

MINUTES OF THE POLICY RELAXATION COMMITTEE
MEETING NO.14/AM06 HELD ON 10th MARCH, 2006

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

Review of Case No.16 of PRC meeting held on 8.2.2006

At the outset, ADG(MDK) pointed out that the deliberations in the last PRC meeting dated 8.2.2006 for the case at Sl.No.16 of M/s. Shri Satpuda Tapi Parisar Sahakari Sakhar Karkhana Ltd had not been correctly reflected in the minutes which have been circulated. DGFT observed that since the Appellate Order has already been passed by the competent authority in the said case, it would not be appropriate to discuss the implications arising out of the Appellate Order in the Policy Relaxation Committee. It was therefore, decided that the need to review the Appellate Order, if required, may be submitted on file to the DGFT by the EPCG division who has brought up the case in the PRC. Accordingly, the minutes of the Case No.16 of PRC meeting held on 8.2.2006 are deleted with the request to the EPCG division to put up the case to DGFT for suitable orders/review.

The decision taken in each individual case taken up for discussion by PRC is detailed below:

Case No.	1.
Firm's Name	M/s. Man Industries (I) Ltd., Mumbai
File No.	01/80/162/851/AM05/DES-I
Subject:	Revalidation of advance licence No. 0310182701 dt. 6.2.2003 for import and also EO extension for six months with waiver of composition fee.

The Committee considered the case as per details given in the Agenda. The Committee taking note of the fact that exports were required to be made to Iraq and the then prevalent non-congenial conditions in Iraq which did not permit the exporters to fulfill the export obligation within the prescribed period, decided to allow the revalidation for a period of 6 months and extension in EO period by 6 months in respect of the subject licence. This

six months period will commence from the date such endorsement is made on the licence and no composition fee for EO extension and penalty for revalidation will be chargeable. This relaxation is however allowed subject to the condition that EO is fulfilled within this extended period of 6 months by making requisite exports to Iraq. At the end of EO period, the RLA concerned should ensure to discharge EO only after ensuring that the exports are actually made to Iraq and not to any country. In case the exports are made to any country other than Iraq, the relaxation of allowing revalidation and EO extension as above will be deemed not to be in vogue.

Case No.	2.
Firm's Name	M/s. G.P.Dalmia & Sons, Bihar
File No.	Pt. F. No.SILC/313/AM-85/DES-III/DES-I
Subject:	Issuance of fresh Special Imprest Licence in lieu of old licence for import purpose only.

The Committee considered the case as per details given in the Agenda. The Committee observed that the agenda papers did not reflect the detailed factual position as to whether the adjudication proceedings initiated against the applicant were correctly initiated and the reasons as to why the RLA had not issued a fresh licence as directed by the ALC in the year 1990. It was decided that a team of officials headed by Addl.DG(MDK) and including JDG(TM) & JDG(SBSR) will scrutinize the details of the case and bring out the facts before DG on file to enable PRC to take a view as to whether fresh licence could be issued at this stage.

Case No.	3.
Firm's Name	M/s. Tractor & Farm Equipment Ltd., Chennai
File No.	01/81/162/911/AM05/DES-II
Subject:	a) To accept all the exports made either within the EOP or after expiry of EOP and to regularise their three advance licence nos. (i)4011650 dt. 13.11.02 (ii) 410005766 dt. 02.05.00 & (iii) 410012325 dt.12.02.01 , in terms of P.N. No. 41/2003 dated 28.01.04, and to include shipments made under free Shipping Bills to calculate fulfillment of export obligation against above mentioned three licences.

The Committee considered the case as per details given in the Agenda. The Committee noted that this case had come up before the Policy Relaxation Committee in its meeting held on 27.10.2005 where the following decision was taken:

“The Committee considered the case as per details given in the Agenda. There are two issues before the Committee as decided by GRC. (i) Extension of EO period on payment of composition fee. This is already provided in the Foreign Trade Policy and therefore should be permitted within the scope of the said policy. (ii) As regard the second issue, to accept free Shipping Bills towards fulfillment of EO it was decided to seek the status report from the applicant as to what prompted them to export these items under free Shipping Bill when their intention was to fulfill the EO against outstanding advance licences. This issue will be decided by PRC on receipt of the details.”

