

EXPORT

DOCUMENTATIONS

WHAT IS EXPORT?

An export is a function of international trade whereby goods produced in one country are shipped to another country for future sale or trade. Exports are a crucial component of a country's economy, as the sale of such goods adds to the producing nation's gross output.

The ability to export goods helps an economy to grow, and most of the largest companies operating in advanced economies derive a substantial portion of their annual revenues from exports to other countries. One of the core functions of diplomacy and foreign policy between governments is to foster economic trade, encouraging exports and imports for the benefit of all trading parties.

EXPORT DOCUMENTATION

Export documentation plays a vital role in the flow and movement of goods and services in international markets. This documentation involves heavy and cumbersome paper work for exporting organisations.

There are various outsourcing agencies/ experts that prepare these documents on behalf of organisations and charge fee for it. Exporters have to understand the importance of each and every document. If they miss any document, the contract may be cancelled.

The trade between two nations involves significant documentation process.

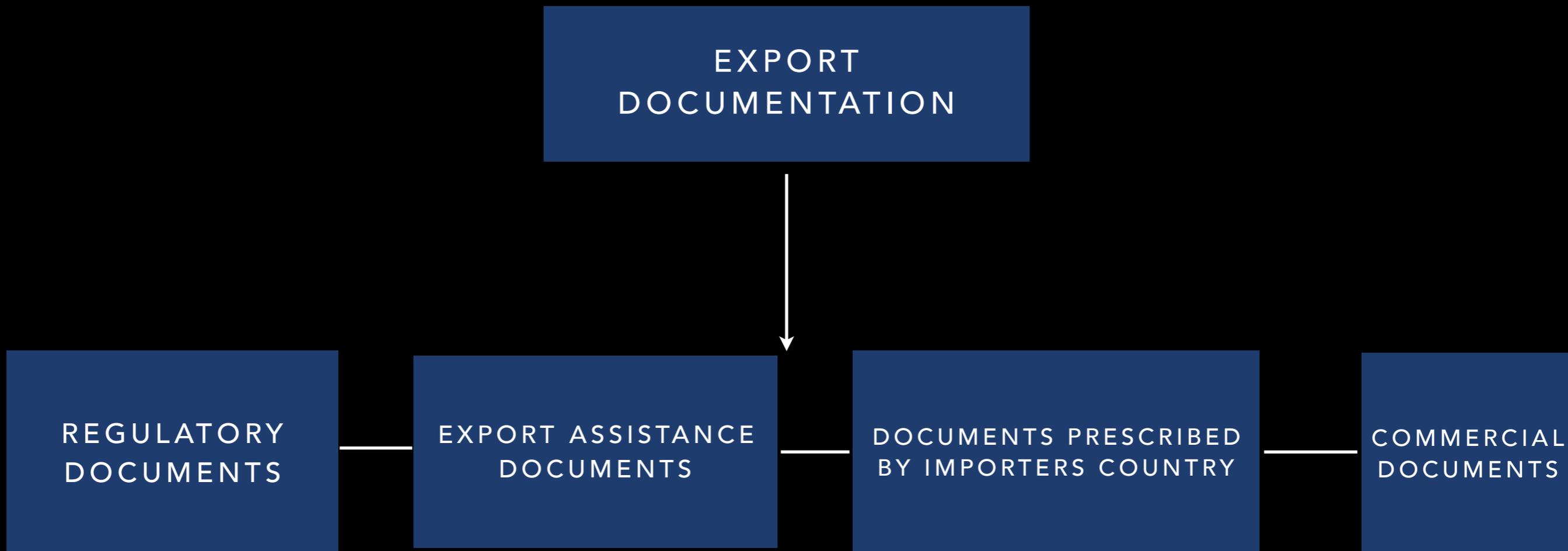
In domestic trade, an organisation has to fulfil only the requirements of taxation department of the own country and make a simple invoice against the customers.

However, in case of international trade, exporters and importers have to submit a number of documents to different institutions.

