

AGENDA for EOUs

AGENDA IN RESPECT OF UAC MEETING FOR EOUs OF ANDHRA PRADESH UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER (ADDL.CHARGE) , SHRI D.V. SWAMY, IAS SCHEDULED TO BE HELD at 11.00 A.M. ON 14.11.2022 THROUGH VIDEO CONFERENCE.

Agenda Notes for discussion :

AGENDA-1

Subject: - Ratification of Minutes of the meeting held on 13.10.2022

AGENDA-2

Intimation by M/s.Kaleesuwari Refinery and Industry Pvt.Ltd., (EOU) regarding their sale of Bio-diesel to Oil manufacturing Companies (IOCL, BPCL, HPCL) under National Blending Program" - deviation of LoP issued to them under EOU scheme.

M/s.Kaleesuwari Refinery and Industry Private Ltd vide letter dated 27th Sept 2022 has submitted an intimation regarding sale of Bio-diesel to Oil manufacturing Companies (IOCL, BPCL, HPCL) under National Blending Program. Brief details of the unit is submitted below:

1. M/s.Kaleesuwari Refinery & Industry Pvt.Ltd., a 100% EOU was issued LoP dt. 30.08.2019 (partially converting their DTA unit with EPCG obligation) for manufacture of Bio-diesel and its by product Crude glycerin **from Used Cooking oil (UCO) as raw material** that was to be exported **exclusively to M/s British Petroleum under agreement with them as per the condition laid down by the DGFT.**
2. With reference to DTA sale, the unit has informed that they have obtained a Letter of Intent for supply of Biodiesel using NON-UCO feedstock to Oil manufacturing Companies under National Blending Program which focuses on the blending of bio diesel with diesel as a priority of the Government. Further, the unit has informed that all the inputs used in the manufacture of Biodiesel is procured domestically after payment of all applicable levies like GST and that there will be no loss of revenue to the Government on account of this sale of Biodiesel to OIL Manufacturing Companies in the Public Sector.
3. It is pertinent to mention that the LoP was allowed to be granted to M/s.Kaleesuwari for a specific purpose by DGFT under EOU scheme i.e., importing of UCO from M/s. British Petroleum and supplying the Biodiesel made from the UCO back to M/s.British Petroleum. Hence, the EOU facility cannot be used for a different purpose i.e., using the EOU plant for manufacture of Bio-diesel (though from non-UCO raw material) for supply to DTA units (oil manufacturing companies) under National Blending programme

as stated above. M/s.Kaleesuvari is required to make use of their DTA Unit for this purpose i.e., manufacture of Bio-diesel from NON-UCO material and supplying Bio-diesel to Oil manufacturing companies in DTA under National Blending Programme.

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In view of the above and since the LoP was granted under EOU scheme is specific and conditional to the effect i.e., M/s.Kaleesuvari is required to export 'Bio-diesel' manufactured from the UCO supplied by M/s.British Petroleum and export the same as per the agreement between them and as per the clarifications/ directions of DGFT, they can not make use of their EOU facility for a different purpose i.e., manufacturing Bio-diesel though from the Non-UCO raw material and supplying the same to oil companies under National Blending Program.. An EOU is also not authorized under EOU scheme under FTP provisions for manufacture of Bio-diesel for effecting exclusive DTA sales. The unit is supposed to make use of their DTA plant for the purpose.

Policy Provision for effecting DTA sales under EOU scheme

"DTA Sale of Finished Products / Rejects / Waste/ Scrap / Remnants and By - products Para 6.08(a)(i) says that "Entire production of EOU/EHTP/STP/BTP units shall be exported. which are freely importable under FTP in DTA, subject to fulfillment of positive NFE, on payment of excise duty, if applicable, and/ or payment of GST and compensation cess along with reversal of duties of Custom leviable under First Schedule to the Customs Tariff Act, 1975 availed as exemption, if any on the inputs utilized for the purpose of manufacturing of such finished goods (including by - products, rejects, waste and scraps arising in the course of production, manufacture, processing or packaging of such goods)."

As per above provision, DTA sales of the goods under authorized activity as per LOP under EOU scheme are only to effected in DTA.

In view of the above and the policy provision in respect of DTA sales, the intimation of M/s.Kaleesuvari that they are making use of the EOU plant for DTA sale purposes as stated above by them is not in accordance with the provisions of FTP, 2015-20 and the Letter of Permission granted to them.

The matter is placed before UAC for kindperusal and directions on the same, please.