INTERNATIONAL TRADE PROCEDURES AND DOCUMENTATION

Unit-IV

Exchange Control Regulations:

What Are Exchange Controls?

Exchange controls are government-imposed limitations on the purchase and/or sale of currencies. These controls allow countries to better stabilize their economies by limiting in-flows and out-flows of currency, which can create exchange rate volatility. Not every nation may employ the measures, at least legitimately; the 14th article of the International Monetary Fund's Articles of Agreement allows only countries with so-called transitional economies to employ exchange controls.

Understanding Exchange Controls

Many western European countries implemented exchange controls in the years immediately following World War II. The measures were gradually phased out, however, as the post-war economies on the continent steadily strengthened; the United Kingdom, for example, removed the last of its restrictions in October 1979. Countries with weak and/or developing economies generally use foreign exchange controls to limit speculation against their currencies. They often simultaneously introduce capital controls, which limit the amount of foreign investment in the country.

Exchange Control Regulations Explained

Exchange control refers to actions directly regulating or affecting the influx and outflow of capital across national borders. These control regulations on exchanges restrict the buying and selling of foreign money. Most exchange control systems serve as a primary means of preventing or redressing an unfavorable **balance of payments**.

Countries use these capital restrictions to try to control the exchange rates of their native currencies on global markets. The limitations may restrict residents' ability to purchase foreign currencies and nonresidents' ability to buy or sell local money.

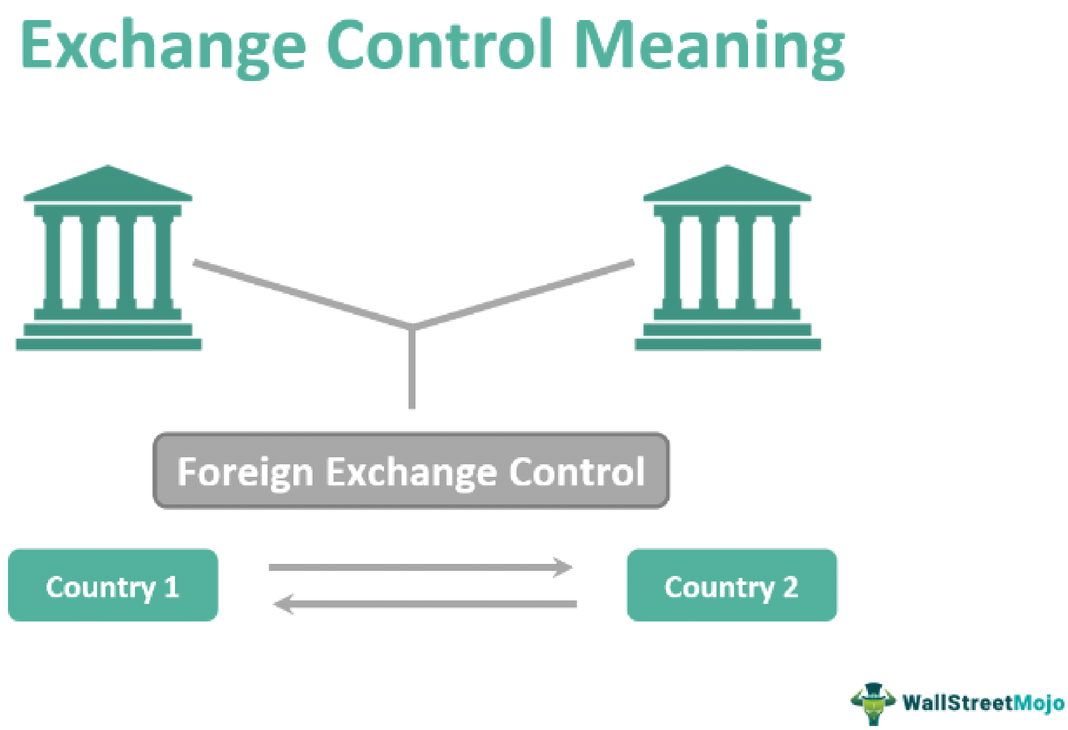
The link between capital and exchange control and trade is the key to the smooth functioning of the international economic and **financial system**. They represent a noticeable barrier to trade. However, their impact on **international trade** depends upon the controls' structure, interactions, and effectiveness concerning other economic distortions.

Controlling exchange is a tax on foreign currency necessary to purchase goods and services. These controls raise the domestic price of **imports**. And the price rise hurts the trade. It also influences trade through a variety of channels. These include the cost of transactions, exchange rates, **foreign exchange risk** **hedging**, and financing trade.

