A Project on Imports – Exports

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DECLARATION

I hereby declare that these project titled “A Project on Importds - Exports “ submitted by me to Mcom department of Accountancy hpp is bonafide work undertaken by me and it’s not to any other university or institution for the awaeds of any degree/certificate or published any time before.

Academic year 2020 – 2021

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CERTIFICATE

This is to certificate that Ms.FalduSurbhi have worked and completed their project work for the degree of MCOM IN ACCOUNTANCY on title of project work to be written " Project on Imports – Exports . It is own and facts reported by his personal findings and investigation .

Name & Signature of Guide

Professor

Date of Submission :-

Place :- Ahmedabad

ABSTRACT

Used by the companies and the world and there are almost no new options for fostering competition and here comes online marketing with almost unlimited possibilities and options. This paper focuse s on the growing importance of online marketing, including research of the state of the art through analysis of the data provided by numerous surveys. It also contains brief description of the online marketing itself, basic strategies on the internet nowadays and the answer to the question: How it is possible to get new customers while keeping the old ones?

Have been strong source of inspiration throughout the project directly orindirectly.

INTRODUCTION

International trade is simply the sale and purchase of services and goods beyond the nationalborders. International trade can be done by governments or firms that have the stamina ofoperating on the international scale. In fact, the modern world consists of mutualinterdependence among various economies of nations. There have been massive and extensivestudies of international trade and its impact on the economies of the world whether individualeconomies, regional economies or global economies. The study of the relationship between theinternationaltrade and growth of economy dates back as far as the classic period in the 18th century when David Ricardo and Adam Smith asserted that trade had a general influence on thepositive growth of the economy. The notion of positive growth of economy as a result of trade isbecause they believed that trade brought about a higher accumulation of capital and technicalprogress that eventually leads to the improvement of productivity. One thing to note is that thegrowth of economies has always been present throughout the human history even though the rateof growth has been shifting from slow and irregular to a more rapid, dynamic and continuousrate with more advanced innovations and industrial revolution. The major concern aboutinternational trade still remains on its influence on the level of growth of the economy. Tradetheories indicate generally that there is always a positive association among openness of an economy, inflation,Investment to Gross Domestic Product (GDP) ratio and export to GDP ratio.

There is a high chance of trade to promote economic growth from the supply side, however, ifthe balances of payment costs end up reducing the availability of goods imported, the exporterswill be forced to use expensive imports in order to offset the imbalance of trade in the economy.International Trade and Its Impact on the Global Economy

WHAT IS AN IMPORT?

An import is a good or service bought in one country that was produced in another. Imports and exports are the components of international trade. If the value of a country's imports exceeds the value of its exports, the country has a negative balance of trade, also known as a trade deficit.

The United States has run a trade deficit since 1975. The deficit stood at $576.86 billion in 2019, according to the U.S. Census Bureau.

Key Takeaways

- An import is a product or service produced abroad and purchased in your home country.
- Imported goods or services are attractive when domestic industries cannot produce similar goods and services cheaply or efficiently.
- Free trade agreements and tariff schedules often dictate which goods and materials are less expensive to import.
- Economists and policy analysts disagree on the positive and negative impacts of imports.

WHAT IS AN EXPORTING

- Exports are explained as the goods and services manufactured in one country and acquired by citizens of another country. The export of good or service can be anything. This trade can be done through shipping, e-mail, transmitted in private luggage on a plane. Basically, if the product is manufactured domestically and traded in a foreign country, it is known as an export.

- In International trade, exports are one of the components. The other component is imported which means the goods and services purchased by a country’s citizens that are manufactured in a foreign country. Both the export and import combined contribute to the country’s trade balance. Whenever the country’s export is more than the import, it is called a trade surplus. However, when the import is more than the export, it is known as a trade deficit.

WHAT DOES IMPORT-EXPORT BUSINESS MEAN?

What is the definition of import export business?

The Export/Import business is primarily an expansion of trade boundaries wherein several business models exist. Just like the conventional business, a person with the requisite Export/Import license can sell his manufactured goods to clients abroad, can act as an intermediary between the local manufacture and overseas buyer or vice versa, and can be directly purchasing good produced abroad and selling them in the native market. The export-import business becomes unique with the involvement of various stakeholders and risks, which do not come into picture with domestic trade.

EXAMPLE

Potato Joe is a Japanese french fry company that imports potatoes from the United States and makes them into fresh, hand cut potatoes. It has been doing well in the domestic market. Now they wish to expand their business and look for possible buyers abroad. After the initial discussions, sample testing, and price negotiations, Potato Joe has finalized an overseas buyer for their product. With the purchase order from the buyer, Potato Joe produces the batch and is ready to ship. Now comes the difference with the overseas business. While what would have been just a matter of logistics with the domestic trade, now with an overseas buyer, Potato Joe has some additional issues to be addressed. The custom regulations, the longevity (expiry) of the product, thetransport mode, in-transit insurance, counterparty default risk are some of the check-points that Potato Joe has to be adept with.

