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Improving Regional Trade Procedures and Processes: A Business Process Analysis of Export of Vegetable Ghee from Nepal to India and China and Import of Textile from India to Nepal

By

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Executive Summary

Recognizing the need for a greater efficiency in procedures related to international trade, the UNNEXT Business Process Analysis Guide to Simplify Trade Procedure was used as the basis for analyzing export processes of vegetable ghee to India and China and import processes of textile from India. This research was conducted as part of a regional ARTNeT study on Improving Regional Import-Export Procedures and Processes.

Hydrogenated vegetable oil is known as vegetable ghee. Although its export currently declined to ebb, it used to be one of the major export items of Nepal till 2008/09. Vegetable ghee is mainly exported to India and China. It is used mainly to cook food in India and light lamps in monasteries in China. Vegetable ghee is exported by road transportation.

India provides preferential entry of Nepalese vegetable ghee to India under the bilateral trade agreement between India and Nepal. But there is quota on import of vegetable ghee from Nepal to India. It can be exported only through specified agency or to the importer having permit from such agency. Vegetable ghee is exported to India mostly on advance payment basis. To China, vegetable ghee is exported under the Most Favored Nation (MFN) treatment and on full advance payment basis.

The export process to be followed by the exporter consists of 15 steps or activities for vegetable ghee export to India and 13 steps for China. The exporter needs to visit 12 institutions to complete the process of export to India, but only nine for exporting to China. Altogether 26 types of and 54 copies of document are required to complete the export process of vegetable ghee to India. Likewise 21 types of and 43 copies of documents are required to complete the export process of vegetable ghee export to China.

An exporter has to bear a cost of U.S dollar 1067 per container in exporting vegetable ghee to India and U.S dollar 834 to China. Twenty-three to 29 days are required to prepare documents for export of vegetable ghee to India, and 11 to 17 days are required for custom clearance and technical control. But in case of export of vegetable ghee to China document preparation and custom clearance and technical control takes only 5 to 6 days and 4 to 5 days, respectively. Altogether about 41 days are required to complete an export transaction of vegetable ghee to India and 11 days to China.

Textile is one of the major import items of Nepal. It is mostly imported by road transportation through specified custom points. Textile is imported on advance payment basis. Transaction between Nepal and India takes place in Indian rupee, which is freely convertible in Nepal without limit. The import process involves 10 steps or distinct activities, with the needs to visit 5 institutions to complete the entire process.

Altogether 12 types of and 20 copies of document are required to complete the import process of textile to Nepal. Required time for custom clearance varies due to traffic congestion, queue of cargo waiting and attitude of the official deployed. Importer has to bear a cost of US$ dollar 320 per truck container in importing of textile to Nepal. At least 2 days and up to 4 days are required for custom clearance at arrival of cargo, while 3 days are required to prepare documents for import of textile to Nepal. In case of textile import from India, custom clearance at export country's border is also handled by the importer and takes 1 to 2 days.

Key issues identified during the analysis include the following:

1. As Indian importers do not recognize laboratories available in Nepal, exporter has to send the product to Indian laboratory for quality test in case of vegetable ghee export to India. This takes a long time of 10 to 15 days.
2. The procedure related to the quota system for vegetable ghee export to India is unnecessarily lengthy and complex. Export quota is made available to exporter by the Government upon recommendation of 3 separate different agencies.
3. There is problem of traffic congestion at custom point in Indian side in case of textile import from India.
4. A wide variance is observed in custom clearance time in case of both export of ghee to India and import of textile from India. Such a variance is due to varying efficiency and attitude of the official deployed for the custom clearance.

In addition to simplifying trade procedures in consultation with the private sector, reform and capacity building is needed to setup recognized laboratories in Nepal, as well as to develop efficient human resources for speedy custom clearance.

Abbreviation

ADB	Asian Development Bank
BPA	Business Process Analysis
COO	Certificate of Origin
DB	Doing Business
DCO	District Chamber Office
DOC	Department of Custom
DOI	Department of Industry
ESCAP	Economic and Social Commission for Asia and the Pacific
FNCCI	Federation of Nepalese Chamber of Commerce and Industry
FY	Fiscal Year
GDP	Gross Domestic Product
GON	Government of Nepal
L/C	Latter of Credit
MFN	Most Favored Nation
MOCs	Ministry of Commerce and Supply
NICCI	Nepal India Chamber of Commerce and Industry
NVGPA	Nepal Vegetable Ghee Producer Association
PAN	Permanent Account Number
TPC	Trade Promotion Centre
TQM	Total Quality Management
TT	Telegraphic Transfer
UML	Unified Modeling Language
VAT	Value Added Tax

I. Introduction

Trade facilitation is the simplification and harmonization of international trade procedures. Broadly, these procedures include commercial procedure, transportation procedure, regulatory procedure and financial procedure. Improvement in these procedures reduces transaction cost and complexities of international trade.

Nepal is a small landlocked least developed country. It has a number of distinct trade related problems. The volume of export has remained far below than imports leading to a problem of growing trade deficit, which stood at 23.82 percent of GDP in Fiscal Year 2008/09. Therefore it is important for Nepal to improve trading procedures, particularly for enhancing exports. This study analyzes export procedures from exporter's warehouse to the custom of departure and import procedures from custom of arrival in the country to the warehouse of the importer.

II. Literature Review

Davenport and Short (1990) have defined business process as a set of logically related task performed to achieve a defined business outcome. The path to business improvement is long one. Earlier approaches included System Dynamics in 1960s and Total Quality Management (TQM) in the 1980s, with the development of IT in 1990s business process approach began to take shape (Courins and Stewart /2002). However, Business Process Management has gained a lot of attention in recent years (Sturn/2008). The World Bank Report on Doing Business presents quantitative indicators on various components of business process, including trading across border, for a large number of countries (183 in 2010) of the world. Accordingly Nepal stands at the rank of 123 in overall doing business and at 161 in trading across border.

Processes can have a significant impact on the performance of business and process improvement can improve a firm's competitiveness. Fulfilling export or import procedures in most developing economies of the region still takes at least 50% more time than it does in developed economies (ESCAP/2009). Designing and Implementing Trade Facilitation in Asia and the Pacific (ADB, ESCAP/ 2009) also introduces guiding principles and practices aimed to lessen the burden of trade documentation and procedures. According to this publication, to simplify, harmonize and standardize processes and documents is an essential step in reducing time and cost of import and export and making them more predictable.

Engman (2009) estimates that trade transaction costs associated with imports and exports procedures amount to 7 to 10 percent of the value of the goods traded. The average number of documents and time required for import/export in many sub regions in Asia and the Pacific remains at least twice as high as in OECD (UNESCAP, 2009).

While there are many studies on trade facilitation and procedures at international, regional and sub regional levels, most do not analyze procedures and their impact on time and cost in details. There are also very few studies on trade procedure in Nepal. Some publications have been made on import and export procedures of Nepal in general (Gautam, et.al/1985, Welling and Kaphley 1999). Nepal Export Trade Directory (TPC, 2006) and the Custom Manual (Department of Custom, 2003) also provide general information on import/ export procedures and required documents. Rajkarnikar et al. (2006, 2007 and 2010) discuss delays in custom clearance, complication in custom valuation and other procedural complexities resulting high cost and longer time in international trade of Nepal. Product-specific analytical literature in terms of time and cost is however lacking. This study makes an important contribution in this regard.