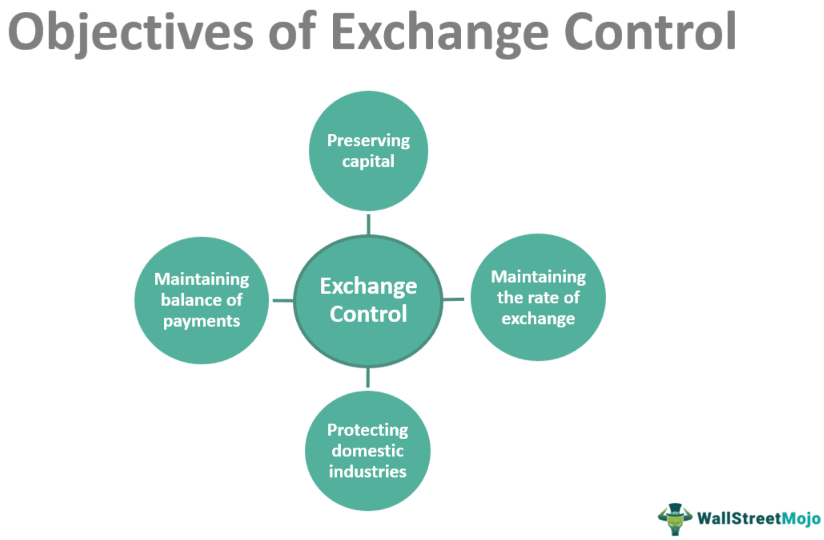
Regulated Exchange Rate

In the system, residents must sell any foreign currency they acquire to the designated exchange-control authority (often the central bank or a specific government agency) at the rates specified by the authority. Some systems allow those who get exchanges from particular sources to sell a portion of those receipts on a **free market**. As the only foreign exchange market, the regulatory authority can set the permitted uses for foreign exchange and the resources and capacities one can use for each.

A regulated exchange rate is typically higher than a free-market rate and has the effect of reducing exports and boosting imports. The authority that monitors the measures can prevent a drop in its overall gold reserves and payment balances by limiting the number of foreign exchange residents can purchase. A country's Specific exchange control authority decides the limits of control**.**



objectives of foreign exchange control:



#1 – Balance of Payments (BOP)

Negative balances of payments can pull down the **economic growth** of a nation. Depending on the circumstances, countries may restrict or remove **import** restrictions. Specific exchange control authority may also devalue its currencies to increase exports and bring about a steady BOP by the exchange control act or other regulations.

#2 – Protection of domestic industries

Curbs on the exchange can induce domestic industries to produce and export more, and governments can thus protect domestic trade from international competition.

#3 – Rate of exchange

The government resorts to exchange control regulations to bring the exchange rate to the desired level. The countries can sell their currency from the separate account maintained for the same purpose, such as the exchange equalization fund, in the open market to reduce the currency rate. Thus, by increasing or decreasing supply, governments can overvalue or undervalue their currency depending on the situation.

#4 – Preserve capital

Governments impose exchange control regulations to prevent capital from flowing out of the country and may limit exports.

These regulations can also help the government earn revenue through the difference in buying and selling rates, stabilize the exchange rate, and even pay off foreign liabilities. In addition, control measures aim to promote exchange stability by reducing exchange rates and volatility caused by currency transfers across borders.

Applying foreign exchange regulations can frequently obstruct international investors who want to transfer their money to other nations. In an ideal scenario, these measures would be helpful to stop the **capital flight** from a nation with a weaker currency. However, a country's exchange control act or other regulations make decisions on the above matters, which in turn decide the degree of impact.

What is exchange control regulations in India?

Exchange control was introduced in India under the Defence of India Rules on September 3, 1939 on a temporary basis. The statutory power for exchange control was provided by the Foreign Exchange Regulation Act (FERA) of 1947, which was subsequently replaced by a more comprehensive Foreign Exchange Regulation Act, 1973.

What are the two types of exchange control?

There may be five types of Exchange Control:

Mild System of Exchange Control: ...

Full Fledged System of Exchange Control: ...

Compensating Arrangement: ...

Clearing Agreement: ...

Payments Arrangements:

What is exchange control of RBI?

The Reserve Bank was given the authority to control and regulate transactions involving foreign exchange payments outside India, the export and import of currency notes and bullion, the transfer of securities between residents and non-residents, acquisition of foreign securities, and acquisition of immovable property

RBI Guide Lines :

RBI Guidelines for Foreign Exchange Transactions

RBI Rules on Currency Exchange

You must submit the required KYC documents while buying foreign currency.

