EXPOT IMPORT MANAGEMENT

UNIT 1

International Bodies in Export-Import

International bodies help regulate, facilitate, and standardize global trade. Below is a detailed look at some key organizations involved:

- **World Trade Organization (WTO)**:
  - The WTO is the global body that regulates international trade between nations. It provides a forum for trade negotiations, resolves disputes, and ensures trade flows smoothly and predictably.
  - **Key Functions**:
    - Administering trade agreements.
    - Acting as a forum for negotiations.
    - Resolving disputes between member countries.
    - Monitoring national trade policies.
    - Providing technical assistance and training for developing countries.
- **International Chamber of Commerce (ICC)**:
  - The ICC represents companies from all sectors of international business. Its mission is to promote international trade and investment, and it provides tools for businesses to manage the complexities of global trade.
  - **Key Functions**:
    - Develops standards such as **Incoterms** (International Commercial Terms), which help define the roles of buyers and sellers in international trade.
    - Resolves international business disputes through mediation and arbitration.
    - Advocates for open markets and a global trading system.
- **United Nations Conference on Trade and Development (UNCTAD)**:
  - UNCTAD promotes trade and development, especially in developing countries. It focuses on the economic growth of developing nations and supports sustainable development through trade policies and the management of investment.
  - **Key Functions**:
    - Provides research, policy analysis, and technical assistance.
    - Focuses on trade and development issues including technology, investment, and finance.
    - Works to reduce inequalities between developed and developing countries.
- **International Maritime Organization (IMO)**:
  - The IMO is a specialized UN agency responsible for the regulation of shipping. It ensures safety, security, and environmental protection in international shipping.
  - **Key Functions**:

- Develops regulatory frameworks for shipping safety, including ship construction standards, pollution prevention, and crew training.
- Encourages international cooperation among countries for improving maritime safety and reducing environmental damage.

- **International Air Transport Association (IATA)**:
  - The IATA represents airlines worldwide and sets global standards for air transport. It aims to ensure that international air travel is safe, efficient, and economically viable.
  - **Key Functions**:
    - Regulates and improves air transport.
    - Sets global standards for ticketing, baggage handling, and safety.
    - Facilitates partnerships between airlines and governments.
- **Customs Authorities and Border Control Agencies**:
  - These are national authorities responsible for controlling the flow of goods across borders. They ensure that imports and exports comply with customs laws and regulations and collect duties and taxes.
  - **Key Functions**:
    - Ensuring compliance with trade laws, customs duties, and tariffs.
    - Preventing illegal trade practices like smuggling.
    - Facilitating legitimate international trade through proper documentation and processing.

2. Export-Import Cycle

The **Export-Import Cycle** refers to the series of stages involved in the movement of goods and services between countries, and it includes:

Pre-shipment Phase:

- **Market Research**: Identifying target markets, customers, and suppliers. This involves analyzing foreign market trends, competitors, and demand for the product.
- **Negotiation**: This stage includes discussions between the exporter and importer regarding price, terms of delivery (Incoterms), quantity, payment methods, and shipment deadlines.
- **Issuance of Proforma Invoice**: This is a preliminary document outlining the details of the goods being sold, including the price, payment terms, and delivery methods.
- **Preparing the Goods for Shipment**: This includes manufacturing or gathering goods, packaging, labeling, and preparing the required export documents (commercial invoice, packing list, certificate of origin, etc.).

Shipment and Customs Procedures:

- **Export Documentation**: Proper documentation is essential for export procedures. It includes:
    - **Commercial Invoice**: A bill issued by the seller to the buyer.
    - **Packing List**: A detailed list of goods in the shipment.
    - **Bill of Lading**: A receipt for goods shipped that also serves as a document of title.
    - **Certificate of Origin**: A document that certifies the origin of the goods being exported.
    - **Export Declaration**: A document filed with the government agency indicating the details of the exported goods.
- **Customs Clearance**: Customs authorities in both the exporting and importing countries review documents, inspect goods (if necessary), and collect taxes or duties.
- **Freight Forwarding**: A freight forwarder arranges the transportation of goods from the exporter's location to the importer's destination, selecting the appropriate mode of transport (sea, air, rail, road).

Post-shipment Phase:

- **Payment**: Depending on the payment method agreed upon (advance, letter of credit, open account, etc.), the buyer pays for the goods.
- **Final Delivery**: The goods reach the destination port or the buyer's location.
- **Completion of the Transaction**: The exporter receives payment (if not paid in advance), and the buyer takes possession of the goods, completing the transaction.

3. IEC Online Application (Import Export Code)

The **Import Export Code (IEC)** is a unique 10-digit code issued by the Directorate General of Foreign Trade (DGFT) in India. It is mandatory for any entity involved in international trade.

Steps to Apply for IEC Online:

1. **Register on DGFT Website**: Visit the official DGFT website (https://www.dgft.gov.in/) and create a user account.
2. **Submit Application (ANF 2A)**: Fill out the IEC application form (ANF 2A) online.
3. **Provide Documentation**:
    - **PAN Card**: A valid PAN card of the business or individual.
    - **Address Proof**: Valid proof of the business address (e.g., utility bills, lease agreement).
    - **Bank Account Details**: A canceled cheque or bank certificate.
4. **Pay the Application Fee**: The IEC application involves a nominal fee, which can be paid online.

5. **Approval**: After submission, DGFT processes the application. Once approved, the IEC is issued electronically and can be downloaded from the DGFT portal.

4. Types of Transportation

Transportation in international trade is crucial for delivering goods from the exporter to the importer. The choice of transportation depends on factors like cost, time, and type of goods. Key modes include:

Sea Freight:

- **Characteristics**: Most cost-effective for large volumes and bulky goods. Ideal for non-urgent shipments.
- **Containerization**: Goods are packed into standard containers (20-foot or 40-foot containers).
- **Types of Ships**: Includes bulk carriers (for raw materials like coal, oil), container ships (for packaged goods), and tankers (for liquids like oil).

