

MINUTES OF THE POLICY RELAXATION COMMITTEE
MEETING NO.10/AM07 HELD ON 4TH JANUARY, 2007

The meeting was held under the Chairmanship of DG and the list of officers present in the meeting is given in Annexure-I.

Thereafter, the cases listed in the Agenda were taken up for discussion and decision taken in each of these cases is detailed below:-

Case relating to ex-post-facto approval:

M/s Indo Rama Synthetics (I) Ltd

F.No.01/84/162/1060/DES-V

The Committee accorded ex-post-facto approval for waiver of composition fee of 2% on unutilized CIF value for revalidation of Advance Licence No.1110006171 dated 5.6.2003 as per recommendation of GRC, as already approved on file.

Fresh Cases:

Case No.	1.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Fusion Foods, Hyderabad.
File No.	94/180/440/AM07/PC-I
Subject:	Request for condonation of delay of one day in filing application for DFEC under Served from India Scheme.

The Committee observed that though the condonation has been sought for delay in submitting application by one day, it was seen that the applicant had taken more than a year to make a formal request for condonation of this delay. The application is stated to have been submitted on 1.7.2005 for claiming the benefits under Served From India scheme as against the last prescribed date of 30.06.2005 but their request for condonation of this delay was made only in August, 2006. There being no merit in the case, the same was rejected.

Case No.	2.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Associate Exports Mumbai
File No.	91/180/167/AM07/PC-III
Subject:	Request for extension in period of export for regularization of export of materials imported against Advance licence No.0310227844 dated 30.9.2003.

The Committee agreed to relax the provisions of the policy and regularize the exports made towards fulfillment of EO on 5.7.2004 i.e. beyond the prescribed period of six months against the subject advance licence. This will however, be subject to the payment of composition fee of 2% on CIF value of exports made beyond the initial EO period.

Case No.	3.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Sagar Overseas, Mumbai
File No.	84/162/704/AM07/DES-V
Subject:	Request for renewal of DEPB licence Nos. 0310072823 dt. 13.2.2001, 0310174661 dt. 26.12.2002, 0310074932 dt. 28.2.2001 and 0310113920 dt. 12.12.2001.

The Committee observed that the applicant was at liberty to utilize the DEPB issued to them with actual user condition and delay on the part of the applicant to realize the foreign exchange did not bar them to utilize the same. Moreover, the DEPB licences for which the revalidation has been sought were issued as back as February, 2001 to December, 2002 and the Committee therefore did not find any merit in the request, and decided to reject the same.

Case No.	4.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Mafatlal Industries Ltd.
File No.	84/162/1126/AM04/DES-V
Subject:	Re-fixation of export obligation period-BIFR Case.

The Committee observed that although BIFR has sanctioned the rehabilitation scheme of the company vide its order dated 30.10.2002, there was no such provision in the policy to extend BIFR benefits and extend EO period in respect of the exports made prior to 31.3.2005. Moreover, the policy operates in tandem with the corresponding customs notification. No corresponding notification is available for this type of request therefore even if the policy to allow this BIFR benefit is relaxed in the instant case, the Department of Revenue is not going to agree with this dispensation as final action in this regard is to be taken by the DOR. Therefore, the Committee decided that relaxing the policy in the instant case will not serve any purpose. It was decided to reject the case and inform BIFR suitably.

Case No.	5.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Ratnamani Metals & Tubes Ltd., Ahmedabad.
File No.	81/162/358/AM07/DES-II
Subject:	Revalidation of advance licence No. 0810032375 dated 15.9.2003

It is observed that the Regional Authority is empowered to allow revalidation with a total validity period of 30 months from the date of issue of licence/Authorisation. In the instant case the licence is stated to have been issued September 2003 which would mean that the 30 months period available to the applicant for utilizing the licence expired March 2006. As per the details available in the Agenda the request for revalidation has been received by the concerned DES division of DGFT on 04.08.2006. The Committee considered this as a reasonable time frame for submission of request for revalidation. Moreover, taking into account the fact that the applicant had fulfilled the EO as detailed in the Agenda, a lenient view should be taken to enable the applicant to replenish the stocks. Taking

these factors into consideration, it was decided in relaxation of the policy provision, to allow revalidation in the instant case for a period of 6 months and this 6 months period will commence from the date endorsement to this effect is made on the licence. This will further be subject to the condition that (i) the applicant pays the composition fee equivalent to 2% of the unutilized CIF value of the licence; and (ii) the applicant approaches the Regional Authority concerned within a period of 15 days from the date of issue of communication regarding decision of the PRC for seeking endorsement of revalidation.

