

MINUTES OF THE MEETING(MoM) OF THE PRE-BID MEETING HELD ON 29.05.2015 AT 11.00 A.M. AT MAIN CONFERENCE HALL, OFFICE OF THE PrI.CCF & HoFF, ANDHA PRADESH, ARANYA BHAVAN, HYDERABAD, INDIA ON GLOBAL SALE OF RED SANDERS.

The PrI.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.

The PrI.CCF & HoFF, AP, welcome 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 notice-2014 for the sale of red sanders wood was phenomenal and requested the purchasers to extend their co-operation and to participate in the phase- II 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 PrI. Chief Conservator of Forests informed the gathering that in the phase-II sale we have tried to incorporate the suggestions given by the purchasers – 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. Further he stated that there 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 PrI.CCF (Vigilance), a member of the Auction Team constituted by the Govt., made a presentation on the questions/queries/ clarifications/ suggestions sought by the purchasers after the tender notification was issued, as shown below -

Question No.1: 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.

Reply: 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 last e-auction.

Question No.2: If the bidder is successful and the sale is confirmed by the appropriate authority, how soon the successful purchaser can get the material exported?

Reply: After remittance of 100% sale value, they will be allowed to lift the material within 90 days from the issuance of confirmation order. Please refer clause no. 33 & 34 of Special Terms and Condition for complete detail of delivery.

Question No.3: I tried to register as a buyer in your website, it showed that the server encountered an internal error.

Reply: Please use below link for registration:

http://www.mstcecommerce.com/auctionhome/mstc/buyer_reg_foreign.jsp

Question No.4: We need 500 MTs only. Can you give us specific permission without participating in e-tender.

Reply: Entire notified quantity of 3500 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.

Question No.5: Can we get ORIGIN CERTIFICATE and CITES Certificate?

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

Question No.6: Are the auctioned red sanders wood allowed to be exported to China and other countries?

Reply: 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 2014 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 date.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 3500 MTs In Phase II 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.

Question No.7: Do we need to apply for Red Sanders Export Licence or the Andhra Pradesh Government will arrange them?

Reply: The DGFT vide notification no 47 (RE-2013)/2009-2014 dated 24.10.2013 has permitted to export 8584.1363 MTs RS Wood in log form by itself or through any entity/entities so authorised by them for the purpose. The Govt. of Andhra Pradesh vide G.O. Rt. No.110, EFS&T (Section.II) Department, dt. 06.05.2015 have appointed Andhra Pradesh Forest Development Corporation Ltd., (APFDC) Hyderabad, a State Government enterprise, as export agency and sale proceeds realization agency (Order of the Government can be seen at A.P. Forest Department's website). 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 sander 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 DGFT. Whereas for successful Indian buyers have to apply for export licence in their IEC Code.

Question No. 8: What are the taxes applicable to the foreign bidders and domestic bidders and what taxes are exempted for foreign purchasers on the sale value of the successful lots i.e., VAT, Income Tax, Excise Fees, Customs Duty and other taxes and other duties.

Reply: The relevant taxes applicable depend on the status of the buyers (bidders).

The successful buyers (Indian/Foreign) have to submit the PAN number to APFDC for filing the income tax returns when the confirmation order is issued by the Government.

(1) For foreign bidders:

(i) VAT & CST is exempted as it is exported directly by the APFDC under export licence granted by DGFT.

(ii) Income Tax shall be collected under Section 206 C at the following rates:

Non Resident Non Corporate Person		Non Domestic Company		
Rs. one crore or less	More than Rs. one crore	Rs. one crore or less	More than Rs. one crore but not more than Rs. ten crore	More than Rs. ten crore
2.575%	2.8325%	2.575%	2.6265%	2.70375%

(2) For domestic bidders :

(i) VAT / CST is to be collected @ 14.5%. For inter-state transactions, CST @ 2% is to be collected against the issue of 'C' Form.

(ii) Income Tax shall be collected under Section 206 C @ 2.5%.

With regard to Customs Duty and Excise Duty, it is informed that it was not levied for the exports of RS Wood carried out till date.