Air Freight:

- **Characteristics**: Fast but expensive. Suitable for high-value or time-sensitive goods.
- **Types of Cargo**: Electronics, perishable goods, pharmaceuticals, and luxury items.
- **Airlines and Airports**: Goods are transported by cargo planes. Handling at both departure and arrival airports is critical.

Land Transport (Road/Rail):

- **Road Transport**: Cost-effective for short distances and flexible for delivery to specific locations. However, it is susceptible to delays caused by road conditions or traffic.
- **Rail Transport**: Used for long distances, particularly for bulk goods. More eco-friendly than road transport.

Pipeline Transport:

- **Characteristics**: Primarily used for liquids (e.g., oil, gas). Pipelines provide continuous, safe, and efficient transport.
- **Usage**: Oil, natural gas, and even water and chemicals.

5. Containers and Packaging

Packaging ensures the safety and integrity of the goods during transport, while containers are used for physical transport of goods.

Containers:

- **Standard Containers**: 20-foot and 40-foot containers are most commonly used.
- **Refrigerated Containers (Reefers)**: For temperature-sensitive goods like food, medicine, and flowers.
- **Open-Top Containers**: Used for cargo that is too tall for standard containers (e.g., heavy machinery).
- **Flat-Rack Containers**: Used for irregular-shaped goods or items that cannot fit in a standard container.

Packaging:

- **Packaging Materials**: Boxes, crates, barrels, and pallets are used depending on the nature of the product.
- **International Standards**: Goods must be packed according to international standards (e.g., ISPM-15 for wooden packaging to prevent pest transmission).
- **Markings and Labels**: Should include details like handling instructions, weight, size, and the destination.

6. Incoterms (International Commercial Terms)

Incoterms define the responsibilities of buyers and sellers in international trade. They specify who will bear the costs and risks at each stage of the shipment.

Common Incoterms:

- **EXW (Ex Works)**: The seller makes the goods available at their premises, and the buyer bears all costs and risks from that point onward.
- **FOB (Free on Board)**: Seller is responsible for delivering goods to the port of shipment, and once on board the ship, the buyer takes responsibility.
- **CIF (Cost, Insurance, and Freight)**: Seller covers the cost of goods, insurance, and freight until they reach the destination port.
- **DAP (Delivered at Place)**: Seller is responsible for delivering goods to the buyer at a specified location, but the buyer handles import customs and taxes.

- **DDP (Delivered Duty Paid)**: Seller takes responsibility for all costs, including import duties and taxes, until the goods are delivered to the buyer's doorstep.

7. Payment Terms in Export and Import

Payment terms establish the conditions under which payment for international transactions will be made.

Common Payment Methods:

- **Advance Payment**: The buyer pays the seller before goods are shipped. This method is advantageous to the seller but risky for the buyer.
- **Letter of Credit (L/C)**: A bank guarantees payment to the seller as long as they meet the terms set in the letter of credit. This method reduces risk for both parties.
- **Documents Against Payment (D/P)**: The exporter ships the goods and submits the necessary shipping documents to the buyer's bank. The buyer pays to receive the documents and take possession of the goods.
- **Open Account**: The goods are shipped before payment, and the buyer pays at a later date. This is the riskiest option for the exporter.
- **Consignment**: The exporter retains ownership of the goods until they are sold by the importer. It is common in industries like fashion or machinery.

UNIT 2

Certainly! Here's a more **elaborate and detailed** version of the topics related to **Product Selection**, **Market Selection**, **Research**, **Buyer Verification**, **Exhibition Visits**, **Identifying Genuine Buyers**, and **Buyer Communication and Verification** in **Export-Import** for BBA students:

1. Product Selection for Export

Product selection is a crucial decision for exporters as it directly impacts their profitability, market penetration, and long-term sustainability. It involves choosing the right products based on factors like demand, competitive advantage, and compliance with market requirements.

Key Factors in Product Selection:

- **Market Demand**:
    - It is essential to identify products that are in demand in the target market. Research the consumption trends, consumer preferences, and emerging needs in the international market. For example, certain food items, garments, or technology products may have higher demand in specific regions.
    - **Market Research Methods**: Conduct surveys, interviews, and focus group discussions to gather direct feedback from consumers in the target market.
    - Use secondary data sources, such as industry reports, trade publications, and export data, to identify demand trends.
- **Competitive Advantage**:
    - Look for products that offer a competitive advantage in terms of price, quality, or unique features. This can involve offering products that are cheaper, superior, or distinctive in terms of packaging, branding, or functionality compared to what is already available in the target market.
    - **Value Proposition**: Your product should clearly fulfill a specific need or desire better than competing products.
- **Export Regulations & Compliance**:
    - Ensure that the product complies with the regulations of both the exporting and importing countries. Certain products may be subject to specific certifications (e.g., organic certification, safety standards), especially in industries like food, electronics, and pharmaceuticals.
    - Each country has its own set of rules for importing specific goods. For example, the European Union has strict requirements for food imports, and the USA has specific regulations for technology and agricultural products.
- **Profitability and Costing**:
    - Evaluate the profitability of the product by considering all costs involved in production, packaging, transportation, customs duties, tariffs, and other overheads. The product's selling price should account for all these costs while ensuring that there is room for profit.

- **Break-even Analysis**: Conduct a break-even analysis to understand how many units need to be sold to cover costs and start generating a profit.

