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Chapter II

Theoretical Background

2.1 Introduction:

One of the most dramatic and significant world trends in the past two decades has been the rapid and sustained growth of international business. Markets have become truly global for goods and services. Exporting is one of the many market expansion activities of the firm. As such exporting is similar to looking for new customers across the national borders where international accounts and currencies are involved. From the macro perspective exports can affect currency value and fiscal policy. To a greater extent the economic growth and stability of an economy of any country depends on the volume of exports done by her. Exporting generates foreign currency reserve in turns strengthens national economy. So the governments across the world play an important role in order to promote exports by giving incentives to export oriented units.

Export in a simple word means selling of goods abroad or outflow of goods and services and inflow of foreign exchange. Each country has it's own rules and regulations regarding the foreign trade. For the fulfillment of the rules and regulations of the different countries an exporting company has to maintain and fulfill different documentation requirements. The documentation procedure depends on the type of goods, process of manufacturing, type of industry and the country to which goods are to be exported. Hence a single mistake or lack of planning can lead to the rejection of the whole order or increase the cost. Thus the systematic study of export procedure and it's constraints offer a wide scope to the export oriented units.

2.2 Importance of the Study:

Indian Textile Industry is said to be one the second largest industry in the world after China. So there is a wide scope for Indian fabric as well as ready-made garments across the globe. In India, though certain firms have export potentials, they lack proper channel and skilled manpower to promote their product internationally due to insufficient knowledge of export

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procedure and proper documentation. A systematic study of export procedure, documents and the constraints in the procedure will give them proper exposure in the international market. This research work will be undertaken in the Arvind Universal Textile Pvt. Ltd., Kolhapur so as to study the export procedure, documents required and the problems in export procedure. The study is required to make the export procedure smooth, less complicated and constraint free.

2.3 Review of Literature:

The researcher has reviewed the literature available on the same topic in projects, books, journals, newspapers, internate etc. by visiting Shivaji University, and Bharati Vidyapeeth Institute of Management. Kolhapur .

2.3-A) The book called **"Export Management"** written by **Dr. K. L. Bhatia and Kewal Khanna** describes the steps in the formation of export firm. It also focuses how to obtain an export license as well as export order. It also deals with certain other aspects like methods of finance, methods of payment, export documentation, export incentives by the government, foreign regulation on exports, quality control inspection. It also highlights the role and functions of **Export Credit Guarantee Corporation(ECGC)**. It contains the list of Certification Bodies as well as Licensing Authorities in India. The addresses of **Promotion Councils/Commodity Board** are listed in detail.

2.3-B) In **"Export Procedure and Documentation"**, a book written by **Jitendra M D,** the detailed information about new export policy and procedure has been mentioned clearly. It also includes the steps involved in the Export Procedure along with Cargo Insurance. It also covers Export Promotion, Licensing and Documentation. It has clearly mentioned the documents required to be submitted to the government authorities for obtaining export license. This book is expected to be useful to the new as

well as established exporters, agencies and others concerned with export trade.

2.3-C) Vibha Mathur, The Reader of Commerce College, University Of Delhi has written a book named **Foreign Trade Of India**. The book covers Foreign trade of India before independence period and Post-Independence trade policy. It also deals with Export Strategy and India's Export-Import Policy. It also addresses issues related to tariff policy, current account dynamics, exchange rate management, foreign investments and WTO.

2.3-D) "Export-Import And Logistics Management" by **Rai** and **Usha Kiran** covers trade policy, export-import procedure, government regulations etc. In this book the authors have highlighted the stepwise export procedure. According to the authors the export contract is a crucial activity in export procedure.

2.3-E) Export-Import Management by **Justin Paul** deals with steps involved in Export-Import procedure. It includes the systematic information about export procedure and the authorities involved in it.

2.3-F) Dhananjai Parkhe has written a book **Export Control Law And Regulationes**. It covers the regulations followed during export procedure. This book covers the government restrictions and export incentives.

2.3-G) "Asian Export Management" written by **Dilip Mehata** deals with the export potentials of Asian countries. This book focuses on export growth and strategies of Asian countries

2.3-H) "Management of Export Marketing" by **V. Mosod** covers the marketing strategies used in export procedure. It also deals with various marketing techniques by different countries.

2.3-I) Delio E. is the author of the book "**Export Credit Agency**". This book includes the list of credit agencies and their regulations. It properly elaborates the source of availing the credit and the norms to be followed

2.3-J) The book" **Export Procedures around the globe"** by **Ashuael Burge** clearly explains all the aspects of export management from starting up an organization to the processing of an export order. It has covered all points regarding the financial risks and has clearly stated the role of ECGC.

2.3- K) "Strategies of marketing" is an excellent book by **James Hopsking**. It actually emits the various maneuvers and strategies to be used in export procedures.

2.3-L) Roger Fuller and **Steve Donas** have come together have written a fine, explanatory book covering the topic of Export procedures named **"Perfect management of import and export".** It owns an idea of the restrictions imposed by the government and about the risks that can be encountered in finance.

2.3-M) Mr Moses Jacob of conducted **a seminar** at the prime metropolitan, Mumbai. He presented a valuable speech on export procedures as well as other concerned topics. His article was also published in some newspapers and magazines.

2.3-N) Chandawani Suraj, an exceptional Indian author has written a short article on export procedures in his masterpiece **"License to marketing"**. Though the article is brief, it has covered almost all the vital points of export procedures.

2.3-O) Jayant Nadkarni, professor of the J.E.T. College has written some thesis on **export procedures**. He has abbreviated the big, long explanations into short ones but has covered all the basic points

2.3-P) One more student of TYBMS named **Diya Thingalana** has prepared a project on **"Export Procedure and Documentation"** In her project she has covered almost all the aspects related to export procedure like how to set up an export organization, how one begins to do export, export sales and contract terms and conditions, terms of shipment-INCOTERMS, processing of an export order, financial risk involved in foreign trade, export documents, octroi, quality control and pre-shipment inspection. The project also includes sales taxes exemption procedure and methods of receiving payment. It covers export obligations and the role of ECGC.

2.3-Q) Sagar Anand, the Management student of Pillanies Institute Of Management Studies, Mumbai has submitted the comprehensive project on **Import-Export Procedures** to the college. The project deals with Import-Export Procedures and different types of containers used in shipment.

2.3-R) Avinash Bendre, a management student from **Bhadriprasad University of Faridabad** has successfully completed his esteemed project on export procedures. He has clearly explained all the steps that are to be initiated for export procedure in a lucid language.

2.4 Definitions:

2.4-A) International Trade:

"International Trade is an exchange of capital, goods, and services across international borders or territories."

In most countries, it represents a significant share of gross domestic product (GDP). While international trade has been present throughout much of history (see Silk Road, Amber Road), its economic, social, and political importance has been on the rise in recent centuries.

Industrialization, advanced transportation, globalization, multinational corporations, and outsourcing are all having a major impact on the international trade system. Increasing international trade is crucial to the continuance of globalization. Without international trade, nations would be limited to the goods and services produced within their own borders.

International trade is in principle not different from domestic trade as the motivation and the behavior of parties involved in a trade do not change fundamentally regardless of whether trade is across a border or not. The main difference is that international trade is typically more costly than domestic trade. The reason is that a border typically imposes additional costs such as tariffs, time costs due to border delays and costs associated with country differences such as language, the legal system or culture.

Another difference between domestic and international trade is that factors of production such as capital and labour are typically more mobile within a country than across countries. Thus international trade is mostly restricted to trade in goods and services, and only to a lesser extent to trade in capital, labor or other factors of production. Then trade in goods and services can serve as a substitute for trade in factors of production. Instead of importing a factor of production, a country can import goods that make intensive use of the factor of production and are thus embodying the respective factor. International trade is also a branch of economics, which, together with international finance, forms the larger branch of international economics.

