



Asian Exporters'

Chamber of Commerce And Industry

RECOGNISED BY MINISTRY OF COMMERCE GOVT. OF INDIA

Annual Magazine

AECCI TRADE ASSISTANCE GUIDELINES 2018-19

AECCI

Helps Small Business
Stay Competitive



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Zaheer Bukhari
Board Chairman

DEAR ESTEEMED MEMBERS

I consider it a great privilege to be the Chairperson of the Asian Exporters' Chamber of Commerce and Industry.

Having been a member of the international business community since last more than 20 years, I honestly feel foreign trade is the most interesting and is one that keeps the returns high.

If we talk about the role of a chamber of commerce in your business promotion and counting on my experiences I can say being an active member of the Chamber opens doors in such ways that no other organization can.

As a Chairperson, my focus for the Chamber is always on increasing the NETWORKING opportunities for the exporter members. AECCI is here to help our members and their businesses by offering resources to grow and prosper.

The mission of the AECCI shall be to support and develop the chamber professionals to lead business and their communities. Since last many years, the Chamber has been dedicated to the idea that a strong business community is the backbone of success. The Chamber's list of events and activities is designed keeping in mind the overall professional development and exposure for your business.

We the AECCI team is here to represent the interests of the business community and its members. Here, we have built a network of exporter members, other experienced professionals, a dedicated team of volunteers and many trade promotion organisations who keep an exceptional vision for the growth and development of businesses in the region.

At AECCI you will be able to find whatever your business needs in terms of consultation, guidance,

motivation, knowledge and services. I urge everyone to be active participant for your Chamber of commerce and the new businesses which are yet not be associated, I look forward to you to spare some time and pay a visit to the chamber and have the idea of the benefits associated.

In our endeavour of providing you all with the relevant and important information of foreign trade, we have come up with Vol-II of our Annual Magazine as Trade Assistance Guidelines. I am sure this will serve the purpose of creating young people's interest in foreign trade and providing assistance to the existing businesses.

Finally, I would like to take the opportunity to thank each and every contributor for the support in writing, designing and publishing this Magazine.

Wishing everyone very bright and successful future.

Sincerely,


Zaheer Bukhari
Board Chairman



- Milestones 01
- Wings
- Services
- Trade Assistance Centres & Services

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AECCI Magazine will guide you on

- Basic of Exports
- Steps to start your business.
- Selection of Product and target Market
- Identification of buyers and effective communication.
- Sample Exchange
- Benefits of being associated with various trade bodies.
 - Export Promotion Councils
 - Commodity Boards
 - Chambers of Commerce
 - Other APEX Bodies
- Terms of Payment
- Terms of Delivery-Inco terms.
- Basic Steps of Export Procedure
- Important documentation
- Measures to stay safe from frauds in international business.

Write ups

- Cashing in on the logistics revolution by Mr. Ajay Srivastava- Indian Trade Service officer 01
- International Commercial Arbitration by AECCI
- The Indian Economy: Steps to bolster the exports by Dr Supriya Dhillon
- An insight into becoming an exporter by Assistant Professor Ms Sonia Gupta

**COME AND
GROW
WITH US**



Message from Asian Exporters' Chamber of Commerce And Industry



Swarn Lata
Executive Director

GUIDE TO EXPORTERS

Greetings!!!

We, the Asian Exporters' Chamber Of Commerce And Industry (AECCI) are pleased to present the second edition of "AECCI Annual Magazine-Volume-II, Trade Assistance Guidelines 2018-19"

Objective of the Magazine is to provide the Export guidance in a simplified manner so as to motivate the youngsters for joining export business and to help the existing export community in flourishing their business by keep updated with the required knowledge.

"Exports" brings an excitement in to people's mind assuming the high return on their investment but the fear of risk stays somewhere back in their mind. We, through this Magazine will guide you how the careful study and understanding of the Policy and procedures will make you a successful exporter. Also we will give you a brief of the procedures of exports.

The Magazine will serve as a source of relevant information for the exporter's fraternity. Most common and important issues being faced by the exporters are kept in mind while preparing the content. It is the combination of the practical work-experience of the Chamber's professionals and wing members.

I would like to thank each and every contributor who helped in bringing the second edition like: all the wing experts for their valued contribution, to the writer professionals for the insightful articles submissions, to the designer and printer for great efforts in making the beautiful presentations and to the advertisers for sharing the financial burden.

Big thanks to the hon. Chairman Mr. Zaheer Bukhari for his valued guidance. I also wish to acknowledge the contributions made by the dedicated and hardworking members of AECCI team, recent success of the First Edition is a testimony to their commitment. Last but not least, we are truly grateful to our diamond sponsors "EGC India and ELSPL" for continuous support.

Finally, I would like to thank the readers of AECCI publications for their interest and I encourage you to continue to send us your invaluable feedback and ideas for further improvement.

I am sure the content of the magazine will add to the reader's knowledge on Exports from India.

Thank you.

(Swarn Lata)

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Asian Exporters' Chamber of Commerce & Industry (AECCI), based in Navi-Mumbai (Maharashtra), was established in 2015 by a group of professionals with the basic objective of promoting the exports from India. It is a non-profitable organization and is officially authorized by Ministry of Commerce, GOI to issue Certificate of Origin (Non Preferential), for the goods being exported from India.

Objective: AECCI's basic objective is to promote the entrepreneurship among youngsters and help the business holders in flourishing their export business by providing the required knowledge and services.

Through our various program we educate the young people that searching for a job after completion of their studies is not the only option they have, rather they can start their own business. We spread the knowledge about various initiative of Govt. of India for the growth of business. Starting from the very basic of how to start their business and finally how to successfully run it, are all the parts of our counseling and training programs. We ensure to support our export members with the best possible trade related services.



AECCI MILESTONES

- ▶ AECCI started its journey in June 2015 and in January 2018 got authorized to issue COO (NP) by Ministry of Commerce Govt. of India.
- ▶ AECCI board is chaired by Hon. Mr. Jaheer Bukhari and a group of experts from various fields is actively contributing as Executive Committee.
- ▶ AECCI is known as a Public-domain, where all the exporters/importers are free to access the chamber any time during working hours.
- ▶ To support the region in different fields we have established various wings in AECCI, like Legal, Professional, Business Advise, Exports advice wing etc.
- ▶ AECCI is known as a facilitated chamber for Arbitration, where we resolve the int'l payment disputes with the help of our panel of experts in Legal Wing.
- ▶ AECCI has established itself as a corporate training centre. Where on demand we conduct the export/management training programs.
- ▶ Till date AECCI has conducted many trade promotion events like: Seminars/ Workshops/ Panel Discussions/ B2B meets/ trade expo etc, and next in the planning is foreign delegations.
- ▶ ELSPL and EGC India are the Diamond Sponsors of AECCI and have sponsored till date all the events of AECCI.
- ▶ AECCI In its Publications has already given 11 editions of Quarterly Newsletters.
- ▶ First Edition of **AECCI Annual Magazine Global Perspective 2017-18** is already published, where we have given the complete information of trade opportunities available in Asian Countries. Publication has been appreciated a lot by the readers and relevant authorities for deep work and a wide coverage. Very warm and positive responses from the readers have motivated us to bring in various publications.

AECCE's vision is to be the organization of choice. We shall encourage entrepreneurship, develop opportunities for trade and shape a more supportive infrastructure and competitive environment for business.

AECCE team is working hard to provide common platform to the exporters, industrialist, organizations and entrepreneurs to come together and exchange ideas & opinions and to make their voices heard. As authorized by Ministry of Commerce, Govt. of India we are supporting our members by providing the Certificate of Origin (Non-Preferential) and VISA Recommendations. And to serve our exporter members in a better way we have designed various Wings in our chamber, where we have highly experienced and expert professionals associated with us. Through these wings we are trying to provide the best possible solutions and guidance on various issues raised by the exporter members.

AECCE Wings are helping our members in following ways:

EXPORT ADVICE WING: Apart from issuing certificate of origin (non preferential), VISA facilitation and attestation facility of shipping documents, our Export Advice Wing also help our members with necessary guidance on export procedures and understanding of various documents. We try to make getting goods shipped abroad easy.

PROFESSIONAL WING: Through the experts of our Professional wing we are serving the members with consultation and services throughout the business set-up process and to deal with the issues in day to day business activities of existing setups.

LEGAL WING: Setting up a business venture would require compliance with local laws, legal services & support, regulatory advice and drafting of commercial agreements. The aim of our legal wing is to provide practical & pragmatic business solutions to complex multi disciplinary legal problems which create impediments in the business world.

As a major service our legal wing is helping the members in resolving their international payment disputes through Arbitration.

BUSINESS ADVICE WING: We know that getting the right information is vital to the success of any business; therefore we are here to advice your businesses. If you've got a question, we probably have the answer, and on the rare occasion that we don't, we know where to find it. Strategic business advice is vital for the success of every business. At AECCE We provide advisory services for all your business related issues.

