
UNIT 5 PROCESSING OF AN EXPORT ORDER

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5.0 OBJECTIVES

After studying this Unit, you should be able to:

- describe different stages, preparation and processing of documents for pre-shipment and post-shipment formalities
- explain specific points to be examined while confirming the receipt of the export order
- explain documentary requirements for obtaining excise and customs clearance of export cargo
- describe formalities for claiming major export incentives
- enumerate documents to be submitted to the Bank.

5.1 INTRODUCTION

You have learnt the importance and range of documentation formalities in export-import trade in Unit 4. An export exercise is concluded successfully after the exporter has been able to deliver the consignment in accordance with the export contract and receive payment for the goods. In this unit, you will learn various steps involved in the processing of an export order at pre-shipment, shipment and post-shipment stages. You will also learn various formalities of claiming export incentive.

5.2 NATURE AND FORMAT OF EXPORT ORDER

Processing of an export order starts with the receipt of an export order. An export order may be either in the form of export sales contract which is concluded and incorporated in the form of a document or in the form of an evidence or an instrument evidencing the conclusion of a contract.

Simply stated, it means that there should be an agreement, which is mostly reduced in a documentary form, between the exporter and the importer before the exporter can start making

arrangements for production or procurement of goods and their shipment.

Generally an export order may take the following forms:

- i) Proforma Invoice accepted and signed by the importer
- ii) Purchase Order accepted and signed by the exporter
- iii) Letter of Credit opened by the importer in favour of the exporter.

A Proforma Invoice is prepared and sent by the exporter to the importer. After accepting the terms and conditions given in it as given in a documented contract, if any, the importer returns a copy of this invoice to the exporter. Such a process, helps in accepting the offer of the exporter by the importer and, thus the conclusion of an export contract. In the case of long-term contract, the exporter may be required to send proforma invoice for any intended shipment. Alternatively, the export contract may require a purchase order to be sent by the importer to the exporter. If the purchase order is in accordance with the terms and conditions of the contract, it will duly be accepted by the exporter. Opening of a letter of credit is also a common method of receiving the export order. Although an instrument of payment, the letter of credit states major terms and conditions of shipment and enables the exporter to start processing of the export order. (You have already learnt the export sales contract in Unit 3.)

5.3 EXAMINATION AND CONFIRMATION OF EXPORT ORDER

As soon as an export order has been received, the exporter must first acknowledge its receipt by intimating the importer through telephone, telex, fax, etc. Though not legally, necessary, this step is helpful in creating business goodwill for the exporter. The exporter must carefully examine the contents of the order to see that there is no discrepancy between the export order and export contract (verbal or written). Thus, the accepted proforma invoice, buyer's purchase order or the letter of credit opened in favour of the exporter must be examined. Items to be examined particularly are:

- i) Product description, including specifications, style, colour, packing conditions, etc.
- ii) Marking and labelling requirements, if any.
- iii) Terms of payment, including currency, nature of letter of credit (revocable, irrevocable, confirmed, unconfirmed, restricted, unrestricted, etc.), credit period, if any.
- iv) Terms of shipment including choice of carrier, mode of carriage, place of delivery, date of shipment/delivery, port of shipment, trans-shipment, etc.
- v) Inspection requirement including type of inspection and inspecting agency.
- vi) Insurance requirements including risk to be covered and insurable value.
- vii) Documents for realising payment including the nature and number of invoices, certificate of origin, certificate of inspection, certificate of value, bill of exchange, insurance policy, transport document and document of title, etc.
- viii) Last date of negotiation of document with the bank.

A new exporter who is very keen to get into the business may tend to ignore certain aspects of the export order. It is not uncommon that he encounters difficulties while complying with the contracted obligations. In the process, he may suffer a loss. For example, the importer may specify inspection to be undertaken by an agency which does not operate from India. Such a problem will be discovered only after the goods have been manufactured. At this stage it may be difficult to persuade the importer to change this condition. Consequently, the exporter may suffer a loss.

