

# A Study on Export Procedure and Documentation in Needle Industries Pvt Ltd. The Nilgiris

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**Abstract:** *Export documentation plays a vital role in international marketing as it facilitates the smooth flow of goods and payments thereof across national frontiers. A number of documents accompany every shipment. These documents must be properly and correctly filled. Export documentation is however, complex as the number of documents to be filled-in is large, so also is the number of concerned authorities to whom the relevant documents are to be submitted. Incorrect documents a may lead to non-delivery of goods to the importer you may get the correct documents after some time but in the meantime storage charge may have to be paid. Advisable to take the help of shipping and forwarding agents who will obtain and fill out the documents correctly as well as arrange for transportation. But every exporter should have adequate knowledge about export documents and procedures.*

**Keywords:** Export Marketing, Export Documentation, Export Procedure in India

## 1. Introduction

At the outset it must be mentioned that improved system of documentation for announced by government of India on 31-march 1991 is fine and should be adopted by the exporters as for as possible.

Documentation in export trade plays very significant role from the very beginning when an exporter gets an order from a foreign buyer to the final stage when the exporter seeks cash assistance and other incentives offered by the government. Documentation facilitates the smooth flow of physical goods and payment thereof across national frontiers. At every step during exporting, one or the other document is required. The exporter cannot more any further without documents. A distinguishing feature of international trade is the complex paperwork. Therefore many small exporters are frightened by the extent and complexity of documentation.

Export documentation plays a vital role in international marketing as it facilitates the smooth flow of goods and payments thereof across national frontiers. A number of documents accompany every shipment. These documents must be properly and correctly filled. Export documentation is however, complex as the number of documents to be filled-in is large, so also is the number of concerned authorities to whom the relevant documents are to be submitted. Incorrect documents a may lead to non-delivery of goods to the importer you may get the correct documents after some time but in the meantime storage charge may have to be paid. Advisable to take the help of shipping and forwarding agents who will obtain and fill out the documents correctly as well as arrange for transportation. But every exporter should have adequate knowledge about export documents and procedures.

### 1.1 Objective of the Study

- To identify the different procedure relating to export of goods.
- To know the various documents used for shipment.

- To explicitly state the steps in documentation.
- To identify the various problems involved in filling documents.

### 1.2 Methodology

#### Data collection

- "A research design is the arrangement of condition for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedures".
- This study deals with the documentation in Needles. Secondary data are used to study.
- Official records, textbooks, booklets, review matters of the concern, audit reports and annual reports are used. Apart from the personal discussions with the officials of the concern were also undertaken to carry out of the study.

#### Data Source

- Two types of data are used, that is primary data and secondary data.
- The primary data are those which are collected a fresh and for the first time, are thus happening to be original in character.
- The secondary data on the other hand, are those which have already been collected by someone else and passed through the statistical process.

#### Nature of study

- The study is of descriptive, nature regarding the different types of documents used in Needle Industries and also the procedure followed by them in the export. It also includes what are the benefits& constrains while using these export documents. The study includes the problem faced by the exporters.

## 2. Company Profile

The corporate headquarters and manufacturing unit of Needle Industries (India) Private limited are located in the Nilgiris Mountains. 2200 meters above sea level, in Southern India.

The company was incorporated in 1949 as a subsidiary of a major British manufacturer of hand sewing needles, knitting pins and other hand haberdashery products, Manufacture commenced with the very simple Gramophone needles.

Over the year the thy company managed not only to survive, but to grow through its own resources into what it is today the Prime global source of hand Sewing needles, Knitting pins and allied products.

In the early years all products were marketed under will known brands belonging to the British principals. The Sixties saw the shareholding begin to shift to Indian hands and with this came the introduction of the company's own brand name PONY household name in most parts on the company was transferred to the hands of the Management in India.

As a result of this; doors to world markets, which had hither to been closed; were thrown wide open, the far thinking management team, backed by technical excellence and the highest standards of quality took full advantage of this opportunity and embarked upon a major export drive. Over the last ten years, the exports of the company have growth many times over.