Apart from all above through our **EVENTS & SEMINAR WING** we conduct many activities for exporters like: Interactive sessions with relevant authorities, business delegations, trade expos, panel discussions, Seminar and individual counseling sessions. Then, through AECCE publications we give our members enough opportunities to highlight themselves or to network with their business partners. Here, we try to cover all the recent news and information of foreign trade.

AECCE Membership: AECCE gives an opportunity to CHAs and Exporters to be associated with us and enjoy our services as an Associate Member or an Enrolled Non-Member.

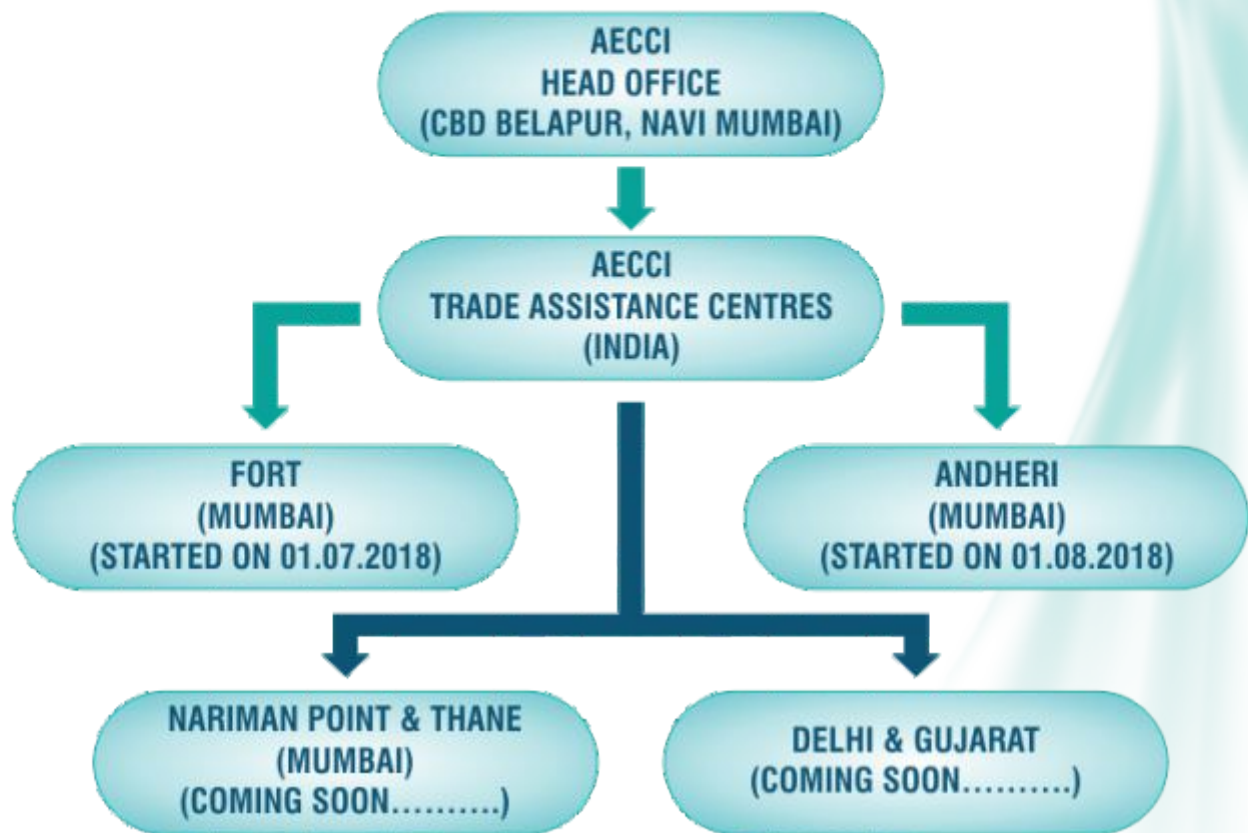
BENEFITS OF BEING AN ASSOCIATE MEMBERS

- ◆ Certificate Of Origin (Non Preferential)
- ◆ Company Listing on AECCE's website.
- ◆ Discounted advertisement opportunities with AECCE.
- ◆ Attestation of Documents Like: Invoice, Packing list and Declarations Etc.
- ◆ Legalization Services and Information for various countries.
- ◆ Opportunity to share articles & achievements in AECCE Publications.
- ◆ Opportunity to Participate in Trade Fairs, Exhibitions and B2B Meetings.
- ◆ VISA Facilitation Services.
- ◆ Membership Certificate.
- ◆ Networking opportunities.

As an Enrolled - Non Member: you can get your shipping documents (Certificate of Origin-NP, Invoice & Packing list etc) attested by the chamber and can have discounted rates for advertisement with AECCE publications.

AECCI has already marked its presence in Fort and Andheri areas through the establishment of its **Trade Assistance Centers** and soon reaching to other locations also.

We are planning to reach out of Maharashtra by the end of year with starting of our Trade Assistance Centers at Delhi, Bangalore, Gujarat and other major cities of India.



At our Trade Assistance Centers we support and facilitate the exporters/CHAs in following ways:



AECCI TRADE ASSISTANCE CENTRES

AECCI Trade Assistance Centres are established keeping in mind the convenience of all our members. Here, You can get various services of AECCI under one roof.


AECCI Trade Assistance Centres support you by	AECCI Trade Assistance Centres facilitate you for
Guiding you on Export import Procedures	COO Attestation (drop/collect COO (NP) docs here)
Arranging workshops and seminars by experts.	Legalisation from various Embassies/Consulates
Individual counselling sessions for specific requirements of members.	L/C Preparation
Sharing of all the Industry updates	International Payment Disputes
PS: COO (NP) is issued at HO only, whereas the docs for COO (NP) can be dropped/collected at Trade Assistance Centres	


AECCI

TRADE ASSISTANCE CENTRES

LOCATIONS

 **Head Office: #604, 6th floor, Hilton Centre, Plot No.66, Sector No.11, CBD Belapur, Navi Mumbai-400614**

 **AECCI Trade Assistance Centre:**
DBS Business Center
B Wing, Ground Floor, Kanakia Wall street,
Chakala, Andheri Kurla Road, Andheri East,
Opp Sai Palace Hotel, Mumbai, Maharashtra 400093.

 **AECCI Trade Assistance Centre:**
DBS Heritage House
Near Cathedral Senior School, Prescott Road,
Landmark Opp. Bombay Gimkhana,
Fort, Mumbai Maharashtra 400001.

 **Nariman Point, Mumbai**
(Under Implementation)

Thane, Mumbai
(Under Implementation)

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UNDERSTANDING EXPORTS

A BETTER EXPORT IS OUR BUSINESS



Exports & Imports: officially known as foreign trade. It is the exchange of goods and services, between the buyers and sellers of two countries, and in return of foreign exchange.

As per Section 2 (e) of the India Foreign Trade Act (1992), the term export may be defined as 'an act of taking out of India any goods by land, sea or air and with proper transaction of money". Exports mean the physical movement of goods out of one country to another. And for the country which is getting the goods-in, against payment, it is known as imports.

Export opens the doors of a new market for your business. It reduces the business risk by minimizing the dependence on the local market. Whereas Import is the purchase of foreign made goods. It makes the goods available from foreign sources which may not be available in domestic market.

The difference in the total value of exports and the total value of imports is referred to as a country's balance of trade. If country's exports are higher than the imports, economy is considered as "Developed Economy".

In India, the import and export of goods is governed by the: Foreign Trade (Development & Regulation) Act, 1992. Every exporter/importer must comply with the provisions of the Foreign Trade (Development & Regulation) Act 1992

India's Directorate General of Foreign Trade (DGFT) is the principal governing body responsible for all matters related to EXIM Policy. DGFT is the final authority to issue India's Export Import (EXIM) Policy.

Exchange Rates to be used in Determining Customs Values are governed by Central Board of Indirect Taxes and Customs (CBIC) i.e. a part of the Department of Revenue under the Ministry of Finance, Government of India.

EXPORTS

Why
To
Exports

What
To
Exports

Where
To
Exports

How
To
Exports

With the introduction of liberalisation policy in 1991, India opened its doors for global business. World has now become like a small village, where businesses are exchanging the products of needs and excess supplies with each other. Whole world is available to us as a small market so why not to

maximise our potential. Sitting in our own country and supplying overseas the products available with us in ample quantity, is a wonderful choice that not only benefits us as an individual but for our nation also its helps in strengthening the economy.

BENEFITS OF EXPORTS TO THE INDIVIDUAL

- ◆ Export to expand the business and market.
- ◆ Export to stabilize production for season-based products.
- ◆ Reaching to new markets to minimize risks.
- ◆ Maximize your production capacity.

BENEFITS OF EXPORTS TO THE NATION

- ◆ Generating Employment.
- ◆ Inflow of foreign currency.
- ◆ Strengthening the economy.
- ◆ Taking India ahead to the world map.



When a country exports

It bring money into the country

Increases the exporting nation's GDP

When a country imports

It Pays Money to other country

Decreases the importing nation's GDP.

TYPE OF EXPORTERS

Merchant exporter: is one who does not have own manufacturing facility. And is buying from other sources.