Potato Joe also has to understand the international food rules, guidelines, and laws for shipping consumables overseas. There may also be licensing requirements that foreign countries impose on businesses that ship goods into their countries. After Potato Joe has all of these obstacles figured out, he will be able to export his products around the world.

TYPES OF IMPORTS

One-time import:-

This handles importing most profile information for both people and organizations. You can import from a CSV file. A list or filter shared by another nation can also be imported using the one-time import. Begin a new import and review status of previous imports at People > Import > One-time import.

Recurring import:-

A list or filter shared by another nation can be imported using the recurring import. Public information connected to a Twitter account can also be imported using recurring import. Twitter followers imports people who follow a particular Twitter account. Twitter followings imports the profiles followed by a particular Twitter account. Begin a new recurring import at People > More > Import > New recurring import. Review and edit previous recurring imports at People > Import > X recurring import. "X" represents the number of active recurring imports in your nation.

Voter file import :-

This type of import requires that you enable voter features at Settings > Defaults > Basics. This will import profile information for voters. It also allows you to import a larger number of signup fields, including voting districts and party affiliation. You can also request a U.S. voter file from the NationBuilder Election Center. This requires you to enable voter features in your nation. Begin a new import and review status of previous imports at People > Import > Voter file.

Ballot import:-

This type of import requires that you enable voter features at Settings >Defaults > Basics. View a historical record of when elections occurred andwhether an individual voted in that election. Voters must already exist in the nation for you to import vote history through the control panel. Once voters exist, ballots can be imported in the People section at People > Import > Ballots.

Scanned survey import:-

Import information collected during a phone bank or door knock using scannable sheets. Scannable sheets include the results of a survey. Begin a new import and review status of previous imports at People > Import > Scanned Direct survey import.

Donation import :-

This type of import requires that you enable donor features at Settings > Defaults > Basics. Import donation records. Each records represents a separate transaction. Donations are stored in the finances table, which is connected to a particular signup profile by unique identifiers. Begin a new import and review status of previous imports at Finances > More > Import donations.

Membership imports :-

This type of import requires that you enable membership features in Settings > Defaults > Basics. Memberships are stored in the membership table and are connected to a particular signup profile by unique identifiers. A signup can have more than one type of membership, but only one membership per type. Begin a new import and review status of previous imports at Settings > Nation defaults > Membership types > Import memberships.

TYPES OF EXPORTING:-

Direct exporting

Indirect exporting

1.Direct exporting:-

exporting means sale of goods abroad without involving middlemen. In case of direct exporting a firm itself undertakes selling its products overseas and is responsible for dealing with foreign firms directly. A firm may carry on direct exporting by any one of the following modes:

- By establishing company's own corporate export provision.
- By appointing foreign sales representative and agent.
- Through foreign based distributors and retailers/agents.
- Through foreign based state trading corporation.
- Through overseas sales branches

In- Direct exporting:-

In-direct exporting means sale of go abroad through middle men. Indirecexporting, involves using the help of independent middle men and sales intermediaries that take the responsibility of sending the products to foreign countries. Some major types of intermediaries of indirect exporting are as under:

• Commission agents.

• Domestic based export merchants or export trade companies.

• Buying or purchasing agents.

- Export agents.
- Export management companies.
- Cooperative organizations.

There are two types of indirect exporting:

1. Occasional exporting.

2. Active exporting.

1.Occasional exporting

Occasional exporting or passive exporting takes place when company exports time to time either on its own initiative or response to unsolicited orders from abroad. Active exporting takes place when the company makes a commitment to expand its exports to a particular market.

2. Active exporting

The main difference between direct and indirect exporting is that the manufacturer performs the export task himself in case of direct exporting while the manufacturer delegates the export task to others (middle men) in case and indirect exporting. As a result, the costs and risks involved in indirect exporting are less than those involved in direct exporting.

ADVANTAGES OF INDIRECT EXPORTING OVER DIRECT EXPORTING.

- Indirect exporting involves less investment. The firm does not have to develop an export department, an overseas sales force or a se foreign contacts.

- Indirect exporting involves less risk. Because international marketing intermediaries bring know how and services to the relationship, the seller will normally make fewer mistakes.

HOW CAN I START AN EXPORT BUSINESS?

Decide where you want to export:-

The first step is to understand global markets and the products in demand. This study will help you decide what is the right marketplace for your business in the respective marketplaces.