The EO extension part of the request stands resolved by the above PRC decision. On the issue as to why they had made exports under free S/Bills in stead of DEEC S/Bills, the exporter has pleaded that customs did not permit them to export under DEEC S/Bills unless EO extension was granted. JDG(TM) supplemented this by stating that this type of representation from various exporters was considered and subsequently a provision was made in the policy that customs authorities should allow provisional exports pending consideration of the requests by the appropriate forum based upon the application filed by the licence holder with the competent authority. Taking these factors into consideration, it was decided that shipments under

free S/Bills be considered towards fulfillment of EO against the subject 3 licences.

Case No.	4.
Firm's Name	M/s. Sujana Universal Industries Ltd., Hyderabad.
File No.	01/81/162/715/AM02/DES-II
Subject:	Revalidation of advance licence No. 3291507 dated 16.1.1995.

The Committee considered the case as per details given in the Agenda. The Committee agreeing to the recommendation of the ALC and taking cognizance of the fact the Tribunal had issued an Order in favour of the applicant and the SLP filed by Deptt. Of Revenue in the Supreme Court of India was dismissed, decided that the said value based advance licence bearing No. 3291507 dated 16.1.1995 be converted into a quantity based advance licence within the policy parameters and thereafter revalidation of 6 months be allowed to enable the applicant to utilise the licence. This will however be subject to verification of the fact that EO against the subject licence stands fulfilled. The period of 6 months as above will commence from the date of such endorsement made on the licence.

Case No.	5.
Firm's Name	M/s. Ranbaxy Laboratories Ltd.
File No.	01/83/50/AM06/DES-IV
Subject:	Revalidation of Post Export DEPB No.510100651 dt. 1.9.2003.

The Committee considered the case as per details given in the Agenda. The Committee taking note of the fact that the DGFT has taken considerable time to take a view on the issue of value cap against the said entry and this has resulted in getting only 9 months period to the exporter as against normal admissible period of 12 months to utilize the DEPB, it was decided to allow revalidation for a period of 3 months in respect of the subject DEPB provided the DEPB credit has not been transferred and with the condition that unutilized balance credit will be reduced by 10% for further utilization, and further import on the subject licence will be made only by the original licence holder subject to actual user condition. The period of 3 months as above will commence from the date of endorsement to this effect made on

the DEPB. After reducing the value of credit by 10% RLA concerned will make the following endorsement on the DEPB scrip:

“This scrip is revalidated for a further period of three months with a condition that the same shall be utilized against imports made by M/s Ranbaxy Laboratories Ltd and the materials imported against the said scrip shall be utilized by the importer for his use and shall not be sold or transferred.”

Case No.	6.
Firm's Name	M/s. Hitech Systems Ltd., Hyderabad.
File No.	01/20/233/93/EPCG-III
Subject:	Redemption of EPCG licence No. P/CG/2100998 dated 23.3.1992.

The Committee considered the case as per details given in the Agenda. The Committee agreeing to the recommendation of GRC decided to condone the shortfall of 5.27% which was only 0.27% more than the admissible condonation limit of 5%.

Case No.	7.
Firm's Name	M/s. Shan Industries, Ahmedabad.
File No.	01/87/162/351/AM06/DES-VIII
Subject:	Request for revalidation of seven advance licence.

The Committee considered the case as per details given in the Agenda. Taking note of the fact that EO against the advance licence Nos.0810020513 dated 26.7.2002, 0810023981 dated 3.12.2002, 0810024641 dated 26.12.2002, 0810024642 dated 26.12.2002, 0810023246 dated 1.11.2002, 0810022325 dated 1.10.2002 and 0810020513 dated 26.7.2002 have been fulfilled and for various reasons the licences could not be utilized, it was decided to allow revalidation for a period of 6 months in respect of each of the above licences subject to the payment of composition fee of 2% on the unutilized CIF value of the licence. This six months period will commence from the date such endorsement is made on each licence. This will be further be subject to verification of the fact by the RLA concerned that EO against these licences has been fulfilled.

