

**MINUTES OF THE MEETING(MoM) OF THE PRE-BID MEETING HELD ON 15.10.2015 AT 3:00 PM AT THE O/O THE DIVISIONAL FOREST OFFICER, GREEN HOUSE COMPLEX, GOPAL REDDY ROAD, NEAR RED CIRCLE, BESIDE BISHOP AZARAI AH SCHOOL, VIJAYAWADA – 520 010, KRISHNA DISTRICT, ANDHRA PRADESH STATE, INDIA ON GLOBAL SALE OF RED SANDERS WOOD 2015 PHASE-III.**

ThePrl.CCF&HoFF, AP, the members of the Auction Team constituted by the Govt., representative from APFDC Ltd, representatives of MSTC Ltd, the Foreign/Indian purchasers, representatives of the Foreign/Indian purchasers and officials attended the pre-bid meeting.

ThePrl.CCF&HoFF, AP, welcomed the Purchasers and their representatives to the pre-bid meeting as notified in the tender notification and said that the response to the global tender notification 2014 &2015Phase-II for the sale of red sanders wood was phenomenal and requested the purchasers to extend their co-operation and to participate in the phase- III tender also. Some of the buyers/ Representatives of the buyers also expressed their happiness to the state government for conducting the sale in a transparent manner and exporting the material. The Prl. Chief Conservator of Forests informed the gathering thatentire notified material is neatly dressed, stacked in one place i.e. Central Warehousing Corporation godown, Renigunta, the best quality material has been notified for sale this time. Further he stated thatthere are lot of enquiries/clarifications sought by the domestic and foreign buyers through emails, phone calls and representations and these will be clarified during meeting.

The APCCF (Vigilance), a member of the Auction Team constituted by the Govt., informed the gathering that entire notified material is neatly dressed, stacked in one place i.e. Central Warehousing Corporation godown, Renigunta, the best quality material has been notified for sale this time.

The Chief Conservator of Forests (production) made a presentation and informed the prospective buyers about the quantity notified for the sale grade wise and all the necessary information along with photographs and videos of each lot pertaining to the sale are posted in the department website and MSTC website as well. The prospective buyers are requested to go through the websites and revert back if any further clarification/information is required.

The clarifications issued are as follows:

## **I. Calculation of EMD and Pre bid EMD from the starting price:**

The starting price is fixed in INR as per Government order. For the foreign buyers who have to pay the Pre bid EMD and Addl. Pre bid EMD in USD. The INR conversion rate to USD is taken as on the notification date i.e., 30.09.2015 from the Reserve Bank of India website <https://www.rbi.org.in> and accordingly calculated and mentioned in Annexure –A.

## **II. Bid Increment during auction:**

The Indian bidders can increase the bid by a minimum of Rs.5,000/- and foreign bidders by a minimum of 100 USD or its multiples during the process of auction.

## **III. Conversion Factor**

MSTC will consider exchange rate as fixed by Reserve Bank of India one day prior to e-auction dates notified.

i) For conversion of USD to INR and it will be rounded off to nearest whole number of INR.

ii) The USD will be taken up to (2) decimals of the fraction, if it is equivalent, more than half, it will be rounded off to the nearest whole number.

**IV.** If the tenderer fails to get any lot of red sanders wood put for e-tender-cum-e-auction, how much time will it take to refund the pre-bid deposit?

Will return the Pre-bid EMD within 3 working days from the date of closing of e-auction by M/s MSTC Ltd.,.

**V.** If the bidder is successful and the sale is confirmed by the appropriate authority, how soon the successful purchaser can get the material exported?

Please refer clause no. 33 & 34 of Special Terms and Condition for complete detail of delivery.

After remittance of 100% sale value, the buyer will be allowed to lift the material within 90 calendar days from the issuance of the confirmation order by the Seller.

**VI.** Can the Government give specific permission for allotment without participating in e-tender?

No, Entire notified quantity of 2868 MTs will be allotted to successful bidders in e-tender-cum-e-auction only. No allotment can be made without participating in e-Tender-cum-e-Auction.

**VII.** Can the buyer get ORIGIN CERTIFICATE and CITES Certificate?

A.P. Forest Department will issue Origin Certificate to the successful purchasers for the e-lots allotted to them. CITES certificate will be issued by the CITES Managing Authority. A.P.F.D.C. Ltd. will co-ordinate and assist in obtaining CITES certificate at the time of export.