Get the required documentation :-

Obtain PAN (from Income tax Department) & IEC number (from DGFT). Application for IEC can be filled online directly on DFGT website.

Find customers :-

If you are interested to start an offline export business, you might need to participate in trade fairs in various countries, participate in buyer seller meets, go to B2B portals that may take a big chunk of commissions from you. But with Amazon Global Selling, starting an export business is easy and simple. List your products on Amazon marketplaces and take your business across the world.

Ship your products:-

There are a lot of factors concerning logistics & delivery. Timely delivery with no damages not only builds trust for your brand among your buyers but will also be responsible for repeat purchase & increasing referrals of your products.

Get paid:-

Depending on an alignment you have with the buyer, you can decide either to open a bank account in the respective country or collect payments in your Indian bank account. You would need to consult with your financialadvisor for this. With Amazon Global Selling, you have the flexibility of both.

WHAT ARE THE BENEFITS OF IMPORTING AND EXPORTING PRODUCTS?

With the expansion of the Internet, many businesses have now started to compete on a global scale. Whenever a business starts growing and expanding, entrepreneurs begin striving to become more competitive-either by importing or exporting goods, As these are the basics that make a business successful, here are some of the key benefits of importing and exporting that are worth considering.

Why is importing and exporting goods important?

As soon as a business starts operating internationally, there are many additional factors which can have a huge impact on its success. Exporting and importing goods is not just the core of any large,Each country is endowed with some specific resources. At the same time, a country may lack other resources in order to develop and improve its overall economy. For example, while some countries are rich in minerals and precious metals or fossil fuels, others are experiencing a shortage of these resources. Some countries have highly developed educational systems or infrastructures, while others do not.

Once countries start exporting whatever they are rich in, as well as importing goods they lack, their economies begin developing. Importing and exporting goods is not only important for businesses; it is important for individual consumers, too. Consumers can benefit from certain products or components that are not produced locally, but areavailable to purchase online from a business abroad.

BENEFITS OF IMPORTING

When people talk about importing in terms of trade, they refer to purchasing products or services from another country. These products or services are then offered to customers by the importing business or individual, broadening their choice of purchase. However, this is not the only benefit of importing; there are many more to consider. Here are some of them.

1. introducing new products to the market

Many businesses in India and China tend to produce goods for the European and American market. This is mostly due to the size of these markets and the purchasing power of the population there. But once a new product is introduced tothese two markets, it may take a year or more before the product is introduced to other, smaller markets.

If a product produced in China seems attractive/useful to entrepreneurs in Australia, they can import it and introduce it to their potential consumers. Thanks to the internet expansion, entrepreneurs can conduct market research prior to importing a certain product. This will help them determine if there is an actual need on the market for such an imported product, so they can develop an effective marketing strategy in advance.

2. reducing costs

Another major benefit of importing is the reduce in manufacturing costs. Many businesses today find importing products, parts of products and resources more affordable than producing them locally.

There are numerous cases when entrepreneurs find products of good quality which are inexpensive even when the overall import expenses are included. So instead of investing in modern, expensive machinery, entrepreneurs choose to import goods and reduce their costs. In most cases, they end up ordering large quantities in order to get a better price and minimize the costs

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3. becoming a leader in the industry

One of the key benefits of importing products is the opportunity to become a market leader in the industry of interest. Since manufacturing new and improved products is a never-ending process, many businesses worldwide use the chance to import new and unique products before their competitors do. Being the first to import a fresh product can easily lead you to becoming a leader in a certain industry.

4. providing high qualityproducts

Another benefit of importing is related to the ability to market products of high quality. Lots of successful entrepreneurs travel abroad, visit factories and other highly professional sellers in order to find high quality products and import them into their own country. Moreover, manufacturers may provide informative courses and training, as well as introduce standards and practices to ensure the company abroad is well prepared to sell their products.

If you choose to base your business on importing products, chances are you are going to get high quality products. This isdue to the fact that manufacturing businesses are very aware that their reputation largely depends on the quality of the items they produce. This is a reason more to consider importing the essence of your new business.

BENEFITS OF EXPORTING

Just as there is a variety of benefits of importing products and services, there are numerous reasons for exporting, too. Here are the two key benefits of exporting products to other countries:

1. increasing your sales potential

While importing products can help businesses reduce costs, exporting products can ensure increasing sales and sales potential in general. Businesses that focus on exporting expand their vision and markets regionally, internationally or even globally. Instead of earning money by selling their offerings on the local market, these businesses are focused on discovering new opportunities to present their work abroad.

