EXPORT AWARENESS GUIDEBOOK

PREPARED BY

XCELL – CENTRE FOR EXPORT FACILTATION CENTRE

INDIAN INSTITUTE OF FOREIGN TRADE, KOLKATA

भारतीय विदेश व्यापार संस्थान
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1. **What is the basic procedure of Export?**

There are five basic steps to export as below

i. Basic Registration - Trade License, GST, PAN, IEC, RCMC
ii. Pre shipment procedure –
   - ✓ Identification of HS Code for your product as per export & import trend,
   - ✓ Identification of destination market as per demand, distance of the country, and other trade indicators
   - ✓ Identification of buyers from the destination market
   - ✓ Negotiation with buyers on product features, quality certifications, packing & packaging instructions, delivery time, mode of delivery, INCO terms (responsibility of delivery), payment terms, etc
   - ✓ Verification of buyers
   - ✓ Order Confirmation
iii. Shipment Procedure –
   - ✓ Order Preparation
   - ✓ Insurance from ECGC
   - ✓ Customs Procedure – Customs House Agents
   - ✓ Shipping and Banking Procedures – Submission of necessary documents
iv. Realization of Export Incentives
   - ✓ Bank follow ups
   - ✓ Feedback from the customer

2. **What are the mandatory registrations required for stating an Export business?**

The basic registrations required for stating an import export business are :

- IEC – Import Export Code
- PAN No.
- GST registration

- Trade License
- A current account with a AD certified Bank
- RCMC(registration cum membership certificate) from a relevant Export Promotion Council

3. Links of necessary business registration

Sl No	Business Registration	Registration Detail Links
1	PAN Registration	Click Here
2	Trade License	Click Here
3	IEC Registration	Click Here
4	Registration cum Membership Certificate (with relevant Trade Promotion Organizations)	Click Here
5	Trademark Registration	Click Here
6	GST Registration	Click Here
7	UDYAM Registration	Click Here
8	Start Up India Registration	Click Here
9	Export of Commercial Items through Postal Channel	Click Here

4. What is ITC (HS) Codes?

Indian Trade Classification (Harmonized System) [ITC (HS)] is a compilation of codes for all merchandise / goods for export/ import. Goods are classified based on their group or sub-group at 2/4/6/8 digits.

5. **What is IEC and why is it required?**

IEC or Import Export code is a 10 digit alpha- numeric code generated on the basis of the PAN no. of the individual applying for the same. No Import - Export business can happen from India without this relevant document. An entrepreneur willing to start an Import-export business needs to apply for the same from the DGFT website directly. An online fee of RS. 500 is charged for the same. https://content.dgft.gov.in/Website/DGFT-Website_User_Registration.pdf

6. **Who can get IEC?**

An individual or a company who wants to do international business can get an IEC. Individuals can use either the name of their company or their name directly to apply for IEC.

7. **Is IEC required by Service Exporters?**

IEC shall be not be necessary except when the service provider is taking benefits under the Foreign Trade Policy.

8. **What is the technical requirement for filing an IEC?**

- 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.

9. **What is the validity of IEC?**

   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. If the IEC is updated between April-June period each year, no fee shall be charged for updation of IEC.

10. **What happens if the IEC is not annually updated?**

    In case of non-updation of IEC within the prescribed time, it will be de-activated. An IEC so de-activated may be activated, on its successful updation. This would however be without prejudice to any other action taken for violation of any other provisions of the FTP.

11. **What is RCMC? Is it absolutely required for starting an Import – Export Business?**

    RCMC is a registration cum membership certificate usually obtained from an Export Promotion Council or EPC. Various product categories are dealt with by various export promotion councils. For eg. For food products we have APEDA, for Chemicals and related products we have CAPEXIL, for Apparel and Readymade Garments we have AEPC, For handicraft products we have EPCH etc. Entrepreneurs intending to export products from multiple categories can obtain RCMC from FIEO (Federation of Indian Export Organisations).

    Yes, it is absolutely required for stating an Import – Export Business. EPCs act as a bridge between the government and the exporters by

    - offering guidance
    - market information
    - assistance with export procedures and schemes
    - organizes trade events, buyer-seller meets
    - Helps Exporters participating in Trade Fairs
    - provide access to resources that enhance exporters' competitiveness

12. What is Customs duty?

Customs duty is the duty charged on goods on their importation into India or exportation out of India.

