

# *Terminologies in International Business*

- I. Harmonized System-Hs Codes*
- II. Certificate of Origin*
- III. INCOTERMS-2020*
- IV. Payment Terms*

# HS code classification

- HS code classification came into effect from 1988.
- Developed and Maintained by WCO (World Customs Organization) at Brussels.
- Under this all existing products are classified.
- Basic Objective to have the contracting parties to have tariff schedules based on HS nomenclature
- They Can set their own Duty
- HS is organized into 21 section and 99 chapters
- Codes are assigned to specific chapter heading & subheading
- Product codes are determined according to form & functions.
- Eg: Fresh Potato-07.01.90(Fresh or Chilled)  
-07.10.10(Frozen Potato)
- First 6 digits are common internationally and next 2 or 4 digits are specific to countries.

# Indian System of HS code

- Authority is DGFT
- All addition or deletions are done by DGFT like product description weeding out defunct codes.
- Indian HS has 2 schedules – first with 8 digit nomenclature and second with descriptions of goods with tariff duty.
- In first schedules ITC-HS follows international HS code up to 6 digit and next 2 digit address tariff.
- In a nut shell - Every 4 digit code is heading
  - 6 digit as subheading and
  - 8 digit as tariff items.

# Certificate of Origin

- This document is to declare & certify that the commodity exported is manufactured in India.
- This document is not mandatory universally, but majority countries insist.
- This is to curb fake and substandard Products getting imported to a particular country.

# Types of COO

1. Non-Preferential Certificate of Origin
2. Preferential Certificate of Origin

## Non-Preferential Certificate of Origin:

- This is sent as pre shipment/post shipment document as per buyers requirement.
- Ensures exports commodity is originated from India
- COO are issued by promotion councils, chamber of commerce, and VTTC as authorized by DGFT

# Preferential Certificate of Origin

- Follows Generalized scheme of preferences (GSP).
- In India this is a pre-shipment document to be sent along with cargo.
- FIEO is authorized to issue for APTA & SAFTA countries (Asian Pacific Trade Agreement with China, Korea and Sri Lanka, SAARC free trade agreement)
- EIA/ DGFT is authorized to issue to all countries.

# *INCOTERMS 2020*

## *The 11 Incoterms*

*Incoterms 2020 describe the responsibilities of seller and buyer in international trade.*

### *Group — 1 (Any Mode of Transport)*

<i>EXW</i>	<i>Ex-Works</i>
<i>FCA</i>	<i>Free Carrier</i>
<i>CPT</i>	<i>Carriage Paid To</i>
<i>CIP</i>	<i>Carriage &amp; Insurance Paid To</i>
<i>DPU</i>	<i>Delivered At Place Unloaded</i>
<i>DAP</i>	<i>Delivered At Place</i>
<i>DDP</i>	<i>Delivered Duty Paid</i>

# INCOTERMS 2020

## *Group – 2 (Sea and Inland Waterway Transport)*

*FAS Free Alongside Ship*

*FOB Free On Board*

*CFR Cost And Freight*

*CIF Cost, Insurance and Freight*



## Responsibility Matrix for Contract of Sale

[illegible]

# TERMS OF SALE

*Factory ware house*



*Indian Sea Port*



*Foreign Port*



*Final Ware House*



*Ex-works*      

*FOB*      

*CFR & CIF*      

# *COMMON PAYMENT TERMS*

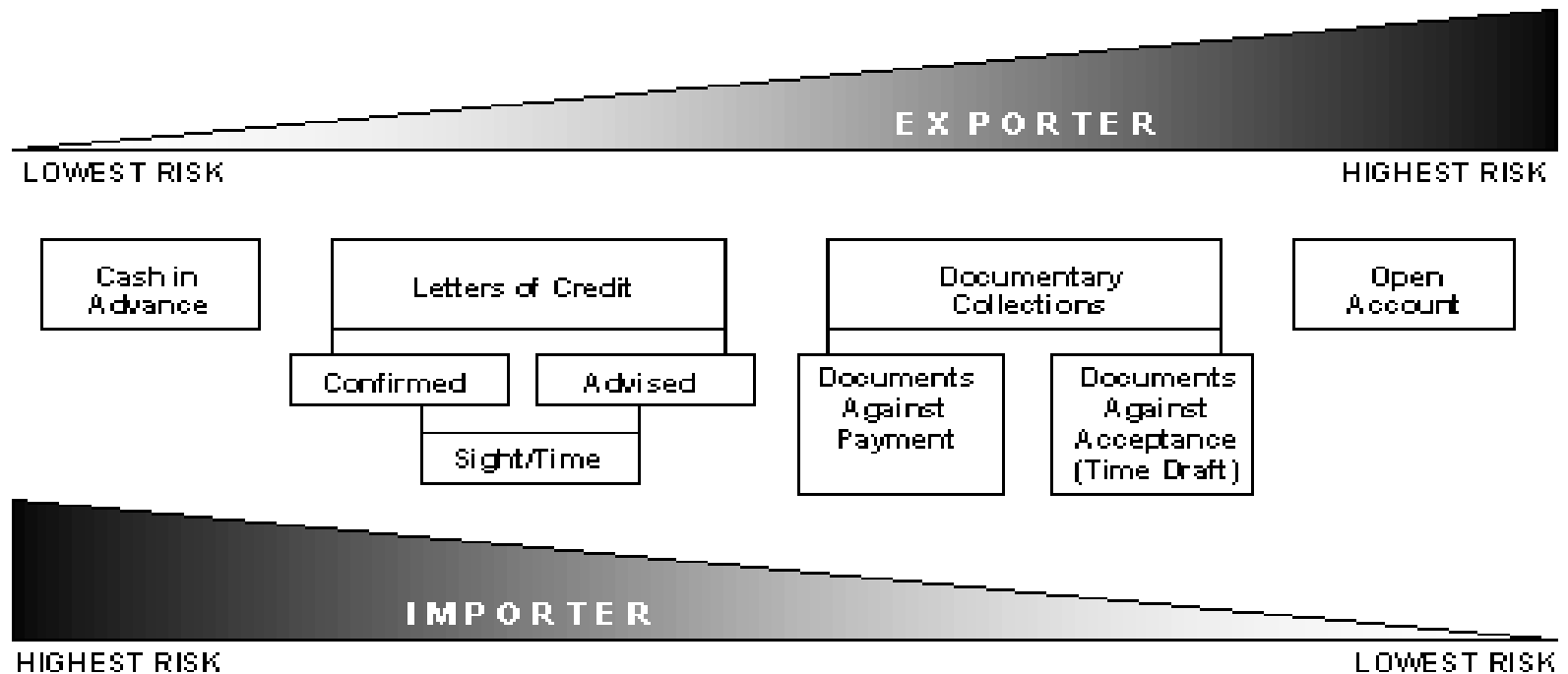
☞ *Advance Payment*

☞ *Documents against payment(DP) / CAD*

☞ *Documents against acceptance(DA)*

☞ *Open terms*

# COMMON PAYMENT TERMS



# *COMMON PAYMENT TERMS*

☞ *Letter of Credit*

☞ *LC at Sight*

☞ *Usance Bill*