Case No.	8.
Firm's Name	M/s Enzal Chemicals (India) Ltd
File No.	01/82/162/1039/AM05/DES-III
Subject:	Request for revalidation of six advances pertaining to May 2002 to July 2002 -- case recommended by GRC on 1.7.2005

The Committee considered the case as per details given in the Agenda. Taking note of the fact that EO against the advance licence Nos.0310137787 dated 14.5.2002, 0310137785 dated 14.5.2002, 0310137158 dated 8.5.2002, 0310130154 dated 20.3.2002, 0310134988 dated 23.4.2002 and 0310150423 dated 29.7.2002 have been fulfilled and because of fire in their factory the licences could not be utilized, accepted the recommendation of GRC and it was decided to allow revalidation for a period of 6 months in respect of each of the above licences subject to the payment of composition fee of 2% on the unutilized CIF value of each licence. This six months period will commence from the date such endorsement is made on each of the licences. This will further be subject to verification of the fact by the RLA concerned that EO against these licences has been fulfilled.

Case No.	9.
Firm's Name	M/s Satidham Industries Ltd, Silvasa
File No.	1/84/162/47/AM-05/DES-V
Subject:	Request for wavier of marginal short fall in fulfillment of export obligation in terms of value

The Committee considered the case as per details given in the Agenda. The Committee agreeing with the views of the Policy Division, decided that the said value based advance licence bearing No. 0322335 dated 25.3.94 be converted into a quantity based advance licence within the prescribed policy parameters and thereafter allow revalidation of 6 months. This 6 months period will commence from the date of such endorsement made on the licence.

Case No.	10
Firm's Name	M/s Nitish International, Ludhiana
File No.	1/84/162/661/AM-06/DES-V
Subject:	Request for waiver of Demand Notice for Customs duty, issued by Jt. DGFT, Ludhiana -- report of EPC now received regarding the present status of raw material, released by DRI.

The Committee considered the case as per details given in the Agenda. The Committee in its earlier meeting had directed JDG, Ludhiana to carry out an inspection and verify the fact about the condition of raw material imported against Advance licence No.3010018718 dated 2.9.2002, which had recently been released by DRI. The report furnished by the Office of Joint DGFT, Ludhiana along with the representatives from WVEPC and DRI clearly states that the raw materials imported against the subject advance licence were in damaged condition and not usable. Taking a note of this inspection report, it was decided to relax the policy and allow waiver of the entire Export Obligation imposed against the subject Advance Licence. RLA concerned will accordingly issue an E.O. discharge certificate.

Case No.	11
Firm's Name	M/s Pidlite Industries Ltd
File No.	1/94/180/Pidlite/AM-06/PC-I
Subject:	Relaxation from the condition under Para 4.12 of HBP regarding submission of hard copy of application in r/o exports in anticipation of licence, within the prescribed limit of 90 days.

The Committee considered the case as per details given in the Agenda. The Committee taking note of the fact that DGFT is in the process of doing away with the submission of hard copies, decided that the date on which the online application was filed in the instant case be treated as date of submission of application for the purpose of determining the critical date for commencing exports towards fulfillment of EO.

Case No.	12
Firm's Name	M/s Emerald Jewel Industry India P Ltd Coimbatore and M/s MP Jewellers, Kolkata
File No.	1/94/180/G&J/AM-06/PC-I
Subject:	Extension of Export obligation period for showcasing winning designs of gold jewellery competition, at India International Show 2006 , conducted by World Gold Council

The committee deliberated upon the issue and observed that the Special Designer Jewellery meant for export to Africa will be displayed in the exhibition to be held in Mumbai from 4th May to 8th May 2006, which is important from the point of view of attracting new customers for future orders. The committee also noticed that the order for the said Jewellery had been placed by way of selection by World Gold Council and is a prestigious project for Indian Jewellery manufacturers. Since the request for relaxation of the time period to export is meant for fetching new orders and has been recommended by Gems & Jewellery Export Promotion Council, the committee decided to relax the export obligation period and allow the exports to be effected till 18.5.2006 without payment of composition fee.

Case No.	13.
Firm's Name	M/s. Satidham Industries Ltd., Silvasa.
File No.	01/84/162/46/AM05/DES-V
Subject:	Request for waiver of marginal shortfall in fulfillment of EO in terms of value.