If there are any discrepancies in the export order, the importer must be immediately informed for its amendment. It is only after the amended Order has been received and confirmed by the exporter that he becomes liable to fulfil his contractual obligations. It is commercially prudent to confirm the order by sending a documentary confirmation. In certain contracts it may also be the legal requirement.

There is no specific format of this confirmatory letter and an ordinary letter would serve the purpose. Although some exporters have printed the letter with suitable blank spaces.

5.4 MANUFACTURING OR PROCURING GOODS

Every export firm has devised internal procedures to suit specific requirements for ensuring production or procurement of goods, packing, marking and labelling, and despatching to the port for shipment. A systematic approach to these activities could be to send a delivery note, in duplicate, to the production department. In the case of a merchant-exporter, the marketing department may send a similar document known as purchase order.

Specific instructions are given on the above mentioned document to the production/procurement department for undertaking production and transport activities. Besides mentioning the time period within which these activities are to be completed, delivery note/purchase order may give such details as: product specification, quantity required, packing, marking and labelling requirements, inspection requirements, excise clearance requirements, intimation to transport department, if any. The marketing or export department should also instruct the production/procurement department to retain one copy of the delivery note/purchase order and confirm the delivery (i.e., transportation to the port) on the duplicate copy.

The purchasing, processing manufacturing and packing of goods for exports are facilitated by the packing credit facility given by the commercial banks in India. Under the export credit (interest subsidy) scheme, the Reserve Bank of India enables the commercial banks to extend pre-shipment and post-shipment credit to exporters manufacturers, as well as merchant exporters.

Pre-shipment credit is given to an exporter to finance working capital needs for purchase of raw materials, processing them and converting them into finished goods for the purpose of exports. This facility is accorded on the basis of either the letter of credit or the confirmed export order or any other evidence of the order. The rate of interest charged is concessional one. Banks also grant post-shipment credit to bridge the time-gap between the shipment of the goods and the realisation of sale proceeds.

Packing credit advances are normally granted on secured basis, which may mean collateral security through a third party guarantee or mortgage of immovable property. Once the goods have been acquired they are to be hypothecated. The banks have evolved their own documentation and procedural systems for granting the credit. Generally, following disbursement procedure is followed:

- i) The exporter hands over the export order/letter of credit to the bank which will accept it and affix a rubber stamp on it reading 'export finance granted'.
- ii) The bank will calculate the drawing power of the exporter on the basis of a number of factors, including the value of export order/letter of credit.
- iii) Funds will be released by debiting to the packing credit account and credit to exporter's account.
- iv) Goods will generally be required to be sent through the approved transport agencies and forwarding agents.
- v) Goods will be suitably insured while in the warehouse and in transit.

On the basis of the laid down procedures, the exporter will approach the bank for the pre-shipment credit. This credit is granted to enable the exporter to manufacture/procure and pack the goods for shipment overseas.

5.5 CENTRAL EXCISE CLEARANCE

The Central Excise and Sale Act of India and the related rules provide the refund of excise duty paid. This also provides exemption from the payment of excise duty both on the final export production and inputs used in the manufacture of export products, Popularly known as rebate in excise duty. The documents used are Invoice and AR4/AR5 forms.

As soon as goods are ready for despatch to the port for shipment, the production department of export firm is to apply to the central excise authority for excise clearance of the goods.

The exporters prepare six copies of AR4/AR5 forms. The exporters are now allowed to remove the goods for export on their own without getting the goods examined or after the examination by the Central Excise Officers. In case of without examination, exporter submits 4 copies of AR4/AR5 form to the superintendent of Central Excise having Jurisdiction over the premise of the exporter within twenty four hours of the removal of the consignment. The Superintendent examines the AR4/AR5 form and having being satisfied, signs the form and returns it to the concerned persons.

Sometimes the exporter desires sealing of the goods by the Central Excise Officers so that the export goods may not be examined by the custom officers at the port of shipment. In such case, the exporter submits AR4/AR5 forms in sixuplicate to the superintendent of Central Excise having jurisdiction over the premises of the exporter. The superintendent may depute an inspector of Central Excise or may himself go for sealing and examination of export cargo. After he is satisfied, he allows the clearance of cargo.

