Export of Goods and Services

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1. Introduction

The term “Export” is a very popular term known to everybody. Exports are a crucial component of a country’s economy as the sale of such goods adds to the balance of trade which in turn increases a country’s Gross Domestic Product (GDP).
Export refers to sending of goods and services to overseas and thereby earning foreign exchange. Since it is beneficial to the country, government always encourages export.

Export trade is regulated by the Directorate General of Foreign Trade (DGFT) and its regional offices, functioning under the Ministry of Commerce and Industry, Department of Commerce, Government of India. Regulations pertaining to export of goods under the Foreign Exchange Management Act, 1999(FEMA) is given in Section 7 of FEMA and Notification FEMA 23(R)/2015-RB dated January 12, 2016 (hereinafter referred to as FEMA 23(R)). Exports are considered as current account transactions, prima facie there ar eno restrictions on them.

2. Definition of Export

2.1 Under FEMA

i. Export includes the taking or sending out of goods by land, sea or air, on consignment or by way of sale, lease, hire-purchase, or under any other arrangement by whatever name called, and in the case of software, also includes transmission through any electronic media

ii. Definition of services has been defined under section 2(zb) of FEMA as under:
Service means service of any description which is made available to potential users and includes the provision of facilities in connection with banking, financing, insurance, medical assistance, legal assistance, chit fund, real estate, transport, processing, supply of electrical or other energy, boarding or lodging or both, entertainment, amusement or the purveying of news or other information, but does not include the rendering of any service free of charge or under a contract of personal service

2.2 Under the Foreign Trade (Development and Regulation) Act 1992 (FTDR)

i. Export in relation to goods means taking out of India any goods by land, sea or air.
ii. Export in relation to services or technology:
Supplying, services or technology—
a. From India into the territory of any other country;
b. In India to the service consumer of any other country;
c. By a service supplier of India, through commercial presence in the territory of any other country
d. By a service supplier of India, through presence of Indian natural persons in the territory of any other country

2.3 Definition of supply of technology and services under FTDR also includes services provided by a branch office of an Indian entity outside India which is not included in the case of export definition under FEMA which only includes taking or sending out of India but in the case of services provided by a branch there is no taking or sending out of India.

3. <u>Foreign Exchange Management Act,1999(FEMA) provisions pertaining to Export</u>

3.1. Section 7 of FEMA – Export of Goods and Services

As per section 7 of FEMA, every exporter of goods shall furnish to RBI

i. Detailed Declaration of exports in the prescribed form (explained in detail below in point no 3)

ii. Such other information for the purpose of ensuring the realisation of the export proceeds by such exporter.

3.2. Section 8 of FEMA – Realisation & Repatriation of Foreign Exchange

As per section 8 an exporter must take all reasonable steps to realise and repatriate to India such foreign exchange within such period and in such manner as may be specified by the Reserve Bank

3.3. FEMA Notification 23(R)/2015-RB dated January 12, 2016 (hereinafter referred to as FEMA 23(R))

FEMA 23(R) has various provisions pertaining to exports from India which shall be discussed in detail in the current article

4. Declaration of Exports under FEMA 23(R)

4.1. Export of Goods through Manual Ports

i. In case of export of goods taking place through customs manual ports, every exporter must submit Form EDF in duplicate to the customs at the shipment port stating true and correct material particulars including the amount representing the full export value or, if the full export value of the goods is not ascertainable at the time of export, the value which the exporter, having regard to the prevailing market conditions, expects to receive on the sale of the goods in a market outside India

ii. Customs will record the declared and assessed value and shall forward the original declaration form/data to the nearest office of the Reserve Bank and hand over the duplicate form to the exporter for being submitted to the Authorised Dealer (AD)

iii. Within 21 days from the date of export, exporter shall lodge the duplicate copy together with relative shipping documents and an extra copy of the invoice to the AD named in the EDF

iv. After the documents have been negotiated / sent for collection, the AD shall report the transaction through Export Data Processing and Monitoring System (EDPMS) to the Reserve Bank and retain the documents at their end

v. On the realisation of the export proceeds, the duplicate copies of export declaration forms viz. EDF shall be retained by the AD

4.2. Export of Software through Manual Port

i. In case of export of software the exporter must fill the declaration in form SOFTEX in respect of export of computer software and audio/video/ television software shall be submitted in triplicate to the designated official concerned of the Government of India at the Software Technology Parks of India (STPIs) or at the Free Trade Zones (FTZs) or Special Economic Zones (SEZs) for certification not later than 30 days from the date of invoice / the date of last invoice raised in a month

ii. After certifying all three copies of the SOFTEX form, the said designated official shall forward the original directly to the nearest office of the Reserve Bank and return the duplicate to the exporter. The triplicate shall be retained by the designated official for record.