- **Shelf Life and Packaging**:
  - For products that are perishable (like food, flowers, or medicines), it is essential to assess the product's shelf life and ensure that the necessary packaging, such as temperature control and ventilation, is in place.
  - In the case of fragile products, special packaging and handling instructions need to be considered.
- **Export Restrictions**:
  - Some products, like high-tech goods or sensitive materials, may have export restrictions due to national security concerns, international sanctions, or political reasons.
  - It's essential to research whether there are any embargoes or restrictions on the product in the target market.

2. Market Selection for Export

Selecting the right market for export is just as crucial as choosing the right product. The target market should have the right characteristics to ensure success and growth for your product.

Key Factors for Market Selection:

- **Market Size and Growth Potential**:
  - Analyze the market size (i.e., the population size and purchasing power) and growth potential in the target country. Larger markets like the USA, China, and India offer substantial growth opportunities, but they also have fierce competition.
  - Focus on emerging markets where the middle class is growing, such as Southeast Asia, Africa, and Latin America. These regions may offer untapped demand for certain products.
- **Economic Conditions**:
  - Study the country's economic conditions, including GDP growth rate, inflation, and economic stability. A stable economy ensures that the consumer base has the ability to buy goods.
  - Exchange rates are also an important consideration. Fluctuating exchange rates can make your product more expensive or affordable in foreign markets, affecting demand.
- **Cultural and Social Factors**:
  - Understanding cultural norms, consumer behavior, and local preferences is essential for the success of your product. Products that align with local tastes and traditions are more likely to succeed.

  - For example, in the food industry, certain food preferences or ingredients may vary widely between countries. Similarly, apparel preferences, fashion trends, and colors may differ.
- **Trade Agreements and Tariffs**:
  - Countries with free trade agreements (FTAs) or favorable trade policies make it easier and cheaper to export goods. These agreements can reduce tariffs and import duties, making your product more competitive.
  - Check whether there are any non-tariff barriers, such as quotas, licensing requirements, or stringent regulatory measures that might complicate export.
- **Logistics and Infrastructure**:
  - The availability of proper logistics, such as efficient ports, airports, roads, and railways, is crucial for smooth export operations. High transportation costs, delayed shipments, or poor infrastructure can lead to significant losses.
  - Research the ease of doing business and the efficiency of the customs process in the target country.
- **Political Stability and Risk**:
  - Political instability can lead to sudden changes in trade policies, currency fluctuations, or even trade embargoes. Thus, assessing the political environment is key.
  - Countries with a strong legal framework, protection of intellectual property rights, and stable government structures are more conducive for international trade.

3. Research and Market Intelligence

Effective research and market intelligence lay the foundation for making informed decisions about product selection, market entry, and potential buyers.

Steps for Conducting Market Research:

- **Secondary Research**:
  - Utilize available secondary sources such as government reports, industry publications, and trade association resources. Websites like **World Bank**, **UNCTAD**, and **WTO** provide valuable data about market trends, trade statistics, and regulatory environments.
  - Research tools like **Euromonitor**, **Statista**, and **IBISWorld** provide insights into consumer behavior, market forecasts, and competitor analysis.
- **Primary Research**:
  - Primary research involves direct interaction with consumers, businesses, and other stakeholders in the target market. This could include conducting surveys, focus

groups, or interviews to understand customer preferences, needs, and willingness to buy your product.
  - Use online tools like **SurveyMonkey**, **Google Forms**, or **Typeform** to create and distribute surveys to a broad audience.
- **Competitive Analysis**:
  - Understand the competitive landscape in the target market. Who are the key players? What are their strengths and weaknesses? What pricing strategies do they use?
  - Review competitors' marketing strategies, distribution channels, and customer feedback to identify opportunities for differentiation.
- **Regulatory Environment**:
  - Investigate the import and export regulations of the target market. This includes understanding tariff rates, quotas, labeling requirements, and documentation necessary for importing goods.
  - Stay updated on any changes to trade policies, sanctions, or import duties that may affect your business operations.

4. Verification of Buyers

Verification of buyers ensures that the export transaction is legitimate and that you're dealing with reliable and trustworthy entities.

Key Steps for Buyer Verification:

- **Company Background Check**:
  - Perform a thorough background check to confirm the buyer's legal existence and business reputation. Use online resources such as the buyer's **website**, **social media presence**, and **business directories** to verify their authenticity.
  - Check the buyer's history with other suppliers, previous transactions, and business reputation.
- **Credit Check and Financial Stability**:
  - Request the buyer's **bank details** and credit history. You can use services like **Dun & Bradstreet**, **Experian**, and **Equifax** to obtain credit reports on potential buyers.
  - If the buyer has a poor credit score or history of delayed payments, it may be a red flag.
- **Trade References**:
  - Ask for references from other suppliers or customers who have previously conducted business with the buyer. These references can provide insights into the buyer's payment history and business practices.
- **Request Import Licenses and Certifications**:

- Ensure the buyer has valid import licenses and certifications necessary for receiving international shipments. Some countries require specific documents to import goods.

- **On-Site Verification**:
  - If feasible, perform an **on-site visit** or partner with local agents or verification services to inspect the buyer's premises and confirm their business operations.

5. Importance of Exhibition Visits

Exhibitions and trade shows provide an invaluable opportunity to build relationships with buyers, showcase products, and gather market intelligence.

Benefits of Attending Trade Exhibitions:

- **Direct Interaction with Potential Buyers**:
  - Exhibitions offer face-to-face meetings with buyers and potential distributors. This direct interaction helps build trust and establish long-term relationships.
  - Attendees are often serious buyers or interested parties actively looking for new products or suppliers.
- **Market Insights**:
  - Trade fairs allow you to gather firsthand knowledge about market trends, innovations, and consumer preferences.
  - You can observe new developments in your industry, such as new technologies, competitor strategies, and consumer behavior changes.
- **Brand Visibility**:
  - Participating in international trade shows elevates your brand profile and gives you the chance to present your products to a broader, international audience.
- **Networking Opportunities**:
  - Apart from potential buyers, trade exhibitions also offer networking opportunities with other exporters, logistics providers, and industry experts, which can open doors to collaborations and partnerships.
- **Lead Generation**:
  - Trade shows provide numerous leads for potential buyers and distributors. A well-organized booth with clear messaging and product samples can attract serious inquiries.

