

EXPORT MARKETING - SEM VI

MODULE-IV EXPORT PROCEDURE AND DOCUMENTATION

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CONTENTS

- Registration with various authorities
- Pre shipment Procedure
- Procedure for Quality Control and Pre Shipment Inspection
- Shipping and Custom Stage Formalities
- Role of Clearing and Forwarding agent
- Post Shipment Procedure for realization of export proceeds
- Procedure of Export under Bond
- Letter of Undertaking
- Importance of
 - Commercial Invoice
 - Bill of Lading
 - Shipping Bill
 - Consular Invoice
 - Certificate of Origin

Registration with Various Authorities

- Registration of Organisation
- Registration with RBI
- Registration with DGFT
- Registration with Tax Authorities
- Registration with EPC
- Registration with Commodity Boards
- Registration with FIEO
- Registration with Other Authorities

Pre-shipment Procedure

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- Preliminary activities
 - Registration
 - Appointment of agents
 - Designing website
 - Appointment of distributors
 - Order Receipt Confirmation
 - Letter of Credit
 - Obtaining Packing Credit
 - Production or Procurement of Goods
 - Packing and Marking of Goods
 - Pre-shipment Inspection
 - Central Excise Clearance
 - ECGC Cover
 - Marine Insurance Policy
 - Appointment of Custom House Agent
 - Instructions to CHA

Procedure of Quality Control and Pre-shipment Inspection

- Govt. of India has set up Export Inspection Council (EIC)
- 5 agencies in Mumbai, Kolkata, Kochi, Delhi, Chennai
- Systems of Quality Control
 - Self-certification – Manufacturing units given authority to certify own products. They have to pay a nominal yearly fee minimum Rs. 2500 and maximum Rs. 1 lakh
 - In-process Quality Control-Quality control is from raw material to finished product stage including packaging. 800 units in India are operating under this system
 - Consignment Wise Inspection

Procedure of Quality Control and Pre-shipment Inspection

- Application
- Deputation of Inspector
- Inspection and Testing
- Repacking of goods
- Reporting to EIA
- Inspection Certificate
- Appeal against Rejection note

Note:

Not applicable to goods marked with ISI/AGMARK/ISO9000.

Buyer may depute his own inspection team if needed

Shipping and Customs Stage Formalities

- **Submission of documents** (Commercial Invoice, Certificate of Origin, Consular Invoice, GR form, Packing List, Shipping Bill, any other relevant document)
- **Verification of documents**
 - Custom Appraiser verifies documents
 - Makes an endorsement of Examination Order on the duplicate copy of the shipping bill
 - All documents except Original copy of GR forwarded to RBI, Original copy of shipping bill, One copy of Commercial Invoice
- **Carting order**- Permission to bring the goods inside the docks. Issued by the Superintendent of Port Trust
- **Storing of goods in the ship**
- **Examination of goods**- Customs Examiner examines the goods and signs the LET EXPORT ORDER
- **Let Ship Order**-Let export Order is shown to Customs prevention Officer. Endorses LET SHIP ORDER on the duplicate copy of the shipping bill

Shipping and Customs Stage Formalities

- ➔ **Loading of Goods**-After Let Export and Let ship order, loading takes place and the Chief Mate Officer issues the Mate's Receipt. It is acknowledgement that certain no. of packages have been loaded.
- ➔ **Payment of Port Trust Duties**- CHA pays the duties and approaches the CPO for shipping bill and other documents
- ➔ **Obtaining Bill of Lading**: Mate's Receipt is then handed over to the shipping company and shipping company issues Bill of Lading
- ➔ **Payment to CHA**

Role of Custom House Agent

- Obtaining Shipping order
- Arrangement for Internal Transport
- Preparation of Shipping Bill
- Submission of documents to custom
- Obtaining carting order
- Storing of goods
- Obtaining Let Export Order
- Obtaining Let Ship Order
- Loading of Goods
- Payment of Port Trust Duties
- Obtaining Bill of Lading

Realization of Export Proceeds

- Submission of Documents to Bank
 - To be submitted within 21 days
 - Bill of Lading, Shipping Bill, Commercial Invoice, Consular Invoice, Certificate of Origin, GR Form,
- Verification of Documents
- Certification of Documents - (Bank certifies, can be used for claiming Incentives, also useful for importer)
- Dispatch of documents –Exporters bank transfers to importers bank, importers bank transfers to importer
- Letter of Indemnity - (Undertaking by the exporter to the bank to repay the advance if the discounted bills are not paid by the importer)
- Discounting of Bills
- Payment by Importer
- Processing of GR form (exporters bank sends GR Copy to RBI RBI cross checks the duplicate with the original)
- Follow - up

Commercial Invoice

- Basic export document
- Required for preparing all other documents
- Exporters bill of goods
- Has no specific format

What it should contain?

- Name and address of exporter/importer
- Description of goods
- Value of goods less discounts if any
- Signature of exporter
- Terms and conditions
- L/C number
- Name of the ship
- Packaging Details
- Any other

Importance of Commercial Invoice

Exporter

- 1. Customs clearance**
- 2. Claiming of incentives**
- 3. Recording and filing**
- 4. Receipt of payment**
- 5. Documentary proof**
- 6. Preparation of other documents**

Importer

- 1. Customs Clearance**
- 2. Claiming tariff concessions**
- 3. Recording and filing**
- 4. Payment of customs duty**
- 5. Payment to exporter**
- 6. Obtaining loans**

Shipping Bill

- Main document for customs authorities
- Required for permission of shipment of goods
- Only after shipping bill cargo can be carted in docks
- Prepared in 5 copies
 - Customs
 - Duty drawback
 - Export Promotion
 - Port trust
 - Exporters

What it contains?