III. Methodology

The UNNEXT/UNESCAP/UNECE Business Process Analysis Guide to Simplify Trade Procedure was used as the core methodology for the study. Following the guide, the entire process of export or import was divided into three sub steps viz Buy, Ship and Pay. All activities related to entering into sales or purchase contract were included in "Buy". Likewise all activities related to moving goods from exporter's factory to custom of departure or custom of arrival to importer's warehouse were categorized under "Ship", while "Pay" included all activities related to payment of goods from importer to exporter. In the process of analysis all actors are indentified and their role was clearly shown. Also graphic or tabular presentations were done as per the Unified Modeling Language (UML). The UML diagrams include Use Case Diagram and activity diagrams.[1] This study covers export procedures from exporter warehouse to the custom of departure and import procedure from custom of arrival in the country to the warehouse of the importer only.

Detailed information on export import procedure and documentation was collected from selected importer and exporters, including information on time and cost involved in each process of export or import of the specified product. Information so collected was cross verified from another importer or exporter of the same product. Thus a case study approach was followed in this study. The preliminary working paper prepared on the basis of information collected from exporters was sent to these government agencies (MOCs and DOC) or trade associations (FNCCI and Nepal Vegetable Ghee Producers Association) for comment and verification purpose.

Given that the study was undertaken within a short period of time and with limited resources, primary data and information were collected from only one trader for each product and destination or origin country. However this information was systematically verified with one another trader. Despite noticeable improvements made, trade facilitation stakeholders, including government authorities, are not monitoring or analyzing business processes on a regular basis. They have no practice to maintain the record regarding the time, cost and required documents. Therefore stepwise time and cost data were not readily available. Moreover, private sector of Nepal is still reluctant to provide detail information, particularly on cost.

[1] A use case diagram is a graphical overview of core business while activities diagrams are elaborated graphic presentation of each non-decomposable activity to be undertaken in the business process.

IV. Trade Procedure Analysis of Vegetable Ghee Export to India from Nepal

1 Introduction

Hydrogenated vegetable oil is known as vegetable ghee (HS code 1515). It is used mainly to cook food and to light a lamp. Vegetable ghee industry is one of the most important subsectors in manufacturing sector of Nepal. Altogether 18 ghee industries are in operation. They provide employment opportunities to 2605 workers in the country. Most of the ghee industries are located in Terai, the southern region of the country. Although its exports currently declined to ebb as India liberalized imports from other countries, till FY 2008/09. Vegetable Ghee is one of the major export items of Nepal. It is mainly exported to India. The total export of vegetable ghee amounted to US$ 33.08 million in FY 2007/08, of which export to India accounted for around 99 percent. It is exported by road transportation. Ghee can be exported to India under preferential entry or under Most Favored Nation treatment. Preferential entry refers to duty free imports while MFN refers to dutiable imports.

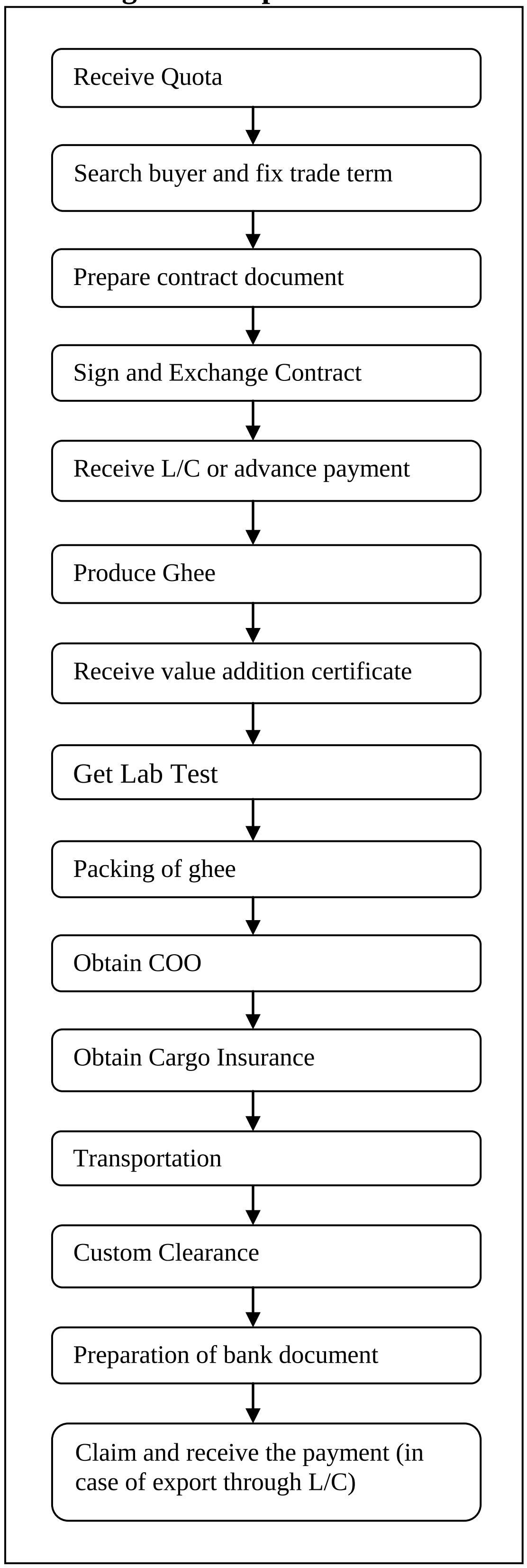
Preferential entry of Nepalese vegetable ghee into India is provided under the bilateral trade agreement between India and Nepal. However, India has fixed quota in such imports. Currently such a facility is granted only to a limit of 100 thousand Metric Ton per annum. Government of Nepal allocates export quota to exporting firms through the Ministry of Commerce and Supplies (MOCS) on the basis of past export performance and capacity of production plant. Import of Nepalese vegetable ghee is canalized in India. Hence it can be exported through a specified agency or to the importer having permit from such agency.

Vegetable ghee is exported to India mostly on advance payment basis. But seldom is it also exported on L/C basis.

2. Export Procedure of Vegetable Ghee to India

The process of export of vegetable ghee to India starts from receiving quota and followed by searching buyer, getting order, and then activities of production, document preparation, transportation and custom clearance. In the process of export of vegetable ghee to India following steps are followed by the exporter (Refer figure: 1).

Figure 1: Steps of Activities



As per BPA guide, business processes are presented in (1.) Use Case Diagram and (2.) Activity Diagram. A Use Case Diagram presents a stepwise broad activities required to be performed in completing a trade transaction. It is a frame of reference for further elaboration of business process works. On the other hand an Activity Diagram describes in detail the activities, inputs and outputs associated with each business process listed in the Use Case Diagram. Using UN/CEFACT "BUY- Ship-Pay" model a Use Case Diagram of vegetable ghee export from Nepal to India is prepared. (See annex 5.1.2A).

(a) Buying/Selling Process

This process is concerned with fixing trade terms and entering exporter and importer into sales contract. First, the exporter searches buyer or establish contact with existing buyer. Then exporter and importer discuss on trade terms. Once it is finalized exporter prepare and signs the contract which is then sent to importer for signing. When signed by importer the contract document is exchanged between importer and exporter. This activity formalizes trading process. Then importer sends purchase order to the exporter and arranges the payments. The activity diagram of buying/selling process is presented in annex 5.1.2B.