iii. A common "SOFTEX Form" has been devised to declare single as well as bulk software exports

4.3. Export of Goods/Software done through EDI (Electronic Data Interchange) ports

i. The shipping bill shall be submitted in duplicate to the authority concerned

ii. After authenticating, the authority concerned shall hand over to the exporter, one copy of the shipping bill marked 'Exchange Control (EC) Copy' for being submitted to the AD bank within 21 days from the date of export for collection of shipping documents. *However, in case the shipping bill is integrated with EDPMS, requirement for submission of EC copy of shipping bill with the AD bank would not be there.*

iii. The manner of disposal of EC copy of Shipping Bill shall be the same as that for EDF. The duplicate copy of the form together with a copy of invoice etc. shall be retained by ADs and may not be submitted to the Reserve Bank. *The question of disposal of EC copy of shipping bill will, however, not arise where EC copy of shipping bill is not printed and data of shipping bill is integrated with EDPMS.*

4.4. Electronic Data Processing and Monitoring System (EDPMS)

i. EDPMS is an IT based system launched by RBI in February,2014 for better monitoring of export of goods and software and facilitating AD banks to report various returns through a single platform. It is accessible to Customs, RBI and AD banks
ii. Customs enter the details of export as received from the client in EDPMS on export
iii. Exporter submits the details of the export to AD banks within 21 days of the export
iv. AD banks will have to report all the inward remittances including advance as well as old outstanding inward remittances received for export of goods/ software to EDPMS. Realization of all export transaction for shipping documents should be reported in EDPMS

v. The data updated the EDPMS allows banks to immediately track the status of each consignment exported.
vi. On receipt of the export proceeds, AD bank updates the same on EDPMS and the transaction is closed on EDPMS

4.5. Export of Services

In case of export of services, the exporter may export such services without furnishing any declaration but the amount for such export should be realised within 9 months from the date of export

5. Exemption from Declaration

In the following cases, export can be done without declaration

i. Trade samples of goods and publicity material supplied free of payment
ii. Personal effects of travellers, whether accompanied or unaccompanied
iii. Ship's stores, trans-shipment cargo and goods supplied under the orders of Central Government or of such officers as may be appointed by the Central Government in this behalf or of the military, naval or air force authorities in India for military, naval or air force requirements
iv. By way of gift of goods accompanied by a declaration by the exporter that they are not more than five lakh rupees in value
v. Aircrafts or aircraft engines and spare parts for overhauling and/or repairs abroad subject to their reimport into India after overhauling /repairs, within a period of six months from the date of their export
vi. Goods imported free of cost on re-export basis;
vii. The following goods which are permitted by the Development Commissioner of the SEZ, Electronic Hardware Technology Parks, STP or FTZ to be re-exported, namely:
    a. Imported goods found defective, for the purpose of their replacement by the foreign suppliers/collaborators
    b. Goods imported from foreign suppliers/collaborators on loan basis
    c. Goods imported from foreign suppliers/collaborators free of cost, found surplus after production operations
viii. Replacement goods exported free of charge in accordance with the provisions of Foreign Trade Policy in force, for the time being
ix. Goods sent outside India for testing subject to re-import into India
x. Defective goods sent outside India for repair and re-import provided the goods are accompanied by a certificate from an authorised dealer in India that the export is for repair and re-import and that the export does not involve any transaction in foreign exchange
xi. Exports permitted by the Reserve Bank, on application made to it, subject to the terms and conditions, if any, as stipulated in the permission

6. Provisions pertaining to Realization of Export Proceeds

6.1. Realisation of Export Proceeds

i. The amount representing the full export value of goods /software/services shall be realised and repatriated to India within 9 months from the date of export. Date of export explicitly clarified for software as the date of Invoice, can similar inference be drawn for goods & services?

ii. In case of exports made to a warehouse located outside India, the full export value should be realised and repatriated to India within 15 months from the date of shipment of goods

iii. AD Bank may for a sufficient and reasonable cause shown, extend the period of nine months or fifteen months, as the case may be

iv. In case of an exporter that has participated in an International Trade fair Abroad may open a temporary foreign currency account Abroad, provided that the balance in the account is repatriated to India through normal banking channels within a period of one month from the date of closure of the exhibition/trade fair and full details are submitted to the AD Category – I banks concerned.