Manufacturer exporter: is one who is producing the finished products in his factory by procuring the raw materials from outside and then exporting the finished products

Service Exporter: A service exporter is one who export services like Software, HealthCare and Consultancy, etc

STEPS TO START YOUR COMPANY

- Name your company
- Create a company Logo
- Have your rent agreement / sale deed /partnership agreement.
- Have a valid PAN number
- Register with GST
- Have a Current Account with Bank.
- Take IEC-Importer Exporter Code from DGFT.
- Register with Relevant Promotion Council
- Register with Chamber of Commerce (AECCI)

START
UP 

DECIDE ON THE PRODUCT TO BE EXPORTED:

Deciding on the product to export is one of the most important and crucial point. Whereas it is always an individual's choice to decide, still we suggest, if you are already dealing with some product in the domestic market, check the existing success rate and try to go for exports of the same product as you would already be having sufficient knowledge about the product.

Here are the few points that one need to keep in mind while selecting the product:

- 1) Understanding of the categorisation of product as per FTP given by Govt. of India.
- 2) Deep knowledge of the product you want to export.
- 3) In case of self-manufacturing facility, one need to ensure the regularity in the supply of raw material.
- 4) In case of merchant exporting one needs to ensure the regularity in supply/ standards/ quality and credit facility offered by supplier.
- 5) Its important to have the understanding of any special requirement in the features/ specifications of the product in the target markets.
- 6) Knowledge of Import regulations/duty structure/special concessions or exemptions for the product in target markets.
- 7) Rate of incentives given by Govt. of India on the product chosen.
- 8) Special requirements w.r.t. the packaging and labelling of products by the target market.
- 9) Customs tariffs of products/ rules of origin you need to comply with/any preferential tariff rate applicable on your product.

DECIDE ON THE MARKET TO BE TARGETED:

Once you are done with the Product selection for your business, next important thing to do is to identify the right market and understand the export opportunity available there. While you are working on other start up formalities of your business, side by side start working on target market also.

Before you dive into a foreign market, do some market research, Market research basically is the method to determine which foreign markets have the "best potential" for your product. This is how you can screen, test and target your market:

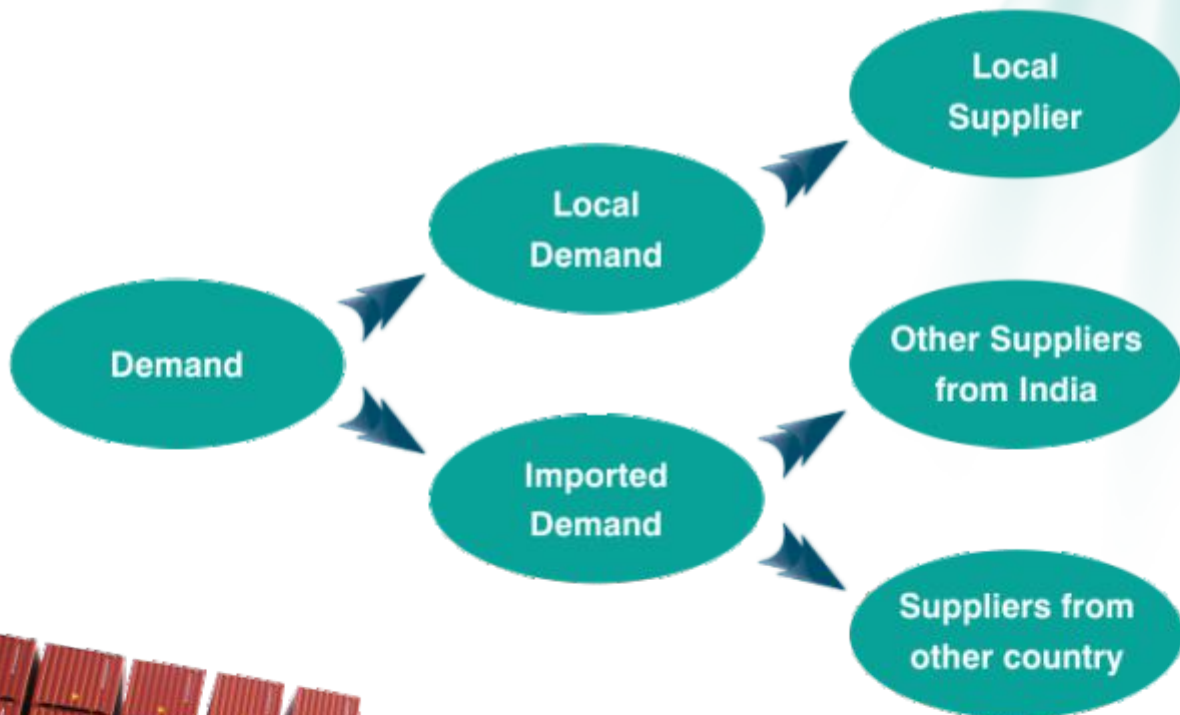
SCREENING OF MARKET

- Refer to the export data of your product exported to various countries in last few years
- Check for the largest markets served and fastest growing markets for your product.
- Check for their consumption pattern over the years. See the rates of consistency.
- Identify some smaller and fast-emerging markets that may provide least competition and good opportunities.
- Target three to five of the most significant markets for further assessment.

TESTING OF MARKET

- Do analysis of the market and its unmet demand
- Check for the customs tariffs applicable on your products in the target market.
- Keep in mind if any FTAs signed by target market with your and other countries, that may affect the sales.
- It is important to check for the levels of competition existing in the market from local or foreign suppliers.
- Explore the contacts if you have any in the target market, your known, friends or relative there can help in understanding the market and can also work as a reliable representative or agent in the destination country.

LEVELS OF COMPETITION



Draw Conclusions After analyzing all the data, It becomes easy to conclude whether a particular market is a good or bad choice !

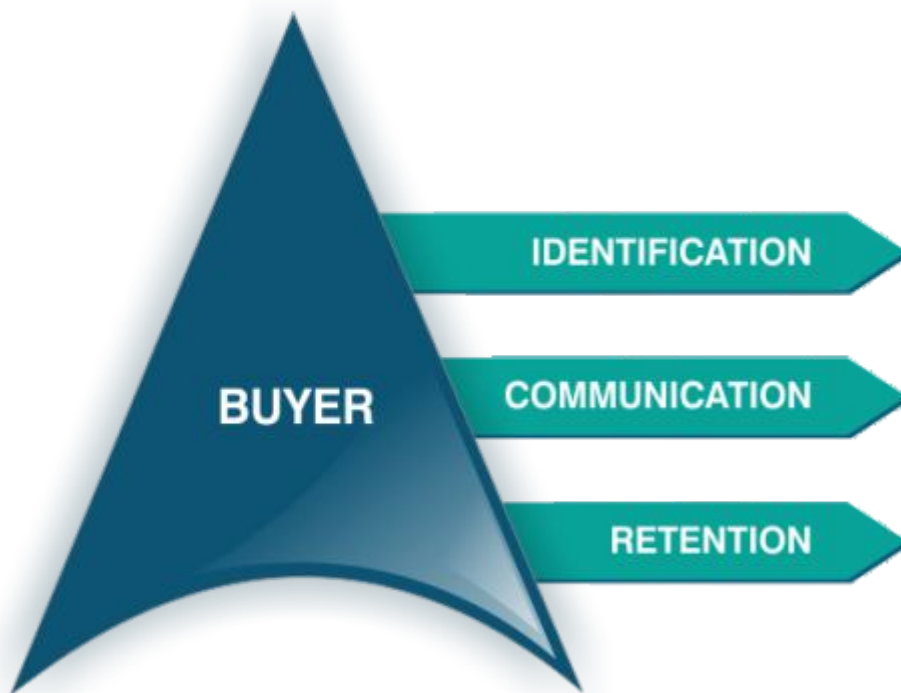
CREATE YOUR PRESENCE

After finalising the product and Market, create your presence in the market through various modes available. We need to introduce our business to the world. In this era of technology and with an easiest access to internet, It has become very easy to spread the word with small investment. We must know how to make the best utilisation by following the below:

- Create your website
- Create a Strong Digital Profile/ Digital Catalogues/ brochure
- Be present on Social Media.
- Search Engine Optimization (SEO)
- Post your online videos and e-magazines etc.
- Updates/Releases/Articles Writing/Testimonials on website
- Display the logos of relevant trade associations (chambers/councils) on your website.



IDENTIFY YOUR BUYER



To reach to your buyers there are three important ways which you can opt for

- Follow the leads available,
- Participating in the trade expos / fairs
- Take the help of Trade promotion bodies

LEADS TO IDENTIFY THE BUYERS



As we are searching for the buyers, they would also be searching for the good suppliers and must have been advertising their business or buying requirements through offline or online modes. These offline or online leads can also be known as the first hand or second hand leads:

- **First-Hand leads:** are the leads that you get from personal business tours, Trade Expos /Chamber (AECCEI)/ Trade Promotion bodies or through your foreign sales representative. These leads are generally costly but give you the first hand information of the demand and buyers available in the market.
- **Second-Hand leads:** are available on the internet, social media or in business magazines etc. These are also good leads but need a fast action and follow up as these are visible to all the competitors in the market and can be explored by anyone.

