<u>Minutes of the Policy Relaxation Committee</u>

Meeting no. 12/AM14 held on 02.07.2013 at 11.30 a.m.

PRC Meeting was held under the Chairmanship of DGFT .List of officers present in the meeting is given below:

1.	Shri D.K. Singh	Addl. DG
2.	Shri Mukesh Bhatnagar	Addl. DG
3.	Shri K.C. Rout	Addl. DG
4.	Shri A.K. Mishra	Stats Advisor
5.	Shri Jaikant Singh	Jt. DGFT
6.	Shri S.K. Samal	Jt. DGFT
7.	Shri Ajay Kumar Srivastava	Jt. DGFT
8.	Shri Jay Karan Singh	Jt. DGFT
9.	Shri Hardeep Singh	Jt. DGFT
10.	Shri R. Selvam	Jt. DGFT
11.	Smt. Sonika Khattar	FTDO

The decision taken on the individual cases are as under:-

Case No.1. M/s Milan Laboratories (India) Ltd, Mumbai.
F.No. 01/60/162/210/AM14/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for EOP extension of Advance Authorization No. 0310406285 dated 01.11.2006 issued under PC-9 condition for regularization.

The case was placed before the Committee and after deliberating the case, it was noticed that the applicant has made no exports during the original EO period. It has fulfilled 100% exports outside the EOP. The following decisions were taken for regularization purpose.

I. Only such exports made within 6 months of the import of the respective consignments shall be counted towards fulfillment of export obligation. This is only for the purpose of regularizing the exports and closing the Advance Authorization.
II. Exports made outside the original EO period (31st May 2007) will be counted for regularization as stated at I above; but such exports beyond 31.05.2007 will attract a composition fee of 0.5% of FOB value of exports.
III. For all exports made outside 31.05.2007 will also be subject to 15% value addition.
IV. Even after counting the exports for fulfilling the EO as explained at I, II and III above, if there is any shortfall, such shortfall would be regularized as prescribed at Para 4.28 of HBP.
V. PC-18 condition would stand waived in respect of exports made outside the EO period (as explained at I above)

(Action: RA, Mumbai)

Case No.2. M/s Milan Laboratories (India) Ltd, Mumbai.
F.No. 01/60/162/209/AM14/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for EOP extension of Advance Authorization No. 0310534099 dated 18.08.2009 for regularization purpose.

After deliberating the case at length the following decisions were taken:

I. Export obligation period is extended upto 31.10.2012 i.e. two months in continuation of the EO period ending on 31.08.2012.
II. This is only for regularization and closure purpose.
III. This is subject to a payment of composition fee @ 0.5% of FOB value of export made outside the original EOP and minimum value addition of 15% as prescribed under para 4.1.6 of FTP.

(Action: RA, Mumbai)

Case No.3. M/s Apollo Tyres Limited, Gurgaon.
F.No. 01/60/162/217/AM14/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for EOP extension of Advance Authorization No. 0510262190 dated 09.04.2010.

After deliberating the case at length the following decisions were taken:

I. Export obligation period is extended for 6 months in continuation from the date of expiry of initial obligation period.
II. This is subject to payment of composition fee @ 0.5% on unfulfilled FOB value of exports and minimum value addition of 15% as prescribed under Para 4.1.6 of FTP.
III. This is further subject to verification by RA that EO as claimed to have been fulfilled is more than 50% (even on pro-rata basis) within the valid EOP.
IV. The applicant is advised to submit the license for endorsement to RA as early as possible. They are further advised to start discharging their stipulated balance export obligation on the basis of this minute without waiting for the endorsement to this effect is done on the Authorization.

(Action: RA CLA, New Delhi)

Case No.4. M/s Apollo Tyres Limited, Gurgaon.
F.No. 01/60/162/215/AM14/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for EOP extension of Advance Authorization No. 0510261478 dated 30.03.2010.

After deliberating the case at length the following decisions were taken:

I. Export obligation period is extended for 6 months in continuation from the date of expiry of initial obligation period.
II. This is subject to payment of composition fee @ 0.5% on unfulfilled FOB value of exports and minimum value addition of 15% as prescribed under Para 4.1.6 of FTP.
III. This is further subject to verification by RA that EO as claimed to have been fulfilled is more than 50% (even on pro-rata basis) within the valid EOP.
IV. The applicant is advised to submit the license for endorsement to RA as early as possible. They are further advised to start discharging their stipulated balance export obligation on the basis of this minute without waiting for the endorsement to this effect is done on the Authorization.