The Committee considered the case as per details given in the Agenda. The Committee agreeing with the views of the Policy Division, decided that the said value based advance licence bearing No.0322363 dated 25.3.94 be converted into a quantity based advance licence within the prescribed policy parameters and thereafter allow revalidation of 6 months. This 6 months period will commence from the date of such endorsement made on the licence.

Case No.	14.
Firm's Name	M/s. Jindal Drilling & Industries Ltd.
File No.	Pt. F. No.7/5/89-90/MLS
Subject:	Deletion of condition of re-export period imposed on CCP No. 3078584 dated 30.11.89.

The Committee considered the case as per details given in the Agenda. The Committee agreed to extend the retention period of the "Offshore Drilling Jack Rig" for further period of 6 months i.e. upto 30.9.2006. However, it was decided that the applicant should decide within this 6 months period as to whether they want to re-export it or retain it and in case they want to retain it they should pay applicable customs duty etc. It was further decided that hereinafter no further extension for retention will be allowed under any circumstance.

Case No.	15.
Firm's Name	M/s. Chatha Foods Pvt. Ltd., Punjab
File No.	01/37/162/1295/AM04/ EPCG- I I
Subject:	1) Extension in EO period for three years from 8.10.05 to 7.10.2008 for EPCG licence No.0443420 dt.8.10.98. 2) To allow additional export product "Ready to eat vegetarian products".

The Committee considered the case as per details given in the Agenda. Taking into consideration the fact that the export obligation was to be met in the instant case by export of Chicken and Meat Products and that because of the Bird flu, Avian influenza, Sars and Mad Cow and foot and mouth diseases in the last few years and sanction imposed world wide by most of the countries like Brazil, China and Thailand for the vegetarian products along with Chicken products, it was decided, in the relaxation of the policy provisions to allow extension in EO period by a period of 3 years from the date of expiry of already extended EO period. This will further be subject to the condition that exporter meets additional obligation of 50% which will be over and above the obligation fixed in the instant case. The export obligation shall be re-fixed based upon the duty saved component and recalculated by imposing an additional duty saved component of 50% as additional export obligation. Further export of alternate products as permissible under the current FTP shall be allowed.

Case No.	16.
Firm's Name	M/s Orissa Industries Ltd, Rourkela
File No.	01/81/162/501/AM04/DES-II
Subject:	Extension in EO period

The Committee considered the case as per details given in the Agenda. Taking into account the status of the applicant firm being declared as a sick industrial unit under BIFR, it was decided to allow an extension by a period of 3 years to enable them to fulfill the EO against the 18 advance licences provided the same have been / are converted into quantity based advance licence. The MODVAT reversal, consequent upon the said conversion is not required. The applicant firm will however not make any exports and claim benefits under any other provision of the FTP till the time they fulfill the EO against these outstanding advance licence.

Case No.	17.
Firm's Name	M/s Priyaraj Electronics, Bangalore
File No.	20/83/93/EPCG-IV
Subject:	Request for extension in EO period of two and half month i.e. upto 12.6.2002 for regularization of exports already made against EPCG Licence No.P/CG/2101335 dated 18.12.1992

The Committee considered the case as per details given in the Agenda. The Committee agreed to relax the policy in the instant case and treat the obligation fulfilled by them beyond the prescribed export obligation period, however within 3 months thereafter as having been fulfilled within the initial validity of the EO period. However, if any composition fee is chargeable for not meeting the requisite EO for a particular block as prescribed in the policy for the said licence, the same will be regularized by charging applicable composition fee.

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 S.K.Prasad, Addl. DGFT
5. Shri Ashutosh Jindal, Jt.DGFT
6. Shri P.C. Tripathi, Jt.DGFT
7. Shri A.K.Singh, Jt. DGFT
8. Shri S.B.S. Reddy, Jt. DGFT
9. Shri Anil Aggarwal, Jt. DGFT
10. Shri Tapan Mazumdar, Jt. DGFT
11. Shri Rajinder Pal Singh, Dy.DGFT
12. Smt. Kiran Sehgal, Dy. DGFT
13. Shri M.K.Parimoo, Dy.DGFT
