

MINUTES OF THE POLICY RELAXATION COMMITTEE
MEETING NO.03/AM06 HELD ON 5th JULY, 2005

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

At the outset it was brought to the notice of the Chair that the Agenda papers to be discussed in the PRC meeting are not being supplied well in advance and therefore, the Members are not in a position to study the cases to be discussed. DG directed that henceforth PRC meeting will be held in the afternoon of every 2nd and 4th Monday of the month and only such cases will be placed before the Committee where the Agenda papers are supplied by the relevant divisions by Thursday, preceding the date of the meeting.

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

Case No.	1.
Firm's Name	M/s. Sterlite Optical Technologies Ltd.
File No.	01/81/162/231/AM06/ DES- II
Subject:	Regularization of delayed exports.

It was observed that basically two parameters have to be made towards fulfillment of export obligation:-

- (i) EO should be fulfilled in terms of value of E.O. imposed; and
- (ii) The quantity proportionate to the imports made should be exported and no imported material should be diverted.

It was brought to the notice of the Committee that in terms of value, the export obligation has been fulfilled whereas there was a quantitative shortfall because of the stiff crash in the selling price as explained by the exporter. It was therefore, decided that exports made between 30th and 48th month may be regularized subject to payment of applicable composition fee as per existing policy in force.

Case No.	2.
Firm's Name	M/s. Thermax Ltd. Pune
File No.	01/81/50/358/AM04/DES- II
Subject:	Condonation of lapse of using the duty free imported items for other export production.

The Committee observed that condonation of lapse on the part of the exporter of diverting the imported material for manufacture of goods for DTA sale defeats the basic concept of the Advance Licensing Scheme and therefore no case for policy relaxation is made out. It was decided to reject the request.

Case No.	3.
Firm's Name	M/s. Thermax Babcock & Wilcox Ltd., Pune
File No.	01/81/50/360/AM04/DES- II
Subject:	Condonation of lapse of using the duty free imported items for other export production.

The Committee observed that condonation of lapse on the part of the exporter of diverting the imported material for manufacture of goods for DTA sale defeats the basic concept of the Advance Licensing Scheme and therefore no case for policy relaxation is made out. It was decided to reject the request.

Case No.	4.
Firm's Name	M/s. Engineering Export Promotion Council
File No.	01/81/162/57/AM05/DES- II
Subject:	Conversion of free shipping bills into DEPB shipping bills.

The Committee decided to have the following information first:-

- (i) Details as to whether the issue had been referred to Deptt of Revenue and whether any response thereof has been received.
- (ii) The comments of Engineering EP Division of Deptt of Commerce as to on what premise they had fought the CVD case with the

Govt. of USA and whether the decision on the same was in favour of the Govt. of India based upon the stand taken that benefit of DEPB was not claimed/allowed in these cases.

- (iii) Whether the case had been considered earlier either on file or in PRC and if so, the details thereof.

It was decided that the case be brought before the Committee after completion of the action as above and after all the details as above have been received.

Case No.	5.
Firm's Name	M/s. TIL Ltd.
File No.	01/81/50/884/AM03/DES- II
Subject:	Revalidation of advance licence no. 0210044031 dt. 12.01.03.

The Committee observed that ALC had allowed amendments of norms in the instant case only on 14.6.2005 for the licence issued in January 2003 and there was a genuine case of exporter not having been able to utilize the licence for the purpose of import. It was, therefore, decided to allow revalidation for a period of 3 months without charging any penalty on the unutilized balance of the licence. The 3 months period will commence from the date such endorsement of revalidation is made on the licence.

Case No.	6.
Firm's Name	M/s. Korpan Ltd., Mumbai
File No.	01/82/50/1054/AM05/DES- III
Subject:	Clubbing and redemption of 2 adv. Licence nos. (i) 0310046017 dt.20.7.00 (ii) 0310283524 dt. 28.7.2004.

The Committee agreed to allow clubbing of two advance licences as in the instant case for regularization purpose subject to the payment of composition fee applicable as per present policy. It was further decided that no further imports and exports will be allowed against the subject licences so clubbed.

Case No.	7.
Firm's Name	M/s. S.B. Packagings Ltd., New Delhi
File No.	01/87/162/158/AM05/DES-VIII
Subject:	Adv. Lic. For intermediate supply no. 3310000576 dt. 5.8.02- condonation of procedural lapse.

The Committee agreed that this was only a procedural lapse on the part of the licence holder and decided to regularize intermediate supplies made to M/s Nestor Pharmaceuticals Ltd between the period 12.6.2002 and 30.6.2002 and accept the same towards fulfillment of export obligation, a formal application for advance intermediate licence against invalidation letter dt.3.6.2002 having been made only on 30.7.2002.

Case No.	8.
Firm's Name	M/s. Window Glass Ltd., Kolkata
File No.	18/757/AM-95/EPCG- II
Subject:	(1) Deletion average EO (2) Inclusion of Plan Glass Sheet as additional export product against the EPCG Licence. (3) Extension of EO Period for regularization.