You may purchase the forex only up to 60 days before the travel as mentioned on your air ticket.

You can only buy forex of up to USD 25,000, or its equivalent in any currency. Of this amount, you may purchase cash of up to USD 2,000 and carry the remaining money on a FOREX card or via travellers' cheques for the trip.

You can make cash or online payments, with the total transaction value not exceeding Rs 50,000.

RBI Rules to Sell Foreign Currency

Per the RBI guidelines for Foreign Exchange transactions, you may sell forex if you follow these rules.

You must submit the required KYC documents for selling foreign currency.

Within 180 days of returning to India, you must surrender unspent forex kept in cash and traveller's cheques. You can only keep foreign exchange up to USD 2,000, or its equivalent in other currencies, in foreign currency notes or travellers' cheques.

You can bring back any amount of forex to India. However, if you have currency notes of more than USD 5,000, or currency notes and travellers' cheques more than USD 10,000, you must declare the same through a Currency Declaration Form (CDF).

After selling the foreign currency, if you receive less than INR 50,000, the bank or money changer can transfer the money as cash, cheque, or via online transfer to your bank account (NEFT). If it exceeds this amount, then you can only receive the money through NEFT/RTGS.

What are exchange control rules and regulations?

The Exchange Control Regulations prohibit transactions where capital or the right to capital is, without permission from National Treasury, directly or indirectly exported from South Africa.

Authorised Dealers:

Understanding Exchange Controls

Many western European countries implemented exchange controls in the years immediately following World War II. The measures were gradually phased out, however, as the post-war economies on the continent steadily strengthened; the United Kingdom, for example, removed the last of its restrictions in October 1979. Countries with weak and/or developing economies generally use foreign exchange controls to limit speculation against their currencies. They often simultaneously introduce capital controls, which limit the amount of foreign investment in the country.

Exchange controls can be enforced in a few common ways. A government may ban the use of a particular foreign currency and prohibit locals from possessing it. Alternatively, they can impose fixed exchange rates to discourage speculation, restrict any or all foreign exchange to a government-approved exchanger, or limit the amount of currency that can be imported to or exported from the country.

Who are authorized dealers in foreign exchange RBI?

Who is an Authorized Dealer (AD)? Ans. An Authorised Dealer (AD) is any person specifically authorized by the Reserve Bank under Section 10(1) of FEMA, 1999, to deal in foreign exchange or foreign securities

What are exchange control regulations?

What Are Exchange Controls? Exchange controls are government-imposed limitations on the purchase and/or sale of currencies. These controls allow countries to better stabilize their economies by limiting in-flows and out-flows of currency, which can create exchange rate volatility.

What are the four categories of Authorised dealers?

There are mainly four major categories of authorised persons under FEMA, namely- Authorised Dealer-I, Authorised Dealer-II, Authorised Dealer-III and FFMC.

Who is the authority for exchange control in India?

Exchange control was introduced in India under the Defence of India Rules on September 3, 1939 on a temporary basis. The statutory power for exchange control was provided by the Foreign Exchange Regulation Act (FERA) of 1947, which was subsequently replaced by a more comprehensive Foreign Exchange Regulation Act, 1973.

Who are the authorized dealers?

The term authorized dealer refers to any type of financial institutions who has received authorization from the RBI as a dealer to involve in trading of foreign currencies. The transaction of the authorized dealer should have been conducted in pursuance of a legal mode and under the framework established by law.

What is the role of Authorised dealers?

Authorized dealers also play an important role in foreign exchange transactions. Authorizations in the form of licenses to deal in foreign exchange are granted to banks which are well equipped to undertake foreign exchange transactions in India.

FERA/FEMA:

What is FEMA full form?

FEMA (Foreign Exchange Management Act) is applicable to the whole of India and equally applicable to the agencies and offices located outside India (which are owned or managed by an Indian Citizen). The head office of FEMA is situated at New Delhi and known as the Enforcement Directorate.

What is FERA full form?

FERA – the four-letter acronym for Foreign Exchange Regulation Act

Why did Fera change to FEMA?

FERA, thus, severely regulated all forex transactions that had a direct or indirect impact on India's forex reserves, which included the import and/or export of currency. However, the objective of FERA did not quite have the effect that was envisioned and the Indian economy continued Hence it was replaced by FEMA.

