NEERAJ®

EXPORT PROCEDURES AND DOCUMENTATION

A.E.D.-1

Chapter Wise Reference Book Including Solved Sample Papers

By: *S.K. Sardana* AMIBM, AIEA (London)

Based on

I.G.N.O.U.

& Various Central, State & Other Open Universities

Serving Education for Last 40 Years

NEERAJ PUBLICATIONS
(Publishers of Educational Books)

Retail Sales Office:
1507, 1st Floor, Nai Sarak, Delhi - 6
Mob.: 8510009872, 8510009878
E-mail: info@neerajbooks.com
Website: www.neerajbooks.com

MRP ₹ 280/-

Published by:

NEERAJ PUBLICATIONS

Sales Office : **1507, 1st Floor, Nai Sarak, Delhi-110 006**
E-mail: **info@neerajbooks.com**
Website: **www.neerajbooks.com**

Reprint Edition with Updation of Sample Question Papers Only	*Typesetting by: Competent Computers*	*Printed at: Novelty Printer*

Notes:

1. *For the best & up-to-date study & results, please prefer the recommended textbooks/study material only.*
2. *This book is just a Guide Book/Reference Book published by NEERAJ PUBLICATIONS based on the suggested syllabus by a particular Board/University.*
3. *The information and data etc. given in this Book are from the best of the data arranged by the Author, but for the complete and up-to-date information and data etc. see the Govt. of India Publications/textbooks recommended by the Board/University.*
4. *Publisher is not responsible for any omission or error though every care has been taken while preparing, printing, composing and proof reading of the Book. As all the Composing, Printing, Publishing and Proof Reading, etc. are done by Human only and chances of Human Error could not be denied. If any reader is not satisfied, then he is requested not to buy this book.*
5. *In case of any dispute whatsoever the maximum anybody can claim against NEERAJ PUBLICATIONS is just for the price of the Book.*
6. *If anyone finds any mistake or error in this Book, he is requested to inform the Publisher, so that the same could be rectified and he would be provided the rectified Book free of cost.*
7. *The number of questions in NEERAJ study materials are indicative of general scope and design of the question paper.*
8. *Question Paper and their answers given in this Book provide you just the approximate pattern of the actual paper and is prepared based on the memory only. However, the actual Question Paper might somewhat vary in its contents, distribution of marks and their level of difficulty.*
9. *Any type of ONLINE Sale/Resale of "NEERAJ IGNOU BOOKS/NEERAJ BOOKS" published by "NEERAJ PUBLICATIONS" on Websites, Web Portals, Online Shopping Sites, like Amazon, Flipkart, Ebay, Snapdeal, etc. is strictly not permitted without prior written permission from NEERAJ PUBLICATIONS. Any such online sale activity by an Individual, Company, Dealer, Bookseller, Book Trader or Distributor will be termed as ILLEGAL SALE of NEERAJ IGNOU BOOKS/NEERAJ BOOKS and will invite legal action against the offenders.*
10. *Subject to Delhi Jurisdiction only.*

CONTENTS

EXPORT PROCEDURES AND DOCUMENTATION

Question Bank – (Previous Year Solved Question Papers)

S.No.	*Chapterwise Reference Book*	*Page*

■■

Sample Preview of the Solved Sample Question Papers

Published by:

NEERAJ PUBLICATIONS
www.neerajbooks.com

QUESTION PAPER

Exam Held in

February – 2021

(Solved)

EXPORT PROCEDURES AND DOCUMENTATION

A.E.D.-1

Time: 2 Hours] *[Maximum Marks: 50*

Weightage: 70%

Note: *Answer* ***any four*** *questions, including question no. 7 which is* ***compulsory.***

Q. 1. Do you think that "The basis of international trade is to be found in the diversity of economic resources in different countries"? Disucss and describe the importance of international trade with suitable examples.

Ans. The basis of international trade is to be found in the diversity of economic resources in different countries. A country specializes in a specific commodity due to mobility, productivity and other endowments of economic resources. This stimulates a country to go for international trade. The basis of international trade lies in the diversity of economic resources in different countries. All countries are endowed by nature with the same productive facilities.