(Action: RA CLA, New Delhi)

Case No.5. M/s Apollo Tyres Limited, Gurgaon.
F.No. 01/60/162/214/AM14/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for EOP extension of Advance Authorization No. 0510261538 dated 31.03.2010.

After deliberating the case at length the following decisions were taken:

I. Export obligation period is extended for 6 months in continuation from the date of expiry of initial obligation period.
II. This is subject to payment of composition fee @ 0.5% on unfulfilled FOB value of exports and minimum value addition of 15% as prescribed under Para 4.1.6 of FTP.
III. This is further subject to verification by RA that EO as claimed to have been fulfilled is more than 50% (even on pro-rata basis) within the valid EOP.
IV. The applicant is advised to submit the license for endorsement to RA as early as possible. They are further advised to start discharging their stipulated balance export obligation on the basis of this minute without waiting for the endorsement to this effect is done on the Authorization.

(Action: RA CLA, New Delhi)
Case No.6. M/s Apollo Tyres Limited, Gurgaon.
F.No. 01/60/162/213/AM14/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for EOP extension of Advance Authorization No. 0510261479 dated 30.03.2010.

After deliberating the case at length the following decisions were taken:

I. Export obligation period is extended for 6 months in continuation from the date of expiry of initial obligation period.

II. This is subject to payment of composition fee @ 0.5% on unfulfilled FOB value of exports and minimum value addition of 15% as prescribed under Para 4.1.6 of FTP.
III. This is further subject to verification by RA that EO as claimed to have been fulfilled is more than 50% (even on pro-rata basis) within the valid EOP.
IV. The applicant is advised to submit the license for endorsement to RA as early as possible. They are further advised to start discharging their stipulated balance export obligation on the basis of this minute without waiting for the endorsement to this effect is done on the Authorization.

(Action: RA CLA, New Delhi)

Case No.7. M/s Varrasana Ispat Limited, New Delhi.
F.No. 01/60/162/212/AM14/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for EOP extension of Advance Authorization No. 0510263617 dated 04.05.2010.

The committee noted that firm has made only 11.29% of the export obligation within the original validity. Committee did not find any merit in the case hence the request was rejected. The applicant is hereby directed to get their case regularized in terms of Para 4.28 of HBP.

(**Action: RA CLA, New Delhi**. If the party fails to get the case regularized in terms of Para 4.28 of HBP 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 report)

Case No.8. M/s Milan Laboratories (India) Ltd, Mumbai.
F.No. 01/60/162/211/AM14/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for EOP extension of Advance Authorization No. 0310416554 dated 18.01.2007 issued under PC-9 condition for regularization purpose.

After deliberating the case at length the following decisions were taken:

I. Export obligation period is extended from 6 months to 12 months from the date of first import consignment i.e. upto. 28.2.2008.
II. This is only for regularization and closure purpose.
III. This is subject to a payment of composition fee @ 0.5% of FOB value of export made outside the original EOP and minimum value addition of 15% as prescribed under para 4.1.6 of FTP.

(Action: RA, Mumbai)

Case No.9. M/s Kristeel Shinwa Industries Ltd, Mumbai.
F.No. 01/60/162/806/AM13/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013

Subject: - Request for clubbing of Advance Authorizations No. 0310396887 dated 28.08.2006 and 0310472642 dated 02.06.2008.

The committee noted that it is a case of review of PRC decision dated 22.1.2013. The Committee deliberated the case at length and decided that the applicant has to be given following two options:

Option A: As per PRC decision taken in its meeting no. 37/AM13 dt. 22.1.2013 at case no. 42.

OR

Option B: Authorizations holder has option to get the both authorizations regularized independently. In that case, authorization dt. 28.8.2006 may be regularized in terms of Para 4.28 of HBP.

It is for the applicant to choose between the two options. The applicant must convey its choice of option to the RA before 15th August 2013, failing which RA will go ahead with the decision as taken by PRC on 22.01.2013.