With regard to Access Benefit Sharing Fee payable under Biological Diversity Act, 2002, kindly refer to Condition No.24 (iii) of STC and it has to be paid at the rate of 5% of the sale amount / auctioned amount by the successful bidder before exporting as fixed by National Biodiversity Authority.

Note: However, the bidders are informed that, for relevant taxes, they should also ascertain from the concerned authorities for more clarity. In addition, taxes and fee are payable as per the rate in force from time to time.

Question No.9: Whether bank L.C. will be accepted?

Reply: No, we cannot accept payment through L.C.

Question No.10: Then what about bank guarantee, for what purpose and what amount the bank guarantee (whether post- paid EMD or 75% of sale) explain?

Reply: The Additional Pre-bid deposit (EMD) can be submitted either through Bank Guarantee or wire transfer. The post BID EMD and balance 75% can be transferred only wire transfer (SWIFT).

Question No.11: Is it necessary to register with MSTC before inspecting the lot in the depots?

Reply: The prospective domestic and international buyers can inspect the notified lot in the depots with (or) without registration with MSTC. Prior registration with MSTC is not compulsory for inspecting depots.

The Pri. CCF (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 of 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 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. 10,000.00(Rupees ten thousand only) 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. APFDC 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 (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 APFDC with details of Consignee, Port of Loading, Port of Destination and Validity Period after obtaining NOC from MoEF.
8. Soon after receiving Export License, APFDC addresses the PCCF to release the RS Wood material informing about sanction of export license.
9. PCCF addresses the concerned DFOs to release the material and issue Transit Permits under strict supervision of Forest / Police personnel 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. APFDC raises Invoice and Packing List for filing the Shipping Bill. The APFDC also files Self declaration form (SDF) confirming the receipt of remittances from foreign buyer. The Bank also issues a certificate indicating the dealer code and confirming the remittance of sale amounts in foreign currency.

11. In order to file Shipping Bill and undertake other formalities at the Port of Loading, APFDC 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 subsequent Custom formalities.
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. APFDC submits application in prescribed proforma for issue of CITES permit to the concerned Regional Deputy Director (Chennai for Krishnapatnam, Hyderabad and Chennai Areas) along with the copies of Shipping Bill, Invoice, Export License and copies of transit permits.
15. The CITES Authorities cause inspection of the cargo and issues CITES permit and required endorsement on the Invoice and CITES Permit.
16. Phyto-sanitary certificate is also obtained if the importing country needs the same by filing on line application.
17. The Customs Authorities inspect the cargo and process the Shipping Bill and issue Let Export Order (LEO) duly endorsing on the Export License about the quantity being exported as per the Shipping Bill.
18. After issue of LEO, loading of cargo is undertaken in the Container with the permission of Customs Officials at CFS (Container Freight Station).
19. After loading of cargo in the container, the Fumigation Agent issues Fumigation Certificate after undertaking fumigation.
20. Customs Officials seal the containers by fixing their seals.
21. Containers are moved to the Shipping Liner after the Bill of Lading is issued by the Shipping Liner.
22. All the required documents are transmitted to the foreign buyer for receiving the cargo.
23. 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.

2. The application and further export of RS wood is similar to the procedure followed by APFDC.
3. They are required to ensure inward remittances in foreign currency/ US \$ as per their contract for exports.
4. The APFDC/APFD ensures 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 depositing of pre-bid EMD and addl. Pre-bid EMD with MSTC Ltd. initially and MSTC transferring it to APFDC Ltd., and after the contract is over the APFDC is releasing addl. Pre-bid EMD to the successful buyers . Some of the foreign banks are questioning why APFDC is releasing the addl. Pre-bid EMD instead of MSTC Ltd., where the money was deposited by the bidder. They requested MSTC shall release the addl. Pre-bid EMD after the contract is over instead of APFDC.

Clarification: The Government will be appraised .

Question:- While bidding when the bidder offers rates / exorbitant rates the application should show pop up, warning as well as the bid amount offered in words.

