CHAPTER IV

Export Procedure and Documentation required for Seafood Industry Exports: An Overview

Without Import - export code. No person is allowed to export or import goods without obtaining an importer/exporter code number from the licensing authority.

RCMC

For availing various concessions and benefits under the current trade policy, the exporter is required to register himself with any one of the export promotion council and obtain registration and membership certificate.

Free exports.

As per the current export and import policy, 2002-2007, without any restriction all goods may be exported except to those which are regulated by the ITC classification of export and import items or any other provision of the policy.

Types of exports.

Physical export.
Deemed export.
Invisible Exports

Any goods taken out of the country by land, sea and air are considered as physical export. While there are no restrictions in the export import policy 2002-2007 for export of any normal industrial goods (except certain specified goods to Libya), there are some restrictions on export of natural resources, fauna and flora, rare animals and birds, national treasures of artistic, historical or archaeological value, fission material, arms, ammunitions and other military equipment. Further, in view of the general embargo by United Nations, export of goods to Iraq only under “food for oil” programme as administered by UN (United Nations) is permitted. In physical exports, payments are received in foreign exchange. RBI has been empowered to regulate receipt of payments for goods or services exported from India by prescribing a form of declaration. They are form gr, pp (export of goods by post) and softex (export of software). The payments against the
goods exported must be realised within 180 days from the date of exports, except in a special case with permission to the recognized export houses this period is extended up to 12 months.

The gr declaration given against each export order will be released to rbi after realisation of 100 % payment. Exporter should maintain a record of realisation of foreign exchange and follow-up with the banks concerned for release of gr’s. In physical exports the exporters can avail pr-shipment loan at reduced interest rate during manufacturing stage. The physical export performance is considered for eligibility of status recognition. Facility of clearance of finished products without payment of excise duty is possible in physical exports.

**Export of imported goods.**

As per export and import policy goods imported in accordance with EXIM policy is allowed to get exported in the similar form, without issuance of licence, if exported item is not in the restricted category in the ITC classification of negative or positive list of import or export. Imported goods can be re-exported, it is permitted in favour of exchange which is available for conversion freely.

**Export of replacement goods.**

The customs will give its clearance freely for the export of replacement goods if such goods are exported earlier and found defective/damaged.

**Export documents.**

Most important aspect in export is the documentation. Correctness of documentation plays prime role in order to secure clearance of goods from customs quickly which ensures the immediate realisation of payment for the exporter for the good exported and to get all export benefits in much less time.
**Export order.**

An order is the mother of any transaction in the business it is important for the exporter as well as for the importer. Once the order is received it effects the balance of payment process and the kicks off all further processes of manufacturing procuring raw material, dispatching, packing according to mode of transport etc. Based on the order the exporter can get the financial support from the financial institutions and support from government. Order copy is the most important document for the exporter and should accompany always along with all dispatch documents for the custom clearances.

Licensing authorities for availing duty free licence, availing pre shipment loan or post shipment loan and related incentives, getting the inspection done from the inspection agencies, getting insurances, exchange control and customs formalities etc.

**Order acceptance.**

OC is the order acceptance which need to be sent by exporter to importer, this is process makes the exporter clear of the order is being understood fully and is ready to accept all the terms and conditions without any exception. This document makes the importer clear that the exporter has understood the requirement and ready to supply the good as per the negotiations done while placing the order. This document in correct sense should be a replica of the order itself and should have clear mention of description of product, quantity, mode of transport, payment terms, delivery – partial of full, delivery time, mode of payment, mention the swift code, dispatch address, consignee and consigner address, inspection modalities and other contractual terms if they are specific, also clear mention of unit price i.e. per kilo or per meter, or per litre and the total price in the acceptable currency. This should be sent to importer with any deviation required in order and if exporter is not accepting the terms as mentioned in order then exporter should ask for the order amendment. Then, only after importer send the order amendment exporter should send the final order confirmation. If the need be then exporter should also ask for the signed copy of order confirmation from importer for their records and understanding.
Letter of credit.

