

## **e-material of the subject of Export and Import**

### **Unit III**

**The following contents has been covered in unit three as per the syllabus of export and import**

**Central Excise and custom clearance regulations- Procedures and Documentation. Export/trading/ star trading/ superstar trading houses; Objective criteria and benefits, procedures and documentation; Policy for EOU/ FTZ/ EPZ units, Objectives, criteria and benefit**

As we know that the excise duty is levied on the production of goods and it is major source for revenue of the union government. Custom duty is levied on the export and import of goods so any good is transferred from one country to other country it is essential to get the certificate of custom clearance.

When goods are ready for dispatching to the port of shipment, exporters must have to apply to the central excise authority for excise clearance of the cargo. The exporter now an option to remove the goods with inspection by the central excise officers or remove the goods without inspection.

Exporter has to apply to the jurisdiction Range Superintendent of central excise in the prescribed form ARE-1, in sixuplicate (six copies). Exporter has to give advance notice of 24 hours to the range superintendent in a division. Then inspection may be made by the range superintendent or inspector of central excise of the range, is the subordinate officer of the superintendent or nominated by the superintendent of excise, after the inspection, they seal the goods and give excise clearance. In case goods are inspected by the excise officers and seal are not broken, the custom authorities may not inspect the goods at the port. If the goods are removed by the exporter, without the inspection of excise authorities, customs conduct inspection of goods at the port.

- Circular for levy and collection of SWS on imports under MEIs and SEIs
- Circular no 02/2020 dtd 10<sup>th</sup> January, 2020 under customs levy and collection of social welfare Surcharge (SWS) on imports under Merchandise Exports from India scheme (MEIS) and service Exports from India Scheme (SEIS). The extract of customs circular No. 02/2020 is given below: customs circular No. 02/2020 dated 10<sup>th</sup> January, 2020
- India to launch hub to quick track agricultural exports to the gulf
- India to launch hub to quick track agricultural exports to the gulf an agricultural export hub has now been set up in Varanasi to build on the success of the Dubai trial. India's Agricultural and Processed Food Products Export Development Authority (APEDA) is an organization under India's Ministry of Commerce and Industry, responsible for

promoting exports of agricultural and processed food products from India, India's Agricultural and Processed Food Products Export Development Authority

- Re-export of unsold rough diamonds from customs special notified zone
- Global trade Data
- MAI(Market Access Initiative) scheme, 2018

**Trading** – it is a statement which is prepared by a business firm and trading account gives details of total sales, total purchases and direct expenses relating to purchase and sales. Trading account format for the year contains Particulars, Amount, Dr., Cr., Purchases, Sales, etc.

### **Trade and Economic Development**

In order to reduce their dependence on the foreign aid for their economic development requiring sustained supply of foreign capital, the under-developed countries have in the recent years raised a demand with the developed countries for a higher share of total gains from trade. They say that they want TRADE and NOT AID so that they may stand on their own legs. According to the developing countries, trade must act as an “ENGINE OF GROWTH” which should powerfully stimulate the development of the poor countries. The developing countries have made their views known in this regard at the GATT and the UNCTAD meetings and several other international conferences.

### **Export Houses, Trading Houses, Star Trading Houses and Superstar Trading Houses**

**Objectives:-** The objective of the scheme is to recognize established exporters as Export House, trading House, Star Trading House, Super Star Trading House with a view to building marketing infrastructure and expertise required for export promotion. Such Houses should operate as highly professional and dynamic institutions and act as important of export growth.

**Eligibility:-** Merchant as well as Manufacturer exporters, Service providers, Export Oriented Units (EOUs)/ units located in Export Processing Zones (EPZs)/ Special Economic Zones(SEZs)/ Electronic Hardware Technology Parks (EHTPs) Software Technology Parks(STPs) shall be eligible for such recognition.

**Criterion for Recognition:-** The eligibility criterion for such recognition shall be on the basis of the FOB/NFE value of export of goods and services, including software exports made directly, as well as on the basis of services rendered by the service provider during the preceding three licensing years or the preceding licensing year, at the option of the exporter. The exports made, both in free foreign exchange and in Indian Rupees, shall be taken into account for the purpose of recognition.

**Exports made by Subsidiary Company:-** The exports made by a subsidiary of a limited company shall be counted towards export performance of the limited company for the purpose of

recognition. For this purpose, the company shall have the majority share holding in the subsidiary company.