This spectacular success on the export front has been due to a team of truly dedicated people, supported by constant improvement in technology and methods of production. The exacting standards set by discerning customers have contributed greatly to in-house research and development programs. The expertise now available enable the company to updated and modernize technology independently.

As the company grew other products were added to the range. In the late 1950's hand sewing needles. In the 1960's snap fasteners. Hooks and eyes, Knitting pins, Jeans buttons had four part fasteners. In the 1970's safety pins and plastic products. In the 1990's plastic and pearl head pins and, in 2001, glass headed pins. Apart from those products the company has for thirty five years manufactured an extensive range of surgical suture needles.

The last few years have seen the addition of a range of haberdashery sourced from other manufacturers and packaged in-house. Over the past fifty years the company has built a worldwide reputation for quality and service and now markets its product in approximately sixty countries on all six continents.

### 2.1 Product Profile

This vast range of product is all manufactured in the company's own, well equipped and modern facilities. Besides its manufacturing facilitates the company also has full fledged machine shops and tool rooms in which all production equipment is designed and built.

## New Products

### Gold Plated Hand sewing Needles

A new addition the finest sewing Needles, plated with 22 carat gold. A special craft range of these exquisite needles are available in beautiful foil stamp led black folders.

### Rosewood Knitting Pins

Made from the highest quality Indian Rosewood, Each pin has been crafted to perfection.

### Thimbles

Precision die cast metal thimbles finished with a special chormalising process.

### Colored Aluminum Circular Knitting Pins:

Successful and colorful circular Knitting pins.

### Pony Pearl circular Knitting Pins

Pony's first ever plastic circular Knitting pins. These wonderful pins have a perfect transition point between the pin and the monofilament.

## PRODUCTS

### Hand Sewing and Hardware Needles:

Manufacturing from high carbon steel wire, drawn to perfection, Pony and RATHNA, hand sewing and hardware needles are crafted to meet the exacting standards of the 21<sup>st</sup> century. Finished with the most modern bright nickel plating system.

### Knitting Pins

Knitting pins and Knitting accessories have been manufactured in Ketti for more than thirty years. Our ability to be flexible on our production line has enabled us to develop in-house and manufacture for our customers around the world, the types, and sizes and finished unique to each country.

The recent additions to our Knitting line include circular crochets hooks, double ended Tunisian hooks and the fall complement of „in-line“ crochet hooks. „In line“ hooks are available in both the regular grey range as well as in the pony pearl line. A recent development towards increasing our variety is anodized Aluminum Knitting pins in a wide spectrum of colors.

### Garment fasteners

Apart from the classic bright nickel and black finishes. Pony snap fasteners and hooks and eyes, are now available in the additional nickel free finish. Our fall range of snap fasteners and hooks and eyes are made from brass and formed to perfection, they are totally rust proof.

### Safety Pins

Pony safety pins are manufactured with the best quality high tensile steel and brass wire available. Steel safety pins are offered in nickel, nickel free and nickel black finishes. Brass pins are offered with nickel, nickel free, guilt and black finishes. The full laundry range is also available.

### **Pins**

In the past few years we have put together a comprehensive range of pins to cover the entire requirements of the haberdashery world. Our range comprises of plastic and pearliest head pins made with high tensile steel wire, and glass head pins made with hardened and tempered high carbon steel wire. All are manufactured in Ketti. In addition, we offer a wide range of straight pins made from tempered steel, mild steel or grass.

Our pins come in a vast variety of packing styles ranging from rosettes, carded hinged boxes and color coded circular boxes, to name a few.

### **Cross stitch Kits**

Cross stitch Design are available in variety of sizes in kits containing Aida, Embroidery floss, Design chart, Instructions and Needle for full details of our range please ask for our cross stitch Embroidery catalogue, available separately.

## **3. Preliminaries**

Some preliminary steps have to be taken before an export transaction being.

### **IEC Number**

Registration with Regional Licensing Authorities: Every person (whether an individual, firm or company) importing or exporting goods require an importer-exporter code number (unless specifically exempted by the DGFT). The IEC Number is normally allotted by the regional licensing authorities. This code number is required to be incorporated in the various export documents submitted to the authorities for purpose of export.