FERA in simple words

FERA or the Foreign Exchange Regulation Act was introduced in the year 1973. The aim was to regulate/control the foreign exchanges to maintain India's foreign reserves as these were quite low.

This legislation regulated certain dealings in foreign exchange, imposed restrictions on certain kinds of payments and monitored the transactions impinging the foreign exchange and the import and export of currency.

Salient features of FERA

Applicable to all the citizens of India, the intent of FERA, inter alia, was to conserve the foreign exchange resources of the nation. Some of the key features of the act are as follows:

Authorization by RBI to any person/company to deal in foreign exchange

Authorisation to the dealers by the Reserve Bank of India for transacting foreign currencies, subject to review and revocation of the authorisation in the case of non-compliance

Authorisation to the money changers for conversion of currencies as per the rates determined by RBI

Restrictions on import/export of currencies

Restriction on persons other than the authorised dealers to enter into transactions involving the financial currency

Restrictions on issue of bearer securities

Restrictions on holding or acquiring immovable properties outside India

Restrictions on making/receiving payment to/from a resident outside India

The Power of RBI to call for information and seize documents, wherever or whenever required

FERA Vs FEMA: A comparison

While FERA is an Act of the Parliament introduced in the year 1973, with an intent to manage and conserve India's foreign reserves, the Foreign Exchange Management Act (FEMA) is an extension to the already existing law. The purpose behind the enactment of FEMA was not only to regulate and facilitate foreign exchange but also for promoting foreign trade and payments along with escalating the size of foreign exchange reserves in India. Promulgated in the year 1999, FEMA, unlike the erstwhile law, liberalised the foreign exchange controls and restrictions on foreign investments to a significant extent.

Not only this, but the latter also laid stress on systematic development and proper management of the forex market in the country. Violating FERA is a criminal offence and involves direct imprisonment. Unlike FERA, the violation of FEMA is a compoundable offence, the charges of which can be removed. Besides this, there are different retributions for contravening the provisions of FERA and FEMA.

Permitted Currencies:

What is an example of permitted currency?

Currencies that are free from government regulations often also enable businesses to conduct trade across borders and create for transparent pricing. Some examples of currencies that are highly convertible include the South Korean won (KRW), the South African Rand (ZAR), and increasingly the Chinese Yuan (CNY)

is India a restricted currency?

Although there is a lot of freedom to exchange local and foreign currency at market rates, the Indian rupee is a partially convertible currency, meaning the exchange of higher amounts is restricted and still needs approval.

Which countries accept rupee?

The rupee sign Rs is a currency sign used to represent the monetary unit of account in Pakistan, Sri Lanka, Nepal, Mauritius, Seychelles, and formerly in India.

What Is a Permitted Currency?

A permitted currency is one that is free from any legal and regulatory restrictions that would keep it from being exchanged with or converted into another currency. Countries with permitted currencies benefit from greater access to international trade and global finance.

This can be contrasted with a blocked currency, which cannot freely be converted to other currencies and which are not available on the forex market as a result of exchange controls.

Understanding Permitted Currencies

A permitted currency is often a minor currency, but which has a fairly active market for foreign exchanges with major currencies because of a lack of government regulations restricting its trade.

Transactions between a major currency, such as the U.S. dollar, and a permitted currency are smoother than ones between a major currency and a tightly-controlled one because the permitted currency is more liquid. In addition, some transactions require the settlement to be made in a major currency.

Sometimes, government restrictions can result in currencies with a low convertibility or even complete inconvertibility, such as countries with political or economic embargoes or sanctions in place. Currency convertibility refers to how easy it is for a country's currency to be converted into gold or another currency. Convertibility between different world currencies is often critical to global trade, because in countries that have poor convertibility, transactions don't run smoothly which can in turn deter other countries from engaging in trade with them.

Permitted currencies and other convertible currencies tend to be highly liquid, which reduces volatility and in turn reduces transaction risk. Convertibility among currencies continues to grow more important as global trade increases.

Permitted Currencies and Government Regulations

Permitted currencies are freely convertible into other currencies without government regulations or restrictions, so authorized dealers sometimes will keep balances of permitted currencies that could be traded on demand.

When countries have permitted currencies or other highly convertible currencies, there is often a direct correlation to the country's economic activity. This is because currency convertibility is incredibly important to international trade and finance. Currencies that are free from government regulations often also enable businesses to conduct trade across borders and create for transparent pricing. Some examples of currencies that are highly convertible include the

South Korean won (KRW), the South African Rand (ZAR), and increasingly the Chinese Yuan (CNY).

