



**SALE OF RED SANDERS WOOD
(*PTEROCARPUS SANTALINUS*)**

GLOBAL E-TENDER- CUM – E-AUCTION

INFORMATION FOR THE PROSPECTIVE BIDDERS

**DEPARTMENT OF ENVIROMENT, FORESTS, SCIENCE AND TECHNOLOGY
GOVERNMENT OF ANDHRA PRADESH**

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INTRODUCTION:

Andhra Pradesh is a sunrise state with rich biodiversity and vibrant economy in Southern India with Natural Forests extending over 36,915 Sq. Km out of state's geographical area of 162,960 Sq. Km. The state is rich in biodiversity with a number of unique and endemic species like Red Sanders (*Pterocarpus santalinus*), *Shorea tumbergia*, *Shorea talura*, *Cycas beddomei*, Jerdon's Courser, Golden Gecko etc.,

The state boasts of a rich cultural heritage and is an important destination for the followers of Hinduism and Buddhism. The famous Chinese traveler Huen Tsang spent considerable time in documenting the rich heritage of the state.

Red Sanders (*Pterocarpus santalinus*) is endemic to the forests of Seshachalam, Veligonda, Lankamala and Palakonda hill ranges of Andhra Pradesh, India. Red Sanders wood is one of the highly priced woods in the world. It is comparatively heavy with specific gravity of 1.28 and is sold by weight. It has pleasing colour, beautiful grains and high luster, due to which it is used for ornamental carvings. Its timber is used in preparation of musical instruments in Japan viz., "Shamosin".

The objective of the present mission is to explore possibilities of collaborating with the Government of China and Chinese entrepreneurs in trade and investments for value addition and marketing of Red Sanders.

M/s Andhra Pradesh Forest Development Corporation Limited (APFDC), the authorized agent of Government of Andhra Pradesh, India, herein after referred to as the SELLER, hereby notifies the sale of **1,957.906** Metric Tonnes (MTs) of dressed and graded Red Sanders (*Pterocarpus santalinus*) Wood (RSW) in any form (logs, round short/rough square logs, value added) for export on "As is where is basis without any segregation of logs in the notified Lots".

The details of RSW lots for which bids are being invited by the APFDC Ltd., located at Central Warehousing Corporation (CWC) warehouse at Renigunta, near Tirupati, Andhra Pradesh, India.

Information for the Prospective Bidders
(Frequently Asked Questions) (FAQs)

Q:-Whether Andhra Pradesh Forest Department (APFD), Andhra Pradesh Forest Development Corporation Limited (APFDC), MSTC Limited are Government Organizations / Enterprise?

A:-Yes. APFD and APFDC are Government Organization / Enterprise under the State Government of Andhra Pradesh, whereas MSTC is a Government of India Organization / Enterprise.

Q:-Where is the Red Sanders Depot located in India?

A:-The Red Sanders Depot is located within the Central Warehousing Corporation (CWC) Godown at Renigunta which is adjacent to Tirupati Airport. Tirupati airport is having direct flights from Delhi, Hyderabad, Bangalore and Visakhapatnam. It is only 3 hours journey by road/rail from Chennai Airport.

Q:-What are the roles of the 3 agencies (APFD, APFDC and MSTC)?

A:-APFD is the OWNER of the Red Sanders Lots (that are advertised for sale) kept at CWC, Renigunta. APFDC is the SELLER of the Red Sanders Lots for the Foreign as well as Indian buyers. APFDC is also the facilitator and exporter on behalf of the foreign buyers. MSTC is the sale conducting agency or AGENT OF THE SELLER to conduct the global sale using their e-auction platform (Electronic sell using its Servers, Proprietary Software and Internet).

Q:-What are the Contact numbers and E-Mail address of APFDC, APFD and MSTC?

A:-The details are given in the STC. However the E-Mail addresses are vcmd.apfdcl@gmail.com; apccfprodapfd@ap.gov.in; and tsatyasai@mstcindia.co.in for APFDC, APFD and MSTC respectively for getting immediate and authenticated reply.

Q:-Is it required to first register with MSTC before inspecting the proposed Red sanders Lots?