Exporting products is especially good for medium and large businesses – the ones that have already expanded within the local market. Once they have saturated the market in their country, exporting products abroad can be a great opportunity for these businesses to increase the sales potential. Additionally, exporting can be one way of scanning

2. increasing profits

Exporting products can largely contribute to increasing your profits. This is mainly due to the foreign orders, as they are usually larger than those placed by the local buyers. While local customers buy a few products or a pallet, businesses abroad oftentimes order a container of products which inevitably leads to increased profits. Moreover, if your products are considered unique or innovative abroad, your profits can increase rapidly in no time.

Achieve your business goals by importing and exporting products

Importing and exporting products can be highly beneficial for businesses today. While importing can help small and medium businesses develop and expand by reaching larger markets abroad, exporting can increase the profits of medium and large businesses.

If you’re striving to make your business the leader in its industry, or you are thinking of lowering production costs, importing is certainly worth considering. Otherwise, if your local market is too small for your business and you’re searching for new opportunities to expand – exporting may be your key to success.

DISADVANTAGES OF EXPORTING

Profit Margins Might get affected due to fluctuations in foreign exchange rate. This really does put a huge negative impact in the long run of export business.

Economic or Political Conditions:

The Importing Country's political &economical conditions may not remain the same every time as things keep on changing. So due to negative changes in Importing Country, the exporting business gets affected badly.

Tensions between nations:

Recently in India, we faced the boycott China trend, though India's Exports got increased but still in earlier stages there was significant loss for China Exporters.

DISADVANTAGES OF IMPORTING:

- Dependency on other countries arises which is not good for both the Exporter and Country's Growth.
- Manufacturers' mindset gets discouraged.
- In Emergency Times of the Country, things get worse.

TradePolicy

Trade policy is one of the many economic instruments for achieving economic growth. The basic twin objectives of the trade policy have been to promote exports and restrict imports to the level of foreign exchange available in the country. The inherent problems of the country have been non-availability/acute shortage of crucial inputs like industrial raw materials, supporting relevant technology and required capital goods. The problems can be removed by imports. But, continuous imports are neither possible nor desirable. The gap between exports and imports is financed through borrowing and foreign aid. However, imports must be financed by exports, in the long run. The basic objective of the trade policy revolves round the instruments and techniques of export promotion and import management.

FOREIGN TRADE

Foreign Trade is recognized as the most significant determinants of economic development of a country, all over the world. For providing, regulating and creating necessary environment for its orderly growth, several Acts have been put in place. The foreign trade of a country consists of inward and outward movement of goods and services, which results into outflow and inflow of foreign exchange. The foreign trade of India is governed by the Foreign Trade (Development & Regulation) Act, 1992 and the rules and orders issued there under. Payments for import and export transactions are governed by Foreign Exchange Management Act, 1999. Customs Act, 1962 governs the physical movement of goods and services through various modes of transportation. To make India a quality producer and exporter of goods and services, apart from projecting such image, an important Act—Exports (Quality control & inspection) Act, 1963 has been in vogue.

Developmental pace of foreign trade is dependent on the Export-Import Policy adopted by the country too. Even the Exim Policy 2002-2007 lays its stress to simplify procedures, sharply, to further reduce transaction costs.

Today’s international trade is not only highly competitive but also dynamic. Necessary responsive framework to make exports compete globally, is essential. In order to harness these gains from trade, the transaction costs, in turn dependent on the framework support, involved need to be low for trading within the country and for international trade. International trade is a vital part of development strategy and it can be an effective instrument of economic growth, employment generation and poverty alleviation. Market conditions change, almost daily, requiring quick response and more importantly, anticipation of the future requirements is the need of the hour. To gear with the changing requirements, it is essential that the framework has to remain in pace and change in anticipation, accordingly, and then only international trade can pick up the speed envisaged.

DOCUMENTS RELATED TO EXPORTS

(i)Proforma Invoice

Proforma invoice is the starting point of an export contract. As and when the exporter receives the trade inquiry from the importer, exporter submits the Proforma invoice to the importer.

The Proforma invoice contains details such as name and address of the exporter, name and address of the intending importer, nature of goods, mode of transportation, unit price in terms of internationally accepted quotation, name of the country of origin of goods, name of the country of final destination, period required for executing contract after receipt of confirmed order and finally signature of the exporter.

Importance and Significance of Proforma Invoice are Two Fold

(A) It forms basis of all trade transactions and further negotiation or contract is made on this basis.