TRADE SHOWS / EXHIBITIONS

- Trade shows or Exhibitions are one of the most important tools to reach to your global buyer. Its an effective mode to advertise your products to the world. Every country organizes at least one major trade expo every year. People from all over the world participate in relevant trade fairs.
- Overseas trade shows and Expos requires high investments, but gives you a fair chance to meet face to face with your potential buyer. It is the best mode to introduce your product or brand and to expose it to many potential buyers on a single platform.
- Potential buyer can physically see your product & features and can make his immediate decision. You can discuss, and at times can even finalise the order there only.
- To support the exporters and to minimize their financial burden for such expos, Ministry of Commerce, Govt. of India has introduced various assistance schemes. To avail the benefits of these schemes you can contact to your relevant Export Promotion Council.

TRADE PROMOTION BODIES



Trade Promotion bodies are generally the non-profit organizations sponsored or authorized by the Ministry of Commerce, Govt. of India and are registered under the Companies Act or the Societies Registration Act. These bodies work with the basic objective of promotion and development of the exports of the country. They usually have the first hand information of the demand of your product in various countries hence, becomes the best source to provide you with the buyers leads in various countries. Leads provided by these bodies are generally proved to be authentic. These bodies are advisory in nature and guide the exporters' on policy and procedures of exports from India. Also they work as a link between the government and the exporters/importers.

Among these trade bodies we have Export Promotion Council, Commodity Boards, Chambers of Commerce and other Apex bodies.



EXPORT PROMOTION COUNCIL / COMMODITY BOARDS

Each Council is responsible for the promotion of a particular group of products, projects and services. As per the foreign trade policy of India, main role of the EPCs is to project India's image abroad as a reliable supplier of high quality goods and services.

EPCs assist their members in taking advantage of opportunities available for the expansion and diversification of their business. Any person who

either wants to acquire any license to import export restricted or other similar categories of goods or to avail any export related benefit or scheme is liable to register for Registration Cum Membership Certificate (RCMC).

Exporters should first identify the relevant **Export Promotion Council** which relates to their product. Ex. For engineering item, the relevant EPC is the Engineering Export Promotion Council (EEPC).

A commodity boards also hold the same status and plays the role as EPCs are playing. You need to be registered with relevant board. For Example if you are an exporter of coconut, then you should register under Coconut Board of India.

CHAMBER OF COMMERCE (LIKE: AECCI)

You can be associated as a member with any Chamber of Commerce (Like: AECCI) and take their assistance in developing customer base for you. Main purpose of associating with a Chamber of Commerce is to get the Certificate of Origin (NP) and VISA recommendations. As stated above, the Chambers of Commerce in several countries can help you find valuable customer references.

We at AECCI keep on organising many events or activities to spread the knowledge on exports and to create the networking and business opportunities for our members. We try to help the new exporters with some good buyers' references. With the help of our Wings we provide the assistance related to new business setup/other trade consultancy. Also we take your international payment disputes forward to resolve them amicably. Our various publications help the exporters' to keep updated with recent news of Industry.

In our endeavour of spreading the awareness of business opportunities in Asian countries, we have launched first edition of our annual magazine global perspective 2017-18 wherein we focussed on the in-depth trade relevant information of Asian countries. Copies of this magazine are available at AECCI counter. You can enquire at +2241271145/46 or at info@aecci.org.in

Continuing with our efforts here we are presenting the Annual Magazine-Volume-11, Trade Assistance Guidelines.



Asian Exporters' Chamber Of Commerce And Industry

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Attention:

Exporters/Importers/Manufacturers/Traders/Proprietors/ CHAs/ Shipping Lines/Forwarders/Logistics Houses.

AECCI is officially authorized by the Ministry of Commerce, Government of India to issue

Certificate of Origin (Non Preferential)

in respect of goods exported from India vide the DGFT Public Notice no. 55/2015-20, Dated:18.01.2018.

We invite you all to forward your enquiries for Membership at membership@aecci.org.in, & COO (NP) at ed@aecci.org.in To know more you can reach us at 022-41271145/46 and 8433720996.



Communication with Buyer: Effective communication with your buyer is the key to success in business. It means whatever you are saying and in which manner it is being said, should be perceived by the receiver in the same manner. Communication should be quick and specific. One needs to be very clear and specific in oral or written communication. All the terms and conditions, your capacity or limitations of supply, any special requirements by the buyers, etc should all be in writing only.

Your initial communication should be complete in every sense and must be enclosed with important brochures, price lists and other information. There should not be any false commitments. Genuine buyer would prefer clear communication and detailed information.

Samples Sending: Once both the parties are agreed on terms and conditions discussed

through initial communication, it's the time to show your product and quality, and hence you can send the samples of your product. At times, buyer may prefer to check the samples first and then after the approval he may go ahead with discussing the terms and conditions of order.

If value of sample is high, you can request buyer to pay for the cost of the sample but for the samples with nominal value you can send these free of cost also. There are government financial assistances to send sample products to foreign countries. You can contact your export promotion council or commodity board for further information.

While sending samples, do not forget to retain a set of same sample with you as you have to meet the specification of product as per the said sample. If you do not keep a copy of sample, you cannot claim with your buyer against any disputes on the quality specification of product.

Upon approval of the samples it's time to take the formal order but before that we need to understand and finalize the terms of payment and delivery for the order.



Terms of payment in Foreign Trade: Importers may risk paying but not receiving the shipment, whereas the Exporters may risk shipping but not receiving the payment. Hence, the Payment terms which are most preferred by the exporters, are the least preferred by the importer or the vice-versa.

HERE WE CAN SEE FOUR TERMS OF PAYMENT:

Advance payment: Advance payment is the safest mode of payment in international business and is most preferred by the exporter as he can avoid the payment risk by getting in advance. This way the exporter gets the payment before the shipment of the goods is done. But, for the buyer, it is the least preferred method making him insecure of the quality product and timely shipment; also it may lead to cash flow problems and other risks.

D/P basis - Documents against Payments: As the name says, under Documents against Payment (D/P) term the shipment documents are released to buyer by the bank only after collecting payment of goods. Term is also known as

"Sight Draft" or "Cash against Documents" (CAD). It is considered as a safe and preferred term by both: the exporter and importer.

D/A terms means Documents against Acceptance: Under D/A term, Buyer's bank will inform the buyer upon receiving the export documents from the exporter's bank. The Buyer will give the "Letter of Acceptance" of documents to the bank and will agree to pay the invoice value of the shipment on due date as per agreed period of time. (The term can be broadly explained as 30, 60 or 90 days from the date of bill of lading). After this acceptance, shipment documents are released to the buyer by the bank.

DOCUMENTARY COLLECTIONS

Documents against Payment (D/P) also known as "Sight Draft" or "Cash against Documents" (CAD). The buyer must pay before the collecting bank releases the title documents.

Documents against Acceptance (D/A). The buyer accepts a time draft, promising to pay for the goods at a future date. After acceptance, the title documents are released to the buyer.

URC 522 stands for The Uniform Rules for Collections, 1995 Revision, International Chamber of Commerce Publication No. 522, the rules that banks apply to the handling of collections

LETTER OF CREDIT (L/C):

Letter of Credit also known as 'Documentary Credit'. It is an assurance or guarantee given by the buyer's bank to the seller's bank to remit the amount to the seller on maturity.

The amount under LC is transferred as per the terms and conditions mentioned in Letter of credit. It is one way of reducing the risks in International Market.



LC is opened on the basis of the purchase contract, a copy of purchase order / export contract has to be produced along with application. Your bank may ask you to keep certain percentage of 'margin amount' with bank. This amount is determined, purely based on your financial relationship with your bank. L/C keeps all the details, terms & conditions applicable on the shipment.

A LETTER OF CREDIT GENERALLY HAS THREE PARTICIPANTS.

- 1) **Beneficiary**, the person or company who will be paid or in whose favour the credit is opened.
- 2) **Opener or the Buyer** of the goods or services. This is the one who needs the letter of credit.
- 3) **Issuing bank**, the institution issuing the letter of credit.

In addition, the beneficiary may request payment to an **advising bank**, which is a bank where the beneficiary is a client, rather than the beneficiary.

LETTER OF CREDIT OFFERS A GUARANTEE TO

- The seller that he will be paid for the goods that he will supply, and
- The buyer that payment will be made only after they receive the goods.

All Letter of Credits for export import trade is handled under the guidelines of Uniform Customs and Practice of Documentary Credit of International Chamber of Commerce (UCP 600).

- UCP 600 is prepared by International Chamber of Commerce's (ICC) Commission on Banking Technique and Practice.
- Its full name is 2007 Revision of Uniform Customs and Practice for Documentary Credits, UCP 600, and (ICC Publication No. 600).
- The ICC Commission on Banking Technique and Practice approved UCP 600 on 25 October 2006.
- The rules have been effective since 1 July 2007.