5.6 PRE-SHIPMENT INSPECTION

Government of India notifies, from time to time, a number of goods whose export is subject to compulsory quality control or pre-shipment inspection. Consequently, the Indian customs authorities will require the submission of an inspection certificate issued by the designated agency before permitting the shipment to take place. The basis of inspection is usually the importer's specification, except in the case of export of goods involving safety or health hazards, where notified minimum standards are enforced.

Inspection of export goods may be conducted under

- i) Consignment-wise Inspection
- ii) In-process Quality Control and
- iii) Self-Certification

Let us discuss consignment-wise inspection. Before export packs are sealed by the excise authorities, the process of pre-shipment inspection must be completed. The production department is to apply to the Export Inspection Agency for nominating an inspector for conducting examination of the export goods. The application is to be made on a prescribed form known as Notice of Inspection and submitted to the Agency with the following documents:

- i) A copy of the commercial invoice
- ii) Crossed cheque of demand draft as inspection fee
- iii) A copy of export contract
- iv) Importer's technical specifications and/or approved sample.

After inspection has been completed by the inspector, the Export Inspection Agency will issue the Inspection Certificate in triplicate. The original certificate is for the customs verification. It is submitted to the customs authorities, along with other documents, before permission to ship goods is granted. The second copy may be sent to the buyer, if needed. The third copy is for the exporter's record.

Check Your Progress A

1. What do you mean by an export order?
.....
.....
2. List various schemes under which the inspection of export goods may be conducted.
.....
.....
3. State whether the following statements are True or False.
 - i) Processing of an export order starts with the receipt of an export order.
 - ii) There should not be any discrepancy between 'export order and export contract.
 - iii) Normally packing credit is granted on unsecured basis.
 - iv) For clearance of goods under bond, the exporter has to execute bond in two sets.

5.7 APPOINTMENT OF CLEARING AND FORWARDING AGENTS

Clearing and forwarding agents, also known as freight forwarders, perform a number of functions on behalf of the exporter. They provide specialised help in the exporter's warehouse to the importer's warehouse by undertaking the procedural and documentary formalities. He helps in packing, marking and labelling of consignment, arrangement for transport to the port, arrangement for shipment overseas, customs clearance of cargo, procurement of transport and other documents. However, the main function of the agent is to obtain customs clearance of goods, ship them and procure the relevant transport document (Bill of Lading or Airway Bill). For performing the desired functions, the exporter is required to give detailed instructions to his agent, who in turn will charge fee for these activities. On completion of the process of clearance by the excise authorities as well as obtaining the Inspection Certificate, the production department despatches the consignment to the port of shipment by either road or rail. Information to this effect is sent to the export department by signing the Delivery Note or by preparing a Despatch Advice alongwith the following documents:

- i) Railway Receipt or Lorry Way Bill
- ii) Invoice
- iii) AR4/AR5 Form (Original and Duplicate)
- iv) Inspection Certificate (Original)

On receipt of these documents, the export department will appoint a clearing and forwarding agent by signing and sending a document, generally known as **Shipping Instruction Sheet** or simply the **Shipping Instructions**. This document contains full details of instructions of the exporter as well as details of the consignment to be shipped. Alongwith this document, following documents will be sent to the agent:

1. Commercial Invoice (Generally 8-10 copies with at least one completed)
2. Customs Declaration Form in Triplicate (This is a legal requirement whereby the exporter states that the declarations made to the customs authorities by the agent on his behalf are true)
3. Packing list, if needed
4. Original Letter of Credit/Contract
5. Inspection Certificate (Original)
6. GR Form - Original and Duplicate (it is a foreign exchange declaration form)
7. AR4/AR5 form (Original and Duplicate)
8. Invoice
9. Railway Receipt/lorry Way Bill

5.8 TRANSPORTATION OF GOODS TO PORT OF SHIPMENT

You have already learnt the documents relating to transportation of goods to the port of shipment. Transportation and movement of goods to the port for shipment involve following activities:

- i) Packing, marking and labelling of consignment
- ii) Arrangement for movement of goods either by road or by rail.

