

No.14/1/2017-EOU
Government of India
Ministry of Commerce & Industry
Department of Commerce

Udyog Bhawan, New Delhi
Dated 29 December, 2016

OFFICE MEMORANDUM

Subject: 1st Meeting (2017 series) of the Board of Approval (BOA) for EOU Scheme scheduled to be held on **06th January, 2017** – forwarding Agenda reg.

The undersigned is directed to forward herewith a copy of Agenda Items for the 1st Meetings (2017 series) of the Board of Approval for EOU Scheme scheduled to be held on **06th January, 2017 at 11:00 A.M. in Room No. 47 Udyog Bhawan, New Delhi** under the Chairmanship of Commerce Secretary.

2. May kindly make it convenient to attend the Meeting.



(G. Srinivasan)

Under Secretary to the Government of India

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1. D/o Industrial Policy & Promotion.
2. CBEC [Member (Customs)], M/o Finance.
3. CBDT [Member (Income Tax)], M/o Finance.
4. DG, DGFT.
5. The Joint Secretary, M/o Environment & Forest.
6. The Joint Secretary, M/o Science & Technology.
7. M/o Micro, Small and Medium Enterprises.
8. All DCs.

Copy to: PSO to CS/PPS to AS(AVC)/PS to Dir (TVR)

**AGENDA FOR THE 1st BOA MEETING (2017 SERIES) FOR EOU SCHEME TO BE
HELD ON 06.01.2017 AT 11.00 A.M.**

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1.1 (17) Confirmation of Minutes of the 5th BOA (2016 Series) meeting held on 09.11.2016.

1.2 (17) M/s Mylan Laboratories Ltd., Telangana- Proposal for conversion of a DTA unit into an EOU under VSEZ.

M/s Mylan Laboratories Ltd. has submitted application for conversion of its DTA unit into an EOU at Sy. No. 10 & 42, Gaddapotharam, Medak District, Telangana for manufacture and export of **Active Pharmaceuticals Ingredients (APIs) and Drug Intermediates with ITC HS Code under Chapter 29 (Lamivudine, Nevirapine, Emtricitabine, Didanosine, Dolutegravir, Fluindione)** with annual capacity of 302 KL.

The unit has informed that their EPCG obligation is Rs. 71.60 lakhs and Advance Authorization liability is Rs. 103.12 Crores (approx).

The Exports for the existing unit:

(Rs. In Crores)

Year	Exports
2014-15	319.71
2015-16	262.17
2016-17 upto Sept, 2016	277.62

The investment in Plant and Machinery is:

(Rs. In Crores)

	Existing	Proposed	Total
Imported	5.46	12	17.46
Indigenous	79.54	48	127.54

Proposed NFE is: Rs.958.46 Crores.

Relevant provision of FTP:

Para 6.07 (d) of FTP, 2015-2020 provides that applications for conversion into an EOU/EHTP/STP/BTP unit from existing DTA units, having an **investment of Rs. 50 crores and above in plant and machinery or exporting Rs. 50 crores and above annually**, shall be placed before BOA for a decision.

DC's Recommendation: DC has recommended the proposal of unit for conversion of existing DTA unit into an EOU.

1.3 (17) M/s Deccan Fine Chemicals (India) Pvt. Ltd., Ankleshwar- Proposal for conversion of a DTA unit into an EOU under KASEZ.

M/s Deccan Fine Chemicals (India) Pvt. Ltd. has submitted application for conversion of its DTA unit into an EOU at Ankleshwar, Gujarat. The unit is presently engaged in custom manufacturing of speciality chemicals and agro-chemical active ingredients, intermediates and fine chemicals for exclusive supply to large multinational companies. The items proposed to be manufactured and exported are **aclonifen, fluopicolide, oxadiargyl, deltamethrin, flumethrin, STL 3 to 8.**

The Exports for the existing unit:

(Rs. In Crores)

Year	Exports
2014-15	398.15
2015-16	399.22
2016-17 (upto Sept'16)	100.47

The investment in Plant and Machinery is Rs. 82.94 crores.

Proposed NFE is: Rs. 774.96 Crores.

Relevant provision of FTP:

Para 6.07 (d) of FTP, 2015-2020 provides that applications for conversion into an EOU/EHTP/STP/BTP unit from existing DTA units, having an **investment of Rs. 50 crores and above in plant and machinery or exporting Rs. 50 crores and above annually**, shall be placed before BOA for a decision.

DC's Recommendation: DC has recommended the proposal of unit for conversion of existing DTA unit into an EOU.

1.4 (17) Proposal for extension of LOP for further 5 years period – M/s Prayas Woollens Pvt. Ltd., EOU under KASEZ.

M/s Prayas Woollens Pvt. Ltd. (100% EOU) holding letter of permission No. KFTZ/100%EOU/II/A-112/01 dated 02.01.2002 for **export of Rags completed mutilated & sorted into colours, Shoddy wool fibres/blends, shoddy synthetic fibres/blends, etc.** has sought for extension of LOP for further 5 year period.

M/s Prayas Woollens Pvt. Ltd. (100% EOU) hold letter of permission No. KFTZ/100%EOU/II/A-112/01 dated 02.01.2002 for **export of Rags completed mutilated & sorted into colours, Shoddy wool fibres/blends, shoddy synthetic fibres/blends, etc.** The unit commenced production on 21.10.2004 and extended validity of the LOP expires on 28.02.2017.

The unit's LOP was cancelled w.e.f. 30.09.2012 as the BOA in its 4th BOA Meeting for EOUs held on 14.09.2012 did not approve extension of validity of LOP of Ms/ Prayas Woollens beyond 30.09.2012. Therefore, the unit was not operative from 01.10.2012 to 31.08.2015. For a period upto 01.10.2012, the unit was NFE positive.

