

CH 4 EXPORT PROCEDURE & DOCUMENTATION

A series of horizontal lines in teal and light blue colors, with varying lengths and thicknesses, extending from the left edge of the slide towards the right, positioned below the main title.

Export Procedure & Documentation

- Export is one of the main components of International business and involves the movement of goods and services across the nations and the exchange of foreign currencies between the dealing parties. This makes export a complex process and the exporter is bound to follow the legal, and compulsory formalities imposed by the exporting country.
- No country in today's world wants to deliver illegal or bad quality goods and services to other nations, as now international trade is governed under the strict rules of the World Trade Organization. Therefore, a series of strict procedures have to be followed by the exporter before the goods leave the boundaries of the home country.

Export Procedure & Documentation

Registration

1. Establish a Business Entity

- Before you can export, you must have a legally recognized business entity. This could be:
 - Sole proprietorship
 - Partnership firm
 - Limited Liability Partnership (LLP)
 - Private/Public Limited Company

2. Obtain a PAN (Permanent Account Number)

- A PAN (issued by the Income Tax Department) is mandatory for any business conducting exports in India. In other countries, this would be a Tax Identification Number (TIN) or equivalent.

Export Procedure & Documentation

Registration

3. Open a Current Bank Account

- You must open a **current account in the name of the business** with a bank authorized to deal in foreign exchange.

4. Obtain Import Export Code (IEC)

- This is the **most critical registration** in the export procedure.
- **Issued by:** Directorate General of Foreign Trade (DGFT)
- **Mandatory for:** All exporters and importers in India
- **Validity:** Lifetime (unless surrendered)

Documents required:

- PAN Card of the business
- Proof of business address
- Bank certificate/cancelled cheque
- Identity and address proof of owners/directors

Export Procedure & Documentation

Registration

5. Register with Export Promotion Council (EPC)

- Depending on the product category, the exporter must register with the **concerned EPC**, e.g.:
 - **APEDA** for agricultural products
 - **EEPC** for engineering goods
 - **FIEO** for general export assistance

6. GST Registration

- Required if turnover exceeds the threshold
- Mandatory for claiming **GST refunds** on exports (exports are zero-rated under GST)
- GSTIN is also used in e-invoicing and shipping bill filing

Export Procedure & Documentation

Registration

7. Product-Specific Licenses or Registrations (if required)

- Some goods may require special licenses:
- **Drug License** for pharmaceuticals
- **ISPM-15** for wooden packaging
- **FSSAI** for food items
- **MSME/UDYAM Registration** (for small businesses)

8. Factory or Warehouse Registration (if applicable)

- If you're manufacturing or packaging goods, local municipal or state-level licenses for your facility may be required, depending on your product.

9. Register with Customs / ICEGATE

- In India:
- Register on **ICEGATE portal** (Indian Customs EDI system)
- Enables filing of shipping bills, checking status, etc.

Export Procedure & Documentation

Pre-shipment

Receipt of Export Order / Contract

- The exporter receives a **purchase order** or **enters into a contract** with the foreign buyer.
- Key details to verify:
 - Product specifications
 - Quantity and price
 - Payment terms (e.g., Letter of Credit, advance)
 - Shipping terms (FOB, CIF, etc.)

2. Assess Importer's Creditworthiness

- Evaluate buyer's financial credibility
- Use:
 - Bank references
 - Credit rating agencies
 - Export Credit Guarantee Corporation (ECGC) cover (in India)

Export Procedure & Documentation

Pre-shipment

3. Procurement / Manufacturing of Goods

- Source raw materials or manufacture goods as per the buyer's specifications
- Ensure compliance with quality standards and timelines

4. Quality Control / Pre-shipment Inspection

- Some countries or buyers demand a **pre-shipment inspection** by a recognized agency (like SGS, BVQI)
- In India, **Export Inspection Agency (EIA)** can conduct such inspections
- Certificates may be required for:
 - Food/agricultural products
 - Machinery
 - Electronics

Export Procedure & Documentation

Pre-shipment

5. Packing and Labeling

- Pack goods according to:
 - International standards (ISPM-15 for wood)
 - Buyer instructions
 - Mode of transport (air/sea/land)
- Labels must include:
 - Exporter and importer details
 - Country of origin
 - HS Code
 - Handling instructions (Fragile, This Side Up, etc.)