**Export Performance level:-** The applicant is required to achieve the prescribed average xport performance level subject to the condition that

**The level of export performance for the purpose of recognition shall be as per the table**

<b>category</b>	<b>Average FOB value during the preceding three licensing years, in Rupees</b>	<b>FOB value during the preceding Years, in Rupees</b>	<b>Average NFE earnings made during the preceding three licensing years, in Rupees</b>	<b>NFE earned during the preceding licensing years, in Rupees</b>
1.	2.	3.	4.	5.
EXPORT HOUSE	15 crores	22 crores	12 crores	18 crores
TRADING HOUSE	75 crores	112 crores	62 crores	90 crores
STAR TRADING HOUSE	375 crores	560 crores	312 crores	450 crores
SUPER STAR TRADING HOUSE	1125 crores	1680 crores	937 crores	1350 crores

**Manufacturing Companies/ Industrial Houses:-** Manufacturing companies or Industrial houses with an annual manufacturing turnover of Rs. 300 crores and Rs. 1000 crores in the preceding licensing year shall be recognized as Star Trading House respectively on signing a Memorandum of Understanding in the prescribed form for achieving physical exports as currently prescribed for these categories over a period of next three years. Similarly, companies/ project exporters, domestic service providers with annual turnover of Rs. 100 crores or more in the preceding licensing year shall be recognized as Export House and International Service Export House respectively on signing a Memorandum of Understanding in the prescribed form for achieving physical exports as currently prescribed for this category over a period of next three years.

Service providers shall be entitled to recognition as Service Export House, International Service Export House, International Star service Export House, international Super Star Export House on earning free foreign exchange.

**Golden Status Certificate:-** Exporters who have attained Export House, Trading House, Star Trading Houses and Super Star Trading Houses status for three terms or more and continue to export shall be eligible for golden status certificate which would enable them to enjoy the benefits certificate irrespective of their actual performance thereafter as per the guidelines issued in this regard from time to time.

**Unit IV Institutional Support for India's Foreign Trade, Export Incentives (Financial & Non-Financial Incentives). Schemes for import of capital goods, procedures and documentation for new/second hand capital goods, International Logistics.**

Starting in the 1980's, many developing countries which had earlier followed an import substitution industrialization strategy began to liberalise trade and adapt an outward orientation. The reforms were spurred by the debt crisis that began in 1982 and the evident success of the export oriented countries. Some developing countries in Africa, Asia and Latin America adopted some trade liberalizing measures during the 1980's and early 1990's. In general, the reforms involved a dramatic reduction and simplification in average tariff rates and quantitative import restrictions. These, in turn resulted in a much higher degree of openness, as measured by the sum of exports plus imports as a ratio of GDP, a sharp increase in the ratio of manufacturers in total exports and higher rates of growth in the liberalizing economies. Trade reforms were most successful when launched in a single bold move rather than with a member of small hesitant steps over time and when accomplished by anti-inflationary measures.

- Institutions for Export Promotion in India
- Ministry of Commerce and industry
- India Trade promotion Organization
- Indian Institute of Foreign Trade (IIFT)
- Federation of Indian Export Organisation (FIEO)
- Indian institute of Packaging (IIP)
- Federation of Indian chambers of commerce and industry (FICCI)
- Marine Products Exports Developing Authority (MPEDA)
- Export Promotion Councils (EPC)
- India investment centre (IIC)
- Directorate General of Foreign Trade (DGFT)
- Director General of Commercial Intelligence Statistics (DGCIS)
- India Trade Promotion Organisation (ITPO)
- Indian council of Arbitration (ICA)
- Export Inspection Council (EIC)
- Chamber of Commerce and Industry (CII)

India has a comprehensive institutional set up to promote international trade. Exporting firms need to understand and appreciate the institutions involved and the functions carried out by them. The Department of Commerce is the prime agency of the country to promote international trade.

The department of commerce is the primary governmental agency responsible for developing and directing foreign trade policy and programmes, including commercial relations with other countries, state trading, various trade promotional measures and development, and regulation of certain export- oriented industries.

The Economic Division is engaged in export planning, formulating export strategies, periodic appraisal, and review of policies. The economic Division also maintains coordination with and control over other divisions and various organizations set up by the Ministry of Commerce to facilitate export growth.

The trade Policy division keeps track of development in International organizations, such as WTO, UNCTAD, Economic Commission of Europe, Africa, Latin America, and Asia and Far East (ESCAP). The Trade Policy Division is also responsible for India’s relationship with regional trading agreements, such as EU, NAFTA, SAFTA, Commonwealth, etc. It also looks after GSP and non-tariff barriers.

The foreign trade territorial division looks after the development of trade with different countries and regions of the world. It also deals with state trading and barriers trade, organization of trade fairs and exhibitions, commercial publicity abroad, etc. further, it maintains contact with trade missions abroad and carries out related administrative work.

In the **Foreign Trade Policy 2015-20**, under export from India Schemes, there are two schemes exports of merchandise and services

- (i) Merchandise Exports from India Scheme (MEIS); and
- (ii) Service Exports from India Scheme(SEIS)

The objective of MEIS is to offset infrastructural inefficiencies and associated costs involved in export of goods/ products, which are produced/ manufactured in India, especially those having high export intensity, employment potential and thereby enhancing India’s export competitiveness. Similarly, the objective of SEIS is to encourage export of notified services from India.