13. What are the Important Documents required in Customs and Banking Procedure?

- Bill of Lading/Airway Bill
- Commercial Invoice cum Packing List
- Shipping Bill
- Certificate of Origin
- Other certifications pertaining to specific product category
- For certain product categories - NOCs
  - licenses
- Bill of exchange
- Letter of Credit
- Bill of Lading
- Inspection Certificate
- Seller Details

14. What are the principal documents in shipping procedure?

- ✓ Purchase Order
- ✓ Letter of Credit
- ✓ Packing Credit Letter
- ✓ Commercial Invoice
- ✓ Packing List
- ✓ Annexure
- ✓ Export Value Declaration
- ✓ SDF Form
- ✓ Certificates of Origin
- ✓ Certificate of Free Sale/Export
- ✓ Certificate of Inspection/Quality Control

- ✓ Certificate of Insurance
- ✓ Bill of Exchange
- ✓ Shipment Advice
- ✓ Inland Bill of Lading
- ✓ Ocean Bill of Lading
- ✓ Shipping Bill
- ✓ GST RFD 1 and GST RFD 11, GSTR 3B
- ✓ e-BRC

15. What are the various organizations that should be known for starting an Import-Export Business?

DGFT (Directorate General of Foreign Trade):

- DGFT comes under the Ministry of Commerce, Government of India
- The organization is responsible for controlling all imports and exports in India and promoting the same
- Government of India has established the office of DGFT in all the major cities, so that import and export from all the major cities can be controlled and encouraged
- The official website is www.dgft.gov.in

Customs:

- When a product is imported or exported from India, it cannot be fulfilled without the permission of the Customs Department
- The Customs Department comes under the Ministry of Finance, Government of India
- Offices of the Customs Department is present at all the major ports of India
- Inland Container Depot (ICD)s are established in various parts of the country , where there are no sea ports
- ICDs are controlled by the Customs Department.

- Offices of the Customs Department are present in all the major cities of India
- The official website is www.cbic.gov.in

GST:

- Export is "GST free"
- If the exporter has purchased the product to be exported with GST, then this GST is refunded under a process while exporting
- If an exporter wants to export a product without paying GST, then this is also possible.
- A well-organized process has been established by the department for all these processes
- It is to be noted that the CGST department is operated by the Government of India and the SGST department is controlled by the state government

Banks:

- During occurrence of Export related business deals between buyer and seller, various bank related formalities are to be fulfilled
- Advance payment has to be received from the buyer
- Payment needs to be realized even after selling a product
- To conduct export, the exporter needs export finance, Letter of Credit, Insurance
- Bank Realization Certificate is also required after relevant payment is received
- All the major banks of India like SBI, PNB, BoB, Central Bank and private banks like HDFC Bank, ICICI Bank, Axis Bank, Kotak Bank, Yes Bank provide this facility
- For more information, one can visit their AD certified bank's online website or contact the bank branch directly

Export Promotion Council:

- The Ministry of Commerce , Government of India has formed a special export promotion council for every sector in the last 70 years

- The Export Promotion Council regularly organizes exhibitions in the country and abroad for the concerned sector
- It includes Indian exporters in exhibitions, organizes seminars for information about exports, provides a government platform for the problems faced by exporters
- It also provides special training facilities required for entrepreneurs in the

relevant sectors amongst other things

16. What are the Quality Standards to be adhered to for exporting products?

The Export Inspection Council (EIC) looks after the requirements in General. The indicative Standards are namely

- ISI
- AGMARK
- ISO 9000
- BIS Hallmark
- Sanitary & Phyto Sanitary certificate
- Health Certificate, Drug License, etc

Other than this product certifications and process certifications may have to be provided as required by the buyer and the country where the product is being exported .

17. How to identify HS Code and market for your product?

SEFC, West Bengal helps with the identification of the HS Codes, Potential markets and unverified buyer list. The Export Promotion Councils also helps and guides in doing so.

18. How to market your product in International Markets?

Marketing your product in international market for an export business in present times focuses on online strategies, networking, and participating in relevant trade events like fairs, business conclaves, B2B meets etc. Utilization of online marketplaces, helps building a strong online presence, and engaging targeted outreach to potential buyers in specific regions. Networking through trade associations and attending international trade fairs are also crucial.

- ✓ **Online Strategies:**

  E-commerce platforms: Utilization of e-com platforms like Amazon Global Selling may be used to reach a wider audience.
  Digital marketing and SEO: Optimizing existent website and online content to attract international buyers.
  Social media marketing: Utilization of platforms like LinkedIn and Facebook to connect with potential buyers and promote various products**.**
  Online directories and search engines: Utilization of online platforms present, to access international markets and contact details of potential buyers.

