INTERNATIONAL TRADE PROCEDURES AND DOCUMENTATION

UNIT -2

Export Import Policy

What is export import policy?

Export Import Policy, or Exim Policy, is **a collection of guidelines and instructions governing the import and export of products**. Section 5 of the Foreign Trade (Development and Regulation Act) of 1992 gives the Indian government the authority to announce its Exim Policy for five years.

What is the latest export import policy?

India's Export-Import Policy
The present policy **aims to keep the percentage of exports limited to 12% for the fiscal year 2022-23**. This will help create a moderate impact on foreign investors in the Indian market. The Ministry of Commerce has attempted to simplify export techniques and reduce export duties.

What are the main features of export/import policy of India?

Salient Features of the New Export & Import Policy

- Increase in number of Export Items: The Govt. has identified many new products for exports. ...
- Special Economic Zones: ...
- Role of Public Sector Agencies: ...
- Restriction Free Export Policy: ...
- Liberalisation of Export-Oriented Import: ...
- Convertibility of Rupee: ...
- Devaluation of Rupee:

What are the import and export procedures ;

Import procedures

Typically, the procedure for import and export activities involves ensuring licensing and compliance before the shipping of goods, arranging for transport and warehousing after the unloading of goods, and getting customs clearance as well as paying taxes before the release of goods.Below, we outline the steps involved in importing of goods.

1. Obtain IEC **:**

Prior to importing from India, every business must first obtain an Import Export Code (IEC) number from the regional joint DGFT. The IEC is a pan-based registration of traders with lifetime validity and is required for clearing customs, sending shipments, as well as for sending or receiving money in foreign currency.

The process to obtain the IEC registration takes about 10-15 days.

2. Ensure legal compliance under different trade laws

Once an IEC is allotted, businesses may import goods that are compliant with Section 11 of the *Customs Act (1962)*, *Foreign Trade (Development & Regulation) Act (1992)*, and the *Foreign Trade Policy, 2015-20*.

However, certain items – restricted, canalized, or prohibited, as declared and notified by the government – require additional permission and licenses from the DGFT and the federal government.

3. Procure import licenses

To determine whether a license is needed to import a particular commercial product or service, an importer must first classify the item by identifying its Indian Trading Clarification based on a Harmonized System of Coding or ITC (HS) classification.

ITC (HS) is India's chief method of classifying items for trade and import-export operations. The ITC-HS code, issued by the DGFT, is an 8-digit alphanumeric code representing a certain class or category of goods, which allows the importer to follow regulations concerned with those goods.

An import license may be either a general license or specific license. Under a general license, goods can be imported from any country, whereas a specific or individual license authorizes import only from specific countries.

Import licenses are used in import clearance, renewable, and typically valid for 24 months for capital goods or 18 months for raw materials components, consumables, and spare parts.

4. File Bill of Entry and other documents to complete customs clearing formalities

After obtaining import licenses, importers are required to furnish import declaration in the prescribed Bill of Entry along with permanent account number (PAN) based Business Identification Number (BIN), as per Section 46 of the Customs Act (1962).

A Bill of Entry gives information on the exact nature, precise quantity, and value of goods that have landed or entered inwards in the country.

If the goods are cleared through the Electronic Data Interchange (EDI) system, no formal Bill of Entry is filed as it is generated in the computer system. However, the importer must file a cargo declaration after prescribing particulars required for processing of the entry for customs clearance.

If the Bill of Entry is filed without using the EDI system, the importer is required to submit supporting documents that include certificate of origin, certificate of inspection, bill of exchange, commercial invoice cum packing list, among others.

Once the goods are shipped, the customs officials examine and assess the information furnished in the bill of entry and match it with the imported items. If there are no irregularities, the officials issue a 'pass out order' that allows the imported goods to be replaced from the customs.

5. Determine import duty rate for clearance of goods

India levies basic customs duty on imported goods, as specified in the first schedule of the *Customs tariff Act, 1975*, along with goods-specific duties such as anti-dumping duty, safeguard duty, and social welfare surcharge.

In addition to these, the government levies an integrated goods and services tax (IGST) under the new GST system. The IGST rates depend on the classification of imported goods as specified in Schedules notified under Section 5 of the IGST Act (2017).

Export procedures

Just as for imports, a company planning to engage in export activities is required to obtain an IEC number from the regional joint DGFT. After obtaining the IEC, the exporter needs to ensure that all the legal compliances are met under different trade laws.

Further, the exporter must check if an export license is required, and accordingly apply for the license to the DGFT.

An exporter is also required to register with the Indian Chamber of Commerce (ICC), which issues the Non-Preferential Certificates of Origin certifying that the exported goods are originated in India.

Import and export documents

Businesses are required to submit a set of documents for carrying out export and import activities in India.

These include commercial documents – the ones exchanged between the buyer and seller, and regulatory documents that deal with various regulatory authorities such as the customs, excise, licensing authorities, as well as the export promotion bodies that help avail export import benefits.

The *Foreign Trade Policy, 2015-2020* mandates the following commercial documents for carrying out importing and exporting activities:

- Bill of lading or airway bill;
- Commercial invoice cum packing list;
- Shipping bill or bill of export, or bill of entry (for imports).

