Attachment – 4

DGFT

Minutes of Inter-active session with Pharma Industry representatives.

An Inter-active Session with Pharma Industry representatives was held on 4.2.2010 at 11.30 A.M. in Conference Room No. 108 of DGFT, Udyog Bhawan, under the Chairmanship of Shri V.K. Gupta, Addl. DGFT wherein the representatives of pharmaceutical product exporters and officers of DGFT were present (List of participants at Annexure 'A'). At the outset Chairman extended a warm welcome to the participants and thereafter a formal introduction was held. The agenda points given by PHARMEXCIL were deliberated seratim as under :

(i) **Revision / Removal of cap value of IBUPROFEN :**

It was brought before the forum that a case for fixation of value cap of export product **IBUPROFEN** is pending before Norms Committee for want of all industry data of import and export. The Council was requested to obtain necessary data along with five copies of Bills of Entries for inputs of the subject export product and five copies of Shipping Bills relating to the export product **IBUPROFEN** and send the same to Norms Committee for relaxing the value cap.

(ii) **Endorsement on DEPB Licences :**

The Council stated that in case of exports from Mumbai Sea / Airport if DEPB is obtained from Vadodara office, they have to get RA from Mumbai office which costs a minimum of 10% of DEPB value. They suggested that since everything is on line, these unnecessary transaction cost be reduced. The matter was deliberated and the exporters felt that this must be an isolated case. Specific case if brought to the notice of DGFT, matter will be taken with Customs.

(iii) **Claims under VKGUY / Focus Market / Focus Product Schemes :**

JDG(AKS) informed the Council that the declaration "We will claim export incentives under Chapter 3 of the FTP" is only required against free Shipping Bills. It was suggested that this declaration can be fed along with the description of the goods in the Shipping Bills and no separate provision in the software is required.

(iv) **Norms for formulations :**

The representative of DOP present in the meeting stated that he will discuss the matter with technical person in their department and revert back.

(v) **Plants and Plant materials for manufacturing Phytochemicals for exports :**

Executive Director, PHARMEXCIL after deliberations promised to forward a detailed proposal for consideration of Ministry of Agriculture.

Rec. on 15/2/2010

(xi) **Amendment in the Shipping Bills :**

It was informed that if any amendment in the description of export product is made by the Norms Committee, the Shipping Bills pertaining to exports effected after that decision will carry the amended description of export product. It was clarified that Norms Committee generally accepts the description of export product given on the Shipping Bills as per the description mentioned on Advance Authorization for the exports pertaining to period earlier to ratification of norms on merits. Pharmexcil was advised to point out specific cases of hardship to the Norms Committee.

(xii) **SIONs :**

PHARMEXCIL promised to furnish a detailed representation in this regard to Norms Committee for consideration through DOP

(xiii) Representative of DOP who was present in the meeting informed that he will discuss the matter with his technical person and revert back.

(xiv) PHARMEXCIL promised to furnish a separate note on this point for consideration.

(xv) **Additional Export Obligation :**

PHARMEXCIL decided to delete this point from agenda since they were not having any problem regarding additional export obligation.

(xvi) PHARMEXCIL were requested to compile cases of exporting members who have not got DEPB benefits for non-availability of data on Customs website and furnish the same to JDG (AA) for necessary action.

Points discussed in the meeting taken by Shri Rajeev Kher, JS on 12.1.2010.

(i) **15% Value addition :**

The representative present in the meeting informed that in case of export of Bulk Drugs they are not in a position to achieve more than 5% value addition due to stiff competition from China etc. and 15% clause of value addition introduced in the Policy may be reduced to positive value addition as was prevalent during the previous policy. PHARMEXCIL was advised to compile data pertaining to export of bulk drugs where they have not been able to achieve 15% value addition, giving CIF value of inputs and FOB value of exports for the last one year, as well as audited Annual Accounts, so that DGFT could further examine the issue.

It was informed that PRC is considering cases for revalidation of Advance Authorization and extension in export obligation period on merits under para 2.5 of Foreign Trade Policy 2009-2014.

(iii) **Export Obligation 98% yield :**

Representative of DOP who was present in the meeting informed that he will discuss the matter with his technical person and revert back.

(iv) **Enhancement in wastage norms under SION :**

PHARMEXCIL was advised to forward their request for fixation / revision of SION as per the prescribed procedure laid down in Handbook of Procedures giving all industry data as per provisions contained in para 4.9 of Foreign Trade Policy 2009-2014.

(v) &
(vi) **Amendment of Para 4.16 of 2009-14 & Value addition – import of raw materials from China :**

The representative present in the meeting informed that in case of export of Bulk Drugs they are not in a position to achieve more than 5% value addition due to stiff competition from China etc. and 15% clause of value addition introduced in the Policy may be reduced to positive value addition as was prevalent during the previous policy. PHARMEXCIL was advised to compile a data pertaining to export of bulk drugs giving CIF value of inputs and FOB value of exports (alongwith published Annual Accounts of the said Companies) where they have not been able to achieve 15 % value addition for the last one year and furnish to DGFT for consideration.

(vii) **Enhancement of normal repatriation period from 180 to 360 days for the Status Holder:-**

It was clarified that repatriation period is now 360 days. Therefore, there is no need for this provision separately for Status Holders.

(viii) **Increase import validity to 36 months:**

The members were informed that in terms of para 2.12 of Handbook of Procedures initial validity of Advance Authorisation is 24 months and in terms of para 4.23 the validity can be enhanced for another six months from expiry date. Thereafter, revalidation of Advance Authorisation is considered by PRC on merits under para 2.5 of Import Policy. Export obligation period of an Advance Authorisation is 36 months from the date of its issue, unless specified. However, the export obligation period for export of Drugs (with a specific export order and pre-import condition) and Penicillin and its Salts (ITC-HS Code No. 29411010) has been restricted to 12 months (which was earlier 6 months) from the date of clearance of first consignment by Customs Authority.