LC the letter of credit is issued by the buyer’s banks in favour of the seller’s bank with the mention of the amount and the number of conditions specified by the buyer. Exporter can present this letter of credit to bank against the shipping documents to get the payment. There it is the buyer’s bank responsibility to ensure the exporter has shipped the good in accordance with letter of credit. Letter of credit is the instrument of payment assured by buyer’s bank to the seller for a particular amount.

Mate’s receipt.

The vessel chief issues this receipt after the shipment is loaded on the ship. Called met receipt. It has complete details of container, port of dispatch, port of loading, all the details given as per the packing list i.e. no of cartons, weight, size of cargo, description of goods, net weight, gross weight, seal of container, shipping date and shipping bill number.

Bill of lading.

BOL the bill of lading is a document having 3 copies which is a proof of export is issued by the shipping line company. Generally the customer house agents collects this receipt and pay the charges for freight if it is CIF or if it is FOB then the charges are called by the shipping company from the buyer. On this bill of lading there are complete details of consignor and consignee, net weight, gross weight, no of cartons, and the charges including handling, loading, fuel, charges etc.

Airway bill.

Similar to bill of leading when the goods are shipped by the air then the receipt of acceptance of material by the air line for further carriage is given by Airline company.

Insurance.
While sending the good overseas the good are likely to get damage or get pilferage, of getting loss due to mishandling hence the seller has to ensure that these good have been insured to avoid any kind of capital loss. This insurance is called as marine insurance, there insurance companies issues the policy as per contractual terms. There various types of policies the consigner can avail this facility to protect the good. Also it depends who is going the bear the cost and risk and up to what point is decided according to incoterms. According the payment is collected by the insurance company. It is in interest of both i.e. buyer and the seller to ensure that good are not shipped with insurance even for a moment.

**Certificate of origin.**

In order to get the duty benefits as per the free trade agreement between the countries and to ensure the origin of manufacturing country i.e India this certificate is issued by the chamber of commerce or by the export promotion councils in India.

**Certificate of inspection:**

COI is issued by the inspection authorities either these are government bodies or the private inspection agencies which are operation like multinational having their operation in all exporting countries. These are independent and neutral companies. They operate in accordance with countries specified norms or as per the specification of the buyer. They are allowed to visit the manufacturing plants, carry out spot inspection and testing periodically the products of exports, they can witness the test, packing, and then ensure the quality of product according to specifications and send the report to the buyer for their clearance for the shipment. Without buyer clearance the shipments cannot be put on board. This process ensures authentication of the supply to the buyer and importer has no worries of cheating in material by exporter. Government also ensures the inspection of material according to export control of a country. A certificate given by an agency should accompany the shipping documents. Some countries have made the pre-inspection report mandatory and have given monopolies to inspection agency. Hence the cost of inspection has gone up, however generally this cost is borne by the buyer as the inspection is in buyers interest to ensure the consignment shipped is according to order given to exporter.
Certificate of inspection is issued by the inspection agency concerned certifying that the consignment has been inspected as required under the export control act, and satisfies the conditions relating to quality control and inspection as applicable to it and it is certified export worthy. In addition to this certificate, some countries need clean reports of findings under SGS certificate.

Certificate of measurement.

COM is an important document generated by the chamber of commerce or the agencies which are approved by the local government. To calculate the freight by weight or by volume these authorities give the exact measurement certificate on that basis the shipping companies will have to calculate the freight. This a way to authenticate the dimension of the cargo. This plays an important role when the cargo is ODC type, i.e. over dimensional cargo.

Packing list.

PL is the document which kicks off the shipment process for dispatch, once the material is manufactured then it needs to pack according to mode of transport, means for sea shipment it should be seaworthy packing and for air it should be air worthy packing the diff is in packing material and weight and steadiness of the packing for air shipment it should as light as possible and for sea shipments it should be tough to ensure that inside material i.e. finished goods are not affected by the salty weather and high temp. The packing list has the list of number of cartons duly numbered along with weight in gross and net, also it has the items quantity in each carton is mentioned there in. In order to check the space required in container, for arranging the vehicle as per required consignment and to ensure that the total consignment has arrived as per the packing list in importing country the packing list plays the vital role in export documentation.