(B) It helps the importer to obtain the import licence, where required, and obtain foreign exchange for completion of the contract

(ii) Commercial Invoice

A commercial invoice is the seller's bill for merchandise or goods sold by him. Invoice contains all the particulars and details in respect of name and address of seller (exporter), name and address of buyer (importer), date, exporter's reference number, importer's reference number, description of goods, price per unit at particular location, quantity, total value, packing specifications, terms of sale (FOB, CIF etc), identification marks of the package, total number of packages, name and number of the vessel or flight, bill of lading number, place and country of destination, country of origin of goods, reference to letter of credit, if opened, terms of payment, and finally signature of the exporter etc.

From the details, it is clear that invoice is an important and basic export document. It is also known as 'DOCUMENT OF CONTENTS' as it contains all the important information necessary for the preparation of other export documents.

For many countries, there are no prescribed special invoice forms. Exporters can use their normal invoices used for indigenous trade for exports made outside the country too and show the particulars required by the importer in terms of the contract. However, there are special invoicing procedures in respect of exports to certain countries like Canada, U.S.A. and Australia. Some countries like Uganda, Mexico, Sudan and Tanzania require special customs invoices.

Information about the special invoice forms required can be gathered from the respective Export Promotion Councils apart from the procedures of trade to be followed in respect of the importer's country. Any recognized Chamber of Commerce too can provide the information in this respect.

Significance of Commercial Invoice

(A) It is prima facie evidence of the contract of sale and purchase of goods. On the basis of the invoice, all the other documents, in the context of export, are prepared as it is the basic document.

(B) Invoice constitutes the main document for various export formalities such as preshipment inspection, quality, excise and customs procedures.

(C) It is useful for accounting purposes, both by the exporter and importer.

(D) This document is required in collection/negotiation of documents through the bank.

(E) For claiming incentives, this document is essential.

(iii) Consular Invoice

Some of the importing countries insist that the invoice is to be signed by the importing county's consular located in the exporter's country. Such invoices are known as consular invoice. The exporter has to pay a certain fee to obtain the certificate/invoice. Such charges/ fees vary from country to country. The main purpose to obtain consular invoice is to secure authentication of information contained in the invoice. Once the invoice is signed by the consular of the country, the importer gets comfort and confidence in respect of accuracy of information in respect of quality, source of goods, volume and grade.

Normally, on arrival of the goods, it is necessary to convince the customs authorities of the importing country that the goods stated in the invoice and the actually imported goods are one and the same. If the customs authorities get suspicious or not convinced, they open the packages of the imported goods. If this happens, considerable delay takes place. The importer is put to hardship by delayed receipt of goods. To avoid all these problems, importer insists on the exporter to obtain the consular invoice from the consulate stationed in the exporter's country. The consulate invoice is, generally, prepared in three copies. One copy is retained by the consulate office, the second copy is sent to the customs of the importing country and the third copy is given to the exporter to forward the same along with other documents through the banker for collection/negotiation.

This information also facilitates in assessing import duties and also would be useful for statistical purposes.

DOCUMENTS RELATED TO SHIPMENT

(i)Shipping Bill

The shipping bill is the main document on the basis of which the customs permission is given. Under manual processing of export documents, the exporter is required to file the appropriate type of shipping bill to seek the order for customs clearance of the export shipment. Under computerized processing, the exporter does not prepare the shipping bill; instead it is computer generated. The customs order is called “LET EXPORT Order”. After the shipping bill is stamped by the customs, then only the goods are allowed to be carted to the docks. The shipping bill contains the following particulars:

(A) Nature of goods exported,

(B) Name of vessel, master or agents,

(C) Flag,

(D) Country of destination, the port at which the goods are to be discharged

(E) Exporter’s address,

(F) Importer’s address,

(G) Details of the packages, such as numbers and marks,

(H) Quantity details of each case, total number of cases and aggregate weight

(I) F.O.B. prices and real value as defined in the Sea Customs Act and

(J) Whether the merchandise is Indian or foreign origin which is re-exported.

The shipping bill is prepared in five copies:

1. Customs copy
2. Drawback copy
3. Export Promotion copy
4. Port Trust copy and
5. Exporters copy

Importance of Shipping Bill

(A) It is an important document required by the customs authorities for clearance of goods. The customs authorities endorses the duplicate copy of the shipping bill with “Let Export Order” and “Let Ship Order”.

(B) After the clearance of customs, exporter can load the goods on ship

(C) Shipping bill endorsed by the customs authorities facilitates the exporter to claim incentives such as excise duty refund and duty drawback.

Types of Shipping Bills

(1)Free Shipping Bill:

It is used in case of goods which neither attract any export duty nor entitled for duty drawback. It is printed on simple white paper.

(2) Dutiable Shipping Bill:

It is used in case of goods, which attract export duty. It may or may not be entitled to duty drawback. It is printed on yellow paper.