- Name and address of exporter
- Number and description of packages
- Quantity, weight and value of goods
- Name of vessel
- Country of destination
- Total amount of duty
- Port at which goods to be discharged
- Any other

Types

Free Shipping Bill	No export duty Not entitled for duty drawback In white paper
Dutiable Shipping Bill	Export duty May or may not be entitled for DBK In yellow paper
Drawback Shipping Bill	For refund of DBK In green paper
Shipping Bill for Shipment Ex-bond	Used for re-export In yellow colour
Coastal Shipping Bill	Not an export document Used when goods moved from one port to another sea by India

Importance of Shipping Bill

Exporter

1. Customs clearance
2. Claiming of incentives
3. Recording and filing
4. Carting Order
5. Loading of goods

Certificate of Origin

- Required for certain goods
- Certifying origin of goods, without which clearance of imported goods is refused
- Issued by Chambers of Commerce

Importance of Certificate of Origin

Exporter

1. Customs clearance
2. Recording and filing
3. Proof of Origin

Importer

1. Customs Clearance
2. Claiming tariff concessions
3. Recording and filing

Consular Invoice

- Required by Philippines, Australia, New Zealand etc.
- Goods imported should be certified by the Consulate of their Country stationed in the exporters country.
- Exporter to pay certain fee

Importance of Consular Invoice

Exporter

1. Customs clearance
2. Recording and filing
3. Proof of Origin
4. Clearance from Restrictions

Importer

1. Customs Clearance
2. Recording and filing
3. Proof of Origin

Mate's Receipt

- Issued by the Chief Mate (assistant to the captain of the ship)
- After cargo is loaded on the ship
- Acknowledgement that goods have been received on the board the ship

What does it contain

- Description of packages
- Condition of goods loaded on the vessel
- Name of the vessel
- Date of loading
- Port of shipment/destination
- Name and address of exporter/importer
- Any other

Importance of Mate's Receipt

Exporter

1. Acknowledgement
2. Pay port duties
3. Obtain bill of lading

Bill of Lading

- Issued by Shipping Company after shipment
- Contract between exporter and shipping company for carriage of goods to the port of destination

What does it contain

- Name of shipping company
- Name of the ship
- Name and address of exporter/importer
- Voyage number and date
- Number of packages
- Whether freight paid or payable
- Date of loading of goods on the ship
- Any other

Types

- Clean BL- No adverse remarks
- Claused BL- Adverse remarks (Two cases Damaged)
- Stale BL- presented to the bank after many days of issue
- Freight Paid BL-When freight is paid by exporter
- Freight Collect BL- When freight to be collected from the importer
- Straight BL- Name of the importer in written
- To order BL- BL issued to the order

Importance of Bill of Lading

Exporter

1. Proof of shipment
2. Payment of Freight
3. Recording and Filing
4. Claiming of incentives

Importer

1. Customs Clearance
2. Recording and filing
3. Payment of Freight
4. Recording and Filing

International Commercial Terms (INCO Terms)

- ***Ex Works (EXW)***- makes the seller responsible for packaging and leaving the goods at their factory or place of manufacture. Buyer is then responsible for loading, transporting, shipping, unloading and transporting again to destination
- ***Free Carrier (FCA)***-seller is responsible for packaging and loading goods onto a truck at the port and clearance of goods at the port. Buyer is responsible for shipping, unloading and transporting again to destination.
- ***Carriage Paid To (CPT)***- Seller responsible upto shipping i.e. transport of goods. Buyer will take care of insurance, unloading and transporting to destination.
- ***Carriage and Insurance Paid to (CIP)***- Seller bears cost until transport and Insurance.
- ***Delivery at Terminal (DAT)***- Seller bears cost upto goods getting delivered at buyers terminal as well as unloading. Buyer pays for customs clearance and taxes at destination.
- ***Delivery at Place (DAP)***-Seller will pay upto clearance of customs, taxes and duties.
- ***Delivery Duty Paid (DDP)***- Seller will take responsibility upto unloading of goods upto buyers destination.
- ***Free alongside Ship (FAS)***-Seller takes responsibility upto goods loading onto the vessel. Buyer takes over from there.
- ***Delivery Duty Unpaid (DDU)***-Seller will pay upto the destination of importer. Buyer will bear only duties.

➤ Free on Board (FOB)

- Seller quotes a price which includes:
 - Ex-factory cost
 - Packing charges
 - Customs and Port Charges
 - Documentation Charges
 - Export Duty
 - Inland Transport Cost
 - Wharfage and Portage
 - Other Expenses
 - Profit is added and Incentives are deducted

FOB Price = Cost of Goods + Expenses upto Board the ship + Profit - Incentives

➤ Thus Seller Must:

- Bear Cost and expenses, Intimate the buyer, Prepare documents, Properly pack the goods, Supply the goods and deliver the goods on board the ship

➤ The Buyer Must:

- Book the shipping space, bear cost and risks after loading, Insurance premium, Freight Payment, Payment to Exporter

➤ Cost and Freight (C & F)

➤ **C&F Price=FOB Price + Freight**

➤ Seller Must: Same as FOB + Freight i.e. shipping charges

➤ Buyer Must: Pay Insurance, duties, and Make payment to exporter

➤ Cost, Insurance and Freight (CIF)

➤ **C&F Price=FOB Price + Freight + Marine Insurance**

➤ Seller Must: Same as FOB + Freight i.e. shipping charges + Insurance

➤ Buyer Must: Pay duties, and Make payment to exporter

➤ **Sums on FOB Price**