which countries they have been exporting regularly.

3) As a result they were not able to meet the export obligations in some AA on time and RA Mumbai placed them under Denied Entity List for the period of application of SHIS for 2012-13

4) Therefore, they could not make online application on time for SHIS benefit even though they had exported and were entitled for the benefit and hence they were deprived of the same for these reasons.

5) They have filed application on 15.10.2016 under F. No. 03/87/088/00001/AM17 with RA, Mumbai but the same was rejected by them stating the reason as 'time barred'.

6) The world economic recession of 2008 onwards were heavily affected their export to European Markets. They are presently facing severe hardship as their bankers are charging substantial amount towards any loan sanctioned to them.

7) Further after the recent demonetization, there is difficulty in supplying inputs on credit basis and they do not have any liquid cash for day to day transaction.

Decision: The reason given by the firm that they could not file the SHIS application as they were placed under DEL by the RA. The committee was of the view that this could not be construed to be a case of genuine hardship because DEL does not prevent from making import and export or filing application for Authorisation/duty credit Scrip. Only benefits are denied for the period till the applicant is under DEL. The committee, therefore, did not accede to the request.

(Action: Applicant)

Case No.02: M/s. Hical NSE Electronics Pvt. Ltd., Bangalore
F. No.01/60/162/122/AM19/PRC
PRC Meeting No. 07/AM19 dated 10.07.2018

Subject: Conversion of four Advance Authorizations (1) 0710107673 dated 20.02.2015 (2) 0710108272 dated 27.05.2015 (3) 0710107977 dated 31.03.2015 and (4) 0710107840 dated 17.03.2015 into 100 % EOU.

The Committee noted the following statements made by the applicant in its application:

1) They are into manufacture of engineering products and their unit was started from 30.09.2013 as manufacturer exporter as DTA unit.

2) They converted their DTA to EOU on 03.06.2015

3) They had closing stock of raw materials which were obtained against above Advance Authorization as on 21.07.2015.

4) They had not followed the procedure of taking of stock of Advance Authorization in to EOU as per the condition laid down under Para 6.36.1 of HBP (2009-14) & Appendix 14 I-O under Para 3.1.

5) However, they intimated the RA, Bangalore regarding conversion of DTA to EOU and also applied for issue of 'No Objection Certificate" for the above said Advance Authorizaiton.

6) They have debited duty saved amount on stock of Advance Authoriziton in B17 Bond an amount of Rs. 8,46,886/-, 2, 78,283/-, 7,14,254/-, 21,57,778/-. They have also shown closing stock value in APR 2015-16.

7) They request to be courteous and allow the unutilized raw material stock held on 21.07.2015 to be carry forward to EOU unit and further allow them to fulfill the unfulfilled EO Under above Advance Authorization in EOU units.

Decision: The Committee noted that the firm has already been converted into an EOU and is said to have debited duty saved amount on stock of Advance Authorizations in B17 Bond and also is said to have shown closing stock value in APR 2015-16. The Committee decided that RA, Bangalore may take report from the Office of the DC whether the duty free inputs imported/procured under the Advance Authorizations were taken into stock at the time of conversion. After confirmation of the same, RA, Bangalore may consider issuance of EODC in proportion of inputs consumed and exported as DTA and issue NOC for the balance inputs to be subsumed in EOU.

(Action: RA, Bangalore)

Case No.03: M/s. Hemmo Pharmaceuticals Pvt. Ltd., Mumbai
F. No. 01/60/162/75/AM19/PRC
PRC Meeting No. 07/AM19 dated 10.07.2018
Subject: EO Extension of Advance License No. 0310793763 dated 11.02.2015.

The Committee noted the following statements made by the applicant in its application:

1) They have stated that 100 % EO is fulfilled within the license period, however quantity wise, they have to fulfill 1 kg more. They have fulfilled export in terms of 75% of qty and 100 % in value.

2) The balance export order was not materialized earlier however now the order has been received for exports to be effected, for which extension of license is required.

3) The firm had applied on 10.01.2018 to RA Mumbai submitting thereto all requirements including ANF4D, Statement of Imports & Exports duly certified by CA with enclosures, requisite fees, and had requested for extension of license up to 30th June 2018.

4) However, RA Mumbai vide their letter dated 25.01.2018 has not granted them extension of license.

Decision: The Committee noted that the reasons given by the firm do not indicate any genuine hardship and did not accede to the request of the firm.