- ✓ **Networking and Trade Events:**

  Trade shows and exhibitions: Participating in international trade shows to showcase the products and connect with potential buyers.
  Trade missions: Leveraging government-organized trade missions to gain access to new potential markets and connect with buyers.
  Trade associations: Joining relevant trade associations to network with industry professionals and potential buyers.
  Foreign agencies: Working with foreign import agencies to connect with buyers and navigate through trade regulations.

- ✓ **Targeted Outreach:**

  Identifying the ideal buyer profile in the Selected Market : Determining the specific characteristics of the target market is essential for customer acquisition.
  Conduct market research: Identify potential buyers in the target markets.

Tailoring promotional messages: Adapting the marketing materials to appeal to the cultural and regional preferences of the target market.

Diligent and effective customer service: This helps building trust and rapport with potential buyers.

Offering flexible and hassle free payment terms: Making transactions easier for buyers by providing various payment options.

Following up diligently: Stay in touch with potential buyers helps nurture relationships.

19. In export, can the buyer address and delivery address be different?

Yes. The exporter needs to ensure that the order address and delivery address are properly reflected in invoice, shipping bill, etc.

20. Is the Proforma Invoice and Commercial Invoice same?

No. Proforma Invoice is for negotiation, while commercial invoice is based on the confirmed order.

21. What are the major components in an export invoice?

- ✓ Invoice number
- ✓ Invoice date
- ✓ Order number
- ✓ Total sale amount
- ✓ Currency
- ✓ Payment instructions
- ✓ Exporter/seller information (name, address, phone number, etc.)
- ✓ Exporter/seller's IE code
- ✓ Importer/buyer information (name, address, phone number, etc.)
- ✓ Notify party's information

22. How to verify Buyers in an International Market?

To verify buyers in an international market, a combination of online and offline resources can be employed. Financial checks, and due diligence, including checking for company registration, requesting references, and potentially leveraging services like D&B reports can be accessed.

Verification Through Online Resources:

Company Registration: Verifying the buyer's company registration details through official government databases or business registries present in the country.

Online Presence and Reviews: The Company website, social media presence, and reviews on B2B and B2C platforms can be checked to assess the legitimacy and online activities of the buyer.

Industry Associations: Confirming if the buyer is a member of relevant industry associations, can indicate a level of credibility and reliability.

Financial Verification:

Credit Reports: Obtaining credit reports from agencies like Dun & Bradstreet (D&B) to assess the financial stability and payment history of the buyer.

Bank References: Requesting for bank confirmation letters or references to verify the financial standing of the buyer.

Financial Statements: Requesting for relevant financial documents like balance sheets and income statements to evaluate the financial health of the buyer.

Advance Payment: A willingness to make an advance payment by the buyer demonstrates his commitment towards a certain business deal.

Due Diligence and Other Checks:

Requesting for relevant Documents: Requesting copies of business licenses, tax identification numbers, and other relevant documents helps confirming legitimacy of the buyer.

Trade References: Requesting for references from other businesses that have worked with the buyer.

Checking with Local Chambers of Commerce: Contacting the local chamber of commerce in the buyer's country for information about the concerned business.

Indian Embassy: In the country of the buyer , the Indian embassy present may be contacted for information about the buyer's credibility.

Export Credit Guarantee Corporation(ECGC) : ECGC may also be contacted for buyer verification.

23. What are the main components of packing list?

- ✓ Seller details
- ✓ Buyer details
- ✓ Shipper details
- ✓ Invoice number,
- ✓ Date of shipment
- ✓ Mode of transport
- ✓ Carrier
- ✓ Goods quantity
- ✓ Description of Goods
- ✓ Type of package (such as a box, crate, drum, or carton)

24. What is most favoured nation and its advantages?

In International Economic Relations and International Politics, the most favoured nati(MFN) is a status or level of treatment accorded by one state to another in international trade. The term means the country which is the recipient of this treatment must nominally receive equal trade advantages as the "Most Favoured Nation" by the country granting such treatment. Most favoured nations for India are Bangladesh, Maldives, Nepal and Sri Lanka. Advantages availed by most favoured nation:

- These nations a get access to a wider market for better trade
- They pay a lesser cost on their exports due to the reduction in trade barriers

Due to the above opportunities, they get better options in terms of business growth and competitiveness.

25. Foreign trade policy of India

India's Foreign Trade Policy (FTP) provides the basic framework of policy and strategy for promoting exports and trade. It is periodically reviewed to adapt to the changing domestic and international scenario.