The reasons that governments create restrictions on currencies are varied. Sometimes, governments that have low reserves of hard foreign currency restrict currency convertibility. This is because the government would not be in a position to intervene and devalue or revalue the currency in the foreign exchange market if and when necessary.

Generally, authoritarian regimes or developing countries have been more likely to place restrictions on the exchange of currency. This can put these countries at an economic disadvantage since trade is not as smooth. Some countries, such as Cuba and North Korea, issue nonconvertible currencies, which, unlike permitted currencies or highly convertible currency, cannot be traded for other currencies.

ACU:

Asian Clearing Union (ACU) is a payment arrangement whereby the participants settle payments for intra-regional transactions among the participating central banks on a net multilateral basis.

The objectives of the ACU are:

(1) To provide a facility to settle payments, on a multilateral basis, for current international transactions among the territories of participants;

(2) To promote the use of participants' currencies in current transactions between their respective territories and thereby effect economies in the use of the participants' exchange reserves;

(3) To promote monetary co-operation among the participants and closer relations among the banking systems in their territories and thereby contribute to the expansion of trade and economic activity among the countries of the ESCAP region; and

(4) To provide for currency SWAP arrangement among the participants so as to make Asian Monetary Units (AMUs) available to them temporarily.

ACU Organization

Each participant appoints one director and one alternate director. The Board elects a chairman and a vice-chairman from among its members. The Board meets at least once a year. All decisions of the Board of Directors are taken by a majority of the votes of all Directors unless a special majority is required by the Agreement.

The Board of Directors appoints a Secretary General to conduct the business of the ACU. The Secretary General acts as the representative of the Board of Directors.

The Board of Directors may make arrangements with a central bank or monetary authority of a participant to provide the necessary services and facilities for the operation of the clearing facility. The Board has accepted the offer of the Central Bank of Iran to act as an agent for the Union.

What are ACU countries?

Members. Currently (2022), the members of ACU are the central banks of Bangladesh, Bhutan, Iran (not active owing to international banking sanctions), India, Maldives, Nepal, Pakistan, Sri Lanka, and Myanmar.

What is the full form of ACU in trade?

The Asian Clearing Union (ACU) was established with its head-quarters at Tehran, Iran, on December 9, 1974 at the initiative of the United Nations Economic and Social Commission for Asia and Pacific (ESCAP), for promoting regional co-operation.

What is the role of ACU in international trade?

The main objectives of a clearing union are to facilitate payments among member countries for eligible transactions, thereby economizing on the use of foreign exchange reserves and transfer costs, as well as promoting trade and banking relations among the participating countries.

Export Realization, Procedure & Related documents:

Procedure for Realisation of Export Proceeds

The following is the Procedure for the realisation of export proceeds:

Presentation of Documents to the Bank for Negotiation: After shipment of goods, the exporter is required to submit the shipping documents to an authorised dealer Within 21 days of the date of Shipment for negotiation, Submission of relevant documents to the bank and process of getting the payment from the bank is called "Negotiation of the Documents” and the documents are called

'Negotiable Set of Documents'. The set normally contains:

Bill of Exchange, Sight Draft or Usance Draft.

Full set of Bill of Lading or Airway Bill.

Original Letter of Credit.

Customs Invoice.

Commercial Invoice including one Copy duly Certified by the Customs.

Packing List.

Foreign exchange declaration forms, GR/SOFTEX/PP forms in duplicate.

Exchange control copy of the Shipping Bill.

Certificate of Origin, GSP or APR Certificate, etc.

Marine Insurance Policy, in duplicate.

(b) **Despatch of Documents:**

The bank negotiates these documents to the importer's bank in the manner as specified in the L/C. Before negotiating documents, the exporter's bank scrutinises them in order to ensure that alt formalities have been complied with and all documents are in order. The bank then sends the Bank Certificate and attested copies of commercial invoice to the exporter.

(c) Acceptance of the bill of exchange: Bill of exchange accompanied by the above documents is known as the Documentary Bill of Exchange. It is of two types:

Export Procedure

Export is one of the major components of international trade. Exports facilitate international trade and stimulate domestic economic activity by creating employment, production, and revenues. Businesses export goods and services where they have a competitive advantage.

Export Procedure:

In general, an export procedure flows as stated below:

Step 1. Receipt of an Order The exporter of goods is required to register with various authorities such as the income tax department and Reserve Bank of India (RBI). In addition to this, the exporter has to appoint agents who can collect orders from foreign customers (importer). The Indian exporter receives orders either directly from the importer or through indent houses.

