Directorate General of Foreign Trade
(PRC Cell)

Minutes of the Policy Relaxation Committee Meeting held on 26.10.2016 under the Chairmanship of DGFT Shri A.K. Bhalla, Director General of Foreign Trade

Meeting No. 21/AM17 held on 26.10.2016 at 10:00 AM

The following Members were present in the meeting:

1. Shri K.C. Rout, Addl. DGFT
2. Shri Jaikant Singh, Addl. DGFT
3. Shri Darshan Singh, Addl. DGFT
4. Shri J.V. Patil, Addl.DGFT
5. Shri S.B.S. Reddy, Addl.DGFT
6. Shri Jay Karan Singh, Jt. DGFT
7. Shri Akash Taneja, Jt. DGFT
8. Shri S.P.Roy, Jt. DGFT
9. Shri Lokesh H.D., Jt. DGFT
10. Shri S.K. Mohapatra, Dy. DGFT

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

Case No.1: M/s. Emami Ltd., Kolkata.
F.No. 01/60/162/726/AM17/ PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for condonation of delay in claim of benefit of refund of TED of Rs.1,03,824/- against Invoice No.96 dated 21.02.2010 filed vide RLA File No.02/40/83/29/AM17.

Decision:
The committee noted that in terms of para 8.3.1 (iv) of HBP, 2009-2014, time period for submission of application for TED claim was 12 months from the date of payment received. And, in terms of Para 9.3 of HBP, 2009-2014, application for such claim could be filed within 24 months from the prescribed time period with late cut ranging upto 10%. However, the applicant could not submit the application within the extended period prescribed for the purpose. The applicant could not give any cogent reason of not filling application within three years with prescribed late cut. Shifting of office can't be construed as genuine hardship. As such, three years was the long enough time for making claim. The committee, therefore, did not accede to the request.

Case No.2: M/s. Emami Ltd., Kolkata.
F.No. 01/60/162/724/AM17/ PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for condonation of delay in claim of benefit of refund of TED of Rs.85,284/- against Invoice No.64 dated 15.02.2010 filed vide RLA File No.02/40/83/30/AM17.

Decision:

The committee noted that in terms of para 8.3.1 (iv) of HBP, 2009-2014, time period for submission of application for TED claim was 12 months from the date of payment received. And, in terms of Para 9.3 of HBP, 2009-2014, application for such claim could be filed within 24 months from the prescribed time period with late cut ranging upto 10%. However, the applicant could not submit the application within the extended period prescribed for the purpose. The applicant could not give any cogent reason of not filling application within three years with prescribed late cut. Shifting of office can't be construed as genuine hardship. As such, three years was the long enough time for making claim. The committee, therefore, did not accede to the request.

Case No.3: M/s. Ambani Organics P. Ltd., Mumbai.
F.No. 01/60/162/846/AM16/ PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for Revalidation of Advance Authorization No.0310779154 dt. 23.04.2014.

Decision:
The committee noted that the applicant has imported one item 100% and export obligation has been completed only 30%. Since one item has been imported fully, the applicant is under obligation to complete 100% export obligation. However, rather seeking extension of export obligation period, request is made only for revalidation. The committee, therefore, decided to seek explanation from the applicant.

It was also decided to call for report from the excise Authority concerned whether raw materials imported duty free against the Authorisation in question are in the possession of the applicant?
(Action: Applicant/PRC)

Case No.4: M/s. Dhwani Polyprints P. Ltd., Mumbai.
F.No. 01/60/162/727/AM17/ PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for revalidation of Advance Authorization No. 0310794366 dt. 04.03.2015.

Decision:
The Committee observed that the Authorisation was issued having initial validity of 12 months. RA has allowed 6 months revalidation against the Authorisation. Despite that the applicant could not utilise the Authorisation fully. From the submissions made by the applicant, no case of genuine hardship is established. Hence, the Committee did not accede to the request.

Case No.5: M/s. D.D. International P. Ltd., Amritsar.
F.No. 01/60/162/237/AM17/ PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for revalidation of two DFIAs No.1210008382 dt. 17.10.2012 and 1210008416 dt. 21.11.2012.