International trade uses a variety of currencies, the most important of which are held as foreign reserves by governments and central banks.

2.4-B) History of International Trade:

The theory of international trade and commercial policy is one of the oldest branches of economic thought. Exporting is a major component of international trade, and the macroeconomic risks and benefits of exporting

are regularly discussed and disputed by economists and others. Two views concerning international trade present different perspectives. The first recognizes the benefits of international trade. The second concerns itself with the possibly that certain domestic industries (or laborers, or culture) could be harmed by foreign competition.

2.4-C) Export:

The simple definition of "export" is **"to trade something out of the country."** In economics, an export is any good or commodity, transported from one country to another country in a legitimate fashion, typically for use in trade.

In national accounts "exports" consist of transactions in goods and services (sales, barter, gifts or grants) from residents to non-residents.

A general delimitation of **export in national accounts** is given below:

An export of a good occurs when there is a change of ownership from a resident to a non-resident; this does not necessarily imply that the good in question physically crosses the frontier. However, in specific cases national accounts impute changes of ownership even though in legal terms no change of ownership takes place (e.g. *cross border financial leasing, cross border deliveries between affiliates of the same enterprise, goods crossing the border for significant processing to order or repair*). Also smuggled goods must be included in the export measurement.

Export of services consists of all services rendered by residents to non-residents. In national accounts any direct purchases by non-residents in the economic territory of a country are recorded as exports of services; therefore all expenditure by foreign tourists in the economic territory of a country is considered as part of the exports of services of that country. Also international flows of illegal services must be included.

National accountants often need to make adjustments to the basic trade data in order to comply with national accounts concepts; the concepts for basic trade statistics often differ in terms of definition and coverage from the requirements in the national accounts:

Data on international trade in goods are mostly obtained through declarations to custom services. If a country applies the general trade system, all goods entering or leaving the country are recorded. If the special trade system (e.g. extra-EU trade statistics) is applied goods which are received into customs warehouses are not recorded in external trade statistics unless they subsequently go into free circulation in the country of receipt.

A special case is the intra-EU trade statistics. Since goods move freely between the member states of the EU without customs controls, statistics on trade in goods between the member states must be obtained through surveys. To reduce the statistical burden on the respondents small scale traders are excluded from the reporting obligation.

Statistical recording of trade in services is based on declarations by banks to their central banks or by surveys of the main operators. In a globalized economy where services can be rendered via electronic means (*e.g. internet*) the related international flows of services are difficult to identify. Basic statistics on international trade normally do not record smuggled goods or international flows of illegal services. A small fraction of the smuggled goods and illegal services may nevertheless be included in official trade statistics through dummy shipments or dummy declarations that serve to conceal the illegal nature of the activities.

2.4-D) Export Process:

Methods of export include a product or good or information being mailed, hand-delivered, shipped by air, shipped by boat, uploaded to an internet site, or downloaded from an internet site. Exports also include the

distribution of information that can be sent in the form of an email, an email attachment, a fax or can be shared during a telephone conversation.

2.4-E) Tariffs:

A tariff is a tax placed on a specific good or set of goods exported from or imported to a country, creating an economic barrier to trade. Usually the tactic is used when a country's domestic output of the good is falling and imports from foreign competitors are rising, particularly if there exists strategic reasons for retaining a domestic production capability. Some failing industries receive a protection with an effect similar to a subsidies in that by placing the tariff on the industry, the industry is less enticed to produce goods in a quicker, cheaper, and more productive fashion. The third reason for a tariff involves addressing the issue of dumping. Dumping involves a country producing highly excessive amounts of goods and *dumping* the goods on another foreign country, producing the effect of prices that are "too low". Too low can refer to either pricing the good from the foreign market at a price lower than charged in the domestic market of the country of origin. The other reference to dumping relates or refers to the producer selling the product at a price in which there is no profit or a loss. The purpose (and expected outcome) of the tariff is to encourage spending on domestic goods and services.

Protective tariffs sometimes protect what are known as **infant industries** that are in the phase of expansive growth. A tariff is used temporarily to allow the industry to succeed in spite of strong competition. Protective tariffs are considered valid if the resources are more productive in their new use than they would be if the industry had not been started. The infant industry eventually must incorporate itself into a market without the protection of government subsidies.[9]

Tariffs can create tension between countries. Examples include the United States steel tariff of 2002 and when China placed a 14% tariff on imported auto parts. Such tariffs usually lead to filing a complaint with the

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World Trade Organization (WTO)[1]and, if that fails, could eventually head toward the country placing a tariff against the other nation in spite, to impress pressure to remove the tariff.

2.4-F) Subsidies:

To subsidize an industry or company refers to, in this instance, a governmental providing supplemental financial support to manipulate the price below market value. Subsidies are generally used for failing industries that need a boost in domestic spending. Subsidizing encourages greater demand for a good or service because of the slashed price. The effect of subsidies deters other countries that are able to produce a specific product or service at a faster, cheaper, and more productive rate. With the lowered price, these efficient producers cannot compete. The life of a subsidy is generally short-lived, but sometimes can be implemented on a more permanent basis. The agricultural industry is commonly subsidized.

2.4-G) Exports and Free Trade:

The theory of comparative advantage materialized during the first quarter of the 19th century in the writings of 'classical economists'. While David Ricardo is most credited with the development of the theory. James Mills and Robert Torrens produced similar ideas. The theory states that all parties maximize benefit in an environment of unrestricted trade, even if absolute advantages in production exist between the parties.

In contrast to Mercantilism, the first systematic body of thought devoted to international trade, emerged during the 17th and 18th centuries in Europe. While most views surfacing from this school of thought differed, a commonly argued key objective of trade was to promote a *"favorable" balance of trade*, referring to a time when the value of domestic goods exported exceeds the value of foreign goods imported. The "favorable" balance in turn created a *balance of trade surplus.*

Mercantilists advocated that government policy directly arrange the flow of commerce to conform to their beliefs. They sought a highly interventionist agenda, using taxes on trade to manipulate the balance of trade or commodity composition of trade in favor of the *home country*

2.4-H) Export Strategy:

Export strategy is to ship commodities to other places or countries for sale or exchange. In economics, an export is any good or commodity, transported from one country to another country in a legitimate fashion, typically for use in trade.

2.5 Objectives of Export:

i) To expand the business across the border

ii) To gain the benefits of different export schemes of the government

iii) To promote trade activities

iv) To explore the potential market in the world

v) To publish the product internationally

vi) To create new customers

vii) To maximize the profit of the organization

viii)To earn the reputation globally

ix)To utilize the existing potentials of the organization

3.6 Top Exporting Nations:

Source : Exports-Imports. The World Fact book)

Rank	List of Leading Exporting Countries	Exports	Date of information
1	European Union (Extra-EU27)	$3,197,000,000,000	2009
2	United States	$2,439,700,000,000	2009
3	Germany	$2,209,000,000,000	2009
4	People's Republic of China	$2,115,500,000,000	2009
5	Japan	$1,006,900,000,000	2009
6	France	$989,000,000,000	2009
7	United Kingdom	$824,900,000,000	2009
8	Netherlands	$756,500,000,000	2009
9	Italy	$727,700,000,000	2009
10	Hong Kong	$672,600,000,000	2009
11	South Korea	$668,500,000,000	2009
12	Belgium	$611,100,000,000	2009
13	Canada	$603,700,000,000	2009
14	Spain	$508,900,000,000	2009
15	Russia	$492,400,000,000	2009
16	Mexico	$458,200,000,000	2009
17	Singapore	$454,800,000,000	2009
18	India	$387,300,000,000	2009
19	Taiwan	$371,400,000,000	2009
20	Switzerland	$367,300,000,000	2009
21	Australia	$322,400,000,000	2009
22	United Arab Emirates	$315,000,000,000	2009

2.7 Regulation of International Trade:

Traditionally trade was regulated through bilateral treaties between two nations. For centuries under the belief in mercantilism most nations had high tariffs and many restrictions on international trade. In the 19th century, especially in the United Kingdom, a belief in free trade became paramount. This belief became the dominant thinking among western nations since then. In the years since the Second World War, controversial multilateral treaties like the General Agreement on Tariffs and Trade (GATT) and World Trade Organization have attempted to promote free trade while creating a globally regulated trade structure. These trade agreements have often resulted in discontent and protest with claims of unfair trade that is not beneficial to developing countries. Free trade is usually most strongly supported by the most economically powerful nations.