INCOTERMS

defines the responsibilities of buyers and sellers associated with the delivery of goods. They decide their responsibilities regarding transportation, freight costs and insurance etc. Incoterms minimize the chances of misunderstandings or conflicts between them. They are published by the International Chamber

of Commerce (ICC). The most recent version of Incoterms is "Incoterms-2010" (launched by ICC in 2010 and got effective from January 2011). Incoterms are commonly used in international contracts and are protected by International Chamber of Commerce copyright.

For any mode of transport

EXW- Ex Works
FCA- Free Carrier
CPT- Carriage Paid To
CIP- Carriage and Insurance Paid To
DAT- Delivered at Terminal
DAP- Delivered at Place
DDP- Delivered Duty Paid

For sea and inland waterway transport only.

FAS- Free Alongside Ship
FOB- Free on Board
CFR- Cost and Freight
CIF -Cost, Insurance, and Freight

INCOTERMS THAT APPLY TO ANY MODE OF TRANSPORT

EXW Ex Works: Under this term, the goods are made available for pickup at the shipper/seller's factory or warehouse and is released to the buyer's freight forwarder. The buyer is responsible for making arrangements with their forwarder for insurance, export clearance and handling all other paperwork.

FCA-Free Carrier: The seller arranges for the clearance of goods for the exports, and release to the buyer's carrier at a specified place. Further, buyer assumes the responsibility for transporting the goods to the specified place of final delivery. This term is commonly used for containers travelling by more than one mode of transport.

CPT Carriage Paid To: Under this term is the shipper pays the freight up to the named destination. Shipper delivers goods to his carrier and bears the cost of carriage up to the destination as per contract. From this point of delivery of goods to the carrier, the liability of risk passes to the buyer and he assumes all the risks and costs.

CIP Carriage and Insurance Paid To: In CIP transactions the shipper has the same obligations

as in CIF, with the addition that the seller has to buy cargo insurance, naming the buyer as the insured while the goods are in transit. It is the duty of seller to pay freight or other carriage charges up to the destination.

DAT Delivered at Terminal: Under this, the seller pays for carriage to the terminal, except for costs related to import clearance, and assumes all risks up to the point that the goods are unloaded at the terminal.

DAP Delivered at Place: DAP term is used for any type of shipments. The shipper pays for carriage to the named place, except for costs related to import clearance, and assumes all risks prior to the point that the goods are ready for unloading by the buyer.

DDP Delivered Duty Paid: DDP term is used in intermodal or by-courier shipments. Under this, the shipper is responsible for moving the goods from the manufacturing plant to the buyer/consignee's door. It is the shipper responsibility to arrange for the insurance, freight costs and to make the payment of duty and fees.

INCOTERMS THAT APPLY TO SEA AND INLAND WATERWAY TRANSPORT ONLY

FAS Free Alongside Ship: Under this terms seller arrange to get the goods ready for export, and puts these alongside the ship at the port from where these are going to be shipped. In this case buyer is responsible for the cost and risk involved in loading them. This term is commonly used for bulk or heavy cargo, but not for goods transported in containers by more than one mode of transport.

FOB Free on Board: FOB is one of the most commonly used terms for the Sea-Shipments, under this shipper uses his freight forwarder to move the goods to the port, does the custom clearance and handover the papers to buyers freight forwarder. In FOB the freight forwarder is decided by the buyer. The buyer is responsible for the insurance and further transportation.

CFR Cost and Freight: This term formerly known as CNF (C&F). Under this terms, It is the shipper's responsibility to get goods from his factory to the port of destination. Whereas, buyer is responsible to cover insurance from the port of shipment to buyer's door.

CIF Cost, Insurance, and Freight: This term is very similar to CFR, but instead of the buyer insuring the goods, the shipper takes the responsibility of insurance of the goods. Hence, shipper assumes the responsibility of all the Cost, Insurance and freight.



NOW YOU CAN ISSUE THE PERFORMA INVOICE (P/I).

Performa Invoice (P/I): It is the very first document issued by the exporter upon confirmation of the order and before the shipment takes place. P/I is issued on exporter's letter head: it should clearly mention the Description of item, size,

specification, price, term of shipment & delivery, mode of shipment, estimated date of shipment, type of packing or any other instruction by buyer. Acknowledged copy of P/I must be taken back from the buyer for record purpose.

Then, it's time to arrange for the Production/Sourcing as per samples exchanged. We need to be careful on the below:

- Goods to be shipped should exactly be as per the samples exchanged.
- Necessary quality check (QC)/pre inspections as per requirement.
- Proper packing to meet export quality and as per requirement.
- Arrange to ship as per the mode of shipment (by sea/air) & delivery term.



AECCI
Wings :



WHEN THE SHIPMENT IS READY FOR EXPORT

- The documentation department prepares invoice, packing list etc.
- Certificate of origin to be taken from Chamber of Commerce (AECCI)
- Documents required for customs clearance purpose are forwarded to Customs broker.
- Bill of Lading or AWB is issued by carrier of goods (SOB or RFS)
- After completion of customs clearance procedures and collection of AWB or Bill of Lading necessary documents for bank and overseas buyer are prepared and sent.

MAJOR DOCUMENTS IN EXPORTS

Commercial invoice: A document prepared by the seller to inform the buyer with details of goods and services being supplied.

Packing list: The packing list is an extension of the commercial invoice; it contains complete package/numbering/weight wise details.

Shipping Bill: It is the main document required by the Customs for clearance of goods. The customs authorities endorse the duplicate copy of the shipping bill with "Let Export Order". A shipping bill is issued by the shipping agent and includes the complete details of shipment. Shipping bill represents a kind of certificate for all the parties. Also it facilitates the exporter to claim post shipment incentives.

A bill of lading/Airway bill: Bill of Lading is used for the sea shipment and Airway bill is used for Air-Shipment. Both of these serves as a letter from the shipping line that the good are received for shipment or has been boarded/shipped.

Certificate Of Origin: is one of the required documents for import customs clearance in most of the importing countries. It is the document, certifying the origin of country where in the export goods are manufactured originally. Most of the cases, the buyer needs only the COO (Non preferential), however in certain cases, the buyer insist to get GSP (generalized system of preference) issued by export promotion council / agencies of respective product category.

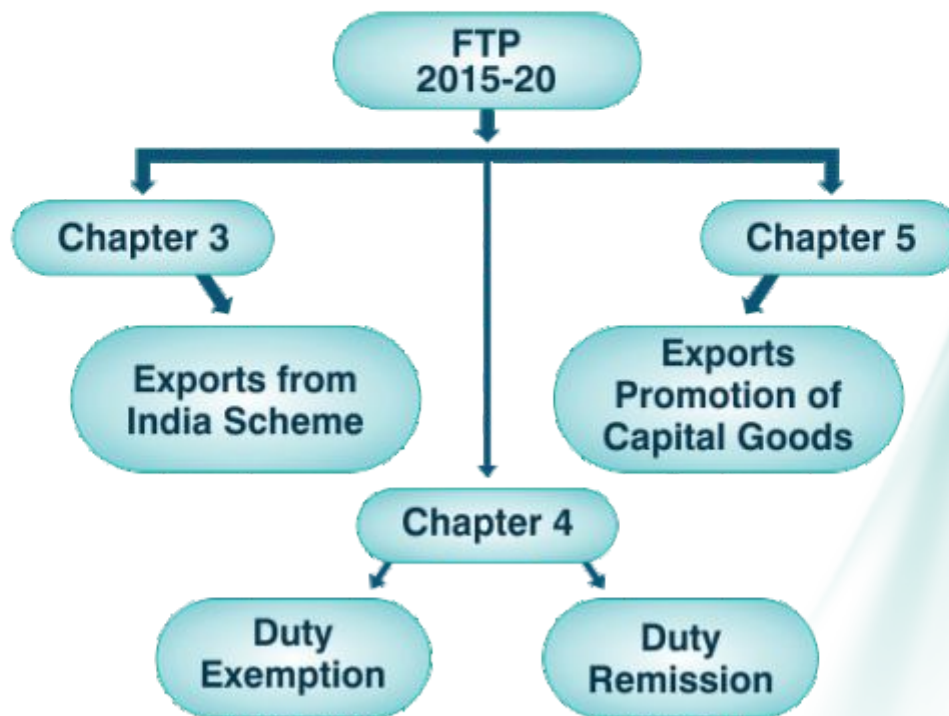
WHEN THE SHIPMENT IS DONE

- After completion of export customs clearance procedures and collection of AWB or Bill of Lading, necessary documents for bank and overseas buyer are prepared.
- The export bill can be discounted, arrange for collection of payment if on credit basis or negotiated if export shipment is on letter of credit basis.
- Sellers's bank will send the documents to buyer's bank.
- Buyer will arrange the payment as per the term decided and will collect the documents.
- Upon realizing the payment seller's bank will issue the Bank Realization Certificate to seller.
- Exporter can now claim the post shipment benefits given by the Govt of India.



Every Five Year Government of India comes with its NEW Foreign Trade Policy giving details of various benefits available to Exporter and Importer. Few of the schemes would be giving the pre shipment exemptions and others would be

giving post shipment incentives. Current Foreign Trade Policy (2015-20) introduced following **EXPORT PROMOTION SCHEMES** known as exemptions and reward schemes.