Clarification: The MSTC Ltd., informed that this issue has been discussed with their systems department and it will be implemented, pop up will be enabled.

Question:- Is there any restriction on number of lots purchaser can bid

Clarification: There is no such restriction. However, the purchaser has to deposit sufficient pre-bid and addl. Pre-bid EMD to participate in the as many numbers of lots.

Question:- In the last sale, notification was issued for 4000 MTs and the Government has confirmed 2694 MTs, some of the lots where the rates offered are above the upset price and e-mail was received as H1 bidder but the lots were not confirmed.

Clarification: The system generated e-mail/ intimation is only to inform the buyer/ H1 bidder to be in readiness to pay the sale value subject to confirmation of the lot by the Government. By mere being H1 bidder shall not accrue any right on the lot.

Question:- The notified lots have been mentioned weight in MTs, the buyers want to know the volume as well.

Clarification: Once the sale is over and confirmed to the successful buyers efforts will be made to inform the volume of the lot as well.

Question:- For visiting the Red Sanders wood Godown, the in charge staff of the godown are informing the prospective buyers that as per the instructions issued by the department one person per firm will be allowed. The buyers requested the department to allow more than one person per firm per day.

Clarification: The staff/ in charge of the depot shall be instructed to allow 2 to 3 members per firm per day, the members can take photograph and video as well.

Question:- The rates fixed as starting price for the phase-II – 2015 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 sale. This will allow only the genuine buyers to participate in the auction process.

Question:- Some of the buyers requested the department in case of any postponement of the auction to intimate the prospective buyers at least before one week.

Clarification: In such emergency the buyers will be informed in advance.

Question: - Is there any provision to transport the exported material to other country i.e., to China and CITES will permit it or not.

Clarification: 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.

The A.P State Government shall get the export license to the buyer for which country is intended to export. However, the buyer shall verify with that country for further export.

Question: - Can the State Government request the customs authority to relax the submission of phyto sanitary certificate for the export of Red Sanders wood.

Clarification: It is a must for the procedures of export of produce of biological origin.

Question: - In the previous sale the successful buyers experience inconvenience for the weighment of logs/ lots.

Clarification: In the CWC Godown where the material is stacked weigh bridge is available inside the godown.

Question: - Some of the successful buyers of the previous sale faced difficulties due to delay in loading in the last day of the export license; the staff did not provide escort security up to the Krishnapatnam port.

Clarification: Instructions will be issued to the field staff to coordinate and load the material well in advance of the export license. The escort security will not be a problem this time because one platoon police personnel will be at the disposal of the depot in charge.

Question: - Some of the buyers requested the department that since the pre-bid EMD has been collected the Government should not collect the

addl. Pre-bid EMD. The prospective buyer should be exempted from paying addl. Pre-bid EMD.

Clarification: This is as per the special terms and conditions of the tender document; it will allow only genuine buyers to participate in the tender process. Nevertheless, this will be put before the tender committee for the next sale.

Question: - In the Special terms and conditions it has been mentioned that the commission, Bank transfer charges for transferring EMD/ Sale value etc., to be borne by the bidders. The prospective buyers said that when they are transferring money to the Government account they are not aware of the bank commission and transfer charges of the Banks located in Hyderabad. They requested the Government to bear such bank charges.

Clarification: The Government will be appraised.

Question:- As per the special terms and conditions of tender document there is a provision for making delayed payment by paying interest at the rate 1% per week for (15) days for balance sale value. This is on higher side and requested the Government to relax it.

Clarification: This is as per the special terms and conditions of the tender document; it will allow only genuine buyers to participate in the tender process. Nevertheless, this will be put before the tender committee for the next sale.

Question:- The prospective buyers requested the Government to give (60) days' time from the date of issue of the confirmation order for payment of 75% of the balance sale value instead of existing (30) days.

Clarification: This is as per the special terms and conditions of the tender document; it will allow only genuine buyers to participate in the tender process. Nevertheless, this will be put before the tender committee for the next sale.

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.

The Prl. Chief Conservator of Forests (HoFF), 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)

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for Prl. Chief Conservator of Forests.