MINUTES OF THE POLICY RELAXATION COMMITTEE MEETING NO.11/AM06 HELD ON 6th DECEMBER, 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. AVTEC Ltd.
File No.	1/80/162/724/AM06/DES-I
Subject:	Waiver of BG imposed on the Adv. Licences

The committee observed that this was the case where the existing company is setting up its export entity by creating a subsidiary company and since the subsidiary company is a new entity BG condition is being imposed. It was of the view that changes taking place in the corporate world need to be captured and there is a need to extend existing benefits to carry out their business without adding to their transaction costs including one of the mandatory requirement of execution of BG. It further observed that the general provision in para 2.20.1 of Handbook of Procedures (Vol.I) provides that corporate guarantee in lieu of BG in such cases will suffice and in the instant case BG condition has become necessary because para 4.7 of HBP prescribes the BG for the new comers. Taking into consideration all the factors it was decided that M/s Avtec Ltd being a subsidiary company of M/s Hindustan Motors the policy under para 4.7 needs to be relaxed in the instant case and corporate guarantee submitted by M/s Hindustan Motors be accepted in lieu of BG in the instant case as provided in para 2.20.1. of Handbook of Procedures (Vol.I).

Case No.	2.
Firm's Name	M/s. Nagreeka Foils Ltd., Mumbai
File No.	01/80/162/54/AM06/DES-I
Subject:	Revalidation of advance licence No. 0310139021 dated 23.5.2002

The export obligation having been fulfilled and EODC having been issued by the RLA, it was decided to allow revalidation in the instant case for a period of six months and this period of six months will commence from the date said revalidation is endorsed on the Advance Licence No. 0310139021 dated 23.5.2002. This will however be subject to payment of a composition fee of 2% on the unutilized CIF value of the licence.

Case No.	3.
Firm's Name	M/s.Precious Products (I) Pvt. Ltd.
File No.	1/81/162/354/AM06/DES-II
Subject:	Revalidation of advance licence No. 3110007529 dated 15.7.2002.

The fact that, although the export obligation had been fulfilled in terms of quantity, the sale proceeds have not been realised till date in respect of the licence issued in July 2002, was brought to the notice of the committee. Further, the statement annexed to the agenda also gives some conflicting details about fulfillment of export obligation. Taking both these factors into consideration, the committee was not agreeable to allow revalidation in the instant case and rejected the case.

Case No.	4.
Firm's Name	M/s. York India Ltd., Pune
File No.	1/81/162/921/AM05/DES-II
Subject:	Acceptance of ARE-1 instead of ARE-3A and supply invoices towards fulfillment of EO against Adv. Intermediate licence No.310011832 dt. 17.7.2005.

The issue in the instant case was acceptance of ARE-1 form in stead of the required AR-3A form and supply invoices towards fulfillment of EO against the advance licence No.310011832 dt. 17.7.2005. It was observed that the refrigeration equipment, which was one of the components of the entire export product was directly supplied as part of the total shipment to the foreign buyer by the advance licence holder and ARE-1 form having been furnished to substantiate this, the committee decided to relax the policy by accepting this ARE-I form instead of AR-3A as a document required to be submitted for fulfilment of export obligation and issue of EO Discharge Certificate.

Case No.	5.
Firm's Name	M/s. Thermax Babcock & Wilcox Ltd., Pune
File No.	1/81/162/574/AM05/DES-II
Subject:	Request for allowing mandatory spares to the extent of 10% of CIF value against two advance liences No. 31003360 dated 29.06.1999 and 3110002596 dated 24.11.2000.

The committee observed that the advance licensing scheme provided for import of spares to the extent of 10% of CIF value prior to AM99 and after 2002. Moreover endorsement to this effect having been made by the RLA at the time of issue of licence, the benefit should not be denied to the applicant. It was therefore agreeable to the recommendations of GRC for import of mandatory spares to the extent of 10% of CIF value against advance licence No. 31003360 dated 29.06.1999 and 3110002596 dated 24.11.2000 may be regularized.