Decision:
The committee noted that as per FTP 2009-14, policy makers have made DFIA scheme keeping in view the requirement of all type of exporters those who export first using duty paid materials and import later after obtaining EODC and those who import first duty free materials and export later. Therefore, DFIA under 2009-2014 Policy was issued having 12 months validity for import, which could be extended for

six months more and 18 months for fulfillment of export obligation, which could be extended for further six months. It is for the exporters to choose a method in which they can maximise the benefit.

Both the Authorisations were remain valid till 31.03.2014. Whereas, documents for EODC were submitted on 09.09.2014 that is after expiry of validity period. The committee did not find any merit in the case. Hence, decided not to accede to the request.

Case No.6: M/s. William Goodacre & Sons India P. Ltd., Alleppey.
F.No. 01/60/162/723/AM17/ PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for EOP extension of Advance Authorization No. 1010055602 dt. 21.11.2013.

Decision:
The committee noted that the Authorisation was issued having initial obligation period of 18 months. The applicant claims to have obtained extension upto 30 months from the RA and has fulfilled 82.17% export obligation. The committee therefore, decided the following:

I. Extension in export obligation period be allowed for further six months i.e. upto **30.11.2016**.
II. This will, however, be subject to the payment of composition fee @1% per month of unfulfilled FOB value of exports made after 30.05.2016.
III. Minimum value addition in terms of Para 4.09 of FTP, 2015-2020 shall be maintained.

(Action: RA, Cochin)

Case No. 7: M/s. J.B. Chemicals & Pharmaceuticals Ltd., Mumbai.
F.No. 01/60/162/715/AM17/ PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for EOP extension of Advance Authorization No. 0310798726 dt. 08.09.2015 issued under PC-9 and Appendix-4J conditions.

Decision:
The Committee noted that the Authorization No. 0310798726 dt. 08.09.2015 was issued for import of drugs with restricted export obligation period of 12 months from import of each consignment and with pre-import condition, as per Appendix-4J. The imports in this case were made on 18.09.2015, 07.12.2015, 09.02.2016 & 13.02.2016. Accordingly, initial obligation period was upto 30.09.2016 against first consignment. Whereas, initial obligation period against remaining consignments is upto 31.12.2016, 28.02.2017 & 28.02.2017, respectively. The applicant claims to have fulfilled less than 50% of its stipulated export obligation during the initial export obligation period. Taking all these facts into account, the Committee decided the following:

I. Export obligation period be extended from 12 months to 18 months against first import consignments i.e. upto **31.03.2017.** The export obligation period against remaining consignments are still valid.
II. This will, however, be subject to a payment of composition fee @ 0.5% per month on FOB value of export made after initial obligation period.

III. The minimum value addition of 15% as prescribed under Para 4.09 of FTP(2015-2020) shall be maintained.

(Action: RA, Mumbai)

Case No. 8: M/s. J.B. Chemicals & Pharmaceuticals Ltd., Mumbai.
F.No. 01/60/162/738/AM17/ PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for EOP extension of Advance Authorization No. 0310798727 dt. 08.09.2015 issued under PC-9 and Appendix-4J conditions.

Decision:

The Committee noted that the Authorization No. 0310798727 dt. 08.09.2015 was issued for import of drugs with restricted export obligation period of 12 months from import of each consignments and with pre-import condition, as per Appendix-4J. The imports were made on 18.09.2015 & 13.02.2016. Accordingly, initial obligation period against first consignment was upto 30.09.2016. Whereas, initial export obligation against import of second consignment is upto 28.02.2017. The applicant claims to have fulfilled more than 50% of its stipulated export obligation during the initial export obligation period. Taking all these facts into account, the Committee decided the following:

I. Export obligation period be extended from 12 months to 18 months against first import consignments i.e. upto **31.03.2017**. Export obligation against second consignment is remain valid till 12.02.2017.
II. This will, however, be subject to a payment of composition fee @ 0.5% on unfulfilled FOB value of exports made after initial obligation period.
III. The minimum value addition of 15% as prescribed under Para 4.09 of FTP(2015-2020) shall be maintained.
IV. RA shall check that minimum 50% exports against the first consignment is made within initial export obligation period. If not, composition fee will be charged @ 0.5% per month on unfulfilled FOB.

