



INDIAN DRUG MANUFACTURERS' ASSOCIATION

102-B, POONAM CHAMBERS, 'A-WING', DR. A.B. ROAD, WORLI, MUMBAI-400 018, INDIA

Phone : 91- 22 - 24974308
91- 22 - 24944624
Fax : 91- 22 - 24950723

E-mail : idma@vsnl.com
idma1@idmaindia.com
Website : www.idma-assn.org

January 15, 2014

PARTNERS IN GLOBAL HEALTHCARE

Shri Shambhu Kallolikar, IAS
Joint Secretary to the Government of India,
Department of Pharmaceuticals
Ministry of Chemicals & Fertilizers,
Shastri Bhavan,
New Delhi 110 001

Sub: Foreign Trade Policy 2014 - 2019

Dear Sir,

This has kind reference your office letter No. 35022/01/2014-PI-III, dated 3rd Jaunary 2014 on the above subject.

As desired, we are enclosing herewith our suggestions for the Foreign Trade Policy 2014-19. We are also enclosing herewith the copies of our Budget proposals wherein also suggestions have been given on exports.

Thanking you,

With kind regards,

Ashok K Madan
Executive Director

Encl: As above.

AFFORDABLE MEDICINES FOR ALL

Registered under the Societies Reg. Act XXI of 1860 Reg. No. Bom. 111/1961 G.B.B.S.D.
Registered under the Bombay Public Trust Act, 1950 (Bom. XXIX of 1950) Reg. No. F-1514 (Bom.) Dt. 11-4-67

IDMA.... SUGGESTIONS FOR FOREIGN TRADE POLICY 2014-2019

S.No.	Existing provision/chapter of Foreign Trade Policy/ Hand Book	Problems experienced	Impact on transaction cost/time, if any	suggestions on improvement
Sl.no.	Existing Provision / Chapter Of Foreign Trade Policy/Hand book	Problems experienced	Impact on transaction cost	Suggestions on improvement
01	Incremental Exports Incentivisation Scheme (IEIS) Announced vide Notification no.3 dated 18/04/2013	<p>I.Following Exports are not included:-</p> <p>1.Export from EOU/SEZ;</p> <p>2.Deemed Exports;</p> <p>3.Third Party Exports</p> <p>II.The scheme is valid only for one year.From 01.04.13 to 31.03.14</p> <p>III.South Africa and Australia are outside the purview of the Scheme.</p>	I.Exports from EOU/SEZs will be affected.	<p>I.Exports from EOUs which are in 2373 in number have contributed Rs.80136 Crs during 2012-13.Total number of SEZ s operating in the country are 3589 and their share of exports is Rs. 476159 crs.</p> <p>IEIS should be made available to EOUs/SEZs.</p> <p>Deemed Exports /Third Party Exports should be also included in the Scheme.</p> <p>II.The IEIS should be valid for another five years.</p> <p>III.South Africa and Australia should be included in the list of eligible countries under IEIS.</p>
02	Interest subsidy is available for Engineering and other sectors			Interest subsidy should be extended to Pharmaceuticals sector also.
03	Chapter 3 on Focus Product Scheme	<p>Difficulty in claiming FPS on Pharmaceutical formulations, Bulk Drugs and APIs under certain HS codes.</p> <p>Some of the exporters exporting important drugs, which have separate HS</p>		In order to help exporters of all formulations, Bulk Drugs & APIs, it is suggested that entire 29 & 30 Chapter for inclusion under "Focus Product Scheme". This boosts pharma exports worldwide and helps to achieve the ambitious target of Ministry of