(b) Ship

Receive Quota

As per the bilateral trade agreement between India and Nepal, Government of India provides quota for export of vegetable ghee to the government of Nepal every year. Ministry of Commerce and Supplies of Nepal allocates the export quota to exporting firms on the recommendation of Nepal Vegetable Ghee Producers Association, FNCCI and NICCI. Therefore in the process of getting the quota, exporting firms at first approach to the Nepal Vegetable Ghee Producers Association and after getting recommendation letter from Nepal Vegetable Ghee Producers Association they apply to FNCCI and NICCI for recommendation letter, with Industry Registration Certificate, PAN Registration Certificate, recommendation letter from Nepal Vegetable Ghee Producers Association and documents showing production capacity of industry and last year's export performance. After examining the documents FNCCI and NICCI issue the recommendation letter to the exporting firms. With these recommendation letters and documents showing production capacity and last year's export performance, exporting firms then apply to the MOCS for export quota. After examining the documents MOCS issues the quota certificate to the exporting firm. Though Government of India provides overall quota to GON, there is a system of state wise quota distribution. Exporter has to consider this factor while planning for exports to different states of India. NICCI maintains record of state wise export quota and actual exports by the exporting firm. On that basis it issues a passbook to the exporting firm. A passbook is a record of state wise export quota and use of such quota by individual export firm. Exporting firm needs to obtain passbook from NICCI in the process of getting recommendation for export quota.

The activity diagram of receiving quota is given in annex 5.1.2C.

Produce Ghee

After getting quota, production unit of the exporting company starts production of goods for export as per order. The production process consists of storage, filtration, pre neutralization, bleaching, hydrogenation, post neutralization, post bleaching and deodorization etc. After completing the production process samples of product are drawn for initial test in factory lab. Completing this, production unit provides the information of test result to the exporting unit of the firm. If the result is satisfied, exporting firm goes ahead to further preparation for exporting the goods. The activity diagram of this component of process is given below (See annex 5.1.2D).

Receive Value Addition Certificate

As India provides preferential entry to Nepali vegetable ghee, Value Addition Certificate is mandatory in export of vegetable ghee from Nepal to India. For this, exporter submits an application, with cost sheet, Industry Registration Certificate, PAN/VAT Certificate, Production Capacity Certificate, documents related to import of raw materials and documents showing local and Indian material content, to FNCCI for recommendation to Department of Industries (DOI) for issuing the Value Addition Certificate. The exporter also applies to the DOI with same set of documents. FNCCI examines the document and sends the recommendation letter to DOI. After examining the submitted documents and receiving the recommendation letter from FNCCI, DOI issues Value Addition Certificate to the exporter. The detail processes is presented in the activity diagram (Refer annex 5.1.2E).

Lab Test

Quality test is part and parcel of process of exporting vegetable ghee to India. For this exporting firm sends request application with sample of product to the laboratories in Indian boarder. Indian importers do not recognize laboratories available within Nepal. On the basis of the test result, lab authority issues quality assurance certificate to exporter. The activity diagram in this regard is given in annex 5.1.2F.

Packing

Once the test result is approved by the lab authority and certificate of the same is issued, exporting firm instructs production unit for packing of vegetable ghee in specified quantity and type as per the contract. Packing also includes cooling and weighting activities. All these activities are done by the production unit. Activity diagram of packing is presented in annex 5.1.2G.

Obtain Certificate of Origin (COO)

Certificate of origin is essential for the export of vegetable ghee from Nepal to India. The certificate of origin is issued by the District Chamber Offices. The exporter submits application with required documents (contract document, evidence of payment, Quota Certificate and passbook, Value Addition Certificate, PAN/VAT Certificate and Industry Registration Certificate) for getting COO. After verifying the submitted documents District Chamber Office personnel informs the exporter to pay the fee for COO. Upon receipt of fee District Chamber

Office issues the COO. The whole process is presented with the help of activity diagram. (Refer annex 5.1.2H).

Obtain Cargo Insurance

There are different risks in moving vegetable ghee from exporter's warehouse in Nepal to the warehouse of importer in different states of India. In most cases exporter buys insurance policy to cover such risk, unless it is specified in the contract between exporter and importer that the responsibility of insurance lies on importer. To buy an insurance policy in this regard exporter needs to fill up an application form of cargo insurance and submit it to insurance company along with commercial invoice, transport contract, evidence of payment, and packing list. Insurance company examines the documents and if satisfied, requests exporter to pay the insurance premium. After receiving the premium the insurance company issues insurance policy to the exporter. The whole process is shown in the activity diagram (See annex 5.1.2I).

Transportation

Transportation is a major logistic determinant of business process. In the process of vegetable ghee export to India only road transportation is used. In this process of transportation an exporter contact transport company/operator and negotiates the freight. After fixing the freight goods are loaded in truck/container and handover documents such as packing list, contract document, and commercial invoice to the transport operator. The whole process is shown in the diagram (Refer annex 5.1.2J).

Custom Clearance

In the process of custom clearance exporter fills up the export custom declaration form and submits it to custom office along with required documents. They include evidence of payment, commercial invoice, quota certificate and passbook, COO, lab test certificate, value addition certificate, contract document, packing list and foreign currency declaration form. Custom officials examine the documents and inspect the cargo. After completion of the inspection of cargo the custom official signs custom declaration form and record the quantity and value of goods in the custom records. Then he issues order to move the cargo. After getting the order the transport operator moves the truck/container to destination. The copies of Custom Declaration Form and Foreign Currency Declaration Form signed by custom official are given to the exporter. The detail process is presented in activity diagram (Refer annex 5.1.2K).

(c) PAY

Receive L/C

Mode of payment is one of the most important components of business process. Both L/C and advance payment system are used in vegetable ghee export to India. But mostly advance payment is used. In advance payment the importer sends the draft to the exporter. After receiving the draft from importer, exporter presents the draft to exporter's bank and receives the payment. If the export is done on L/C basis, first the exporter has to obtain a L/C opened by the importer in his favor. Such L/C is opened in importing bank and intimated to exporter through an exporter's bank. L/C guarantees payment of exports on specified conditions to be followed by the exporter. Upon receipt of L/C, the exporter dispatches the cargo following the conditions stipulated in the

L/C. After dispatching the cargo, exporter prepares documents as required by the L/C and submits to exporter's bank for payment. If all documents are correct as per instruction of the importer's bank, exporter's bank makes payment to exporter by honoring the bill drawn by exporter on importer. The activity diagram of payment arrangement is presented in annex 5.1.2L.

3 Cost, Time and Time Procedure Chart

Cost and Time

Trade cost is important determinant of the volume of trade. Trade cost includes all costs incurred in moving a product from producer to a final user. Such costs include transportation cost, policy barrier cost, information cost, contract enforcement cost, legal and regulatory cost etc.

In general, an exporter incurs costs in all phases of the export process, starting from obtaining information about market condition in any foreign market and ending with receipt of final payment. In case of vegetable ghee export to India, an exporter needs to visit following 12 institutions (Refer Table 1).

Table 1: Involved Institutions

S.N.	Institutions
1.	Department of Industry
2.	Inland Revenue Office
3.	FNCCI
4.	NICCI
5.	MOCS
6.	Insurance Company
7.	Bank
8.	Custom
9.	Transport Company
10.	Laboratory
11.	Chamber of Commerce
12.	Nepal Vegetable Ghee Producers Association

Source: Survey, 2010.