An export-worthy packing helps in minimising freight and delivery costs. It also eliminates the possibility of the insurance company's refusal to pay a claim in the event of a loss or damage to goods in transit. If there are specific instructions on packing in the export contract, these must be followed. After the goods are packed, the packages are to be properly marked and labelled. Proper marking helps in quick and safe transportation of goods. Marking serves the purpose of identification of goods, handling, shipping and delivery of goods upto the importer. Labels are either stencils or affixed on the packs which contain handling instructions. These labels are usually in the pictorial form for easy understanding of the instructions.

After the production department has completed the excise clearance and pre-shipment inspection formalities, the export goods are packed, marked and labelled. At the same time, the export department takes steps to reserve space on the ship through which goods are to be sent. Shipping space can be reserved either through the clearing and forwarding agent or freight broker who work on behalf of the shipping company or directly from the shipping company. After the space has been reserved, the shipping company will issue a document known as **Shipping Order**. This document serves as a proof of space reservation.

Information on space reservation is given to the production department for making transport arrangements to the port. Where the consignment is sent through a road carrier, no specific formality is involved. The production department engages a reliable carrier and books the consignment to the port (generally in the name of the clearing and forwarding agent). Lorry/Truck Receipt is issued which is sent, along with other documents, to the clearing and forwarding agent at the port town for taking delivery of the cargo.

However, for sending cargo by rail, laid down procedure is to be followed for obtaining allotment of wagon on a priority basis under a scheme of the Railway Board. According to this scheme, wagons are allotted on the priority basis for carrying export goods to the port town for shipment. Following documents are submitted to the booking railway yard/station.

- i) Forwarding Note (A railway document)
- ii) Shipping Order (as proof of reservation of shipping space)
- iii) Wagon Registration Fee Receipt

After wagons have been allotted, goods are loaded, for which railways will issue Railway Receipt (RR). This receipt, along with other documents, is sent to clearing and forwarding agent at the port town. At this stage, the production/export department makes an application to the insurance company for insurance cover (internal as well as overseas) and obtains insurance policy/certificate in duplicate with appropriate risk coverage.

5.9 PORT FORMALITIES AND CUSTOMS CLEARANCE

On receipt of the documents sent by the export department, the clearing and forwarding agent takes delivery of the cargo from the railway station or the road transport company and arranges its storage in the warehouse. He also initiates action to obtain customs clearance and permission from the port authorities to bring cargo into the shipment shed.

The objectives of customs control are:

- i) to ensure that the goods go out of the country after compliance with different laws concerning export trade
- ii) to ensure authenticity of value of export goods to check over/under invoicing
- iii) to correctly assess and collect export duty, if applicable
- iv) to compile data on cargo movements.

For complying with these objectives, the customs grant permission for export at two stages. Firstly, documentary checks are made at the office of the customs (i.e. Customs House). Secondly, physical examination of goods is made in the shipment shed to verify that the goods being exported are the same as have been declared on the documents submitted at the Customs House. The document on which customs give clearance for export is the **Shipping Bill**.

The clearing and forwarding agent is to file following documents with the Customs House:

- i) Shipping Bill (4-5 copies)
- ii) Contract/correspondence leading to the contract (Original)
- iii) Letter of Credit, where applicable (Original)
- iv) Commercial Invoice (one for each of the Shipping Bill)
- v) GR Form (Original and Duplicate)
- vi) Inspection Certificate (Original)
- vii) AR 4/AR5 Form (Original and Duplicate)
- viii) Packing list, if needed
- ix) Any other document needed by the customs

The Customs Appraiser/Examiner examines these documents and appraises the value having regard to the following considerations:

1. That the value and the quantity declared in the shipping bill is the same as in the export order or letter of credit.
2. That the formalities regarding exchange control, pre-shipment quality control inspection etc. have been duly completed. After examination of documents and appraisal of value, the Customs Examiner/Appraiser makes an endorsement on the duplicate copy of the Shipping Bill. He also gives directions to the Dock Appraiser about the extent of physical examination of the cargo to be conducted at the Docks. All the Documents, except GR(original) Form, the original Shipping Bill and a copy of the Commercial Invoice are returned to the Forwarding Agent to be presented to the Dock Appraiser.

