



Export Import Managment

(Practical Workbook)

By : Ajay Pathak

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Export Import Management

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Ajay Pathak

About The Book

This book is practical approach related to foreign trade. This book gives professional knowledge in export import procedure & documentation, customs & bank formalities, government benefits, exim policies, import sources, taxation, shipping, freight forwarding with practical assignments & much more.

About The Author

Author, Ajay Pathak is a professional Consultant, consulting documentation & facilitation service for exporter & importer in India.

His exim consulting division deals with matters of Foreign Trade Policy & Allied matters. Viz. Selection of firm's name, Basic registration with the government & other agencies, Correspondence with prospective buyer, Arrangement to attend foreign exhibition abroad, Bank documents negotiation assistance, Complete freight forwarding assistance, Export benefit documentation, Duty Drawback, DEPB /DFRC, advance EPCG License, restricted item license, FEMA matter etc & lastly feeding them regularly with information related to changes in exim policies, customs, tariffs, & RBI matters, Custom clearance matters.

He has assisted 2000 exporters & importers with fabulous result & kept them satisfied.

Prologue

I am a professional Consultant, consulting documentation & facilitation service for exporter & importer in India.

Our exim consulting division deals with matters of Foreign Trade Policy & Allied matters. Viz.

- Selection of firm's name.
- Basic registration with the government & other agencies.
- Correspondence with prospective buyer.
- Arrangement to attend foreign exhibition abroad.
- Bank documents negotiation assistance.
- Complete freight forwarding assistance.
- Export benefit documentation.
- Duty Drawback, DEPB /DFRC, advance EPCG License, restricted item license, FEMA matter etc & lastly feeding them regularly with information related to changes in exim policies, customs, tariffs, & RBI matters.
- Customs clearance matters.

We have assisted 2000 exporters & importers with fabulous result & kept them satisfied.

Now we wish to share our experience with new generation by providing the practical approach related to foreign trade & started writing this book for giving professional knowledge in export import procedure & documentation, customs & bank formalities, government benefits, exim policies, import sources, taxation, shipping, freight forwarding with practical assignments & much more.

Regards,

Ajay Pathak

(Foreign Trade & Customs Consultant.)

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INTRODUCTION

01

Since export & import are growing sector, every year government claims that export is increasing but due to global competition & poor government policy, our exportable commodity, their quantity & especially price is not acceptable in the world market.

Following Are The Few Reasons

- Poor licensing policy (Export Import Code).
- Direct benefits given by the government (DBK-DEPB).
- Government could not control merchant exporter to stop international competition.
- Manufacturer is not exporter & exporter is not manufacturer.
- Government is not providing export marketing facility to small manufacturer (Like MDA).
- Because of WTO, import of consumable items are increasing every year.
- Policy makers are not aware of foreign trade & international trade complications that's why import export policy is not up to the mark.
- Export order is not against L/C & most of importers are buying materials on credit basis.
- Threats from other country like China, South Korea, Singapore, Japan, Taiwan etc.

Because of the above reasons, Indian export declines every year. India is the largest manufacturer of rice, leather, goods, garments, & handmade handicrafts (Wooden, Brass & glass), gem & jewellery, fruit & vegetable etc. Because of the government policy, exporter could not achieve their target.

Previous Year - Main Commodities For Export

- Rice/Tea/Wheat/Pulses
- Readymade garments
- Handicrafts (Brass /Glass / Wooden)
- Floriculture product
- Leather footwear
- Gem & Jewellery
- Fruit & Vegetable
- Marine product
- Engineering Goods & Electronic Goods
- Wool &Woolen
- Textiles
- Chemical Products
- Computer Software
- Allied item (Marbles –Stones)
- Furnishing product (Made-ups)

Major Countries - For Export

Europe (ECM Countries)

Belgium, Denmark, France, Germany, Greece, Italy, Spain, United Kingdom, Sweden, Austria, Finland, Norway, Switzerland, Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Russia, Slovenia, Ukraine, Slovakia, Holland , Rest of Europe –Malta , Turkey & Cyprus.

Asian Countries

Japan, Bangladesh, Iran, Hong–Kong, Indonesia, Korea, Republic, Singapore, Thailand, Afghanistan, China, Fiji, Malaysia, Nepal, Pakistan, Sri Lanka, Vietnam, Philippines.

Gulf Countries

Bahrain , Iraq , Jordan , Kuwait , Oman , Qatar , Saudi Arabia,U.A.E, Yemen , Israel .(Credit Market)

America

- North - Canada, USA, Australia, New Zealand (HOT).
- South - Argentina, Bolivia, Brazil, Chile, Peru, Columbi , Uruguay & Venezuela.
- Other - Cuba, Guyana, Bahamas, Mexico, Panama, Nicaragua.