**VIII.** Are the auctioned red sanders wood allowed to be exported to China and other countries?

CITES have given a onetime export of specimens of any type from 11,806 MTs of red sanders wood from confiscated or seized source (Source "I") to India. Copy of CITES National Export Quota for the year 2015 is available on the Forest Department website as well as MSTC Ltd website. In India, exports and imports are regulated by the Exports and Imports Policy (EXIM Policy) of Government of India in the Ministry of Commerce and Industries. Director General of Foreign Trade, (DGFT), Minister of Commerce, Government of India, have issued Notification No.47 (Re-2013)/2009-2014, dated 24.10.2013, Notification No.96 (Re-2013)/2009-2014, date. 05.11.2014 and Notification No.6/2015 – 2020 dated 06.05.2015 permitting Government of Andhra Pradesh to export 8584.1363 MTs of red sanders wood in log form. Copy of said notification can be seen at the A.P. Forest Department / MSTC website.

The Government of Andhra Pradesh have notified global tender for 2868 MTs of red sanders wood in Phase - III of Red Sanders Wood in log form out of 8584.1363 MTs permitted by the D.G.F.T. The Director General of Foreign Trade, New Delhi, on application for export license for the consignment to be exported will consider port of designation of export before issuing export license. Besides, the endangered species like red sanders wood also need to get the approval of CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) Managing Authority under the Ministry of Forest and Wildlife (M.O.E.F.), Government of India. As such, the red sanders wood as already permitted by CITES can be exported to those countries which are signatories to the said Convention. List of signatory countries to CITES can be seen at the

CITES website: <http://www.cites.org/eng/disc/parties/chronolo.php>. China is signatory to the CITES.

**IX.** Do the buyer need to apply for Red Sanders Export Licence or the Andhra Pradesh Government will arrange them?

The Govt. of Andhra Pradesh vide G.O. Rt. No. 256, EFS&T (Section.II) Department, dt. 30.09.2015 have appointed Andhra Pradesh Forest Development Corporation Ltd., (APFDC) Hyderabad, a State Government enterprise, as export agency and sale proceeds realization agency. APFDC Ltd. is registered as exporter and is having IEC Code (Importer - Exporter Code). Accordingly APFDC Ltd. will apply for issue of export licence for the Red sanders Wood sold for each successful foreign buyer as per buyer's requirement i.e., destination of export etc., to the DGFT and take up export on granting of licence by the Director General of Foreign Trade. Whereas for the successful Indian buyers have to apply for export licence in their IEC Code.

The APCCF (Vigilance) informed the purchasers/representatives of the purchasers that, MSTC Ltd., a Government of India enterprise which is entrusted with responsibility of conducting e-tender-cum-e-auction in a transparent way will make a presentation on the process of e-tender-cum-e-auction and a demo on the live bidding process for the benefit of the purchasers and address the queries/clarifications.

The MSTC Ltd. representatives made a detailed presentation/demonstration on the following-

- (i) **Registration Procedure-** The procedure for registration for domestic/Foreign buyers with MSTC Ltd., for participating in the sale was once again reiterated.
- (ii) **Brief Details about the e-tender-cum-e-auction-** viewing of the details of the auction i.e., day wise, depot wise, grade wise lots put for sale and the pre-bid and additional pre-bid EMD for each and every lot to be paid by the Indian buyer in INR and Foreign buyer in USD.
- (iii) **Procedure of submitting of Pre-bid EMD & Additional Pre-bid EMD-** It was clarified that, the Bidders who wish to bid in this e-auction shall submit Pre-Bid Deposit for each e-auction LOT in US Dollars equivalent or in Indian Rupees two working days before the date of e-auction accepted till 17.00 hours (IST). The Pre-Bid Deposits must be submitted through RTGS/NEFT/SWIFT or DD/PO in favour of MSTC LIMITED payable at Hyderabad from any scheduled Bank.

Pertaining to the additional Pre-bid, the Bidders who wish to participate in this e-auction shall submit Additional Pre-Bid Deposit for each LOT in US Dollars or INR by DD/PO/ RTGS/NEFT/SWIFT or the bidders may submit Additional Pre-bid Deposit in the form of Bank Guarantee. The Bank Guarantee shall be issued by a scheduled bank listed under Reserve Bank of India having a branch at Hyderabad valid for a period of at least one year from the date of e-auction as per specified proforma mentioned in the Special Terms and Conditions. Bank guarantee in original shall reach MSTC Limited, Hyderabad on or before 5 (five) working days (of MSTC) before the date of the e-tender- cum e-auction.

The bidders on behalf of whom the bank guarantee has been submitted shall facilitate in getting confirmation by the issuing bank. The issuing bank is liable to give the confirmation of bank guarantee within 2 working days to MSTC Limited.

Pl. refer to clause Nos. 21 of STC for more details,

**(IV) Demo on Bidding Procedure-** The process of bidding for the e-tender and e-auction was demonstrated to the purchasers/representatives of the purchasers step by step in detail.