6. Identifying Genuine Buyers

Identifying genuine buyers is crucial to avoiding fraud and ensuring reliable business relationships.

How to Identify and Find Genuine Buyers:

- **Research the Buyer's Business**:
    - A genuine buyer usually has a professional online presence, such as a website, social media profiles, and a business address.
    - Look for verified business directories and B2B platforms like **Alibaba**, **Global Sources**, and **TradeIndia** where businesses are listed and verified.
- **Request Buyer's Business Documents**:
    - Genuine buyers will provide their business registration documents, tax identification numbers, and import licenses. Verify these documents with the relevant authorities in their country.
- **Conduct Background Checks**:
    - Use third-party verification services or local chambers of commerce to conduct background checks on the buyer. This helps confirm the legitimacy of their business operations.

7. Buyers' Communication and Verification

Clear, transparent communication with buyers is essential to avoid misunderstandings and establish trust.

Best Practices for Buyer Communication:

- **Professional and Transparent Communication**:
    - Keep all communication clear, professional, and formal. Provide all necessary details about product specifications, payment terms, delivery schedules, and any other relevant terms.
- **Written Contracts**:
    - Always document agreements in writing. This includes the agreed-upon price, terms of payment, delivery schedules, and responsibilities of both parties.
- **Use Secure Payment Methods**:
    - Use secure and trusted payment methods such as **Letters of Credit (L/C)**, **Wire Transfers**, or **Escrow Services** for large transactions to reduce risk.
- **Language Considerations**:
    - Ensure that both parties understand each other. If language barriers exist, consider hiring translators to avoid misunderstandings, especially for critical legal and contractual terms.

Conclusion

In international trade, the combination of **product selection**, **market research**, **buyer verification**, **exhibition participation**, and **effective communication** is critical for success. By carefully selecting the right product, choosing the right market, and ensuring buyer authenticity, exporters can minimize risks and maximize their chances of success in global markets

UNIT 3

1. Proforma Invoice

A **Proforma Invoice** is a preliminary document provided by the exporter to the buyer, which outlines the details of the goods being sold and serves as a formal quote for the buyer. It is usually issued before the actual shipment and is not a demand for payment but serves as an estimate.

Key Elements of Proforma Invoice:

- **Exporter and Importer Information**:
  - Exporter's and importer's name, address, and contact details.
- **Invoice Number**:
  - A unique identification number for the invoice.
- **Date of Issue**:
  - The date when the proforma invoice is created.
- **Description of Goods**:
  - Detailed description of the goods, including the quantity, weight, and dimensions.
- **Price**:
  - The price per unit of the goods and total value of the invoice. Prices are generally in the exporter's local currency or the currency agreed upon.
- **Terms of Sale**:
  - Include the terms of sale, such as Incoterms (e.g., FOB, CIF), and the payment terms (advance, Letter of Credit, etc.).
- **Validity**:
  - The date until which the offer is valid.
- **Shipping Information**:
  - Mode of transport, shipping instructions, and estimated delivery date.
- **Payment Terms**:
  - The agreed method of payment, such as advance payment, L/C, or open account.

2. Letter of Credit (L/C)

A **Letter of Credit (L/C)** is a financial document issued by a bank on behalf of the buyer to ensure the seller receives payment upon fulfilling the terms of the contract. It guarantees payment, provided the seller meets all conditions set forth in the agreement.

Types of Letters of Credit:

- **Irrevocable L/C**:
  - Cannot be amended or canceled without the agreement of all parties involved (buyer, seller, and bank).

- **Revocable L/C**:
  - Can be modified or canceled by the buyer at any time without the consent of the seller.
- **Sight L/C**:
  - Payment is made immediately once the required documents are presented and verified.
- **Usance/Time L/C**:
  - Payment is made after a certain time period, often 30, 60, or 90 days after shipment.
- **Confirmed L/C**:
  - The exporter's bank also guarantees payment in case the buyer's bank defaults.

Key Elements of a Letter of Credit:

- **Name and Address of Beneficiary (Seller)**.
- **Name and Address of the Applicant (Buyer)**.
- **Amount of Credit**:
  - The total sum the buyer agrees to pay for the goods or services.
- **Expiry Date**:
  - The date by which the terms of the L/C must be met.
- **Shipment Details**:
  - Modes of transport, port of shipment, and port of delivery.
- **Documents Required**:
  - These typically include the commercial invoice, bill of lading, packing list, certificate of origin, insurance certificate, etc.
- **Terms and Conditions**:
  - Any specific conditions such as compliance with quality standards, certification, or other special instructions.

3. Pre-Shipment Documentation

Before the goods are shipped, the exporter must provide various documents to ensure the smooth processing of goods through customs, shipping, and banking systems.

Pre-Shipment Documents:

- **Commercial Invoice**:
  - The final invoice to the buyer, which includes a detailed description of goods, quantity, unit price, total price, terms of sale, and shipping details.
- **Packing List**:
  - Lists the contents of each package, including the type and number of items, weight, dimensions, and packaging method. Helps customs authorities verify the shipment.