The current Foreign Trade Policy focusses on improving India's market share in existing markets and products as well as exploring new products and new markets.

India's Foreign Trade Policy envisages helping exporters leverage benefits of Goods and Service Tax (GST), closely monitoring export performances, improving ease of trading across borders, increasing realization from India's agriculture-based exports and promoting exports from Micro, Small and Medium Enterprises (MSMEs) and labour-intensive sectors.

26. Can the restricted goods be exported/imported?

Such goods maybe exported/ imported only in accordance with an authorization or permission order.

27. What is DEL (Denied Entry List)?

A penal action for violating any condition of authorization or failing payment of demand notice within specified time. This action blocks the facilities available under the Policy till compliance by the exporter.

28. What is SCOMET items?

"SCOMET" is the nomenclature for dual use items of Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET). Export of dual-use items and technologies under India's Foreign Trade Policy is regulated. It is either prohibited or is permitted under an Authorisation.

29. What is Duty Drawback Scheme?

Under the Scheme, exporters are reimbursed the Customs Duty paid on inputs used in export production.

30. What is the procedure for claiming Duty Drawback?

Drawback is claimed in the Shipping Bill filed and separate application is required to be filed. After actual export of goods, the Drawback is processed through EDI Systems. The claim amount is directly credited in the designated Bank Account in the designated Bank registered in the System.

31. What is the role of the Reserve Bank of India in exports?

The RBI regulates the foreign exchange matters as per the FEMA Act. It issues guidelines for realization of export proceeds by the exporter from time to time through the authorized dealers.

32. Whether there is any restriction on invoicing of export contracts in Indian Rupee?

As per the FEMA Act, there is no such restriction. All export contracts & invoices may be denominated either in Indian rupee or in any freely foreign exchange. However, to avail export benefits under Foreign Trade Policy export proceeds is required to be realized in freely convertible currency.

33. What is the time period for submission of export documents to the AD Bank?

Within 21 days from the date of export, the documents are required to be submitted to the AD Bank.

34. What happens in cases where there is a delay in submission of export documents to the AD Bank?

On late submission of the export documents 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.

35. Is it possible to dispatch the export documents directly to the overseas buyer?

Only status holder and units in SEZ are permitted to dispatch the export documents to the consignees outside India subject to the terms and conditions. Direct dispatch may also be made if advance payment or an irrevocable letter of credit has been received for the full value of the export shipment and the underlying sale contract/letter of credit provides for dispatch of documents direct to the consignee or his agent resident in the country of final destination of goods.

36. What is the time period for realization of export proceeds?

Time period for realization of export proceeds for all exporters is NINE Months.

37. In which manner, the payment is required to be received?

The full value of the goods exported should be received through an AD Bank preferably in a freely convertible currency.

38. What are the conditions for advance against exports?

Where an exporter receives advance payment (with or without interest), from a buyer outside India, the exporter shall be under an obligation to ensure that the shipment of goods is made within one year from the date of receipt of advance payment.

39. Whether third party/third country payment is allowed?

Yes, it is allowed subject to certain conditions like tripartite agreement, routing the payment through banking channel, declaring third party/country remittances in the Shipping Bill etc.

40. Can one import raw material to manufacture the exporting product?

Importing raw material to export final product is allowed. The same is also guided through Advance Authorisation Scheme.

41. What is Advance Authorization?

Advance authorization is for duty free import of inputs which are actually incorporated in export product. It is issued for inputs in relation to resultant product.

42. Who are eligible for Advance Authorization?

Manufacturer exporter or Merchant exporter tied to supporting manufacturer can obtain Advance authorization.

43. What is the condition for availing Advance Authorization?

a) Minimum value addition to be achieved is 15%
b) Actual user condition- neither the authorization nor the material would be transferrable even after completion of EO

44. What is the validity for AA?

12 months from the date of issue.

45. What is the time period for completing EO?

It is 18 months from the date of issue of authorization. It can be extended for 6 months from the date of expiry of EO period on payment of composition fee of 0.5% of the short fall. Further, extension of 6 months after first extension may also be granted on payment of composition fee at 0.5% per month on unfulfilled value of the EO provided minimum 50% EO in quantity and value has been fulfilled.

46. Whether import under AA is exempted under IGST?

Yes, there is exemption from IGST under AA till 31.03.2022.

47. What is EPCG Scheme?

Export Promotion Capital Goods (EPCG) scheme is a scheme which allows an exporter to import of capital goods including spares for pre-production, production and post-production at zero Customs duty, for exports. Also, IGST on import of capital goods under EPCG is exempted till 31st March 2022.