6.2. Delay in Realization of Export Proceeds

i. RBI has permitted AD banks to extend the period of realisation of export proceeds beyond stipulated period of realization from the date of export, up to a period of six months, at a time, irrespective of the invoice value of the export subject to the following conditions:
   a. The export transactions covered by the invoices are not under investigation by Directorate of Enforcement / Central Bureau of Investigation or other investigating agencies
   b. The AD Category – I bank is satisfied that the exporter has not been able to realize export proceeds for reasons beyond his control
   c. The exporter submits a declaration that the export proceeds will be realized during the extended period,
   d. While considering extension beyond one year from the date of export, the total outstanding of the exporter does not exceed USD one million or 10 per cent of the average export realizations during the preceding three financial years, whichever is higher.
   e. In cases where the exporter has filed suits abroad against the buyer, extension may be granted irrespective of the amount involved / outstanding.

ii. Cases which are not covered by the above instructions would require prior approval from the concerned Regional Office of the Reserve Bank.

6.3. Non-Realisation of Export Proceeds

i. An exporter who has not been able to realize the outstanding export dues despite best efforts, may either self-write off or approach the AD Category – I banks, who had handled the relevant shipping documents, with appropriate supporting documentary evidence. The limits prescribed for write-offs of unrealized export bills are as under:

Self "write-off" by an exporter (Other than Status Holder Exporter)	5%*

Self “write-off” by Status Holder Exporters 10%*

‘Write-off” by Authorized Dealer Bank- 10%*

*of the total export proceeds realized during the previous calendar year.

ii. The above limits will be related to total export proceeds realized during the previous calendar year and will be cumulatively available in a year.

iii. The above write-off will be subject to conditions that the relevant amount has remained outstanding for more than one-year, satisfactory documentary evidence is furnished in support of the exporter having made all efforts to realize the dues, and the case falls under any of the undernoted categories:

a. The overseas buyer has been declared insolvent and a certificate from the official liquidator indicating that there is no possibility of recovery of export proceeds has been produced

b. The overseas buyer is not traceable over a reasonably long period of time.

c. The goods exported have been auctioned or destroyed by the Port / Customs / Health authorities in the importing country

d. The unrealized amount represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organization

e. The unrealized amount represents the undrawn balance of an export bill (not exceeding 10% of the invoice value) remaining outstanding and turned out to be unrealizable despite all efforts made by the exporter

f. The cost of resorting to legal action would be disproportionate to the unrealized amount of the export bill or where the exporter even after winning the Court case against the overseas buyer could not execute the Court decree due to reasons beyond his control

g. Bills were drawn for the difference between the letter of credit value and actual export value or between the provisional and the actual freight charges but the amounts have remained unrealized consequent on dishonor of the bills by the overseas buyer and there are no prospects of realization

iv. The exporter has surrendered proportionate export incentives if any, availed of in respect of the relative shipments. The AD Category – I banks should obtain documents evidencing surrender of export incentives availed of before permitting the relevant bills to be written off

v. In case of self-write-off, the exporter should submit to the concerned AD bank, a Chartered Accountant’s certificate, indicating the export realization in the preceding calendar year and also the amount of write-off already availed of during the year, if any, the relevant EDF to be written off, Bill No., invoice value, commodity exported, country of export. The CA certificate may also indicate that the export benefits, if any, availed of by the exporter have been surrendered.

vi. However, the following would not qualify for the write off facility:

a. Exports made to countries with externalization problem i.e. where the overseas buyer has deposited the value of export in local currency but the amount has not been allowed to be repatriated by the central banking authorities of the country.
b. EDF which are under investigation by agencies like, Enforcement Directorate, Directorate of Revenue Intelligence, Central Bureau of Investigation, etc. as also the outstanding bills which are subject matter of civil / criminal suit.

7. <u>Foreign Currency Accounts in India</u>

7.1. Exchange Earner's Foreign Currency Account (EEFC)

i. A person resident in India (PRII) may open an EEFC account in foreign currency with a bank in India
ii. EEFC account will be a non interest bearing current account.
iii. Exporters are permitted to credit 100% of their foreign exchange earnings to EEFC account subject to:
    a. The sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments.
    b. The facility of EEFC scheme is intended to enable exchange earners to save on conversion/transaction costs while undertaking forex transactions. This facility is not intended to enable exchange earners to maintain assets in foreign currency, as India is still not fully convertible on Capital Account.