Case No.	6.
Firm's Name	Commissioner of Customs, Tuticorin, (M/s. Sterlite Industries Ltd.)
File No.	1/81/162/128/AM06/DES-II
Subject:	Revalidation of 119 DEPBs to re-credit the excess debit duty.

The committee observed that DEPB licences sought to be revalidated were not issued to M/s Sterlite Industries (I) Ltd but have actually been procured by this company from various other companies by way of transfer. There is no denying fact that the excess debited amount of Rs.6532198 should be allowed to be utilized by the company because the same was wrongly debited by the customs. However policy does not provide for revalidation of transferred licences and therefore the request made by the Commissioner of Customs could not be agreed to. It was decided that Commissioner of Customs should work out the modalities of compensating exporter either to utilize without seeking further revalidation or refund of this amount to the exporter, as deemed fit within their own parameters.

Case No.	7.
Firm's Name	M/s. Plethico Pharmaceuticals Ltd., Indore
File No.	1/82/162/1144/AM05/DES-III
Subject:	Grant of revalidation for DEPB No. 1110006445 dated 24.7.2003.

It was observed that the policy already provides for revalidation of such transferable licences where the same expire in the custody of the customs authorities. Therefore it was for ALC to satisfy itself about this fact and PRC has no role. It was decided to remand back the case to ALC for appropriate decision.

Case No.	8.
Firm's Name	Major Adhiraj Singh, New Delhi.
File No.	1/53/162/AM04/A-53/ILS
Subject:	Revalidation of import licence No.0260665 dt. 7.11.03-import item 4 Nos. Polo ponies.

The committee accorded ex-post-facto approval for grant of revalidation upto 6.5.2006 in respect of licence No.0260665 dt. 7.11.2003.

Case No.	9
Firm's Name	M/s. Larsen & Toubro Ltd
File No.	1/92/180/100/AM05/PC-II
Subject:	Refund of TED against supplies made to Nuclear Power Corpn. Ltd.

The committee accorded ex-post-facto approval to allow relaxation of the time limit upto 31.12.2005 for filing of application by NPC in the instant case.

Case No.	10.
Firm's Name	M/s. Jivabhai Naginbhai Javeri, Mumbai
File No.	1/92/180/62M05/PC-II
Subject:	Payment of balance premium against three Diamond REP licences.

The committee observed that the basic issue was whether the REP Licence in question was submitted to DGFT office. In its observation the GRC had stated that the petitioner had resubmitted the licence after obtaining the same from O/o DGFT. Therefore, agreeing to the recommendations of GRC it was decided that additional payment of premium may be released to the applicant without any further delay after condoning the delay in submitting the original licence. (the delay primarily being on account of the circumstances beyond the control of the applicant)

Case No.	11.
Firm's Name	M/s. Eastern Surgical Company, New Delhi
File No.	1/94/162/787/AM06/PC-I
Subject:	Permission to import back medical equipments after the prescribed period without payment of duty.

Taking into consideration the fact that the supplies were made to Bangladesh Govt. against the United Nations Population Fund and some of the goods having been rejected by Bangladesh authorities, who had taken considerable time to release the same for re-import, it was decided to relax the provision of para 2.5 of the FTP and allow these goods to be re-imported beyond the stipulated period of six months. This will however be subject to the condition that any export promotion benefits under FTP if any availed, shall have to be refunded. Before allowing re-importation of goods, Custom authorities shall ensure that export promotion benefits, if availed, have been surrendered.

Case No.	12.
Firm's Name	M/s. TVS Motor Company, Hosur
File No.	1/93/180/1049/AM06/PC-I(B)
Subject:	(i) Import of second hand motorcycle from Indonesia for R&D purpose and (ii) import of second hand vehicles from Chennai also.

The committee agreed to relax the policy provision and to allow the applicant to import one number second hand Motor Cycle from Indonesia through Chennai port for R&D purpose.