Additional documents like certificate of origin and inspection certificate may be required as per the case.

The important regulatory documents include:

- GST return forms (GSTR 1 and GSTR 2);
- GSTR refund form;
- Exchange Control Declaration;
- Bank Realization Certificate; and
- Registration cum Membership Certificate (RCMC).

preliminary information;

Preliminary Information means information in an electronic form on goods to be moved across the customs border of the EAEU, vehicles for international transportation carrying such goods, time and point of entry of goods in the customs territory of the. Sample 1.

What does Preliminary mean *?

preliminary (denoting an action or event preceding or in preparation for something more important) Meaning: **Something that serves as a preceding event or introduces what follows**.

Preliminary Knowledge about Exporting

Understanding Export :

International Marketing is complex and challenging activity in today's dynamic world environment. International marketing involves the performance of operations that determine existing and potential demand in a market. In order to determine the market opportunity it is necessary to study the customers market needs and characteristics through the performance of activities like Market Research, Demand Analysis, and Forecasting. It also includes those operations that influence existing and potential demand. In order to influence the demand pattern of customers, the marketing operations include activities like Product development, Branding and Packing, Pricing, Advertising, Sales promotion, Public Relations.

What are the preliminary steps in exporting?
Formalities of Registration and Export Documentation

- Establishing an Organization.
- Opening a Bank Account.
- Obtaining Permanent Account Number (PAN)
- Obtaining Importer-Exporter Code (IEC) Number.
- Registration cum membership certificate (RCMC)
- Selection of product.
- Selection of Markets.
- Finding Buyers.

What are export preliminaries?

The base of every successful business is proper planning and proper knowledge of all the aspects of business. So, these are the preliminaries that one should consider before starting an export business. **Selection of business**. Selection of mode of operation. Selection of name for the business.

What is import trade explain its preliminary stage and pre import stage?

Import trade refers to **buying of goods and services from another country or countries i.e. a foreign country**. The procedure of import trade varies from one country to another country depending upon the policy implemented in that country.

What are the 4 steps in developing an export strategy?

Steps to develop your export plan

1. Identify the product or service to be exported and check its export potential,
2. Conduct market research on the countries of interest,
3. Decide on a pricing strategy for the product or service, and.
4. Define a strategy to find buyers

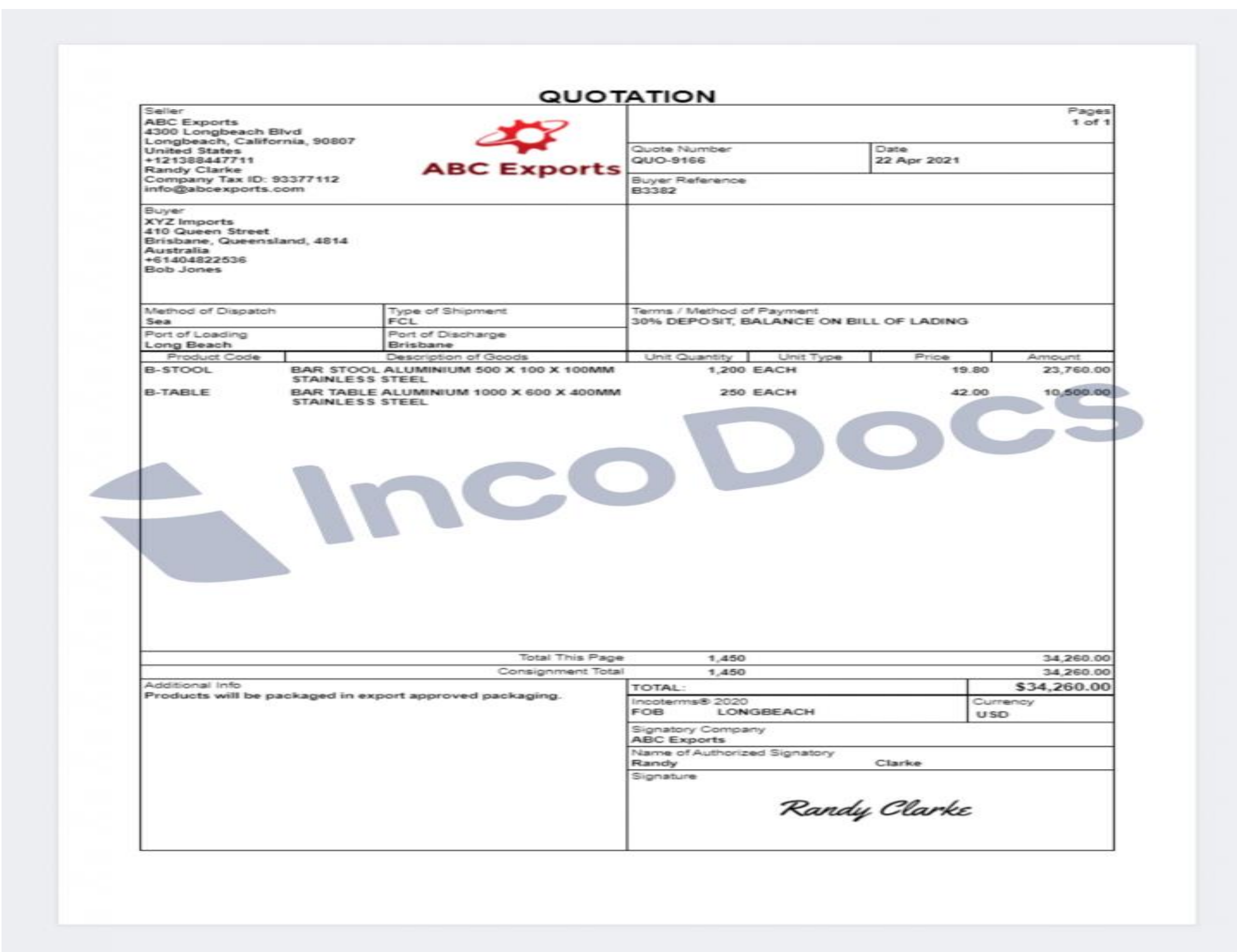
Export sales quotation:

What is quotation in export and import?

A pro forma invoice is a quotation prepared in the format of an invoice; it is the preferred method in the exporting business. A quotation **describes the product, states a**. **price for it, sets the time of shipment, and specifies**. **the terms of sale and terms of payment**.

What information is included on an Export Quotation Document?

- Seller's company name, address and contact details
- Buyer's company name, address and contact details
- Product Description – including item codes, description, specifications
- Product Quantity
- Product Pricing
- The selling terms agreed
- Invoice Currency
- Shipment Type
- Payment Terms – as negotiated between buyer and seller
- Estimated supply lead time
- Estimated shipping details (vessel name & ETD, if known)



QUOTATION

Seller
ABC Exports
4300 Longbeach Blvd
Longbeach, California, 90807
United States
+121388447711
Randy Clarke
Company Tax ID: 93377112
info@abcexports.com

ABC Exports

Pages: 1 of 1

Quote Number: QUO-9166

Date: 22 Apr 2021

Buyer Reference: B3382

Buyer
XYZ Imports
410 Queen Street
Brisbane, Queensland, 4814
Australia
+61404822536
Bob Jones

Method of Dispatch: Sea

Type of Shipment: FCL

Port of Loading: Long Beach

Port of Discharge: Brisbane

Terms / Method of Payment: 30% DEPOSIT, BALANCE ON BILL OF LADING

Product Code	Description of Goods	Unit Quantity	Unit Type	Price	Amount
B-STOOL	BAR STOOL ALUMINIUM 500 X 100 X 100MM STAINLESS STEEL	1,200	EACH	19.80	23,760.00
B-TABLE	BAR TABLE ALUMINIUM 1000 X 600 X 400MM STAINLESS STEEL	250	EACH	42.00	10,500.00
	Total This Page	1,450			34,260.00
	Consignment Total	1,450			34,260.00

Additional Info
Products will be packaged in export approved packaging.

TOTAL: $34,260.00

Incoterms® 2020: FOB LONGBEACH

Currency: USD

Signatory Company: ABC Exports

Name of Authorized Signatory: Randy Clarke

Signature: Randy Clarke

How Can You Prepare an Export Quote?

Generally, an export transaction would begin with buyer requesting for quotation form to the seller.Quote serves as a promise in form of a formal statement by the seller that he would provide the product at a specified time and price. Seller would be presenting the quotation in proforma invoice form. The seller needs to understand that International market is buyer's market and thus the price quoted by an exporter should be reasonable as well as final. Government policies, competition, elasticity of demand play a very significant role in determining the price/ quote of the product. Quote is a primary document of price which may be negotiable.

Quote is a crucial document which will benefit the seller as well as the buyer and thus there should be a standard checklist. This checklist should have all the important details such as price, time of delivery, taxes, bank fees if any, transportation mode and price etc.

Below is the checklist for preparing an Export quote :

1. Details of Seller i.e. name, contact information, address, id proof, tax proof
2. Place and time of selling of products
3. Details of Buyer i.e. name, contact information, address, id proof, tax proof
4. Ship to- party's full details i.e name, contact information, address, id proof, tax proof
5. Detailed description of the product including –

a. Quality and Grade
b. Name by which the product is known locally and in the market of the buyer
c. Harmonized system number
d. Currency
e. Price per unit of the product
f. Country of origin
g. Number of Quantity
h. Symbols, numbers and marks under which the product is sold

6. The details of country in which shipment will be done
7. All kind of goods and services that would be provided by the buyer for the product of the merchandise
8. Some additional information such as,
a. Mode of payment
b. License required if any
c. Any **certificates or statements that would be required** by the buyer's country
d. Relevant laws
e. Expiration of the quotation date
f. Where title would be transferred from the seller to that of the buyer
Price is a significant variable as it is the major factor affecting the choice of the consumer. It is very important for a seller to quote the price properly and for this, he should keep following things in mind –
1. Range of products that are been offered.
2. Frequency of purchase

3. Credit offered.
4. Prompt acceptance as well as settlement of the claims.
5. Preference or prejudice for goods originating from that of a particular source.
6. After- sales service in products such as machine tools, consumer durables.
7. Prompt deliveries and continuity in supply.
8. Presumed relationship between price and quality
9. Product differentiation along with brand image
10. Specialty value goods and gift items
11. Unique value goods and gift items
12. Aggressive marketing and sales promotion

Incoterms :

What Are Incoterms?