After taking delivery of documents from the Export Department, Forwarding Agent presents the Port Trust Document to the Shed Superintendent of the Port. He obtains carting order for bringing the export cargo to the transit shed for physical examination by the Dock Appraiser and for their shipment. After bringing the cargo into the shed he presents the following documents to the Dock Appraiser for conducting physical examination of the cargo.

- 1) Duplicate, triplicate and export promotion copies of the Shipping Bill
- 2) Commercial Invoice
- 3) Packing List
- 4) AR4/AR5 Form (Original and duplicate) and Invoice
- 5) Inspection Certificate (Original)
- 6) GR Form (Duplicate)

The Dock Appraiser after conducting physical examination records examination report and makes "Let Export" endorsement on the duplicate copy of the Shipping Bill. He hands it over to the Forwarding Agent alongwith all other documents to be presented to the Preventive Officer of the Customs Department who supervises the loading of cargo on board the vessel.

The preventive officer makes an endorsement "Let Ship" on the duplicate copy of the Shipping Bill. The duplicate copy of the Shipping Bill is then handed over to the agent of the shipping company. This constitutes an authorisation by the Customs to the shipping company to accept the cargo on the vessel.

After the goods are loaded on board the vessel, the Captain of the ship issues a receipt known as 'Mate's Receipt' to the Shed Superintendent of the Port. The forwarding agent then makes a payment of the port charges and takes delivery of the Mate's Receipt. He presents the Mate's Receipt first to the Preventive Officer who records the certificate of shipment on all the copies of the Shipping Bill, original and duplicate copies of AR4/AR5 form. He returns the Export Promotion copy, a copy of Drawback Shipping Bill and presents the Mate's Receipt to the Shipping Company and requests it to issue the Bill of Lading (2/3 negotiable and a few non-negotiable copies as required).

5.10 DESPATCH OF DOCUMENTS BY FORWARDING AGENT TO THE EXPORTER

After obtaining the Bill of Lading from the Shipping Company, the agent sends the following documents to the exporter.

1. One copy of the Commercial Invoice duly attested by the Customs
2. Export Promotion Copy of Shipping Bill
3. Drawback Copy of Shipping Bill
4. Full set of 'Clean On Board Bill of Lading' together with non-negotiable copies
5. Original letter of credit/contract order
6. Copies of Customs Invoice, if any
7. AR 4/AR5 (Duplicate) and Invoice
8. GR Form (Duplicate).

5.11 CERTIFICATE OF ORIGIN AND SHIPMENT ADVICE

On receipt of the above documents, the exporter makes an application to the Chamber of Commerce and obtains a 'Certificate of Origin' in duplicate. In case of export shipment to countries offering GSP concession, the GSP Certificate of Origin will have to be procured by the exporter from the concerned authority like Export Inspection Agency.

The exporter then sends 'Shipment Advice' to the importer intimating the date of shipment of the consignment by a named vessel and its expected time of arrival (ETA) at the destination port. The following documents are also sent along with the shipping advice so that the importer may start making arrangements for taking delivery of the consignments.

1. A non-negotiable copy of the Bill of Lading
2. Commercial Invoice
3. Packing List
4. Customs Invoice

5.12 PRESENTATION OF DOCUMENTS TO BANK

The exporter presents the following documents to the bank for negotiation/collection:

1. Commercial Invoice (Requisite number of copies)
2. Certificate of Origin (two copies)
3. Customs Invoice (Requisite number of copies)
4. GR Form (Duplicate)
5. Packing List (requisite number of copies)
6. Full set of Clean-on-Board Bill of Lading (Negotiable plus Non-negotiable copies as required)
7. Additional copies of the Commercial Invoice for Certification by the Bank
8. Original Letter of Credit/Export Contract
9. Bank Certificate in the prescribed form in duplicate
10. Marine Insurance Policy/Certificate
11. Bill of Exchange

5.13 CLAIMING EXPORT INCENTIVES

You have learnt the processing of an export order at pre-shipment, shipment and post-shipment level. Let us now discuss the process of claiming export incentives.