Economists cite Ricardo's theory of Comparative Advantage as the first principle of international trade. This theory demonstrates that it benefits all countries to be involved in international trade, even if they do not have an absolute advantage. Ricardo demonstrated that countries benefit from specializing in those areas where they offer the greatest relative (or comparative) advantage. Thus, all countries can benefit from international trade, especially with the subsequent "knock-on effects" of this activity. There are differences in climatic conditions and geological deposits as also in the supply of labour and capital. These differences provide to a country an opportunity to specialize in the production of some specific commodities. Such specialization is facilitated by the exchange of surplus production through international trade. International trade takes place when buyers find foreign markets cheaper to buy in and sellers find them more profitable to dispose of their products than the domestic market. Thus, a more effective use of the world's resources is made possible through international trade. A second principle is that nations may develop a competitive advantage relative to other nations, based on skills, access to resources, and the competitive situation arising from domestic competition.

There are many obvious examples of this principle. Switzerland is the home of banking, based on the number of high quality competitors; Germany is the centre of engineering industries, which developed originally due to their access to mineral and energy resources, but now relies on technical skills and knowledge: US companies are leaders in high tech and software sectors because of a strongly supportive competitive environment.

Q. 2. Explain the foreign exchange rules concerning exports under exchange control regulations.

Ans. Ref.: See Chapter-7, Page No. 85, Q. No. 2.

Q. 3. Describe the methods of quality control and pre-shipment inspection for the export of goods.

Ans. Ref.: See Chapter-11, Page No. 129, 'Quality Control and Pre-Shipment Inspection'.

Q. 4. ***(a)*** **Describe the procedure for taking a policy from ECGC along with the obligations of policyholders.**

Ans. Ref.: See Chapter-9, Page No. 105, 'Procedure for Taking a Policy'.

***(b)* Discuss the procedure for making a claim from ECGC along with the documentation formalities involved.**

Ans. Ref.: See Chapter-9, Page No. 106, 'Procedure for Making a Claim'.

Q. 5. Describe the customs clearance formalities relating to export of goods along with the documentation formalities involved.

Ans. Ref.: See Chapter-13, Page No. 153, 'Customs Clearance Formalities'.

Q. 6. Describe various government policy making and consultations related to institutional set-up involved in promoting exports from India.

Ans. Ref.: See Chapter-15, Page No. 175, 'Government Policy Making and Consultations'.

Q. 7. Write short notes on the following:

***(i)* General conditions in export contracts.**

Ans. Ref.: See Chapter-2, Page No. 18, 'General Conditions in Export Contracts'.

***(ii)* Financial guarantees of ECGC.**

Ans. Ref.: See Chapter-9, Page No. 107, 'Financial Guarantees'.

***(iii)* India's Trade Promotion Organization.**

Ans. Ref.: See Chapter-15, Page No. 179, 'Indian Trade Promotion Organization (ITPO)'.

***(iv)* Exports under central excise seal.**

Ans. Ref.: See Chapter-17, Page No. 202, 'Exports Under Central Excise Seal After Examination'.

■■

Sample Preview
of
The Chapter

Published by:

NEERAJ
PUBLICATIONS
www.neerajbooks.com

EXPORT-IMPORT PROCEDURES AND DOCUMENTATION

EXPORT-IMPORT DOCUMENTATION AND POLICIES

Export-Import Trade: Regulatory Framework

1

INTRODUCTION

Export is exit of goods or services or technology from a port in a country to another port in an another country.

Import is inward movement of goods, services or technology in a country port from a port in another country.

Export make the flow of currency or funds from one country to another country and it make the inflow of foreign exchange.

Imports is the outgo of currency or funds and it must be balanced by inflow of foreign exchange, so that a nation maintains balance of trade.

To maintain a manageable balance of trade some regulatory framework is necessary. The regulatory frame-work is part of Export-Import Policy popularly called EXIM Policy.

Regulatory framework is aimed at workable Exim policy and various Acts and Rules have been framed which are being discussed below.

CHAPTER AT A GLANCE

AN OVERVIEW OF LEGAL FRAMEWORK

There are four major acts which regulate the export and import. Some of these acts are very old and have been amended from time to time to overcome the changing global environment of trade, competition and product or service standards.

EXIM policy not only regulate the import and exports, it also aims at giving the idea about the strong economic conditions prevailing in the country. Exports and Imports are very good indicators of the viability of the economic strength of the nation. Exports are indicator of the surplus production by a nation and imports indicate the level of growth of the nation. Continued exports are possible only when a nation is able to maintain standards of quality of production and a nation's capacity to meet the specific needs of the importing nation in respect of raw-materials, equipment, capital and availability of skilled workforce and congenial industrial and stable political environment.

