

Ultimate Introductory Guide:

Sending Shipments to India





JETWORLDWIDE

Introduction Guide To Sending Shipments To India



Opportunity India !

India's economy continues to develop with a well educated workforce with close economic ties to North America. India's GDP is fast approaching \$2 trillion dollars. India is amongst the world's top 10 importers and has a diverse economy.

Exporting to India can be difficult due to excessive government regulations (including customs regulations), high tariffs and other indirect taxes. It helps to find a local partner in India who has knowledge of the local market and procedural issues.



India's Economic Facts:

- Top ten economy in terms of Purchasing Power Parity
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- Over 250 million middle class consumers
- India one of the world's top Research and Development countries
- Over 60% of the GDP is consumer driven



Clearance Processes and concepts

Disclaimer: This information in this guide is for meant to provide background information only. To ensure regulatory compliance for both export and import, it is necessary to consult legal and logistics professionals to ensure regulatory compliance.



Forbidden Items

Amongst the items forbidden for importation to India include:

- Gems and Jewelry (regardless of value)
- Meat of Wild Animals (a common request from Quebec)
- Maps showing incorrect boundaries of India
- Baby Gender Test Kits
- Money Orders
- Indian Passports are prohibited for carriage by anyone except the holder of the passport. Non-Indian Passports from UN Commission, High Commissions & Consulates are acceptable.
- Unsigned Credit Cards
- Unused Checks
- Seeds
- Inorganic Chemicals





Before sending your international shipment to India, be sure the receiver has the necessary approvals

The receiver or consignee of your shipment must have an "IEC Number" (Importer-Exporter Code) along with a "BIN" (Business Identification Number). These can be obtained from the Regional Licensing Authority (Director General of Foreign Trade). Registration with Regional Licensing Authority (DGFT) is a prerequisite for all Importers and Exporters.

The required registration can be waived for the following entities:

- Government Ministries & Departments of the Central & State Government
- Diplomatic personnel
- Indian persons returning from abroad and claiming benefit under baggage rules
- Persons, hospitals and other institutions importing goods for their personnel use not connected with trade or manufacture.
- Persons importing goods from Nepal & Myanmar provided the CIF value of a single consignment does not exceed Indian rupees INR 25000.
- Importers importing goods for a trade show using an ATA Carnet
- Charitable Institutions & Registered NGOs importing goods, which have been exempted by the Ministry of Finance for victims of a natural calamity.

When sending shipments to India, it is useful to keep in mind the classification of the person receiving your parcel or pallet. For customs purposes, the user falls into the one of the following categories broad categories: Actual User and Non Actual User.



Actual User:

Sending your international shipment to an "Actual user"
Industrial Actual Users are persons who utilizes the imported goods for manufacturing in their own industrial units or manufacturing for their own use in another unit including a jobbing unit.

Non-industrial Actual Users are persons who utilizes the imported goods for their own use in a commercial establishment or Research and Development facility.

Non-Actual User:

Non- Actual users include person imports (including receipt of a gift). Importers who import items to resell are also considered non-industrial actual users.



Categories of Imports and Export

Import status of commodities can be broadly categories as:

- Free Import - Commodities that do not require any special or license.
- Restricted Import - Commodities that require Import License
- Canalised Import - Commodities that are restricted for import and must be cleared through special agencies.
- Prohibited Commodities



Special Schemes for Import

Import of certain goods (that promote export, to special economic zones, etc) are granted special processes.

International parcel shipments sent to India using a major Carrier are imported in OBC (courier) / Express Mode.

International shipments to India cleared via OBC/ Express Mode of Clearance

This express clearance process is faster and less restrictive than a freight clearance. However, it is limited to certain commodities, values and weight limits.

For formal clearance shipments, the importer is required to appoint a broker for clearance. Most often, the consignee grants clearance authority to the carrier (such as FedEx, TNT, DHL, UPS). All carriers charge brokerage fees for formal clearance.

To qualify for OBC/ Express Clearance:

- The package weight is less than 32 kilograms
- The shipment is valued under \$1,500 US
- Restricted commodities cannot be cleared via OBC/ Express
- Any restricted commodity subject to licensing/permit requirements
- Animal/ animal parts, plants, perishable goods
- Chemicals cannot be cleared via OBC/ Express
- Jewelry cannot be imported via OBC / Express

**Formal Clearance or Freight Mode**

All items that do not qualify for OBC/ Express Clearance require a "Formal Bill of Entry" for customs clearance through Indian Customs. Formal clearance requires a licensed Customs House Agent (CHA).

Importers can request their own CHA to clear the shipment or give the carrier to clear the item on their behalf. In both cases, customs clearance fees will be assessed.

Clearance of formal entries can take 2 days or more.