Public Notice no. 31/2015-20 was issued by DGFT on 26.08.2015, amending the **Hand Book of Procedures of FTP 2015-20**, and incorporating an enabling provision that empowers the BoA to consider such cases of renewal of LoP and thereby bringing the provisions related to EOU in line with those existing for SEZs.

BoA in its Meeting held on 27.08.2015 decided to extend the LoP in respect of M/s Prayas Woolens Pvt. Ltd. and M/s Geetanjali Woolens Pvt. Ltd. located in Gujarat for one year only, i.e. upto 31st August, 2016.

The unit was granted extended validity with the condition that the unit, in addition to meeting its NFE obligation, is also required to ensure that the 80% of its production (in terms of annual turnover) is physically exported during the first year i.e upto 31.08.2016. Any violation of the above prescribed minimum physical export obligation may lead to imposition of penalty and cancellation of unit's LoP.

Details from October, 2015 to September, 2016					
S.No.	Particular	Value (In Lacs Rs.)	%of Total	Quantity (In 1000 kg)	% of Total
1.	Import/Procured	194.36	-	3202.48	-
2.	Export	440.94	81.24	649.17	22.03
3.	DTA	101.80	18.76	2296.61	77.97
4.	Total (2+3)	542.74	100.00	2945.78	100.00

The Net Foreign Exchange (NFE) earned by the unit during 2015-16 was Rs. 89.09 Lakhs. The unit has exported 81.24% of its total production in terms of value and 22.03% in terms of quantity.

The proposal for extension of LoP for further 5 years was considered by BoA in its meeting held on 22.06.2016 and the Board deferred the proposal. Meanwhile, policy regarding worn and used clothes is under formulation. In view of this, it was decided on F.No. D.12/20/2015-SEZ to extend the LoP of the unit for a period of 6 months i.e till 28.02.2017.

1.5 (17) Proposal for extension of LOP for Further 5 years period –M/s Geetanjali Wollens Pvt. Ltd., EOU under KASEZ.

M/s Geetanjali Wollens Pvt. Ltd. (100% EOU) holding letter of permission No. PER :276 (1997)/EOB/97 dated 01.10.1997 for **export of Non-Woven Blankets, Wipers**

and Clippings, Shoddy Wool Blends, etc. has applied for extension of LOP for further 5 years period.

The unit commenced production on 24.10.2000 and extended **validity of the LOP expires on 28.02.2017.**

BoA in its meeting held on 14.09.2012 decided to curtail the validity of LoP of the unit and limited the same upto 31.03.2013. Aggrieved with decision, M/s Geetanjali Woolens filed an appeal in Hon'ble High Court of Gujarat. The petition was allowed and LoP was extended upto 23.10.2015 with an order that the unit will be allowed to carry out its activities, subject to fulfilment of other rules and regulations.

Public Notice no. 31/2015-20 was issued by DGFT on 26.08.2015, amending the Hand Book of Procedures of FTP 2015-20, and incorporating an enabling provision that empowers the BoA to consider such cases of renewal of LoP and thereby bringing the provisions related to EOU in line with those existing for SEZs.

BoA in its Meeting held on 27.08.2015 decided to extend the LoP in respect of M/s Prayas Woolens Pvt. Ltd. and M/s Geetanjali Woolens Pvt. Ltd. located in Gujarat for one year only, i.e. upto 31st August, 2016.

The unit was granted extended validity with the condition that the unit, in addition to meeting its NFE obligation, is also required to ensure that the 80% of its production (in terms of annual turnover) is physically exported during the first year i.e upto 31.08.2016. Any violation of the above prescribed minimum physical export obligation may lead to imposition of penalty and cancellation of unit's LoP.

Details from October, 2015 to September, 2016					
S.No.	Particular	Value (In Lacs Rs.)	% of Total	Quantity (In 1000 kg)	% of Total
1.	Import/Procured	406.27	-	860.27	-
2.	Export	419.82	100	321.8	100
3.	DTA	Nil	-	Nil	-
4.	Total (2+3)	419.82	100	321.8	100

The Net Foreign Exchange (NFE) earned by the unit during 2015-16 was Rs. 98.05 Lakhs. The unit was NFE positive during block period 2010-2015 by Rs. 1827.21 lakhs.

The proposal for extension of LoP for further 5 years was considered by BoA in its meeting held on 22.06.2016 and the Board deferred the proposal. Meanwhile, policy regarding worn and used clothes is under formulation. In view of this, it was decided on F.No. D.12/20/2015-SEZ to extend the LoP of the unit for a period of 6 months i.e till 28.02.2017.

PART II

Approval granted by Development Commissioner Under Delegated Powers for RATIFICATION OF BOA as per Press Note No. 3 of 1995

I.

A	Approvals granted under delegated powers for the period July, 2016 to August, 2016	MEPZ
B	Approvals granted under delegated powers for the period June, 2016 to December, 2016	NSEZ
C	Approvals granted under delegated powers for the period October, 2016 to November, 2016	VSEZ
D	Approvals granted under delegated powers for the period November, 2016 - Nil	FSEZ
E	Approvals granted under delegated powers for the period September, 2016 to November, 2016	SEEPZ

II Ratification of extension of LoP granted to M/s Prayas Woolens Pvt. Ltd. and M/s Geetanjali Woolens Pvt. Ltd. on 01.9.2016, for a period of 6 months from the date of expiry of LoP i.e from 01.09.2016 – 28.02.2017, with the approval of Commerce Secretary obtained on 31/8/2016 as the LOPs were expiring on 31.8.2016.