Traditionally agricultural interests are usually in favour of free trade while manufacturing sectors often support protectionism. This has changed somewhat in recent years, however. In fact, agricultural lobbies, particularly in the United States, Europe and Japan, are chiefly responsible for particular rules in the major international trade treaties which allow for more protectionist measures in agriculture than for most other goods and services.

During recessions there is often strong domestic pressure to increase tariffs to protect domestic industries. This occurred around the world during the Great Depression. Many economists have attempted to portray tariffs as the underlining reason behind the collapse in world trade that many believe seriously deepened the depression.

The regulation of international trade is done through the World Trade Organization at the global level, and through several other regional arrangements such as MERCOSUR in South America, the North American Free Trade Agreement (NAFTA) between the United States, Canada and Mexico, and the European Union between 27 independent states. The

2005 Buenos Aires talks on the planned establishment of the Free Trade Area of the Americas (FTAA) failed largely because of opposition from the populations of Latin American nations. Similar agreements such as the Multilateral Agreement on Investment (MAI) have also failed in recent years.

2.8 Risk in international trade:

Companies doing business across international borders face many of the same risks as would normally be evident in strictly domestic transactions. For example,

- Buyer insolvency (purchaser cannot pay);
- Non-acceptance (buyer rejects goods as different from the agreed upon specifications);
- Credit risk (allowing the buyer to take possession of goods prior to payment);
- Regulatory risk (e.g., a change in rules that prevents the transaction);
- Intervention (governmental action to prevent a transaction being completed);
- Political risk (change in leadership interfering with transactions or prices);and
- War and other uncontrollable events.

In addition, international trade also faces the risk of unfavorable exchange rate movements (and, the potential benefit of favorable movements)

2.9 Export Procedure:

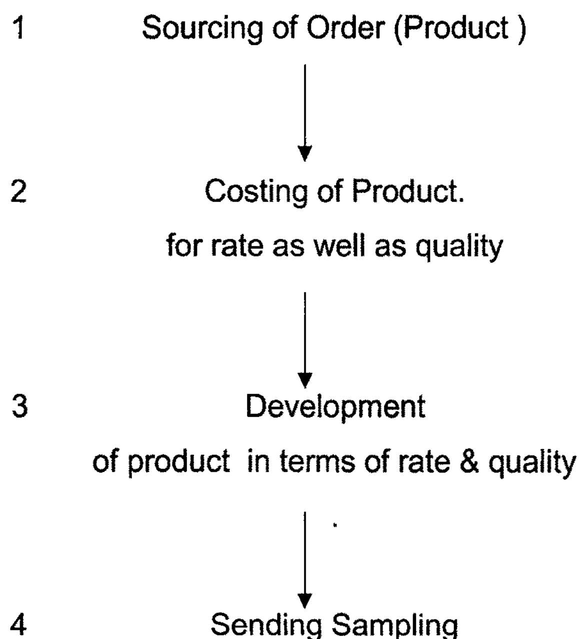
2.9-A) Definition: "A systematic course followed to send the goods across the border can be termed as Export Procedure"

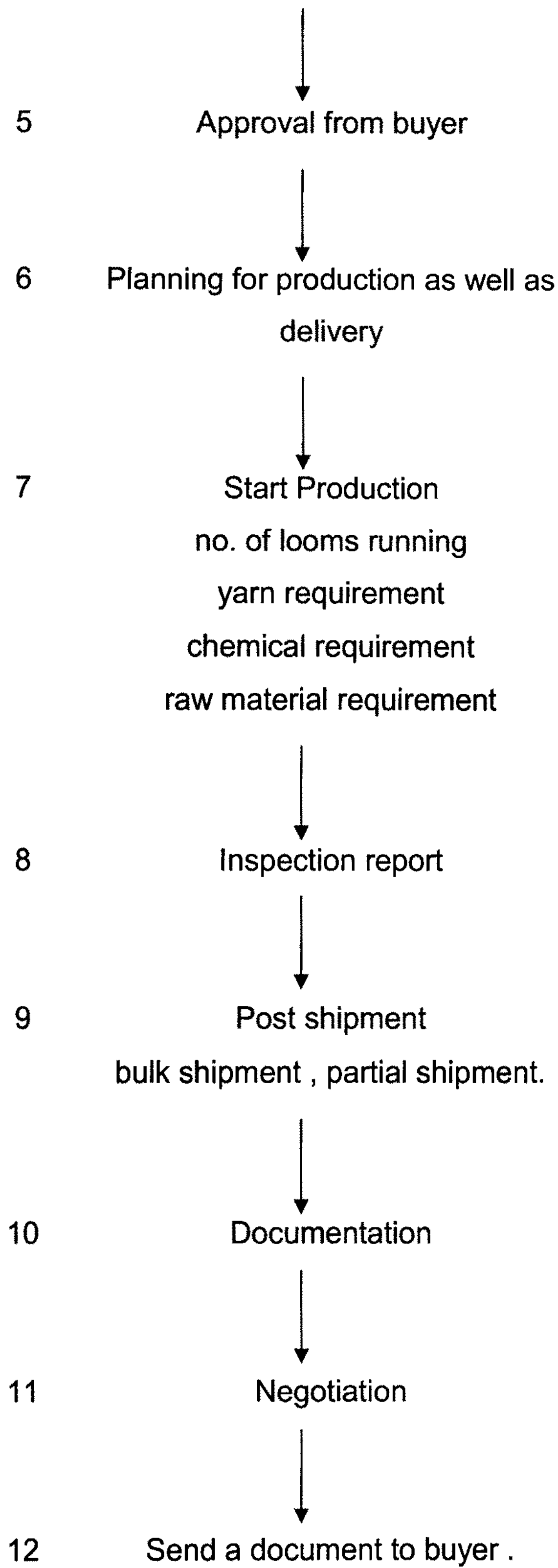
2.9-B) Steps In Export Procedure:

i) How To Export
ii) Preliminaries for Starting Export
iii) Registration
iv) Register with Export Promotion Council
v) Dispatching Samples
vi) Appointing Agents
vii) Specimen Copy of Agreement
viii) Acquire an Export License
ix) Acquire Export Credit Insurance
x) Arranging Finance
xi) Rates of Interest
xii) Understand Foreign Exchange Rates & ProtectAgainst Their Adverse Movement
xiii) Forward Contracts

