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### EXPORT PROCEDURE & DOCUMENTATION

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#### **Abstract:**

Export in simple words means selling goods abroad or Export refers to outflow of goods and services and inflow of foreign exchange. Each country has its own rules and regulations regarding the foreign trade. For the fulfillment of all the rules and regulations of different countries an exporting company has to maintain and fulfill different documentation requirements. The documentation procedure depends on the type of goods, process of manufacturing, type of industry and the country to which goods is to be exported. It is an opportunity to do the project in a logistics company helps the exporters and local manufacturers to transship their goods. Project on Export documentation and clearance procedure is uncommon. As we know, exporting through airways is complex and challenging activity in today's dynamic world environment as it involves the performance of operations that determine existing and potential demand in a market. Learning the step-by-step processes & procedures to be followed in an export contract is a crucial activity in export procedure.

Keywords: Export Marketing, Export Documentation, Export Procedure in India

**Introduction:**

According to Section 2(18) of the Customs Act 1962, "Export means taking goods out of India to a place outside India." Export trade in India is regulated by the Directorate General of Foreign Trade (DGFT) and its regional offices, functioning under the Ministry of Commerce and Industry, Department of Commerce. Policies and procedures required to be followed for exports from India are announced by the DGFT, from time to time. For the purpose of exports, goods have been divided into the following categories: • Prohibited goods that are not permitted to be exported • Restricted goods that can be permitted for export under licence and subject to compliance of stipulated procedures/conditions • Canalized goods that are permitted to be exported through State Trading Enterprises (STEs) The exporter of goods has to obtain an Importer-Exporter Code (IEC) Number from the office of Director General of Foreign Trade prior to filing of shipping bill for clearance of export goods.

An export in international trade is a good produced in one country that is sold into another country or a service provided in one country for a national or resident of another country. The seller of such goods or the service provider is an *exporter*, the foreign buyers is an *importer*.<sup>[1]</sup> Services that figure in international trade include financial, accounting and other professional services, tourism, education as well as intellectual property rights.

Exportation of goods often requires the involvement of customs authorities

SHAHI Export Pvt Ltd. is engaged in the export of garments. They are dealing with multiple brands like Walmart, Levi also delivers products to India as well as outside India.

**OBJECTIVE OF THE STUDY:**

1. To study the procedure of export orders "how to export".
2. Familiar about different types of export modes.
3. To study the standard modes of payment in exports.
4. To know the different types of containers used in shipment.
5. To know what are the documents required before and after sailing of the cargo.
6. To explicitly state the steps in documentation.

**Company profile:**

Shahi was founded by the visionary Mrs. Sarla Ahuja in 1974 to create a source of income and sustenance for women through a small home grown business. Beginning her journey as a sewing machine operator in garment factory, she honed her entrepreneurial skills to turn her dream into a reality. Over 48 years, Shahi has now grown to employ a 115,000 diverse and strong workforce across 50+ factories in eight states in India, working with the world's biggest brands. Today, Shahi is India's largest apparel manufacturer and exporter of ready-made garments.

**Awards and Recognitions**

1. President of India award
2. Awards from apparel exports promotion council (NEW DELHI)
3. Supplier of the year award from Wal-Mart
4. Canara Bank Award
5. Industrial Architectural Building Award

**Our Vision** We aspire to be the global textile and apparel industry's benchmark, with social and environmental sustainability at the core.

**Our Mission**

Our mission is to remain true to our origin holistically empowering lives with access to skills and a safe and respectful workplace. We commit to being India's preferred supplier in the industry by fostering employee well-being, empowering our people and their livelihoods, and encouraging environmental innovation.

**PRODUCT PROFILE:**

The following are based and operated in NCR.

1. LSD – Ladies specialty Division
2. LBAD – Ladies branded apparel Division
3. LFD – Ladies fashion Division
4. HFD – Home furnishing Division

## REVIEW OF LITERATURE:

1. **Onkarnath and Ashish Bhatnagar, 2013**, According to Onkarnath & Ashish Bhatnagar, 2013, this research paper is all about export/import documentation of shipment. The aim is to focus on documents required for Export/Import. There are many documents involved in international trade, such as commercial documents, financial documents, transport documents, insurance documents and other international trade related documents.

2. **Neil A. Morgan & Constantine S. Katsikeas & Douglas W. Vorhies, 2011**, According to Neil A. Morgan & Constantine S. Katsikeas & Douglas W. Vorhies, 2011, since exporting is the most popular mechanism by which firms engage with international markets, understanding the drivers of export market performance is key to explaining firms' international competitiveness. The literature posits that the effective implementation of planned export marketing strategy is a key determinant of the performance of firms operating in international markets.

3. **Prakash, Amudha and Suganya, 2013**, According to Prakash, Amudha and Suganya, 2013, Export documentation plays a vital role in international marketing as it facilitates the smooth flow of goods and payments thereof across national frontiers. A number of documents accompany every shipment. These documents must be properly and correctly filled.