THESE INSTITUTIONS ARE AS FOLLOWS:

- Importing organisation that has placed order and exporting organisation that is selling the goods
- Taxation, custom control, and exchange control authorities of both the countries
- Port authorities for loading and unloading of goods
- Shipping and warehousing authorities for transporting and storing goods
- Inspection agencies that inspect and verify the products
- Banks of exporting and importing countries if involved

THE EXPORT DOCUMENTS CAN BE CLASSIFIED INTO FOUR TYPES,
AS SHOWN IN FOLLOWING FIGURE:



THE DISCUSSION OF THESE DOCUMENTS IS AS FOLLOWS:

(a) Regulatory Documents:

Refers to the pre-shipment documents prescribed by the exporting country. The compliance of these documents is mandatory for an export contract.

The regulatory documents include:

- IEC No. : **IE Code** is issued by DGFT – Directorate General of Foreign Trade, Ministry of Commerce and Government of India to Indian Companies.
- Shipping bill: To acquire a clearance for export, from the Customs, an exporter will have to submit an application called the 'shipping bill.
- Export application prescribed by port authorities

- Insurance payment certificate: A certificate of insurance is a document used to provide information on specific insurance coverage. The certificate provides verification of the insurance and usually contains information on types and limits of coverage, insurance company, policy number, named insured, and the policies' effective periods.

(b) Commercial Documents:

Refer to those documents that are important for transferring the ownership from the exporter to the importer. These documents are necessary to meet the rules of the export trade.

The documents include the following:

- Pro forma invoice: A pro forma invoice is a preliminary bill of sale sent to buyers in advance of a shipment or delivery of goods.
- Invoice: A list of goods sent or services provided, with a statement of the sum due for these; a bill.
- Packing list: A packing list is a document that includes details about the contents of a package.
- Bills of exchange: A written order to a person requiring them to make a specified payment to the signatory or to a named payee; a promissory note.
- Letter of credit: A letter issued by a bank to another bank to serve as a guarantee for payments made to a specified person under specified conditions.

- Marine insurance policy: Marine insurance covers the loss or damage of ships, cargo, terminals, and any transport by which the property is transferred, acquired, or held between the points of origin and the final destination.
- Bills of lading: A bill of lading is a document issued by a carrier to acknowledge receipt of cargo for shipment.
- Shipping instructions: A shipping instruction (SI) is a document, provided by a customer to the carrier, containing details of the cargo to be shipped and the requirements for its physical transportation.
- Shipping order: A Shipping Order (SO) is a document issued by the carrier that confirms a shipment's booking on a vessel.
- Certificate of origin: A certificate of origin is a document widely used in international trade transactions which attests that the product listed therein has met certain criteria to be considered as originating in a particular country.

(c) Export Assistance Documents:

Involve those documents that are required for getting government assistance, such as subsidies like MEIS etc. It includes documents, such as export-import contract and certificate of quality control.

(d) Documents prescribed by importer's country:

Include pre-inspection, quality approval, and child labor norms related documents. The importer insists the exporter to submit these documents to fulfil the laws and regulations of the importer's country. The export documents are necessary from the stage when the exporter receives the order till the final stage when he/she gets the payment from the importer. These documents help in the regulation of trade and facilitation of export operation.

CERTIFICATES RELATED TO SHIPMENT

- Mate receipt: **Mate's receipt** is a **receipt** issued by the Commanding Officer of the ship when the cargo is loaded on the ship. It is a prima facie evidence that goods are loaded in the vessel.
- Cart ticket: A **cart ticket** is also known as **cart chit**. This is prepared by the exporter, which contains the details of the vehicle number. At the time of entry into Port_ the **cart ticket** is 'verified by the Port Authorities to satisfy that the vehicle is aiming only those goods which are mentioned in the **cart ticket**.

DOCUMENTS RELATING TO INSPECTION

Certificate of inspection: **Certificate of inspection** is a document certifying that merchandise (such as perishable goods) was in good condition at the time of **inspection**, usually immediately prior to shipment. Pre-shipment **inspection** is requirement for importation of goods into many developing countries.

—THANK YOU—

—SANDEEP KHANDELWAL