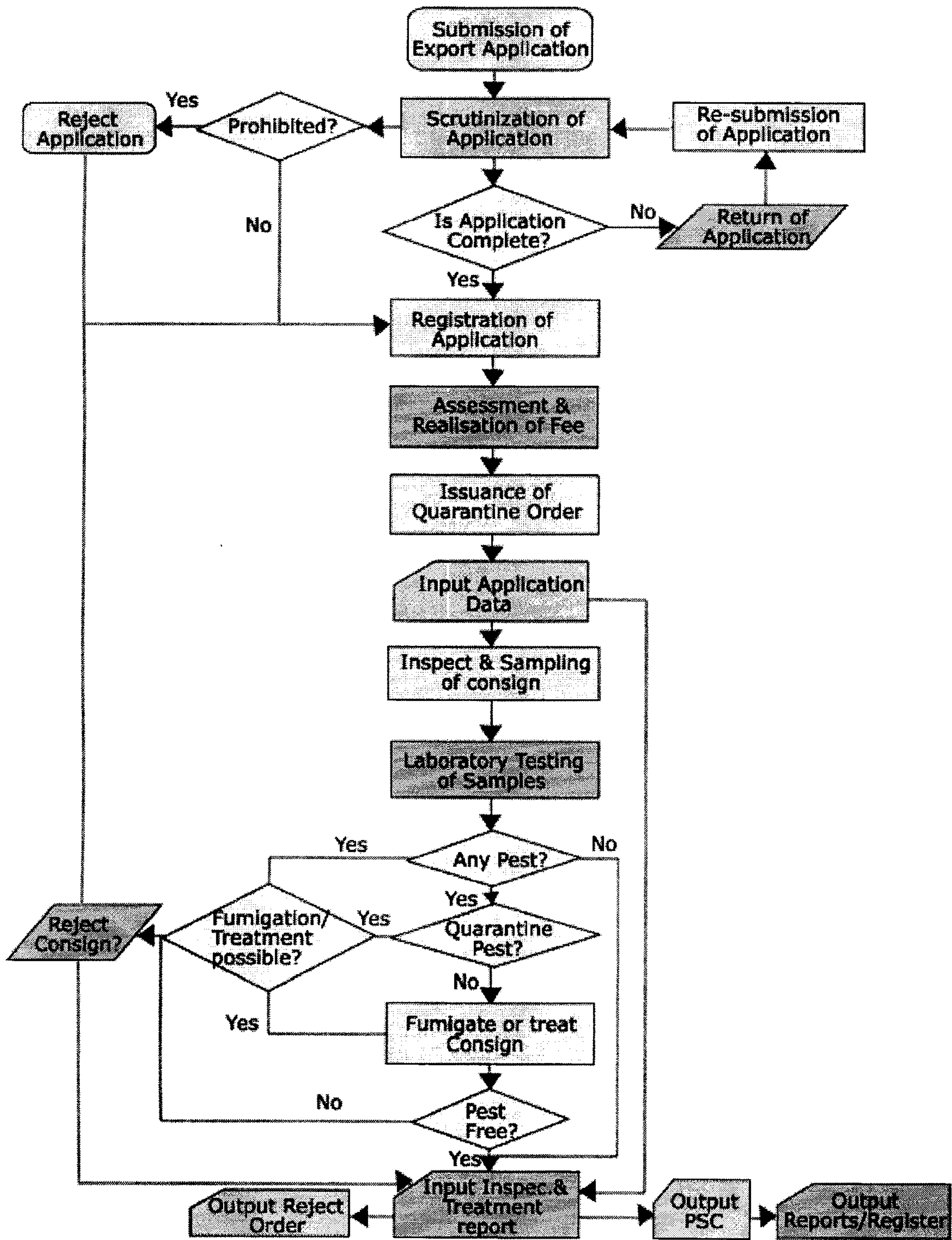
- Procuring/Manufacturing Goods for Export & Their Inspection by Government Authorities
- Labeling, Packaging, Packing & Marking Goods

Export Procedure Flow Chart




5
Approval from buyer
6
Planning for production as well as
delivery
7
Start Production
no. of looms running
yarn requirement
chemical requirement
raw material requirement
8
Inspection report
9
Post shipment
bulk shipment , partial shipment.
10
Documentation
11
Negotiation
12
Send a document to buyer .

Export Inspection - Flowchart



2.10 INDIA'S EXPORT GROWTH

India's Q4 export growth highest among top economies

Surpasses China, US, Japan: WTO data.

India recorded the highest growth rate (in value) among the world's top 70 economies in merchandise exports by clocking a 13 per cent increase during the March quarter over previous quarter.

In other words, India raked in 13 per cent more dollars from merchandise exports valued at $50,342 million during March quarter as against $44,417 million in the December quarter. It surpassed global majors such as China, US, Japan, France, the UK and Germany, in the growth rate during the quarter, according to the World Trade Organisation data. The data for about 70 economies representing about 90 per cent of world trade show that merchandise trade declined in January and February 2010, then rose sharply in March. This trend was also seen in India. In March, exports rose to $19,908 million as against $16,091 million in February and $14,343 million in January, the WTO data show Revival seen.

2.11 Merchandise Exports of Top countries

(In $ million)

COUNTRY	MARCH 2010 qtr	DECEMBER 2009 qtr	% CHANGE
INDIA	50,342	44,417	13
US	2996,651	293,986	1
JAPAN	176,894	185,144	1
GERMANY	302,995	320,173	-5
UK	94,527	100,419	-6
FRANCE	129,796	131,104	-2

(Source WTO)

"We are seeing a revival in exports from the beginning of this year. Usually, the December quarter is very busy with Christmas and New Year shipments but it was surprising that the March quarter was better this time," according to an official of a leading Custom House Agency. "While the volume may be less when compared to other countries, it is a good sign that we are doing well."

The WTO said its data referred to the current US dollar amounts, unadjusted for inflation, which cannot be directly compared to annual trade growth data that relies on a historical valuation of the dollar. The value of world merchandise exports fell 23 per cent to $12.15 trillion in 2009, while world commercial services exports declined 13 per cent to $3.31 trillion. This marked the first time since 1983 that trade in commercial services declined year on year, the WTO said in March.

2.12 Export Promotion Schemes:

Details of schemes in operation are:

2.12-A) Duty Exemption and Remission Schemes : Advance Licence Scheme to allow duty free import of inputs, which are physically incorporated in the export product (making normal allowance for wastage) with a specific export obligation in terms of value and quantity.

2.12-B) Export Promotion Capital Goods (EPCG) Scheme to allow import of capital goods for pre-production, production and post-production (including CKD/SKD thereof as well as computer software systems) at 5% customs duty subject to an export obligation equivalent to 8 times of duty saved on capital goods imported under the Scheme to be fulfilled over a period 8 years reckoned from the date of issuance of licence. Relaxation in export obligation has been allowed for specific categories such as Units pertaining to agro, SSI, BIFR etc.

2.12-C) Duty Free Replenishment Certificate (DFRC) is issued for import of inputs used in the manufacture of goods without payment of basic customs duty after completion of exports.

2.12-D) Duty Entitlement Passbook (DEPB) Scheme to neutralise the incidence of customs duty on the import content of the export product and the exporter is entitled for a duty credit as a specified percentage of FOB value of exports, made in freely convertible currency.

2.12-E) Schemes related to Gems & Jewellery sector such as Replenishment Licence, Advance Licence, Diamond Imprest Licence etc.

2.12-F) Deemed Export Duty Drawback and Terminal Excise Duty Refund Scheme for those transactions in which the goods supplied to specific categories of beneficiary, do not leave the country and the payment for such supplies is received either in Indian Rupees or in Free Foreign Exchange. Special Economic Zone is a specifically delinked duty free enclave and are deemed to be foreign territory for the purposes of Trade Operations and duties and tariffs wherein these units can import/procure from the DTA all types of goods and services without payment of duty.

2.12-G) Export Oriented Unit (EOU) Scheme, Electronics Hardware Technology Park (EHTP) Scheme, Software Technology Park Scheme or Bio-Technology Park Scheme to operate under duty-free regime for

import/procurement of all types of goods including capital goods without payment of duty for manufacture of goods for export.

2.12-H) Free Trade and Warehousing Zone (FTWZ) Scheme to create trade related infrastructure to facilitate the import and export of goods and services with freedom to carry out trade transaction in free currency.