- **Bill of Lading (B/L)**:
  - A contract between the shipper and the carrier for the transport of goods, as well as a receipt for the goods being shipped.
  - **Types**: Sea B/L, Airway Bill (AWB), Rail or Road Consignment Note.
- **Certificate of Origin**:
  - Certifies the country of origin of the goods, necessary for certain tariff preferences or to comply with import requirements.
- **Insurance Certificate**:
  - Proves that the goods have been insured for transport. Required to safeguard against loss, damage, or theft during transit.
- **Inspection Certificate**:
  - Issued by an inspection agency confirming that the goods meet the required specifications or standards (e.g., SGS, Bureau Veritas).
- **Export License**:
  - A document issued by the government authorizing the export of goods from the exporter’s country, often required for regulated products.
- **Weight/Measurement Certificate**:
  - Provided by an authorized entity confirming the weight and dimensions of the goods, especially when shipping bulk items.

4. Post-Shipment Documentation

After the goods are shipped, additional documents are required for customs clearance, payment, and delivery to the buyer.

Post-Shipment Documents:

- **Bill of Lading (B/L)**:
  - A copy of the Bill of Lading or Airway Bill is submitted to the bank to collect payment (in case of an L/C transaction).
- **Commercial Invoice**:
  - The final invoice that matches the details of the proforma invoice and is submitted to the bank for payment or to customs for clearance.
- **Packing List**:
  - Detailed list of all the items in the shipment for customs clearance and to help the buyer with the receipt of goods.
- **Insurance Certificate**:
  - Proof of insurance for goods while in transit.
- **Customs Declaration**:
  - A declaration made to customs, providing the details of goods being imported, their value, and origin, used for clearing customs and paying any applicable duties.

- **Arrival Notice**:
  - Issued by the carrier or freight forwarder, this document informs the importer about the arrival of goods at the port of destination.
- **Import License**:
  - A document issued by the importing country's government, permitting the import of goods.

5. GST in Exports

Goods and Services Tax (GST) is an indirect tax applied in India for the supply of goods and services. Exporters can benefit from tax exemptions on exports and a refund mechanism on taxes paid for domestic purchases related to exports.

Key Points Regarding GST on Exports:

- **Zero-Rated Supply**:
  - Exports are considered a **zero-rated supply** under GST, meaning goods exported out of India are not subject to GST. However, exporters can claim refunds for any input tax paid on purchases made within India.
- **GST Refund for Exporters**:
  - Exporters are eligible for a refund of the Input Tax Credit (ITC) for goods purchased and used for export. The process involves applying to the government via GST returns.
- **IGST (Integrated GST)**:
  - IGST is applicable on exports, but it is typically refunded to exporters after submission of proper documentation.
- **Export Documentation for GST**:
  - Exporters need to ensure that the **GST invoice** includes the mention of the export nature of the transaction, along with the **HSN code**, **GSTIN of the exporter**, and relevant export details.
- **Filing GST Returns**:
  - Exporters must file GST returns like **GSTR-1** (outward supply), **GSTR-3B** (summary of GST payments), and **GSTR-9** (annual return). Special provisions apply to exporters.

6. Customs Clearance and Procedures

Customs clearance involves the process of ensuring goods are compliant with the regulations of the destination country and all taxes and duties are paid.

Steps in Customs Clearance:

- **Pre-Clearance**:

   - **Preparation of Documents**: Ensure that all required documents (Bill of Lading, Commercial Invoice, Packing List, etc.) are ready and compliant with the destination country's import regulations.
   - **Declaration to Customs**: Submit the **import declaration form** along with the required documents to the customs authorities in the importing country.
- **Assessment by Customs**:
   - Customs officials will assess the shipment for classification, valuation, and origin.
   - Based on the classification and valuation, they will calculate the **customs duties** and **taxes**.
- **Customs Duty Payment**:
   - The importer or their clearing agent must pay any applicable duties and taxes. Payment can be done electronically or through banks.
- **Inspection and Release**:
   - The goods may be subject to inspection by customs. If no issues are found, the goods are cleared for delivery to the buyer.
- **Post-Clearance**:
   - After clearance, the goods are released to the importer, and the necessary delivery arrangements are made.

7. How to Fill Pre and Post Shipment Documents

Filling out **pre** and **post-shipment documents** involves attention to detail and accuracy to ensure compliance and smooth export procedures.

Pre-Shipment Documents:

- **Proforma Invoice**: Ensure that the goods are correctly described, pricing is accurate, and the payment terms and delivery methods are agreed upon.
- **Packing List**: List the goods with their dimensions, weights, and details of packaging (e.g., cartons, pallets, containers).
- **Certificate of Origin**: Obtain this from an authorized body such as a Chamber of Commerce or Industry Association, stating the origin of goods.
- **Export License**: Fill out the export application form with details like product type, export value, and destination country.
- **Insurance Certificate**: Complete the form with details of the insured items, value, mode of transport, and insurance coverage.

Post-Shipment Documents:

- **Commercial Invoice**: It should match the original terms in the proforma invoice, include payment details, and account for all charges (shipping, insurance, customs).
- **Bill of Lading (B/L)**: Ensure it's filled with accurate details like consignee, shipper, port of loading, and destination.

- **Customs Declaration**: Fill out the required customs declaration form with product information, HS codes, and declaration of the value of goods.
- **Arrival Notice**: This is usually issued by the carrier, but the exporter should ensure it reaches the buyer.

1. Proforma Invoice

A **Proforma Invoice** is essentially a **preliminary bill of sale** sent by the exporter to the buyer before the shipment of goods, often used to confirm the sale. It functions as a **quotation** that provides all the details necessary for the buyer to make an informed decision. It is not a demand for payment but a **draft invoice** that sets the terms of the future sale.