Incoterms 2020 rules are the official commercial terms published by the International Chamber of Commerce (ICC). They are a voluntary, authoritative, globally-accepted and adhered-to text for determining the responsibilities of buyers and sellers for the delivery of goods under sales contracts for international trade. Incoterms closely correspond to the U.N. Convention on Contracts for the International Sales of Goods. Incoterms are known and implemented by all major trading nations**.**

Incoterms are only part of the whole export contract. They don't say anything about the price to be paid, when payment will be made or the method of payment that will be used in the transaction. Furthermore, Incoterms 2020 rules don't deal with the transfer of ownership of the goods, breach of contract or product liability; all of these issues need to be considered in the contract of sale. Also, Incoterms 2020 rules can't override any local country laws.

These are the 11 Incoterms 2020 rules:

- **EXW (Ex Works)**—insert place of delivery
- **FCA (Free Carrier)**—insert named place of delivery
- **CPT (Carriage Paid To)**—insert place of destination
- **CIP (Carriage and Insurance Paid To)**—insert place of destination
- **DAP (Delivered at Place)**—insert named place of destination
- **DPU (Delivered at Place Unloaded)**—insert of place of destination
- **DDP (Delivered Duty Paid)**—insert place of destination
- **FAS (Free Alongside Ship)**—insert name of port of loading
- **FOB (Free on Board)**—insert named port of loading
- **CFR (Cost and Freight)**—insert named port of destination
- **CIF (Cost Insurance and Freight)**—insert named port of destination

FCA (Free Carrier)

The seller is responsible for either making the goods available at its own premises or at a named place. In either case, the seller is responsible for loading the goods on the buyer's transport and is responsible for delivery to the port and export clearance including security requirements. Risk transfers once the goods are loaded on the buyer's transport.

This term has changed the most in the Incoterms 2020 rules. Previously, problems occurred with this term when the seller was responsible for loading the goods on a truck or some other transport hired by the buyer and not directly on the international carrier. If the seller and buyer had agreed on using a letter of credit as the payment method for this transaction, banks often require the seller to present a bill of lading with an on-board notation before they can get paid.

An international carrier won't typically provide a seller who did not present the goods directly to them with such a bill of lading. Under the new Incoterms 2020 rules, FCA allows the parties to agree in the sales contract that the buyer should instruct its carrier to issue a bill of lading with the on-board notation to the seller.

CPT (Carriage Paid To)

Seller clears the goods for export and delivers them to the carrier or another person stipulated by the seller at a named place of shipment. Seller is responsible for the international transportation costs associated with delivering goods to the named foreign place of destination.

The transfer of risk, on the other hand, transfers from the seller to the buyer as soon as the goods are delivered to the international carrier. That means the buyer assumes the risk of loading the goods on the carrier and during the international transport of the goods.

CIP (Carriage and Insurance Paid To)

Seller clears the goods for export and delivers them to the carrier or another person stipulated by the seller at a named place of shipment, at which point risk transfers to the buyer. Seller is responsible for the transportation costs associated with delivering goods and procuring insurance coverage to the named place.

The amount of insurance that the seller must purchase has increased under Incoterms 2020 rules for CIP. The seller must purchase a broader level of insurance coverage than under the old Incoterms 2010 CIP rule. It must be at least 110% of the value of the goods and transportation expenses as detailed in Clause A of the Institute Cargo Clauses.

DAP (Delivered at Place)

Seller clears the goods for export and bears all risks and costs associated with delivering the goods to the named foreign destination not unloaded. DAP means the buyer is responsible for all costs and risks associated with unloading the goods and clearing customs to import the goods into the named country of destination.

The named place under this term can be a port, the buyer's location or any named place that is agreed upon. In that regards, DAP provides a lot of flexibility to both parties.

DPU (Delivered at Place Unloaded)

Previously named Delivered at Terminal (DAT), this Incoterm has been renamed Delivered at Place Unloaded (DPU) because the buyer and/or seller may want the delivery of goods to occur somewhere other than a terminal. This term is often used for consolidated containers with multiple consignees.

DPU is very similar to DAP except that the seller must pay for unlading the goods. Like DAP, the seller clears the goods for export and bears all risks and costs associated with delivering the goods to the named place, which can be a port or other named location in the foreign destination. Buyer is responsible for all costs and risks from this point forward including clearing the goods for import at the named country of destination.

DDP (Delivered Duty Paid)

DDP Incoterms 2020 means the seller bears all risks and costs associated with delivering the goods to the named place of destination ready for unloading and cleared for import.

DDP is a risky term for the seller, because they may not be fully aware of the import clearance procedures in the country of import or how to find a competent local customs broker. The seller must also deal in a foreign currency, which means they are responsible for the currency exchange and its associated risks. In addition, not all countries allow for non-resident importers, which means the seller must determine how to establish an importer of record.

Because of all these hurdles that the seller must overcome, DDP may also have questionable value to importers, since they must depend on the seller to successfully navigate these challenges.

