

Key Issues

1. Raising Funds
2. Acquiring Customers
3. Clearing Customs
4. Logistics

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Create Trusted Network

1. Custom House Agent
2. Chartered Accountant
3. Banker

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Establish Organization

CA CS

- Proprietorship
 - Any PAN card holder can apply for IEC
- Partnership
 - Registration under Partnership Act 1932
 - Partnership Agreement can be Written or Silent (Construed)
- Public/Private Company *Limited Liability*
 - Registration under Company Act 2013
 - SEBI formalities in case of Public Company

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Establish Organization

- Limited Liability Partnership (LLP)
 - Registration under Limited Liability Act 2008
- Hindu Undivided Family *tax benefits*
 - Registration under Hindu Undivided Family Act
- Cooperative/Trust/NGO
 - Indian Society Registration Act
 - Indian Trust Act

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Establish Organization

- Select, in order of preference, at least one suitable name upto a maximum of six names, indicative of the main objects of the company.
 - Ensure that the name does not resemble the name of any other already registered company and also does not violate the provisions of emblems and names (Prevention of Improper Use Act, 1950) by availing the services of checking name availability on the portal.
 - Apply to the concerned RoC to ascertain the availability of name in [eForm 1 A](#) by logging in to the portal. A [fee of Rs. 500/-](#) has to be paid alongside and the [digital signature](#) of the applicant proposing the company has to be attached in the form. If proposed name is not available, the user has apply for a fresh name on the same application.
 - After the name approval the applicant can apply for registration of the new company by filing the required forms (that is Form 1, 18 and 32) within 60 days of name approval

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Establish Organization

- Arrange for the drafting of the memorandum and articles of association by the solicitors, vetting of the same by RoC and printing of the same.
 - Arrange for stamping of the memorandum and articles with the appropriate stamp duty.
 - Get the Memorandum and the Articles signed by at least two subscribers in his/her own hand, his/her father's name, occupation, address and the number of shares subscribed for and witnessed by at least one person.
 - Ensure that the Memorandum and Article is dated on a date after the date of stamping.
- Login to the portal and fill the following forms and attach the mandatory documents listed in the eForm
 - Declaration of compliance - [Form-1](#)
 - Notice of situation of registered office of the company - [Form-18](#).
 - Particulars of the Director's, Manager or Secretary - [Form-32](#).
- Submit the following eForms after attaching the digital signature, pay the requisite filing and registration fees and send the physical copy of Memorandum and Article of Association to the RoC
- After processing of the Form is complete and Corporate Identity is generated obtain Certificate of Incorporation from RoC.

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Establish Organization

- Additional steps to be taken for formation of a Public Limited Company:
 - To obtain Commencement of Business Certificate after incorporation of the company the public company has to make following compliance
 - File a declaration in [eForm 20](#) and attach the statement in lieu of the prospectus(schedule III) OR
 - File a declaration in [eForm 19](#) and attach the prospectus (Schedule II) to it.
 - Obtain the Certificate of Commencement of Business.
- Additional steps to be taken for registration of a Part IX Company:
 - The Part IX Company is required to file [eForm 37](#) and [eForm 39](#) apart from filing eForm 1, 18 and 32.
 - The company is required to file eForm 1 first and then the company can file all the other eForms (18, 32, 37 and 39) simultaneously or separately

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Open a Bank Account

- A current account with a Bank which is authorized to deal in Foreign Exchange

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Obtain PAN

- Mandatory for every exporter and importer to obtain a PAN from the Income Tax Department

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Obtain IEC (Import Export Code)

- As per Para 2.05 of the Foreign Trade Policy, 2015-20 no export can be made without obtaining an IEC
- You can apply for e-IEC online at www.dgft.gov.in as per ANF2A, with an application fee of Rs 500
 - It is linked to your PAN
- Documents required: Cancelled Cheque (with entity's pre-printed name) and Address proof of application entity

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Obtain IEC (Import Export Code)

- IEC is a unique 10 -digit alpha numeric code issued on the basis of PAN of an entity.
- Technical requirements
 - Valid Digital Signatures Token (Class II or III)
 - Valid PAN
 - Valid Mobile Number and Email ID.
 - Valid Address Details of Branch Office
 - Valid Bank Account in the name of IEC Holder
 - Valid Aadhar Card matching the details with PAN Card.
- An IEC allotted to an applicant shall have permanent validity, but it is mandatory to update the IEC annually so that the IEC is not deactivated.