**Privileges of Status Holders**

**A Status Holder shall be eligible for privileges as under:**

<b>Coverage</b>	All exporters duly registered with relevant EPCs of eligible agriculture products.
	The assistance, at notified rates, will be available for export of eligible agriculture products to the permissible countries, as specified from time to time.

<b>Applicability</b>	The scheme would be applicable for exports effected from 01.03.2019 to 31.03.2020.
<b>Eligibility of products</b>	The assistance will be provided on export of all agriculture products covered in HSN Chapters 1 to 24 including marine and plantation products except those mentioned in Annexure (1).
<b>Pattern of assistance</b>	<p>The TMA would be provided in cash through direct bank transfer as part reimbursement of freight paid. FOB supplies where no freight is paid by Indian exporters are not covered under this scheme.</p> <p>The level of assistance would be different for different regions as notified from time to time. Currently it is available for these regions, namely: West Africa, East Africa, EU, Gulf, North America, ASEAN, Russia &amp; CIS, Far East, Oceania, China and South America. List of export countries in each region eligible for assistance under TMA are mentioned under Annexure (2).</p> <p>The scheme covers freight and marketing assistance for export by air as well as by sea (both normal and refer cargo), made through EDI ports only and shall be admissible only if payments for the exports are received I Free Foreign Exchange through banking channels.</p>
	The assistance will be provided as per the rates notified in Annexure 3.
<b>Procedure for availing assistance</b>	The application can be made by corporate office/ Registered office/ head office/ Branch office or manufacturing unit. Application for TMA would be filed to the RAs headed by Additional DGFT. Applicant shall have option to choose jurisdictional RA headed by Additional DGFT on the basis of address of its Corporate office/ Registered office/ head office/ Branch office or manufacturing unit. Jurisdiction of RA headed by Addl. DGFT is specified in Appendix- 7 (A)B. the option of the RA needs to be exercised while making first application under this scheme. Once an option is exercised, no change would be allowed for further claims under the scheme. The units under SEZs/EOUs/FTWZ shall file applications for TMA to the RAs headed by Additional DGFT in whose geographical jurisdiction address of the applicant falls.
<b>Documents required</b>	EP copy of S/B or Airway Bill, Commercial Invoice, self-certified copy of EP shipping Bill/ Airway Bill(s) and certificate of Chartered Accountant (CA)/Cost and Works Accountant (ICWA)/ Company Secretary (CS) as per Annexure A to ANF-7(A)A.

## **GOLD CARD SCHEME**

The Gold card scheme was introduced by the RBI in the year 2004. The scheme provides for a credit limit for three years, automatic renewal of credit limit, additional 20% limit to meet sudden need of exports on account of additional orders, priority in PCFC, lower charge schedule and fee structure in respect of services provided by banks, relaxed norms for security and collateral etc. A Gold card under the scheme may be issued to all eligible exporters including those in the small and medium sectors who satisfy the pre- requisite conditions laid by individual banks.

## **INTERNATIONAL LOGISTICS**

Logistics is the management process of planning, implementing, and controlling the physical and information flows concerned with materials and final goods from the point of origin to the point of usage. 'international Logistics involves the management of these resources in a company's supply chain across at least one international border.

Lets look at a simple example. Just pretend for moment that you work as a logistics manager for a large American jewellery company based out of New York. Your company has an extensive international supply chain. We'll walk through a simplified logistical process for a diamond ring.

Your diamond supplier is in south Africa. You get your gold from supplier in china. The jewellery itself is assembled in Switzerland. Your job is to manage the supply chain from acquisition of a resource through its transformation into a finished product an until it is sold to a customer.

- Oversight of the purchase of diamonds in South Africa and gold necessary from china to fulfill the company's production demands
- Arranging for the temporary warehousing of the purchased diamonds and gold at local storage facilities
- Arranging for the international shipping of the gold stored in china to a subsidiary in a small eastern European Country, where the gold will be refined and prepared for the jewelers in Geneva
- Arranging for the international shipping of the diamonds stored in South Africa to the company's facilities in Geneva for cutting and polishing
- Arranging for the international shipping of the refined gold to the company's Geneva facilities to create rings and settings
- Once the rings are finished, arranging for their warehousing at the company's central warehouse until they are needed to fill orders, keeping meticulous computerized inventory records, and ensuring the facility is adequately secured
- Arranging for the shipment of an order of diamond rings to the company's flagship Manhattan retail store
- Continued monitoring of the inventory at the retail store until the product is sold to a customer

### **International Logistics Channels**

If you look closely at the earlier example, you can discern three different types of processes involved in international logistics that we will call logistics channels:

1. The transaction channel involves buying, selling, and the collection of payment
2. The distribution channel involves the physical movement of resources and products throughout the supply chain, process, from acquisition to sale.

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3. The documentation/ communication channel involves the management of information regarding the resources and products such as inventory controls, commercial shipping.