### **Membership cum Registration**

Membership of certain bodies will help the exporters in a number of ways. There is specified Export Promotion Council, Commodity Boards and Export Development Authorities for various products/ product groups. Member of EPC receive different kinds of assistance and services in respect of the export business.

Exporters will also benefit from membership of other organizations like India Trade Promotion Organization (ITPO). Exporter should get themselves registered with certain export promotion and regulatory bodies.

- 1) Registration with EPC/FIEO: For any benefit of concession under the Exim policy, an exporter is required to register him with the appropriate authority and obtain a Registration-cum-membership certificate (RCMC).
- 2) Registration with sales Tax Authorities: For getting exemption from the sales tax on the export goods, the exporter should be registered with the scales tax authorities of the concerned state.

### **Inquiry and offer**

An inquiry is a request from a perspective importer to be informed of the terms and conditions of sale. It may contain full details of the goods required, their description, catalogue

number of grades, sizes, and weights or other distinguishing features, time and methods of delivery, etc.

If the inquiry is from a person new to the exporter, it is usual to make some investigation into the financial position of the client, either by means of a banker's reference (if the bank's name is supplied by the inquirer) or by means of a trade reference i.e., an inquiry from some firm of firms which have had business dealings with the persons in question, or through inquiry agencies which specialize in acquiring and furnishing information concerning all types of traders.

The foreign buyer would be interested in knowing the details about the exporter. It is therefore, advisable to send him the exporter's literature in the first instance and introduce himself clearly and explicitly.

### **Confirmation of Order**

Once the negotiations are completed and the terms and conditions are acceptable to the buyer and seller, the buyer may place an order with the exporter. The exporter should immediately confirm the order by sending his acceptance. For the confirmation of the order, the proforma invoice is generally sent in triplicate to the buyer, and the buyer is asked to return two copies duly signed by him. The exporter should again send one copy to the importer with the exporter's signature to confirm the acceptance of the order. The exporter may also insist on a documentary letter of credit so that the buyer's commitment may be complete.

The confirmation of the order usually takes the form of a contract. There is no hard and fast rule for the terms that may be mentioned in an export contract. However, the contract should contain details of goods, their quantity, quality, price, period of delivery/ shipment, packing and marking, terms of payment, licences, insurance, documentary requirements etc.

### **Export Licences**

This export of some items are banned and of some items controlled by means of licences, though many items are permitted to be exported freely. Needless to say, the exporter should make sure that the item sought to be exported is not one which falls in the banned list. If the item to be exported requires a licence, it is necessary to obtain it before finalizing the contract.

### **Finance**

If the exporter requires pre-shipment financial assistance, he should take the necessary steps to obtain it.

### **Production/Procurement of Goods**

Once the order is confirmed, the exporter should take necessary steps to ensure the timely availability of the goods of the specifications required and execute the export order promptly. In case of the manufacturer exporter, the production schedule should be adjusted to the export requirements. If there are resource or production constraints, the requirements of the export division may have to be given priority over production for the home market. If the exporter is not a manufacturer, he should contract with his suppliers and ensure timely availability of the goods of the buyer's specifications.

### **Shipping Space**

As soon as the export order is confirmed, the exporter should contract the shipping companies which have sailings for the port to which goods have to be sent and book the required shipping space.

The exporter may get the necessary information about sailing from the daily shipping intelligence, to which he may subscribe. Shipping companies usually have their agents, who accept the cargo on their behalf. There are, moreover, clearing and forwarding agents who will work for the exporter on a certain commission. These agents are very useful, for they have regular contract with shipping companies and their agents, and specialize in the job. The exporter may entrust the work of booking the shipping space and dispatch to clearing and forwarding agents.