Altogether 26 documents are required to complete the export of vegetable ghee to India. Some of the documents are required in multiple copies. Hence in total number 54 documents are required (Refer Table 2).

In the process of documentation and moving export goods from exporter's warehouse to custom of departure different type of costs will have to be borne by the exporter. Altogether an exporter has to bear a cost of U.S. dollar 1066.86 per container while exporting vegetable ghee to India.

Table 2: Total Number of Documents Required

1. Industry Registration Certificate (5 copies)	15..Request letter to laboratory
2. PAN/VAT Registration Certificate (6 copies)	16.Evidence of payment received (3 copies)
3. Export Performance Report (3 copies)	17. Passbook
4. Recommendation letter of Nepal Vegetable Ghee Producers Association (3 copies)	18. Insurance application form
5. Certificate of Production Capacity (3 copies)	19. Commercial Invoice (3 copies)
6. Recommendation letter 0fFederation of Nepalese Chamber of Commerce and Industry (FNCCI)	20. Transport contract document
7. Recommendation letter of Nepal India Chamber of Commerce and Industry (NICCI)	21. Packing list (3 copies)
8. Quota certificate (3 copies)	22. Certificate of origin
9. Performa Invoice	23. Lab Test certificate
10. Contract document (5 copies)	24. Value Addition Certificate (2 copies)
11. Application for Value Addition Certificate	25. Export Custom Declaration form
12. Cost sheet of the company	26. Foreign currency declaration form
13. Import Declaration Form of raw materials import	
14. Document showing proportion of local material content	

Source: Survey, 2010.

Table 3: Activity Wise Time and Cost

(Per container cost)

Activity	Time	Cost
Receive recommendation from FNCCI and Nepal Vegetable Ghee Producers Association for quota	1day	-
Receive recommendation from NICCI for quota	5-7 days	US$ 2.97
Receive Quota	7-10 days	
Preparation of trade contract	1 day	
Signing and exchange of contract	3-4 days	US$ 27.76
Receive L/C	2 days	
Lab Test	10-15 days	US$ 99.93 Per Batch
Receive Value Addition Certificate	1 day	Free
Receive COO	1 day	US$ 25.48 @ 0.12 percent at valorem
Obtain Cargo Insurance	1 day	US$ .42.47 @ 0.20 percent at valorem
Arrange transportation	1 day	US$ 858.84
Custom Clearance	1-2 days	US$ 9.41
Collect signed custom declaration form		
Preparation of Bank Document	1 day	-
Total	35-47 days	US$ 1066.86

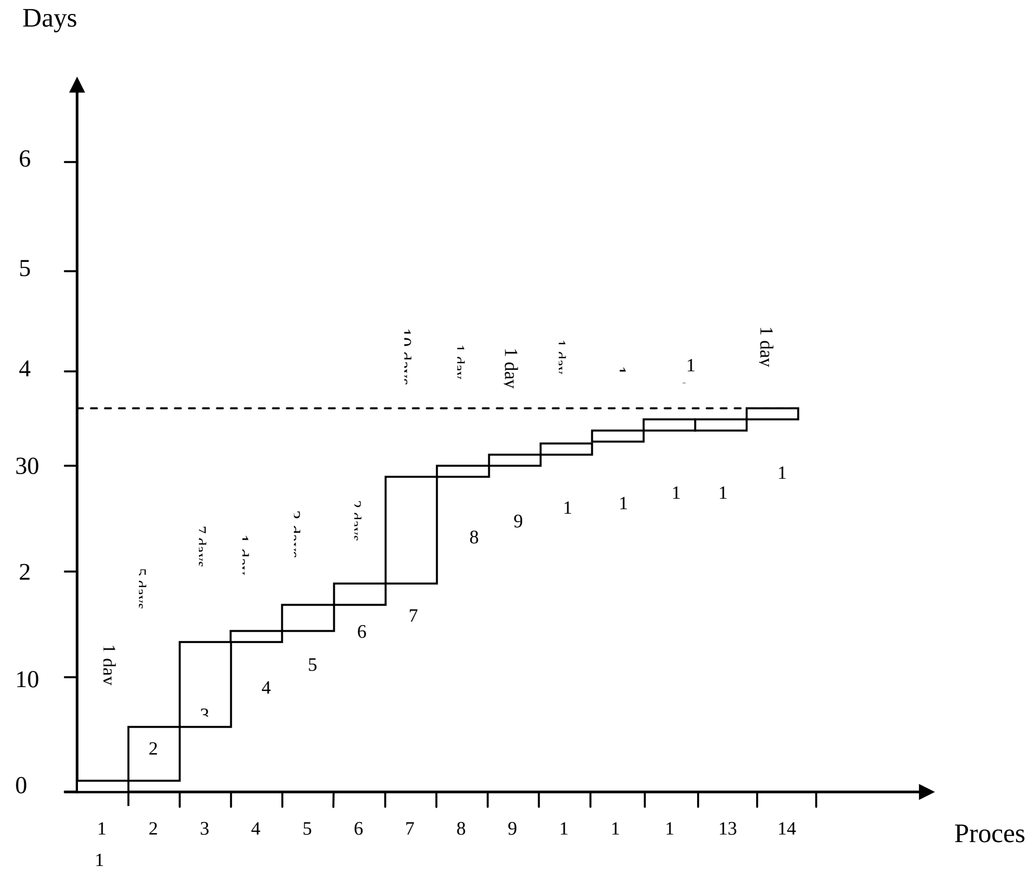
*Source: Survey, 2010***.**

Note:

FNCCI: Federation of Nepalese Chamber of Commerce and Industries

NICCI: Nepal-India Chamber of Commerce and Industries

Time procedure chart of vegetable ghee export to India
Figure 2: Minimum Time: 35 days