(3) Drawback Shipping Bill:

It is used in case when refund of duties is allowed on the goods exported. Generally, it is printed on green paper, but when the drawback claim is paid to a bank, then it is printed on yellow paper.

(4) Shipping bill for Shipment Ex-Bond:

It is used in case of imported goods for reexport and which are kept in bond. It is printed on yellow paper.

(5) Coastal Shipping Bill:

It is used in case of shipment that is moved from one port to another port, by sea, within India. It is not an export document.

When goods are sent by sea, it is called Shipping Bill and it is Airway bill when goods are sent by Air.

(ii) Mate's Receipt

A mate's receipt is issued by the mate (assistant to the captain of the ship) after the cargo is loaded into the ship. It is an acknowledgment that the goods have been received on board the ship. Contents of Mate's Receipt Mate' receipt contains the details about

1. Name of the vessel,
2. Date of shipment,
3. Berth,
4. Marks,
5. Numbers,

6. Description and condition of goods at the time they are shipped, port of loading,

7. Name and address of the shipper,

8. Name and address of the importer(consignee) and

9. Other required details.

Types of Mate's

Receipts Mate's receipt can be clean or qualified

(A) Clean Mate's Receipt:

Mate of the ship issues a clean mate's receipt if the condition, quality of the goods and their packing are proper and free from defects.

(B) Qualified Mate's Receipt:

If the mate's receipt contains any adverse remarks as to the quality or condition of the goods/packing, it is known as 'Qualified Mate's Receipt'. If the goods are not packed properly and the mate's receipt contains any adverse remarks about the packing such as "Poor Packing', the shipping company does not assume any responsibility in respect of the goods during transit. It is necessary for the exporter to secure the mate's receipt without any adverse remarks. On the basis of the mate's receipt, the Bill of Lading is prepared by the shipping agent. If there are adverse remarks in the mate's receipt, the same will be incorporated in the Bill of Lading, which may turn to become a claused Bill of Lading, and this may not be acceptable for negotiation.

Mate's receipt is first handed to the Port Trust Authorities who hands over to the exporter soon after he clears their dues. This procedure is adopted to facilitate for collection of port dues from the exporter.

Significance of Mate's Receipt

(1) Mate's receipt is an acknowledgment of goods. It is not a document of title.

(2) It is issued to enable the exporter or his agent to secure bill of lading from the shipping company.

(3) Bill of Lading, which is the title to the goods, is prepared on the basis of Mate's receipt so it should be obtained without any adverse remarks.

(4) Port Trust Authorities are enabled to collect their dues as it is routed through them.

(iii) Cart Ticket

A cart ticket is also known as cart chit. This is prepared by the exporter, which contains the details of the vehicle number, description of goods, quantity, name of the shipper, shipping bill number and port of destination. The driver of the vehicle carries the cart ticket. At the time of entry into Port, the cart ticket is verified by the Port Authorities to satisfy that the vehicle is carrying only those goods, which are mentioned in the cart ticket. After being satisfied, the gatekeeper/warden/inspector issues the gate pass to the driver and allows entry of the vehicle into the premises of the port..

(iv) Certificateof Measurement

Freight is charged either on the basis of weight or measurement. When weight is the basis of measurement, the shipping company for the purpose of calculation of freight may accept the weight declared by the exporter. However, when measurement is the basis for calculation of freight, the shipping company may insist on a certificate issued by Chamber of Commerce or other approved organization in respect of goods. The certificate of measurement contains the details in respect of description of goods, quantity, length, breadth and depth of the packages, name of the vessel and port of destination of the cargo etc.,

(v) Bill of Lading

Bill of Lading is a document issued by the shipping company or his agent acknowledging the receipt of cargo on board. This is an undertaking to deliver the goods in the same order and condition as received to the consignee or his agent on receipt of freight, the shipping company is entitled to. It is a very important document to the exporter as it constitutes document of title to the goods.

Each shipping company has its own bill of lading. The exporter prepares the bill of lading in the form obtained from the shipping company or agents of shipping company.

The goods can be consigned to order of the exporter, which means the exporter can authorize someone else to receive the goods on his behalf. In such a case, the exporter would discharge the bill of lading on its reverse. When the bill of lading is negotiated through the bank, it would be endorsed in favour of the bank that would endorse further to the importer, on receipt of payment.

Bill of Lading is made in signed set of 2 originals, any one of which can give title to the goods. The shipping company also issues non-negotiable copies (unsigned) which are not documents of title to goods but serves the purpose of record only.

The reverse side of Bill of Lading contains the terms and conditions of the contract of carriage. The clauses on most of the bills of lading are common. A Bill of lading should be clean to facilitate the exporter to obtain the proceeds of export without difficulty.