A:- No. It is not necessary to register with MSTC for inspection of the lots. The photo identity card of the bidder or its authorized representative is essential for inspection of the lots.

Q:-In which place and on which dates and time the sale will be conducted?

A:-There is no specific place to conduct the sale as the sale is to be conducted electronically over the INTERNET. The initial dates of sale are 26th&27thJuly 2017. Lots remaining unsold will be again put to sale on 2nd &3rdAugust, 2017 and again on 9th& 10th August 2017. The timings of the sale are 10.00 AM to 2.00 PM of Indian Standard Time (IST).

Q:-What is the methodology for conducting the sale?

A:-E-Tender cum E-Auction shall be followed by MSTC for conducting the sale. Detailed procedure of E-Tender cum E-Auction can be seen from the Annexure-B of the Special Terms and Conditions (STC).

Q:-Can anyone purchase the Red Sanders wood without participating in the E-Auction?

A:-No. The only method of disposal is the transparent process of e-auction.

Q:-How to participate in the sale and bidding process?

A:-Prospective Bidders have to first REGISTER in the MSTC web site (<http://www.mstcindia.co.in> or <http://mstcecommerce.com>). While registering, they must click "AGREE" on the General Terms and Conditions (GTC) of the sale web page and Buyer Specific Terms and Conditions (BSTC) of the sale web page and enter their personal details. The foreign buyers have to pay 575 United States Dollar and the Indian Buyers have to pay Rupees 11,500 for Registration with MSTC which includes service tax of 15% well in advance before the start date of sale. Buyers, who have already registered with MSTC, need not register again.

Q:-How much Pre-Bid Deposit or Earnest Money Deposit (EMD) has to be deposited and to which account?

A:-The foreign bidders have to deposit 500,000 USD per for all 3 cycles of sales. Indian bidders have to deposit 35,000,000 INR for all 3 cycles of sales.

Q:-Is there any Start Price for the Lots and what is the increment amount in the bidding process?

A:-Yes, Start Price will be notified one hour before the starting of E-auction and it may vary from one E-Auction Lot to another E-Auction Lot. The online bidding shall be conducted in USD only with the incremental bid of 100 USD or its multiples. For Indian bidders only the conversion value of USD with INR will be shown in the auction platform.

Q:-What is the Reserve Price of all the 3 Grades of Lots?

A:-Reserve Price will not be disclosed as it is confidential.

Q:-Within how much time the EMD of unsuccessful bidder will be refunded?

A:-Within a maximum period of 7 days of issue of confirmation orders by the Seller, EMD of unsuccessful H1 bidders will be refunded by APFDC. For those bidders who are not H1 or to whom no intimation goes, the EMD will be refunded by APFDC within 7 days of actual sale date. However, the bank charges for the refund will be borne by the bidders.

Q:-Is there any possibility of calling the H1 or H2 or H3 bidder for negotiation?

A:-There is no provision for negotiation in the process of E-Auction cum E-Tender. Only if the H1 bid is equal to or above the upset/reserve price, confirmation may be accorded after further examination and approval by Government of Andhra Pradesh.

Q:-How much time is required to get the confirmation order from Government of AP after the intimation is given to the H1 Bidder by MSTC?

A:-Within (5) working days, it will be informed.

Q:-After getting confirmation order for the H1 bidder, how the due amounts are to be paid and when the agreement has to be signed?

A:- 25% of the full sale value has to be paid within 10 days of issue of confirmation order and agreement has to be signed with APFDC within 30 days of issue of confirmation order. Further, the balance 75% of the full sale value has also to be paid within 30 days of issue of confirmation order. Interest @12% per annum will be charged on the balance 75% amount for a maximum period of 30 days, failing which all pre & post bid amount already paid will be forfeited.

Q:-What are the taxes and fees in addition to the bid value?

