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college of commerce & management

B.Com 1st Year

Subject- Export & Import Management

Syllabus

Class: - B.Com I Year

Subject: - Export/Import Management

Unit	Contents	Expected date of Completion
UNIT - I	<p>International Bodies, Export Import Cycle, IEC Online Application, Types of Transportation, Containers and Packaging, IncoTerms and Payment Terms</p> <ul style="list-style-type: none">• Continents, Opportunities and Myths• International and Local Bodies• Export-Import Cycle• Online IEC Application Types of Transportation, Containers and Packaging• Different type of Delivery Terms and Cost - Risk involved• Different type of Payment Terms and Risk involved	15 Dec 2021



International Bodies (Organizations)

On the other hand, we also find that the UN is generally regarded as the most important international organisation in today's world. In the eyes of many people all over the world, it is indispensable and represents the great hope of humanity for peace and progress. Why do we then need organisations like the UN? Let us hear two insiders: "The United Nations was not created to take humanity to heaven, but to save it from hell." — Dag Hammarskjold, the UN's second Secretary-General

International organisations are not the answer to everything, but they are important. International organisations help with matters of war and peace. They also help countries cooperate to make better living conditions for us all. Countries have conflicts and differences with each other. That does not necessarily mean they must go to war to deal with their antagonisms. They can, instead, discuss contentious issues and find peaceful solutions; indeed, even though this is rarely noticed, most conflicts and differences are resolved without going to war. The role of an international organisation can be important in this context. An international organisation is not a super-state with authority over its members. It is created by and responds to states. It comes into being when states agree to its creation. Once created, it can help member states resolve their problems peacefully. International organisations are helpful in another way. Nations can usually see that there are some things



they must do together. There are issues that are so challenging that they can only be dealt with when everyone works together. Disease is an example. Some diseases can only be eradicated if everyone in the world cooperates in inoculating or vaccinating their populations. Or take global warming and its effects. As temperatures rise because of the increase in greenhouse gases in the atmosphere, there is a danger that sea levels will also rise, thereby submerging many coastal areas of the world including huge cities. Of course, each country can try to find its own solution to the effects of global warming. But in the end a more effective approach is to stop the warming itself. This requires at least all of the major industrial powers to cooperate. Followings are some international bodies.

IMF

The International Monetary Fund (IMF) is an international organisation that oversees those financial institutions and regulations that act at the international level. The IMF has 189 member countries (as on 12 April 2016) but they do not enjoy an equal say. The G-7 members US (16.52%), Japan (6.15%), Germany (5.32%), France (4.03%), UK (4.03%), Italy (3.02%) and Canada (2.22%) have 41.29% of the votes. China (6.09%), India (2.64%), Russia (2.59%) Brazil (2.22%) and Saudi Arabia (2.02%) are the other major members.



FOUNDATIONS OF UN

1941 August: Signing of the Atlantic Charter by the US President Franklin D. Roosevelt and British PM Winston S. Churchill

1942 January: 26 Allied nations fighting against the Axis Powers meet in Washington, D.C., to support the Atlantic Charter and sign the 'Declaration by United Nations'

1943 December: Tehran Conference Declaration of the Three Powers (US, Britain and Soviet Union) 1945 February: Yalta Conference of the 'Big Three' (Roosevelt, Churchill and Stalin) decides to organize a United Nations conference on the proposed world organization

April-May: The 2-month long United Nations Conference on International Organization at San Francisco 1945 June 26: Signing of the UN Charter by 50 nations (Poland signed on October 15; so the UN has 51 original founding members) 1945 October 24: the UN was founded (hence October 24 is celebrated as UN Day)

1945 October 30: India joins the UN

EVOLUTION OF THE UN - The First World War encouraged the world to invest in an international organisation to deal with conflict. Many believed that such an organisation would help the world to avoid war. As a result, the League of Nations was born. However, despite its initial success, it could not prevent the Second World War (1939-45). Many more people died and were



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wounded in this war than ever before. The UN was founded as a successor to the League of Nations. It was established in 1945 immediately after the Second World War. The organisation was set up through the signing of the United Nations Charter by 51 states. It tried to achieve what the League could not between the two world wars. The UN's objective is to prevent international conflict and to facilitate cooperation among states. It was founded with the hope that it would act to stop the conflicts between states escalating into war and, if war broke out, to limit the extent of hostilities. Furthermore, since conflicts often arose from the lack of social and economic development, the UN was intended to bring countries together to improve the prospects of social and economic development all over the world. By 2011, the UN had 193 member states. These included almost all independent states. In the UN General Assembly, all members have one vote each. In the UN Security Council, there are five permanent members. These are: the United States, Russia, the United Kingdom, France and China. These states were selected as permanent members as they were the most powerful immediately after the Second World War and because they constituted the victors in the War. The UN's most visible public figure, and the representative head, is the Secretary-General. The present Secretary-General is António Guterres. He is the ninth Secretary-General of the UN. He took over as the Secretary-General on 1 January 2017. He was the Prime Minister of Portugal. (1995-2002) and the UN High Commissioner for Refugees (2005-2015). The UN consists of many different structures and agencies. War and peace and differences between



member states are discussed in the General Assembly as well as the Security Council. Social and economic issues are dealt with by many agencies including the World Health Organisation (WHO), the United Nations Development Programme (UNDP), the United Nations Human Rights Commission (UNHRC), the United Nations High Commission for Refugees (UNHCR), the United Nations Children's Fund (UNICEF), and the United Nations Educational, Scientific, and Cultural Organisation (UNESCO), among others.