2.12-I) Served from India Scheme to allow duty free import of capital goods including spares, office equipment and professional equipment, office furniture and consumables related to the main line of business against exports of services.

2.12-J) Target Plus Scheme for the status certificate holder to allow duty free credit based on incremental exports to import any inputs, capital goods including spares, office equipment, professional equipment and office furniture.

2.12-K) Vishesh Krishi Upaj Yojana Scheme to allow duty free import of inputs or goods including capital goods (as notified) against export of certain agricultural and their value added products.

2.12-L) Assistance to States for Infrastructure Development of Exports to encourage the state government to participate in promoting exports from their respective states for developing infrastructure etc.

2.12-M) The Market Access Initiative (MAI) Scheme to provide financial assistance for a whole range of activities as a Medium Term Export Promotion efforts with a sharp focus on a country and product.

2.12-N) The Marketing Development Assistance (MDA) Scheme to provide financial assistance for a range of export promotion activities such as participation in trade fairs and buyer seller needs abroad or in India, export promotion seminars etc

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Other schemes to promote activities such as Brand Promotion and Quality Improvement etc.

All these schemes can be accessed from the website www.nic.in /eximpol (Source: Written reply in Lok Sabha by Shri EVKS Elangovan, Minister of State for Commerce & Industry on 26/7/05)

2.13 Other Export Promotion Schemes Like STPs and SEZs

2.13-A) Software Technology Parks (STPs)

2.13-B) Special Economic Zones (SEZ) Scheme

After the economic reforms of 1991-92, liberalization of external trade, elimination of duties on imports of information technology products, relaxation of controls on both inward and outward investments and foreign exchange and the fiscal measures taken by the Government of India and the individual State Governments specifically for IT and ITES have been major contributory factors for the sector to flourish in India and for the country to be able to acquire a dominant position in offshore services in the world. The major fiscal incentives provided by the Government of India have been for the Export Oriented Units (EOU), Software Technology Parks (STP), and Special Economic Zones (SEZ).

2.13-A) Software Technology Parks (STPs)

For the promotion of Software exports from the country, the Software Technology Parks of India was set up 1991 as an Autonomous Society under the Department of Information Technology. The services rendered by STPI for the Software exporting community have been statutory services, data communications servers, incubation facilities, training and value added services. STPI has played a key developmental role in the promotion of software exports with a special focus on SMEs and start up units. The STP Scheme has been extremely successful in fostering the growth of the software industry. The exports made by STP Units have grown many folds over the years. Today the exports made by STPI registered unit during 2008-09 are INR 215571 Crores about 90% of total software exports from the Country.

THE STPI Scheme is lauded as one of the most effective schemes for the promotion of exports of IT and ITES. The 51 STPI centres that have been set up since inception of the programme have given a major boost to IT and ITES exports. Apart from exemption from customs duty available for capital goods (with a few exemptions) there are also exemptions from service tax, excise duty, and rebate for payment of Central Sales Tax. But the most important incentive available is 100 percent exemption from Income Tax of export profits, which has been extended till 31st March 2011. The strength of the scheme lies in the fact that, it is a virtual scheme, which allows, software companies to set up operations in the most convenient and cheapest locations and plan their investment and growth solely driven by business needs. STP Scheme is a pan India Scheme, which has centres spread across India, over 8000 units are registered under STP Scheme.

Benefits under STP Scheme:

Income Tax benefits under Section 10 A & 10 B of the IT Act upto 31st March 2011.

Customs Duty Exemption in full on imports.

i) Central Excise Duty Exemption in full on indigenous procurement.

ii) Central Sales Tax Reimbursement on indigenous purchase against from C.

iii) All relevant equipment / goods including second hand equipment can be imported (except prohibited items).

iv) Equipment can also be imported on loan basis/lease.

v) 100% FDI is permitted through automatic route.

iv) Sales in the DTA up to 50% of the FOB value of exports permissible.

v) Use of computer imported for training permissible subject to certain conditions.

vi) Depreciation on computers at accelerated rates up to 100% over 5 years is permissible.

vii) Computers can be donated after two years of use to recognized non-commercial Educational Institutions/Hospitals without payment of duty.

viii) Export proceeds will be realized within 12 months.

ix) Units will be allowed to retain 100% of its export earning in the EEFC account.

2.13-B) Special Economic Zones (SEZ) Scheme

In 2005, the Ministry of Commerce, Government of India has enacted the Special Economic Zone (SEZ) Act, with an objective of providing an internationally competitive and hassle free environment for exports. A SEZ is defined as a "specifically demarked duty-free enclave and shall deemed to be foreign territory (out of Customs jurisdiction) for the purpose of trade operations and duties and tariffs". The SEZ Act, 2005, supported by SEZ Rules, came into effect on 10th February, 2006. It provides drastic simplification of procedures and a single window clearance policy on matters relating to central and state governments. The scheme is ideal for bigger Industries and has a significant impact on future Exports and employment. The SEZ Scheme offers similar benefits to SEZ units as compared to those under STPI in respect of indirect taxes, with some minor differences in operational details. There is a however a significant difference, in respect of income tax holiday. In SEZ Scheme the exemption from income tax is tapered down over 15 years from the date of commencement of manufacture. There is 100% exemption of export profits from income tax for the first five years, 50% for the next five years and 50% for the five years subject to transfer of profits to special reserves. The SEZ policy aims at creating competitive, convenient and integrated Zones offering World class infrastructure, utilities and services for globally oriented businesses. The SEZ Act 2005 envisages key role for the State Governments in Export Promotion and creation of related infrastructure. A few salient features of SEZ scheme are as under:

i) Special Economic Zones (SEZs) are being set up to enable hassle free manufacturing and trading for export purposes.

ii) Sales from Domestic Tariff Area (DTA) to SEZs are being treated as physical export. This entitles domestic suppliers to Drawback/ DEPB benefits, CST exemption and Service Tax exemption.

iii) 100% Income Tax exemption on export profits available to SEZ units for 5 years, 50% for next 5 years and 50% of ploughed back profits for 5 years thereafter.

This scheme, which is ideal for bigger Industries, has a significant impact on future Exports & employment. STPI Directors are acting as Development Commissioners for IT/ITeS SEZs.

2.14 Departments' functions and operations in AUTPL

Company mainly deals in two segments of the apparel supply i.e. one manufacturing of fabric and other manufacturing of garment these two segments are two different processes but are very much linked in the supply chain. the company has different departments each having specified functions and responsibilities description of each department will follow in respect to how they occur in supply chain

2.14-A) Yarn Department

Yarn (thread) is one of the most important raw materials or the garment manufacturing. Company purchases yarn from other spinning mills across the country and also sometimes from other countries such as Chain and Italy. Yarn department is responsible or packing order of yarn to the mills. Their responsibility is to make sure yarn is ordered from right supplier, delivered in right time with desired quality and maintain stock listing of yarn. Yarn department is also responsible or checking the Quality i.e. strength, colour and quantity of thy yarn delivered.. The decision regarding. The yarn quality, quality and strength is decided by PPC i.e. production , Planning and Control department. PPC places the order one month in advance.

2.14-B) Weaving Department

Weaving department is responsible for producing Woven fabric from yarn. For fabric production, is normally used i.e. air-Jet machine and Rapier machine. weaving department receives order form PPC stating article or style number and quality required. The Weaving department makes the production planning for all Looms based on request from PPC and also calculates and order required yarn from the yarn department. Planning is usually done for Month or every week.