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Benefits of IEC

- **Expansion of Business:** IEC assists you in taking your services or product to the global market and grow your businesses.
- **Availing Several Benefits:** The Companies could avail several benefits of their imports/exports from the DGFT, Export Promotion Council, Customs, etc., on the basis of their IEC registration.
- **No Filing of returns:** IEC does not require the filing of any returns. Once allotted, there isn't any requirement to follow any sort of processes for sustaining its validity. Even for export transactions, there isn't any requirement for filing any returns with DGFT.
- **Easy Processing:** It is fairly easy to obtain IEC code from the DGFT within a period of 10 to 15 days after submitting the application. There isn't any need to provide proof of any export or import for getting IEC code.
- **No need for renewal:** IEC code is effective for the life time of an entity and requires no renewal. After it is obtained, it could be used by an entity against all export and import transactions.

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Obtain RCMC Pharma. Textile

- Registration Cum Membership Certificate
- In order to obtain benefits of Foreign Trade Policy
- It is mandatory to obtain RCMC from Export Promotion Councils/FIEO/Boards etc.
- The list of these Trade promotion Organizations is given in Appendix 2T of FTP 2015-2020.

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Register with Tax Authorities

- Goods exported out of the country are eligible for zero-rated supply under GST
- To avail this benefit, it is important for an exporter to get registered with the concerned Tax Authorities – <https://www.icegate.gov.in/EnqMod/>

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Register with Tax Authorities CHA

- Once registered at the ice-gate, you can file all documents online thus cutting business time & cost, reducing red-tape, and reducing scope for corruption
- You or your CHAs can see the status of jobs online via document tracking system
- You or your CHA can get the positive or negative acknowledgement along with Shipping Bill & Bill of Entry numbers of their jobs on your registered email id with various customs authorities with direct contact thus saving business time and costs.
- You or your CHAs can raise any query and get reply of same online.

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Register with Tax Authorities

Users/Documents	Scanned Copy of Authorization Letter (.pdf)	Scanned Copy of License/Permit (.pdf)	Scanned Copy of Driving license, Passport, Aadhaar Card, Voter ID card (.pdf)	Scanned Copy of F Card / G Card (Employee)	Authorization Letter/Order of Commissioner
F-card Custom Broker/ CHA (Firm)	✓	✓	✓		
F-card Custom Broker/ CHA (Individual)		✓	✓		
F-card/G-card Custom Broker/ CHA (Employee)	✓		✓	✓	
TEC Holder	✓	✓	✓		
TEC Authorized Person	✓	✓	✓		
Shipping Lines	✓		✓		
Shipping agents	✓		✓		✓
Airlines	✓	✓	✓		
Air Agents	✓	✓	✓		
Console Agents		✓	✓		
Others (Banks/ Custodians)	✓	✓	✓		

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Register with Tax Authorities

- GST Registration

Proof of Constitution of Business (Any One)	Certificate of Incorporation	MCA
Photo of Stakeholder (Promoter / Partner)	Photo of the Promoter/ Partner	Adhaar.
Photo of the Authorised Signatory	Photo	6
Proof of Appointment of Authorised Signatory (Any One)	Letter of Authorisation	CA
Proof of Principal Place of business (Any One)	Copy of Resolution passed by BoD/ Managing Committee and Acceptance letter	
	Electricity Bill	
	Legal ownership document	
Proof of Details of Bank Accounts (Any One)	Municipal Khata Copy	
	Property Tax Receipt	
	First page of Pass Book	Current A/c
	Bank Statement	
	Cancelled Cheque	

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Register with Tax Authorities