Incoterms for Sea and Inland Waterway Transport

FAS (Free Alongside Ship)

Seller clears the goods for export and delivers them when they are placed alongside the vessel at the named port of shipment. Buyer assumes all risks/costs for goods from this point forward. This is not a commonly used term except for goods that may be difficult to load.

FOB (Free on Board)

Seller clears the goods for export and delivers them when they are on board the vessel at the named port of shipment. Buyer assumes all risks and costs for goods from this moment forward.

This term is also not commonly used except, perhaps, by [U.S. companies that misuse the term] because they confuse it with the domestic term FOB.

CFR (Cost and Freight)

Seller clears the goods for export and delivers them when they are on board the vessel at the port of shipment. Seller bears the cost of freight to the named port of destination. Buyer assumes all risks for the goods from the time the goods have been delivered on board the vessel at the port of shipment.

This term sounds a lot like the Incoterm CPT, but it can only be used for sea and inland waterway transport, and the buyer only assumes risk once the goods are loaded on the vessel.

CIF (Cost, Insurance and Freight)

Seller clears the goods for export and delivers them when they are on board the vessel at the port of shipment. Seller bears the cost of freight and insurance to the named port of destination. The seller is required to purchase the minimum level of insurance under Clause C of the Institute Cargo Clauses. This requirement is unchanged from Incoterms 2010.

Buyer is responsible for all costs associated with unloading the goods at the named port of destination and clearing goods for import. Risk passes from seller to buyer once the goods are on board the vessel at the port of shipment.

Shipping terms explained: CFR, CIF, and FOB:

What is FOB CIF and C&F?

Cost and Freight (CFR), Cost, Insurance and Freight (CIF) and Free on Board (FOB) are three of the terms included in the International Chamber of Commerce's International Commerce Terms (Incoterms).

What is difference between FOB and C&F?

The primary difference between using cost and freight (CFR) and free on board (FOB) shipping lies in **who must pay for various shipping or freight costs—the buyer or the seller**. The terms refer to the point at which transfer of responsibility for goods shipped occurs, from the seller/shipper to the buyer/receiver.

What is difference between CIF and C&F?

Cost and freight (CFR) is a trade term that requires the seller to transport goods by sea to a required port. Cost, insurance, and freight (CIF) is what a seller pays to cover the cost of shipping, as well as the insurance to protect against the potential damage of loss to a buyer's order.

What FOB/CIF/CFR have in common？

1. All three price terms are applicable to **shipping and inland transportation** (such as the Yangtze River transportation in China and the river transportation in the Great Lakes region of the United States). The carrier is generally limited to shipping companies.

2. The delivery point of the three price items is the risk point of the ship's board at the port of shipment (actually in the cabin). When the port of shipment passes through the ship's rail (actually in the cabin), the point of risk is transferred from the seller to the buyer.

3. Cost point: The seller shall bear all costs borne by the seller until the goods cross the ship’s rail at the port of shipment.

4. **Bill of lading**: The seller should submit a clean bill of lading to the buyer.

5. Shipment notice: The seller shall promptly issue a shipment notice to the buyer before and after shipment.

6. Risk point: The risk after the seller loads the goods at the port of shipment is transferred to the buyer.

7. The buyer shall be responsible for **customs clearance** and expenses at the port of destination; the seller shall handle loading, land transportation, export declarations and permits at the port of shipment.

8. The seller is obliged to arrange **booking** and ship allocation at the port of shipment.

Cost and Freight (CFR):
CFR is among the most popular Incoterms used, however, as highlighted by our Incoterm expert Bob Ronai, it is often used without reference to any version of the Incoterm rules.

In instances such as this, where a CFR term is used outside of the standard definitions outlined by the ICC, it would be up to the parties involved (buyers and sellers) to negotiate their contract and clearly establish each other’s responsibilities and obligations.
The term CFR places an obligation on the seller to place the goods on board the vessel that they have contracted.
Once goods are on board the vessel, responsibility for said goods then falls on the buyer.
Along with placing the goods on board, the seller must also assume all export formalities (including the cost of carriage), and the buyer must hold responsibility for all the importing formalities.
In our TFG short summary of Key Changes, Advantages and Disadvantages to Incoterms 2020, we see an important clarification of the term CFR:
The term CFR means that the seller has more responsibility; they will pay for and arrange transportation.
This can be contrasted with a seller under a FOB shipping transaction.
Under FOB, the seller is merely responsible for the delivery of the goods to the port of origin, which is the agreed-upon location where the goods will be transported.

In relation to a CFR trade, the exporter will pay for and arrange transportation to the port of destination that is specified by the receiving party.
The exporting company will arrange and fund the transportation that is set out by the purchasing party.
In relation to liability and ultimate responsibility, the purchaser will take on the responsibility when the ship has docked in the port of destination.
Any additional costs, including further costs related to transportation and the unloading of the vessel, will fall upon the buyer.
Under the new Incoterms 2020 rules, if a company is exporting via container shipments, however, CFR would likely be the incorrect term to use.
This is because the goods are often given to the carrier at a place different to the port of transport, such as a yard or even the seller's premises.