2.14-C) Knitting Department

Knitting department is responsible for producing knitted fabric from yarn. For fabric production, two types of machines are normally used i.e. circular knitting machine and flat knitting machine. Knitting department receives order form PPC stating article or style number and quality required. The knitting department makes the production planning for all knitting machines based on request from PPC and also calculates and order required yarn from the yarn department. Planning is usually done for every week. Weaving Department is responsible for producing.

2.14-D) Washing and Dyeing Department

The department is responsible for two different stages in garment manufacturing. For grey (not coloured) fabric, department is responsible for colourization of fabric and for Dyed (colored) fabric, department is responsible for washing The process of dyeing is time consuming and as different colour checks are required. The department receives order from the PPC stating article and quantity required. the department makes the production plan for the dyeing and the washing machine based on order from the PPC and also sends request to knitting department for the dispatch of the fabric. Planning is done on weekly basis

2.14-E) Finishing Department

The department is responsible for finishing of the fabric with a proper procedure so that it is ready for garment production whether the

fabric is dyed or washed it follows the same process in the finishing department once the fabric is washed or dyed it needs to be tumbled in tumbler (sort of big washing machine) responsible for removing water and maintain the fabric width and shrinkage after which is dried in a Stenter (dryer) and packed in layer and is read for garment production the finishing department receive orders from PPC again stating the article or style number and the quantity. The department sends the fabric to the mentioned cutting section.

2.14-F) Cutting department

The department is responsible for cutting o the fabric into different parts of the garment. This department is mainly responsible for cutting and avoiding wastage. To ensure minimum wastage, proper set of tool such as CAD and others are used in the process. The PPC by using CAD and other tools issues article average with a drat or diagram of how different patterns should be placed on the layer. The cutting department based on their experience and expertise either accepts the proposed average or sometimes gives a better average by few percent. The department makes production plan for all cutting station based on article or style requested. This also works on weekly basis. Once fabric is cut different parts of the same are bundled together.

2.14-G) Stitching Department

The department is responsible or stitching different parts of garment together. The process takes place in the assembly line system. The assembly line system is the set of many different stitching machine each for a specifies purpose. These machines are arranged in orderly fashion depending on how different parts of garments should be attached. Assembly line method is used for large production. PPC decides on the article or style to be produced with quantity . the stitching department makes necessary production planning i.e. time line in accordance with each article. The stitching process is the most time consuming and labour

intensive process in the entire garment production,. The planning is done weekly.

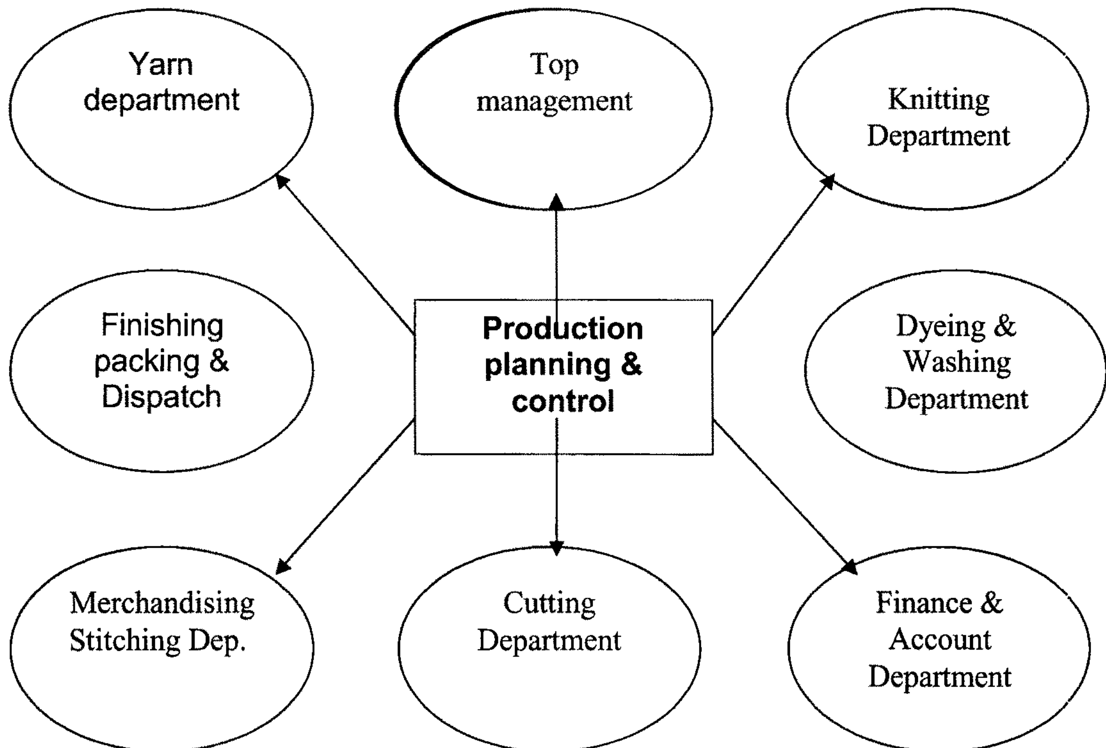
2.14-H) Finishing and Packaging Department

This is final stage before the garment is ready to be shipped. As the garment is already finished, it requires a series of quality checks. The garment goes through the quality checks like colour test, stitching test etc. After which it is steam pressed, labeled, packed into garment bags and finally, put into the cartons. Once all cartons are packed and labeled, external quality check takes place and goods are shipped. The PPC department gives the details of the PO to finished, packed and dispatched.

2.14-I) Production Planning and Control (PPC) Department

The department is responsible for making plans for the entire organization i.e. all the departments. PPC being in the center of all department also controls their functionality the PPC sends production plant to different departments on weekly basis and daily for any amendments. The PPC keeps check on different department by requesting planning and production report for each day. PPC only receives orders from the management with order quantity and dispatch date it does the planning for product cycle. The top management is in continuous contact with PPC.

The PPC link with other departments



2.15 Export Procedure Implemented in Arvind Universal Textile Pvt. Ltd.

It is essential that a person in engaged in international trade be aware of the various procedures involved. The business the business of exports is heavily document- oriented & one must get acquainted with the entire procedure. Failure to comply with documentary requirement may lead to financial loss.

2.15-A) Pre-Shipment Procedure

On receiving the requisition & purchase order form merchant, documentation department issues an invoice. Two invoice are prepared i.e. commercial invoice & custom invoice. Commercial invoice is prepared for the buyer & Custom invoice is prepared for the Custom authorities of both the countries. Packing list is prepared which details the goods being shipped. GSP certificate is prepared if the consignment is exported to EU or countries mentioned in the GSP list. Buying house inspects the goods

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and issues an inspection certificate. Certificate of origin is also issued and attached. Following documents are given to Customs or their reference:

i) Custom Invoice

ii) Packing list

ii) IEC certificate

iii) Purchase order or L/C, if required.

iv) Custom annexure

On receipt o above documents, customs will issue clearance certificate. After custom clearance a set of documents with custom clearance receipt are sent along with the consignment to the forwarder. Forwarder books the shipment and as per the size of the cartons calculates CBM & decides which container to be used. Following documents are sent to buying house for their reference, as per buyer's requirement:

Invoice

i) Packing list

ii) GSP (if exports to Europe)

iii) Certificate of Origin (if required)

iv) Wearing Apparel sheet

v) A copy of FCR/ Airway Bill/Bill of Lading

Buying house then intimates the buyer about the shipment & gives the details regarding it. Buying house will send a set of these documents to the buyer. Buyer collects the consignment form the destination port by showing the following documents:

i) Invoice

ii) Packing List

iii) Bill of lading/ CR Airway Bill

On shipment of goods, exporter will send the documents to the importer's bank.