48. Who all are covered under the EPCG Scheme?

1. Manufacturer exporters with or without supporting manufacturer(s),
2. Merchant exporters tied to supporting manufacturer(s) and
3. Service Providers including Common Service Provider (CSP).

49. Can a new exporter avail this scheme?

Yes, in such case, there will be no average export obligation.

50. Which types of capital goods can be imported into India under the EPCG scheme?

The following types of capital goods can be imported into India at zero customs duty under the EPCG scheme:

- Plant, machinery, equipment or accessories required for manufacture or production, either directly or indirectly, of goods or for rendering services, including those required for replacement, modernisation, technological upgradation or expansion.
- Packaging machinery and equipment
- Refractories for initial lining
- Refrigeration equipment
- Power generating sets
- Machine tools

- Catalysts for initial charge
- Equipment and instruments for testing, research and development, quality and pollution control.
- Capital goods used in manufacturing, mining, agriculture, aquaculture, animal husbandry, floriculture, horticulture, pisciculture, poultry, sericulture and viticulture as well as those used in services sector.
- Computer software systems
- Spares, moulds, dies, jigs, fixtures
- Catalysts for initial charge plus one subsequent charge

51. Can the Capital goods be sourced indigenously?

EPCG Authorization holder may source Capital Goods from domestic manufacturers also.

52. What are the benefits of domestic sourcing?

Domestic manufacturers will be eligible for deemed export benefits. Specific EO shall be 25% less than the stipulated EO. Domestic sourcing of capital goods shall not attract GST till 31st March 2022.

53. Which authority issues EPCG License and How to obtain an EPCG License?

The issuing authorities are the Regional Licensing Authorities of Director General of Foreign Trade (DGFT), Ministry of Commerce & Industry.

An online application in Form ANF 5A is filed online at dgft.gov.in using digital signature with the Company and personal details.

54. What Documents are required for EPCG License?

1. Treasury Receipt Challan (if fee has not been paid electronically) evidencing payment of application fee in terms of Appendix 2L.
2. Self-certified copy of MSME/IEM/LOI/IL in case of products or a self-certified copy of Service Tax Registration in case of Service Providers. (in case of Service Providers, who are not registered with Service Tax authorities, a declaration in this regard will be submitted

as a part of the application (declaration no. 6), service tax registration is not required to be submitted. In such cases RCMC from EPC concerned will suffice).

3. Certificate from a Chartered Engineer in the format given in Appendix 5A.
4. Certificate of Chartered Accountant / Cost Accountant / Company Secretary in Appendix 5B.

For details, please click http://dgft.gov.in/sites/default/files/ANF-5A.pdf

55. What is the time limit for issuance of EPCG authorization?

As per the Foreign Trade Policy, an application, which is complete in all respect, should be processed by DGFT in 3 days.

56. What are the conditions to be fulfilled under EPCG Scheme?

There are two types of export obligation that are mandatory:

1. Average export obligation for preceding 3 years exports.
2. Specific exports 6 times of the duty saved amount in six years.

57. How the Export Obligation under an EPCG to be fulfilled?

Export Obligation under EPCG Scheme is required to be fulfilled by export of goods manufactured/services rendered through the Machine by the applicant

58. What is deemed exports?

The transactions in which goods supplied do not leave the country and payment for the same is either received in INR or in free foreign exchange are categorized under deemed exports.

59. Who all are eligible under deemed exports?

Supply of goods under following categories by a manufacturer and by main/ sub-contractors shall be regarded as 'deemed exports':-

- Supply of goods against Advance Authorization/ DFIA/capital goods against EPCG Authorization and to EOU.

- Supply to Project financed by multilateral/ bilateral agencies, ICB, UN Projects, Nuclear Power Projects, etc.

60. What benefits are available under the deemed exports?

Deemed exports shall be eligible for any / all of following benefits in respect of manufacture and supply of goods, qualifying as deemed exports, subject to terms and conditions as given in HBP and ANF-7A:

a) Advance Authorisation / Advance Authorisation for annual requirement / DFIA.
b) Deemed Export Drawback.
c) Exemption from IGST till 31.03.2022
d) Refund of terminal excise duty for excisable goods mentioned in Schedule 4 of Central Excise Act 1944 provided the supply is eligible under that category of deemed exports and there is no exemption.