Classifications of international shipments to India cleared as Express:

Carriers classify the express shipments using a Courier Bill of Entry (CBE) in 3 groups:

1. Documents:

- Cleared within hours of arrival

2. Low Value:

- Shipments under INR.10000
- Expedited clearance but at least 25% of shipments are subject to physical inspection

3. Medium Value:

- Shipments over INR. 10000 but under Rs One Lakh (\$101 USD to \$1,500 US)
- Subject to 100% of examination



Document Requirements

All commercial shipments require a TIN # (Tax Payer's Identification Number) of the consignee.

Check with the consignee to ensure the proper documents are included with your international shipment to India

Formal customs clearance into India can be very demanding. Common requirements include:

- Signed Commercial Invoice
- Price list of the commodities in shipment
- Signed Packing List
- Purchase Order
- Authority letter from Consignee
- Copy of IEC/BIN Number required from importer



Declared Value and Preparation of the commercial invoice for shipments to India

For international parcel shipments to India, we stress the following notes when preparing your commercial invoice:

Valuation:

Do not use the term "Value for Customs Purposes"
All items must be assigned a value. "Zero value" is not acceptable on any customs document for shipments to India. Be careful to declare the true market value of the shipment. Undervalued shipments are subject to delays and fines. Clearly delineate the "cost, insurance, freight" costs

If the breakdown of Cost, Insurance and Freight is not clearly provided on the invoice, customs may load the value of these categories as:

- *Insurance at 1.125%*
- *Freight at 20%*



Product Description on Commercial Invoice

As mentioned above, all items must be assigned a value

- The invoice must be signed.
- The Harmonized Tariff Number of the item must be included
- For multi pieces shipments, the commercial invoices should itemize the contents per box.



Having complete invoice information is particularly important when sending international shipments to India. This includes full consignee information (including cell phone number and email).

Sending international shipments to India containing warranty parts or replacement parts.

Many of the international shipments delivered by Jet Worldwide contain replacement parts supplied under warranty. Free warranty articles can be exempt from duty & tax provided the defective articles were brought into India earlier and the private property of the importer.



Free warranty - articles supplied as replacement for defective ones

Defective articles returned for replacement are exempt from Duty & Tax provided the defective articles were brought into India earlier from places outside India and are private personal properties of the importer. Also, the part must be provided free of charge (including installation if applicable) in accordance with warranty agreement. The defective parts cannot be re-exported and must either be destroyed or surrendered to Indian Customs.

In addition to the signed invoice, an original "warranty letter" and triplicate Bill of Entry must be submitted.

Note: Check the consignee (who will likely refer you to their customs broker) before sending the warranty replacement part to India.

Sending international shipments to India containing items necessary for carrying out repairs.

Another common item sent via international courier to India are items that are necessary to repair an item. Goods imported to India to carry out repairs, reconditioning, calibration, or maintenance can be exempt of duty & tax.

In order to be considered exempt from duty & tax, shipments sent to China containing items necessary to carry out repair must meet specific conditions. These include:

The repairs, reconditioning, reengineering, testing, calibration or maintenance (including service) is undertaken in accordance regulations outlined in customs regulations (part 65). It is important to clarify the exact regulations with the receiver and/or their customs broker before sending your international shipment to India.



Personal Effects

Personal effects cannot be sent via courier to India and are subjected to a formal process.



Sending international shipments to India containing samples

Commercial samples are broadly defined by Indian customs as items being sent to determine the marketability of item into India. All importers - from individuals and companies - can import samples.

As long as the item is not otherwise restricted, virtually all types of goods can be imported as duty free samples up to a value of INR 5000.

There are specific provisions that allow for duty free import of higher value items. The items mostly relate to "Export Oriented Units" or EOU. Another provision is made for consignees based at Export Processing Zones. If you wish to have your international shipment to India qualifies for a duty free provision, the specific provision must be mentioned on the AWB and commercial invoice.

There are several other ways for samples (and other goods) to be considered duty free. These include items sent to government sponsored events for display or demonstration.



Gifts

All goods imported into India from abroad is subject to duty and tax and customs regulations. However, gifts with a value up to INR 10000 received from abroad by persons residing in India are exempt from duty & tax and restrictions under FT (D&R) Act. This exemption is allowed only for Bonafide gifts imported by air or post.

When sending gifts to India, the commercial invoice and air waybill must state that the good are gifts and being supplied free of cost.

We often remind our customs who wish to send an international shipment to India that jewelry cannot be sent. We also caution to be careful with the declared value as Indian customs may charge duty & tax if the value is deemed incorrect. To ensure the consignee does not pay duty/ taxes, it is best the shipper pay for the related clearance fees by selecting "delivery duty paid" option.

Jet Worldwide Services To India

Jet offers a full range of delivery services to India, including:

- Express Courier Delivery
- Economy Parcel Delivery
- JetPack™ low cost parcel up to 2 kg/ 4 pounds
- E-commerce Flows from India to USA and Canada
- Logistics consulting



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