A:-Access Benefit Sharing (ABS) fees of 5% of the full sale value have to be paid by the Foreign Buyers to the National Biodiversity Authority (NBA), Chennai and an agreement has to be entered with NBA. Indian Buyers have to pay 5% of the full sale value to the Andhra Pradesh Biodiversity Authority (APBA) and enter into agreement with APBA. If Indian Buyers want to export the RS wood, they have to again pay 5% of the difference of the declared export value and the purchased auction value to NBA and enter into agreement with NBA. Income tax has to be paid @2.6265% to 2.70375% (depending on the value of the lots) by the Foreign Buyers and @2.5% by the Indian Buyers. Value Added Tax (VAT) has to be paid by the Indian Buyers @14.5% for sale within Andhra Pradesh, 2% Central Sales Tax (CST) for Inter State Sale within India and without any VAT if the Indian Buyer has a purchase order for the lots from foreign buyers before the auction sale and it is exported as it is (known as penultimate sale). Goods and Services Tax (GST) will be imposed in lieu of VAT or CST, once GST comes into force.

Q:-What are the major changes proposed in the VII phase of sale compared to the VI phase of sale?

A:- (1) Rate of interest for the balance full sale value of 75% reduced to 12% from the earlier 18% for a period of another 30 days beyond the 30 days confirmation period, (2) Percentage of reduction in the actual weight of the Lot compared to the notified weight (mentioned in Annexure-A) is revised to 4% of the notified weight in lieu of the earlier 3%, (3) For the Indian as well as Foreign Buyers who have chosen their own CHA/C&F Agents, Ground Rent beyond the delivery period (45 days from the issue of export license) shall be USD 20 per MT per Month for a maximum period of 30 days beyond the said 45 days. (4) EMD amount will be adjusted against 75% sale amount due as against 25% of sale amount in the previous sale.

Q:-Is there any necessity to pursue with all the Government Agencies like Ministry of Environment and Forests(MoEF), Director General of Foreign Trade(DGFT), The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), CUSTOMS, Principal Chief Conservator of Forest(PCCF), APFDC & MSTC by the Successful Buyer for getting the lots delivered?

A:-There is no necessity to pursue with the above agencies by the foreign buyers, if they choose the Clearing House Agents / Clearing and Forward Agents (CHA/C&F) empanelled

by APFDC and pay the prescribed rate per Metric Tonne to the CHA/C&F agents through APFDC within 30 days of issue of confirmation order.

Q:-Is there any possibility to pay the balance 75% full sale value through LC system (Letter of Credit issued by Banks)?

For foreign buyers, confirmed and irrevocable letter of credit may be accepted for the balance 75% of the full sale value, provided the buyer acknowledges the receipt of the e-lots mentioned in the Invoice, while the logs are loaded in the AP Forest Department Depot and immediately after loading into the Vessel.

Q:-How much time is required to export the lot after the issue of confirmation order?

A:-Normally the delivery period is 90 days after the issue of confirmation order.

Q:-How much time is allowed for delivery from the issue of export license for the Indian/Foreign Buyers who have chosen their own CHA/C&F Agent and for the Foreign Buyers who have chosen the services of APFDC empanelled CHA/C&F agent?

A:-45 days is allowed for delivery from the issue of export license for the Indian/Foreign Buyers who have chosen their own CHA/C&F Agent. Extension beyond 45 days is allowed for a maximum period of 30 days for Indian as well as Foreign Buyers who have chosen their own CHA/C&F Agent, subject to payment of ground rent of USD20 per MT per month. However, for the foreign buyers who have chosen the services of CHA/C&F agent empanelled by APFDC by paying the prescribed amount within 30 days of confirmation, the responsibility of delivery lies with the APFDC.

Q:-If the actual weight of the sold lot at the time of delivery is reduced by more than 4% of the notified weight, who will refund the amount?

A:-In such a case a representation shall be given to the VC&MD of APFDC who will weigh the lot in his presence and take appropriate decision to refund the proportionate amount beyond the permitted 4% dryage.

Q:-Whether CITES permit export of Red Sanders wood to Countries who are signatories to CITES Convention and is there any limit for export?

A:-Export to all the Countries including China, who are the signatories to CITES, are permitted subject to the quota fixed for the exporting country(here India). The 1957.906 MTs of Red Sanders wood proposed for sale is within the quota fixed for India by CITES.

Q:-When the permission given by the DGFT for export of Red Sanders Lots will expire and is there any provision for further extension?

A:-The expiry date is up to dt.30.04.2019. There is no further extension beyond dt.30.4.2019.