iv. No credit facilities, either fund-based or non-fund based, shall be permitted

v. The eligible credits represent –
    a. Inward remittance received through normal banking channel on account of export, including advance received by an exporter towards export of goods or services
    b. Payments received in foreign exchange by a 100% Export Oriented Unit or a unit in EPZ, STF or EHTP for supply of goods to similar such unit or to a unit in Domestic Tariff Area and also payments received in foreign exchange by a unit in Domestic Tariff Area for supply of goods to a unit in SEZ

vi. AD banks may permit their exporter constituents to extend trade related loans/ advances to overseas importers out of their EEFC balances without any ceiling

vii. AD banks may permit exporters to repay packing credit advances whether availed in Rupee or in foreign currency from balances in their EEFC account and / or Rupee resources to the extent exports have actually taken place.

7.2. Diamond Dollar Accounts (DDA)

i. Firms and companies dealing in purchase / sale of rough or cut and polished diamonds / precious metal jewellery plain, minakari and / or studded with / without diamond and / or other stones, with a track record of at least 2 years in import / export of diamonds / coloured gemstones / diamond and coloured gemstones studded jewellery / plain gold jewellery and having an average annual turnover of Rs. 3 crores or above during the preceding three licensing years (licensing year is from April to March) are permitted to transact their business through Diamond Dollar Accounts.

ii. They may be allowed to open not more than five Diamond Dollar Accounts with their banks.

iii. Conditions mentioned at Para 6.2(iii) a) & b) shall also apply.

7.3. Resident Foreign Currency (Domestic) Account (RFC(D))

i. Resident Individuals can open an RFC(D) account to credit their export earnings

ii. It is a non-interest-bearing current account

8. <u>Manner of Payment:</u> All the proceeds of exports are required to be realised in the permitted currency only in accordance with regulations framed in this connection under Nof 14 of the FEMA.

9. <u>Advance against Exports</u>

i. Where an exporter receives advance payments from a buyer outside India against Goods to be exported. The exporter shall be under an obligation to ensure that the shipment of goods is made within one year from the date of receipt of advance payment;

ii. The documents covering the shipment are routed through the AD bank through whom the advance payment is received

iii. In case of the inability of the exporter to make the shipment partly or fully within one year from the date of receipt of advance, no remittance towards refund can be done without the prior approval of Reserve Bank

iv. Banks may allow exporters to receive advance payment for export of goods which would take more than one year to manufacture and ship and where the 'export agreement' provides for shipment of goods extending beyond the period of one year from the date of receipt of advance payment subject to the following conditions: -

a. The KYC and due diligence exercise have been done by the bank for the overseas buyer
b. Compliance with the Anti-Money Laundering standards has been ensured
c. Bank should ensure that export advance received by the exporter should be utilized to execute export and not for any other purpose i.e., the transaction is a bona-fide transaction
d. Progress payment, if any, should be received directly from the overseas buyer strictly in terms of the contract

e. The rate of interest, if any, payable on the advance payment shall not exceed London Inter-Bank Offered Rate (LIBOR) + 100 basis points
f. There should be no instance of refund exceeding 10% of the advance payment received in the last three years
g. The documents covering the shipment should be routed through the same authorised dealer bank

v. Banks can also allow exporters having a minimum of three years satisfactory track record to receive long term export advance up to a maximum tenor of 10 years to be utilized for execution of long-term supply contracts for export of goods subject to the conditions

vi. AD banks should regularly follow up with the concerned exporters in order to ensure that export performance is completed within the stipulated time period.

10. <u>Reduction in Invoice Value</u>

i. If, after a bill has been negotiated or sent for collection, its amount is to be reduced for any reason, AD bank may approve such reduction, if satisfied about genuineness of the request, provided:
   a. The reduction does not exceed 25 per cent of invoice value
   b. It does not relate to export of commodities subject to floor price stipulations
   c. The exporter is not on the exporters' caution list of the Reserve Bank
   d. The exporter is advised to surrender proportionate export incentives availed of, if any

ii. In the case of exporters who have been in the export business for more than three years, reduction in invoice value may be allowed, without any percentage ceiling, subject to the above conditions as also subject to their track record being satisfactory, i.e., the export outstanding do not exceed 5 per cent of the average annual export realization during the preceding three financial years