**(V) Bid Increment** - The Indian bidders can increase the bid by a minimum Rs. 5,000/- or multiples of Rs. 5000/- and foreign bidders by a minimum of 100 USD or in multiples of 100 USD”

The important features of e-tender-cum-e-auction process viz. the EMD management, Bid History, Auto Bid, Bid Increment, Auto Time Extension and Conversion Factor were also explained in detail duly demonstrating on the screen.

The VC & MD, APFDC made a presentation on the procedure/steps for export as follows-

1. The Govt of AP confirms the sale to the successful bidder and PCCF issues letter of allotment with sale details to the foreign buyer.
2. After paying 25% of sale amount, the buyer shall enter into agreement and pays the balance 75% sale amount within 30 days and furnish a Purchase Order duly indicating the Port of Loading and Port of Destination and the name and address of the consignee, notified party etc.
3. The Buyers apply in the prescribed format (Form-I) with application fee of RS.10,000/- to National Biodiversity Authority (for direct export to NRI / Foreigners) or the State Biodiversity Authority (for sale within

India) for clearance by paying 5% of sale amount as Access Benefit Sharing (ABS) fee and enter into an agreement with the NBA / SBA.

4. APFDCL obtains Certificate of Origin (CoO) from PCCF and thereafter addresses the concerned Jt. DGFT for issue of Export License for export of RS Wood in log form duly furnishing the application in the prescribed proforma, while enclosing copies of the Govt. Orders, copy of IEC, copy of CAPEXIL membership, copy of Agreement with the buyer, Certificate of origin and Purchase Order.
5. Application to the Jt. DGFT shall be made for export license online (e-com application of DGFT Web Site) and in the prescribed proforma of ANF-1 and ANF-2N.
6. On request by Jt. DGFT, Ministry of Environment and Forests (SU and WL Division) GOI issues No Objection Certificate (NOC) to Jt. DGFT for grant of export license.
7. The Jt.DGFT issues Export License in the name of APFDCL with details of Consignee, Port of Loading, Port of Destination and Validity Period after obtaining NOC from MoEF.
8. Soon after receiving Export License, APFDCL addresses the PCCF to release the RS Wood material informing about sanction of export license.
9. The PCCF addresses the concerned DFOs to release the material and issue Transit Permits under strict supervision of Forest / Police personnel (Forest / Police protection within AP State only) up to the port of loading (i.e., the Container Freight Station or Inland Container Depot). The material will be under the custody of customs.
10. The Bank issues a certificate indicating its dealer code and confirming the remittance of sale amounts in foreign currency, after which APFDCL files Self Declaration Form (SDF) to the Custom authorities confirming the receipt of remittances from foreign buyer. Thereafter, APFDCL raises Invoice and Packing List for filing the Shipping Bill.
11. In order to file Shipping Bill and undertake other formalities at the Port of Loading, APFDCL appoints CHA (Clearing House Agent) in consultation with the foreign buyer or his agent.

12. The CHA looks after the filing of Shipping Bill and other Custom formalities. Services charges to CHA are paid by the Buyer.
13. Customs authorities are informed about the arrival of goods and requested to permit unloading for filing shipping bill, duly informing sanction of export license and Container Freight Station.
14. APFDCL requests the CITES authorities to issue the required number of blank CITES permits.
15. After receipt of the blank CITES permits, the VC & MD of APFDCL signs the CITES permits and furnish it to the concerned Regional Deputy Director (Chennai for Krishnapatnam, Hyderabad and Chennai Areas) along with the copies of Shipping Bill, Invoice, Export Licence and transit permits.
16. The CITES Authorities cause inspection of the cargo and issues CITES permit and required endorsement on the Invoice and CITES Permit.
17. Phytosanitary certificate is also obtained if the importing country needs the same by filing on line application.
18. The Customs Authorities inspect the cargo and process the Shipping Bill and issue Let Export Order (LEO) duly endorsing on the Export Licence about the quantity being exported as per the Shipping Bill.
19. After issue of LEO, loading of cargo is undertaken in the Container with the permission of Customs Officials at CFS (Container Freight Station).
20. After loading of cargo in the container, the Fumigation Agent issues Fumigation Certificate after undertaking fumigation.
21. Customs Officials seal the containers by fixing their seals.
22. Containers are moved to the Shipping Liner after the Bill of Lading is issued by the Shipping Liner.
23. All the required documents are transmitted to the foreign buyer for receiving the cargo.

24. The foreign buyer / notified party shall receive the cargo at the port of destination indicated by him. In case, CITES import permit is required at the importing destination, he shall make arrangements by himself.