Key Components of a Proforma Invoice:

- **Exporter and Importer Details**: This includes the **names**, **addresses**, and **contact information** of both the exporter and importer.
- **Proforma Invoice Number**: A **unique identifier** for the proforma invoice. This helps track the document and any future transactions related to it.
- **Invoice Date**: The **date** on which the proforma invoice is created.
- **Description of Goods**: This should include detailed information about the **product**, such as **name**, **quantity**, **specifications**, **model number**, and **HS Code** (Harmonized System Code), which is important for international trade.
- **Unit Price and Total Price**: The **price per unit** and the **total value** of the goods should be clearly mentioned. It may include details about discounts or pricing terms.
- **Terms of Sale**: Include the **Incoterms** (e.g., **FOB**, **CIF**, **DDP**), which determine the responsibilities of both buyer and seller regarding delivery, risk, and insurance.
- **Delivery Terms and Shipping Information**: Information regarding the **mode of transport** (sea, air, land), **port of shipment**, **port of destination**, and **delivery time**.
- **Validity Period**: The duration for which the proforma invoice remains valid. After this period, the prices and terms may be subject to change.

2. Letter of Credit (L/C)

A **Letter of Credit (L/C)** is a **payment mechanism** used in international trade to mitigate risks for both exporters and importers. It is issued by the buyer's bank in favor of the seller, ensuring payment to the seller once they meet specific terms and conditions outlined in the agreement.

Types of Letters of Credit:

- **Irrevocable L/C**: Cannot be amended or canceled without the agreement of both the buyer and seller.
- **Revocable L/C**: Can be amended or canceled by the buyer or seller at any time without the other party’s consent.

- **Sight L/C**: Payment is made **immediately** when the exporter presents the required documents.
- **Usance or Time L/C**: Payment is deferred for a specific period (e.g., 30, 60, or 90 days after the shipment).
- **Confirmed L/C**: The exporter's bank adds its guarantee, assuring payment if the buyer's bank defaults.
- **Back-to-Back L/C**: Often used when the exporter requires an L/C to pay for goods, and the exporter in turn uses it as collateral to obtain an L/C from their own bank to finance the procurement of goods.

Key Components:

- **Applicant and Beneficiary**: The **importer** is the applicant (who requests the L/C), and the **exporter** is the beneficiary (who receives the payment).
- **L/C Amount**: The maximum sum of money the exporter can receive under the L/C.
- **Validity and Expiry Date**: Specifies the duration within which the conditions must be fulfilled.
- **Documents Required**: This typically includes the **commercial invoice**, **bill of lading**, **packing list**, **certificate of origin**, **insurance certificate**, and **inspection certificate**.
- **Terms and Conditions**: Specific terms such as delivery methods, inspection requirements, or product standards that must be met for payment.

3. Pre-Shipment Documentation

Pre-shipment documents are required to initiate the shipping process, ensure compliance with customs, and ensure the exporter gets paid.

Documents in Pre-Shipment:

- **Commercial Invoice**: This is the **final bill** issued by the exporter to the buyer that outlines the details of the sale, including goods sold, total value, and terms of sale.
- **Packing List**: A **detailed list** of the goods in each package, showing the **weight**, **dimensions**, and contents of each package. This helps customs authorities verify the shipment.
- **Bill of Lading (B/L)**: A **contract** between the exporter and the carrier that acknowledges receipt of goods for shipment. There are different types of B/Ls:
  - **Ocean Bill of Lading (Sea Freight)**: For ocean shipment.
  - **Airway Bill (AWB)**: For air shipments.
  - **Rail or Road Consignment Note**: For rail or road transport.
- **Certificate of Origin**: A document issued by the exporter or an authorized body that certifies the **origin** of the goods. This is often required to benefit from **preferential tariff treatments** under trade agreements.
- **Insurance Certificate**: This document confirms that the goods are covered for loss or damage during transit. **Marine insurance** is typically used for exports.
- **Inspection Certificate**: Issued by an inspection agency (e.g., SGS or Bureau Veritas) certifying that the goods meet the agreed-upon quality or safety standards.

- **Export License**: A document from the government authorizing the exporter to export certain goods, usually required for controlled or restricted items.
- **Weight/Measurement Certificate**: Issued by an authorized entity, indicating the **weight** and **dimensions** of the goods.

4. Post-Shipment Documentation

After the goods are shipped, certain documents are necessary to facilitate the importer's clearance of goods at the destination and to receive payment.

Post-Shipment Documents:

- **Commercial Invoice**: This document is again relevant for post-shipment as it serves as the **proof of sale** and is submitted to the buyer and authorities.
- **Bill of Lading (B/L)**: The original bill of lading or air waybill is provided to the bank to collect payment or to **clear customs**. It serves as **proof of ownership**.
- **Packing List**: The packing list is essential for **customs clearance** at the port of destination. It verifies the contents of each package.
- **Insurance Certificate**: Ensures that the goods are insured during transit. This is often required for clearance.
- **Customs Declaration**: A **detailed statement** submitted to customs authorities that lists the goods being imported, their value, country of origin, and applicable tariff codes.
- **Arrival Notice**: A notice sent by the shipping carrier to the buyer advising them that the shipment has arrived at the port of destination.
- **Import License**: A **government-issued** authorization permitting the import of goods into the country.
- **Delivery Order**: A document issued by the carrier to the consignee, allowing the release of the goods at the destination port.

5. GST in Exports

Goods and Services Tax (GST) is an indirect tax applied to goods and services. For exporters, **GST is applicable** under the following scenarios:

GST and Export:

- **Zero-Rated Supply**: Exports are treated as a **zero-rated supply** under GST, meaning no **GST** is charged on exported goods. The exporter does not collect tax from the buyer but can claim back the **input tax credit (ITC)** on domestic purchases used for exports.
- **Refund of Input Tax Credit (ITC)**: Exporters can claim a refund of any **GST paid on inputs** (raw materials or services) that are used to produce the exported goods. The process involves submitting claims through the **GST portal**.
- **GST Returns**: Exporters must file GST returns such as:

  - **GSTR-1**: This contains details of outward supplies (sales).
  - **GSTR-3B**: A summary of **GST liabilities** and the ITC claimed.
  - **GSTR-9**: The **annual return** that summarizes the export-related transactions.
- **No GST on Exports**: Exporters are **not required to charge GST** on exported goods, but they must **declare their exports** in the returns to claim refunds for any GST paid during the manufacturing or procurement process.