## Export Procedure:

- Learn which department or authorized body do you need to contact for different documents. For instance, the certificates of origin are stamped by the chambers of commerce while an export declaration number is issued with the Customs.
- Find out the international trade laws as well as various trade and export acts of your own country to strictly comply with them.
- Get familiar with the exact formats and templates in which you need to prepare the documents and apply for various certificates.
- Train your staff or hire an expert to ensure that there are no errors in preparing the documents.
- Choose the fastest modes to apply for various certificates. You may save a lot of time if you choose a cloud software for export documentation and prepare trade documents electronically rather than doing it manually.
- Maintain the right number of copies of each document for various parties (warehouses, freight forwarders, cargo terminal operators, shipping companies etc.) and also for your own records.

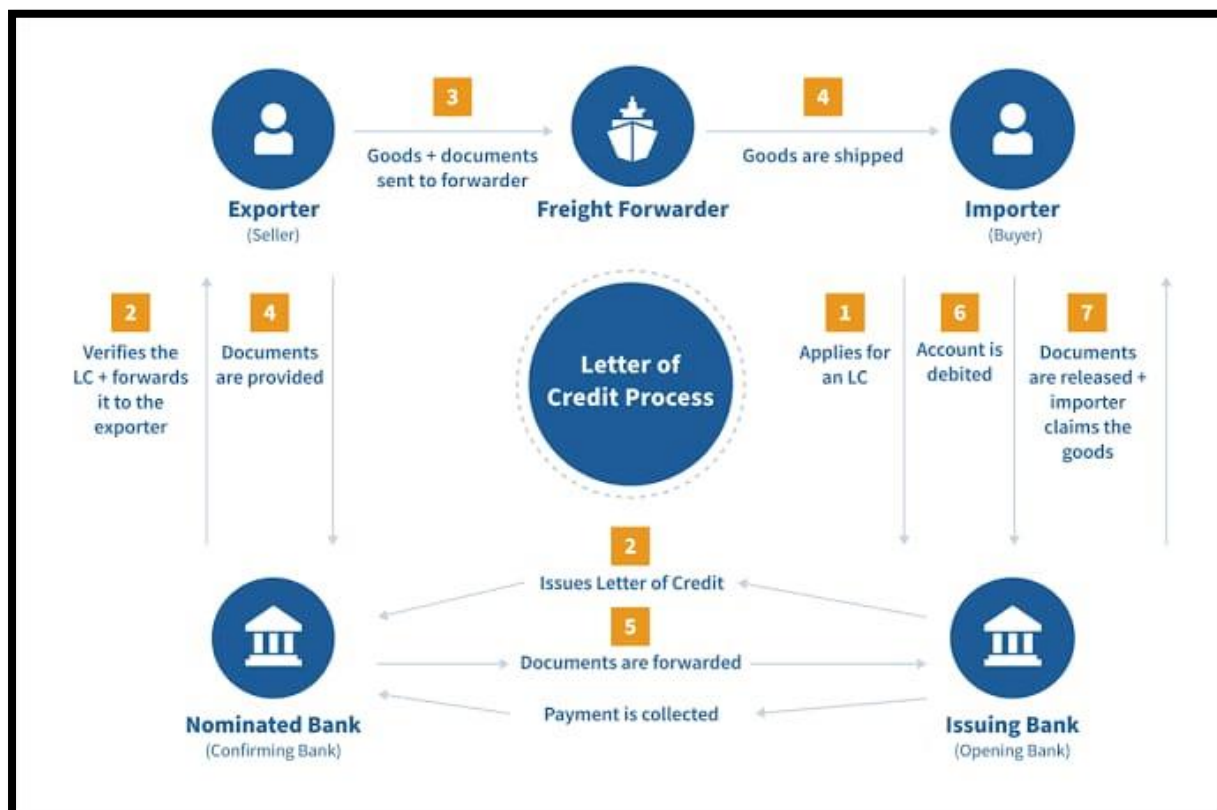
## Types of payment terms:

There are five payment methods that are most popular in international trade:

### 1. Cash In Advance (CIA)

Cash In Advance (CIA), also known as advance payment or pre-payment, is one of the most secure methods of payment from the perspective of the seller. With this type of payment, the buyer sends the full amount of the invoice to the seller before the goods are shipped.

### 2. Letter of Credit (L/C)



There are typically seven steps that occur in order to get paid using a letter of credit:

- The importer arranges for the issuing bank to open an LC in favor of the exporter.
- Issuing bank transmits the LC to the nominated bank, which forwards it to the exporter.
- The exporter forwards the goods and documents to a freight forwarder.
- The freight forwarder dispatches the goods and either the dispatcher or the exporter submits documents to the nominated bank.
- The nominated bank checks documents for compliance with the LC and collects payments from the issuing bank for the exporter.
- The importer's account at the issuing bank is debited.
- The issuing bank releases documents to the importer to claim the goods from the carrier and to clear them at customs.

