

Standard Operating Procedure (SOP) draft based on the guidelines you shared. It is designed to help Pharmexcil and its stakeholders handle payment default cases in a systematic, transparent, and facilitative manner.

Standard Operating Procedure (SOP)

Addressing Payment Defaults in Pharmaceutical Exports

1. Objective

- Provide a structured, transparent, and enforceable process for resolving payment disputes.
 - Ensure both exporter and buyer perspectives are considered before escalation.
 - Strengthen trade discipline by publishing caution advisories when necessary.
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2. Scope

- Applies to all **Pharmexcil members (defaulters)** and **overseas buyers**.
 - Covers **delayed payments, partial payments, non-payments, and exporter defaults**.
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3. Roles & Responsibilities

| Stakeholder | Responsibility |
|-------------------------------|---|
| Pharmexcil | Collect complaints, validate with both parties, coordinate resolution, escalate if unresolved |
| Indian Missions Abroad | Verify buyer's position locally, provide diplomatic support |
| ECGC / DGFT | Offer credit risk and policy guidance |
| Collection Agencies | Assist in structured recovery |
| Pharmexcil Website | Publish Caution List Advisory for unresolved defaults |

4. Process Flow

Step 1: Complaint Submission

- Exporter/Buyer submits complaint via email or online form.
 - Mandatory details: Buyer/exporter info, invoice, payment terms, nature of default, supporting documents.
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Step 2: Verification & Buyer's Side Validation

- Pharmexcil reviews complaint for completeness.
 - Pharmexcil **writes to the overseas buyer** requesting their side of the story.
 - Simultaneously, Pharmexcil **informs the Indian High Commission** in the buyer's country to cross-check facts.
 - Verification completed within **10 working days**.
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Step 3: Classification

- Categorize case as: **(terms of payment has to be defined)**
 - Delayed Payment
 - **Default Payment**
 - Partial Payment
 - Non-Payment
 - Exporter Default (Indian side)

Incorrect invoice, sample failed, no awareness of regulation, agreed terms of payment by parties, overdue by how many days, create a form on website,

Default criteria: complaint number

Information on Insolvency by various Missions, credit worthiness, sample failure information, onshoring mechanisms- regulators posting on website limiting imports basis CDSCO posting on website, verify the facts with .

Step 4: Engagement & Escalation

- Pharmexcil initiates dialogue with both parties.
 - If unresolved, escalate to:
 - Indian Missions (buyer side)
 - ECGC/DGFT (policy/credit)
 - Collection Agencies (structured recovery)
 - Escalation must occur within **30 working days** of verification.
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Step 5: Final Escalation – Caution List Advisory

- If resolution fails, Pharmexcil publishes the case in the **Caution List Advisory** on its official website.
- Advisory serves as a public warning to members about high-risk buyers/exporters.
- Case closure requires either documented resolution OR publication in the advisory.

5. Confidentiality

- All submissions treated with strict confidentiality until escalation.
- Only unresolved cases are published in the Caution List Advisory.

6. Timelines

- Complaint submission deadline:
- Verification & buyer validation: **15 working days**
- Engagement & escalation: **30 working days**
- Advisory publication: Post-escalation if unresolved

**Costing Mechanism: Usage of services- 5% to 10%
Charges has to be borne by the Exporter**

7. Continuous Review

- Quarterly audits of complaint handling.
- Annual SOP review with stakeholder feedback.
- Updates incorporated to strengthen enforcement.

The SoP ensures **both sides are heard**, involves the **Indian High Commission for validation**, and ends with a **public caution advisory** to protect exporters from repeat risks.

Action Points:

- 1) **Develop webpage with an application form for submission of the compliant online with clear classification of default and its nature, payment terms or related to quality aspects.**
- 2) **Once webpage is ready, a circular to member companies sharing the SOP framework for their submissions online.**
- 3) **Parallel Identification of the Collection Agencies and empanel them with Panel for various regions based on their foothold. Service charge to be borne by the Exporter/overseas buyer.**
- 4) **Provide option to the member companies of availing services or member can bring in their agency for necessary coordination**
- 5) **Pharmexcil will authorise the agencies to liaison with defaulter for its redressal , copy of the communications to be marked to Pharmexcil for its monitoring.**

- 6) Timelines to be prescribed for each case, if unresolved after escalation, we will notify Indian Missions abroad and also place their names on the website of Pharmexcil.