5.13.1 Excise Rebate

After completing the post-shipment formalities, the clearing and forwarding agent will file the following documents with the Maritime Central Excise Collector or Jurisdictional Assistant Collector of Central Excise for claiming the refund of excise duty or for obtaining release from bond, as the case may be.

- i) AR4/AR5 Form (Duplicate copy), which has been certified by the Customs Preventive Officer
- ii) Non-negotiable copy of the Bill of Lading and/or Shipping Bill certified by the Customs Preventive Officer.

Additional documents to be submitted for claiming refund of excise duty are : (a) Application for Refund in Form C and (B) Pre-receipt.

5.13.2 Duty Drawback

For claiming Duty Drawback, the exporter's agent will file the customs attested copy of the Drawback Shipping Bill, along with the following documents, with the Drawback Department of the Customs House.

- i) Drawback Claim Proforma (Prescribed application form in five copies)
- ii) Bank or Customs Certified copy of Commercial Invoice
- iii) Non-negotiable copy of Bill of Lading
- iv) Any other specifically prescribed document.

After finding the claim to be correct, the Drawback Department will despatch the cheque of the claim amount to the exporter. Alternatively, if the exporter so desires, this amount will be sent to the exporter's bank for being credited to his account with intimation to the exporter.

Check Your Progress B

1. Write three objectives of customs control.
.....
.....
.....
2. List two important functions of clearing and forwarding agent.
.....
.....
.....
3. Fill in the blanks
 - i) Proforma Invoice is accepted and signed by the.....
 - ii) Pre-shipment credit is given on the basis ofexport order.
 - iii) AR 4 Form is filed in.....copies
 - iv) Export Inspection Certificate is issued in.....copies
 - v)is issued after goods have been loaded into the rail wagons.
4. State whether the following statements are True or False.
 - i) Space on ship cannot be directly reserved by the exporter.
 - ii) Certificate of Origin can be obtained from a Chamber of Commerce.
 - iii) GR Form (Duplicate) is not to be submitted to the bank at the time of negotiation of documents.
 - iv) Rebate on Excise Duty is to be claimed by submitting documents to the Maritime Central Excise Collector.

5.14 LET US SUM UP

Processing of an export order starts with the receipt of an export order, generally in the form of either the Proforma Invoice, Purchase Order or Letter of Credit. On its receipt, the exporter must first acknowledge its receipt and then processed to examine it. The examination should be done with reference to terms and conditions of the contract, particularly product specifications, terms of shipment and payment and submission of documents to the bank. If any discrepancy is found, the importer must be immediately informed for amendment of the order. The exporter should then confirm the order with the importer.

For production/procurement and transportation of goods to the port for shipment, a number of activities are to be undertaken by the production/procurement department of the export firm. The first activity is to apply for pre-shipment credit (Packing Credit) to the Bank. The bank takes into account a number of factors and grants credit to the extent determined by the value of the confirmed export order. The credit amount is used for manufacturing/procuring and packing goods.

The clearance from the Central Excise authorities is needed so that the exporter can get rebate in the central excise duty paid/payable on the exported goods. For this purpose, AR4/AR5 Form and Invoice are to be completed. Clearance is completed when the certified AR 4/AR5 (Original and Duplicate) are given to the production department.

The production department also applies to the inspection agency for obtaining inspection certificate. This certificate is issued when the inspector visits the factory/warehouse and examines the goods. The original Inspection Certificate will be required to be submitted to the customs authority for obtaining permission to ship goods.