Export declaration forms.

According to DGFT director general of foreign trade, customs authorities and the commerce ministry exchange control regulations forms are required to be filled out before the consignment is dispatched. These forms are required to be authenticated by the required respective statutory bodies. In order to ensure the payment and the exchange control norms these form like SDF self-
declaration form, EDI system form, PP form for software exports are required to be certified by the customs commissioner and the original to be sent to reserve bank of India.

**Form SDF**: to be used for declaring exports in the case of software exports under EDI systems.

**Shipping order.**

This order is issued by the shipping companies in order to inform exporter that the space has been allocated by the specific vessel leaving from specific port at specific time and date. Simple form of reservation of your cargo.

**Export invoice.**

Ultimately payment will get materialise only if the export invoice is made hence it the final document made to realise the payment which incorporates almost every details of consignment dispatch and has to be in accordance with order. The information must contain the description of material, quantity, packing units, shipping line details with exact date and no. of vessel or flight, currency mode, mode of payment, list of documents sent along with consignment, incoterms, bank details, no. of bill of lading or the airway bill, shipping marks if any, country of origin and should be signed by the authorised signatory from exporter side. This invoice is further used to get various incentive, payment. The copy is kelp with customs and RBI to check the realisation of payment in 180 days.

**Shipping bill.**

It is 100 percent proof of export issued by the customs authority at the time of dispatch it has complete details to consigner and consignee, exchange rate prevailing at that time, weight and the volume, no. of packets, value, mode of transport, EPCG licence no, advance licence no, IEC code the details of custom house agent, final destination country, etc. Shipping bill are of three different types for claiming the duty drawback one for EPCG, another for free export. The
details of duty drawback is computed in shipping bill itself, system generates the applicable rate according to HS code of material dispatch and converted to INR.

**Freight declaration.**

In case of FOB or EX works incoterms the importer has to pay the freight charges, hence the exporter has to prepare the freight declaration document stating that the importer will and is liable to pay the freight charges.

**Bank certificate of export.**

Once the consignment is dispatch then the seller has to get the export effects certified by the bank to get the foreign exchange in required format. After the export is realised the bank issues the certificate called as “bank certificate of export realisation”

**Export of repaired goods.**

If the goods or parts thereof found defective or damaged after exports and exporter desire to import the same for repair and subsequent re-export, the customs will give its clearance for both without licence.

**Exporter’s responsibility.**

*Shipment register.*

All the exporters should maintain a shipment register with all details of individual export order. The shipment register can be maintained in the following manner: invoice no. And date and name of importer, details of shipping bill, bill of lading number & date, gr no. & date, name of the vessel, description

Of the export product, quantity, fob value in foreign currency and Indian rupees, freight amount, insurance and export incentive availed (advance / epct licence, drawback). Following records / documents are essential for statutory purposes.
Proceeds realisation register.

Every division should maintain foreign exchange realisation register with all the details of export orders received and executed. All the realisation against the export effected is recorded in this register and the summary of 12 months realisations is taken every year end. This will help company in closing the gr with the bank and avoid unnecessary correspondence with the bank/customs/RBI. The declaration given in the form of gr against individual order the foreign exchange should be realised against the same gr. Adjustment of foreign exchange against any gr is not permissible without reserve bank of India’s prior approval.

Export benefits.

1. No excise duty to be paid on finished product.

2. Duty exemption scheme (duty free import of raw material / components).

3. Duty drawback. (all industryrate/brand rate/special brand rate).

4. EPCG license (export promotion capital goods).

5. DFRC - duty free replenishment certificate

For status holders there is a duty free entitlement scheme.

Physical exports free of duty on finished product.

Once the consignment is packed and ready to dispatch one need to follow the factory clearance or godown clearance procedure.