(Action: Applicant, RA-Mumbai)

Case No.04: M/s. Srijan Systems (P) Ltd., Delhi
F. No. 01/60/162/95/AM19/PRC
PRC Meeting No. 07/AM19 dated 10.07.2018
Subject: **Second Revalidation against Import License (for restricted list of import items) No.0550003599 dated 13.05.2016.**

The Committee noted the following statements made by the applicant in its application:

1) They were issued five Import License No. (1) 0550003597 dated 13.05.2016 (2) 0550003601 dated 13.05.2016 (3) 0550003600 dated 13.05.2016 (4) 0550003598 dated 13.05.2016 and (5) 0550003599 dated 13.05.2016.

2) As per import procedure they have to obtain Import permit from DGCA (Directorate General of Civil Aviation), New Delhi and then Stock & Sale Permit from PESO (Petroleum & Explosive Safety Organization) Nagpur for each import.

3) Time taken to obtain above Permits is minimum 2-3 months.

4) Subsequently these clearance are forwarded to the shipper / Consignor who in-turn obtain clearances for export to India which takes another 2 months.

5) Though they have utilized Import License from 1-4 i.e. 0550003597, 0550003601, 0550003600 & 0550003598, but the Import License No. 0550003599 has been left unutilized.

6) And they require more time to import and utilize this Import License.

Decision: The Committee noted that the firm could not utilize the Import License No. 0550003599 on account of time required to obtain clearances form the concerned Organizations and the time required in procedural compliances by the Shipper/Consignor. Therefore Committee decided to grant revalidation of 6 months from the date of endorsement for the Import License No. 0550003599 dated 13.05.2016

(Action: Applicant)

Case No.05: M/s. Rhine Power Private Ltd., Delhi
F. No. 01/60/162/88/AM19/PRC
PRC Meeting No. 07/AM19 dated 10.07.2018
Subject: **Allowing the TED refund on supplying the goods to EPCG Authorization holder against Invalidation letter EPCG Authorization nos.**

0530151311 dated 19.12.2010 and 0530151319 dated 19.02.2010 in terms of para 8.2 (c) of FTP 2009-14.

The Committee noted the following statements made by the applicant in its application:

1) The firm has stated that, in three cases submitted to CLA office for refund of TED the same were rejected by CLA office on the ground that supplies were not to EPCG authorization holder i.e. M/s ITC Ltd., Gurgaon for their project site at Grand Chola Hotel project site, Chennai.

2) M/s. ITC Ltd had obtained two EPCG Authorization bearing Nos. 0530151311 dt. 19.12.2010 & 0530151319 dt. 19.02.2010 both of which were invalidated in their favour (M/s. Adlec System Pvt. Ltd.), under invalidation letter no. 308/AM10 dated 08.03.2010 and 307/AM10 dated 08.03.2010.

3) The applicant has supplied the Capital Goods against invalidation letters under para 8.2 (c) of FTP 2009-14 as deemed exports and claimed the refund of TED from CLA office.

4) The CLA office has rejected their claim on the ground that the supplies were not to project authority (M/s. ITC Ltd., Gurgaon project site at grand Chola hotel Project Site, Chennai) as the name of M/s. L& T Ltd is mentioned in the column of name & address of consignee in supply invoices, even though the relevant EPCG Authorization number was also mentioned on all invoices.

5) The applicant has have stated that, as per terms & conditions of MOU/Contract between M/s. Adlec systems Pvt. Ltd., and M/s. ITC ltd., Gurgaon (Project site at Grand CHola Hotel Project Site, Chennai), the CGs would be supplied against EPCG authorization & invalidation letters under deemed exports.

6) The material shall be thoroughly tested by their QC Department at their works before dispatching the material to actual site. In case of any defects, the same shall be replaced within one week at free of cost to L&T Ltd. All the certificates shall be produced at the time of delivery at project authority's site along with the materials.

7) The materials were supplied at site's address of project authority i.e. M/s. ITC limited as evident by all the invoices having EPCG Authorization number of the project authority i.e. M/s ITC Limited and all the payment were made by project authority i.e. M/s. ITC Limited.

8) In the installation certificate, the chartered Engineer also certified that the CGs Installed at the project site of M/s ITC Limited and supplier's name shown as M/s. Adlec System Pvt. Ltd.

9) They had not supplied the goods to M/s. L&T Ltd., as mentioned by CLA office. M/s. L& T Ltd., was only an agency to procure, inspect & install the goods at the site of M/s. ITC Ltd.,

<u>**Decision**</u> The Committee noted that under deemed export, there is no concept of third party supply. In the present case supplies were made to third party that is other than the EPCG Authorisation holder. Therefore, the applicant is not eligible for TED refund.

