

EXPORT GUIDANCE CENTRE

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STARTING EXPORT IMPORT ORGANISATION

It is rightly said that well begun is half done. And unless you start you will reach nowhere.

Therefore, we have to take following steps to start export import organisation:-

(1) Floating a firm with appropriate title - We have to float a company, which may be a proprietary concern, partnership firm, LLP (Limited Liability Partnership) or Private Limited company.

Appropriate name of the company is significant. We should avoid long names and select name which is easy to pronounce. Please avoid names of Gods and Goddesses. You have full freedom to select any name however it is advisable to include words like exports, international, overseas, global, exim to give a feeling of international trade activity.

In case of already established firm who wants to continue their previous name to take the advantage of goodwill generated by them, they can continue with the same name but, it is advisable to add words Like export division, international division.

Logo - You have to select suitable logo for your firm, develop website, create co-profile and insert email id address with your contact numbers on cell for effective communication.

(2) Registration of the firm - (a) You have to register your firm with local authority like Municipal Corporation, Gram Panchayat by obtaining their shop and establishment licence.

In case of partnership firm/LLP, you have prepare partnership deed and register with Registrar of Companies.

In case of Private Limited company, you have to obtain certificate of incorporation under the companies act.



(3) Obtaining Permanent Account Number (PAN) from income tax authorities. Your chartered accountant / tax consultant will help you in getting PAN. In case of proprietary concern PAN for company and proprietor is same. However, in case of partnership firm and private limited company, you have to obtain separate PAN cards for company and for partners and Directors.

(4) Opening Bank Account - You have to open a separate current account in the name of your company. It is advisable that you open such an account with Bankers with whom you have personal saving account. This gives you the benefit of your personal background.

(5) Obtaining exporter importer code number from DGFT (Director General of Foreign Trade) Organisations - Please remember that obtaining IEC is essential as you will not be able to carry out any export import transactions without IEC from DGFT.

You have to approach regional DGFT by submitting on-line application in specific format and upload documents like (a) copy of PAN card, (b) residential/business premises proof, (c) Aadhaar card/Passport copy/Driving licence, (d) cancelled cheque of your bank, (e) Your contact numbers namely email id and Mobile number, and (f) application fee of Rs.500/- to be paid through NEFT mode.

On submission of these documents DGFT allots IEC in your favour on-line and you have to generate a hard copy for your reference.

(6) Registration with export promotion council – For each product range there is a separate EP council. For example engineering goods - engineering export promotion council (EEPC) for chemicals and allied products separate EP council that chemicals and allied EP council etc.

It is necessary to obtain registration-cum-membership certificate (RCMC), to enable us to claim benefits under FTP. Besides, EP councils provide you a vital information/data for your marketing efforts.



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(7) GST (Goods and service Tax) registration with local GST authorities as in the course of conducting your activities, you will be required to purchase goods from local market as well as for clearance your export cargo under zero rate GST with LUT / Refund procedure.

(8) Registration with customs - You have to take the help of your CHA (Customs House Agents) / Customs broker to arrange registration of IEC and AD code number (Authorised Dealer) of your Bank along with your bankers certificate. This is one time exercise.

IMPORTANT CHARACTERISTIC OF IEC :

(a) It is issued for one PAN one IEC. You are not allowed to obtain separate IECs against one PAN

(b) It is operative over the entire country and you can have branches and factories in different places. It is obligatory to include names of your branches, warehouses, factories in your IEC along with your address of registered office.

(c) It has continuous validity - It does not require any renewal.

(d) In case of any change in constitution of the firm, change/addition in address etc. you have to obtain status modification from DGFT along with evidence.

(e) Please remember this is allotment of code number in your companies favour and it is not a license. DGFT issues you certificate allotting IEC number which is informed to customs all over the country. Please do not fall prey to opportunist who will pretend that this is the license requiring huge expense of rupees one lakh and over. you yourself will be able to obtain IEC and in case you take the help of consultant, the expenses should be in the range rupees three thousand to five thousand.

(f) Updation of IEC - As per recent guidelines from DGFT, you have to update your IEC at the beginning of every financial year. If not done, DGFT will deactivate your IEC i.e. it will be removed from their website. On request the same can be reactivated again.



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(g) There is a provision of surrendering of IEC if you are no longer wish to export or import.

CATEGORIES OF EXPORTERS :

The following are major categories of exporters :-

(1) Manufacturers exporter These are exporters who manufacture products in their factory/mills and export them in international market.

(2) Merchant exporters - These are exporters who procure / purchase goods from domestic market and export them in international market. They have the advantage to deal with a variety of products depending on their capacity to source these products.

(3) Manufacturer-cum-merchant exporter These are exporters who export products manufactured by them as well as they procure items from domestic market and export.

(4) Service exporters - On account of progress of our nation in science and technology and recognition of our country as a technical hub, we are able to export variety of services and to earn foreign exchange such exporters are service exporters.

(5) EXPORT HOUSES / TRADING HOUSES : These are exporters who export variety of goods and achieve higher export performance. Those who achieve export performance of Rs.36 crores approx. or more during last two years plus current year are certified as ONE STAR TO FIVE STAR EXPORT HOUSES. They have strong presence in international market and command large financial resources. These exporters help MSMES in a big way.

(6) EOU / EHTP / STP / BTP - Export oriented unit, Electronic Hard technology park, Software technology park, Bio-technology park - These are the exporters who manufacture products and services for export. They are provided enabling environment for their operations such as duty free imports of capital goods and other items. The conditions to be fulfilled by them is to earn positive net foreign exchange earnings (NFE) i.e. earn more foreign exchange than spent on imports & other expenses in foreign currency.



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(7) EOU can be established anywhere in the country and they are monitored by Regional Development Commissioners and they operate under customs bond. They have to achieve positive NFE over a period of five years.

(8) SEZ UNIT (Special Economic Zone) Our country has developed several SEZs to encourage manufacture and export. These units have specific boundary and within this area there are several units who manufacture and export products and services. Besides, they are able to sell their goods within the SEZ. SEZ is regarded as a foreign territory on Indian soil. Therefore, supplies to SEZ units are regarded on par with export. The supplies to SEZ are effected under bill of export instead of shipping bill and suppliers are entitled to all the benefits that are available to exports.

(9) FREE TRADE AND WAREHOUSING ZONE (FTWZ) - These are the units who are permitted by the Government to import duty free goods and either export them or sell on payment of duties. This scheme aims at developing our nation as a international trading hub.

(10) DEEMED EXPORT Deemed exports are supplies in India to projects financed by international agencies as well as to certain licence holders. Since these supplies either save or earn foreign exchange they are regarded as deemed export and they are provided all the benefits that are available to other exporters,

These supplies are effected in India to various projects namely ONGC, Indian Oil Corporation, Gas authorities of India, EOU and Power projects and UNICEF Projects. Besides, indigenous manufacturers supplying their products and capital goods to licence holders like advance licence holder for import of duty free inputs and capital goods under EPCC scheme are deemed exports. Such supplies save our foreign exchange and hence these are categorised as deemed export.