### **Packing and Marking**

Once the goods are ready, they are packed and marked properly. If the buyer has given instruction about packing and marking, they should be followed accordingly. If there are no such instructions, it should be ensured that the packing and marking are of the standards has prescribed packing standards for certain items. The British Standard packing codes, published by the British standard Institution, and the Exporter's Encyclopaedia published in the USA, give details packing instruction. Shipping companies also give certain packing instructions, especially for highly dangerous goods.

The exporter should take meticulous care in respect of marking also. The marking should include the shipping marks of the consignee, the port of destination, measurements, the country of origin and any other matter the buyer specified.

### **3.1 Quality Control and Pre-Shipment Inspection:**

Needless to say, goods should be exported only after ensuring that they are of proper quality. If the quality of the goods exported is not satisfactory, it will affect the image of not only the exporter but of the whole nation. The exporters should, therefore, take every care to ensure that quality of exports. The government has also taken some steps in this regards. The Export (Quality control and Inspection) Act, 1963, empowers the government to issue a notification about the commodities brought under the compulsory Quality control and Pre-shipment Inspection scheme; and once a commodity is notified, it cannot be exported unless it is accompanied by a certified of export-worthiness from the export inspection council or any other agency duly authorized for this purpose.

### **Excise Clearance**

As a matter of policy, the government has granted excise duty exemption for export products. Excisable goods may be exported either under claim for rebate of excise duty or in bond. In the case of export under claim for refund of excise duty, the duty is first paid and its refund is claimed after the export has been affected. In the case of export under bond, goods are allowed to be exported without payment of duty on execution of a bond, with sufficient surly and security in the prescribed bond, and under such conditions as the controller

of central excise may approve, for a sum at least equivalent to the duty chargeable on the goods.

### **Customs Formalities**

Goods may be shipped out of India only after Customs clearance has been obtained. For the purpose, the exporter (or the clearing and forwarding agent on behalf of the exporter) should present the following documents to the customs authorities.

- 1) Shipping Bill
- 2) Declaration regarding truth of statement made in the shipping Bill.
- 3) Invoice.
- 4) GR form
- 5) Export Licence (wherever required).
- 6) Original Control Inspection Certificate (wherever applicable)
- 7) Original contract wherever available or correspondence, leading to contract.
- 8) Contract registration certificate (wherever applicable)
- 9) Letter of Credit (wherever applicable).
- 10) Packing List.
- 11) AR-4 Form.
- 12) Any other documents.

The Customs authorities scrutinize the shipping bill and other requisite documents, and if, prima facie, satisfied, they pass it for export, subject to a physical examination by the dock or air transit staff of the customs. The shipping bill passed by the export department has to be presented to the cargo supervisor or the steamship company or the shed manager, who is the port official, for permission to bring in the cargo for export.

### **Exchange Control Formalities**

An exporter, who has sent goods outside the country, has the obligation to satisfy the Reserve Bank of India that he has received payment from his overseas buyer. The government does not allow any exporter for any other consideration. The exchange control regulations require all the exporters to:

- a) Make a declaration on the prescribed form to the collector of customs that foreign exchange, representing the full export value of the goods, has been or will be disposed of in the manner and within the period specified by the RBI;
- b) Negotiate all shipping documents, including those relating to sales on consignment basis, through authorized dealers;
- c) Receive payment by an approved method; and
- d) Surrender the foreign exchange received from exports to the exchange control authority through authorized dealers.

Exporters are required to realize the foreign exchange proceeds of exports within the specified period. If the exporter has any genuine difficulty in obtaining, he must seek the permission of the Reserve Bank for the extension of the time limit. It is up to the exporter to prove that the delay, if any, has not been caused because of his own fault or negligence.

### **Insurance**

The goods that are exported may be subject to certain maritime perils. The risks of such perils may be covered

under certain marine insurance. Who should bear the cost of the insurance depends on the terms of the sale. For instance, under the CIF term, insurance is the responsibility of the exporter.

Marine insurance in India is undertaken by the four subsidiaries of the General Insurance Corporation of India (GIC): The National Insurance Company; The New India Assurance Company; The Oriental fire and General Insurance company; The United India Fire and General Insurance Company. The Export Credit Guarantee Corporation (ECGC) covers certain export risks, which are not covered by the general insurers.