61. Who can claim the benefits and from where?

Supplier/ Recipient may file the application in ANF7A to the concerned RA. In case of supply of goods to EOU, claim is required to be filed to the concerned Development commissioner, if claimed by EOU.

62. What is the time period for claiming benefit?

For supply to Advance/EPCG License holders & to EUO, etc., application can be filed within 12 months from the last date of such supplies. For supply to Projects, etc. within 12 months from the date of receipt of supplies by the project authority or from the date of receipt of payment by the supplier.

63. How are exports be treated under GST?

All exports are deemed as inter-State supplies. Exports of goods and services are treated as zero rated supplies. The exporter has the option either to export under bond/Letter of Undertaking without payment of tax and claim refund of ITC or pay IGST by utilizing ITC or in cash at the time of export and claim refund of IGST paid.

64. Can a person claim input tax credit in case of export of exempted goods?

Yes, any zero rated supply is eligible for input tax credit paid by such supplier. As per section 16(2) of the IGST Act, credit of input tax may be availed for making zero-rated supplies; notwithstanding that such supply may be an exempt supply.

65. Can an exporter purchase goods without payment of tax on furnishing of a declaration form?

No, there is no such provision in GST. Tax has to be payable on their inward supplies and they can claim refund of the accumulated ITC. However, there is a 0.1% scheme in which a supplier can supply goods to an exporter by paying only 0.1% GST and claim refund of unutilised ITC. The exporter in such a scenario cannot export on payment of integrated tax and take refund. He has to adopt the LUT/Bond route only.

66. How GST will be paid on the conversion of foreign currency? Will it be on full value after conversion or some other formula will be applied?

For a currency when exchanged to Indian Rupee, the value of taxable purpose shall be equal to the difference in the buying rate /selling rate, as the case may be, and the RBI reference rate for the currency at that time multiplied by the total value of unit. In case RBI reference rate is not available for the currency, the value will be gross amount of Indian Rupee provided or received by the person changing the money.

67. What are the provisions for refund of taxes for exporters in GST?

Provisions relating to refund are contained in section 54 of the CGST Act, 2017. It provides for refund of tax paid on zero-rated supplies of goods or services or on inputs or input services used in making such zero-rated supplies, or refund of tax on the supply of goods regarded as deemed exports, or refund of unutilized input tax credit. Identical provisions exist under the IGST Act, 2017 and relevant SGST/UTGST Acts.

68. What is the procedure for IGST refund on exports?

No application for refund is to be made for IGST as the Shipping Bill itself is a claim for refund. In the case of refund of IGST paid on exports: Upon receipt of information regarding furnishing of valid return in Form GSTR-3 by the exporter from the common portal, the Customs shall process the claim for refund and an amount equal to the IGST paid in respect of each shipping bill shall be credited to the bank account of the exporter.

69. Will export of goods to Nepal and Bhutan treated as zero rated and thereby qualify for all the benefits available to zero rated supplies under the GST regime?

Export of goods to Nepal or Bhutan fulfils the condition of GST Law regarding taking goods out of India. Hence, export of goods to Nepal and Bhutan will be treated as zero rated and consequently will also qualify for all the benefits available to zero rated supplies under the GST regime. However, the definition of 'export of services' in the GST Law requires that the payment for such services should have been received by the supplier of services in convertible foreign exchange.

70. How can IGST liability on imports or on inter-state supply be settled?

IGST on imports has to be paid in cash only as it is charged on reverse charge. The inter-state IGST can be paid by utilizing ITC to the extent available and balance by cash. The use of ITC for payment of IGST will be done in the following order: Firstly ITC of IGST shall be used for payment of IGST. Once ITC of IGST is exhausted, the ITC of CGST shall be used. If ITC of both IGST and CGST are exhausted, ITC of SGST shall be used. Remaining IGST liability shall be discharged in cash.

71. What happens to GST if recipient does not pay to supplier in respect of a taxable supply under GST?

If the recipient fails to pay to the supplier the amount towards the value of supply along with tax payable thereon within a period of 180 days from the date of issue of invoice by the supplier, the amount of input tax credit availed proportionate to the amount not paid would be added to his output tax liability along with interest thereon. The ITC so reversed can be reclaimed by the recipient after payment of consideration along with tax payable there on subsequently.

72. How will imports be taxed under GST?

Import of Goods and Services are treated as deemed inter-state supplies and IGST is levied on import of goods and services in to the country.

73. Why are rules of Origin important in the FTA context?

The Rules of Origin are important in the context of making an assessment on the application of preferential tariff under an FTA. Hence, without the rules of origin, the preferential tariffs under an FTA cannot be implemented. Moreover, the non-members to the FTA are not provided with the benefit of the preferential tariffs, agreed between the FTA partners.