Step 2. Obtaining License and Quota After getting the order from the importer, the Indian exporter is required to secure an export license from the Government of India, for which the exporter has to apply to the Export Trade Control Authority and get a valid license. You can get a license from here too. The quota is referred to as the permitted total quantity of goods that can be exported.

Step 3. Letter of Credit The exporter of the goods generally ask the importer for the letter of credit, or sometimes the importer himself sends the letter of credit along with the order.

Step 4. Fixing the Exchange Rate Foreign exchange rate signifies the rate at which the home currency can be exchanged with the foreign currency i.e. the rate of the Indian rupee against the American Dollar. The foreign exchange rate fluctuates from time to time. Thus, the importer and exporter fix the exchange rate mutually.

Step 5. Foreign Exchange Formalities An Indian exporter has to comply with certain foreign exchange formalities under exchange control regulations. As per the Foreign Exchange Regulation Act of India (FERA), every exporter of the goods is required to furnish a declaration in the form prescribed in a manner. The declaration states:-

I.The foreign exchange earned by the exporter on exports is required to be disposed of in the manner specified by RBI and within the specified period.

II. Shipping documents and negotiations are required to be done through authorised dealers in foreign exchange.

III. The payment against the goods exported will be collected through only approved methods.

Step 6. Preparation for Executing the Order The exporter should make required arrangements for executing the order:

I.Marking and packing of the goods to be exported as per the importer's specifications.

II. Getting the inspection certificate from the Export Inspection Agency by arranging the pre-shipment inspection.

III. Obtaining insurance policy from the Export Credit Guarantee Corporation (ECGC) to get protection against the credit risks.

IV. Obtaining a marine insurance policy as required.

V.Appointing a forwarding agent (also known as custom house agent) for handling the customs and other related matters.

Step 7. Formalities by a Forwarding Agent The formalities to be performed by the agent include –

I.For exporting the goods, the forwarding agent first obtains a permit from the customs department.

II. He must disclose all the required details of the goods to be exported such as nature, quantity, and weight to the shipping company.

III. The forwarding agent has to prepare a shipping bill/order.

IV. The forwarding agent is required to make two copies of the port challans and pays the dues.
V.The master of the ship is responsible for the loading of the goods on the ship. The loading is to be done on the basis of the shipping order in the presence of customs officers.
VI. Once the goods are loaded on the ship, the master of the ship issues a receipt for the same.

Step 8. Bill of Lading The Indian exporter of the goods approaches the shipping company and presents the receipt copy issued by the master of the ship and in return gets the Bill of Lading. Bill of lading is an official receipt which provides the full description of the goods loaded on the ship and the name of the port of destination.

Step 9. Shipment Advise to the Importer The Indian exporter sends shipment advice to the importer of the goods so that the importer gets informed about the dispatch of the goods. The exporter sends a copy of the packing list, a non-negotiable copy of the Bill of Lading, and commercial invoice along with the advice note.

Step 10. Presentation of Documents to the Bank The Indian exporter confirms that he possesses all necessary shipping documents namely; Marine Insurance Policy The Consular Invoice Certificate of Origin The Commercial Invoice The Bill of Lading Then the exporter draws a Bill of Exchange on the basis of the commercial invoice. The Bill of Exchange along with these documents is called Documentary Bill of Exchange. The exporter then hands over the same to his bank.

Step 11. The Realisation of Export Proceeds In order to realise the proceeds of the export, the exporter of the goods has to undergo specific banking formalities. On submission of the bill of exchange, these formalities are initiated. Generally, the exporter receives payment in foreign exchange.

Export Procedure and Documentation

In the previous section, we have learned about the export procedure formalities here we will know about the documentation necessary -

Step 1: Receive an Inquiry

The first step in the shipping documentation process is when someone urges them to buy products.

Step 2: Screen the Potential Buyer and Country

After you receive the inquiry from the buyer, the process is to check their business potentiality to do business with them.

Step 3: Provide a Proforma Invoice

After screening the buyer, we need to provide the proforma invoice for the transaction.

Step 4: Finalize the Sale

The buyer will either reject or accept your proposal thus finalizing the sale.

Step 5: Prepare the Goods and the Shipping Documents

Commercial Invoice, Packing List, Certificate of Origin, Shipper's Letter of Instruction, Bills of Lading all need to be prepared

Step 6: Run a Restricted Party Screening

Again, the process needs to be run, before the goods ship for export.

Step 7: Miscellaneous Forms and Ship Your Goods

There may be other documents that need to be prepared before exporting the goods.