### 3.2 Shipping the Goods

Goods may be exported to foreign markets by sea, air, post, land and river.

- 1) Shipping by sea: To obtain the permission of the port authorities for the movement of goods into the port, it is necessary to present the cart ticket to the gate warden/inspector/keeper at the port gate.
- 2) Sometimes the vessels accept export cargo at the jetty and sometimes they load it in midstream. When the vessels are in midstream, the cargo has to be taken by boats for purpose of loading; this is called over side loading. In such cases, the exporter has direct touch with the ship without having to go through the port commissioner's formalities.
- 3) Shipping by Air: Shipping by air has become popular for such products as commodities which are perishable and seasonal or high in cost but low in bulk. Certain advantages are associated with shipping by air. It ensures quicker delivery. This may enable the exporter to receive the payment comparatively quickly. Further, shipping by air usually involves lower packing charges, for there is less handling of the goods in transit; and the risks of pilferage and damage are reduced.
- 4) Shipping by post: Shipping of goods may be affected by post, subject to the foreign trade and foreign exchange regulations of the country.
- 5) The export of goods by parcel post, either as gifts or for commercial purpose, is regulated in accordance with the provisions of postal notices no. 13, dated 3<sup>rd</sup> December 1973. The postal notice is reproduced in the handbook of import-export procedures, which is published annually by the Ministry of commerce.
- 6) Shipping by land: The procedure for the export of excisable goods by land to countries like Afghanistan is by and large, similar to the one laid down for export by sea. The AR-4 form is however, different for export by land; and this is to be filled along with form AR-4A.

These forms should be filled in quadruplicate instead of quintuplicate, as in the case of export by sea. The excisable goods, whether sealed or not in the exporter's factory/premises are presented to the Frontier Customs Officer/Boarder Examiner along with forms AR/4A (original and duplicate). In the case of goods required to be repacked, the repacking and resealing is done under the supervision of the Frontier Customs officer. If there is any change, the same will be recorded on the AR/4/4A forms. Having allowed the

export of consignment, suitable endorsements are made on these forms, duplicates of which are returned to the exporter.

### Negotiation of Documents

After shipping the goods, the exporter should arrange to obtain payment for the exports by negotiation the relevant documents through the bank. The set of negotiable documents usually consist of the following: Letter of credit; Commercial invoice, together with the packing slip; GP-1 form; Certificate of Origin; Marine Insurance policy; Bill of Lading.

In accordance with foreign exchange regulations, the exporter must lodge a full set of shipping documents with the bank within prescribed period. His bank would forward the necessary documents to buyer's bank for the collection of the amount from the importer.

### Export Incentives

If the exporter is entitled to any export incentives, he should take the necessary steps to realize it (them).

### 3.3 General Export Procedures

- Upon receipt of a purchase order from a foreign buyer, immediately send him a proforma invoice for confirmation. An order is confirmed when the proforma invoice is signed and returned to you by the buyer.
- Payment for exports is normally made through the banks. The foreign buyer's interest in the Philippines is represented by a local authorized agent bank, which is designated by the foreign buyer's bank. The local Authorized Agent Bank (AAB) will assist you in negotiating the collection of the payment for your exports.
- The AAB will explain to you the instructions concerning your shipment to ensure its acceptability for payment. Make sure that you understand all the instruction provided by the bank. If the instructions are written in a foreign language, ask the bank to give you an official translation in English or ask the bank to officially recognize a translation of the instruction, if the translation was made by someone other than bank.
- Exporters may be paid through banks by means of letters of credit (L/C), documents against payment (D/P), documents against acceptance (D/A), open account (O/A), cash against documents (CAD), prepayment/ export advance, inter-company open account, offset arrangement, consignment, or telegraphic transfer.
- You may or may not need outside financing to produce export products ordered by the buyer. Should you, however find the need for outside financing. You can either tap the assistance of government or non-government financial institution.

### 3.4 New Excise Procedure

All excisable goods exported out of India are exempt from payment of central Excise Duties, for which two different procedures have been approved.