Free on Board (FOB)

FOB is another one of the most frequently used Incoterms it is often used without any reference to the Incoterm rules, much like CFR.
Again, in these instances, it is up to the parties involved in the transaction to agree on what is meant and where responsibilities and obligations fall.
With a FOB agreed contract, the seller is required to place the goods on board the vessel that has been nominated by the buyer.
From the time the cargo is on board the vessel, all responsibility for the goods is then transferred to the buyer.
As with CFR, the seller assumes all export formalities and the buyer assumes all import formalities.
The cost of carriage with a FOB agreement is payable by the buyer, who should therefore also be listed as the shipper on the bill of lading.
In this case, the bill of lading will also indicate "freight collect".
In FOB instances, the seller will often require some form of evidence of export for their VAT or GST purposes.
If a letter of credit is involved in the transaction, it is likely that the seller will be shown on the bill of lading as 'the shipper'.
If this is the case, the seller should ensure they are fully informed of all the duties they are responsible for.
FOB is usually characterised by the idea that it is a shipping term where the costs, responsibilities, and risks are split equally between the importer and exporter.
It is seen to allow a clear split of responsibility, as post-loading onto the vessel, the buyer is responsible for any costs and risks involved in the onward shipment.
FOB also allows the buyer more control in managing costs.

Cost, Insurance and Freight (CIF)

The difference is minimal between a CIF agreement and a CFR agreement.
Under both terms, the seller assumes the responsibility for all of the arrangement and transportation costs for shipping products to the agreed-upon destination port while the buyer assumes all further responsibilities, including those relating to cost once the ship has reached port.

The difference between CFR and CIF is the presence of the minimum amount of marine insurance cover on the product that is being sold.
Under CIF, the seller holds all the same responsibilities as in CFR but is also required to purchase insurance for the goods during transport.

methods of payment

What are the methods of payment in international trade?

Methods of Payment

To succeed in today's global marketplace and win sales against foreign competitors, exporters must offer their customers attractive sales terms supported by the appropriate payment methods. Because getting paid in full and on time is the ultimate goal for each export sale, an appropriate payment method must be chosen carefully to minimize the payment risk while also accommodating the needs of the buyer. As shown in figure 1, there are five primary methods of payment for international transactions. During or before contract negotiations, you should consider which method in the figure is mutually desirable for you and your customer.

Cash-in-Advance

With cash-in-advance payment terms, an exporter can avoid credit risk because payment is received before the ownership of the goods is transferred. For international sales, wire transfers and credit cards are the most commonly used cash-in-advance options available to exporters. With the advancement of the Internet, escrow services are becoming another cash-in-advance option for small export transactions. However, requiring payment in advance is the least attractive option for the buyer, because it creates unfavorable cash flow. Foreign buyers are also concerned that the goods may not be sent if payment is made in advance. Thus, exporters who insist on this payment method as their sole manner of doing business may lose to competitors who offer more attractive payment terms. Learn more about **Cash-in-Advance**.

Letters of Credit

Letters of credit (LCs) are one of the most secure instruments available to international traders. An LC is a commitment by a bank on behalf of the buyer that payment will be made to the exporter, provided that the terms and conditions stated in the LC have been met, as verified through the presentation of all required documents. The buyer establishes credit and pays his or her bank to render this service. An LC is useful when reliable credit information about a foreign buyer is difficult to obtain, but the exporter is satisfied with the creditworthiness of the buyer's foreign bank. An LC also protects the buyer since no payment obligation arises until the goods have been shipped as promised. Learn more about **Letters of Credit**.

Documentary Collections

A documentary collection (D/C) is a transaction whereby the exporter entrusts the collection of the payment for a sale to its bank (remitting bank), which sends the documents that its buyer needs to the importer's bank (collecting bank), with instructions to release the documents to the buyer for payment. Funds are received from the importer and remitted to the exporter through the banks involved in the collection in exchange for those documents. D/Cs involve using a draft that requires the importer to pay the face amount either at sight (document against payment) or on a specified date (document against acceptance). The collection letter gives instructions that specify the documents required for the transfer of title to the goods. Although banks do act as facilitators for their clients, D/Cs offer no verification process and limited recourse in the event of non-payment. D/Cs are generally less expensive than LCs. Learn more about **Documentary Collections**.

Open Account

An open account transaction is a sale where the goods are shipped and delivered before payment is due, which in international sales is typically in 30, 60 or 90 days. Obviously, this is one of the most advantageous options to the importer in terms of cash flow and cost, but it is consequently one of the highest risk options for an exporter. Because of intense competition in export markets, foreign buyers often press exporters for open account terms since the extension of credit by the seller to the buyer is more common abroad. Therefore, exporters who are reluctant to extend credit may lose a sale to their competitors. Exporters can offer competitive open account terms while substantially mitigating the risk of non-payment by using one or more of the appropriate trade finance techniques covered later in this Guide. When offering open account terms, the exporter can seek extra protection using export credit insurance.

