

Report No 90

Graphite electrodes industry requirement of needle pet coke: EPCA response to IA Nos 112629 and 112633/2018 on behalf of Graphite India Ltd

September 5, 2018

Environment Pollution (Prevention and Control) Authority for NCR (EPCA)

The Hon'ble Supreme Court on 23.8.2018 directed that reply to the IA Nos 112629 and 112633/2018 on behalf of Graphite India Ltd should be filed within 10 days. This report is being filed in compliance with this direction.

EPCA held a meeting on 31.08.2018 to discuss this matter with all relevant stakeholders. The meeting was attended by representatives of HEG Limited and Graphite India Limited – the two companies that require permission to import needle pet coke.

The following issues emerged from the discussions:

1. The graphite electrodes industry is a high-tech industry (not to be confused with the more generic graphite industry), which manufactures electrodes that are used by the steel industry, which is based on an electric arc furnace. Roughly 40% of Indian steel is produced using electric arc furnace, where these electrodes are required.
2. There are only 2 companies in India that manufacture graphite electrodes:
 - i. HEG Limited, with its plant in Bhopal has the capacity for 80,000 tonnes annually.
 - ii. Graphite India Limited, with headquarters in Kolkata with 3 plants in Durgapur, Nasik, Bangalore with combined capacity of 80,000 tonnes annually.
3. The plants require roughly 1,60,000 tonnes of needle pet coke annually – roughly equivalent to the capacity of production.
4. Needle pet coke is an electrode grade pet coke, which is made from calcined pet coke. Calcined pet coke is a product, which is processed from raw pet coke (also known as fuel grade or 'green' pet coke). Needle pet coke has very low Sulphur (less than 0.3-0.5%). This needle pet coke is used in the industry as a feedstock.

5. There is partial availability of this grade of pet coke in the country. The Northeast based refineries produce low-sulphur pet coke, which is then calcined for use by the graphite electrode industry. Roughly 30-35% of the annually requirement of the industry is from domestic sources. In other words, it needs to import roughly 120,000-130,000 tonnes annually.
6. In the entire world the production of needle pet coke is in the hands of very few companies -- there are 3-4 companies that produce this product. The price of this product is also very high as compared to fuel grade pet coke – US\$3500/tonne for needle pet coke as compared to US\$ 100/tonne for fuel grade pet coke.
7. While there is no specific SOX and NOx emission standard stipulated for the Graphite electrode industry by CPCB, the industry has informed EPCA that it calls into the category of ‘inorganic chemical and other such industries’ and their plants operate are well within the stipulated norms of January 29, 2018.

EPCA’s observations and recommendations to the Hon’ble Supreme Court

The import of needle pet coke by the graphite electrode industry can be regulated as there are only 2 companies; the import of this product also is from limited suppliers globally and the pet coke is used for feedstock and not for manufacture.

Therefore, the Graphite Electrode industry should be allowed to import needle pet coke and included in the list of exempt industries for import of pet coke.

The notification no 25/2015-2020 (see Annexure 1) dated August 17, 2018 (Annexure 1) for amendment of import policy condition of pet coke notes that the “Ministry of Environment, Forest and Climate Change in consultation with Customs and Directorate General of Foreign Trade will bring out detailed guidelines on regulating and monitoring the imported pet coke”.

These guidelines must be issued urgently so that import of pet coke, which is now restricted for use by specified industries, can be monitored and regulated. This is crucial to ensure that the ban on import of pet coke is effective and is enforced strictly so that use of this extremely polluting fuel is reduced to get pollution benefits.

Annexure 1

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No.01/93/180/03/AM-10/PC-2(A)/e-5719

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154

Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Foreign Trade

Udyog Bhawan, New Delhi.
Dated the 24th August, 2018

Office Memorandum

Subject: Amendment of import policy condition of Petcoke.

The undersigned is directed to refer to the O.M. No.Q-18011/54/2018-CPA dated 8th August, 2018 regarding the Order of Hon'ble Supreme Court dated 26.07.2018 in the case of M.C. Mehta Vs. UoI (W.P. No.13029/1985) on the issue of ban on import of Petcoke.