2.15-B) Post- shipment procedure

A foreign buyer will make the payment in two ways:

i) TT (telegraphic transfer) i.e. Wire Transfer – (Advance payment, as per the

Clause-50 % advance & remaining 50% on shipment)

ii) Letter of Credit

If the payment terms are a confirmed L/C then the payment will be made by the foreign bank on receiving the following documents:

i) Invoice

ii) Packing

iii) Bill of Lading

Any other required by the buyer or the country of import.

The payment terms can be:

i) At sight

ii) Within 15 days from Bill of Lading or Airway Bill date.

iii) Within 30 days form Bill of Lading or Airway Bill date.

iv) Within 60 days from Bill of Lading or Airway Bill date.

v) Within 90 days form Bill of Lading or Airway Bill date.

After shipment, exporter sends the documents to the buyer's bank for payment. As the buyer's bank receive the documents it will confirm with the buyer for release of payment. On confirmation, it will make the payment in the foreign currency. The transaction will be bank to bank. The domestic branch will credit the exporter's account, as the respective purchase .order or invoice, in Indian rupees by converting the foreign currency as per the current bank rate. If the payment is through wire transfer, the payment will be made as per the terms agreed by the exporter (Advance payment, as per the clause-50% advance & remaining 50% on shipment).

2.16 Export Documents:

An export trade transaction distinguishes itself from a domestic trade transaction in more one way. One of the most significant variations between the two arises on account of the much more intensive documentation work. The documents mentioned in the pre & post shipment procedure are discussed below:

2.16-A) Invoice: It is prepared by an exporter & sent to the importer for necessary

2.16-B) Acceptance. When the buyer is ready to purchase the goods, he will request or an invoice. Invoice are 3 Types

2.16-C)Commercial invoice: It is a document issued by the seller o goods to the buyer raising his claim his the value o goods described therein, it indicates description of goods, quantity, value agreed per unit & total value to be paid. Normally, the invoice is prepared first, & several other documents are then prepared by deriving information from the invoice.

2.16-D) Consular invoice: It is certification by a consul or Government official covering an international shipment of goods. It ensures that exporter's trade papers are in order & the goods being shipped do not violate any law or trade restrictions.

2.16-E) Customs invoice: It is an invoice made on specified format for the Custom officials to determine the value etc. as prescribed by the authorities of the importing country.

2.16-F) Packing List: It shows the details of good contained in each parcel /shipment. Considerably more detailed and informative than a standard domestic packing list, it itemizes the material in each individual package and indicates the type of package, such as a box, crate, drum or carton. Both commercial stationers and freight forwarders carry packing list forms.

2.16-G) Certificate of Inspection:- it is a type of document describing the condition of goods and confirming that they have been inspected. It is required by some purchasers and countries in order to attest to the specifications of the goods shipped. This is usually performed by a third party and often obtained from independent testing organizations.

2.16-H) Certificate of Origin: Importers in several countries require a certificate of origin without clearance to import is reused. The certificate of origin states that the goods exported are originally manufactured in the country whose name is mentioned in the certificate of origin is required when the goods produced in a particular country are subject to' preferential tariff rates in the foreign market at the time importation. The goods produced in a particular country are banned or import in the foreign market.

2.16-I) GSP: It is generalized system of Preference. It certifies that the goods being exported have originated/ been manufactured in a particular country. It is mainly useful for taking advantage of preferential duty concession, if available. It is applicable in countries forming European Union.

2.16-J) IEC Certificate: It is an Import-Export Code Certificate issued by DGFT, Ministry of Commerce, Government of India. It is a 10 Digit Code number. No exports or import will be effected without the IEC code IT is mandatory for every exporter.

2.16-K) Wearing Apparel Sheet: It is like a check list which gives the detail regarding the content & design of the garment packed.

2.16-L) Bill of lading: the bill of lading is a document issued by the shipping company or its agent acknowledging the receipt of goods on board the vessel, and undertaking to deliver the goods in the like order and condition as received, to the consignee or his order, provided the freight and other charges as specified in the bill have been duly paid. It is also a document of the goods and as such, is freely transferable by endorsement and delivery

2.16-M) Airway Bill: An airway bill, also called an air consignment note, is receipt issued by an airline for the carriage of goods. As each shipping company has its own bill of lading, so each airline has its own airway bill.

Airway Bill or Air Consignment Note is not treated as a document of title and is not issued in negotiable from.

2.16-N) Mate's Receipt: Mate's receipt is a issued by the Commanding Officer of the ship when the cargo is loaded on the ship mate's receipt is a prima facie evidence that goods are loaded in the vessel. The mate's receipt is first handed over to the port Trust Authorities. After making Payment of all port dues, the exporter or his agent collects the mate's receipt from the port Trust Authorities. The mate's receipt is freely transferable. It must be handed over to the shipping company in order to get the bill of lading. Bill of lading is prepared on the basis o the mate's receipt.

2.16-O) Shipping Bill: Shipping bill is the main custom document, required by customs authorities for granting permission for the shipment of goods. The cargo is moved inside the dock area only after the shipping Bill is dully stamped, i.e. certified by the customs. Shipping bill is normally prepared in five copies:

i) Customs copy

ii) Drawback copy

iii) Export promotion copy

iv) Port trust copy

v) Exporter's copy

2.16-P) Letter of Credit: This method of payment has become the most popular form in recent times; it is more secured as company to other methods of payment (other than advance payment). A letter of credit can be defined as "an undertaking by importer's bank stating payment will be made to the exporter if the required documents are presented to the bank within the variety of the L/C".

Contents of a Letter of Credit

A letter of credit is an important instrument in realizing the payment against export. So, needless to mention that the letter of credit when established

by the importer must contain all necessary details which should take care of the interest as well as exporter. Let us see shat a letter of credit should contain in the interest of the exporter. This is only an illustrative list.

a. Name and address of the bank establishing the letter of credit
b. Letter of credit number and date
c. The letter of credit is irrevocable
d. Date of expiry and place of ex
e. Value of the credit
f. Product details to be shipped
g. Port of loading and discharge
h. Mode of transport
i. Final date of shipment
j. Details of goods to exported like description of the product, quantity, unit rate, terms of shipment like CIF, FOB etc.
k. Type of packing
l. Documents to be submitted to the bank upon shipment
m. Tolerance level for both quantity and value
n. If L/C is restricted for negotiation
o. Reimbursement clause

Steps in an Import Transaction with Letter of Credit:

The importer includes a purchase contract for the buying o certain goods. The importer requests this bank to open a LC in favor of his supplier. The importer's bank opens the LC as per the application. The opening bank will forward the original LC to the advising bank. The advising bank, after satisfying itself about the authenticity of the credit, forwards the same to the exporter. The exporter scrutinizes the LC to ensure that it confirms to the terms of contract. In case any terms are not as agreed, the importer will be asked to make the required amendments to the LC. In case the LC is as required, the exporter proceeds to make arrangements or the goods. The exporter will effect the shipment of goods.After the shipment is

effected, the exporter will prepare export documents, including Bill of Exchange. The exporter's bank (negotiation bank) verifies all the documents with the LC. If the documents are in the conformity with the terms of LC and all other conditions are satisfied, the bank will negotiates the bill. The exporter receives the payment in his bank account. The LC Opening bank (Importer's Bank) receives the bill and documents form the exporter's bank. The importer's bank checks the documents and informs the importer. The importer then accepts/pays the bill (This would depend on the terms, Delivery against Acceptance or Delivery against payment). On acceptance/ payment, the importer gets the shipping documents covering the goods purchased by him. The LC issuing bank reimburses the negotiating bank, the amount, I the documents are found in order.

