

Chapter 7 - Export License

Introduction

An export license is a document issued by the appropriate licensing agency after which an exporter is allowed to transport his product in a foreign market. The license is only issued after a careful review of the facts surrounding the given export transaction. Export license depends on the nature of goods to be transported as well as the destination port. So, being an exporter it is necessary to determine whether the product or good to be exported requires an export license or not. While making the determination one must consider the following necessary points:

- What are you exporting?
- Where are you exporting?
- Who will receive your item?
- What will your items will be used?

Canalisation

Canalisation is an important feature of Export License under which certain goods can be imported only by designated agencies. For an example, an item like gold, in bulk, can be imported only by specified banks like SBI and some foreign banks or designated agencies.

Application for an Export License

To determine whether a license is needed to export a particular commercial product or service, an exporter must first classify the item by identifying what is called ITC (HS) Classifications. Export license are only issued for the goods mentioned in the Schedule 2 of ITC (HS) Classifications of Export and Import items. A proper application can be submitted to the Director General of Foreign Trade (DGFT). The Export Licensing Committee under the Chairmanship of Export Commissioner considers such applications on merits for issue of export licenses.

Exports Free unless regulated

The Director General of Foreign Trade (DGFT) from time to time specifies through a public notice according to which any goods, not included in the ITC (HS) Classifications of Export and Import items may be exported without a license. Such terms and conditions may include Minimum Export Price (MEP), registration with specified authorities, quantitative ceilings and compliance with other laws, rules, regulations.