The four acts which regulate the import and export are as under:

1. Foreign Trade (Development or Regulation) Act, 1992.
2. Foreign Exchange Management Act, 1999.
3. The Customers Act, 1962.
4. Export (Quality Control and Inspection) Act, 1963.

The objective of these acts is to regulate import and export and to maintain a healthy balance of trade, balance of payment and to meet various international conventions.

These regulations are also a neccessity to protect the interest of exporters and importers due to various different laws in many countries. These laws have to be very pragmatic and have take into consideration various issues and contentions of the participating regulatory agencies which deal with different aspects involved in export and import of goods, its warehousing, storage, loading, unloading, transportation and insurance without a strong regulatory framework the EXIM policy cannot work and it well tell upon the image of the country.

Foreign Trade (Development and Regulation) Act, 1992.

In the year 1992 the Government of India with a view to increase exports and improve balance of trade and the balance of payment passed an Act which was named Foreign Trade (Development and Regulation) Act 1992.

In the year 1993, Foreign Trade (Regulation) Rules 1993 and Foreign Trade (Exemptions from Application of Rules in certain cases) Order 1993 was issued.

The idea behind the issueance of these rules and orders was to end the control on imports and exports which were there through Imports and Exports (Control) Act 1947 and the Import (Control) order 1955 and the Export (Control) Order 1988.

These Acts of 1992 and 1993 were aimed at development and regulation of imports and exports and to deal effectively with issues arising out of operation of these acts.

The Export and Import Policy of India was prepared keeping in view these acts and various amendments made to them.

This act provided permission for Export and Import by granting Importer-Exporter's Code Number. This code number could be cancelled or suspended in the event of an act by an importer or exporter which either harm the reputation of the goods exported or the country or any contravention of the international conventions or any other offence within the perview of this Act.

Foreign Exchange Management Act, 1999

A country earns foreign exchange by way of exports and this foreign exchange provide strength to the fiscal economy of the country hence, every effort is made to keep a check on inflow and outflow of foreign exchange.

To keep a regular watch on the flow of foreign exchange on September 3,1939 during the World War under its powers vested in it by the Defence of India Rules (DIR) exchange control was introduced in india. In the Year 1947, Foreign Exchange Regulation Act 1947 (FEAR) was enacted and it came into operation on March 25, 1947. This act was amended many times to meet the demands of changing economy and a new Foreign Exchange Regulation Act, 1973–FERA was enacted which provided for partial convertability, of rupee through policy of industrial licencing.

FEMA (Foreign Exchange Management Act, 1993 was enacted to provide for full convertability of rupee. The act mainly deals with holding and transactions of foreign exchange, reapipation and repatriation of foreign exchange through authorised channels of foreign exchange.

The FEMA provides for free and liberal exports and services, penalties for various infringements of the law, the procedure to be followed for adjudication arbitration and appeals against the orders of directorate of enforcement.

The Customs Act, 1962

Export from India has been happening since 5th BC and various acts mostly unwritten have been buying duties at the port of exit and entry. The first Custom Act is known Sea Customs Act, 1878. Second Custom law was Land Customs Act, 1924 and then come the Aircraft Act, 1934. These laws were specific to each mode of transport used for import or exports.

The Customs Act, 1962, was enacted with a view to regulate the genuine export and import trade transactions in time with national economic and trade policies the Export and Import policy in force.

The Customs Act, 1962 deals mainly with the leviable custom duties on every item of import and export. The Custom Tariffs are clearly indicated in First and Second Schedule of the Customs Tariff Act, 1975 for both export and import.

The Customs Tariff Act, 1975 provides for itemwise details of leviable customs or import duty or export duty, its deposit and refund and penalties for avoidance of duties, the process of appeals and representation regarding modification of rates of tariffs.

The Customs Act provides for standard document and declarations to be raised in case of each consignment passing through the custom port.

Export (Quality Control and Inspection) Act, 1963

For a nation it is very important that the goods it is either exporting or importing should conform to certain standards and these standards of quality of goods should be well established and should be verifiable.

The Export (Quality Control and Inspection) Act, 1963 was enacted to ensure that the goods either being imported or exported must be of good quality and the act established the Export Inspection Council (EIC) on January 1, 1964 for verifying and certifying the quality of goods being exported and issue export worthiness certificate for each individual consignmnent as per the terms of Contract, requirement of the importer and national interets.