Main Purposes

It serves three main purposes.

(A) As a document of title to the goods

(B) As a receipt from the shipping company and

(C) As a contract of affreightment (transportation) of goods.

Types of Bill of Lading

(1)Received for Shipment B/L:

A shipping company issues it when goods have been given to the custody of the shipping company, but they have not been placed on board.

(2) On Board Shipped B/L:

The shipping company certifies that the cargo has been received on board the ship.

(3) Clean B/L:

It indicates a clean receipt. In other words, it implies that there has been no defect in the apparent order or condition of goods at the time of receipt or shipment of goods by the shipping company.

(4) Claused or Dirty B/L:

It shows that the B/L is qualified which expressly declares a defective condition of goods. The clause may state “bale number 5 hook-damaged” or “package number 10 broken”. By superimposing this type of clause, the shipping company is limiting its responsibility at the time of delivery of goods, at the destination. It is very important to note that bank accepts only a clean B/L at the time of negotiation.

(5)) Transshipment or Through B/L:

When the journey covers several modes of transport from the place of starting to the place of destination, this type of B/L is taken. It indicates that transshipmen would be en route. For example, part of the journey is by ship and the rest of journey may be by road, rail and air.

(6) Stale B/L:

According to international commercial practice, B/L along with other documents must be presented to the bank not later than twenty one days of the date of shipment as given in the B/L. In some cases, the importer may indicate the number of days within which the documents are to be presented from the date of shipment. Exporter has to comply with the stipulation indicated. Otherwise, the B/L becomes stale and is not accepted by the bank for payment. A stale bill is one which is tendered to the presenting bank so late a date that it is impossible for the bank to dispatch to the consignee’s place, in time, before the goods arrive at the destination port. In other words, bank finds it impossible to see the documents reach before the ship reaches the destination.

In this case, the B/L is issued to the order of a specified person.

(8) Charter Party B/L:

It covers shipment on a chartered ship.

(9) Freight paid B/L:

When the shipper pays the freight, then this type of B/L is issued with the words "Freight paid".

(10) Freight Collect B/L:

When the freight on the B/L is not paid and to be collected at the point of destination, it is marked "Freight Collect" and this B/L is known as "Freight Collect B/L".

Generally, the importer insists on the "clean on-board shipped" bill of lading with the prohibition of transshipment of goods as goods can suffer damage during transshipment. If transshipment is allowed, even period of journey may take longer.

B/L is a non-negotiable document:

A bill of lading is not a negotiable document while it is a transferable document. Transferability enables the exporter to claim payment from the bank even before the goods reach the destination. Similarly, it enables the importer to sell the goods even before they reach the destination.

Parties mentioned in B/L: There are three main columns in B/L. These are shipper (consignor), consignee or order of and notifying party. Notifying party is party to whom notice is to be sent on the arrival of goods at the place of destination. When the B/L is made to the order of, the person, in whose name it is made to the order of, has the right to endorse further. To illustrate: Consignor:

Cherry & Co, Bhopal

Consignee or to the order of: Dimpy& Co, Newjersey, U.S.A.

Notifying Bank: Bank of America, Newjersey

In this case, Dimpy& co has the total right for the cargo as the consignee. So, Cherry & Co can not transfer title to the goods to the third party. If payment of the goods is not received, consignor loses title to the goods and so B/L is not to be made in this way. However, where advance payment has been received or goods are shipped under irrevocable letter of credit, bill of lading can be made in the name of the consignee. In the normal circumstances, exporter takes the bill of lading to his order and endorses to the bank at the time of negotiation and in this way his interests are fully protected.

Who can lodge claim:

B/L is the only evidence to file claim against the shipping company in the event of non-delivery, defective delivery or short delivery. If the importer makes payment, he can lodge the claim, as he will be in possession of negotiable copy of B/L. Otherwise, exporter can lodge the claim and receive the value of goods.

Contents of B/L

1. Name and address of the shipper.
2. Name and address of the vessel.
3. Name of port of loading.
4. Date of loading of goods.
5. Name of port of discharge and place of delivery.
6. Quantity, quality, marks and other description.
7. 7. Number of packages
8. Freight paid or payable.
9. Number of originals issued.
10. Name of the shipping company.
11. Voyage number and date.
12. Signature of the issuing authority

DOCUMENTS RELATED TO PAYMENT

(i)Letter of Credit

A letter of credit is a document-containing guarantee of a bank to make payment to the exporter, under certain conditions and up to a certain amount, provided the conditions contained in the letter of credit are complied with. For a detailed presentation, reader may refer to the chapter on Export Financing.