(Action: Applicant)

Case No.06: M/s Viraj Profiles Ltd., Mumbai
F. No. 01/60/162/670/AM18/PRC
PRC Meeting No. 07/AM19 dated 10.07.2018
Subject: **Extension in E.O. period of Advance Authorization No.0310791057 dated 13.11.2014.**

The Committee noted the following statements made by the applicant in its application:

1) The firm had obtained 54 authorizations during the period and exports were to be completed in all the authorizations concurrently resulting in delayed production schedule for products covered by these authorizations.

2) In some authorization, few exported goods were returned due to issues and they had to divert product to fill up those commitments

3) Due to slow down in the export order they unable to fulfill their export obligation in time.

4) They are confident that they will be able to complete their export obligation if it is extended by another 6 months with a change in the export product and correct ITC(HS) code.

<u>**Decision**</u>: The Committee noted that the reasons given by the firm do not indicate any genuine hardship and thus did not accede to the request of the firm.

(Action: Applicant)

Case No.07: M/s. Apar Industries Ltd., Vadodara
F. No. 01/60/162/130/AM19/PRC
PRC Meeting No. 07/AM19 dated 10.07.2018
Subject: Second Revalidation of Advance Authorization No. 3410042708 dated 02.12.2016 for a period of 6 months.

The Committee noted the following statements made by the applicant in its application:

1) They have completed export obligation well within the original export period.

2) However they are not able to complete import within 18 months in spite of one revalidation granted by RA, Vadodara due to MIP imposed on steel and license held up at various customs authorities for registration / amendments and taking RA etc.

3) Second revalidation is required to complete import in proportion to actual export already made.

Decision: The Committee noted that the reasons given by the firm do not indicate any genuine hardship and thus did not accede to the request of the firm.

(Action: Applicant)

Case No.08: M/s The Supreme Industries Ltd, Mumbai.
F. No. 01/60/162/1140/AM17/PRC
PRC Meeting No. 07/AM19 dated 10.07.2018
Subject: **Request for Revalidation of Advance Authorization no.0310792783 dated 09.01.2015.**

The Committee noted the following statements made by the applicant in its application:

1) The amendment sheet no. 03 against Advance Authorization no. 0310792783 dated 09.01.2015 extending the validity of said Authorization upto 23.06.2017 was transmitted by DGFT on 01.06.2017 to EDI system of Customs, Nhava Sheva, but the amendment at sheet no. 03 was not reflecting / appearing in the EDI system of Customs & hence they were unable to clear their import consignment which had arrived in India on 10th July, 2017.

2) This is evident from the letter of Dy Commissioner of Customs, JNCH & Hazira Port, Surat both dated 10.07.2017.

3) They have already suffered huge loss due to heavy demurrages they have paid to Maersk Shipping Lines and Hazira Port, Surat.

4) They require revalidation of 23 days from the date of endorsement as granted earlier to complete pro-rata imports against exports already made. As such there is no loss of revenue.

Decision: The Committee noted that the firm was not able to utilize the revalidation granted to it on account of technical reasons/transmission errors which was beyond the control of the applicant and hence decided that RA shall extend the validity period by 30 days from the date of endorsement after ensuring that it is transmitted after solving technical issues involved.

(Action: RA, Mumbai)

Case No.09: M/s. Euro Expo., New Delhi
F. No. 01/60/162/655/AM18/PRC
PRC Meeting No. 07/AM19 dated 10.07.2018
Subject: EO Extension and Modification in Advance Authorization no. 0510393087 dated 04.02.2015.

The Committee noted the following statements made by the applicant in its application:

1) Due to slow down in international market they could not export in time now they have orders in hand hope to export before this date. They applied for the EO extension for the second time for six months.

2) They completed all the documents as desired by the RLA office time to time and have not received EOP extension even one time since they have applied.

3) Accordingly they approached RLA New Delhi for the status of the case and came to know that nothing has been conveyed in this regards.

4) In this connection they have confirmed orders in hand and also have produced the products to be exported and are ready to make export.

5) If they don't get EO Extension, their orders procured for the same would be wasted and they won't be able to make export in near future.

Decision: The Committee noted that the reasons given by the firm do not indicate any genuine hardship and thus did not accede to the request of the firm.

(Action: Applicant)

Case No.10: M/s. Euro Expo., New Delhi
F. No. 01/60/162/155/AM19/PRC
PRC Meeting No. 07/AM19 dated 10.07.2018
Subject: EOP Extension and Modification in Advance Authorization No. 0510396393 dated 23.11.2015.