6. Customs Clearance and Procedures

Customs clearance involves **formalizing the entry of goods** into a country, ensuring they comply with national trade regulations, paying applicable duties, and releasing the goods for delivery.

Steps in Customs Clearance:

- **Pre-Clearance**:
  - **Prepare Documents**: Ensure all **necessary documents** (commercial invoice, packing list, bill of lading, certificate of origin, etc.) are in order.
  - **Submit Declaration**: **Submit an import declaration** form along with the supporting documents to the customs authorities.
- **Customs Assessment**:
  - Customs will **verify the goods** based on the documentation, including the **classification**, **valuation**, and **origin**.
  - Duties and taxes are calculated, and the **tariff classification** is based on the **HS Code** of the goods.
- **Payment of Duties and Taxes**:
  - **Customs duties and taxes** must be paid by the importer. The payment can be done electronically or through a bank.
- **Inspection of Goods**:
  - Customs may **inspect the goods** to verify their compliance with import regulations.
- **Post-Clearance**:
  - After clearing customs, the goods are **released** for delivery to the buyer or consignee.

7. How to Fill Pre and Post-Shipment Documents

Filling out export documentation accurately is crucial for smooth operations.

Pre-Shipment Documents:

- **Commercial Invoice**: Enter the **details of the goods**, the **buyer and seller**, and the **amount** in the **invoice**, making sure it matches the proforma invoice.
- **Packing List**: Specify the **dimensions** and **weight** of each package and **list the contents** accurately.

- **Bill of Lading (B/L)**: Fill in the **shipper's name**, **consignee**, **port of loading**, **destination port**, and other shipment-related details.
- **Certificate of Origin**: Ensure the **country of origin** is accurately stated, and get this certificate stamped by an appropriate authority like a **Chamber of Commerce**.
- **Insurance Certificate**: Provide the **insurance policy number**, **insurance value**, and **coverage details** for the goods.

Post-Shipment Documents:

- **Bill of Lading (B/L)**: Ensure the **B/L** is signed by both the shipper and the carrier and properly reflects shipment details.
- **Commercial Invoice**: Submit the final **invoice**, making sure it reflects the correct payment terms, taxes, and applicable export laws.
- **Customs Declaration**: Accurately fill out the **HS code**, **product description**, and **value** of goods for customs processing.
- **Arrival Notice**: After the goods arrive at the destination port, ensure that this notice is sent to the buyer, providing shipment details.

UNIT 4

1. Import Procedures and Documents

Import Procedures involve a series of steps for bringing goods into the country, ensuring compliance with legal requirements, paying duties and taxes, and facilitating customs clearance.

Steps in the Import Procedure:

- **Purchase Order (PO)**: The importer issues a **purchase order** to the exporter. This document outlines the product specifications, quantity, price, and terms of the sale.
- **Letter of Credit (L/C)**: Importers often request a **letter of credit** from their bank to guarantee payment to the exporter once the conditions of the L/C are fulfilled.
- **Shipment of Goods**: The exporter ships the goods to the importer using a chosen **mode of transport** (air, sea, land).
- **Shipping Documents**: Key shipping documents (such as **Bill of Lading**, **Airway Bill**, **Packing List**) are sent to the importer, usually through a bank, in compliance with the terms of the contract.
- **Customs Declaration**: The importer submits a **customs declaration** to declare the goods to customs authorities for clearance. This includes providing **importer/exporter details**, **product description**, and **HS codes**.
- **Customs Clearance**: Once the goods arrive at the destination port, they undergo **customs clearance** where duties and taxes are calculated and paid.
- **Delivery of Goods**: After customs clearance, the goods are released and transported to the importer's warehouse or specified location.

Key Documents for Import:

- **Commercial Invoice**: Contains details of the goods, payment terms, and total value.
- **Bill of Lading**: A receipt for goods and proof of the contract between shipper and carrier.
- **Packing List**: Describes how the goods are packed (number of cartons, weights, dimensions).
- **Certificate of Origin**: Certifies the country of origin of the goods.
- **Import License**: A government-issued authorization allowing the importation of goods.
- **Customs Declaration and Importer's Declaration**: Submits the description, classification, and value of goods to customs authorities.
- **Insurance Certificate**: Confirms that the goods are insured against potential damages during transit.

2. Risk Management in Import and Export

Risk management in international trade is crucial for identifying, assessing, and mitigating potential risks that could impact business transactions. Risks in international trade include credit risk, market risk, and logistics risk.

Types of Risks:

- **Political Risk**: The risk of political instability in the exporting or importing country that may disrupt business operations.
- **Currency Risk**: The risk of fluctuations in exchange rates affecting the cost of goods.
- **Credit Risk**: The risk that the buyer will not be able to pay for the goods or services provided.
- **Transport Risk**: Risks associated with the shipping process, such as damage or loss of goods during transit.
- **Legal Risk**: Risk related to non-compliance with international laws, customs regulations, and contracts.

Risk Mitigation Strategies:

- **Use of Letters of Credit (L/C)**: Ensures that payment is made to the exporter only after meeting certain terms.
- **Credit Insurance**: Protects against the risk of non-payment by the buyer.
- **Hedging**: Use of financial instruments to protect against adverse currency fluctuations.
- **Documentation and Contracts**: Ensure all agreements are legally binding, clearly stating the terms and responsibilities of both parties.

