

# IMPORT REQUIREMENTS IN INDIA

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## IMPORT REQUIREMENTS IN INDIA

Exploring the import requirements in India is essential for businesses seeking to engage in international trade within the nation. India's regulatory landscape for imports is multifaceted, molded by different laws, regulations, and policies aimed at advancing trade facilitation while guaranteeing compliance with domestic laws and international guidelines. In India, the Foreign Trade Regulations 1992 supervises the trade which sanctions the Indian government to make provisions for the development and regulations of foreign trade. Under the Foreign Trade Policy 2015-2020, the current provisions related to imports in India are available briefly. Understanding these requirements is vital for importers to effectively navigate customs procedures, taxes, licensing, and other regulatory obligations. In this article, we are going to explore the key aspects of import requirements in India, shedding light on the procedure and considerations that businesses must be mindful of to import products into the Indian market successfully. The procedure of import activities typically involves ensuring licensing and compliance before the shipping of commodities. Arrangements of transport and warehouse facilities after unloading the commodities and finally, paying taxes before the release of goods and getting the customs clearance of them.

### THE PROCEDURE INVOLVED IN IMPORTING GOODS TO INDIA:

#### 1. GET IMPORT EXPORT CODE (IEC)

Before the importing process, every importer must first obtain a 10-digit number which is the IMPORT EXPORT CODE (IEC number) from the Directorate General of Foreign Trade (DGFT) by filling out an online application. The process of receiving the IEC registration takes about 2 to 3 weeks. The IEC is a permanent account number (PAN) with lifetime validity and is mandatorily required for clearing customs, sending shipments, and sending and receiving money in foreign currency. The scanned documents required for an IEC Application are as follows:

- a) Proof of establishment/incorporation/registration like Partnership, Registered Society, Trust, Hindu Undivided Family, or any other documents are required.
- b) The Proof of address can be any one of the documents, namely a Sales or lease deed, rent agreement, electricity or telephone landline bill, mobile,

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postpaid bill, MoU, or Partnership deed. Other acceptable documents for proprietorship only are an Aadhar card, passport, or voter ID. In case the address proof is not in the name of the business or the importer, a no objection certificate (NOC) by the owner along with the address proof is mandatory.

c) Proof of the firm's bank account like a Cancelled check or Bank certificate is required.

## **2. ENSURE THE LEGAL COMPLIANCE UNDER VARIOUS TRADE LAWS**

Once the importer is allotted the IEC number, they may import commodities that are compliant with Section 11 of the Customs Act 1962, Foreign Trade Act 1992, and the Foreign Trade Policy 2015-2020. As declared and notified by the government, some commodities are restricted, canalized, or prohibited, and require additional licenses and permission from the federal government and the Directorate General of Foreign Trade (DGFT).

## **3. OBTAINING IMPORT LICENSES**

The importer must first classify the commodity by identifying its Indian Trading Clarification System of Coding or ITC (HS) classification to determine whether the license is needed to import a particular commercial commodity. The ITC (HS) code is an 8-digit alphanumeric code issued by the DGFT, allowing the importers to follow regulations concerning the commodities. This is India's leading method of classifying products for trade and its operations. An import license can either be a general license under which goods can be imported from any nation or a specific license that only authorizes imports from specific countries. Import licenses are renewable, used in import clearance, and are valid for 24 months for capital goods and 18 months for raw materials, consumables, and spare parts.

## **4. FILE BILL OF THE ENTRY AND OTHER REQUIRED DOCUMENTS TO COMPLETE CUSTOMS CLEARING FORMALITIES:**

After acquiring the Import licenses, as per Section 46 of the Customs Act 1962, importers are required to furnish an import declaration in the prescribed Bill of Entry and the PAN number-based Business Identification Number (BIN). The information on the exact nature and quantity of goods, and also the value of goods that have been imported or entered into the country is given by the Bill of Entry. In case the products are cleared through the Electronic Compatibility (EDI) system, no formal Bill of Entry is recorded because it is created within the computer. If the Bill of Entry is

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recorded without using the EDI system, the importer is required to submit supporting records that incorporate a certificate of origin, bill of exchange, certificate of inspection, and commercial invoice cum packing list. Once the products are transported, the customs authorities examine and assess the information furnished within the bill of entry and coordinate it with the imported items. The authorities issue a 'pass out order' that permits the regular imported products to be replaced by the customs.

#### **5. DETERMINING THE IMPORT DUTY RATES FOR GOODS CLEARANCE**

According to the first schedule of the Customs Tariff Act 1957, India imposes basic customs duty on imported goods along with goods-specified duties such as safeguard duties, anti-dumping duties, and social welfare surcharge. Furthermore, the government also levies an integrated goods and services tax (IGST) under the GST system. According to Section 5 of the IGST Act 2017, the IGST rates depend on the classification of imported goods.

#### **IMPORTS DOCUMENTS**

Businesses or importers are liable to submit a set of documents for carrying out import activities in India. The Foreign Trade Policy, 2015-2020 directs the following documents for carrying out importing activities:

- Bill of Entry
- Commercial Invoice cum packaging list
- Bill of landing or airway bill

As per the case, additional documents may be required:

- Certificate of origin
- Inspection and insurance certificate
- Import license
- Letter of credit
- General Agreement on Tariffs and Trade (GATT) and declaration of DGFT
- Registration cum Membership Certificate (RCMC)

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The RCMC assists importers and exporters in availing benefits or concessions under the Foreign Trade Policy 2015-2020, which was extended to March 31, 2022; during the Covid-19 pandemic to provide a stable regime.

India is now working on streamlining endorsements to guarantee that products for exports and imports are cleared within an hour of their entry at seaports and airports to assist in catapulting (India - Import Requirements and Documentation, n.d.) India's share in worldwide trade to 10 percent within the coming decades. The 'Customs ONE' arranged by the Department of Commerce, Government of India, is part of the India@2047 blueprint, a vision to form the nation one of the world's top three economies and accomplish developed nation status by the 100th year of its independence.

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