

INSTITUTE OF LAW, JIWAJI UNIVERSITY, GWALIOR
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SEMESTER – VI
SUBJECT - INTERNATIONAL MARKETING
UNIT- 5 -TOPIC- EXPORT PROCEDURE

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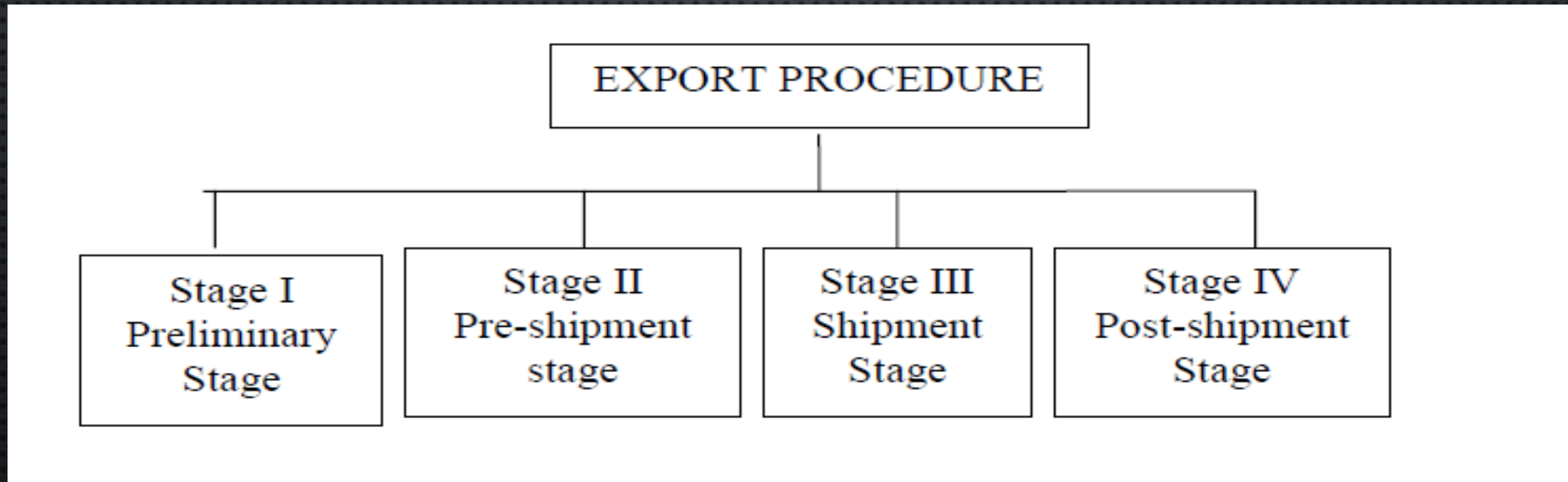
EXPORT PROCEDURE

Export procedure refers to the execution of an order received from an overseas buyer and includes everything that the exporter is required to do right from the receipt of a confirmed order up to the realization, o/s final payment. It is not difficult to receive an export order but extremely difficult to successfully and satisfactorily execute the same. This is because exporting goods overseas involves some definite procedure and is covered by legal restrictions.

Export trade is governed by legal controls and therefore, every function of it is carried out under definite procedures. The various procedures that are followed in the export of goods facilitate execution of export in a systematic manner.

STAGES IN EXPORT PROCEDURE

Export procedure involves a number of steps. The various steps can be classified into four stages.



PRELIMINARY STAGE

1) Organizing – The exporter should have an organization to look after exports. Exporters may set up a complete new organization or add on export section to an existing one. At this stage the exporter may take a decision to select the right product sell abroad.

2) Registering with various Authorities – The exporter should register his organizations with various authorities. These are as follows:

- a) Income Tax Authorities to obtain permanent Account Number (PAN).
- b) Jt. DGFT – to obtain Import export code Number (IEC No.)
- c) EPC – to obtain Registration – cum –membership – certificate (RCMC)
- d) Other authorities, such as FIEO, sales Tax authorities, chambers of commerce etc.

3) Appointing Agent / Distributors – It is advisable to appoint agents or distributors in the selected overseas markets. The exporter may also open branches or sales divisions or depute permanent representative abroad.

4) Approaching Foreign Buyers – The overseas agents / representatives approach foreign buyers with a quotation. The foreign buyer, if satisfied with the quotation and after clarifications, if any, will place an order with the exporter.