(**Action: RA, Mumbai**)

Case No.10. M/s Nandolia Organics Chemicals Pvt. Ltd., Mumbai.
F.No. 01/60/162/460/AM13/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Policy relaxation in respect of Advance Authorization No. 0310296027 dated 08.10.2004 for intermediate supplied.

Committee noted that it is not a case where any policy or procedure is to be relaxed. This is not a case for the consideration of the PRC and hence may be withdrawn for examination on file.

Case No.11. M/s Kiran Silk Fabrics, Bangalore.
F.No. 01/60/162/216/AM14/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for revalidation of Advance Authorization No. 0710066102 dated 23.07.2009.

The Committee noted that Advance Authorization is issued enabling exporter to import duty free raw material for manufacturing resultant products. The Authorization under question was issued with validity of 24 months for import. Six months extension in validity is further allowed by RA. The firm decided to import after the issue of EODC, which was their commercial decision. If prices have gone up subsequently then it can not merit a case for revalidation of the licence.

Case No.12. M/s Tirupati Plastomatics Pvt. Ltd, Jaipur.
F.No. 01/60/162/45/AM14/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for grant of PH as per Notification No. 8 dated 22.04.2012 for relaxation in Para 4.12 of HBP for closure of Advance Authorization No. 1310021120 dated 10.03.2006.

The Committee noted that it is a case for review of the decision of the PRC taken on 28.05.2013 (Case no. 28).

On the basis of representation, the Committee noted that there are certain supplies which were made during 2005 to the Project Authority endorsing contract details in the supply invoices. However, the licensee did not mention either licence number or file number. The committee also noted that major supplies were made prior to the issue of generation of file number or issue of licence. After detailed discussion, the committee reached to the conclusion that there is no ground and justification in the review application to intervene in the earlier decision. The committee therefore decided to reject the request.

Case No.13. M/s Bilt Graphic Paper Products Ltd, (Unit Bhawan), Pune.
F.No. 01/60/162/219/AM14/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for clubbing of Old Authorizations No. 31003248 dated 17.05.1999, 3110003531 dated 06.09.1999 and 3110001735 dated 26.07.2000 prior to 2002.

Records available do not disclose full background of the case. Committee decided to defer the matter and get a report from the RA giving chronological development in the case, especially when the request for redemption was submitted by the applicant & the action taken thereon by the RA.

Case No.14. M/s DSM Sinochem Pharmaceuticals India Pvt. Ltd, Gurgaon.
F.No. 01/60/162/64/AM14/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for clubbing of two Advance Authorizations No. 2210006926 dated 31.07.2007 & 2210006953 dated 07.08.2007 for redemption purpose issued under PC-9 condition.

After deliberating the case at length, the following decisions were taken:

I. The clubbing of above mentioned two Advance Authorizations is allowed.
II. Export obligation period against first authorization is extended upto 30.9.2008.
III. Exports made against subsequent authorizations but within 12 months from the date of import of first consignment against earliest authorization (i.e. Advance Authorization no. 2210006926 dated 31.07.2007) shall only be taken into account for counting for discharge of export obligation.
IV. For the purpose of such extension in EO period RA shall collect a composition fee @ 0.5% of FOB value of export made beyond the stipulated EOP for clubbing and regularization Value addition of minimum 15% as stipulated in the FTP shall be ensured. The 15% value addition for evaluating entitlement is to be applied on the entire FOB and CIF of the authorizations to be clubbed. RA should ensure proper accounting of the duty free inputs with reference to the export product while clubbing the authorizations.
V. This is subject to payment of Customs Duty + Interest on imported goods consumed but exported after 30.8.2008.
VI. PC-18 condition is waived to the extent of destruction certificate and re-exports requirement condition.

VII. RA may permit clubbing subject to the condition that no adjudication order is issued against any licence to be clubbed.

(**Action: RA, Chandigarh)**

Case No.15. M/s Torrent Cables Limited, Ahmedabad.
F.No. 01/60/162/205/AM14/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for revalidation of Advance Authorization No. 0810090290 dated 05.07.2010 change in import item description.