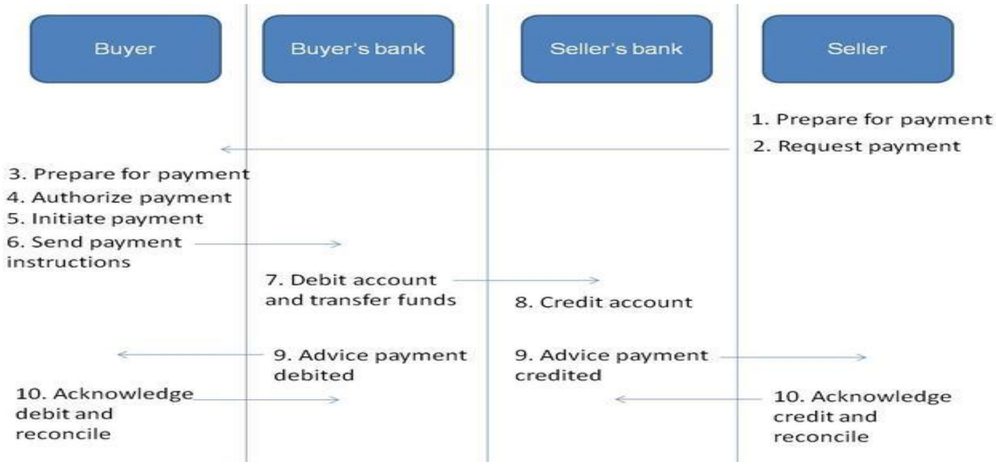
Consignment

Consignment in international trade is a variation of open account in which payment is sent to the exporter only after the goods have been sold by the foreign distributor to the end customer. An international consignment transaction is based on a contractual arrangement in which the foreign distributor receives, manages, and sells the goods for the exporter who retains title to the goods until they are sold. Clearly, exporting on consignment is very risky as the exporter is not guaranteed any payment and its goods are in a foreign country in the hands of an independent distributor or agent. Consignment helps exporters become more competitive on the basis of better availability and faster delivery of goods. Selling on consignment can also help exporters reduce the direct costs of storing and managing inventory. The key to success in exporting on consignment is to partner with a reputable and trustworthy foreign distributor or a third-party logistics provider. Appropriate insurance should be in place to cover consigned goods in transit or in possession of a foreign distributor as well as to mitigate the risk of non-payment.

- Methods of Payment. To succeed in today's global marketplace and win sales against foreign competitors, exporters must offer their customers attractive sales terms supported by the appropriate payment methods. ...
- Key Points. ...
- Cash-in-Advance. ...
- Letters of Credit. ...

- Documentary Collections. ...
- Open Account. ...
- Consignment.

What are 4 main methods of payment?



Types of payments

- Cash (bills and change): Cash is one of the most common ways to pay for purchases. ...
- Personal Cheque (US check): These are ordered through the buyer's account. ...
- Debit Card: Paying with a debit card takes the money directly out of the buyer's account. ...
- Credit Card: Credit cards look like debit cards.

What is the best international payment method?

Best Payment Gateways with International Capabilities

- PayPal.
- Stripe Connect.
- Paytm Business.
- Apple Pay.
- NMI.
- GoCardless.
- Razorpay.
- Bolt.

What are the 3 major payment options?

The three most common types of payment in today's market are **credit cards, debit cards, and cash**. Credit and debit card transactions involve fees paid by merchants to the card companies, but they tend to involve larger purchase amounts than cash transactions.

How many types of payment methods are there?

Businesses can accept payments in different ways, which include **cash, card, and cheque payments**. Moreover, advanced methods like digital fund transfers, mobile payments, and other online payments are becoming popular by the day.

What are the five methods of payment?

Payment Options

- Cash.
- Checks.
- Debit cards.
- Credit cards.
- Mobile payments.
- Electronic bank transfers.

shipping and distribution:

What is a shipping distribution?

Shipping distribution centers

Companies typically use distribution centers to **move inventory from central to smaller fulfillment locations near your customers or store locations**. In eCommerce, your distribution center may be located near a port where goods enter the country in bulk.

What is the difference distribution and shipping?

Companies send consumers emails indicating a shipping date and a delivery date. The shipment date means that the product gets shipped on the mentioned date given. **The date of distribution is the date on which the consumer purchased the product**.

What are the three types of shipping?

Conclusion. All three modes of shipping-**land, air, and sea**-play a major role in our economy. Each offers benefits that the other mode of transport might not offer.

What Are the Different Types of Distribution Strategies?

- Direct Distribution. Direct distribution refers to selling your products directly to customers without any need for a middleman. ...
- Indirect Distribution. ...
- Intensive Distribution. ...
- Exclusive Distribution. ...
- Selective Distribution.

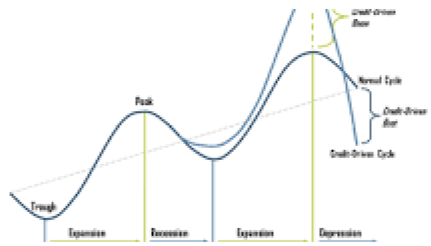
What are examples of distribution?

For example, **a company that manufactures clothes and sells them directly to its customers using an e-commerce platform** would be utilizing a direct distribution channel.

What are the two types of distribution?

There are two types of distribution channels: **direct and indirect**. As the names would imply, direct distribution is a direct sale between the manufacturer and the consumer, and indirect distribution is when a manufacturer utilizes a wholesaler or retailer to sell their products.