Export Procedure & Documentation

Pre-shipment

6. Transportation to Port / ICD

- Arrange local logistics to transport goods to:
 - Port (for sea/air shipment)
 - Inland Container Depot (ICD) if using containerized shipping
- Get transport documents like **Lorry Receipt (LR)** or **Railway Receipt (RR)**

7. Customs Clearance: Documentation Preparation

- Prepare the following documents:
- **Commercial Invoice**
- **Packing List**
- **Shipping Instructions**
- **Declaration Form (e.g., SDF in India)**

Export Procedure & Documentation

Pre-shipment

8. Application for Export Incentives (Optional)

- If eligible, apply for:
 - Duty drawback
 - MEIS / RoDTEP / Advance Authorization
- (These are India-specific schemes — other countries may have similar)

9. Insurance

- Take a **marine insurance policy** to cover the goods in transit
- Responsibility depends on Incoterms:
 - CIF: Exporter arranges insurance
 - FOB: Buyer arranges insurance

Export Procedure & Documentation

Pre-shipment

10. Pre-shipment Finance

- Exporter may approach a bank for **pre-shipment credit (packing credit)**
- This is a short-term working capital loan to fund production or procurement

11. Booking Cargo Space

- Book space with a shipping line, freight forwarder, or airline
- Obtain:
 - Shipping Bill (via customs portal like ICEGATE)
 - Shipping instructions submitted to carrier
 - Provisional shipping schedule

Export Procedure & Documentation

Pre-shipment

12. Customs Clearance at Port

- File shipping bill electronically (via EDI system)
- Submit:
 - IEC code
 - GST details
 - Product HS Code
 - Invoice and Packing List
- Goods examined (if required)
- Clearance granted for export

Export Procedure & Documentation

Shipment

1. Receipt of Export Order

- **Export promotion starts with securing an export order** from an overseas buyer.
- The exporter confirms terms such as:
 - Quantity
 - Price
 - Delivery timeline
 - Payment terms (e.g., Letter of Credit, Advance Payment)

Export Procedure & Documentation

Shipment

2. Processing the Order

- Assess availability of goods (inventory or production).
- Determine specifications, packaging requirements, and labeling as per buyer/import country standards.

3. Quality Inspection / Pre-shipment Inspection

- Some countries require **third-party inspection** to certify quality.
- Inspection agencies may be appointed by:
 - Buyer
 - Exporter
 - Government (especially for regulated goods like food, pharma, etc.)

Export Procedure & Documentation

Shipment

4. Export Packaging and Labeling

- Goods are packed using **international-grade materials**.
- Labels include:
 - Product details
 - Handling instructions
 - Destination marks
 - Safety/warning signs (if applicable)
- Proper packaging prevents damage during long transit.

Export Procedure & Documentation

Shipment

5. Arrangement of Transport

- Decide on **mode of transport**: sea, air, rail, road, or multimodal.
- Choose a **freight forwarder** or book cargo space with carriers.
- Decide on Incoterms (e.g., FOB, CIF) to define delivery responsibilities.

6. Documentation Preparation

- Accurate documentation is **critical in shipment and export promotion**, as errors can cause delays or penalties.

Export Procedure & Documentation

Shipment

7. Customs Clearance (Export)

- File **Shipping Bill** electronically with customs.
- Submit documents to customs authorities for verification.
- Pay applicable export duties (if any).
- Upon approval, “**Let Export Order (LEO)**” is granted, and goods are cleared for shipment.

8. Stuffing and Loading

- Cargo is **stuffed into containers** (if containerized shipment).
- Containers are sealed by customs or authorized agents.
- Goods are transported to **port/airport/ICD (Inland Container Depot)** for final loading onto the vessel or aircraft.

Export Procedure & Documentation

Shipment

9. Dispatch of Goods

- Goods are officially **shipped from the country of origin**.
- The shipping line or carrier issues the final **Bill of Lading** or **Air Waybill**.

Export Procedure & Documentation

Post Shipment

1. Shipment Completion

- Goods are successfully loaded and dispatched from the port/airport.
- The shipping line or carrier issues:
 - **Bill of Lading (B/L)** for sea shipments
 - **Airway Bill (AWB)** for air shipments
- This marks the transition to **post-shipment processes**.

2. Submission of Documents to Bank

- The exporter submits necessary documents to their **authorized dealer bank** for the realization of export proceeds.
- These documents are used by the bank to **negotiate or collect payment** from the buyer's bank (especially under a **Letter of Credit (LC)** or **Documents against Payment/Acceptance**).

Export Procedure & Documentation

Post Shipment

3. Realization of Export Proceeds (Payment Receipt)

- The exporter's bank receives payment from the buyer or the buyer's bank.
- Upon receipt, the bank credits the exporter's account in foreign currency or INR equivalent.
- The exporter must ensure that:
 - Payment is received within the time limit (e.g., **9 months** from shipment date in India, unless extended).
 - **Bank issues a BRC (Bank Realization Certificate)** once payment is confirmed.