EXPORTS FROM INDIA SCHEMES (CHAPTER 3)

(i) **Merchandise Exports from India Scheme (MEIS):** Under MEIS Exports of notified goods to notified Markets as listed in Appendix 3B of Handbook of Procedures, are granted freely transferable duty credit scrips on realized FOB value of exports in free foreign Exchange at specified rate.

(ii) **Service Exports from India Scheme (SEIS):** Under SEIS: Service providers of notified services as per Appendix 3E are eligible for freely transferable duty credit scrip @ 5% of net foreign exchange earned.

The Duty Credit Scrips can be used for :

- 1) Payment of Customs Duties for import of inputs or goods.
- 2) Payment of excise duties on domestic procurement of inputs or goods.
- 3) Payment of service tax on procurement of services as per DoR notification.
- 4) Payment of Customs Duty and fee as per paragraph 3.18 of this Policy.

DUTY EXEMPTION & REMISSION SCHEMES (CHAPTER 4)

These schemes enable duty free import of inputs for export production with export obligation.

(A) **Duty Exemption schemes** are consists of the following:

- (i) **Advance Authorisation (AA)** (which will include Advance Authorisation for Annual Requirement).
- (ii) **Duty Free Import Authorisation (DFIA).**

(B) **Duty Remission Scheme** consists of **Duty Drawback (DBK) Scheme**, administered by Department of Revenue.

Authorisation under this Chapter shall be issued in accordance with the Policy and Procedures in force on the date of issue of the Authorisation.

EXPORT PROMOTION CAPITAL GOODS - EPCG (CHAPTER 5):

EPCG scheme facilitates import of capital goods for producing quality goods and services to enhance India's export competitiveness.

EPCG Scheme allows import of capital goods for pre-production, production and post-production at Zero customs duty. Also, the EPCG Authorization holder may also procure Capital Goods from indigenous sources in accordance with provisions of paragraph 5.07 of FTP. EPCG also allows import of capital goods for Project

notified by Central Board of Excise and Customs. Second hand capital goods shall not be permitted to be imported under EPCG Scheme.

As per Indian Foreign Trade Policy 2015-20 under EPCG Export Obligation (EO) shall be fulfilled by the authorization holder through export of goods which are manufactured by him or his supporting manufacturer / services rendered by him, for which the EPCG authorization has been granted.

Refer to the relevant chapters given under FTP 2015-20 for the detailed study on Reward and exemption Schemes given by the Govt. of India.

MEASURES TO PREVENT PAYMENT DISPUTES

In order to prevent the payment disputes on later stage, before finalizing any order check the below:

- 1) If your cash flow allows you to offer credit terms.
- 2) If you have checked about the customer's credit history and record.
- 3) The preventive clauses that you should put in the contract.
- 4) Remedies to follow in order to resolve any potential disputes with the buyer.

STRATEGIES FOR THE EXPORTER TO AVOID RISKS

- Chose a buyer with good reputation or track records.
- Chose for the safest methods of payment such as Letter of credit or advance payment.
- Avoid granting excessive credit periods to the buyer.
- Ensure that the sales/purchase contract or L/C does not contain any misleading terms-conditions that can lead to future disputes.
- Ensure sufficient insurance coverage against transit risk.
- Have a documentation expert executive for documents preparation.
- Chose your CHA wisely who must have an established repo with custom-house.
- Keep updated with foreign trade policy and procedures.
- Keep active association with Trade Promotion Bodies



THINGS TO KEEP IN MIND & RECORD WHILE EXPORTING

- 1) If you want to arrange finance against export, you can approach your bank for Pre-shipment or Post shipment finance against export orders obtained by you.
- 2) As an exporter you can cover credit risk against your overseas buyer, you can approach concerned authorities (Like: ECGC in India) to cover insurance.
- 3) Exchange rate fluctuations are another potential risk that you could be exposed to in foreign trade. The rate may go in your favour or against you. There can be some arrangements with bank that can save you from such uncertain losses.
- 4) As a measure put the Safety clause to avoid any dispute w.r.t. the payment/delivery or product quality etc with your buyer.
- 5) Communicate with buyer through email regarding their requirements, your capacity to fulfill the requirement, Terms & conditions of Price, and Delivery, Packing instructions/ time required for shipment etc.
- 6) While sending the pre-shipment samples, keep one for your reference to consider at the time of producing the final product.
- 7) Sign a proper Sale/Purchase agreement with details of all the terms & conditions decided with importer.



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- SELENIUM DIOXIDE
- E.D.T.A. DI SODIUM (E 386)
(E.D.T.A. 2 Na)
- SODIUM SELENITE
- SODIUM SELENATE
- CHROMIUM PICOLINATE
- CHROMIUM POLYNICOTINATE
- CALCIUM E.D.T.A. DI SODIUM (E 385)
- INOSITOL (FCC VIII)

Documents Provided

Health Certificate, EIC, Govt of India • FSC (Free Sale Cert.) by FIEO / DGFT / Govt of India • Nutritional Statement COO, Preferential / non preferential by EIC, Govt. of India / IMC / FIEO / AECCI • Letter of Guarantee • Allergen Statement



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CASHING IN ON THE LOGISTICS REVOLUTION

Mr. Ajay Srivastava-Indian Trade Service officer



With e-commerce firms driving tech changes, the Centre must create an enabling environment to benefit from them

The global logistics sector is undergoing a quiet revolution. The key benefits are reduced costs, quick arrivals and complete tracking of goods.

The global logistics sector is undergoing a quiet revolution. The key benefits are reduced costs, quick arrivals and complete tracking of goods.

The new technologies like the Internet of Things (IoT) and people's preference for buying even very heavy goods online are driving this change. The impact will be significant as the logistics sector currently is less automated, employs large workforce and accounts for 10-14 per cent of the GDP of most countries.

Logistics cost includes all expenses associated with taking a product from factory to consumer.

These could be direct costs like transport cost or indirect costs like charges of freight forwarders or custom house agents. Logistics cost is significant and add on an average of 30 to 40 per cent to the cost of the goods.

This is why, while world trade is about \$17 trillion, the global logistics sector has a turnover of \$5 trillion.

The logistics revolution will also transform India's ocean shipping and trucking sectors. We will discuss drivers of the revolution and steps India needs to take to benefit from these changes.

TECHNOLOGY — THE KEY DRIVER

Technology is the key driver of changes. A combination of the IOT, Block Chain, and Artificial Intelligence (AI) is making the journey of a ship or truck more secure and efficient.

IOT sensors provide a unique internet address to each device they are attached to.

They make fleet management secure and efficient by feeding location information into the global database. Data collated from thousands of such devices generate real-time weather and traffic advisory using AI tools.

Internet-connected sensors placed on the individual packets/consignments make tracking possible across the supply chain and ensure against pilferage and contamination. Satellite

trackers do this even when there is no mobile coverage.

Blockchain technology allows everyone in the supply chain, from the factory manager to retail shop owner to view the condition of a packet during the journey of the ship/truck. IBM offers Food Trust Solution where data from the sensors can be uploaded on the blockchains. This can be seen by people in the chain and also verified independently.

Return of empty ships and trucks after delivery of goods increases the cost by about 30 per cent. Simple mobile apps have resolved the issue. Now customers and owners interface to strike a quick deal to ensure near-total use of space.

CHANGING BUSINESS MODEL

Firms move goods in two ways. Light packets up to say 50 kg move through the courier firms such as DHL, FedEx or Skypack. Courier firms do end-to-end job. They collect goods from a factory and deliver them to the consumer within one to three days in most locations globally.

But costs are high. For example, the price of sending a 50-kg packet from Delhi to Singapore exceeds the price of three passenger air tickets.

Now, compare the weight of three humans each with 30 kg free baggage with a 50-kg packet. The high cost is the reason, firms choose to ship large or less urgent consignments by sea. It is cheap compared to the courier, but delivery takes more time because of complex shipping, customs procedures. And also as over 70 per cent of the logistics sector is in small, unorganised hands. Many small service providers coordinate to

Now, compare the weight of three humans each with 30 kg free baggage with a 50-kg packet. The high cost is the reason, firms choose to ship large or less urgent consignments by sea. It is cheap compared to the courier, but delivery takes more time because of complex shipping, customs procedures. And also as over 70 per cent of the logistics sector is in small, unorganised hands. Many small service providers coordinate to deliver a packet or container. Trucks often spend

6-12 hours covering the last mile at the port due to traffic or port procedures, resulting in missing of the ship. But this model is set to change. Many large firms are entering the cargo business to offer worldwide door-to-door delivery.

Shipping company Maersk plans to provide door-to-door service, use massive, fully automated ships and process only secured digital documents using blockchain technology — no paper.

E-COMMERCE PUSH

But the major push comes from the online e-commerce firms like Alibaba and Amazon.

So far they focused on flying light packets. But as people's preference for buying even bulky goods like foodgrains or steel online, the e-commerce firms have to use the ocean route to keep cost under control. But currently prevailing long

delivery times of sea transport do not fit with fast-paced e-commerce delivery model.