#### Rebate of Duty on Goods Export Procedure

Under the first procedure, known as „Rebate of duty on Goods Export. The manufacturer has first to pay the excise

duty on goods meant for export and then claim refund of the same after exportation of such goods to countries except Nepal and Bhutan. This is done under Rule 12 of central Excise Rules. Under this rule, rebate of duty is granted of duty is granted for the finished stage as well as input stage. Rebate of duty in respect of the excisable materials used in the manufacture of the exported goods shall not be allowed if the exporter avails of the drawback allowed under the customs and central Excise Duties Drawback Rules, 1995 or Mod vat. The following procedure should be followed while exporting under the rebate of duty. Removal of goods under claim of rebate from a factory or warehouse without examination by the central Excise officers. The exporters are allowed to remove the goods for export on their own without getting the goods examined by the central Excise officers. Form AR4 in such cases should be prepared in sixuplicate, giving all particulars and declarations. The exporter shall deliver triplicate, and quadruplicate, quintuplicate and sixuplicate copies of AR4 to superintendent of central Excise having jurisdiction over the factory or the warehouse, within 24 hours of the removal of the consignment and would retain the original and duplicate copies for presenting along with the consignment to the customs officer at the point of export. The jurisdictional superintendent of central Excise examines the information contained in AR4 and verifies the facts of payment of duty and other certificate/ declarations made by the exporter. After he is satisfied that the information contained in the AR4 is true, he signs at appropriate places in the four copies of AR4 submitted to him and plus his stamp with his name and designation below his signature. He would then dispose of the triplicate, quadruplicate, quintuplicate and sixuplicate copies of AR4 as under:

- Triplicate: To there bate sanctioning authority viz., Maritime commissioner of central Excise or the assistance commissioner of central Excise declared by the exporter on the AR4. Thus copy on the request of exporter may be sealed and handed over the exporter / his authorized agent for presenting to the rebate sanctioning authority.
- Quadruplicate: To the chief Accounts officer in the commissionerate headquarters.
- Quintuplicate: Office copy to be retained by the central excise officer.
- Sixuplicate: To be given to the exporter.

Procedure for exporter under central excise seal where the exporter desire the sealing of the goods by the central excise seal where the exporter desire the sealing of the goods by the central excise officers so that the export goods may not be examined by the customs officers at the port/ Airport of shipment, he should present an AR4 application in sixuplicate to the superintendent of central excise having jurisdiction over the factory/ warehouse at least 24 hours before the intended removal of the export goods from the factory/ warehouse. The superintendent of central Excise may depute an inspector of central Excise or may him self go for sealing and examination of the export consignment. Where the AR4 indicates that the export is in discharge of an export obligation under a Quantity-based advance license or a value-based advance license issued under the duty exemption scheme, in such cases the consignment is invariably examining the consignment would draw samples

wherever necessary in triplicate. He would hand over two sets of samples, duty sealed to the exporter or his authorized agent, for delivery to the customs officers at the point of export. He would retain the third set for his records. The export consignment is carefully examined vis-à-vis the description of goods, their value and other particulars/ declarations on the AR4. The central excise officer verifies the facts of payment of duty and other certificates / declarations made by the exporter. After he is satisfied that the information contained in the AR4 is true he would allow the clearance and also sign all the six copies of the AR4 at appropriate places and put his stamp with his name and designation below his signature. The copies of AR4 and disposed of as under:

- Original and Duplicate: To the exporter for presenting to customs officer at the point of export along with the export consignment.
- Triplicate: To the rebate sanctioning authority i.e., Maritime commissioner of central excise or the jurisdictional assistant commissioner of central excise, as declared by the exporter on the AR4. The central excise officer may handover this copy under the sealed cover on exporter's request.
- Quadruplicate: To the chief Account officer at his commissionerate Headquarters.
- Quintuplicate: To be retained for records.

#### **4. Documents Used In Needle Industries**

##### **Invoice**

An invoice is the seller's bill for merchandise and contains particulars of goods, such as the price per unit at a particular location, quantity, total value, packing specifications, terms of sale, identification marks of the package, bill of lading number, name and address of the importer, destination, name of the ship, etc.