IDMA.... SUGGESTIONS FOR FOREIGN TRADE POLICY 2014-2019

S.No.	Existing provision/chapter of Foreign Trade Policy/ Hand Book	Problems experienced	Impact on transaction cost/time, if any	suggestions on improvement
		Codes are not able to claim the incentives, though they are exporting the same in good volumes		Commerce & Industry.
04	Assistance to exporters under MDA scheme	The upper limit on export turnover i.e. 30 crores is too small	Many exporters are not able to make use of the facility	Increase the export turnover limit to Rs.100 crores and MDA assistance from the present Rs.150,000 for General Areas(ex: North America, GCC and EU) countries at par with Focus areas.
05	Clubbing of Advance Authorizations:	The Policy Relaxation committee has been rejecting many cases due to the time gap between the first and last issues licenses. Exporters are unable to submit the export obligation discharge certificate to the Custom authorities.		Increasing the time gap of 36 months (between the dates of first and last issues license) to 60 months helps the industry immensely
06	MLFP (Market Linked Focus Product) benefit for all items of Chapter 29 meant for markets namely Algeria, Australia, Brazil, Cambodia, China, Egypt, Japan, Kenya, Mexico, Newzealand, Nigeria, South Africa, Tanzania, Ukraine, Vietnam vide PN No.31 dt.12/01/2010, Valid till 30 th June 2010.	Though benefit for Chapter 28 items was given extension through sops announced by Minister on 11/2/2011, Chapter 29 items were left out. Under ITC (HS) Chapter 29 i.e., Bulk Drugs and intermediates as identified and recognized by Technical & Import Analysis Committee. (TEIC)	Objective of encouraging the export of Chemicals & drugs to the said markets still to be met with in view of tough global competition & erosion in margin	MLFP benefit for Chapter 29 items should also be brought back for the said markets introduced vide PN No. 31 dt. 12/1/2010 apart from covering API items tide over crisis ridden industry on a/c of Chinese competition.
07	Para 2.55 of HBP allows duty free imports of goods (as specified in list 28 of	List 28 of Customs Notification No. 21/2002 is obsolete and far behind the innovative techno-		Revenue dept., has to go along time & keep on updating the list based on regular import data as well as inputs

IDMA.... SUGGESTIONS FOR FOREIGN TRADE POLICY 2014-2019

S.No.	Existing provision/chapter of Foreign Trade Policy/ Hand Book	Problems experienced	Impact on transaction cost/time, if any	suggestions on improvement
	Customs notification No. 21/2002 dated 1.3.2002 as amended from time to time) upto 25% of FOB value of exports during preceding licensing year for exclusive R&D units recognize	logies & equipments. Presently being too short contains too limited number of Equipment.		from related units.
08	Special Focus Market Scheme			Turkmenistan,Georgia,Moldova,Russia, Ukraine, Nigeria and Iraq is to be included in the list of Special Focus Market countries under Appendix 37C.
09	Only few plant/botanical extracts are listed in VKGUY Scheme	This limits the scope and available opportunities for all other extracts of demand existing globally.		To list all the botanical extracts under Appendix 37 A of VKGUY. This shall enable us to do more exports and increase the share/contribution of traditional medicine exports.
10	Detention of Dietary Supplements/Health Supplements consignments for want of FSSAI licenses	Time Consuming and hampering the exports		<p>Customs authorities may be advised not to compel for No Objection Certificate" from ADC's.</p> <p>Wherever Nutritional/health supplements are manufactured/exported under license from FSSAI as food/nutritional products, NOC may not be insisted</p> <p>FSSAI may be advised to issue essential documents like manufacturing licences, Certificate of nutritional products (CONP) FSSAI shall frame guidelines for issue of such certificate for export purposes.</p>