11. <u>Setting up Offices Abroad</u>

i. Indian Entities can set up branch or representative office Abroad subject to following ceilings:
   a. Remittance towards initial expense is permitted up to fifteen per cent of the average annual sales/income or turnover during the last two financial years or up to twenty-five per cent of the net worth, whichever is higher
   b. Remittance towards recurring expenses is permitted up to ten per cent of the average annual sales/income or turnover during the last two financial years subject to the following conditions
      I. The overseas branch/office has been set up or representative is posted overseas for conducting normal business activities of the Indian entity;
      II. The overseas branch/office/representative shall not enter into any contract or agreement in contravention of the Act, Rules or Regulations made there under;

III. The overseas office (trading / non-trading) / branch / representative should not create any financial liabilities, contingent or otherwise, for the head office in India and also not invest surplus funds abroad without prior approval of the Reserve Bank. Any funds rendered surplus should be repatriated to India

ii. Immovable property can be acquired for business purpose/residential purpose for staff within above ceiling limits.

iii. The details of bank accounts opened in the overseas country should be promptly reported to the AD Bank.

12. <u>Set-off of export receivables against import payables</u>

AD banks may permit set off of export receivables against import payables subject to following conditions:

i. Payment for the import is still outstanding in the books of the importer
ii. The set-off of export receivables against import payments should be in respect of the same overseas buyer and supplier and that consent for set-off has been obtained from him
iii. The import is as per the Foreign Trade Policy in force
iv. All the relevant documents are submitted to the concerned AD bank who should comply with all the regulatory requirements relating to the transactions.

13. <u>Merchanting Trade</u>

Merchanting Trade means when goods are shipped from one foreign country to another foreign country involving an Indian intermediary. Merchanting Traders have to be genuine traders of goods and not mere financial intermediaries. Confirmed orders have to be received by them from the overseas buyers. Following conditions should be satisfied to be classified as a bona fide Merchanting Trade transaction:

i. Goods acquired should not enter the Domestic Tariff Area, and
ii. The state of the goods should not undergo any transformation
iii. Goods involved in the transactions are permitted for exports/ imports under prevailing Foreign Trade Policy of India, at the time of entering into the contract
iv. Both the legs of the merchanting trade transaction will be routed through Same AD bank only
v. The Transactions should be completed within nine months and there should not be any outlay of foreign exchange beyond four months
vi. The commencement of merchanting trade would be the date of shipment / export leg receipt or import leg payment, whichever is first. The completion date would be the date of shipment / export leg receipt or import leg payment, whichever is last
vii. In case advance against the export leg is received by the Merchanting Trader, the same should be earmarked for making payment for the respective import leg. However, AD bank may allow short-term deployment of such funds for the intervening period in an interest-bearing account
viii. Payment for import leg may be allowed to be made out of the balances in EEFC account of the Merchant Trader

14. Refund of Export Proceeds

AD banks, through whom the export proceeds were originally realized may consider requests for refund of export proceeds of goods exported from India and being re-imported into India on account of poor quality subject to certain conditions

15. Exports that require prior approval of RBI

i. Exports of goods on lease and hire & ultimate reimport
ii. Export on elongated credit
iii. Exports under bilateral trade agreements/rupee credit etc.
iv. Counter trade arrangements.
v. Project exports on deferred payment terms

16. Other Methods of Export from India

i. Participating in trade fairs abroad.
ii. Consignment exports.
iii. Exporting to exporter's own warehouse abroad.
iv. Projects abroad.

Each of the above exports method is governed by special conditions as provided in FEMA 23(R)

17. Project Export

i. Contracts for export of goods against payment to be received partly or fully beyond the period statutorily prescribed for realisation of export proceeds are treated as deferred payment exports

ii. Export of engineering goods on deferred payment terms and execution of turnkey projects (like rendering of services like designing, civil construction and erection and commissioning of plant / factory along with supply of machinery, equipment and materials) and civil construction contracts abroad are collectively referred to as 'Project Exports'

iii. In order to provide greater flexibility to project & service exporters in conducting their overseas transactions, facilities have been provided as under:

a. Inter-Project Transfer of Machinery
Exporters are permitted to use the machinery / equipment for performing any other contract secured by them in any country subject to the satisfaction of the sponsoring AD bank

b. Inter-Project Transfer of Funds
Bank(s)/EXIM Bank/Working Group may permit exporters to open, maintain and operate one or more foreign currency account/s in a currency (ies) of their choice with inter-project transferability of funds in any currency or country.