Consumers are impatient and want global deliveries in quick time. So to cut the time, firms like Alibaba and Amazon plan to develop end-to-end supply chain for sea-based shipments also — to become the DHL of the sea.

WHAT MUST INDIA DO?

While technology related changes will be driven by e-commerce and the shipping industry, the government must create an enabling environment to benefit from these.

And there are many areas for focus. For example, the World Bank 'Doing Business' report 2017 says that the average time taken in India for border compliance is 106 hours. Also, the variation in time for an export container moving from a factory to port ranges between 40-70 hours.

The uncertain delivery time increases inventory and freight costs. Incentivising the use of new tools will provide more certainty in cost and time of delivery.

The logistics revolution will lead to consolidation

of business. It may spell tough times for small players. About 7.5 million jobs are estimated to disappear in the US alone in the next 10 years because of the e-commerce and logistics related changes.

The situation in India will be no different. Logistics service providers/CHAs/ small trucking and shipping firms must look to upgrade their skill for the new environment. India's logistics costs are 40 per cent higher than in most developed countries.

A reduction will result in more competitive goods and services, resulting in more trade and commerce.

Changes in the logistics sector will deeply integrate India with global supply chains.



THE INDIAN ECONOMY: STEPS TO BOLSTER THE EXPORTS



Dr Supriya Dhillon-Director KAIM

India, the second most populous country and the seventh largest country by area having a GDP of 8.2 percent in April-July quarter of 2018 is poised to strike a bullish trend as per the India Wealth Report 2018 of Karvy Private Wealth.

The Indian economy has in the first six months of 2018-19 reflected a 12.54 percent growth to \$164 billion. A major percentage of this gain can be attributed to the petroleum product exports and also to chemicals and engineering goods though structural issues are a matter of concern for this sector too. As per the Directorate General of Foreign Trade sector specific strategies and specific action points are being developed to boost exports of 685 products in next two and a half years.

The repercussions seen in the economy post-demonetization and introduction of GST seem to have lowered. A brief look at some sectors which contribute to India's exports are engineering goods (26%), gems and jewellery (14%), apparels and clothing.

If we throw a glance on the external trade Indo-US trade in goods and services is an estimated \$126.2 billion for 2017 and that with Russia having around \$10 billion. The bilateral trade between India and US has grown significantly from \$20 billion in 2000 to \$126.1 billion in 2017. In services it has grown from a mere \$6 billion in 2000 to \$51.8 billion in 2017.

The growing of trade (air defence missile deal) with Russia has not been taken warmly by the US and we need to ensure that the trade with US does not get affected in the process. India's foreign policy should be such that the Indo-US relations remain good and the new allies across nations too get networked.

The trade between Indian and Japan stood at \$15.7 billion in financial year 2017. According to Kenji Himatsu Japan's ambassador to India, Japan will continue to help India develop its infrastructure, provide loans and assist private investments.

A quick review of the selected sectors and the steps to be taken to ensure growth in exports in these is discussed subsequently.

The engineering exports are going strong but according to Sanjay Budhia, MD of Patton Group the Indian exporters buy steel at higher prices in

comparison to international buyers. Though the exports have grown strong in the past, as of now if the prices are not made competitive our engineering exports will become uncompetitive.

The MSME's have been crucial to the growth of the Indian economy in terms of GDP contribution and employment to millions.

The sector is facing problems in lending money from the financial institutions for proliferating growth of their small units. Those that have proved their mettle in terms of profitability too are facing difficulty in getting loans for expansion of their business. With 17 out of 21 banks under the prompt corrective action framework of RBI, liquidity has been squeezed for the MSME sector which has further been severely affected.

According to the Finance Minister Mr. Arun Jaitley, the RBI board shall meet in December to discuss the concerning issues of real estate and MSME's stress in these will have to be addressed.

The gems and jewellery sector which contributed 14 percent of India's merchandise exports (\$41.7 bn) in 2017-18.

It employs over 4.65 mn workers have been hit hard due to tightening of financing or lending norms. The biggest advantage to this sector is that except for 5 percent which are sold in domestic markets rest of the stones polished are exported to over 80 countries.

The leather exports as well as meat exports which are worth about \$7bn and \$3.5bn respectively are struggling. There is an overall slowdown and also severe competition from countries like Vietnam and China which have huge capacities and gain by economies of scale.

The purchase of new machinery and incentives giving boost to opening up of new factories is going to have a positive effect in the coming times. As far as meat exports are concerned a 60 percent duty on hide exports and falling currency of a few countries have made the Indian companies survival highly challenging. The huge capacities and also high productivity is a threat to our garment sector which has lack of machinery and market access.

India's foreign policy has to undergo some changes and adapt according to the changing dynamics to have a competitive place in the world trade.

There is a huge potential and India's excellence in certain spheres can be synergized with better market access and focus on free trade agreements developing excellence in capacity utilization and thus strengthen our economy's progress.

RISK MANAGEMENT IN INTERNATIONAL BUSINESS

Risk type	Who will be affected the most	Nature of Loss	Preventive Measures
Currency risk	Importer	<p>*Price agreed with supplier could rise or fall with fluctuations in exchange rate.</p> <p>*Profit margins may lower down or even loss of money can take place.</p>	<p>*Proper planning and Procurement of raw material.</p> <p>*No over stocking</p>
Payment Risk	Exporters	<p>*Default in payments.</p> <p>*Debtors difficult to chase overseas.</p> <p>*Financial losses</p>	<p>*Credit checks on customers.</p> <p>*Safe and clear payment terms.</p> <p>*Prefer to work on Letter of Credit.</p> <p>*Safety clauses in the contract.</p>
Transit Risk	Importer/ Exporter	<p>*Unpredictable risks and losses of cargo due to bad weather or accidents.</p> <p>*Loss or damage of goods in transit</p>	<p>*Transit insurance coverage for all the shipments.</p>
Political Risks	Importer/ Exporter	<p>*Sudden changes in any trade policy due to political reasons.</p> <p>*Imposing sudden trade barriers</p>	<p>*Keep updated with notifications from govt/trade authorities .</p>
Quarantine compliance risk	Exporters	<p>*Loss of Material/goods.</p> <p>*Fines and penalties.</p> <p>*Restrictions on the exporter</p>	<p>*Awareness of laws and regulations of the destination country.</p> <p>*Act in accordance of the regulations and follow the prescribed policies of the importing country.</p>



INTERNATIONAL COMMERCIAL ARBITRATION

Arbitration: a form of alternative dispute resolution (ADR), or a technique for the resolution of disputes outside the courts. It is a method of dispute resolution involving one or more neutral third parties who are usually agreed to by the disputing parties and whose decision is binding.

International arbitration is a method for resolving disputes arising from international commercial agreements.

International commercial arbitration is the process of resolving business disputes between or among transnational parties through the use of one or more arbitrators rather than through the courts.

THE ARBITRATION AND CONCILIATION (AMENDMENT) ORDINANCE, 2015 (NEW DELHI, 23.10.2015) **An ordinance to amend the arbitration and conciliation act, 1996.**

- Arbitrability - It is always a question that whether the dispute under the arbitration agreement could be settled by arbitration or not.
- As a first condition, arbitration clause needs to put in the purchase contract.

Arbitration clause: The parties may stipulate the following matter in the arbitration clause:

- The place of arbitration and hearing
- The language of the arbitration
- The number of arbitrators
- The nationality of arbitrators
- The method of selection of arbitrators
- The applicable law of the contract
- The application of ordinary procedure or summary procedure.

International Commercial Arbitration Institutions:

- ICA – ICC international Court of Arbitration
- ICSID – international centre for settlement of investment dispute
- WIPO arbitration and Mediation Centre
- London Court of International Arbitration
- The HK international Arbitration Centre
- China International Economic and Trade Arbitration Commission.
- Chamber of commerce.
- ARBITRAGE RF CCI (Chamber of Commerce of the Russian Federation)
- ICAC (Independent Commission Against Corruption- Hongkong)
- LONDON (London International Court of Arbitration)
- STOCKHOLM (Arbitration Institute of the Stockholm Chamber of Commerce)

SUGGESTION

- To make India the hub of international commercial arbitration, there needs to be a concerted effort by the government, the legal fraternity and corporate India.
- Foreign companies will pick India as the destination of choice only if the environment for conducting international commercial arbitration in India is business-friendly.
- The government alone will not be able to do it despite making efforts to get the requisite amendments to arbitration law approved by the legislature. Full support by businesses and the legal fraternity is essential.

AECCI runs the arbitration for its Associate/Ordinary Members.

AECCI has designed its Legal wing to serve its member. The structure of the wing is consisting of 12 boards of intermediaries. All of them are highly experienced and knowledgeable law professionals. In our wing we have considered the whole world in to 6 regions and assigned 2 legal advisors to every region. Payment Disputes raised by the members are forwarded to the relevant region members and upon their opinion it is decided to go ahead with the cases. You can reach to us for any international payment dispute: +91 8433720996.