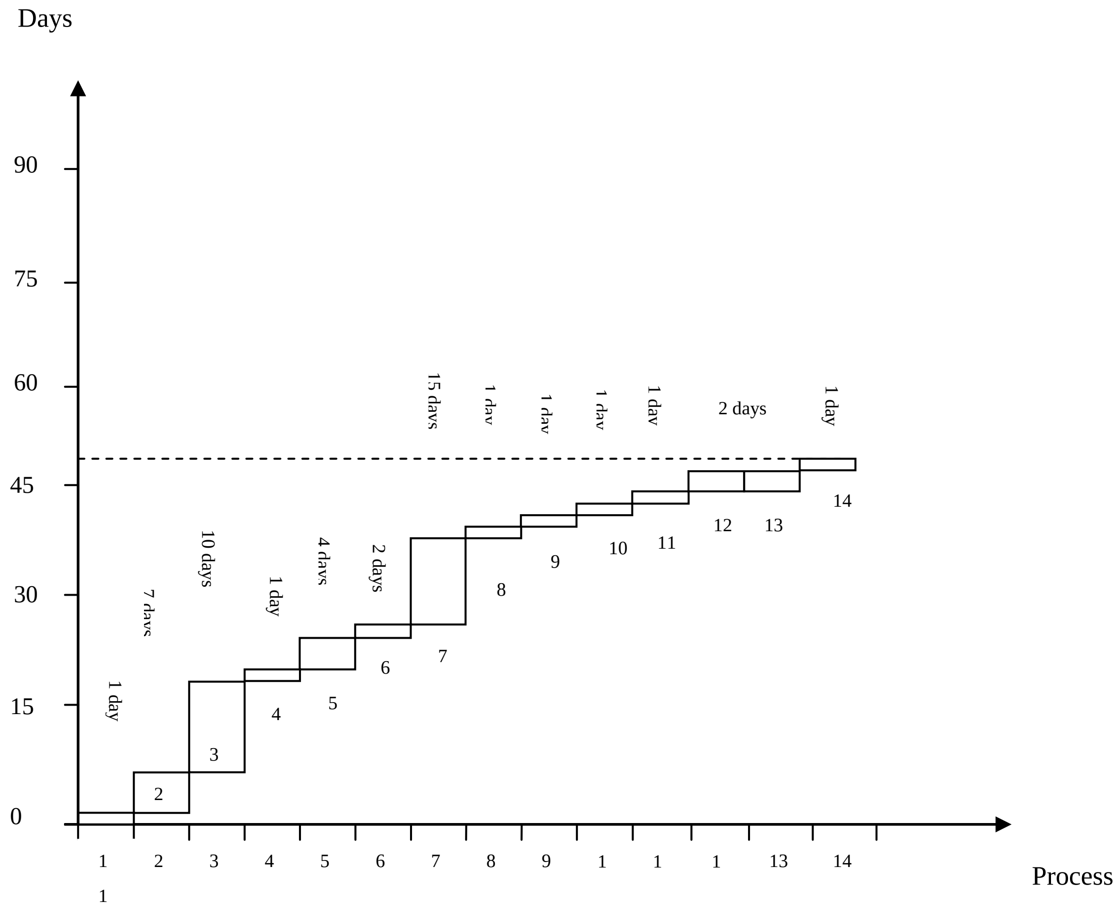


1. Receive recommendation from FNCCI for quota
2. Receive recommendation from NICCI for quota
3. Receive quota
4. Preparation of trade contract
5. Signing and exchange of contract
6. Receive L/C
7. Lab Test
8. Receive value addition certificate
9. Receive COO
10. Obtain cargo insurance
11. Arrange transportation
12. Custom clearance
13. Collect signed custom declaration form
14. Preparation of bank document

The time factor is also most important determinants of trade competitiveness. In the process of vegetable ghee export to India the exporter has to spend more time in visiting many institutions. Recommendation of more than one institution is made mandatory for the same purpose. For example recommendation of three institutions (FNCCI, NICCI and Nepal Vegetable Ghee Producers Association) is made mandatory for receiving export quota. Similarly, both Value Addition Certificate and COO are made compulsory. Value Additional Certificate itself shows the origin of product. To complete the export process of vegetable ghee to India minimum 35 days to maximum 47 days are required (Refer figure 2 and 3). This does not include the time required for searching buyer, production of goods and payment settlement. It takes 7 to 10 days for searching buyer, 8 days for production and packing and 9 to 15 days for payment settlement. A wide range is observed in minimum and maximum days required for completing the export procedure of vegetable ghee from Nepal to India. Such a wide range in time requirement indicates that the exporter has to bear unnecessarily long time, which could be reduced (Refer Table 3).

In many cases there is no standard time fixed to perform a specific activity. Hence depending upon efficiency of the person performing the job, time requirement varies. Even in case where standard time is fixed, it is not strictly followed. For example, according to citizen charter made by the custom department, custom clearance should be done within 2 hours after submission of documents. But sometime this is not complied. For lab test goods has to be sent to India. Some time it takes long time because of traffic disturbances.

Figure 3: Maximum Time: 47 days



1. Receive recommendation from FNCCI for quota
2. Receive recommendation from NICCI for quota
3. Receive quota
4. Preparation of trade contract
5. Signing and exchange of contract
6. Receive L/C
7. Lab Test
8. Receive value addition certificate
9. Receive COO
10. Obtain cargo insurance
11. Arrange transportation
12. Custom clearance
13. Collect signed custom declaration form
14. Preparation of bank document

V. Trade Procedure Analysis of Vegetable Ghee Export to China from Nepal

1. Introduction

Hydrogenated vegetable oil is known as vegetable ghee (HS code 1516). In China it is used mainly to light a lamp in monasteries. The export of Vegetable Ghee to China amounted to US$ 0.29 million in 2007/08. It is exported by road transportation via Arniko highway. Vegetable Ghee is exported to China under the Most Favored Nation (MFN) treatment. However Nepal and China has very recently entered into an agreement, whereby about 361 products of Nepal can enter into China on zero tariffs. But vegetable ghee does not enjoy such facility. Importer agents play important role in Nepal's export trade of vegetable ghee to China. Vegetable ghee is exported to China on full advance payment basis.

2. Export Procedure of Vegetable Ghee to China

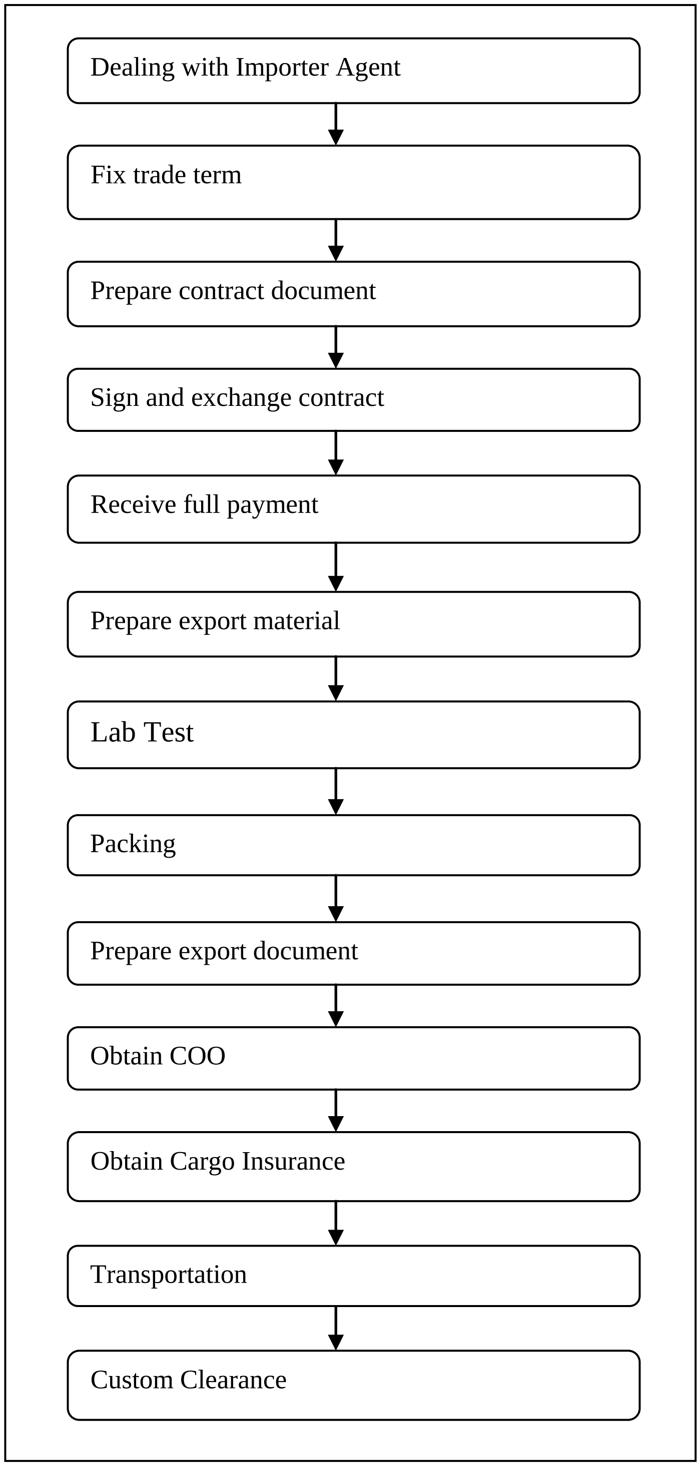
The export procedure of vegetable ghee to China mainly consist of dealing with importer's agent, getting order and advance payment, production, lab test, document preparation, transportation and custom clearance. In the process of export of vegetable ghee to China the exporter has to follow different steps of activities (Refer figure 4).