2.17 Terms of shipments – INCOTERMS

The INCOTERMS (International Commercial Terms) is a universally recognized set of definition of international trade terms, such as FOB, CFR & CIF, developed by the International Chamber of Commerce (ICC) in paris, france. It defines the trade contract responsibilities and liabilities between buyer and seller. It is invaluable and a cost-saving tool. The exporter and the importer need not undergo a lengthy negotiation about the conditions of each transaction. Once they have Agreed on a commercial term like FOB, they can sell and buy at FOB without discussing who will be responsible for the freight, cargo insurance and other costs and risks. The purpose of Incoterms is to provide o international rules for the interpretation of the most commonly used trade in foreign trade . thus, the uncertainties of different interpretations of such terms in different countries can be avoided or at least reduced to a considerable degree. The scope of Incoterms is limited to matters relating to the rights and obligation o the parties to the contract of sale with respect to the delivery of goods. Incoterms deal with the number of identified obligations imposed on the parties and the distribution of risk between the parties.

More Clarification on Incoterms

2.17-A) EXW (At the named place)

Ex Works: Ex means from. Works means factory, mill or warehouse, which are the seller's premises. EXW applies to goods available only at the seller's premises. Buyer is responsible for loading the goods on truck or container at the seller's premises and for the subsequent costs and risk. in practice , it is not uncommon that the seller loads the goods on truck or container at the seller's premises without charging loading fee. The term EXW is commonly used between the manufacture (seller) and export- trader (buyer), and the export – trader resells on other trade terms to the foreign buyers. Some manufacturers may use the term Ex Factory, which means the same as Ex Works.

2.17-B) FCA (At the named point of departure)

Free Carrier: The delivery of goods on truck, rail car or container at the specified point (depot) o departure, which is usually the sellers premises, or a named railroad station or a named cargo terminal or into the custody of the carrier, at seller's expense. The point (depot) at origin may or may not be a customs clearance center. Buyer is responsible or the main carriage/freight, cargo insurance and other costs and risks. In the air shipment, technically speaking, placed in the custody of an air carrier are considered as delivery on board the plane. In practice, many importers and exporters still use the term FOB in the air shipment.

2.17-C) Free Alongside Ship (FAS): Goods are placed in the dock shed or at the side of the on the dock or lighter, within reach of its loading equipment so that they can be loaded aboard the ship, at seller's expense. Buyer is responsible for the loading fee, main carriage/freight, cargo insurance, and other costs and other costs and risks in the export quotation, indicate the port of origin (loading) after the acronym FAS, or example FAS New York and FAS Bremen. The FAS term is popular in the break-bulk shipments and with the importing countries using their own vessels.

2.17-D) FOB (At the named port or origin)

Free On Board: The delivery of goods on the board the named port of origin (Loading) at seller's expense. Buyer is responsible or the main carriage /freight, cargo insurance and other costs and risks. In the export quotation, indicate the port o origin (loding) after the acronym FOB, for example FOB Vancouver and FOB shanghai. Under the rules of the INCOTERMS 1990, the term FOB is used for ocean reight only. However, in practice, many importers and exporters still use the term FOB in the air freight. In North America, the term FOB has other applications Many buyers and seller in Canada and the USA dealing on the open account and consignment basis are accustomed to using the shipping terms FOB Origin and FOB destination. FOB Origin means the buyer is responsible for the freight and other costs and risks. FOB Destination means the seller is responsible for the freight and other costs and risks until the goods are delivered to the buyer's premises which may include the import custom clearance and payment of import customs duties and taxes at the buyer's country, depending on the agreement between the buyer and seller, In international trade, avoid using the shipping terms FOB Origin and FOB Destination, which are not part of the INCOTERMS (International Commercial Terms).

2.17-E) CFR (At the named port of destination)

Cost and Freight: The delivery of goods to the named port of destination (discharge) at the seller's expense. Buyer is responsible or the cargo insurance and other costs and risks, The term CFR was formerly written au C&F. Many importers and exporters worldwide still use the term C&F.

2.17-F) CIF (At named port of destination)

Cost, Insurance and Freight: The cargo insurance and delivery of goods to the named port of destination (discharge) at the seller's expense.

Buyer is responsible or the import customs clearance and other costs and risks. In the export quotation, indicate the port of destination (discharge) after the acronym CIF, or example CIF pusan and CIF Singapore Under the rules of the INCOTERMS 1990, the term CIFI is used or ocean freight only However, in practice, many imports and exports still use the term CIF in the air freight.

2.17-G) CPT (At the named place of named destination)

Carriage Paid To the delivery of goods to the named port of (discharge) at the seller's expenses. Buyer assumes the cargo insurance, import custom clearance, payment of custom duties, and taxes, and other costs and risks. In the export quotation, indicate. The port of destination (discharge) after the acronym CPT, for example CPT Los Angeles and CPT Osaka.

2.17-H) CIP (At the named place of destination)

Carriage and insurance paid to: the delivery of goods and the cargo insurance to the named place of destination (discharge) at seller's expense. Buyer assumes the importer customs clearance, payment of customs duties, and other costs and risks.

2.17-I) DAF (At the named point at Frontier)

Delivered at Frontier: The delivery of goods at the specified point at the frontier on seller's expense. Buyer is responsible or the import custom clearance, payment of custom duties and taxes, and other costs and risks.

2.17-J) DES (At named port of destination)

Delivered Ex ship: the delivery o goods on boards the essel at the named port of destination (discharge) at sellers. Buyer assumes the unloading Free, import customs clearance. Payment of customs duties and

taxes, cargo insurance, and other costs and risks. DEQ (At the named port of destination

2.17-K) Delivered Ex Quay: The delivery of goods to the Quay (The port) at the destination on the buyers expense. Seller is responsible foe the importer customs clearance, payment of customs duties and taxes, at the buyers end . Buyer assumes the cargo insurance and other costs and risks.

2.17-L) DDU (At the named point of destination)

Delivered Duty Unpaid: The delivery of goods and the cargo insurance to the final point of destination, which are oten the project site or buyers premises at sellers expense. Buyer assumes the import customs clearance, payment of customs duties and taxes. The seller may opt not to insure the goods at his /her own risks.

2.17-M) DDP (At the named point of destination)

Delivered Duty Paid: The seller is responsible for most of the expenses which include the cargo insurance, import custom clearance, and payment of custom duties, and taxes at the buyers end , and the delivery of good to the final point of destination , which is often the project site or buyers premise. The seller may opt not to insure the goods at his/her own risk.

2.17-N) "E" – term , "F"-term, "C"-term & "D"-term:

Incoterms 2000, like its immediate predecessor, group the term in four categories denoted by the first letter in the three-letter abbreviation. . Under the "E"-Term(EXW). The seller only makes the goods available to the buyer at seller's own premises. It the only one of that category. Under the "F" – Term (FCA,& OB),the seller is called upon to deliver the goods to a carrier appointed by the buyer. Under the "C"-Term (CFR,CPT,& CIP), the seller hes to contract for carriage, but without assuming the risk of loss or damage to the goods or additional cost due to events occurring after

shipment or discharge.Under the "D"-Term (DAF , DEQ,DES,DDU & DDP), the seller has to bear all costs and risks needed to bring the goods to the place of destination. All terms list the seller's and buyer's obligation. The respective obligations of both parties have been group under up to 10 headings where each heading on the seller's side "mirrors" the equivalent position of the buyer. Examples are Delivery, Transfer of risk, and Division of costs. This layout helps the user to compare the party's respective obligations under each Incoterms.

Conclusion: The chapter focuses the importance of the research study. The researcher has systematically gone through the literature available on the same topic by the other researchers and presented the summery of their work. The chapter also includes the definition of various terms used in export trade. It also consists the objectives of export, top trading nations and regulation of international trade. It mainly deals with the documents required in export trade and the export procedure followed in international trade. It also covers risk in international trade, India's export growth and the export promotion scheme. It gives detail information about export trade carried out across the globe.

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