3. Government Benefits and Export Incentives

Governments often provide **incentives** and **benefits** to encourage exports and imports to boost economic growth, promote trade, and foster job creation.

Key Government Export Incentives:

- **Duty Drawback Scheme**: Allows exporters to claim a refund of customs duties paid on imported goods used in manufacturing exported goods.
- **Export Promotion Capital Goods (EPCG) Scheme**: Offers concessional duties on capital goods imported for export purposes.
- **Merchandise Export from India Scheme (MEIS)**: Offers rewards to exporters for exporting specific goods, incentivizing export performance.
- **Export Credit Guarantee Corporation (ECGC)**: Provides credit insurance and export-related guarantees to exporters to safeguard against the risk of non-payment.
- **Foreign Trade Policy (FTP)**: Various incentives are available under FTP, such as the **Advance Authorization Scheme** and **Duty-Free Import Authorization**.

Import-Related Government Benefits:

- **Customs Duty Exemption**: Importers may be eligible for exemptions or reductions in customs duties depending on the type of goods being imported, such as for **capital goods** or **raw materials** for manufacturing.
- **Special Economic Zones (SEZ)**: Importers in SEZs can benefit from reduced taxes and duties.

4. Insurance in Export and Import

Insurance plays a vital role in protecting goods and shipments during international transit from risks like theft, damage, and loss.

Types of Insurance:

- **Marine Insurance**: Covers risks during **sea transport** and other maritime transit. It includes:
  - **All Risks**: Covers all risks except for those specifically excluded (e.g., war risks).
  - **Named Perils**: Covers only the risks specifically listed in the policy (e.g., fire, collision).
- **Air Cargo Insurance**: Covers goods transported via air, protecting against loss or damage during flight.
- **Transport/Transit Insurance**: Covers risks during land transportation of goods, including road and rail.

5. Preparing a Quotation for Export

An **export quotation** is a formal document that outlines the terms, prices, and conditions under which an exporter is willing to sell goods to a potential buyer.

Key Components of an Export Quotation:

- **Product Description**: Detailed description of the products, including technical specifications.
- **Price**: The cost per unit of the goods, including **shipping costs**, **insurance**, **customs duties**, and any other extra charges.
- **Terms of Payment**: Conditions such as **letter of credit**, **advance payment**, or **open account**.
- **Incoterms**: Clearly indicate the responsibilities for delivery, risk, and insurance (e.g., **FOB**, **CIF**, **DDP**).

- **Validity Period**: Specify the period for which the quotation is valid (e.g., 30 days).
- **Delivery Terms**: Indicate the **shipping method**, **delivery schedule**, and **delivery location**.

6. Finding Buyers and Gathering Data

Finding reliable and genuine buyers is critical for the success of an export business.

Methods to Find Buyers:

- **B2B Marketplaces**: Platforms like **Alibaba**, **TradeIndia**, and **Global Sources** can help connect exporters with potential buyers.
- **Industry Exhibitions and Trade Fairs**: Attending or participating in **trade fairs** can help establish direct relationships with potential buyers.
- **Chambers of Commerce**: National and regional chambers can provide buyer databases.
- **Export Directories**: Online databases and directories that list verified buyers in specific industries.
- **Social Media and Digital Marketing**: Use platforms like **LinkedIn**, **Facebook**, and **Instagram** to reach potential buyers and build online relationships.

Gathering Data:

- Use **market research reports** to identify demand in target markets.
- **Surveys**: Use surveys or questionnaires to assess the interests and needs of potential buyers.
- **Trade Associations**: Obtain data on import/export trends, tariffs, and market conditions through **industry associations**.

7. Product Portfolio Discussion

A **Product Portfolio** represents the range of products offered by a company. Understanding and analyzing the portfolio helps exporters decide which products to focus on for different markets.

Key Considerations:

- **Market Demand**: Choose products with high demand in the target market.
- **Product Differentiation**: Analyze the **unique selling points** (USPs) of products that set them apart from competitors.

- **Profit Margins**: Evaluate the profitability of each product in terms of production and shipping costs.
- **Compliance with Market Regulations**: Ensure products meet the legal and quality standards of the importing country.

8. B2B Listings

B2B (Business-to-Business) listings are directories and platforms that connect sellers with buyers globally, offering features like lead generation, product showcasing, and trade verification.

Popular B2B Platforms:

- **Alibaba**: One of the largest global online marketplaces for wholesalers and manufacturers.
- **TradeIndia**: A leading B2B marketplace in India, providing a platform for buyers and sellers.
- **Made-in-China**: A marketplace connecting international buyers with Chinese manufacturers.
- **Global Sources**: Provides verified suppliers and products from Asia.

9. Online Marketing for Exporters

Online marketing strategies are essential for reaching a global audience and generating leads.

Key Strategies:

- **SEO (Search Engine Optimization)**: Optimize your website for search engines to rank higher in organic search results.
- **Social Media Marketing**: Use platforms like **LinkedIn**, **Instagram**, **Facebook**, and **Twitter** to engage potential buyers.
- **Email Marketing**: Send regular newsletters, product updates, and promotional offers to your subscribers.
- **Google Ads & PPC**: Run **pay-per-click** campaigns to target specific keywords related to your products.

10. Practical Session by Industry Experts

A **practical session** hosted by industry experts will provide hands-on experience with real-world challenges in the **export-import** industry. This could include:

- **Simulating Export Procedures**: Hands-on training on filling out **shipping documents**, **customs declarations**, and **pre/post-shipment processes**.
- **Case Studies**: Analyzing successful case studies of companies in the export-import business.
- **Workshops**: Focused workshops on **negotiating with international clients**, **using digital tools for international marketing**, and **developing an export strategy**.
- **Interactive Discussions**: Industry experts will address common problems faced by exporters and provide practical solutions.