74. How are Rules of Origin enforced in an FTA?

The rules of origin are enforced through a certificate of origin that is issued by authorised agencies of the trading partner. An exporter cannot avail of the customs tariff preferences under the FTA without submitting this certificate of origin from the authorised agency.

75. Who are the authorised agencies in India for issuing the certificate of origin?

The authorised agencies in India for issuing the certificate of origin are listed in Appendix 35 of the Handbook of Procedures Vol-1 under the Foreign Trade Policy. These are:

Agreement	Agencies authorised to issue Certificate of Origin
Asia Pacific Trade Agreement (APTA)	Export Inspection Council (EIC); Export Development Authorities; Development Commissioners of EPZs and SEZs; FIEO
Global System of Trade Preferences (GSTP)	EIC for all products; Tobacco Board, Guntur for tobacco and tobacco products

India Afghanistan PTA	EIC
India ASEAN Trade in Goods Agreement	EIC
India Chile PTA	EIC
India JAPAN CEPA	EIC
India Mercosur PTA	EIC
India Singapore CECA	EIC
India South Korea CEPA	EIC
South Asian Free Trade Agreement (SAFTA)	EIC

76. What is the procedure for obtaining the certificate of origin?

The exporters would need to apply to the authorised agencies for issuance of the certificate of origin. The fee structure i.e. for the sale of blank form, certification fee and other charges (such as tatkal services) are available on the website of Export Inspection Council (EIC) at www.eicindia.gov.in.

77. What are SPS and TBT measures? Do they figure in FTAs?

SPS measures is an acronym for "sanitary and phytosanitary" measures and broadly includes measures for the protection of plant, animal and human health. S.No 1 of Annex A of the World Trade Organisation's (WTO's) SPS Agreement5 describes these measures in detail. TBT is an acronym for "technical barriers to trade" and broadly includes standards, technical regulations and conformity assessment procedures as defined in WTO's TBT Agreement6. Since SPS and TBT could be barriers to trade, many FTAs deal with them.

78. What are other non-tariff measures (NTMs) that are dealt in FTAs?

Some of the other non-tariff measures that figure in FTA chapters are:

- customs procedures
- import licencing procedures

- trade documentation
- pre-shipment inspections

79. What are Rules of Origin (ROO)?

Rules of origin (ROO) are the criteria needed to determine the country of origin of a product for purposes of international trade. Their importance is derived from the fact that duties and restrictions in several cases depend upon the source of imports.

Rules of origin are used:

- to implement measures and instruments of commercial policy such as anti-dumping duties and safeguard measures;
- to determine whether imported products shall receive most-favoured-nation (MFN) treatment or preferential treatment;
- for the purpose of trade statistics;
- for the application of labelling and marking requirements; and
- for government procurement.

80. What are Free Trade Agreements (FTAs)?

FTAs are arrangements between two or more countries or trading blocs that primarily agree to reduce or eliminate customs tariff and non-tariff barriers on substantial trade between them. FTAs, normally cover trade in goods (such as agricultural or industrial products) or trade in services (such as banking, construction, trading etc.). FTAs can also cover other areas such as intellectual property rights (IPRs), investment, government procurement and competition policy, etc.

81. What is an e-way bill?

An e-way bill is a document which is required to be carried by a person in charge of the conveyance carrying any consignment of goods of value exceeding fifty thousand rupees as mandated by the Government under the GST regime.

82. Where can an e-way bill be generated?

It is generated from the GST Common Portal for e-way bill system by the registered persons or transporters who cause movement of goods of consignment before commencement of such movement.

83. Who all can generate the e-way bill?

The consignor or consignee, as a registered person or a transporter of the goods can generate the e-way bill.

84. What are pre-requisites to generate the e-way bill?

The person should be a registered person on GST portal and he should register in the e-way bill portal separately. If the transporter is not registered person under GST it is mandatory for him to get enrolled on e-waybill portal (https://ewaybillgst.gov.in) before generation of the e-way bill.

85. What documents are required to generate a EWB?

The documents such as tax invoice or bill of sale or delivery challan and Transporter's Id, who is transporting the goods with transporter document number or the vehicle number in which the goods are transported, must be available with the person who is generating the e-way bill.

86. If there is a mistake or wrong entry in the e-way bill, what has to be done?

If there is a mistake, incorrect or wrong entry in the e-way bill, then it cannot be edited or corrected. Only option is cancellation of that e-way bill and generating a new one with correct details.