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AN INSIGHT INTO BECOMING AN EXPORTER AND KNOWING THE PRODUCT POTENTIALITY FOR EXPORTING



Ms Sonia Gupta-
Assistant Professor

Now days, every businessman who has performed great in domestic market, want to expand his business overseas as well. But whenever it is about entering the overseas market, there comes lots of question in the mind like what to do? When to do? How to deal with different factors? And many more.

If we talk about the times such around twenty years ago, it used to be difficult to become an exporter. But now it's quite easier; with little efforts and understanding of through procedure one can start exporting. Of course, some preparations are required by the exporter before diving in to export business. Here are the steps to be followed:

- 1) **Establishing an Organization** To start the export business, first a sole Proprietary concern/ Partnership firm/Company has to be set up as per procedure with an attractive name and logo.
- 2) **Opening a Bank Account** A current account with a Bank authorized to deal in Foreign Exchange should be opened.
- 3) **Obtaining Permanent Account Number (PAN)** It is necessary for every exporter and importer to obtain a PAN from the Income Tax Department.
- 4) **Obtaining Importer-Exporter Code (IEC) Number** An IEC is a 10 digit number which is mandatory for undertaking export/ import. Application for obtaining IEC Number can be submitted to Regional authority of DGFT in form ANF 2A along with the documents listed therein.
- 5) **Registration cum membership certificate (RCMC)** For availing authorization to import/ export or any other benefit or concession under FTP 2015-20, as also to avail the services/ guidance, exporters are required to obtain RCMC granted by the concerned Export Promotion Councils/ FIEO/Commodity Boards/ Authorities.
- 6) **Selection of product** All items are freely exportable except few items appearing in prohibited/ restricted list. After studying the trends of export of different products from India proper selection of the product(s) to be exported may be made.
- 7) **Selection of Markets** An overseas market should be selected after research covering market size, competition, quality requirements, payment terms etc. Exporters can also evaluate the markets based on the export benefits available for few countries under the FTP. Export promotion agencies, Indian Missions abroad, colleagues, friends, and relatives might be helpful in gathering information.
- 8) **Finding Buyers** Participation in trade fairs, buyer seller meets, exhibitions, B2B portals, web browsing are an effective tool to find buyers. Indian Missions abroad, overseas chambers of commerce can also be helpful. Creating multilingual Website with product catalogue, price, payment terms and other related information would also help.
- 9) **Sampling** Providing customized samples as per the demands of Foreign buyers help in getting export orders. As per FTP 2015-2020, exports of bonfire trade and technical samples of freely exportable items shall be allowed without any limit.
- 10) **Pricing/Costing** Product pricing is crucial in getting buyers' attention and promoting sales in view of international competition. The price should be worked out taking into consideration all expenses from sampling to realization of export proceeds on the basis of terms of sale i.e. Free on Board (FOB), Cost, Insurance & Freight (CIF), Cost & Freight(C&F), etc. Goal of establishing export costing should be to sell maximum quantity at competitive price with maximum profit margin. Preparing an export costing sheet for every export product is advisable.
- 11) **Negotiation with Buyers** After determining the buyer's interest in the product, future prospects and continuity in business, demand for giving reasonable allowance/discount in price may be considered.
- 12) **Covering Risks** through ECGC International trade involves payment risks due to buyer/ Country insolvency. These risks can be covered by an appropriate Policy from Export Credit Guarantee Corporation Ltd (ECGC). Where the buyer is placing order without making advance payment or opening letter of Credit, it is advisable to procure credit limit on the foreign buyer from ECGC to protect against risk of non-payment.

How you determined if your products have potential to export: It's also important to discuss why we have to identify the potential of our products to export. For the success in overseas market, a company have to examine three things in detail:- **company potential, market potential and product potential**, for determining potential, an organization has to follow procedure. Here are several tips you can use to determine your product potential for exporting:-

First of all, identify your company potential. If your company is successful in domestic market. It will great help you out for playing in overseas as well. Company potential includes firms domestic position in the industry, assessment of industry trends. After that once a company has assessed in export potential and made a firm decision to commit resources and time, the next step is to identify market potential. This is easily identified by expert export business counselling. Beyond that for enter into the new export market, it is good

to see where other firms are exporting.

After a firm has received expert counselling it's important to know about how competitive the market is? In terms of languages, trade regulations. You may take part in trade shows or exhibition which is relatively inexpensive somewhere for a company. The next step is about formulating an export business strategy. You have to develop marketing plan which include firms objectives, tactics firm will use, schedules of activities, allocation of resources and other. After investigating and selecting foreign market for your products, the last step is an export venture is to select selling techniques and you have to work hard for that as well. The decision to market products directly, or alternatively, to utilize the services of an intermediary, should made on the basis of several important factors:- the size of the firm, the nature of its products, previous export experience and expertise, and business condition in the selected overseas market.



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LIST OF QUALITY PRODUCTS AVAILABLE FOR EXPORTS

- | | |
|---|--|
| ● Ammonium / Potassium / Sodium Chloride (Pure) | ● Molybdates - Ammonium / Sodium (Pure / LR / AR) |
| ● Benzoyl Peroxide - Paste / Granular / Powder | ● Potassium / Sodium - Iodide (Pure / BP / USP) |
| ● Calcium Carbonate - Precipitated | ● Potassium Bromate (Pure) |
| ● Choline Bi Tartrate | ● Potassium Bromide (Pure) |
| ● Cobalt-sulphate / Chloride (Pure) | ● Silver - Nitrate LR / AR |
| ● Copper Sulphate - Crystal / Powder (Pure) | ● Sodium Aluminium Sulphate - Anhy. |
| ● Cream Of Tart (Potassium Bi Tartarate) | ● Sodium Bromate (Pure) |
| ● DL- Tartaric Acid | ● Sodium Tungstate |
| ● Enzymes For Soya / Food / Bakery / Flour Industry | ● Tungstic Acid (Pure) |
| ● Ferrous Sulphate - Crystal / Mono Hyd. Powder (Pure / BP / USP) | ● Zinc Oxide (Tech / Rubber Grade / White Seal) |
| ● Ferrous Fumarate (Pure / BP / USP) | ● Zinc Sulphate - Hepta / Mono (Pure / Pharma Passing) |
| ● Fumaric Acid - Granular / Powder | |
| ● Malic Acid / Maleic Acid | |

★ PAINT / RUBBER / PVC CHEMICALS
★ INDUSTRIAL CHEMICALS
★ GALVANISING CHEMICALS
★ LABORATORY CHEMICALS

★ FOOD / BAKERY CHEMICALS
★ FEED CHEMICALS
★ TEXTILE PROCESSING CHEMICALS
★ CERAMIC CHEMICALS

★ PHARMA RAW MATERIALS
★ INDELIBLE INK CHEMICALS
★ MIRROR / GLASS CHEMICALS

EXPORT - TERMINOLOGY

International Business: is the exchange of Capital, Goods and services across the countries.

World Trade Organization: A global international organization created in 1947 under its old appellation "GATT" (General Agreement on Tariffs and Trade). WTO regulates international trade of goods, services and intellectual property between participating countries

Currency: A system of money for general use in a particular country

Exchange Rate: The value of one currency for the purpose of conversion to another.

Manufacturing: Making or producing a product on a large scale using machinery and industries.

Entrepreneurship: The process of organising or managing a business by taking considerable risk, developing a business plan and acquiring required resources.

Exports: Send goods or services to another country for sale; a commodity or service sold abroad.

Gross Weight: Total weight of a shipment, including goods and packaging.

Tare Weight: The weight of a container and packaging excluding the weight of the goods it contains.

Turnover: The amount of money received by a business in a period of time.

Balance of Trade: The difference between a country's total imports and exports.

Trade Surplus: The amount by which the value of a country's exports exceeds the cost of its imports.

Trade Deficit: The amount by which the cost of a country's imports exceeds the value of its exports.

Joint Venture: A commercial enterprise undertaken jointly by two or more parties that otherwise retains their distinct identities.

Certificate of Inspection: A certificate that goods were in good condition immediately prior to its shipment.

Freight Forwarder: is an independent business which handles export shipments from place of manufacturing to the market place for compensation.

Marine Insurance: provides coverage for the loss of the owners of goods transported overseas. It is provided to the ships, boats and most importantly, the cargo that is carried in them.

Anti-dumping Duty: A special duty imposed by the importing country to protect the interest of domestic producers.

Contract: is an agreement in writing or orally about the law that will enforce.

ATA carnet: An ATA carnet is an international customs document instituted in 1961 by the Brussels Convention. The Convention allows an exporter to transit his goods temporarily through several successive countries without having to make a customs declaration at each frontier.

Consignee: The party mentioned in the transport document by whom the goods, cargo or containers are to be received.

Customs agent: A customs agent is an authorised customs clearance professional.

ETA: Expected time of arrival.

ETD: Expected time of departure.

REX: Registered Exporter system

AEO: Authorised Economic Operator

FTAs: Free Trade Agreements

GSP (Generalized System of Preferences): constitutes the tariff-related preferences for some developing countries. These tariffs can be taken as exemptions or reductions in customs duties.

HS (Harmonized System of Classification): HS code is an international nomenclature for the classification of products. It allows participating countries to classify traded goods on a common basis for customs purposes.



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