IDMA.... SUGGESTIONS FOR FOREIGN TRADE POLICY 2014-2019

S.No.	Existing provision/chapter of Foreign Trade Policy/ Hand Book	Problems experienced	Impact on transaction cost/time, if any	suggestions on improvement
				DGFT may kindly look into the notification No> 09 (RE -2012/2009-14,Dt.8.10.12 issued relating to import of marine oils viz., fish lipid oil, which are not in line with the dosage requirements
11	Export To Nepal	Remittance of Nepal Export are realized in INR	Not eligible for export incentives if the payment realized in INR	DGFT should issue instructions to allow export incentives if the payment realized in INR in respect to Nepal Export
<p>The ministry of Finance has issued Notification No. 37/2007 dated 17.09.2007 (appended below) that companies working in J&K State ineligible to claim rebate of excise duties paid on the export goods under Rule 18. The effect of the amendment is that there would be no benefit of excise duty to setting up the export unit in J&k. It is requested that matter may be taken up in the interest of the industry and rebate may be permitted to the industry set up in the backward regions like J&K so that such industry is no put the disadvantageous position as compared to the industry of the developed regions</p>				
12	Income tax benefits available to EOUs which were withdrawn by sunset clause from April 2011 onwards should be restored			
13	Erstwhile Target Plus Scheme which incentivized the exporters by granting duty credit entitlement as a percentage of incremental growth should be			

IDMA.... SUGGESTIONS FOR FOREIGN TRADE POLICY 2014-2019

S.No.	Existing provision/chapter of Foreign Trade Policy/ Hand Book	Problems experienced	Impact on transaction cost/time, if any	suggestions on improvement
	introduced			
14	Mandatory submission of manual ANF for all claims	Submitting manual applications over & above online, would result in duplication.	Additional documentation and resultant transaction cost	Submission of manual applications should be done away with.
15	Interest rate of 15% on unutilized imports against Advance Licence.	Customs are charging interest @ 18% interest since 1st April 2011	Extra 3% interest will lead to increase in transaction cost	Both the rates should be at par as normally Customs follow the rate prescribed by DGFT.
16	Payment of export agency commission in case of shipments to Iran	Agents insist for remittance of commission in USD or Euro, which presently is not allowed	Despite of allowing rupee export transaction, agents play crucial role in getting the business.	Remittance of agency commission by Euro should be allowed either thru UCO or other banks.
17	Online Application of Chapter 3 benefits.	For last one month exporters are unable to make online application for Chapter 3 benefits due to glitches in the DGFT System. Customs are not transmitting the Shipping Bill details of Exports effected under DBK/Free Shipping Bills to DGFT server. Because of this system is not populating the Shipping Bill Details for selecting the Number fro claiming Chapter 3 Incentives.	FOB values are not getting picked up correctly in the online application. Even when the Shipping Bill and BRC details are in the Repository the remarks "No matching Records found" is appearing in the System while making online application. Exporters are unable to avail Benefit of Chapter, which Increases the transaction Cost.	Transmission of Shipping Bill details by Customs to DGFT server like the erstwhile practice with respect to DEPB Scheme which is certainly a simple solution.
18	15% value addition For advance authorization –Para 4.16 of FTP	Indian exporters of this product can be more competitive as they will not be restricted by lower quantity of raw material allowed.	API exports are severely impacted Because of this provision.	Provision of 15% value addition for advance authorization should be deleted and it should be amended as positive value addition.
19	Fixation of Input-	Exports will be affected due to	Some of the cases are lying	Fixation of Input-Output norms on

IDMA.... SUGGESTIONS FOR FOREGIN TRADE POLICY 2014-2019

S.No.	Existing provision/chapter of Foreign Trade Policy/ Hand Book	Problems experienced	Impact on transaction cost/time, if any	suggestions on improvement
	Output norms	the long time taken for fixation of norms and uncertainty faced by the Industry.Customs duty and interest would be payable if norms are fixed lower.	pending for more than a year.The cases referred to Dept. of Chemicals & Petrochemicals (Pharmaceuticals) are not resolved in time.	priority within 60 days for Status holders as per para 3.10.4 of FTP. In all other cases it should be fixed within four months as per PC 20 dated 05.12.2007.In case the norms are not fixed within the above stipulated time the norms applied should be treated as final.
20	Drawback rates		Exports of Pharmaceuticals have shown a 13.3% growth during the April-November 2012 period.Chinese API exports are a threat to India.If the Government does not support this Industry ,they will also trail behind like other sectors.	Drawback rates are lower than DEPB rates in case of Pharma Products. As a temporary measure Drawback rates should be increased by 2% for two years.