As in the case of export of vegetable ghee to India, a Use Case Diagram is prepared and presented in annex 5.2.2A to show stepwise broad activities performed in completing process of vegetable ghee export from Nepal to China.

(a) Buying /Selling Process

In this step of the process trade terms are fixed and exporter and importer enter into sales contract. Generally the exporter contact importer's agent, but in case of vegetable ghee export to China mostly importer's agents visit to exporting firm and establish the contact. Then exporter and importer's agent discuss on trade terms. Sometimes the importer's agent also visits the plant site before entering into trade contract in order to be ensured about production capacity of the exporter. When trade terms are finalized exporter prepares and signs the contract and sends it to importer for signing through importer's agent. But in some cases importer's agent himself finalizes trade term and signs the contract. After signing by importer/agent the contract document is exchanged between exporter and importer. Contract agreement formalizes the trading. Then the importer arranges for the full payment. The activity diagram of buying/selling process is presented in annex 5.2.2B.

Figure 4: Steps of Activities



(b) Ship

Prepare Export Goods

After receiving payment, the exporting company instructs production unit to start production of goods for export as per contract. This process consists of storage, filtration, pre-neutralization, bleaching, hydrogenation etc. Completing the production process samples of product are drawn for initial test in factory lab. If the result is satisfied, company goes ahead for further preparation of exporting the goods. Activity diagram of production process is given in annex 5.2.2C.

Lab Test

Lab test is a part and parcel of trading processes of exporting vegetable ghee to China. Exporting company sends request letter with sample of product to the laboratory established by the government of Nepal. After completing the quality test, lab authority issues quality assurance certificate to exporter. Activity diagram of lab test is presented in annex 5.2.2D.

Packing

After getting the quality assurance certificate from laboratory, Exporter Company instructs its production unit for packing of vegetable ghee in specified quantity and type of packing as per the contract. Cooling and weighting activities are also included in packing.. These all activities are done by the production unit. The activity diagram of this process is given in annex 5.2.2E.

Prepare Export Document

This process consists of several activities such as preparations of required documents. Exporting company collects and compiles all the required documents from concern agencies. After this, exporting firm informs the importer's agent about the status of cargo. The activity diagram of this process is presented in annex 5.2.2F.

Appointment of Clearing Agent

Exporting firm appoints a clearing agent for clearing goods in custom of departure at Tatopani. For this purpose exporting firm provides appointment letter to agent and handover the required documents. The clearing agent collects the information about the cargo and get cleared it form the customs.

Certificate of Origin

Certificate of origin is mandatory for the export of vegetable ghee from Nepal to China. This is issued by the District Chamber Offices (DCO). The exporting company submits application with required documents (contract document, evidence of payment, PAN/VAT certificate and Industry Registration Certificate) to DCO for getting COO. District Chamber Office personnel verify the submitted documents and if documents are correct exporter is asked to pay the fee for COO. After receiving the fee District Chamber Office issues the COO. The whole process is presented in activity diagram (See annex 5.2.2G).

Obtain Cargo Insurance

There are different risks in moving vegetable ghee from exporter's warehouse in Nepal to the warehouse of importer of China. To buy an insurance policy exporter needs to fill up the application form of cargo insurance and submit it to insurance company along with export invoice, transport chalan, evidence of payment received and packing list. Insurance Company examines the documents and if found correct, requests exporter to pay the insurance premium. After receiving the premium the insurance company issues insurance policy to the exporter. The whole process is shown in the activity diagram (See annex 5.2.2H).

Transportation

Transportation is an important element of trading business. In the process of vegetable ghee export to China only road transport is used. For this exporter contacts transport company/operator and negotiate the freight. After fixing the freight, goods are loaded in truck/container and handover documents such as packing list, export invoice, COO, insurance Policy, contract document, VAT/Bill, Lab test certificate to the transport operator, who then moves the cargo to the custom point in Kodari. The whole process is shown in the diagram (See annex 5.2.2I).

Custom Clearance

For this, exporter's agent fills up the export declaration form and submits it to custom office along with required documents. They include copy of Company Registration Certificate, Copy of VAT/PAN Registration Certificate, Foreign Currency Declaration Form, Flow Chart of Production, Contract document, COO, VAT/Bill, Export invoice, appointment letter of agent, payment evidence, lab test certificate, packing list and product description document as per rule. Custom office personnel examine the documents and if satisfied he issues order to park the truck at designated area for inspection. After inspection of cargo, if misconduct is not found the custom official signs custom declaration form and records the quantity and value of goods in the custom books. The signed copies of Custom Declaration and Foreign currency Declaration forms are collected by the exporter's agent. The detail process is presented below in activity diagram (See annex 5.2.2J).

(c) PAY

Receive Advance Payment

Mode of payment is one of the most import components of business process. Advance payment system is used in vegetable ghee export to China. Such an advance payment is made either by Telegraphic Transfer (TT) or draft. In case of TT, the Chinese bank sends TT to Nepalese bank, which intimates the same to the exporter. Then exporter collects the money from the Nepali bank. In draft payment the importer sends the draft to the exporter. After receiving the draft from importer, exporter presents the draft to exporter's bank and receives the payment. The activity diagrams of both payment through TT and draft are presented in annex 5.2.2K.

3. Cost, Time and Time Procedure Chart

Cost and Time

Cost plays important role in determining the volume of trade. Trade cost includes all costs incurred in moving a product from producer to a final user. Such costs include transportation cost, policy barrier cost, information cost, contract enforcement cost, legal and regulatory cost etc.

Generally, an exporter incurs trade cost in all phases of the export process, starting from contact to importer's agent, obtaining information about market condition in any foreign market, receiving of payment and clearing custom. In case of vegetable ghee export to China, an exporter needs to visit 9 different institutions and collect the different policy, legal, regulatory and business process related documents (Refer Table:4).

Table 4: Involved Institutions

S.N.	Institutions
1.	Bank
2.	Laboratory
3.	Chamber of Commerce
4.	Insurance Company
5.	Transport Company
6.	Inland Tax Revenue Office
7.	Company Registration Office
8.	Department of Industry
9.	Custom Office

Source: Survey, 2010

Altogether 21 types of documents are required to complete the process of export of vegetable ghee to China. Some of the documents are required in multiple copies. Thus total documents numbers to 43 (Refer Table 5). They are to submit in different agencies. Tables showing document requirements by different agencies are given below.