Documents Required for Exporting

When deciding which documents are necessary for an export procedure, the best place to start is with your overseas customer/importer or a freight forwarder. You may help your customer in clearing items with customs in the target market by gathering precise information. Commonly used expert documents are:

Pro Forma Invoice- The document provides a description of the products, such as Price, quantity, weight, kind, and so on, and is a statement by the seller to provide the customer with the products and services at the given date and price.

Commercial Invoice- The commercial invoice is a legal document that is exchanged between the seller and the buyer that clearly outlines the items being sold as well as the price the customer is to pay.

Packing List- This list includes the invoice number, seller, buyer, shipper, carrier, date of shipping, mode of transport, itemized quantity, description, package type, package quantity, total net, and gross weight (in kilograms), packaging markings, and measurements.

Air Waybill- An air waybill is a document that accompanies goods carried by an international air carrier. The paperwork contains complete information about the package and enables tracking.

Export Licenses- A government document that allows the transfer of specified commodities in precise quantities to a specific destination for a defined end-use is known as an export license.

Formalities of Registration and Export Documentation

Export is a very wide concept with a lot of preparations which is required by an exporter before starting the export business.

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

Sampling

Pricing/Costing

Negotiation with Buyers

Covering Risks through ECGC

Trends in India's Export & Import.:

What are the recent trends in India's export and import?

About. Overview In November 2022 India exported $34.8B and imported $58.2B, resulting in a negative trade balance of $23.4B. Between November 2021 and November 2022 the exports of India have increased by $3.11B (9.78%) from $31.7B to $34.8B, while imports increased by $5.46B (10.3%) from $52.8B to $58.2B.

What are the trends of import in India?

India imports for 2021 was $758.87B, a 48.96% increase from 2020. India imports for 2020 was $509.43B, a 15.42% decline from 2019. India imports for 2019 was $602.31B, a 5.93% decline from 2018. India imports for 2018 was $640.30B, a 10.01% increase from 2017.

What is future of import export in India?

The value of India's merchandise import in December 2021 was USD 59.27 billion, an increase of 38.06% over USD 42.93 billion in December 2020. For April-December 2021, the value of India's merchandise import was USD 443.71 billion.

What are the current trends in Indian exports?

India exports for 2021 was $679.68B, a 36.18% increase from 2020. India exports for 2020 was $499.10B, a 5.7% decline from 2019. India exports for 2019 was $529.24B, a 1.74% decline from 2018. India exports for 2018 was $538.64B, a 8.1% increase from 2017.

What are the 5 major imports for India?

The number of commodities imported to India has significantly enhanced, and the trade market is now increased with the number of imports. India's top import products contain Mineral fuels including oil, Gems, precious metals, Electrical machinery, equipment, Machinery including computers and Organic chemicals.

The Hottest Products to Import From India in 2023

Below are the hottest Indian imports from India, with large growth potential:

Regional Handicrafts ($1.676 billion in 2021)

Jewelry and Precious Stones ($41.65 billion in 2021)

Organic Supplements and Medicines ($428 million in 2021)

Leather Products ($3.67 billion in 2021)

Homeopathy Medicines ($1.41 million)

Ceramics ($2.93 billion)

What Can I Import From India?

The Hottest Products to Import From India in 2023

Below are the **hottest Indian imports** from India, with large **growth potential**:

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Ceramics ($2.93 billion)

You **do not** need an import licence to import any of these products and clear UK customs.

India's Exports Have Never Been Better Than In 2021

India's export performance has **never been better** than that which we've seen in 2021 and offers an excellent location as an export business. In the first 11 months of the year, exports exceeded $354 billion, over $57 billion (or 19.2%) higher than the previous best for the same period, which was achieved in 2019.

Merchandise exports hit $301.38 billion in April-December 2021, marking a 26.49% increase over the same period in 2019 — pre-pandemic.

In December 2021, India exported $37.29 billion of goods, which is an **all-time monthly high** for the Indian economy.

Demand for jewellery, and gems soared to the highest level in December 2021. The country's merchandise exports reached $300 billion in April-December, higher by 48.85% year-on-year and 26% against the same period in 2019 pre-pandemic levels, achieving three-fourths of its annual export target of USD 400 billion in the first nine months of 2021-22.

Gems and jewellery, which comprise 8% of India's total exports, rose by 15.8% year on year.