African countries

Algeria, Kenya, Libya, Mauritius, Morocco, Nigeria, Senegal, Sudan, Ghana , Ethiopia, Egypt, Maladi, Somalia, Swaziland , Tanzania, Tunisia, Uganda, Zambia, Zaire.

SAARC Countries

1. Bangladesh	(+)
2. Afghanistan	(+)
3. Pakistan	(-)
4. Nepal (Rupee Trade)	(-)
5. Bhutan (Free Trade)	(-)
6. Maldives	(-)
7. Sri Lanka	(+)

Our Country Strength & Foreign Country Weakness

Before deciding the country for locating foreign market & buyer, we should analyse the following points:

Attitude of foreign buyer /customer.

Social factor

- Culture of the country: In Europe, U.K, USA people usually give & take the gift items (Gift Theory) so there is more demand of the products .We have the strength for the handicraft items in India.We should take care of buying habits, eating habits & export the same with standardized products. We should decide the segments & population ratio.
- Acceptance of the product: We should not sell our products against their religion & hurt their sentiments.
- Color, size & number: In Europe, white flower means for widow.
- In Japan, people are of small size.
- Japanese is quality concuss .We have great opportunities in market in Japan .Japan is leader in electronics & so their is great demand for Buddha statues & handlooms, cotton made products & wear natural things.
- Fashion due to the season: It will change every season & after the season the product will be outdated.



CHOICE OF ENTERPRISE

02

The first most important decision is regarding the choice of enterprise. Type of enterprise should be selected on the basis of the size of the proposed business and availability of fond resources. An export/import business can start in any of the following forms:'

Proprietorship

It means business owned by a single person.

The proprietorship concern has no separate status apart from its owner.

Income of the concern is treated as the income of the proprietor.

Liability of the owner is unlimited.

Only plus point is that it can be set up easily.

Partnership

It means business owned by 2 or more persons.

The first requirement for establishing a partnership firm is to execute a partnership deed between partners on Rs.20 stamp paper (minimum).

The partnership concerns in India are governed by the Indian partnership Act 1936.

The limitation of partnership firm is that the personal liability of the partners is unlimited & retirement or death of any partner may result in the dissolution of partnership firm (for copy of Performa deed, refer different clause).

Registration of Partnership Firm

For registration of an application in the prescribed form 1 or A under the relative state rules along with the prescribed fee, has to be submitted to the registrar of firm of the state in which the firm is situated.

The application form should be signed by all partners in the presence of gazetted officer or advocate, attorney of a chartered accountant. A firm shall not be registered in the same name of existing firm (form 1 or A for reference).

Private limited Company

It can be formed by just 2 persons subscribing its share, capital but it cannot have more than 50 shareholders. Public cannot be invited to subscribe.

The main benefits of private limited company is that the liability of the shareholders are limited to the extent of their share capital.

The disadvantage of private limited company is that the tax rate on the income of a company is high (Flat rate 35%) & dividend declared by the company is also taxable U/S 115o of I.T Act.

Steps in Establishing a Private Limited Company

Name Approval from registrar of companies (fees Rs.500) printing memorandum & articles of association.

Depositing Fee Authorized Capital Fees

Rs.1,00,000

Rs.4800

Rs.5,00,000

Rs.17,200

Rs.10,00,000

Rs.27,200

After depositing the fees, ROC will issue a certificate of incorporation. After all these formalities are completed, business can be started.

Advice

For establishing a private limited company, please approach a company secretary or chartered accountant for information.

Note

Tax rate for both partnership firms & domestic companies are 35% (Flat) on taxable income with an additional charge of 5% on the tax calculated.

Public limited company

It can be incorporated with minimum seven members & the company can invite public to subscribe to its capital. Transfer of shares are permitted. The liability of shareholders is limited to the capital subscribed by them.

Disadvantage

- Formation of public limited company involves lot of formalities to be completed & the process is a bit lengthy & complicated.
- The income of a public limited company is subjected to tax @35% with 5% charge. Moreover, dividend declared by the company is also subjected to tax.

Advice

For public limited company, please approach company secretary & chartered accountant for information.

This book is practical approach related to foreign trade. This book gives professional knowledge in export import procedure & documentation, customs & bank formalities, government benefits, exim policies, import sources, taxation, shipping, freight forwarding with practical assignments & much more.

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You may reach the author at: ajaypathak8a1983@yahoo.co.in