Table 5: Total Required Documents: 43

1. Performa Invoice	12. Application for obtaining COO
2. Contract document (6 copies)	13. Evidence of payment received (3 copies)
3. Request letter to Laboratory	14. Industry Registration Certificate
4. VAT Bill (3 copies)	15. Cargo Insurance application form
5. Export Invoice (4 copies)	16. Transport Chalan/Consignment Note
6. Appointment letter of Clearing Agent (2 copies)	17. Copy of company registration
7. Certificate of Origin (3 copies)	18. Copy of PAN/VAT registration (2 copies)
8. Lab Test Certificate (2 copies)	19. Foreign currency declaration form
9. Flow Chart of production (2 copies)	20. Export Custom Declaration Form
10. Insurance Policy document (2 copies)	21. Product description document
11. Packing list (4 copies)	

Source: Survey, 2010

In the process of documentation and moving export goods from exporter's warehouse to custom of departure different type of costs will have to be borne by the exporter. In exporting vegetable ghee to china total costs amounts to U.S. dollar 833.39 (Refer Table no: 6)

The time factor is also most important determinant of trade competitiveness. Exporter has to visit nine institutions to complete the export process of vegetable ghee to China. To complete the export process of vegetable ghee to China it takes minimum 10 days to maximum 12 days, excluding time required for dealing with importer agent for finalization of trade, production of goods, packing and payment settlement (Refer figure 5 and 6). It takes 7 days for dealing and finalization of trade, 8 days for production and packing and 2 days to receive payment.

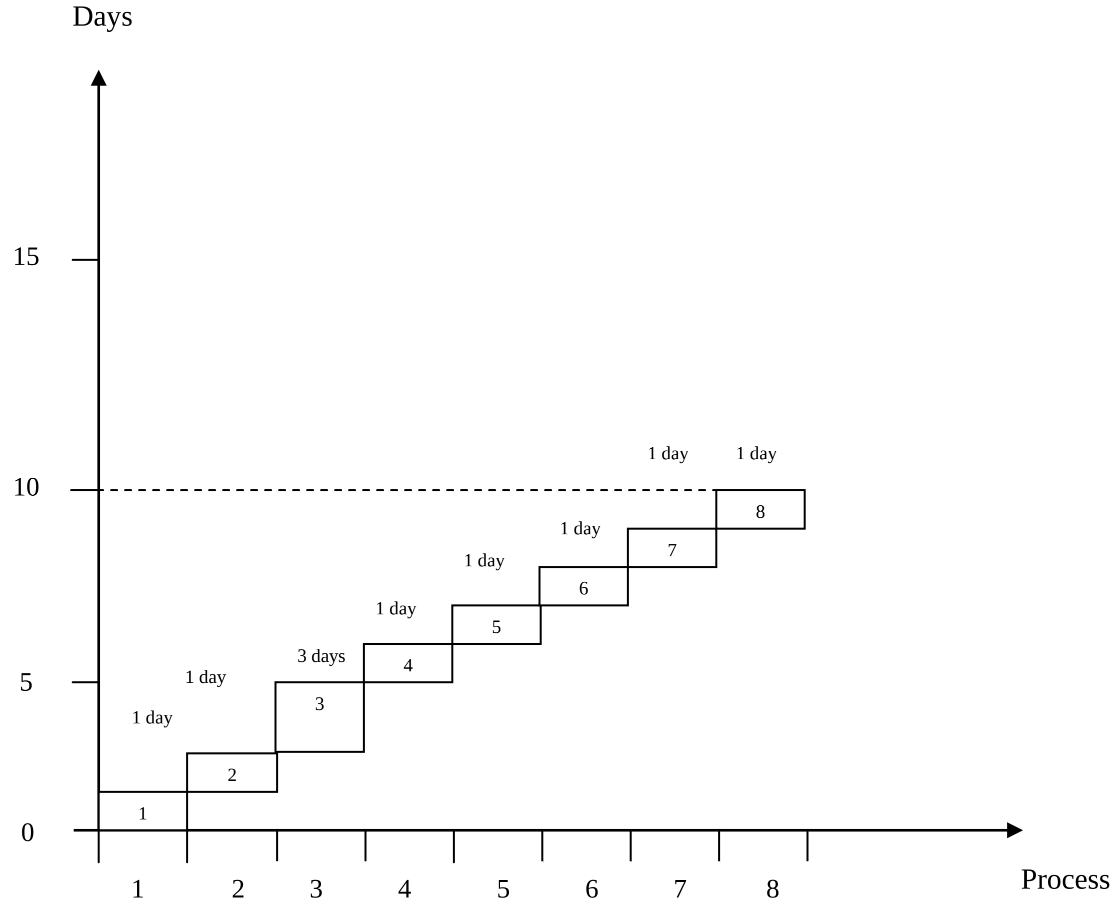
Table 6: Activity Wise Time and Cost

(Per container)

S.N	Activity	Time	Cost
1.	Preparation of Contract	1 day	
2.	Sign and Exchange of Contract	1-2 days	US$ 2.77
3.	Lab Test and Receive Product Batch Number	3 days	US$ 9.71
4.	Prepare export document and appointment of clearing agent	1 days	Fee for agent US$ 138.79
5.	Obtain Certificate of Origin	1 day	US$ 25.48 @ 0.12 percent at valorem
6.	Insurance Policy	1 day	US$ 57.33 @0.27 percent at valorem
7.	Transport Management	1 day	US$ 589.9
8.	-Custom Clearance -Collection Export Declaration Form	1-2 days	US$ 9.41
	Total	10-12 days	US$833.39

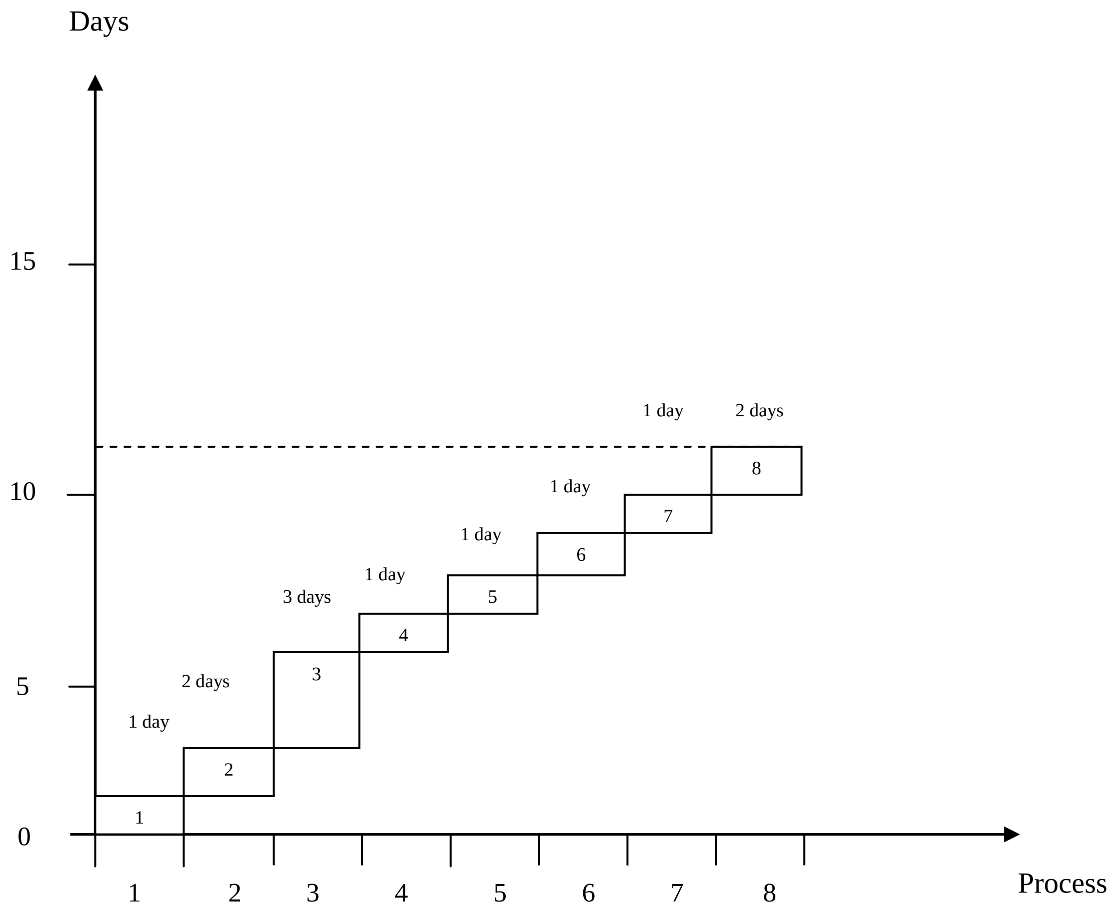
Source: Survey, 2010.