(Action: RA, Mumbai)

Case No. 9: M/s. Cadila Healthcare Ltd., Ahmedabad.
F.No. 01/60/162/732/AM17/ PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for EOP extension of Advance Authorization No. 0810134689 dt. 27.02.2015 issued under PC-9 and Appendix-30A conditions.

Decision:

The Committee noted that the Authorization No. 0810134689 dt. 27.02.2015 was issued for import of drugs with restricted export obligation period of 12 months from import of each consignments and with pre-import condition, as per Appendix-30A. The imports were made on 01.04.2015, 09.09.2015 & 19.09.2015. Accordingly, initial obligation period was upto 30.04.2016, 30.09.2016 & 30.09.2016, respectively. The applicant claims to have fulfilled more than 50% of its stipulated export obligation during the initial export obligation period. Taking all these facts into account, the Committee decided the following:

I. Export obligation period be extended from 12 months to 18 months against each import consignments i.e. upto **31.10.2016, 31.03.2017 & 31.03.2017**, respectively.

II. This will, however, be subject to a payment of composition fee @ 0.5% on unfulfilled FOB value of exports made after initial obligation period.
III. The minimum value addition of 15% as prescribed under Para 4.09 of FTP(2015-2020) shall be maintained.
IV. RA shall check that minimum 50% exports against each consignment were made within initial export obligation period. If not, composition fee will be charged @ 0.5% per month on unfulfilled FOB.

(Action: RA, Ahmedabad)

Case No. 10: M/s. Cadila Healthcare Ltd., Ahmedabad.

F.No. 01/60/162/722/AM17/ PRC

PRC Meeting No. 21/AM17 dated 26.10.2016

Subject:- Request for EOP extension of Advance Authorization No. 0810133333 dt. 15.09.2014 issued under PC-9 and Appendix-30A conditions.

Decision:

The Committee noted that the Authorization No. 0810133333 dt. 15.09.2014 was issued for import of drugs with restricted export obligation period of 12 months from import of each consignments and with pre-import condition, as per Appendix-30A. The imports were made on 16.10.2014, 27.01.2015, 11.03.2015, 24.03.2015, 07.04.2015, 01.09.2015 & 08.09.2015. Accordingly, initial obligation period was upto 31.10.2015, 31.01.2016, 31.03.2016, 31.03.2016, 30.04.2016, 30.09.2016 & 30.09.2016, respectively. The applicant claims to have fulfilled more than 50% of its stipulated export obligation during the initial export obligation period. Taking all these facts into account, the Committee decided the following:

I. Export obligation period be extended from 12 months to 18 months against each import consignments i.e. upto **30.04.2016, 31.07.2016, 30.09.2016, 30.09.2016, 31.10.2016, 31.03.2017 & 31.03.2017**, respectively.
II. This will, however, be subject to a payment of composition fee @ 0.5% on unfulfilled FOB value of export made after initial obligation period.
III. The minimum value addition of 15% as prescribed under Para 4.09 of FTP(2015-2020) shall be maintained.
IV. RA shall check that minimum 50% exports against each consignment were made within initial export obligation period. If not, composition fee will be charged @ 0.5% per month on unfulfilled FOB.

(Action: RA, Ahmedabad)

Case No. 11: M/s. ETG Agro Pvt. Ltd., Mumbai.

F.No. 01/60/162/135/AM17/ PRC

PRC Meeting No. 21/AM17 dated 26.10.2016

Subject:- Request for EOP extension of Advance Authorization No.0310721837 dt. 23.01.2013 for regularization purpose.

Decision:

The committee noted that the above mentioned Authorization was issued having initial obligation period of 18 months. The applicant has obtained one extension of six months from RA. Despite that they did not make any exports within the initial / extended export obligation period but has fulfilled 100% thereafter. The committee, therefore, decided the following:

I. Export obligation period be extended from 24 months to 36 months.
II. This will, however, be allowed subject to payment of composition fee @ 0.5% per month of unfulfilled FOB value of exports made after 24th month but upto 30th month i.e. upto **31.07.2015** and @ 1% per month of unfulfilled FOB value of exports made after 30th month but upto 36th month i.e. upto **31.01.2016**.
III. The minimum value addition of 15% as prescribed under Para 4.09 of FTP(2015-2020) shall be maintained.
IV. Shortfall, if any, shall be regularized in terms of Para 4.49 of HBP, 2015-2020.