PRE-SHIPMENT STAGE

- 1) Confirmation of order** – When the buyer is satisfied with the terms and conditions of the seller, he will place either a formal or confirmed order along with a signed copy of the contract. The exporter should acknowledge and confirm the receipt of such order.
- 2) Obtaining Letter of credit** – Together with the acknowledgement letter confirming the receipt of an export order, the exporter may send a formal request to the importer to open a letter of credit in his favour.
- 3) Obtaining pre-shipment Finance** – As soon as the exporter receives a confirmed order and the L/C, he should approach his bank for securing pre-shipment finance to meet his working capital requirements.

4) Obtaining Export Licence, if necessary's – Export control is exercised to a limited extent in India. The problem of obtaining export licence arises only in the case of a few controlled items. Otherwise, export business has been declined.

5) Production and Procurement of goods – Soon after securing the pre-shipment advance from bank, the exporter has to arrange for production and procurement of goods for shipment. A manufacturer exporter himself undertakes the entire process of production.

6) Packing and Marketing – After procuring the goods meant for export, the exporter has to arrange for proper packing and marking of the goods. Packaging must ensure proper protection of the goods. The packing material should be selected after considering the distance to be covered, mode of transportation, types of handling of the goods at ports etc.

7) Pre-shipment Inspection – If the export cargo is subject to qualify control and pre-shipment inspection, the exporter should get in touch with EIA to obtain Inspection certificate.

8) Central Excise Clearance – Goods meant for export are exempted from the payment of excise duty. Excise clearance is obtained by two methods a) Export Under Rebate and b) Export Under Bond.

9) ECGC cover – The exporter must take appropriate policy to protect him from credit risk.

10) Marine Insurance policy – In order to protect the cargo from perils on high sea, the exporter has to obtain marine insurance policy. Payment of insurance premium depends on the type of price quotation accepted by the importer.

11) Appointment of clearing and Forwarding Agent – It is always advisable to appoint C & F agent to look after forwarding work which includes booking of shipping space, preparing and submitting various documents to customs.

SHIPMENT STAGE

- 1) Reservation of space in the ship** – The exporter has to contact the shipping company well in advance for booking the required space in the vessel for shipment of his consignment. He has to provide necessary information as regards date of shipment, gross and net weight of each package, particulars of the importer and that of his own, arrival and departure date of the vessel etc. when shipping company accepts the exporter's request, the company or its agent issues "shipping order".
- 2) Preparation and processing of shipping documents** – When goods reach the port of shipment, the exporter has to arrange for preparation of a complete set of documents to be passed on to the forwarding agent.

3) Physical Examination of goods at the port – The C & F agent obtains the carting order from the Port Trust to Cart the goods inside the docks. He then approaches the custom Examiner, who may physically inspect the goods. The custom Examiner then given “Let Export order”.

4) Loading of goods – The duplicate copy of shipping bill which is endorsed by the custom Examiner is handed over to the custom preventive officer, who endorses it with „Let ship order“. The goods are then loaded on board the ship, for which Mate’s Receipt is issued by the mate of the ship. The Mate’s Receipt is handed over to the shipping company to obtain Bill of Landing.

POST-SHIPMENT STAGE

- 1) Dispatch of Documents** – Dispatch of documents by C & F Agent to the exporter. The details and the mode of dispatch of the shipping documents are specified in the L/C. negotiating, in this sense, implies mailing or dispatching a set of documents to ensure that the importer or his agent receives the same in time so that he can delivery of the exported goods.
- 2) Shipmen font advice to importer** – After the shipment of goods, the exporter has to sent suitable intimation to the importer for his information. By this intimation, the date of shipment, the name of the vessel, date on which the goods will reach the destination should be informed to the importer. A copy of non-negotiable bill of landing is also sent for information. The importer gets the remaining documents through his bank.

3) Presentation of Documents to the Bank – A complete set of documents is submitted by the exporter to his bank for the purpose of negotiating the same and obtaining export proceeds in time. The bank then sends the same documents to the exporter.

4) Realization of export proceeds – The exporter then proceeds to claim export incentives on the basis of bank certificate. The bank certificate gives description of the product, its value, the rate of conversion, the details of invoice etc. The exporter is entitled to various incentives such as IPRS, DBK and other incentives, if applicable.

5) Follow-up of Export sales – A good exporter should always have a follow-up after sales i.e. he should provide necessary after sale service, find out buyer's opinion towards the product and so on, which will help to generate more sales in the international market.

THANK YOU