The Committee noted the following statements made by the applicant in its application:

1) Due to international market slow down particularly in their fashion industry they couldn't procure orders for the balance qty of 10.13 %.

2) However they have now procured new orders which have to be completed before 30.11.2018.

Decision: The Committee noted that the reasons given by the firm do not indicate any genuine hardship and thus did not accede to the request of the firm.

(Action: Applicant)

Case No.11: M/s. K.L.J Plasticizers Limited, New Delhi
F. No. 01/60/162/137/AM19/PRC/PIC
PRC Meeting No. 07/AM19 dated 10.07.2018

Subject: Clarification is requested to know that the word 'validity' used in the last line of Para 4.38 (viii) of Hand Book of Procedure 2015-20 (updated on 5.12.2017) is for (A) 'Import Validity ' of the authorization Or (B) Exports validity of the authorization.

Decision: The Committee noted that the issue may be examined by the Policy 4 Division

(Action: Policy 4 Division, DGFT HQs)

Case No.12: M/s. Greenlam Industries Ltd., New Delhi.
F. No. 01/60/162/122/AM19/PRC/PIC
PRC Meeting No. 07/AM19 dated 10.07.2018
Subject: Clarification is requested to know the basis of calculation of application fees for Enhancement in CIF values of advance authorizations Basis of calculation of application fees would be (A) On the difference in Total CIF value of original and Final advance authorization Or (B) On the difference in Individual CIF values of inputs (Enhanced Values only) of Original and Final Advance Authorisation and by Ignoring where CIF values have been reduced.

Decision: The Committee decided that the application fee is applicable on the overall CIF value and the individual values shall not be considered for calculating the application fee.

(Action: Policy 2 Division, DGFT HQs)

Case No.13: M/s H.D. Wires Pvt. Ltd, Indore.
F. No. 01/60/162/17/AM-19/PRC

PRC Meeting No. 07/AM19 dated 10.07.2018
Subject: **Revalidation of three Advance Authorization No. 5610004883 dated 31.03.2016, 5610004884 dated 18.04.2016 and 5610004924 dated 09.06.2016.**

The Committee noted the following statements made by the applicant in its application:

1) They are exporter of MS Wires/ GI Wires and supplying to various Indian companies.

2) They are exporting to Indian companies against invalidation letter and also exporting directly.

3) In the above licenses they have made export using the Indian raw material and manufactured the export goods, but they could not import the raw material in time i.e. within the validity of license because of hike in international market and also they are facing financial crutches.

4) Due to this they could not import the raw material in time. Further at the time of export they had considered the export incentive against above licences and MEIS and grabbed the offer

5) RA, Indore has rejected their request of revalidation.

6) Hence, they have requested for revalidation for a period of six months from the date of endorsement.

Decision: The Committee decided that a report be called from RA, Indore on reasons for rejection of the firm's request for revalidating, before taking a decision on the matter.

(Action: RA, Indore)

Case No.14: M/s BMW India Pvt. Ltd.
F. No. F. No. 01/89/180/40/AM-09/PC-2[A]/[E-1312]
PRC Meeting No. 07/AM19 dated 10.07.2018
Subject: Relaxation of para condition under 1.05 for registration of contract within 15 days of imposition of restriction.

The Committee noted the following statements made by the applicant in its application:

1) M/s BMW India Private Limited has stated that they are planning to import one unit of BMW HP4 Race bike from Germany into India at Customs Port, Mumbai for the high performance race track driving.

2) As this motorcycle is meant for off road sports/track usages only, the motorcycle is not homologated globally. Considering the fact that there is no homologation available for this motorcycle, they will not be able to furnish any homologation

certificate for this motorcycle, for the requirement as per ITC [HS], 2017 Schedule 1 – Import Policy Section XVII, Chapter 87 Clause [2][II][c].

3) However as per clause [6] of the above schedule, for any vehicle made for the purpose of off road sports and that does not need registration, the above requirement of CMVR certificate is not applicable.

4) Considering that the BMW HP4 Race motorcycle is made for off-the-road sports on racing tracks, they have sought relaxation under Para 2[II][c] and Para 6 of Chapter 87 of ITC HS, 2017 to allow them importing one BMW HP4 Race Motorcycle.

5) The import of vehicles namely, ATVs (All Terrain Vehicles) which are specifically designed for off-the-road sports, recreation and some farm usage and do not require registration under provisions of the CMVR, shall be exempted from the conditions mentioned at Sl. No. 1 and 2 above.

Decision: The Committee decided to accept the request of the firm for relaxation

(Action: Applicant)