Present Tax Structure [5 Important Constituents]	Entry No. / Schedule	Taxable Event
Excise Duty	Entry No. 94, List I, Schedule VII	Taxable Event is Manufacture
Service Tax	Residuary Entry No. 97, List I, Schedule VII	Taxable Event is Provision of Service
Sales Tax / VAT / CST	Entry No. 54 of List II (VAT) and 92A of List I (GST)	Taxable Event is Sale
Customs Duty	Entry No. 83, List I, Schedule VII	Taxable Event is Import & Export
Entry Tax / Entertainment Tax	Entry No. 52 & 62 List II, Schedule VII	Taxable Event is Entertainment & Entry of Goods

GGST	SGST
<ul style="list-style-type: none"> Central Excise duty (CENVAT) Additional duties of excise Excise duty levied under Medicinal & Toiletries Preparation Act Additional duties of customs (CVD & SAD) Service Tax Surcharges & Cess 	<ul style="list-style-type: none"> State VAT / Sales Tax Central Sales Tax Purchase Tax Entertainment Tax (not levied by the local bodies) Luxury Tax Entry Tax (All forms) Taxes on lottery, betting & gambling Surcharges & Cess

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Exportability

- Exports and Imports shall be free, except in cases where they are regulated by the provisions of this Policy or any other law for the time being in force.
 - Arms. Uranium. Rare livestock.
- The item wise export and import policy shall be, as specified in ITC(HS) published and notified by Director General of Foreign Trade, as amended from time to time is available at www.dgft.gov.in
 - Schedule 1 of ITC (HS) gives the Import Policy Regime and Schedule 2 of ITC (HS) gives the Export Policy Regime
 - EXIM Policy → 5 years.

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Exportability

- Understanding Harmonized Trade Classification System
 - Divided into 98 Chapters/ 21 Sections/ 12000 Tariff Lines
 - Chapter 99 is reserved for Temporary Legislation
 - Tariff harmonized at 6 Digits. Indian Classification is upto 8 Digits
 - First Two digit defer to Chapter. Agriculture Metal
 - Four digit refer to Heading.
 - Six Digit refer to Sub-Heading and
 - Eight Refer to Tariff Line

543259
Agriculture Metal
010211
wheat

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Exportability

- HSN code helps the policy maker/ exporter by:
 - Fixing the custom tariffs of the country
 - Determination of applicable duties and taxes
 - Collection/ Compilation/ publication and dissemination of international trade statistics
 - Helps in framing rules of origin
 - Monitoring of restricted and prohibited goods
 - Determination of quota controls
 - Helpful in statistical and economic research and analysis

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Exportability

Free	Restricted	Prohibited	State Trading Enterprises (STE)
<ul style="list-style-type: none"> • Products categorized as free can be exported without any permission from DGFT subject to condition, if any, mentioned against the product in the ITC(HS) Book and any other law of the country governing their exports. 	<ul style="list-style-type: none"> • Before exporting any restricted goods, the exporter must first obtain an authorization explicitly permitting the exporter to do so. The restricted goods must be exported through a set of procedures/conditions, which are detailed in the license. 	<ul style="list-style-type: none"> • These are the items which cannot be exported at all. The majority of these include wild animals, and animal articles or those prohibited for trading through an International Convention. 	<ul style="list-style-type: none"> • Certain items can be exported only through designated STEs. The export of such items is subject to the conditions specified in the ITC (HS) Book

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Restriction on exports/imports to certain countries

While exports /imports is permitted on Most Favoured Nation (MFN) basis in India, imports/ exports of certain goods are prohibited on account of UN Sanctions or International convention.

