Import and Export Management with relation to international Business

Vivyn MJ,
Christ University, Bangalore
&
Alankritha B,
Christ University, Bangalore
&
Namith Mohan
Christ University, Bangalore

What is International business?
International business comprises all commercial transactions (private and governmental, sales, investments, logistics, and transportation) that take place between two or more regions, countries and nations beyond their political boundaries. Usually, private companies undertake such transactions for profit; governments undertake them for profit and for political reasons. The term “international business” refers to all those business activities, which involve cross-border transactions of goods, services, and resources between two or more nations. Transactions of economic resources include capital, skills, people etc. for international production of physical goods and services such as finance, banking, insurance, construction etc.

A multinational enterprise (MNE) is a company that has a worldwide approach to markets and production or one with operations in several countries. Well-known MNEs include fast-food companies such as McDonald’s and Yum Brands, vehicle manufacturers such as General Motors, Ford Motor Company and Toyota, consumer-electronics producers like Samsung, LG and Sony, and energy companies such as ExxonMobil, Shell and BP. As shown, multinational enterprises can make business in different types of market.

The following paper lists and briefly explains all the legal formalities required in the two main branches of international business which are import and export.

Introduction of Imports:
In India, the import and export of goods is governed by the Foreign Trade (Development & Regulation) Act, 1992 and India’s Export Import (EXIM) Policy. India’s Directorate General of Foreign Trade (DGFT) is the principal governing body responsible for all matters related to EXIM Policy, and new guidelines on Foreign Trade Policy (FTP) are expected to be released soon to replace previous FTP guidelines that expired in March 2014.

Importers are required to register with the DGFT to obtain an Importer Exporter Code Number (IEC) issued against their Permanent Account Number (PAN), before engaging in EXIM activities. After an IEC has been obtained, the source of items for import must be identified and declared.

Import Procedure
All importers must follow detailed customs clearance formalities when importing goods into India. A comprehensive overview of EXIM procedures can be found on the Indian Directorate of General Valuation

- Requirements
Every importer is required to begin by submitting a Bill of Entry under Section 46. This document certifies the description and value of goods entering the country. The Bill of Entry should be submitted as follows:
1) The original and duplicate for customs
2) A copy for the importer
3) A copy for the bank
4) A copy for making remittances

Important Documents
- Bill of Entry for Home consumption
- Bill of Entry for housing
- Bill of Entry for ex-clearance
- Other documents:
  - Signed invoice
  - Packing list
  - Bill of lading or delivery order/air waybill
  - GATT declaration form
  - Importer/CHA declaration
  - Import license wherever necessary
  - Letter of credit/bank draft

Insurance document
- Industrial license, if required
- Test report in case of chemicals
- Adhoc exemption order
- DEEC Book/DEPB in original, where applicable
- Catalogue, technical write up, literature in case of machineries, spares or chemicals as applicable
- Separately split up value of spares, components, and machinery
- Certificate of Origin, if preferential rate of duty is claimed

Duties
- Basic Customs Duty
- Additional Customs Duty
- Anti-Dumping Duty
- Safeguard Duty
- Protective duty

Offices involved
At the central level, the Ministry of Commerce and Industry is the most important organ concerned with the promotion and regulation of the foreign trade in India. The Ministry has an elaborate organizational set up to look after the various aspects of trade. Within the Ministry, the Department of Commerce is responsible for formulating and implementing the foreign trade policy. The Department is also entrusted with responsibilities relating to multilateral and bilateral commercial relations, state trading, export promotion measures and development and regulation of certain export oriented industries and commodities. The matters relating to foreign trade are dealt with by the following Heads of the Department:

Directorate General of Foreign Trade
Directorate General of Supplies & Disposal
Directorate General of Commercial Intelligence and Statistics
Import environment in India

Taking a firm stand against electronic waste generation, the environment ministry has denied permission to Apple, IBM, Nokia, Honeywell and Hewlett-Packard, among others, for importing used equipment and parts into India.

The ministry’s rationale for denial is that the vintage and residual life of such refurbished electrical and electronic equipment (EEE) imports would later add to the e-waste burden of the country.

The items proposed to be imported are known to have short functional life and are prone to become obsolete in a short period of time. Therefore, generation of e-waste would become quicker in the country. At best, the country could support products that were manufactured less than three years ago and had at least five years of residual life left, says the ministry’s draft guidelines.

Export Procedures:
Export procedure describes the documents required for exporting from India. Special documents may be required depending on the type of product or destination. Certain export products may require a quality control inspection certificate from the Export Inspection Agency. Some food and pharmaceutical products may require a health or sanitary certificate for export. Shipping Bill/ Bill of Export is the main document required by the Customs Authority for allowing shipment. Usually the Shipping Bill is of four types and the major distinction lies with regard to the goods being subject to certain conditions, which are mentioned below:

- Export duty/ cess
- Free of duty/ cess
- Entitlement of duty drawback
- Entitlement of credit of duty under DEPB Scheme
- Re-export of imported goods

Documents required

- GR forms (in duplicate) for shipment to all the countries.
- 4 copies of the packing list mentioning the contents, quantity, gross and net weight of each package.
- 4 copies of invoices which contains all relevant particulars like number of packages, quantity, unit rate, total f.o.b./ c.i.f. value, correct & full description of goods etc.
- Contract, L/ C, Purchase Order of the overseas buyer.
- AR4 (both original and duplicate) and invoice.
- Inspection/ Examination Certificate.

The formats presented for the Shipping Bill are as given below

- White Shipping Bill in triplicate for export of duty free of goods.
- Green Shipping Bill in quadruplicate for the export of goods, which are under claim for duty drawback.
- Yellow Shipping Bill in triplicate for the export of dutiable goods.
- Blue Shipping Bill in 7 copies for exports under the DEPB scheme

Frequently used documentation:
Exporters should seriously consider having the freight forwarder handle the formidable amount of documentation that exporting requires; freight forwarders are specialists in this process. The following documents are commonly used in exporting; which of them are actually used in each case depends on the requirements of both our government and the government of the importing country.
1. Commercial bill
2. Bill of lading
3. Consular invoice
4. Certificate of origin
5. Inspection certification
6. Dock receipt and warehouse receipt
7. Destination control statement
8. Insurance certificate
9. Export license
10. Export packing list

**Contribution of the WTO and GATT:**
The world trade organization and the general agreement of trade an tariffs has its functions outlined as a body that enables trade among various countries by minimizing trade barriers that are in place or might arise. The WTO and the GATT play a very important role in the legal formalities of trade between countries. In the case of imports a lot of nations have quotas to discourage imports and to decrease their trade deficit, which is unfair for other business doing counties and reduces the standard of living of the people within the country too. To WTO and the GATT help a great deal to eliminate the quotas in place. A similar scenario is applicable for the exports but with tariffs. Tariffs are put in place to benefit from exports which put other nations at a disadvantage. The WTO and GATT on the whole level the playing field for the imports and exports to take place within the world among any and all countries and propagates free and fair trade.

**Conclusion:**
Imports and exports are the two important components of a foreign trade. Foreign trade is the exchange of goods and services between the two countries, across their international borders. 'Imports' imply the physical movement of goods into a country from another country in a legal manner. It refers to the goods that are produced abroad by foreign producers and are used in the domestic economy to cater to the needs of the domestic consumers. Similarly, 'exports' imply the physical movement of goods out of a country in a legal manner. It refers to the goods that are produced domestically in a country and are used to benefit from exports which put other nations at a disadvantage. The import and export management make up an integral and necessary part of international trade and facilitates an equal world but better wealth distribution among all the global citizens.