Export goods are sent to the port town either by road or by rail. The Indian Railways accord priority in allotment of wagons needed for moving export consignments, for which the essential requirements is to first reserve space on the ship. Space reservation may be done either through the freight broker or the clearing and forwarding agent. The proof of space reservation is the Shipping Order.

At the port two formalities are to be completed. The first is to obtain permission from the port authority to bring cargo inside the shipment shed. The second formality is to obtain permission from the customs authority to export the goods. The customs permission is granted at three stages- documentary clearance, physical examination of goods and permission from the Customs Preventive Officer. For these purposes, the clearing and forwarding agent of the exporter files the necessary Shipping Bill (a customs document) and the supporting documents with the Customs House. After appraising the value of the goods, the concerned customs officer notes down instructions for physical examination of goods in the shipment shed on Shipping Bill (Duplicate copy).

After obtaining permission from the port authority, the exporter's agent brings goods in the shipment shed. But before shipment process can start, goods are first physically examined by the customs officer and then finally permission to load is given by the Customs Preventive Officer.

Once the shipment process is over. Mate's Receipt is issued by the master of the carrier. This receipt is then exchanged with the Bill of Lading issued by the shipping company. The exporter's agent obtains shipment certificate on different documents, which will enable the exporter to claim various incentives.

As soon as shipment is completed, the exporter should send Shipment Advice to the importer mainly in the form of non-negotiable copy of Bill of Lading. Thereupon, documentation formalities are undertaken for getting rebate in Excise Duty and Duty Drawback. At the same time the exporter submits shipping documents as per the export order to the bank for securing the sale amount.

5.15 KEY WORDS

Export Order : A documentary evidence of the export contract, which is generally in the form of Proforma Invoice, Purchase Order or Letter of Credit

Confirmation of Order : An action of informing the importer about formal acceptance of terms and conditions of the export order which also indicates that these terms and conditions are in conformity with the export contract.

Packing Credit: Credit facility on concessional terms provided by commercial banks to the exporting units for procuring, manufacturing and packing of export goods. This is a pre-shipment credit facility.

Central Excise Clearance: Clearance of goods from the factory/warehouse by the Central Excise Authority to enable the exporting units to claim rebate in Excise Duty.

Forwarding Note: A Railway document which is filed alongwith other documents for obtaining priority allotment of wagons for movement of goods to port towns for shipment.

Mate's Receipt : A receipt issued by the Master of the ship after receiving cargo on board.

Shipment Advice: Intimation by the exporter to the importer after contracted goods have been delivered to the carrier according to the export order.

5.16 ANSWERS TO CHECK YOUR PROGRESS

- A 3 i) True ii) True iii) False iv) False v) True
B 3 i) Importer ii) Confirmed iii) Five iv) Three v) Railway Receipt
4 i) Wrong ii) Right iii) Wrong iv) Right

5.17 TERMINAL QUESTIONS

- 1) Describe the steps involved in the receipt, examination and confirmation of an export order.
- 2) What are the documents needed for i) Central Excise Clearance and ii) Securing Inspection Certificate.
- 3) Describe the process of preparing goods for exports and their transit to the port of shipment.
- 4) What are the supporting documents to be submitted alongwith the Shipping Bill for getting customs permission for exports?
- 5) What are the three stages at which customs permission to export is obtained?
- 6) Make a flow chart of processing of an export order upto the shipment stage.
- 7) What documents are required to be submitted to the bank after goods have been delivered to the carrier ?
- 8) Describe the formalities for claiming Duty Drawback.

SOME USEFUL BOOKS

Ministry of Commerce, Import and Export Policy Vol. I, II and III Government of India Publication, New Delhi.

Nabhi's Exporter's Manual and Documentation (New Edition) A Nabhi Publication, Delhi.

Ram Paras, Export What, Where, How (New Edition) Anupam Publisher, Delhi.

Varshney R.L. and B. Bhattacharya. (New Edition) International Marketing Management, Sultan Chand and Sons, New Delhi.

<p>Note: These questions and exercises will help you to understand the unit better. Try to write answers for them. But do not send your answers to the University. These are for your practice only.</p>