What are the 4 stages of shipping?



The four stages of the shipping cycle, all based on customer demand, are **trough, recovery, peak and collapse**.

What is the process of distribution?

Distribution management involves moving finished goods from a manufacturer or supplier to the so-called end user. The process includes **warehousing, inventory management, packing, shipping, and delivery**.

What are the 5 factors of distribution?

Factors Affecting Choice of Distribution Channel – 5 Important Factors: **Market, Product, Company, Channel and Environment Related Factors**. There are several channels available for the purpose of distribution of goods.

What is LCL and FCL in shipping?

FCL (Full Container Load), or full container: the client's goods are transported in a filled and sealed container; LCL (Less than Container Load) or grouped shipment : the client' goods are not numerous enough to fill a container, the goods of several clients are put into one container.

What is Shipping?

If it comes to transport, there are two primary transportation concepts. The first concept refers to the packet size. Smaller objects, like socks, clothing, and accessories, may come underneath the shipment umbrella, as they can be packaged and then sent to the consumer through a post office.

This second definition applies to when products need to get forwarded to customers. As either, the delivery date could be considered by customers to be a day the object was shipped and began to make its way through them.

Shipping services vary from Sea Freight processing, Air Freight, Project Container, Customs clearance, Registration, Acquisition, Door-to-Door Facilities, Inland Transport, Break Bulk, Manufacturing, Packaging to all other forms of logistics necessary for the ultimate satisfaction of the loyal customers worldwide.

What is Delivery?

Delivery also applies to more important things, such as major appliances or furniture that require assembling or a mail carrier to retrieve it inside the home. In essence, products that need to be shipped are typically too large for shipping. Delivery is also the term that refers to the day the shipment appears at the client's doorway. This time, though, is generally a general approximation as it is uncontrollable by the seller and may get postponed by unexpected events.

Employee Engagement requires activities related to workplace behavior, process-oriented leadership, or HR procedures. Even the best-designed methods and structures will be only successful if they are carried on by more engaged people. The engagement was the framework of Service Quality model design and implementation.

Service Quality Includes management solutions techniques, procedures, and results. Strategy or operation planning is essential to the general concept of service management. Helping the customer accomplish their task, and assisting them in achieving their corporate intent, has to be the basis of any relationship with service providers.

After sales and service customer complaint and conflict resolution:

What is the role of after-sales service in international marketing?

The goal of after-sales service is to increase a product's attractiveness and sales value, provide product differentiation, build and maintain relationships with customers, create loyalty, encourage repeat sales from these loyal customers, promote the image of the business or its brands further, and encourage customers .

What is conflict resolution in customer service?

Conflict resolution strategies for customer service are **approaches to negotiating and reducing the tension between a customer and the company in effort to come to an amicable solution that satisfies both the customer and the company**.

What are the 5 main conflict resolution strategies?

According to the Thomas-Kilmann Conflict Mode Instrument (TKI), used by human resource (HR) professionals around the world, there are five major styles of conflict management—**collaborating, competing, avoiding, accommodating, and compromising**

What are the 5 stages of conflict resolution?

Here is the conflict resolution process in five steps.

- Step 1: Define the source of the conflict. ...
- Step 2: Look beyond the incident. ...
- Step 3: Request solutions. ...
- Step 4: Identify solutions both disputants can support. ...
- Step 5: Agreement.

How will you handle complaints after sales?

Tips & Best Practices for Handling Customer Complaints

- Listen to Your Customers. ...
- Offer Actionable Solution. ...
- Avoid Challenging Customer's Complaints. ...

- Offer An Apology with Gratitude Attached. ...
- Be Polite While Responding. ...
- Use Right Tools for Managing Complaints. ...
- Share Actionable Feedback with The Team.

What are the 4 steps to resolve a customer complaint or issue?

A 5-step process for handling customer complaints

- Step 1: Dig deeper by asking the right questions. ...
- Step 2: Identify the type of customer you're dealing with. ...
- Step 3: Respond to the customer quickly. ...
- Step 4: Present a solution, and verify that the problem is solved. ...
- Step 5: Log the complaint so you can track trends.

What are the 7 steps in conflict resolution?

Here are seven-steps for an effective problem-solving process.

- Identify the issues. Be clear about what the problem is. ...
- Understand everyone's interests. ...
- List the possible solutions (options) ...
- Evaluate the options. ...
- Select an option or options. ...
- Document the agreement(s). ...
- Agree on contingencies, monitoring, and evaluation.

What are the seven 7 customer complaint procedure principles?

Principles of Good Complaint Handling

- Contents.
- Introduction.
- Getting it right.
- Being customer focused.
- Being open and accountable.
- Acting fairly and proportionately.
- Putting things right.
- Seeking continuous improvement.

What are 5 tips for dealing with customer complaints?

Your procedure could include the following steps.

- Listen to the complaint. Thank the customer for bringing the matter to your attention. ...
- Record details of the complaint. ...
- Get all the facts. ...
- Discuss options for fixing the problem. ...
- Act quickly. ...
- Keep your promises. ...
- Follow up.