In order to remove the material from factory without paying the excise duty the formality is to prepare ARE! Form called as Application for removal of excise duty. Because there is usually a demarketed area by excise duty officer in each factory so material cannot be removed without payment of excise duty it will be an offence. However the export does not attract any taxes, duties, octroi, levies ext. Hence in order to prove that the consignment is being exported the lot of proof is required to be given by way of filling up the various forms
At the place of shipment exporter has to call central excise officer to inspection the good and for sealing the consignment which is getting exported.

The companies with status holder may sometimes do self sealing and also go for self certification after informing the excise duty officer.

**Duty exemption scheme.**

For deemed exports and for physical exports the advance licence can be issued by customs authorities under duty exemption scheme to allow import of inputs (raw materials and components) however these items are required to used in the products which are being exported from factory. Advance licence is granted to manufacturer on actual user condition where the manufacturer import the raw material/components and manufacture in his factory.

Under advance licence exporters get exemption from paying the counter veiling duty, basic customs duty and any additional duties.

Application for advance licence should be made prior to exports. Duty paid materials from the stock can be used prior to getting the licence and subsequently you can replenish the stock by importing the materials against the licence. If you are using duty paid materials along with duty free material in the export product in that case you should declare in the advance licence application details of duty paid materials i.e. Description, quantity and value to claim duty drawback.

**Deemed export Advance licence:**

Government of India has made the provision of for certain agencies and for certain funds to get the relief from all the taxes. There are projects which are directly involve govy. Fund need not pay any duties and taxes these projects are deemed as exports.

The local manufacturer providing his services by selling goods to 100 % EOU is eligible under deemed export category for advance licence benefit.
The material received by fertiliser plants, power projects, nuclear power projects and refineries under international competitive bidding are eligible for deemed export benefits.

**Execution of BG**

Merchant exporters / export manufacturers status holder exporters holders are allowed to execute legal undertaking.

**Monitoring of export obligation:**

The advance licence holder has to maintain transparent records of all the transaction for viewing it to the licence authority. The obligation is from stating the period of the licence holder and the closing period of export obligation needs to be clearly maintained by exporter. Exporter has to give complete details of export to the licensing authorities with two months for the date of export realisation evidence.

**Redemption of advance licence and fulfilment of export obligation:**

For fulfilment of export obligation & redemption following documents are required for goods exports.

BRC bank realisation certificate for 100% payment received is must, now a day banks are giving this certificate by EDI system.

Shipping bill which is a 100% proof of export contains all the details of exports shipment executed. Whereas bill of entry has the complete details of the consignment imported based of CIF value. The concept is the imported material which is when imported without payment of customs duty and then these materials are used in the process to produce the finished product which is going to be exported need any pay any taxes and duties. In order to ensure that the imported material used is not unduly sold in local market government has established the process
Deemed export.

The material which does go physically out of country but being used by the manufacturers who are having the 100% export status can use the local material without payment of any taxes and duties. This is called as deemed export. By this the competitiveness of our products are maintained in the export market. These export processing zones, export-oriented units, special economic export zones, etc. So, local suppliers can also supply to these status holders without any taxes or duties.

Redemption.

After issuance, export obligation discharge certificates the exporter should submit the original discharge certificates along with photocopies of shipping bills and payment realisation certificates to customs authority where the exporter executed legal undertaking / bg while importing the raw material / components. The customs authorities after scrutiny of documents return the original legal undertaking to the exporter duly cancelled.

Normally, salvation of loot will not prevent the customs authority for applying strict action to licence under the head of misinterpretation or flouting the norms of declaration.

Maintenance of proper accounts.

Every licence holder maintain the accounting records of last three years in a proper order, mean it should be available order wise with complete documentation. Starting from order till closing of all documents after dispatch. Inputs required for advance licence application where norms are not standardised.

Value addition should be plus for individual export product.
List of export product with description, qty and value in rupees and foreign currency.

Net weight of the export product.

Net weight of the import content in the export product.

Drawings / catalogues & dimensions of the export product. Manufacturing process by way of flow chart.

List of import product with description, qty and value (cif) in rupees and foreign currency.

List of import items required for unit of export product.