It was also decided that Norms Committee/concerned DES division will ensure to issue a formal communication to the applicant and the Regional Authority concerned apprising them of the decision of the PRC within a period of 7 days from the date of receipt of minutes in the DES division.

Case No.	6.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Ratnamani Metals & Tubes Ltd., Ahmedabad.
File No.	81/162/359AM07/DES- I I
Subject:	Revalidation of advance licence No. 0810032376 Dt. 15.9.2003.

It is observed that the Regional Authority is empowered to allow revalidation with a total validity period of 30 months from the date of issue of licence/Authorisation. In the instant case the licence is stated to have been issued September 2003 which would mean that the 30 months period available to the applicant for utilizing the licence expired March 2006. As per the details available in the Agenda the request for revalidation has been received by the concerned DES division of DGFT on 04.08.2006. The Committee considered this as a reasonable time frame for submission of request for revalidation. Moreover, taking into account the fact that the applicant had fulfilled the EO as detailed in the Agenda, a lenient view should be taken to enable the applicant to replenish the stocks. Taking these factors into consideration, it was decided in relaxation of the policy provision, to allow revalidation in the instant case for a period of 6 months and this 6 months period will commence from the date endorsement to this effect is made on the licence. This will further be subject to the condition that (i) the applicant pays the composition fee equivalent to 2% of the

unutilized CIF value of the licence; and (ii) the applicant approaches the Regional Authority concerned within a period of 15 days from the date of issue of communication regarding decision of the PRC for seeking endorsement of revalidation.

It was also decided that Norms Committee/concerned DES division will ensure to issue a formal communication to the applicant and the Regional Authority concerned apprising them of the decision of the PRC within a period of 7 days from the date of receipt of minutes in the DES division.

Case No.	7.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Deccan Mechanical & Chemical Industries Ltd., Pune.
File No.	80/162/1549/AM05/DES-I
Subject:	Validity extension of DEPB licence No.3110008929 dated 26.11.2002, No. 3110008851 dated 20.11.2002 & No.3110009674 dated 27.1.2003.

It was decided that the case be remanded back to the concerned DES division who will bring up the facts of the case on file alongwith relevant details for suitable orders by DG.

Case No.	8.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Grover Vineyards Ltd., Bangalore.
File No.	85/162/438/AM05/DES-VI
Subject:	Request for grant of EO extension for 6 advance licences for Still Wine.

The Committee noted some variation in details of outstanding licences as reflected in the agenda based upon the inputs received from the applicant and details of outstanding licences furnished by the Regional Authority concerned. Moreover, it has been brought on record that the applicant has been placed in the DEL and it is not clear as to whether this action has been taken based upon the default in the instant six licences or on account of

default in other licences as well. It was decided to remand the case back to the Norms Committee who will seek the inputs from the Regional Authority concerned about the details of the licences issued to them, number of licences in which default is there and details about the extent to which partial fulfillment has been made in respect of the licence for which extension has been sought. The Regional Authority concerned should be asked to provide these details within 15 days and thereafter the facts should be brought up before the PRC to enable it to take a decision in the matter.

Case No.	9.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Nagarjuna Oil Corporation Ltd., Chennai
File No.	53/6/557/N-40/AM07/ ILS
Subject:	Request for revalidation beyond 30 months of Import Licence No. 0450000202 dated 22.4.2004 (Request for one year extension).

The case relates to the request for revalidation of Special Import Licence stated to have been issued in April 2004 for import of second hand plant and equipment for petroleum refinery project. It was observed that as on date second hand capital goods are freely importable as per para 2.17 of the Foreign Trade Policy read with 2.33 of the Handbook of Procedures Vol.I. It was therefore not clear as to why the applicant needed a licence to import second hand capital goods now. It was decided to remand the case back to the concerned division who will seek inputs from the applicant as to why they needed the revalidation of the licence in view of the free importability of second hand capital goods as per policy in force as on date. The case may be referred back to PRC with details if need be.

Case No.	10.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. SKS Ltd., New Delhi
File No.	20/140/94/EPCG-IV
Subject:	Request for extension in EO period for three years from the cut off date i.e. 01.10.04 as per order of BIFR dated 7.1.2005.