##### **Packing List**

The difference between a packing note and a packing list is that the packing note refers to the particular of the contents of an individual pack, while the packing list is a consolidated statement of the contents of a number of cases or packs.

A packing note should include the packing note number, the date of packing, the name and address of the exporter, the name and address of the importer, the order number, date, and shipment per s/, bill of lading number and date, marking number, case number to which the note relates, and the contents of the goods in terms of quantity and weight. Apart from the details in the packing note. A packing list should also include item wise details.

##### **Shipping Instructions**

To prepare Bill of Lading and Airway Bill indicating necessary items, like invoice No. and date, Customer name, shipper name, port of loading, port of Discharge of goods, volume (weight), line agent/ Delivery Agent (name & address), container No. No. of cartons.

Item appearance:

Exporter name, Customer Name, Notify Party, Buyer Name, Port of Loading, Discharge, Place of Delivery, Invoice No.&

date, Buyer order NO. & Date, Agent name & address, Origin of Goods, Country of final Destination (importing), Case marking, No of Crotons (kinds of packages), Description of Goods (main items), quantity, rate and amount (currency and amount) net weight and gross weight.

#### **Master II Document:**

The various documents concerned under the umbrella of Master Document II are basically regulatory documents & therefore, any of the title in the boxes has legal notes in respect of these titles, gives below, are not intended to be understood as legally bending. These notes merely seek to explain in common man's language, the meaning and scope of different boxes.

Master II is an export shipping Document each items shows quantity and value, licence wise details. This document is use for preparation of shipping bill. Shipper name address, customer name address, agent name, port of loading & discharge, country of destination, no. of croton & case nos., description of goods, statical code, quantity & value, net weight gross weight, commission percentage.

If it is applicable insurance premium amount mentioned in master II. The items under the advance licence, EPCGL scheme and drawback appear on the Master II.

#### **GR Form :( Guarantee Received Form)**

Whatever mentioned in the master II the same appears on the original & Duplicate GR forming front page. After the customs formalities completed. The endorsed GR form duplicate return to the shipper for bank document Negotiation purpose. The name of the bank & terms of payment mentioned on the reverse side of the GR form.

Declaration under foreign exchange management act 1999. The maximum date of delivery (terms of days) it must be within six months from the date of shipment, but exporting warehouse establish outside India with the permission of RBI the date of delivery is 15 months.

#### **SDF: (Self Declaration From)**

This document is required where the shipping bill is filled under EDI (Electronic data interchange) system. Terms of payment, Invoice no & date negotiation bank should mentioned on the SDF. At the time of shipment in the documents two no. of SDF should enclose with the shipping document to CHA after customs formalities completed after returning SDF along to exchange control.

#### **GSP: (Generalized System of Preferences)**

GSP is a preferential tariff system extended by development countries (also known as preference giving countries are donor countries) to developing countries (also known as preference receiving countries are beneficiary countries). It involves reduced MFN tariff of duty free entry of eligible products exported by beneficiary country to the market of donor countries.

#### **Countries that extend GSP benefits**

GSP is presently extended by 29 developed countries:  
Australia

Canada  
Czech Republic  
European Union  
Japan  
New Zealand  
Norway  
Republic of Bulgaria  
Republic of Belarus  
Russian Federation

#### **European Union Certificate of Origin**

A certificate of origin, as the name indicates, is a certificate which specifies the country of the production of the goods. This certificate has also to be produced before clearance of goods and assessment of duty, for the customs law of the country may require this procedure. This certificate is a necessity where a country offers a preferential tariff to India and the former is to ensure that only goods of Indian origin benefit from such concession. A certificate of origin may be required when goods of a particular type from certain countries are banned.

A certificate of origin form may be obtained from Chamber of commerce, Export Promotion Councils and various trade associations which have been authorized by the government.

#### **EDI Annexure: (Electronic Data Interchange)**

This document plays an important role on file computerized shipping bill under EDI system.