87. What are the two parts of a EWB?

The two parts of EWB are part A which is filled by the consignee and Part B which is filled by the transporter.

88. Whether e-way bill is required for all the goods that are being transported?

The e-way bill is required to transport all the goods except exempted under the Notifications or rules. Movement of handicraft goods or goods for job-work purposes under specified circumstances also requires e-way bill even if the value of consignment is less than fifty thousand rupees. Kindly refer to the e-way bill rules for other exemptions.

89. Is there any validity period for e-way bill?

Yes. Validity of the e-way bill depends upon the distance the goods have to be transported. In case of regular vehicle or transportation modes, for every 100 KMs or part of its movement, one day validity has been provided. In case of Over Dimensional Cargo vehicles, for every 20 KMs or part of its movement, one day validity is provided. This validity expires on the midnight of last day.

90. Who can extend the validity of the e-way bill?

The transporter, who is carrying the consignment as per the e-way bill system at the time of expiry of validity period, can extend the validity period.

91. What has to be done, if the validity of the e-way bill expires?

If validity of the e-way bill expires, the goods are not supposed to be moved. However, under circumstance of 'exceptional nature and trans-shipment', the transporter may extend the validity period after updating reason for the extension and the details in PART-B of FORM GST EWB-01.

92. How to extend the validity period of e-way bill?

There is an option under e-way bill to extend the validity period. This option is available for extension of e-way bill before 8 hours and after 8 hours of expiry of the validity. Here, transporter will enter the e-way bill number and enter the reason for the requesting the extension, from place (current place), approximate distance to travel and Part-B details. It may be noted that he cannot change the details of Part-A. He will get the extended validity based on the remaining distance to travel.

93. What is consolidated e-way bill?

Consolidated e-way bill is a document containing the multiple e-way bills for multiple consignments being carried in one conveyance (goods vehicle). That is, the transporter, carrying multiple consignments of various consignors and consignees in one vehicle can generate and carry one consolidated e-way bill instead of carrying multiple e-way bills for those consignments.

94. Who can generate the consolidated e-way bill?

A transporter can generate the consolidated e-way bills for movement of multiple consignments in one vehicle.

95. What is the validity of consolidated e-way bill?

Consolidated EWB is like a trip sheet and it contains details of different EWBs in respect of various consignments being transported in one vehicle and these EWBs will have different validity periods.

Hence, Consolidated EWB does not have any independent validity period. However, individual consignment specified in the Consolidated EWB should reach the destination as per the validity period of the individual EWB.

96. What do you mean by INCO Terms?

Incoterms, short for International Commercial Terms, are a set of internationally recognized rules that define the responsibilities of buyers and sellers in international trade transactions. These rules clarify who is responsible for costs, risks, and obligations related to the delivery of goods. Established by the International Chamber of Commerce (ICC), Incoterms help standardize trade practices and reduce misunderstandings between parties

97. What do INCO Terms indicate?

- ✓ Standardizes trade practices
- ✓ Define responsibilities
- ✓ Clarify Code and Risk

98. How many types of INCO Terms are there?

There is a total of 11 types of INCO Terms

99. What are the 11 INCO Terms?

- **EXW** - Ex Works
- **FCA -** Free Carrier
- **FAS** - Free Alongside Ship
- **FOB** - Free on Board
- **CFR** - Cost and Freight
- **CIF - Cost** Insurance and Freight
- **CPT** - Carriage Paid to
- **CIP** - Carriage and Insurance Paid To
- **DAP** - Delivered at Place
- **DPU** - Delivered at Place Unloaded
- **DDP** - Delivered Duty Paid

100. What are the best preferred INCO Terms for new exporters?

- **FOB** - Free on Board

FOR FURTHER DETAILS AND ANY CLARIFICATIONS

CONTACT

TEAM OF

XCELL – CENTRE OF EXPORT FACILITATION

IIFT KOLKATA

Dr.K.Rangarajan, Prof and Head, XCELL – head_kol@iift.edu

Ms. Sumana Das, Consultant, XCELL – sumanadas@iift.edu

Mr. Kaustav Bhattacharyya, RA, XCELL – efcassociate@iift.edu

Team of SEFC, West Bengal

Dr. Nivedita Basu – efc3@iift.edu

Ms. Ritwika Chakraborty – efc4@iift.edu

Mr. Raktim Mitra – raktim@iift.edu

Ms. Tina Majumder – tina@iift.edu