The Committee observed that provision of exporting alternate product towards fulfillment of export obligation already exists in the policy and therefore this issue may not be discussed in PRC. The main issue on which GRC had referred the matter to PRC was about waiver/refixation of average export performance. The Committee further observed that the issue of waiver/refixation of average export obligation has been discussed at length by DGFT with Deptt of Revenue and it has not been found feasible to allow the same. Therefore, there is no merit to change this criterion in the instant case. However, to provide some relief to the exporter, it was decided that they be allowed an extension by a period of two years to meet this average export obligation by exporting alternate products.

Case No.	9.
Firm's Name	M/s. The Indian Hotels Company Ltd., Mumbai
File No.	01/93/180/52/AM06/PCIB
Subject:	Import of left hand drive Motor car by the Taj Group of Hotel under EPCG scheme.

The Committee agreed to relax the policy provision in the instant case and permit to import "Left hand drive Motor Car" subject to the condition that the same is converted into right hand drive within a period of 6 months time from the date of such import or subject to waiver of said condition by Ministry of Surface Transport by then.

Case No.	10.
Firm's Name	M/s. Shakti Trading Co.
File No.	01/94/180/Court case no. 38/Am06/PCI/
Subject:	Relaxation of provision in the HBP for issue of duplicate license including transferable license in lieu of post/misplaced.

The Committee agreed to issue of a duplicate REP licence in the instant case for regularization purpose, as the licence is stated to have been lost/misplaced in the custody of customs authorities, as confirmed by Jt.DGFT, Mumbai and in view of the fact that the said duplicate licence is permissible in the existing policy. However, this duplicate licence will be issued for the purpose of regularization of imports already made and no other benefits including premium etc. will be permitted.

Case No.	11.
Firm's Name	M/s Arraycon (I) Ltd., referred by JDG, Ahmedabad
File No.	01/94/180/64/AM06/PC-I
Subject:	Grant of EODC against EPCG Lic.

The Committee observed that Para 5.11 of the Foreign Trade Policy 2004-09 has been introduced for prospective application and there is no intention to regularize default in the past cases under this provision. However, in the instant case the applicant has come up with the problem of not having been

able to go beyond 85% in terms of fulfillment of Export Obligation because of the destruction of the factory due to fire.

However, to have the confirmation about the claim of fire by the applicant, it was decided to seek the comments of our RLA at Ahmedabad who would verify the facts and as to whether the company had actually suffered a loss because of a fire. The case be brought before the Committee on receipt of the report from the RLA concerned.

Case No.	12.
Firm's Name	Represented to BOA.
File No.	01/92/180/90/AM06/PCII
Subject:	Inter-unit transfer of raw materials between group of companies in EOPUs

The case was withdrawn. It was further decided that the policy division should take up the matter with Deptt of Revenue for a suitable change in the policy.

Case No.	13.
Firm's Name	Request made to BOA
File No.	01/92/180/90/AM06/PCII
Subject:	Grant of Advance DTA sale permission on one time basis.

The concerned Policy division desired to have a detailed look into the cases to study the pros and cons of the same before the same is discussed in the PRC. It was therefore, decided to defer the case to relist the same in the next PRC meeting.

Case No.	14.
Firm's Name	Represented to BOA
File No.	01/92/180/65/AM06/PCII
Subject:	Extension of period of adjustment of advance DTA sale permission

The concerned Policy division desired to have a detailed look into the cases to study the pros and cons of the same before the same is discussed in the PRC. It was therefore, decided to defer the case to relist the same in the next PRC meeting.

Case No.	15.
Firm's Name	Represented to BOA
File No.	01/92/18/90/AM06/PCII
Subject:	Extension of period of adjustment of advance DTA sale permission

The concerned Policy division desired to have a detailed look into the cases to study the pros and cons of the same before the same is discussed in the PRC. It was therefore, decided to defer the case to relist the same in the next PRC meeting.

Case No.	16.
Firm's Name	M/s Khanapur Taluka Co-Operative spinning mills Ltd.
File No.	01/92/180/66/AM05/PCII
Subject:	Grant of DTA Sale permission

The Committee after reviewing the earlier decision taken by the PRC, decided to relax the policy in the instant case on the premise that this was a co-operative unit and had not made any imports in the past. The relaxation was allowed to the extent that retrospective DTA sale permission for balance entitlement of Rs.1290.60 lakhs accrued during the entire period of 1992-2002 is made effective from 15.10.2002 and the same will be adjusted against DTA sale already made without DTA sale permission and balance of Rs.306.64 lakhs shall be utilized during transitional period.

OUTSIDE AGENDA

M/s Ralco Exports, Ludhiana
F.No.01/83/50/191/AM04/DES-IV

The minutes in the instant case may be deemed to have been modified to the extent that Policy Circular No.17 referred to in the said minutes may be read as "Policy Circular No.17 dt.10.10.2003".

The meeting ended with vote of thanks to the Chair.

LIST OF PARTICIPANTS

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