WORLD BANK- The World Bank was created during the Second World War in 1944. Its activities are focused on the developing countries. It works for human development (education, health), agriculture and rural development (irrigation, rural services), environmental protection (pollution reduction, establishing and enforcing regulations), infrastructure (roads, urban regeneration, electricity) and governance (anti-corruption, development of legal institutions). It provides loans and grants to the member-countries. In this way, it exercises enormous influence on the economic policies of developing countries. It is often criticised for setting the economic agenda of the poorer nations, attaching stringent conditions to its loans and forcing free market reforms.

WTO - The World Trade Organisation (WTO) is an international organisation which sets the rules for global trade. This organisation was set up in 1995 as the successor to the General Agreement on Trade and Tariffs (GATT) created after the Second World War. It has 164 members (as on 29 July 2016). All decisions are taken unanimously but the major economic powers such as the



US, EU and Japan have managed to use the WTO to frame rules of trade to advance their own interests. The developing countries often complain of non-transparent procedures and WTO being pushed around by big powers.

IAEA- The International Atomic Energy Agency (IAEA) was established in 1957. It came into being to implement US President Dwight Eisenhower's "Atoms for Peace" proposal. It seeks to promote the peaceful use of nuclear energy and to prevent its use for military purposes. IAEA teams regularly inspect nuclear facilities all over the world to ensure that civilian IAEA reactors are not being used for military purposes.

AMNESTY INTERNATIONAL Amnesty International is an NGO that campaigns for the protection of human rights all over the world. It promotes respect for all the human rights in the Universal Declaration of Human Rights. It believes that human rights are interdependent and indivisible. It prepares and publishes reports on human rights. Governments are not always happy with these reports since a major focus of Amnesty is the misconduct of government authorities. Nevertheless, these reports play an important role **AMNESTY INTERNATIONAL** in research and advocacy on human rights.

EXPORT AND IMPORT CYCLE

India's customs authorities have launched the Indian Customs Compliance Information Portal detailing customs procedures and regulatory compliances for import-export trade.



Import procedures

Typically, the procedure for import and export activities involves ensuring licensing and compliance before the shipping of goods, arranging for transport and warehousing after the unloading of goods, and getting customs clearance as well as paying taxes before the release of goods.

Below, we outline the steps involved in importing of goods.

1. Obtain IEC

Prior to importing from India, every business must first obtain an Import Export Code (IEC) number from the regional joint DGFT. The IEC is a pan-based registration of traders with lifetime validity and is required for clearing customs, sending shipments, as well as for sending or receiving money in foreign currency. The process to obtain the IEC registration takes about 10-15 days.

2. Ensure legal compliance under different trade laws

Once an IEC is allotted, businesses may import goods that are compliant with Section 11 of the Customs Act (1962), Foreign Trade (Development & Regulation) Act (1992), and the Foreign Trade Policy, 2015-20. However, certain items – restricted, canalized, or prohibited, as declared and notified by the government – require additional permission and licenses from the DGFT and the federal government.



3. Procure import licenses

To determine whether a license is needed to import a particular commercial product or service, an importer must first classify the item by identifying its Indian Trading Clarification based on a Harmonized System of Coding or ITC (HS) classification. ITC (HS) is India's chief method of classifying items for trade and import-export operations. The ITC-HS code, issued by the DGFT, is an 8-digit alphanumeric code representing a certain class or category of goods, which allows the importer to follow regulations concerned with those goods. An import license may be either a general license or specific license. Under a general license, goods can be imported from any country, whereas a specific or individual license authorizes import only from specific countries. Import licenses are used in import clearance, renewable, and typically valid for 24 months for capital goods or 18 months for raw materials components, consumables, and spare parts.

4. File Bill of Entry and other documents to complete customs clearing formalities

After obtaining import licenses, importers are required to furnish import declaration in the prescribed Bill of Entry along with permanent account number (PAN) based Business Identification Number (BIN), as per Section 46 of the Customs Act (1962). A Bill of Entry gives information on the exact nature, precise quantity, and value of goods that have landed or entered inwards in the country. If the goods are cleared through the Electronic Data



Interchange (EDI) system, no formal Bill of Entry is filed as it is generated in the computer system. However, the importer must file a cargo declaration after prescribing particulars required for processing of the entry for customs clearance. If the Bill of Entry is filed without using the EDI system, the importer is required to submit supporting documents that include certificate of origin, certificate of inspection, bill of exchange, commercial invoice cum packing list, among others.

Determine import duty rate for clearance of goods

India levies basic customs duty on imported goods, as specified in the first schedule of the Customs tariff Act, 1975, along with goods-specific duties such as anti-dumping duty, safeguard duty, and social welfare surcharge.

Export procedures

Just as for imports, a company planning to engage in export activities is required to obtain an IEC number from the regional joint DGFT. After obtaining the IEC, the exporter needs to ensure that all the legal compliances are met under different trade laws. Further, the exporter must check if an export license is required, and accordingly apply for the license to the DGFT. An exporter is also required to register with the Indian Chamber of Commerce (ICC), which issues the Non-Preferential Certificates of Origin certifying that the exported goods are originated in India.



Import and export documents

Businesses are required to submit a set of documents for carrying out export and import activities in India. These include commercial documents – the ones exchanged between the buyer and seller, and regulatory documents that deal with various regulatory authorities such as the customs, excise,

The Foreign Trade Policy, 2015-2020 mandates the following commercial documents for carrying out importing and exporting activities:

- Bill of lading or airway bill;
- Commercial invoice cum packing list;
- Shipping bill or bill of export, or bill of entry (for imports).

Additional documents like certificate of origin and inspection certificate may be required as per the case. The important regulatory documents include:

- GST return forms (GSTR 1 and GSTR 2);
- GSTR refund form;
- Exchange Control Declaration;
- Bank Realization Certificate; and
- Registration cum Membership Certificate (RCMC).