List of indigenous items used in the export product.

The relevant data related to consumption and the actual production of last three years is required to be maintained by every manufacturer which need chartered accounts authentication.

Inputs required for advance licence application where norms are already fixed.

Value addition should be plus for individual export product.

List of export product with description, qty and value in rupees and foreign currency.

List of import items with description, qty and value (cif) in rupees and foreign currency.

**Documents required for advance licence application.**

Original order copy of foreign buyer with scope of supply, delivery schedule and billing schedule in case of physical export.

Under international competitive bidding the project certificate is required from respective authority for the deemed export transactions. (ibrd/ida/world bank etc.)

Supplies to EPCG licence holder the required documents are order copy with payment terms & delivery schedule & invalidation letter in original.

Supplies to export oriented unit the documents required are order copy with payment terms & delivery schedule, copy of eou registration certificate and copy of green card.

Supplies to advance licence holder the order copy with payment terms & delivery schedule & invalidation letter in original as intermediate supplier.
**Duty drawback.**

What is drawback?

Drawback is nothing but customs and excise duty suffered on the indigenous and imported raw material, components, packing material, etc., which goes under manufacturing activity. The directorate of duty drawback is regularly the schemes of DDB its administered by the finance ministry. Drawback admissible on exports is worked out and disbursed to the exporters by the concerned commissioners of customs / central excise in-charge of the port through which the goods are exported at such amount or at such rates as determined by the directorate of drawback for each type of commodity.

Export: means the goods sending the good out of country’s boundary lines.

Importing: is a process of buying the material from other countries hence as per customs act the this good are subjected to all taxes and duties.

Manufacture: means manufacturing the goods by using imported or indigenous materials by way of value addition in terms of quantity and value which has processes or operation to manufacture any finish good.

**Categories of drawback.**

All industry rate (air) : the ministry of finance collect data from large sector of manufacturers which forms 80 % to 90 % of the country’s total exports regarding ratios of imports / indigenous, both in terms of qty consumed, value and duties suffered. The team of experts in the ministry of finance, new delhi, evaluates the data received from the large and medium scale manufacturers and arrive at all industry rate by considering the average of duty suffered. All industry rate is fixed for 1 year i.e. From 1st june to 31st may. The rate is either on percentage of fob value or related to units i.e. Per kg or per number etc., depending upon the nature of export product.

In physical export the amount of drawback (a.i.r) is credited directly to exporters bank account after the exports take place by the customs authority. No applications to be filed separately for all industry rate in physical export.

In deemed export the exporter should make an application for duty drawback under all industry rate to joint DGFT. With in six months DDB application should be filed.
Brand rate: it is difficult for the ministry of finance to analyze all the products manufactured and exported from India to fix the all industry rate. In other words, there are thousands of such products which are produced and all industry rate is not available or not feasible for the government to determine because of the limiting factors. In such situation, individual manufacturer or exporter applies to the ministry of finance for determination of drawback rate, which is called brand rate.

For availing duty drawback under brand rate for physical exports the exporter should make an application to ministry of finance, New Delhi and the jurisdictional central excise authority in which the manufacturers factory is situated. The application should be filed within 60 days from the let export date.

Documents required for brand rate (physical exports).

Original drawback shipping bill

Copy of purchase order or l/c.

Copy of bill of lading or airway bill.

Photocopy of ARE1 form and original copy with six form

Original bank certified invoice.

Photocopy of bank realisation certificate.

For availing duty drawback under brand rate for deemed export the exporter should make an application to DGFT, New Delhi and with regional licensing authority (Jt. DGFT) where the exporters head office / branch office situated. The application should be filed within six month. The project authorities should ensure that the on the receipt of supply and the receipt of payment should not exceed the six months for the application.

Documents for brand rate / terminal excise duty refund.

Original payment realisation certificate either part or full from project authority. For supplies to 100% EOU the payment certificate should be through normal banking channel as per appendix – 22a.

