Notification No. 22 /2009-2014 (RE- 2010)

Dated: 14th February, 2011

Subject:-**Amendment of paragraph 4.1.3 of Foreign Trade Policy (FTP) to allow access to duty free inputs based on actuals to manufacturer of pharma products through Non-Infringing process- regarding.**

S.O. (E): In exercise of powers conferred by Section 5, read along with Section 3(2) of the Foreign Trade (Development and Regulation) Act, 1992, also read along with paragraph 2.1 of Foreign Trade Policy, 2009-14, the Central Government hereby makes the following amendments in paragraph 4.1.3 of the Foreign Trade Policy, 2009-14 (RE-2010):

Existing provision under paragraph 4.1.3:
Advance Authorisation can be issued either to a manufacturer exporter or merchant exporter tied to supporting manufacturer(s) for:

i) Physical exports (including exports to SEZ); and / or

ii) Intermediate supplies; and / or

iii) Supply of goods to the categories mentioned in paragraph 8.2 (b), (c), (d), (e), (f), (g), (i) and (j) of FTP;

iv) Supply of 'stores' on board of foreign going vessel / aircraft subject to condition that there is specific SION in respect of item(s) supplied.

Amended sub-paragraph:
Advance Authorisation can be issued either to a manufacturer exporter or a merchant exporter tied to supporting manufacturer(s). However, advance authorisation under paragraph 4.7A of HBP. v1 (for pharmaceutical products manufactured through Non-Infringing (NI) process) shall be issued to Manufacturer exporter only."

Advance Authorisation shall be issued for:
i) Physical exports (including exports to SEZ); and / or

ii) Intermediate supplies; and / or

iii) Supply of goods to the categories mentioned in paragraph 8.2 (b), (c), (d), (e), (f), (g), (i) and (j) of FTP;

iv) Supply of 'stores' on board of foreign going vessel / aircraft subject to condition that there is specific SION in respect of item(s) supplied.

The Background & effect of this amendment:

Advance authorisation scheme allows access to duty free inputs required to manufacture the export product. Inputs and its quantities are allowed either as per Standard Input Output Norms (SION) or adhoc norms, based on average consumption data of the relevant industry.

There are certain manufacturing processes covered under Process Patents. Therefore, benefit of SION or Adhoc norms for such products (which are still under Process Patent, but product patent of which has expired) cannot be availed by manufacturer, other than the Patent holder. Such manufacturer, who wish to manufacture and export the product through a Non-infringing (NI) Process may require inputs and input quantities, other than that prescribed as per existing norms (SION or adhoc norms). Hence it has been decided to:

Incorporate a new provision as paragraph 4.7A in HBP v1, within the scope of advance authorisation scheme, to allow this facility to pharmaceutical sector, subject to fulfilment of certain specified conditions.

Further, since this facility shall be available to manufacturer exporters only and not to the merchant exporters tied to supporting manufacturer, paragraph 4.1.3 of FTP has been amended as stated at Sl. No. 1 above.

Sd/-
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Director General of Foreign Trade