Export Procedure & Documentation

Post Shipment

4. Follow-up with Buyer (if needed)

- If payment is delayed, the exporter must:
 - Communicate with the buyer.
 - Involve the bank (for collections).
 - Possibly seek assistance from **ECGC** (Export Credit Guarantee Corporation) if insured against buyer default.

5. Submission to Export Promotion Council / Authorities

- To avail export incentives or fulfill legal requirements, exporters may need to submit documents to **DGFT (Director General of Foreign Trade)**.

Export Procedure & Documentation

Post Shipment

6. Claiming Export Incentives / Refunds (Country-Specific)

- In many countries, including India, exporters are eligible for benefits & exporters submit required documents online/offline and track the status of their claims.

7. Record Maintenance and Compliance

- Exporters are expected to:
- Maintain all export documents for **audit/compliance** (usually 5–7 years).
- File any **returns** (like shipping bill number, realization status).
- Respond to any **queries** from customs, banks, or tax departments.

Export Procedure & Documentation

Export Documentation

- In the context of **exporting**, **commercial documents** refer to the paperwork required to facilitate the international sale of goods and to ensure compliance with regulations in both the exporting and importing countries.
- These documents serve various purposes, including customs clearance, payment processing, transportation, and legal compliance.

Export Procedure & Documentation

Commercial Documentation

Commercial Invoice

- A bill issued by the exporter to the importer.
- Includes product details, quantity, value, payment terms, and shipment details.
- Required for customs clearance and taxation.

Packing List

- Details about how goods are packed, including dimensions, weight, and packaging type.
- Assists customs and logistics handlers in inspecting and verifying cargo.

Export Procedure & Documentation

Commercial Documentation

Proforma Invoice

- A preliminary invoice sent before shipment.
- Used by the buyer to arrange import licenses, make advance payments, or open a letter of credit.

Certificate of Origin (CO)

- Declares the country where the goods were manufactured.
- Required by many countries to determine import duties or for trade agreement benefits.

Export Procedure & Documentation

Commercial Documentation

Bill of Lading (B/L)

- A transport document issued by the carrier.
- Serves as a receipt of goods, a contract of carriage, and a document of title.

Air Waybill (AWB)

- Used for air shipments instead of a Bill of Lading.
- A non-negotiable document that shows proof of shipment and transport agreement.

Export License (if required)

- Authorization from the government to export certain controlled goods.

Export Procedure & Documentation

Commercial Documentation

Insurance Certificate

- Provides evidence that insurance coverage has been obtained for the shipment.

Letter of Credit (L/C)

- A financial document issued by the buyer's bank guaranteeing payment to the seller upon fulfillment of agreed conditions.

Inspection Certificate

- Confirms goods have been inspected and meet the specified standards or contract requirements.
- Often required in exports of machinery, food, or regulated products.

Export Procedure & Documentation

Regulatory Documents

- **Regulatory documents in export** are official papers required by governments or international bodies to **comply with legal, safety, health, environmental, or trade regulations** when exporting goods.
- These documents ensure that exported products meet the rules of both the **exporting** and **importing** countries.

Export Procedure & Documentation

Regulatory Documents

Export License

- Issued by the government of the exporting country
- Required for controlled goods (e.g. weapons, high-tech items, pharmaceuticals)
- Example: A U.S. company may need a license from the Bureau of Industry and Security (BIS)

Certificate of Origin (CO)

- Confirms the country where the goods were manufactured
- Often required to determine tariffs or apply trade agreement benefits (e.g., NAFTA, ASEAN)

Export Procedure & Documentation

Regulatory Documents

Health and Sanitary Certificates

- Certify that agricultural, food, or animal products meet health standards
- Issued by relevant food or agriculture authorities (e.g., USDA, Ministry of Agriculture)

Phytosanitary Certificate

- Required for plant or plant-based product exports
- Confirms that goods are pest- and disease-free

Export Procedure & Documentation

Regulatory Documents

Dangerous Goods Declaration

- Required for hazardous materials (chemicals, batteries, etc.)
- Ensures proper packaging, labeling, and handling according to international standards (e.g., IATA, IMO)

Export Declaration / Electronic Export Information (EEI)

- Filed with customs to declare the nature, value, and destination of goods.

Import Permits (of the destination country)

- Sometimes the importer must secure a permit, and the exporter must provide documentation for the same

Environmental Compliance Certificates

- Needed for goods with environmental impact (e.g., electronics, chemicals, vehicles)



THANK YOU