(ii) Bill of Exchange

The Negotiable Instruments Act, 1881 defines a Bill of Exchange as " an instrument in writing containing an unconditional undertaking, signed by the maker, directing a certain person to pay a certain sum of money only to, or to the order of, a certain person or to the bearer of the instrument".

There are five important parties to a Bill of Exchange:

The Drawer:

The drawer is the person who has issued the bill. In an export transaction, exporter draws the bill as money is owed to him.

The Drawee:

The drawee is the person on whom the bill is drawn. Exporter draws the bill on the importer who is the drawee. Drawee is the debtor who owes money to the exporter (creditor).

The Payee:

The payee is the person to whom the money is payable. The bill can be drawn by the exporter payable to the drawer (himself) or his banker.

The Endorser:

The endorser is the person who has placed his signature on the back of the bill signifying that he has obtained the title for the bill on his own account or on account of the original payee.

The Endorsee:

The endorsee is the person to whom the bill is endorsed. The endorsee can obtain the payment from the drawer.

(iii) Trust Receipt:

In case of D/P bill, the importer has to make the payment to take delivery of goods. If the importer is unable to make the payment, on arrival of the shipment, and take possession of goods, he executes a Trust Receipt to take delivery of goods. Importer will have the right to sell the goods and would be acting as agent of the bank. Importer will be depositing the sale proceeds with the bank, as and when sales are made. Till the importer makes the final settlement, bank retains ownership for the merchandise and the role of the importer is not that of owner but that of agent to the bank. This arrangement facilitates the importer to take delivery of goods when sufficient funds are not available with him. This facility provides the flexibility to the importer while the interests of bank are protected, at all times.

(iv) Bank Certificate of Payment:

It is a certificate issued by the negotiating bank to the exporter that the bill covering the shipment has been negotiated through it and export proceeds have been received from the importer. The certificate indicates the details of the merchandise exported. Exporter submits this certificate of payment for establishing that the export transaction has been completed totally by him. This certificate is required to comply with the requirements for the discharge of export obligation.

DOCUMENTS RELATING TO INSPECTION

Certificate of Inspection It is a certificate issued by the Export Inspection Agency certifying that the consignment has been inspected under the Export (Quality Control and Inspection) Act, 1963 and found that the requirements relating to quality control and inspection have been complied with, as applicable, and the goods are export worthy.

HOW TO DECREASE IMPORTS/INCREASE EXPORTS

1. Taxes and quotas

Governments decrease excessive import activity by imposing tariffs and quotas on imports. The tariffs make importing goods and services more expensive than purchasing them domestically. Imposing tariffs is one way a country can work to improve its balance of trade.

2. Subsidies

Governments provide subsidies to domestic businesses in order to reduce their business costs. This helps bring down the price of domestic goods and services, hopefully, encouraging consumers to buy domestic rather than imported goods. By enabling domestic producers to produce goods less expensively and, thus, lower their prices, subsidies may also increase exports as the cheaper goods become more attractive to foreign buyers.

Quality of goods must still be factored into the equation. If consumers are convinced that a certain product made in country “X” is of substantially better quality than the same product as made in country “Y”, then they may continue purchasing the product from manufacturers in country “X” even if government subsidies to manufacturers in country “Y” have made it significantly less expensive to buy from country “Y”.

An example of the quality issue is illustrated by Sony televisions, which are perceived by many consumers as being of notably superior quality to other brands. Therefore, despite the fact that Sony TVs carry a significantly higher price tag, they still outsell many other brands because consumers are willing to pay more for superior quality.

`A good example of quality perception affecting imports/exports can be drawn from the wine industry. For years, wineries in the United States experienced difficulties even selling their products domestically, largely because of the fact that U.S. wines were not considered to be of the same quality as, say, French or Italian wines.

However, as the quality of U.S. vintages improved and became acknowledged in the marketplace, sales by U.S. wineries not only reduced imports of foreign wines – but also began to develop a sizable export business as many European consumers began buying wines produced in the States.

3. Trade agreements

Sometimes, countries ensure a regular flow of international trade, i.e., a high volume of both imports and exports, by entering into a trade agreement with another country. Such agreements are aimed at stimulating trade and supporting economic growth for both countries involved.

Trade agreements typically focus on the exchange of different types of products. For example, the U.S. might enter into a trade agreement with Japan where Japan agrees to buy a certain amount of American-made automobiles in exchange for the U.S. increasing its imports of Japanese rice.

4. Currency devaluation

Another method of increasing exports and decreasing imports is by devaluing the domestic currency. Governments devalue their currency with the aim of bringing down the prices of domestic goods and services, the ultimate goal being to increase net exports. The currency devaluation also makes purchasing from other countries more expensive, thus discouraging imports.