Case No.	13.
Firm's Name	M/s. Maruti Udyog Ltd., Gurgaon
File No.	1/93/180/81/AM06/PC-I(B)
Subject:	Import of CBU vehicles for Auto Expo purposes and retaining them for subsequent R&D/ customer clinics.

The committee agreed to relax the policy in the instant case and allow the applicant firm to import CBUs detailed below for the purpose of Exhibition and thereafter retain these vehicles with them without meeting the requirements of Notification No.4(RE-2001)/1997-2002 dated 31.3.2001:

S.No.	Model Name	Type
1.	Swift Sport	5 door, 1586 cc Petrol Engine, AT
2.	Grand Vitara	5 door, 1995 cc Petrol Engine, MT
3.	Grand Vitara	5 door, 1955 cc Petrol Engine, AT
4.	Sorio	5 door, 1586 cc Petrol Engine, AT
5.	MOM's Personal Wagon	5 door, 660 cc Petrol Engine (tentative)

However, the said vehicles shall be subject to 'off-road' condition i.e. will not be allowed to ply on roads.

Case No.	14.
Firm's Name	M/s. Reliance Industries Ltd., New Delhi
File No.	1/93/180/82/AM06/PC-I(B)
Subject:	Permission to export Mercedes Maybach car imported in terms of sub-para (3) (I) (e) of Import Licensing Notes Chapter 87 of ITC (HS).

The Committee noted that the no sale period prescribed applies to domestic sale and not on a sale to a country other than India. Accordingly, it was decided to allow the applicant firm to export Mercedes Maybach Car imported in terms of sub-para (3) (I) (e) of Import Licensing Notes to Chapter 87 of ITC(HS) Classifications of Export & Import Items, 2004-2009 and exemption in Para (3) (II) of the Import Licensing Notes.

Case No.	15.
Firm's Name	M/s. Shre Ramlallaji & Associates, Jabalpur.
File No.	01/93/180/1482/AM06/PC-I(B)
Subject:	Permission to import second hand scooters for jobbing purposes and re-export of the same as per Para 4.2.7 fo EXIM Policy and exemption form the condition of Licensing note to Chapter 87 of ITC(HS).

The Committee agreed to relax the condition of licensing notes to Chapter 87 of ITC(HS) for jobbing purposes in the instant case and allow permission for import of second hand Lambretta/Vespa scooters subject to the condition that re-furbished scooters are re-exported under para 4.2.7 of the FTP.

Case No.	16.
Firm's Name	M/s Divya Jewellers P.Ltd, New Delhi
File No.	01/94/180/G&J-Divya Jewellers/AM06/PC-IV
Subject:	Extension of export obligation period from 120 days to 180 days from the date of import of consignment in case of gold/silver findings.

The committee agreed to allow extension of EO period in the instant case by another 60 days beyond the already applicable 120 days which would mean the export obligation will be required to be fulfilled within a period of 180 days from the date of import of gold/silver findings in respect of advance licence No.0510150933 dated 11.2.2005.

The meeting ended with vote of thanks to the Chair.

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Annexure- I

LIST OF PARTICIPANTS

1. Ms. Seema Bahuguna, Addl.DGFT
2. Dr(Ms.) Maya D.Kem, Addl.DGFT
3. Shri Surat Singh, Addl.DGFT
4. Shri S.K.Prasad, Addl. DGFT
5. Shri Vipin Saxena, EC
6. Dr(Ms.) Pratima Dikshit, Jt.DGFT
7. Shri P.C. Tripathy, Jt. DGFT
8. Shri S.B.S. Reddy, Jt. DGFT
9. Shri Ashutosh Jindal, Jt.DGFT
10. Shri Anil Aggarwal, Jt. DGFT
11. Shri Tapan Mazumdar, Jt.DGFT
12. Shri P.K. Santra, Dy. DGFT
13. Smt. Kiran Sehgal, Dy. DGFT
14. Shri M.K.Parimoo, Dy.DGFT

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