<p>Iraq:</p> <p>Despite the policy for 'Arms and related material' as is given in Chapter 93 of ITC(HS), the import / export of arms and related material from / to Iraq shall be 'Prohibited' except to the Government of Iraq subject to 'No Objection Certificate' from the Department of Defence Production.</p>	<p>Iran:</p> <p>Items listed in INFCIRC/254/Rev.9/Part 1 and INFCIRC/254/Rev.7/Part 2 (IAEA Documents) as updated by the IAEA from time to time.</p>
<p>North Korea:</p> <p>items as determined by the Central Government, except food or medicine, that could directly contribute to the development of the Democratic People's Republic of Korea's operational capabilities of its armed forces are 'Prohibited'. This measure is subject to the exemptions set out in paragraph 8 (a) and (b) of Resolution 2270 (2016);</p>	<p>Items listed in S/2006/263 (UN Security Council Document) as updated by Security Council from time to time.</p>

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Finding Buyers

UNCTAD

- Fix top 3 target country
 - Start listing your company's products & contact details in the target country's portals
 - Inquire with and set up contacts with the trade associations and chamber of commerce in the target countries
 - Be a part of Trade Fairs and Exhibitions in the target countries
 - Get list of exhibitors in your end user product category

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Finding Buyers

- Social Media Presence
 - Join relevant groups in LinkedIn
- B2B website (Paid)
 - Alibaba; eWorldTrade; TradeKey; IndiaMART; TradeIndia; Go4WorldBusiness
- Export Promotion Council
 - Trade Delegations
- Indian Embassy in Target Countries

$4000 \times 80 = 3,20,000$

CRA

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Important Aspects while Exporting

Sampling:

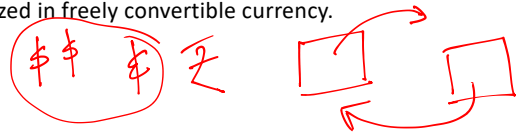
- Providing customized samples as per the demands of Foreign buyers help in getting export orders.
- As per FTP 2015-2020, exports of bonafide trade and technical samples of freely exportable items shall be allowed without any limit.

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Important Aspects while Exporting

Denomination of Exports Contracts:

- All export contracts and invoices shall be denominated either in freely convertible currency or Indian rupees but the export proceeds shall be realized in freely convertible currency.



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Important Aspects while Exporting

Sampling Cost Price + Margin.

Pricing/Costing:

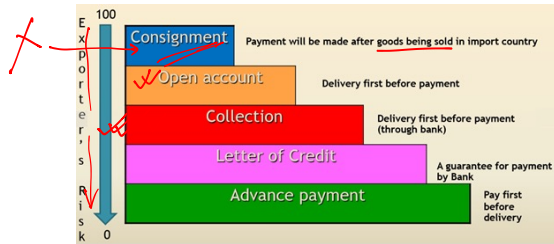
- The price should be worked out taking into consideration all expenses from sampling to realization of export proceeds on the basis of terms of sale i.e. Free on Board (FOB), Cost, Insurance & Freight (CIF), Cost & Freight (C&F), etc.
- Goal of establishing export costing should be to sell maximum quantity at competitive price with maximum profit margin.

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Important Aspects while Exporting

Payment Term:

- Deciding on the best payment term (L/C, DA, DP etc.).



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Important Aspects while Exporting

Customs House Agents:

- Exporters may avail services of Customs House Agents licensed by the Commissioner of Customs.
- They are professionals and facilitate work connected with clearance of cargo from Customs

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Important Aspects while Exporting

Mandatory documents for export of goods from India:

- Bill of Lading/Airway Bill/ Lorry Receipt/ Railway Receipt/Postal Receipt. *logistics*
- Commercial Invoice cum Packing List
- Shipping Bill/Bill of Export

(In specific cases of export or import, the regulatory authority concerned may electronically or in writing seek additional documents)

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Important Aspects while Exporting

Customs Procedure:

- No goods can be exported without clearance of export consignment by customs which issues the Let Export Order (LEO) after filing of shipping bill.

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Important Aspects while Exporting

Submission of Export Documents to Bank:

- Within 21 days from the date of export, exporter should lodge export documents with the Banks.
- In cases, where exporters present documents pertaining to exports after the prescribed period of 21 days from date of export, Banks may handle them without prior approval of the Reserve Bank, provided they are satisfied with the reasons for the delay.

