



INDIAN DRUG MANUFACTURERS' ASSOCIATION

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PARTNERS IN GLOBAL HEALTHCARE

Shri Rajiv Kher, IAS

Secretary to the Government of India,
Department of Commerce,
Ministry of Commerce and Industry,
Udyog Bhavan, New Delhi

Dear Sir,

Sub:-Circular no.8/2013-Customs dated 04/03/2013 in respect of the exemption from Bank Guarantee related to Advance Authorization /DFIA/EPCG Schemes

On behalf of all the members of IDMA, it gives me great pleasure in congratulating you on your elevation as Secretary, Department of Commerce. We look forward to your guidance in all procedural and policy matters concerning pharmaceutical trade and especially Exports.

We are sure, as always we will continue to have your time and expertise in providing the much required support and guidance to our Indian pharma industry.

We wish to draw your kind attention to a representation we have made to the Secretary, Department of Revenue on the captioned subject (copy of the representation dated 14/01/2014 which is self-explanatory is enclosed for your kind perusal). We are also enclosing a copy of the Customs Circular no.8/2013.

Exporters who are availing Advance Authorization/Duty Free Import Authorization/Export Promotion Capital Goods Scheme are routinely denied the facility of exemption from Bank Guarantee by the Customs Authorities at various Ports based on the verification reports received from Jurisdictional Excise Authorities informing the Cases pending against the Exporters. Customs Authorities do not consider that:

1. the case is disputed and is *sub judice*
2. technical Issues like Input Credit eligibility etc.

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AFFORDABLE MEDICINES FOR ALL

The intention of the above Circular is not to extend the facility of exemption from Bank Guarantee to importers with a background of duty evasion. But the Customs Authorities are extending the blockage to all the exporters and Status Holders, even those with excellent and clean track record and denying them the facility of exemption from Bank Guarantee.

Executing Bank Guarantee entails a cost to the Exporter by way of Bank Commission charges and keeping margin money. Exporters are obtaining Advance Authorizations against export orders. The execution of Bank Guarantee apart from the additional transaction cost also causes delay in clearance of the imported material.

Exporters of Pharmaceutical Formulations carry huge Credit balances in their CENVAT Account and hence have the capacity to pay whenever required.

Sir, Commerce Ministry has taken a number of welcome initiatives in reducing the Transaction Costs to exporters. You will also appreciate that the Status Holders are provided this benefit of exemption under the Foreign Trade Policy. Hence, we request you to kindly take this matter up with the Secretary, Department of Revenue, and allow the exemption to continue as before to recognized exporters and Status Holders, so that our exporters are able to carry out their export activities confidently.

We thank you once again and look forward to your continued support and guidance

Thanking you,

Yours sincerely,



S V Veerramani
President

Encl: (1) Representation to Revenue Secretary dated 14-1-2014
(2) Customs Circular no. 8/2013