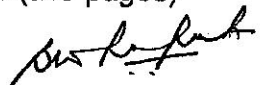
2. In compliance with the aforesaid Order of Hon'ble Supreme Court, the Central Government has issued Notification No.25/ 2015 – 2020 dated 17th August, 2018 (copy enclosed) prohibiting the import of Petcoke subject to following Policy Condition No.6 to Chapter 27 of ITC (HS), 2017, Schedule – I (Import Policy):

"Import of pet coke for fuel purpose is prohibited. However, import of Pet coke is "free" for cement, lime kiln, calcium carbide and gassification industries for use as feed stock or in the manufacturing process only on Actual User basis. Ministry of Environment, Forest and Climate Change, in consultation with Customs and Directorate General of Foreign Trade, will bring out detailed guidelines on regulating and monitoring the imported Petcoke."

3. Accordingly, Ministry of Environment, Forest and Climate Change is requested to frame detailed guidelines on regulating and monitoring the imported Pet coke.

This issues with the approval of competent authority.

Encl.: Copy of Notification No.25/ 2015 – 2020 dated 17/08/2018 (two pages)


(S.K. Mohapatra)

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Ministry of Environment, Forest & Climate Change
(Kind Attn.: Dr. Murali Krishna, Joint Director/ Scientist-D)
Indira Paryavaran Bhawan
Jor Bagh, Aliganj
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To be Published in the Gazette of India Extraordinary Part-II, Section - 3, Sub-Section (ii)
Government of India
Ministry of Commerce & Industry
Department of Commerce
Udyog Bhawan, New Delhi

Notification No. 25/2015-2020
Dated the 7 August, 2018

Subject: - Amendment of import policy condition of Petcoke.

S.O. (E): In exercise of powers conferred by Section 3 of FT (D&R) Act, 1992, read with paragraph 1.02 and 2.01 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government hereby, inserts chapter policy condition No.6 in Chapter 27 of ITC (HS) 2017, Schedule 1 (Import Policy):


Exim Code	Item Description	Policy	Existing Policy Conditions	Policy	Revised Policy conditions
2713	PETROLEUM COKE, PETROLEUM BITUMEN AND OTHER RESIDUES OF PETROLEUM OILS OR OF OILS OBTAINED FROM BITUMINOUS				
	Petroleum coke.				condition No.6 of the chapter.
2713 11 00	Not calcined	Free	-	Prohibited	As per Policy condition No.6 below.
2713 12 00	Calcined	Free	-	Prohibited	As per Policy condition No.6 below.
2713 20 00	Petroleum bitumen	Free	-	Prohibited	As per Policy condition No.6 below.
2713 90 00	Other residues of petroleum oils or of oils obtained from bituminous minerals.	Free	-	Prohibited	As per Policy condition No.6 below.

156

Policy Conditions of this Chapter:

Import of pet coke for fuel purpose is prohibited. However, import of Pet coke is "free" for cement, lime kiln, calcium carbide and gassification industries for use as feed stock or in the manufacturing process only on Actual User basis. Ministry of Environment, Forest and Climate Change, in consultation with Customs and Directorate General of Foreign Trade, will bring out detailed guidelines on regulating and monitoring the imported Petcoke.

2 Effect of this Notification: Import of Pet Coke is allowed for only cement, lime kiln, calcium carbide and gasification industries, when used as feed stock or in the manufacturing process on Actual User Condition.


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Ministry of Commerce & Industry
Department of Commerce
Udyog Bhawan, New Delhi

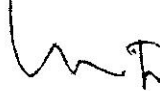
Notification No. 30/2015-2020
Dated the 28 August, 2018

Subject: - Corrigendum to Notification No. 25/ 2015-2020 dated 17th August, 2018

S.O. (E): In exercise of powers conferred by Section 3 of FT (D&R) Act, 1992, read with paragraph 1.02 and 2.01 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government hereby notifies amendment to the Notification No.25/2015-2020 dated 17th August, 2018 vide which import policy of Petcoke under HS codes 2713 11 00, 2713 12 00, 2713 20 00 and 2713 90 00 were "Prohibited".

2. In partial modification of Notification No.25/2015-2020 dated 17th August, 2018, since HS codes 2713 20 00 and 2713 90 00 are not Petcokes, these two codes 2713 20 00 (Petroleum bitumen) and 2713 90 00 (Other residues of petroleum oils or of oils obtained from bituminous minerals) are withdrawn from the ambit of the Notification No 25 dated 17th August, 2018 and import policy of these items i.e **Petroleum bitumen (Exim Code 2713 20 00) and Other residues of petroleum oils or of oils obtained from bituminous minerals (Exim code 2713 90 00)** is restored to 'Free'.

2. **Effect of this Notification:** Import policy of Petroleum bitumen under HS code 2713 20 00 and Other residues of petroleum oils or of oils obtained from bituminous minerals under HS Code 2713 90 00 is 'Free'.


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