Original commercial invoices certified by the project authority. For supplies to eou/epz the invoices should be certified by the central excise.
Original and duplicate copies of excise invoices duly attested by central excise authority from where the goods are cleared. In case it is not attested by central excise authorities then a separate debit certificate issued by the central excise along with excise invoices.

Photocopy of project authority certificate.

Photocopy of contract or purchase order.

Photocopy of the bills of entries and foreign supply invoices.

Special brand rate: in certain cases where a.i.r. of drawback is available but rates are so low and are not to the satisfaction of exporter or manufacturer. The application for special brand rate is made when the expected rate or amount of drawback exceeds 25% or more than the all industry rate. For example: - if a.i.r. is 10% of fob value and if the expected burden of customs duty and excise duty is more than 12.5% of fob, in such cases only special brand rate applications are entertained.

For availing duty drawback under special brand rate for physical exports the exporter should make an application to ministry of finance, new delhi and the jurisdictional central excise authority in which the manufacturers factory is situated. The application should be filed within 60 days from the let export date.

Documents required for special brand rate (physical exports).

Original drawback shipping bill.

Copy of purchase order or l/c.

Copy of bill of lading or airway bill.

Photocopy of ARE 1 form along with original copies of six forms

Original bank certified invoice.

Photocopy of bank realisation certificate.

**EPCG (export promotion of capital goods scheme).**

In this EPCG scheme there are conditions for export obligations to be full filled by the exporter for the exports of goods. The scheme promotes the exporter to bring in the capital goods in form of
modern machines or even second had machines without payment of custom duties and by using these machines through which the quality products can be manufactured and sold in India as well as exported. No duty initially charges but has a obligation to export with first six year or eight years to 6 or 8 times of the duty saved at the time of import. Government has introduced this scheme in order to promote the export and induce exporters to export. Manufacturers has to obtain the EPCG licence before import of capital goods.

They can either export directly or through the merchant exporters but they need to keep the record of these transaction by way of shipping bill copies to prove the export proceeds. In this provision has been made to also consider the deemed export as a export proceeds done to fulfil the exportobligation.

Exportproceeds shallbe realisedin freelyconvertible currencyexcept for deemedexports.

Exportsshall bephysical exports. However, deemedexports shallalso becounted towards fulfilmentof exportobligation alongwith theusual benefitsavailable.

Where the manufacturerexporter hasobtained licencesfor themanufacture ofthe same exportproduct bothunder EPCGand dutyexemption schemesshall also be countedtowards the discharge ofthe exportobligation underEPCG scheme.

*Specialeconomic zones (SEZ).*

Specialeconomic zoneis aspecifically delineatedduty freeenclave andshall bedeemed to beforeign territoryfor theposes of trade operations and duties and tariffs. Goods going into the SEZ area from DTA shall betreated as exports and goods coming from the SEZ area into DTA shall betreated as if the goods are being imported. SEZ unit is allowed to import without payment of duty all types of goods, including capital goods, whether new or second hand.

Statusholders (exporthouse, tradinghouse, startrading house & superstar tradinghouse).

The objective of the scheme was to recognise established exporters as export house, trading house, start trading house and superstar trading house with a view to build marketing infrastructure and expertise required for export promotion. The eligibility criterionshall be either on the basis of the fob for value of export of goods and services, including software exports, made directly as well as on the basis of services rendered by the service provider during the preceding three licensing years.
The export made by a subsidiary of a limited company shall be counted toward export performance of the limited company for the purpose of recognition. For this purpose, the company shall have the majority shareholding in the subsidiary company.

Export made on re-export basis shall not be counted for the purpose of recognition.