Committee noted that Advance Authorization is issued enabling exporter to import duty free raw material for manufacturing resultant products. The Authorization under question was issued with validity of 24 months for import. Commercial viability can't be considered as genuine hardship. Therefore there is no logic and ground to allow further revalidation of the authorization, hence the request is rejected

Case No.16. M/s Torrent Cables Limited, Ahmedabad.
F.No. 01/60/162/204/AM14/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for revalidation of Advance Authorization No. 0810090292 dated 05.07.2010 change in import item description.

Committee noted that Advance Authorization is issued enabling exporter to import duty free raw material for manufacturing resultant products. And, the Authorization under question was issued with validity of 24 months for import. Commercial viability can't be considered genuine hardship. Therefore there is no logic and ground to allow further revalidation of the authorization, hence the request is rejected

Case No.17. M/s Ayush International, New Delhi.
F.No. 01/60/162/105/AM14/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for revalidation of VKGUY Authorization No. 0510252557 dated 13.11.2009, 0510265606 dated 07.06.2010 & 0510241015 dated 08.05.2009.

The committee deliberated the case at length and noted that clearance of goods were denied against TRA issued by ICD Loni on the ground that investigation was pending for DEPB scrips against the original scrip holder i.e. M/s. Giex Food Pvt. Ltd. The committee noted that Customs should have not dishonored the VKGUY scrips merely because investigation was going on against DEPB scrip.

Since the transferee could not utilize duty credit script the committee decided to allow revalidation of above referred duty credit scrips issued under VKGUY scheme for a period of one month from the date of endorsement. The transferee shall submit scrips to the RA for endorsement within a month from the date of publication of these minutes on DGFT website

(Action: RA, CLA New Delhi)

Case No.18. M/s Shree Ganesh Chemicals, Ankleshwar, Gujarat.
F.No. 01/60/162/183/AM14/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for revalidation of Export Authorization No. 3450000132 dated 29.06.2012 for SCOMET items.

The committee noted that the validity of the said Authorization was extended upto 31.12.2013 in PRC meeting dt. 18.6.2013. However, inadvertently category of Authorization was recorded as Advance Authorization instead of Export Authorization for SCOMET items. Committee decided to amend the minutes of the PRC meeting dt. 18.06.2013 accordingly.

Case No.19. M/s ITC Limited, Chennai.
F.No. 01/91/180/1256/AM12/PC3
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Request for relaxation for the grant of Chapter-3 benefit incentives under the FTP.

Deferred for examination of documents.

Case No.20. M/s Hobb International Pvt. Ltd.
F.No. 01/60/162/343/AM10/EFGC (PRC)
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Acceptance of S/bills no. 5180470, 5181657, 5181649, 5178234 and 5180426 for DEPB benefit.

The committee noted that the case was discussed earlier in the PRC meeting no. 5/07 dt. 4.8.2006 in which the Customs letter 22.1.2006 was the base for consideration of the request. It was a matter of surprise for the committee that as to how the Customs Authority letter dt. 15.6.2007 confirmed that the letter dt. 18.1.2007 was inadvertently signed on 18.1.2006/22.1.2006 instead of 22.1.2007 since the said letter had been submitted to DGFT prior to 4.8.2006 and had been considered by the PRC on 4/8/2006 along with their request. This aspect needs further examination.

RA Kolkata may investigate the matter and take suitable action.

Case No.21. M/s Naturol Bio-Energy Ltd., Hyderabad.
F.No. 01/92/180/199/AM10/PCVI
PRC Meeting No. 12/AM14 dated 02.07.2013
Subject: - Migration from EOU to EPCG Scheme while the firm has a negative NFE.

The Committee was kept informed of the content of discussions held between Commerce Secretary and Revenue Secretary on 19.6.2013 that migration from EOU to EPCG scheme with negative NFE can be considered by DGFT in its PRC. The Committee discussed the case in detail and decided to relax the condition of positive NFE requirement for migration from EOU to EPCG. The firm has not been able to maintain the positive NFE due to lack of export demand. The Committee decided that the firm shall meet the following export obligation.

a) Shortfall in the NFE achievement + 15% of such shortfall, for being allowed to migrate to EPCG Scheme.

b) EPCG obligation as per FTP.

The firm would fulfill all other terms and conditions of EPCG authorizations as per the present policy of FTP. There shall be no relaxation in the EPCG terms and conditions. RA shall grant EPCG licence taking into account the depreciation as per para 6.35.3 of Handbook of Procedures.

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

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