New Free Trade Agreements UK and EU

India has begun discussions for a possible **Free Trade Agreement** with the UK, which is seeking to overcome the handicap it could suffer in the post-Brexit phase by rapidly forging close trade links with partner countries. Since it left the European Union less than two years back, the UK has already formalised 40 FTAs with its trade partners. It is showing similar urgency to formalise an FTA with India and therefore, we could well see heightened engagement between the two countries for closer trade relations.

Once an agreement is reached it will be simple for goods to clear customs.

India has also indicated that it would seek to conclude the long-stalled FTA negotiations with the European Union, Australia, Canada and Israel, thus signalling that 2022 could well become the year of FTAs for India. We will see what 2023 brings but the future looks good for India.

If you're looking for some ideas to import from India and sell here's our **6 hottest ideas** for 2023:

FREE Import Export Training

Learn how to start your own import export business.

How To Become An Import Export Agent

Land Your Perfect Job, Without Experience

Find Buyers, Make Sales

Make Sure You Get Paid!

Incoterms 2020, Code Words for Trade

All About Freight Forwarders

Get it Delivered with Incoterms 2020

Cargo Insurance

10 Most Common and Costly Mistakes

The Art of The Deal

Top of Form

Sign Up For Free Training

Bottom of Form

Import Regional Traditional Handicrafts From India

India is known as the largest exporter of **traditional handicraft** items among all other developing countries.

India exported handicrafts worth over 126 billion Indian rupees (**$1.676 billion**) in fiscal year 2021. This was a slight decrease compared to 2020 where it stood at approximately 127 billion rupees but still suffering from the pandemic.

The most popular handicrafts are:

Indian Home Decoratives

Handmade Sarees, other hand made products

Furniture, home textiles, and homeware

The top 10 export destinations are the US, the UK, the UAE, Germany, France, Latin American countries (LAC), Italy, the Netherlands, Canada and Australia.

Jewelry and Precious Stones Are Big Business

The Government of India is aiming for **$70 billion** in jewellery exports in the next five years.

India's gem and jewellery export performance through 2021 has been far ahead of our expectations this time last year. The world's biggest jewellery consuming nation, the US, has increased purchases from India this year and India expects achieve the export target of USD 41.65 billion for 2021.

Export of gems and jewelry doubled in the first seven months of the financial year 2021-2022, compared to the same period last year.

From April to October 2021, gems and jewelry exports were worth $23.62 billion, compared to $11.69 billion for the same period in 2020 — a 102.09% rise. In the corresponding period of 2019, the figure was $22.06 billion, according to commerce ministry data.

Organic Supplements and Medicines a Growing Market

The export value of ayurvedic and herbal products amounted to about **$428 million** from India in fiscal year 2020. There was a consistent increase in the value of these exports from fiscal year 2015 till 2019.

Organic products include original harvested honey, fruit juices, herbs, and Ayurveda products. In large demand throughout the world and western countries specifically, due to the rise of yoga and Ayurveda. Sold at high prices abroad you can have make a healthy profit from exporting these products.

The growing interest in a healthy lifestyle, natural food supplements and alternative medicines affects the demand for natural ingredients in Europe. This creates opportunities for exporters from developing countries.

Leather Products Are Always In Demand

Exports of leather, footwear and leather products touched $3.67 billion during 2020-21 (April to Feb).

This can be broken down into:

Footwear – 45.82%

Leather Goods & Accessories – 24.84%

Finished Leather – 6.55%

Leather Garments – 14.61%, and

Saddlery & Harness – 4.5%

There is still a **vast global market** that India can tap into. The size of the global leather goods industry is projected to increase to US$306.1 billion by 2027 from an estimated US$241.3 billion in 2020, growing at an annualised pace of 3.5%.

Import Homeopathy Medicines

Homeopathy, or Homeopathic Medicine, is the practice of medicine that embraces a holistic, natural approach to the treatment of the sick without using any organic chemicals.

The global Homeopathy market was valued at $879.1 million in 2021 and is projected to reach **$1392.8 million** by 2028.

There are 59 countries and territories, which actively import Homeopathic Medicines from India. The combined value of total export is $1.41 million suggesting that **this market is in its infancy** in India.

Traditional Ceramics

Ceramics are traded all around the world. The data provided on the export analysis shows that there are almost 195 countries and territories, which actively import Ceramic from India. India is known to create some of the finest ceramics in the world and are in high demand and can be very profitable products to import to other countries.

In fiscal year 2021, the export value of ceramic and glassware products from India amounted to over 225 billion Indian rupees (**$2.93 billion**). A sudden steep rise in the export value was noted from the previous year.