### 3. Cash Against Documents (CAD)

When importing or exporting goods, businesses often use a method of payment called cash against documents (CAD). Under this arrangement, the buyer pays the seller after they have received the documents that prove ownership of the goods, such as the bill of lading or the bill of exchange.

### 4. Acceptance Credit

Acceptance credit is when an importer takes out a loan from a bank to pay for the goods they have purchased. The loan is then repaid by the importer to the bank, with interest, over time. Acceptance credit is popular because it allows importers to finance their purchases and spread out the cost of repayment over time.

### 5. Consignment

Consignment is a method of payment for goods whereby the seller does not receive payment until after the buyer resells the goods. While the exporter (seller) retains ownership of the goods until they are sold, it's important to note that the buyer has control over the goods during this time. If the buyer does not resell the goods, the exporter will not be paid.

### Export Documents:

Documentation is the most important aspect of overseas trade. Correct documentation is very important because it alone can secure the swift passage of goods through the customer resulting in prompt payment of goods exported. The Indian government has been simplifying the export documentary procedures. There was a time when exporter would have to handle around 200 documents to complete in various obligations and formalities. Now this has been reduced to around 60. These are known as Principal Export Documents. They are:

- (i) Commercial invoice
- (ii) Packing list
- (iii) Certification of inspection/quality control (where required)
- (iv) Bill of lading/Combined Transportation Documentation
- (v) Shipping Advice
- (vi) Certificate of origin
- (vii) Insurance Certificate/Policy (In case of CIF export sales contract)
- (viii) Bill of Exchange.

### Auxiliary Export Documents:

The remaining eight documents, other than principal export documents, are known as auxiliary export documents. They are:

- (i) Proforma invoice
- (ii) Intimation for Inspection
- (iii) Shipping Instructions
- (iv) Insurance Declaration
- (v) Shipping Orders

### Commercial documents:

**Quotation:** - An offer to sell goods and should state clearly the prices, details of quality, quantity, trade terms, delivery terms, payments term. It is prepared by exporter.

**Sales Contract:** - An agreement between the buyer and the seller stipulating every details of the transaction. It is a legally binding document. It is therefore advisable to seek legal advice before signing the contract. It is prepared by importer and exporter.

**Pro Forma Invoice:** - An invoice provided by a supplier prior to the shipment of merchandise, informing the buyer of the kinds and quantities of goods to be sent, their value, and importation specification (weight, size and similar characteristics). It is prepared by the exporter.

**Commercial Invoice:** - It is a formal note for payment issued by the exporter to the importer for goods sold under a sales contract. It should give details of the goods sold, payment terms and trade terms. It is also used for the customs clearance of goods and sometimes for foreign exchange purpose by the importer. It is prepared by the exporter.

**Packing List:** - A list with detailed packing information of the goods shipped. It is prepared by the exporter.

**Insurance Policy/Certificate:** - An insurance policy is an insurance document evidencing insurance has been taken out on the goods shipped, and it gives full details of the insurance coverage. An insurance certificate certifies that the shipment has been insured under a given open policy and is to cover loss of or damage to the cargo while in transit. It is prepared by insurance broker.

**Product Testing Certificate:** - A certificate to certify the products are conformed to a certain international/national technical standard, such as product quality, safety and specifications etc. it is prepared by accredited laboratories.

**FINDINGS:**

- A minor mistake in filling documents will cause a huge loss to company so only well experienced person should fill the documents.
- Sending the documents, the person in charge must take care to send all the necessary documents otherwise the goods cannot be released.
- Drafts are presented after letter of credit has expired (or) after time for shipment has expired. Invoice value or draft exceeds amount available under letter of credit.
- Charges included in the invoice are not authorized in the letter of credit.
- Not all documents required by letter of credit are presented.
- Invoice does not specify shipment terms (CPF, CIR, FOB etc.,) as stated in letter of credit.
- There are numerous procedures in “customs clearance” for documentation.
- The customs brokerage charged for documentation is high competition in the market for export.
- Certain countries documents are very difficult to prepare
- The documentation process gets delayed in case of agents and agent delay working.

**SUGGESTIONS:**

- Company should start some sales promotional activity for better attraction in customer's memory.
- To concentrate on advertisement. This can be done by expanding its expertise network, also by improving quality of services at a competitive price.
- Also impact should make effort to make aware to customers about new trends in 3pl /4pl also telling them benefit of outsourcing.
- Last but not least impact should focus on slowly to big customers so that it can expand the size of business and can create Brand name in market for itself.

**CONCLUSION:**

Documentation services are concerned with getting the services on clearance and to make the EXIM process happen in a smoother way. It is difficult to accomplish any marketing or manufacturing without logistical support. It involves the integration of information, transportation, inventory, warehousing, material handling, and packaging. The study was aimed at understanding the documents involved in exporting goods and also to know procedures of export. This would definitely be helpful for the new exporters and those who are involved in research.



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