c. Deployment of Temporary Cash Surpluses
   Project exporters may deploy their temporary cash surpluses, generated outside India, in the permissible products, subject to monitoring by the bank(s)/EXIM Bank/Working Group. They should, however, repatriate the profits of on-site contracts after completion of the contracts

iv. Post-award Procedure
   a. While it is not necessary for exporters to obtain prior approval for submission of bids/offers for execution of contracts, authorised dealer / Exim Bank should, while granting post-award clearance, ensure that the export proposals satisfy certain conditions as given in the PEM Memorandum
   b. After entering into a contract, the exporter should submit to the AD bank in form DPX-1(in respect of turnkey and deferred payment supply contracts) or in form PEX-1(in respect of civil construction contracts) in six copies along with six copies of the contract.
   c. AD bank/ Exim Bank may grant post-award clearance to the project proposal without any monetary limit. If the AD desires participation of Exim Bank in the financial arrangements and /or guarantee facilities, concurrence of Exim Bank should be obtained before granting post award clearance
   d. AD bank/EXIM bank should consult the ECGC in advance if counter-guarantees of the Corporation are required and/or insurance cover is desired to be obtained from it

v. Declaration of the Exports and Handling of EDF
   a. In order to facilitate maintenance of proper record of exports made on deferred payment terms, exporters should prominently superscribe both copies of relative EDF/SDF(shipping bill) with the name of export contract for which supplies are being made and the number and date of the approval granted by the approving authority noted on the EDF/SDF(SB). The duplicate copies of the forms should be retained by Bank duly certified after realisation of the last instalment together with interest from overseas buyers.
   b. In connection with execution of projects, exporters may sometime be required to export 'consumables' such as tools, tackles, machinery spares etc. for which separate payments will not be made by the overseas buyers. Such consumables will have also to be declared on EDF/SDF In such cases, Bank may, on application, permit exporters to raise invoices against their own site offices abroad, send the shipping documents direct to those offices and realise the value due thereon in convenient installments out of the progress payments for the contracts.
   c. The application to Bank may be accompanied by a declaration by the exporter that the consumables are being exported for execution of the project export cntract / The number and the date of approval for the project may be indicated on EDF / SDF(SB).

18. Pre-requisites to become an exporter

i. Import Export Code (IEC): An IEC is a ten-digit code and only one IEC is allotted per Pan card. As per the current export-import policy in India, no export or import shall be made by any person without an IEC, unless specifically exempted. The application form ANF2A should be downloaded from the DGFT website. The form can also be filled online now. Mandatory requirements to apply for IEC are:
   a. PAN Number
   b. Current Bank Account
   c. Bankers Certificate in the format prescribed by DGFT
   d. Application Fee
   e. Two copies of the passport size photograph of the applicant that is duly attested by the banker of the applicant
   f. Covering letter on the letterhead of the applicant's company to request for the issue of new IEC certification
   https://www.dgft.org/iec_code.html

ii. Registration Cum Membership Certificate (RCMC)- After obtaining the IEC, you need to obtain an RCMC, granted by the concerned Export Promotion Councils to get authorisation to import and export, or for any other benefit available to exporters under Foreign Trade Policy.

iii. Authorised Dealer (AD) code- The bank which has the current account of the exporter will issue a letter stating the AD code of the bank after receiving IEC from DGFT. The AD code needs to be registered with the customs department through which the export proceeds will be realised.

iv. GST Registration- Export under the GST law is treated as inter-state supply under GST law, any person engaged in the inter-state taxable supply of goods or services or both is required to obtain compulsory registration with the exception in case the taxable turnover during the year does not exceed Rs. 40 lakhs or services provided does not exceed Rs 20 lakhs

19. Brief on India's exports

Exports are primary sources of foreign exchange earnings for a country. The gap between India's export and import has been growing bigger and bigger in the past decade. However, the share of services in exports has been growing in recent years. From about 32% of the total value of exports a few years ago, it contributed more than 38% in the last two fiscals.

India's major exports are Refined Petroleum, Diamonds, Machineries, Vehicles and Organic chemicals. India's major export regions are the developed Nations like USA, UAE, China, Hongkong and Singapore.

20.**Conclusion:** Export and Import are current Account transaction and are similarly treated for framing the regulations in respect of the trail of documents and routing the transaction through customs and the Authorised Dealer. Numerous relaxation are provided considering the type of the transaction by grating relaxation in procedure and modifying the attendant documentation.

In order to facilitate a transaction of project export a dedicated documentation is prescribed to consider elongated/deferred payment credit period, import to be utilised in foreign project without any documentation in India or local disbursements outside India of expenses by consolidation in a uniquely designed documentation of the project export.

Also Branch export as well as offsite and onsite project export are treated separately to facilitate such exports.

Import and it's procedure will be separately dealt with the dedicated article.