(Action: Applicant/RA, Mumbai)

Case No. 12: M/s. Reliance Industries Ltd., Mumbai.
F.No. 01/60/162/820/AM16/ PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for revalidation of two Duty Credit Scrips No.0310367082 dt. 15.02.2006 & 0310367083 dt. 15.02.2006 for six months.

Decision:

The committee observed that this case was discussed earlier in PRC Meeting No. 12/AM17 dated 19.07.2016 and it was deferred for seeking comments of the Customs Authority. Assistant Commissioner of Customs, Customs Division Surat has confirmed vide letter dated 14.09.2016 the contention of the applicant that although the scrips were utilized by the applicant within the validity period of the licenses, however, the final assessment of the bills of entries could not be made on account of delay in closure of Audit points raised by Central Revenue Audit (an arm of CAG) with Customs department for more than 3 years.

The customs Authority has already issued re-credit note for Rs. 94,16,996/-. However, unless these scrips are revalidated by DGFT, amount re-credited can't be utilized. Taking all facts into consideration, the committee decided to revalidate the aforesaid two Duty Credit Scrips Nos. 0310367082 dt. 15.02.2006 and 0310367083 dt. 15.02.2006 for three months from the date of endorsement. The applicant is directed to get the endorsement from RA within one month from the date of uploading of PRC minutes on the Directorate website.
(Action: RA, Mumbai)

Case No. 13: M/s. Skyrise Overseas P. Ltd., Kolkata.
F.No. 01/60/162/147/AM17/ PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for EOP extension of Advance Authorization No.0210194887 dt. 27.09.2013 for regularization purpose.

Decision:

The Committee considered the review application and noted that there is no merit in the case to review its earlier decision. Hence, the Committee decided to reiterate its earlier decision taken in the meeting No.15/AM17 dated 10.08.2016. The applicant is hereby directed to get the case regularised in terms of Para 4.49 of HBP, 2015-2020.
(Action: Applicant/RA, Kolkata)

Case No. 14: M/s. N.R. Agarwal Industries Ltd., Mumbai.
F.No. 01/60/162/072/AM16/ PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for revalidation of DFIA No.0310739497 dt. 28.06.2013 and 0310734404 dt. 14.05.2013.

Decision:
The committee noted that though there was a few days delay on part of Bank in uploading e-BRCs, the applicant had enough time to get the EODC within the validity of these Authorisations. The Authorisations were remain valid till 31.12.2014 and 30.11.2014 respectively whereas, as per the Bank of India's report, e-BRCs were uploaded during January, 2014 to May 2014. The committee was of the view that this is not the case of genuine hardship because the Authorisation holder had 18 months to import. Hence, the committee decided to reiterate its earlier decision dated 13.10.2015.

Case No. 15: M/s. Chhajad Foods P. Ltd., Ahmedabad.
F.No. 01/60/162/096/AM17/ PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for review of earlier decision for extension of E.O. period against Advance Authorization No.0810106487 dt. 12.12.2011.

Decision:
The committee observed that the case was earlier considered in its meeting dated 05.05.2016 and EOP was extended upto 48 months from the date of issue of the Advance Authorization with composition fee @ 0.5% per month of FOB value of exports made after 42^{nd} months but upto 48^{th} month i.e. upto 31.12.2015. There is no logic to allow extension beyond 48 months. Further committee observed that raw materials such as Potato Granule, Potato flakes and Potato starch etc. could not remain intact for 4 years. The committee, therefore, decided not to accede to the request. The applicant was directed to get the case regularized in terms of Para 4.49 of HBP, 2015-2020.
(Action: RA, Ahmedabad: if the applicant fails to get the case regularized within a month from the date of uploading of these minutes on the Directorate website, necessary action as per the provisions of F.T.(DR)Act, shall be initiated)

Case No. 16: M/s. Lyka BDR International Ltd., Mumbai.
F.No. 01/60/162/140/AM17/PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for waiver of destruction certification as per PC-18 in Advance Authorization No.0310768682 dt. 31.01.2014 for regularization purpose.