The act aims at improving the quality of goods and production standard, their packing and presentation so as to compete in the global market for continued growth of the levels of export.

EIC acts as an advisory body to the government on matter of quality control and inspection and has established various Export Inspection Agencies, which operates from all ports, including airports and dry inland ports. EIA issues a certificate which the quality of goods as per the terms of contract. EIA charges a small fee for certification which is born by the exporter.

Quality control of goods being exported is also necessery for payment realisation and avoidance of future conflicts.

OBJECTIVES OF EXPORT-IMPORT POLICY

The objectives of Export-Import Policy have kept pace with the times and with liberalisation of the fiscal policies of the country a new Export and Import policy was framed in 1992 which was to be effective till 1997. Since then new changes have been made in the policy with a view to achieve the following objectives:

(a) To enhance the level of exports.

(b) To improve the balance of payment.

(c) To improve the balance of trade.

(d) To enhance the reserve of foreign exchange.

(e) To allow import of technology and equipments which may help in establishing new industrial enterprise, produce new products and adopt new process for higher production levels.

(f) To ensure the availability of goods for the domestic Consumption and to allow exports so that the producers get a fair price.

(g) To allow import of certain goods as listed in the Open General Licence.

(h) To allow for hassel free exports and imports.

(i) Reducing the interface between the exporters and Director General of Foreign Trade by reducing the number export documents.

(j) Establishing Advance Licencing System for imports of goods needed for manufacturing various goods for the purpose of export.

(k) Removal of the provisions of proceeds realisation.

(l) Establishing of Export oriented units and Export Processing Zones specifically for goods meant to be produced for exports only.

REGISTRATION FORMALITIES AND EXPORT LICENSING

An Exporter and Importer must have a Licence issued by Government of India either to import or export, in this direction he has to get a:

1. Importer-Exporter Code Number (IEC)
2. Registration Cum Membership Certificate.

IMPORTER-EXPORTER CODE-NUMBER–IEC

Without obtaining IEC number neither a export not a import can be made in India. Director General Foreign Trade, through its Regional offices situated throughout the country issue the Importer-Exporter Code number, when an application in a presicribed performa or on the letter head of the applicant along with a bank draft or bank receipt in duplicate is submitted. The applicant must provide the following details in his application without which IEC will not be issued. The following documents are to be enclosed with the application for grant of Importer-Exporter Code Number:

(i) Profile of exporter/importer.

(ii) Bank receipt in duplicate or Demand Draft for Rs. 1000-one thousand only as fee.

(iii) Certificate from the banker of the applicant.

(iv) Two copies of the passport size photograph of the applicant duly attested by his banker.

(v) If there is some Non-Resident Indian interest in the applicant firm and NRI investment is with full repatriation benefits, full particulars of the NRI investment and a photocopy of the approval of Reserve Bank of India is be enclosed.

Registration cum-membership Certificate

Government of India with a view to regulate and promote Exports and can alise the imports have established Export Promotion Councils and various Commodities Boards. Various organisations are listed below:

APEDA–Agriculture Produce Export Development Authority

FIEO–Federation of Import Export organisation.

MPEDA–Mineral Produce Export Devpolment Authority

COMEXPIL–Chemicals and Pharmaceuticals Export Council

Central Silk Board

Tea Board

Rubber Board

Jute Board

By joining these boards and export promotion councils, members get various benefits and for all exporters and importers its membership is mandatory.

These Councils, Boards and Authorities register its members and issue a Registration Cum Membership Certificate (RCMC) the number of which has to be mentioned in all documents of export-import.

Apart from these councils there are special Export Processing Zones:

- Software Technology Park
- Star Export Houses
- Deemed Exports

These organisations work for the promotion of exports, facilitate imports, handle government procurements and international competitive bidding programmes.

EXPORT LICENSING

Though any one having Importer-Exporter Code Number can import or export any goods, but to regulate the export-import trade a Negative List exists which prohibits the import or export of goods included in this list and special licence is required. The Negative List of Export has been divided into following three parts.

Part I–Prohibited Items

These prohibited items can neither be imported exported and these items include–wild life, wild flora exotic birds, beef, human skeletons, tallow, fat and oils of any animal, except fish oil, wood and wood