



# INDIAN DRUG MANUFACTURERS' ASSOCIATION

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## **PARTNERS IN GLOBAL HEALTHCARE**

4 February 2014

Shri Anup K. Pujari, IAS  
Director General of Foreign Trade,  
Ministry of Commerce & Industry,  
Government of India,  
Udyog Bhavan,  
New Delhi.



### **Sub: Representation for allowing Utilisation/Debit for payment of Customs Duties in case of EO defaults for Authorizations Issued under Chapters 4 and 5**

Dear Sir,

We would like to draw your attention to Para 3.17.11 of Foreign Trade Policy 2009-14, which provides the welcome facility of Duty Credit Scrips issued under Chapter 3 of FTP to be also utilized/debited for payment of Customs Duties in case of EO defaults for Authorizations issued under Chapter 4 and 5 of FTP.

However, vide Notification no. 64 (RE-2013)/2009-2014 dated 06/01/2014, this facility has been unfortunately withdrawn. Scrips issued under SHIS, SFIS and AHS are not allowed for Utilisation /Debit for payment of Customs Duties in case of EO defaults for Authorizations issued under Chapter 4 of FTP.

Duty Credit Scrips issued under these three Schemes as above allow payment of duty against import of Capital Goods. As you will be aware, most Exporters, especially in the pharmaceutical industry, do not import Capital Goods and hence the Scrips would remain mostly unutilized. Therefore, these Duty Credit Scrips are very useful to Exporters for payment of Customs Duties in case of EO defaults for Authorizations issued under Chapter 4 and 5 of FTP. Goods imported against such Scrips are non-transferable.

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With the recent announcement of Notification No. 64 (RE-2013)/2009-2014 dated 06/01/2014, the flexibility available for utilization of such Scrips is greatly curtailed. This amendment will weigh down the exporters with heavy cash outflow which could otherwise be better utilized and also adjusted against the SHIS, SFIS, AIIIS scrips available with them. The Scrip Holders will be left with a huge balance of unutilized Scrips and the benefits granted by way of these Scrips will be nullified for most exporters as they do not import capital goods.

We request you to reinstate/restore the earlier flexibility in utilization of the above Scrips by allowing them to utilize/debit the same for payment of Customs Duties in case of EO defaults for Authorizations issued under Chapter 4 and 5 of FTP. This will help the Exporters to reduce their transaction costs. We also request that the facility may be extended and continued even after 31<sup>st</sup> March 2014 for the benefit of the large number of pharma exporters.

Thanking you,

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S V Veerramani', with a stylized flourish at the end.

S V Veerramani  
President