The Committee observed that the issue related to the orders passed by BIFR about working out the package for them and the request was allowing extension in EO period against EPCG licence issued to them in the year 1993-94. In its order, BIFR has directed that "DGFT to consider allowing the company an extended period of three years from the cut off date i.e. 1.10.2004 for fulfilling the unfulfilled EO and to waive any interest/penalties/charges for the non fulfillment of the export obligation". The Committee observed that the FTP works in tandem with a corresponding customs notification issued by the Department of Revenue. In the instant case, however, no corresponding notification was available. Therefore even if DGFT relaxes the policy to allow the benefits extended by BIFR, it may not be honoured by the DOR and to that extent allowing relaxation will become un-implementable. It was therefore decided that these facts may be brought to the notice of BIFR.

Case No.	11.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Kalyan Silks, Trichur
File No.	20/008/2006-07/EPCG-III
Subject:	Issuance of Invalidation Letter against EPCG licence No. 1030000723 dated 8.12.2005.

This case relates to deemed export supplies have been made against an EPCG licence without obtaining an appropriate invalidation. The goods from domestic sources are stated to have been procured on 8.12.2005 after issue of the EPCG licence whereas the request for obtaining a formal invalidation letter was made by the applicant on 20.1.2006 a delay of more than around

1½ months. After going into the facts of the case the Committee observed this is a procedural lapse and decided to relax the policy to condone the same and supplies obtained on 8.12.2005 against the subject EPCG licence be treated as regular for the purpose of consequential benefits under Foreign Trade Policy.

Case No.	12.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Rama Vision Ltd., New Delhi.
File No.	93/180/M-27/AM03 /PCIA
Subject:	Grant of relaxation from production if BIS registration for import consignment already arrived.

The Committee observed that mandatory requirement of BIS registration is an extension of the Quality norms and therefore there is no scope for allowing relaxation in the instant case. The case was accordingly rejected.

Case No.	13.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s Alom Extrusions Ltd., Kolkata
File No.	01/80/162/212/AM07/DESI
Subject:	Clubbing and redemption of advance licence no. 0210009877 dated 24.2.2000 and 0210012923 dated 20.6.2000.

The Committee observed that although the policy provided for clubbing of licences issued under similar customs notifications, the agenda papers placed before the Committee did not clearly stipulate as to whether two notifications under which the licences issued and proposed to be clubbed were similar or not. It was brought to the notice of the Committee that words similar used in this provision were necessitated because at that point of time two different schemes under advance Authorisation i.e. VABAL and QBAL were in vogue and licences issued under QBAL and VABAL category were distinct and not issuable under similar notifications. The word 'similar' was basically intended to convey that advance quantity bases licences issued under different notifications which may have different export product but

same inputs and permit similar exemptions could be clubbed so long as the accountability of inputs is taken care of. This aspect of the case needs to be elaborated. It was therefore decided to remand the case back to the Norms Committee who will clearly stipulate and elaborate the reasons as to why the case has been referred to PRC.

Case No.	14.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Sungrowth Exports Pvt. Ltd., Kolkata.
File No.	01/81/162/395/AM07/PC-I
Subject:	Revalidation of two DEPB licences No. 0210061966 dated 10.3.2004. 0210061833 dt. 8.3.2004.

The Committee observed that this is a case of revalidation of DEPB licences and there was nothing to substantiate the claim of the applicant that the licence had expired in the custody of customs and a mere communication from their CHA cannot be taken as an official document to be relied upon. Moreover, it was also seen that the licences are stated to have been submitted for verification within a last few days of its validity and also the licences were expired in March 2005 where the request for revalidation was made on August 2006. Therefore, the Committee did not find any merit in the request and decided to reject the request.

Case No.	15.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. TTL Ltd., NOIDA
File No.	01/81/162/1545/AM05/PC-I
Subject:	Request for revalidation of DEPB Licence No. 0510118573 dated 20.2.2004.

The Committee observed that the case had earlier been discussed in the PRC in its meeting held on 14.9.2006 and following decision was taken:

“The matter was discussed by the Committee and it was decided to defer consideration of the request. The Committee desired that the firm should be asked to submit copies of documents evidencing their claim that they had been pursuing constantly with the customs authority for registration of the subject DEPB licence prior to its expiry. It was decided that on receipt of such corroborative evidence, the case should again be placed before the PRC.”

The agenda papers now put up before the Committee reveal that the applicant had been corresponding with the customs Authorities. Although they had submitted a written request, no formal receipt was issued by that authority. It was also brought to the notice of the Committee that the DEPB licence had been issued by the Regional Authority considering all the S/bills as finally assessed whereas the customs record had shown that one of the S/bill bearing No.1313948 dated 16.6.2003 as provisionally assessed in their system. This position was further confirmed by the ICD, Parparganj, Delhi vide their letter dated 22.5.2006. To that extent the claim of the applicant that the registration process at Customs was delayed because of this objection by customs authorities appears to be justified. It was therefore decided to relax the policy provision and allow the subject DEPB licence to be revalidated by a period of 3 months and this 3 months period will commence from the date the endorsement is made on the licence. This will however be subject to the condition that the Regional Authority verifies the details from the related licensing file that S/Bill No.1313948 dated 16.6.2003 was finally assessed as per the original copy of the S/bill available on their records.