The status holders shall be eligible for many facilities which helps to increase the revenue and the efficiency. It is trust given by govt. To Status holders due to their contribution in helping government to reduce the balance of trade due to foreign exchange earnings. Responsibilities of the exporters and in handling export transactions. Availing export benefits. All the exporters should discuss with at the tender stage itself and quote the export price considering the export benefits. After receipt of an order the exporters should co-ordinate with for availing export benefits will collect all the inputs required for making duty free licence application from the respective division and get the required licence from the licensing authority. Before clearance of import materials under duty free licence will execute legal undertaking with customs for the total duty leviable plus compounded interest for 2½ years @ 15% p.a. After clearing all required material the licence will be handed over to the concerned division for export. The division concerned should prepare the export documents as per export policy. The exporters should consult to check the correctness of the shipment documents. After completing the entire exports the documents required for the closure of licence should be handed over to in case of project export order where they should submit the original payment will be realised after 6 months we shipping bills to the licensing authority as proof of completion of exports to avoid show cause notice for non-fulfilment of export obligation. Will remind to all the exporters periodically regarding is not fulfilled within the export obligation period will bring to the notice of the management for making provisions of contingent liability. After receipt of all the required original documents from the exporters will submit the documents to the licensing authority and follow-up till the issuance of export obligation discharge certificate. Will submit the discharge certificate to customs for cancellation of legal undertaking and follow-up with customs authority to return the original legal undertaking duly cancelled. In case of duty drawback (brand rate) exporters should hand over the export documents required for filing of drawback application within 60 days from the last export date to they will collect the required data and file the application with the respective central excise authorities. After conducting the verification with central excise authority will follow-up with central excise authorities for the brand rate letter. Once the brand rate is fixed by the excise authorities and the brand rate letter is issued, will book the credit (a/c. 80200 pc wise) to the concerned division and debit (a/c. 27612). Subsequently will submit all the original documents along with the original brand rate letter to the customs authority for payment realisation. After realisation of payment in the bank will debit the bank a/c
and credit (a/c. 27612). Export oriented units (EOU)

**Documents Required and Procedure for Application of Advance License:**

i. Application is required to be made to the DGFT in ANF4A

ii. Details required for making application for Advance Authorization:

a. List of Import Items is required to be given (refer Format of ANF4A)

b. List of Export Items is required to be given (refer Format of ANF4A)

c. C.A. Certificate for Last Three years exports.

d. We will require the ITCHS Code for Finished Goods and need to check SION norms based on that application procedure will be changed.

e. We will also be required to give the Manufacturing Process and Flowchart.

f. For the details required for applying Advance Licence, please provide the details as mention in Application Form (ANF4A) and as mentioned in checklist.

iii. Based on the information provided by you, we will prepare the application and submit the application to DGFT, Mumbai.

iv. DFGT Mumbai will issue the Advance License (normally time 7-8 working days if all correct information is given in format)

v. After receipt of the Advance License, import can be done without payment of duty.

**Risk and points which needs to be considered are as follows:**

1. Validity of Advance License will be minimum for 12 months within which you need to import the Material, failing which license will be expired for import.

2. Company is required to export the goods as mentioned in Advance License with a minimum value addition of 15% with a validity period of 18 months from the date of License.

3. Company is required to fulfill the Export Obligation in terms of Value and Quantity of export items failure to which duty, penalty and interest is attracted from the date of import.

4. For excess import or unutilized inputs imported against advance license, duty with interest is required to be paid from the date of import.
5. In case of failure in preparation of correct documents and procedure would affect closure of the license which will result in payment of duties, interest and penalty.

B. Procedure and Documents required for claiming Brand Rate of Fixation:

1. Self-certified copy of the purchase order / contract.
2. Bill of Entries along with relevant Import Invoices.
4. BOM, Manufacturing Process Flowchart, Drawing and catalogue.
5. Wastage's if any with stage wise justification.
6. Confirmation of CENVAT availment / Non Availment on imported inputs. Export Documents
7. BRC

(To ascertain DBK is restricted to Basic Customs Duty and Cess and comparison with All Industry Rate of DBK)

B. Procedure and Documents required for claiming All Industry Duty Drawback:

1. BRC
2. Procedure of Processing Claim is required to be made at Port of Customs.

If Import content is less than 40 -50% of finished product then it may not be viable to take advance license due to liabilities and obligations of procedures and documentations required.

Instead take cenvat credit of CVD / SAD / HES etc and AIR (duty draw back). In this case only customs duty will be a loss which can be compensated by DDB.