Decision:
The Committee considered the request of the applicant and observed that the applicant had imported 4500 Kgs of import material and exported 97.25%. However, 123.79 Kgs of that material remains unaccounted. The applicant stated to have utilised full quantity but due to excess wastage there was shortfall. They have no materials to destroy. The Committee, therefore, decided to allow waiver of PC–18 conditions subject to payment of composition of fee of Rs.15,000/- to RA.
(Action: RA, Mumbai)

Case No. 17: M/s. KLJ Plasticizers Ltd., New Delhi.
F.No. 01/60/162/714/AM17/PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for clubbing of 2 of Advance Authorizations No.(i) 0510289756 dt. 05.05.2011 and (ii) 0510382641 dt. 25.03.2014.

Decision:

The Committee observed that the Advance Authorization No.0510289756 dt. 05.05.2011 has been issued with an initial export obligation period of 36 months whereas the Advance Authorization No. 0510382641 dt. 25.03.2014 has been issued with an initial export obligation period of 18 months. The applicant has fulfilled only 14.56% export obligation against Authorisation dated 05.05.2011 within 36 months. Exports in the subsequent Authorisations are made after expiry of Export Obligation period of the first Authorisation, which cannot be taken into account in the first Authorisation. The clubbing of these Authorisation would lead to indirect E.O.P extension for more than five years to Authorisation dated 05.05.2011. Hence, the Committee decided to reject the request of the applicant. The applicant is hereby directed to get the cases regularised individually.
(Action: RA, CLA)

Case No. 18: M/s. Koshambh Multitred Pvt. Ltd., Vadodara.
F.No. 01/60/162/907/AM16/ PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for revalidation of Advance Authorization No.3410039664 dt. 28.03.2014.

Decision:

The committee on perusal of RA Vadodara report noted that there was no mistake of RA in allowing EODC and Transferability without revalidation because the applicant did not make request for revalidation of Authorisation and paid requisite fee for that while submitting request for enhancement/EODC. Revalidation of Authorisation after endorsement of transferability is not allowed unless it lost validity in the possession of Government agencies. This is not the case here. The committee, therefore did not accede to the request and reiterated its earlier decision taken in meeting no. 01/AM17 dated 05.04.2016 and 11.04.2016.

Case No. 19: M/s. Koshambh Multitred Pvt. Ltd., Vadodara.
F.No. 01/60/162/915/AM16/ PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for revalidation of Advance Authorization No.3410039663 dt. 28.03.2014.

Decision:

The committee on perusal of RA Vadodara report noted that there was no mistake of RA in allowing EODC and Transferability without revalidation because the applicant did not make request for revalidation of Authorisation and paid requisite fee for that while submitting request for enhancement/EODC. Revalidation of Authorisation after endorsement of transferability is not allowed unless it lost validity in the possession of Government agencies. This is not the case here. The committee, therefore did not accede to the request and reiterated its earlier decision taken in meeting no. 01/AM17 dated 05.04.2016 and 11.04.2016.

Case No. 20: M/s. D.D. International (P) Ltd., Punjab.
F.No. 01/60/162/728/AM17/ PRC
PRC Meeting No. 21/AM17 dated 26.10.2016
Subject:- Request for revalidation of DFIA No.1210008744 dt. 25.06.2013 issued as per FTP 2009-14 applying the procedure as per FTP 2015-2020.

Decision:

The committee noted that the applicant obtained the said DFIA having initial validity of 12 months to import and 18 months to exports. RAs are empowered to allow six months revalidation as per policy. However, they did not avail the said facility. Enhancement is allowed within the validity of the Authorisation only. No purpose would serve by giving enhancement in expired Authorisation. Accordingly, RA has rejected the request correctly. The committee did not see any merit in the case. Hence, did not accede to the request.

The meeting ended with a vote of thanks to the chair.

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