Case No.	16.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Futura Polyesters Ltd., Chennai
File No.	1/87/50/687/AM04/DES-VIII
Subject:	Extension in EO period against advance licence No. 0410053390 dated 20.2.2004.

The Committee agreed to extend the EO period against the subject advance licence by a period of 6 months i.e. upto 19.2.2007. this will further be

subject to payment of a composition fee of 2% on the unfulfilled portion of the EO beyond 30 months.

Case No.	17.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Trimurti Polymers, Mumbai.
File No.	1/87/162/830/AM06/DES-VIII
Subject:	Revalidation of advance licence No.0310169926 dated 02.12.2002.

It is observed that the Regional Authority is empowered to allow revalidation with a total validity period of 30 months from the date of issue of licence/Authorisation. In the instant case the licence is stated to have been issued on 2.12.2002 which would mean that the 30 months period available to the applicant for utilizing the licence expired 1.6.2005. As per the details available in the Agenda the request for revalidation has been received by the concerned DES division of DGFT on 15.12.2005. The Committee considered this as a reasonable time frame for submission of request for revalidation. Moreover, taking into account the fact that the applicant had fulfilled the EO as detailed in the Agenda, a lenient view should be taken to enable the applicant to replenish the stocks. Taking these factors into consideration, it was decided in relaxation of the policy provision, to allow revalidation in the instant case for a period of 6 months and this 6 months period will commence from the date endorsement to this effect is made on the licence. This will further be subject to the condition that (i) the applicant pays the composition fee equivalent to 2% of the unutilized CIF value of the licence; and (ii) the applicant approaches the Regional Authority concerned within a period of 15 days from the date of issue of communication regarding decision of the PRC for seeking endorsement of revalidation.

It was also decided that Norms Committee/concerned DES division will ensure to issue a formal communication to the applicant and the Regional Authority concerned apprising them of the decision of the PRC within a period of 7 days from the date of receipt of minutes in the DES division.

It was also observed that the DES division has taken almost a year to refer this case to PRC which should be avoided.

Case No.	18.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Coromandel Fertilisers Ltd., Visakhapatnam
File No.	1/53/8/277/C-26/AM06/ILS
Subject:	Regularisation of 4 shipments for import of urea under Import Licence No. 2650000006 dated 15.12.2005.

The Committee agreed to relax the provision of the policy by making an endorsement on the licence issued in the instant case to make it valid for goods already cleared.

Case No.	19.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Jubliant Organosys Ltd., NOIDA
File No.	1/53/162/1344/J11/AM07/ILS
Subject:	Grant of import licence for 1 No. of Hitachi Water Cooled Water Chiller with HCF-22 and Policy Relaxation as the same got cleared by customs against bank guarantee, prior to issue of import licence.

The Committee agreed to relax the provision of the policy by making an endorsement on the licence issued in the instant case to make it valid for goods already cleared.

Case No.	20.
PRC Meeting No.	No.10/AM07
Date.	04.01.2007
Firm's Name	M/s. Tanna Agro Impex Pvt. Ltd., Mumbai.
File No.	1/85/162/169/AM06/DES-VI
Subject:	Grant of EO extension against an advance licences No. 0310159214 dated 18.9.2002 upto 21.10.2005 (for one month) for regularization purpose.

It was brought to the notice of the Committee that the applicant has already paid composition fee @5% on the unfulfilled portion of export obligation and therefore it was decided to allow EO extension in the instant case upto 21.10.2005 for regularization purposes in relaxation of the policy.

Other cases were deferred to be discussed in the next PRC meeting.

The meeting ended with vote of thanks to the Chair.

LIST OF PARTICIPANTS

1. Shri Neeraj Gupta, Addl.DGFT
2. Dr(Ms.) Maya D.Kem, Addl.DGFT
3. Shri Surat Singh, Addl.DGFT
4. Shri Sanjay Rastogi, Export Commissioner
5. Shri S.K. Samal, Jt. DGFT
6. Shri O.P. Hisaria, Jt.DGFT
7. Shri M.K.Parimoo, Jt.DGFT
8. Shri P.K. Santra, Dy.DGFT
9. Shri R.N. Meena, Dy.DGFT