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Important Aspects while Exporting

Mode of Payment of export:

- The amount representing the full export value of the goods exported shall be received through a Bank in the manner specified in the Foreign Exchange Management (Manner of Receipt & Payment) Regulations, 2000 as under :
 - Bank draft, pay order, Banker's or personal cheques.
 - Foreign currency notes/foreign currency travelers cheques from the buyer during his visit to India.
 - Payment out of funds held in the FCNR/NRE account maintained by the buyer
 - International Credit Cards of the buyer.

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Important Aspects while Exporting

Realization of Export Proceeds:

- As per FTP 2015-2020, all export contracts and invoices shall be denominated either in freely convertible currency of Indian rupees, but export proceeds should be realized in freely convertible currency except for export to Iran. Export proceeds should be realized in 9 months.

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Important Aspects while Exporting

SPS/TBT Measures :

- It covers technical requirements resulting from food safety and animal and plant health measures, including pesticide residue limits, inspection requirements and labeling etc. set by a country.

Pharma
TBT - Technical Barriers to Trade: Aims to ensure technical regulations, standards, and conformity assessment procedures are non-discriminatory and do not create unnecessary obstacles to trade.

SPS - Sanitary and. Phytosanitary Measures: SPS measures are rules and procedures that governments use to ensure that foods and beverages are safe to consume and to protect animals and plants from pests and diseases.

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Important Aspects while Exporting

Export Inspection Agencies :

- They promote manufacturer exporters to implement best quality management system to produce a consistent quality product to meet buyer's specification and gain confidence of the buyer by pre shipment inspection, quality control and certification with many laboratories countrywide.

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Important Aspects while Exporting

FTAs/PTAs/MFN:

- These agreements, which can be bilateral or multilateral, reduce or eliminate trade barriers such as tariffs and quotas which gives price competitiveness as well as lead to creation of new markets for businesses, facilitate the production of high-quality goods and enhance economic growth.

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Customs Procedures

- It is necessary to obtain PAN based Business Identification Number (BIN) from the Customs prior to filing of shipping bill for clearance of export good and open a current account in the designated Bank for crediting of any drawback amount and the same has to be registered on the system.

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Customs Procedures

- In case of Non-EDI, the shipping bills or bills of export are required to be filled in the format as prescribed in the Shipping Bill and Bill of Export (Form) regulations, 1991.
 - Shipment of goods through Electronic Data Interchange (EDI) ports and Non-EDI ports have to be demarcated through separate forms.
- An exporter needs to apply different forms of shipping bill/ bill of export for export of duty-free goods, export of dutiable goods and export under drawback etc.

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Customs Procedures

- Under EDI System, declarations in prescribed format are to be filed through the Service Centers of Customs.
 - A checklist is generated for verification of data by the exporter/CHA.
 - After verification, the data is submitted to the System by the Service Center operator and the System generates a Shipping Bill Number, which is endorsed on the printed checklist and returned to the exporter/CHA.
 - In most of the cases, a Shipping Bill is processed by the system on the basis of declarations made by the exporters without any human intervention.
 - Where the Appraiser Dock (export) orders for samples to be drawn and tested, the Customs Officer may proceed to draw two samples from the consignment and enter the particulars thereof along with details of the testing agency in the ICES/E system.

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Customs Procedures

- Any correction/amendments in the check list generated after filing of declaration can be made at the service center, if the documents have not yet been submitted in the system and the shipping bill number has not been generated.
- In situations, where corrections are required to be made after the generation of the shipping bill number or after the goods have been brought into the Export Dock, amendments is carried out in the following manners.
 - The goods have not yet been allowed "let export" amendments may be permitted by the Assistant Commissioner (Exports).
 - Where the "Let Export" order has already been given, amendments may be permitted only by the Additional/Joint Commissioner, Custom House, in charge of export section.

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Customs Procedures

- In both the cases, after the permission for amendments has been granted, the Assistant Commissioner / Deputy Commissioner (Export) may approve the amendments on the system on behalf of the Additional /Joint Commissioner.
- Where the print out of the Shipping Bill has already been generated, the exporter may first surrender all copies of the shipping bill to the Dock Appraiser for cancellation before amendment is approved on the system.

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