This Annexure contains all the necessary information to file the shipping bill Easley, such as name of the exporter, name of the consignee, name of the buyer, name of CHA, terms of payment, mode of dispatched.

#### **DEEC Declaration (Declaration Entitlement Export Certificate)**

If any items covered under DEEC (Advance licence) the DEEC Declaration (5 Nos.) enclose along with the shipping documents after customs formalities are completed one copy of DEEC declaration return to company along with shipping bill. The attached copy of the DEEC declaration submits to customs after the export obligation.

#### **Courier and Post Receipt**

If a credit calls for a post receipt or certificate of posting, bank will, unless otherwise stipulated in the credit accept a post receipt or certificate of posting. If a credit calls for a document issued by a courier or expedited delivery service evidencing receipt of the goods for delivery, bank wills, otherwise stipulated in the credit, accept a document.

#### **Multimodal Transport Documents**

The carrier or multimodal transport operator or a named agent for or on behalf of the carrier or multimodal transport operator. Indicate that the goods have been dispatched, taken in charge or loaded on board.

Indicates the place of taking in charge stipulated in the credit which may be stipulated in the credit which may be different from the port, air port or place of loading and the place of final destination stipulated in the credit which may be different from the port, airport or place of discharge.

### Air Transport Documents

Appears on its face to indicate the name of the carrier and to have been signed or otherwise authenticated by the carrier or a named agent for or on behalf of the carrier. Indicates that the goods have been accepted for carriage. Where the credit calls for an actual date of dispatch, indicates a specific notation of such date the date of dispatch so indicated on the air transport document will be deemed to be the date of shipment.

Indicate the airport of departure and the airport of destination stipulated the credit. Appears to be the original for consigner/ shipper even if the credit stipulates a full set of Originals, or similar expression.

## 5. Findings

- A minor mistake in filling documents will cause a huge loss so only well experienced member should fill the documents.
- Sending the documents, the person in charge must take care to send all the necessary documents otherwise the goods cannot be released.
- Drafts are presented after letter of credit has expired (or) after time for shipment has expired.
- Invoice value or draft exceeds amount available under letter of credit.
- Charges included in the invoice are not authorized in the letter of credit.
- Not all documents required by letter of credit are presented.
- Invoice does not specify shipment terms (CPF, CIR, FOB etc.,) as stated in letter of credit.
- There are numerous procedures in “customs clearance” for documentation.
- The customs brokerage charged for documentation is high competition in the market for export.
- Certain countries documents are very difficult to prepare
- The documentation process gets delayed in case of agents and agent delay working

### 5.1 Suggestions

- Trained personnel’s can be appointed for preparation of documentation
- For looking after the “customer clearance” there can be separate persons.
- As far as possible only one bank can be used to avoid confusion.
- Transportation can be made early itself to avoid late shipment.
- Country wise documents can be distinguished to avoid confusion
- Alternatives can be made for transport strike.
- During customs holiday the goods can be sent early itself to avoid delay.

### 5.2 Conclusion

Documentation plays a vital role in International trade. Documentation facilitates the smooth flow of physical goods and payment there of across national frontiers. The

complexity of documentation can be eliminated when prepared by experienced staffs. The document required differs from country to country before filing. Care must be taken while filling the documents as minor error may result in huge loss the company. Most of the companies have trained personals to fill in such documents to avoid complexities later. While sending copies of certain documents the original is however retained for further verification on a later date. Though it is a complex process in plays an major role in the International trade.

## References

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## Author Profile



**L. Prakash** received the B.Com(CA), M.I.B.,M.Com(CA),Degrees from Bharathiar University, Coimbatore, Tamilnadu, India, and PGDBA & M.Com Degrees from Annamalai University, Chidhamparam, Cleared UGC NET in the field of Commerce in 2012. Having 3 years Experience of teaching inthe field of Commerce and international Business, he Pursuing Ph.D in Commerce (International Marketing).Published 4 international Journals ,presenting more than 20 papers in national and international conferences organized by various colleges in Tamilnadu.