### **Procedure for Export of RS Wood by Indian Buyers**

1. The Indian buyers need to have purchase order from their foreign buyers **before the Sale**, else VAT has to be paid as per Section 5(3) of CST Act.
2. Once the Indian Bidders become successful Buyer they have to be declared as an Entity for Export by the AP Government.
3. The application and further export of RS wood is similar to the procedure as followed by APFDCL.
4. They are required to ensure inward remittances in foreign currency as per their contract for exports.
5. The APFDCL / APFD only ensure the required assistance in filing the documents with the concerned authorities.

Further, the purchasers /representatives of the purchasers requested the Auction Team to issue clarifications on the following queries:

**Question**:- The rates fixed as starting price for the 2015 phase-III sale is on higher side and requested to modify the price so that buyers in large number can participate in the auction.

**Clarification**: The starting price fixed is not higher compared to the rates offered by the bidders in the 2014 and 2015 phase - II sale. This will allow only the genuine buyers to participate in the auction process.

**Question**:-What is the need for collection of Income tax from the Foreign Buyers as they neither have any income in India nor they have any firm in India.

**Clarification**: As per section 206-C of the IT Act, the seller has to collect Income Tax and the Foreign Buyers may request for refund of the Income Tax paid by them, if India and the foreign country have a treaty for avoidance of double taxation.

**Question**:- What about the VAT?.

**Clarification:** The Foreign buyers, who directly purchase the Red Sander wood from the seller need not pay any VAT. However, for Domestic Buyers Section 5(3) of the CST Act, if the domestic buyer, who has initially purchased the material from the seller possess a purchase order from the Foreign Buyer before the conclusion of sale between the seller and the initial domestic buyer and the entire purchased material is sold to the Foreign Buyer without any value addition or change in its form, then the sale (known as penultimate sale) does not attract VAT. However, if the material changes hands in between from the initial purchaser to the foreign buyer or changed its form or value addition is done to the material then collection of VAT at each stage except at the penultimate stage has to be made.

**Question:-** What is the need for insisting for PAN for the Foreign Buyers as they neither have any income in India nor they have any firm in India.

**Clarification:** Please refer to the Clause number 24 of the Special Terms and Conditions of the tender document, the successful buyers should have the PAN otherwise they shall obtain it.

**Question:-** What about the other Taxes?

**Clarification:**The successful buyers have to pay ABS fees. The Foreign Buyers have to pay 5% of the sale value as ABS fees directly to the National Biodiversity Authority(NBA), Chennai, after applying online and thereafter entering in to an agreement with the NBA. The Domestic Buyers have to pay 5% of the sale value as ABS fees to the concerned State Biodiversity Authority (SBA),and thereafter entering in to an agreement with the SBA. However, if the Domestic buyer wants to resell the wood to a Foreign Buyer, then the Foreign Buyer has to pay 5% of the difference of sale amount as additional ABS fees to the NBA, Chennai after applying online and thereafter entering into an agreement with NBA.

**Note: However, the bidders are informed that, for relevant taxes, they should also ascertain from the concerned authorities for more clarity.**

**Question:-**without knowing the Reserve Price it will be difficult to bid in the auctions, reveal the reserve price.

**Clarification:** The Reserve Price, as per the policy of the Government is confidential and will be fixed by a High Level

Committee. If the bids offered by the bidder is over and above the Reserve Price and highest for a particular lot, the bidder shall get an automated email for information and after confirmation of the H1 bid for that particular lot by the Government, a confirmation order.

**Question**:-If the tenderer fails to get any lot of red sanders wood put for e-tender-cum-e-auction, how much time it will take to refund the pre-bid deposit.

**Clarification:** In case the company is not successful in the auction, MSTC Ltd. will return the Pre-bid EMD within 3 working days from the date of closing of e-auction.

Some of the bidders gave a representation to the PCCF and requested to reduce the Starting Price fixed by the Government. The PCCF informed them that, the representation will be sent to the Government for taking necessary action.

The Addl. Principal Chief Conservator of Forests (Vigilance), Andhra Pradesh, thanked the purchasers / representatives of the purchasers, members of auction team, A.P.F.D.C. Ltd. and MSTC Ltd. for attending the pre-bid meeting and requested the prospective buyers to go through the Special Terms & Conditions in detail for clarity, reiterating that the successful buyers (Indian/Foreign) have to submit the PAN number to APFDC/APFD for filing the income tax returns when the confirmation order is issued by the Government and also requested them to keep watching the Department & MSTC website for further clarifications.

Sd/-A.V. Joseph  
Prl. Chief Conservator of Forests  
(Head of Forest Force)