Time Procedure chart of vegetable ghee export to China
Figure 5: Minimum Time: 10 days



1. Preparation of contract
2. Sign and exchange of contract
3. Lab Test and receive product batch number
4. Prepare export document and appointment of clearing agent
5. Obtain certificate of origin
6. Insurance policy
7. Transport management
8. - Custom clearance
   - Collection export declaration form

Figure 6: Maximum Time: 12 days



1. Preparation of contract
2. Sign and exchange of contract
3. Lab Test and receive product batch number
4. Prepare export document and appointment of clearing agent
5. Obtain certificate of origin
6. Insurance policy
7. Transport management
8. - Custom clearance
   - Collection export declaration form

VI. Trade Procedure Analysis of Textile Import to Nepal from India

1. Introduction

Textile is one of the major import items of Nepal. It is imported under MFN treatment. The total import of textile amounted to US$ 55.83 million in 2008 and US$ 70.09 million in 2009. Out of this, import from India accounted for 45.8 percent and 54.32 percent respectively. Mostly textile is imported to Nepal on 50 percent advance payment basis. It is mostly imported by road transportation through specified custom points. Normally, transaction between Nepal and India takes place in Indian rupee, which is freely convertible in Nepal without any limit.

2. Import Procedure of Textile from India to Nepal

The process of import of textile to Nepal starts from contacting exporter or exporter's agents for collection and selection of samples and ends at settlement of payment. Following steps need to be followed by the importer in import of textile to Nepal from India (Refer figure7).

As prescribed in BPA guide, a Use Case Diagram is prepared to present stepwise broad activities in completing the process of import of textile from India to Nepal. The diagram is presented in annex 5.3.2A.

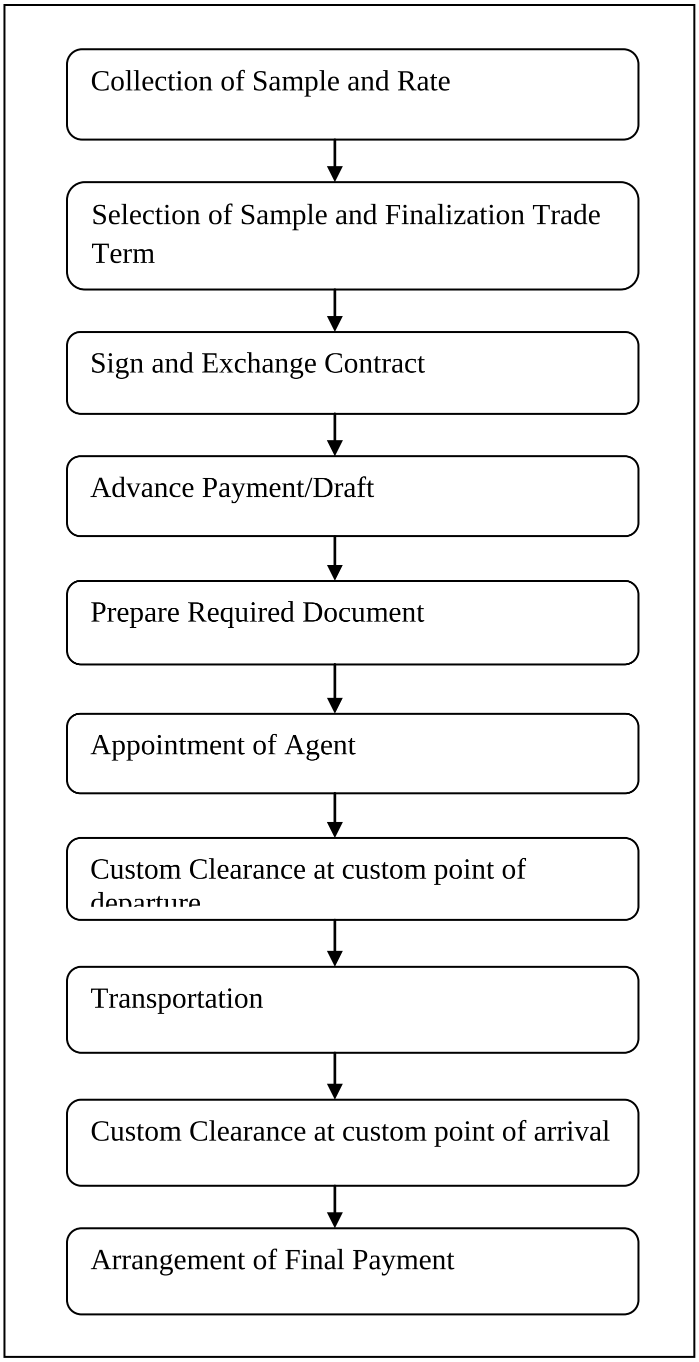
(a) Buying/Selling Process

This process consists of collection and selection of sample, fix trade terms and entering exporter and importer into contract. The importer contacts exporter or exporter's agent to collect the sample. Normally, a business contract for importing textile from India is done through agents. Exporter's agents keep visiting Nepalese importers with samples and price quotation. Nepalese importers enter into negotiation with exporter's agents and fix terms of trade and finalize a deal. Once the trade term is finalized exporter prepares and signs the contract and sends to importer for signing through courier or exporter's agent. After signing by importer the contract document is exchanged between importer and exporter. Contract agreement formalizes the trading. Then the importer arranges for the 50 percent advance payment.

Nepal's trade relation with India is quite unique and close. There is open border and no passport is required to cross the border between two countries. Therefore, some middle or low class importers visit to India and bring certain volume of textile along with them. Such an import is also reported to be significant. Thus, the import process of textile is comparatively easy in the country.

The activity diagram of buying/selling process is presented in annex 5.3.2B.

Figure7: Steps of Activities



(b) Ship

Prepare Required Documents

This process consists of activities related to collection and preparation of required documents. The importing firm collects Firm Registration Certificate and PAN/VAT Certificate from concerned government offices and commercial invoice from exporter or its agent. Whole process is presented in annex 5.3.2C.

Appointment of Agent

Custom clearance of imported goods is done by the agent appointed by the importer. It is notable that such agent appointed by the Nepalese importer clears goods not only in the custom of importing country but also in Indian Customs. In the process of import of textile to Nepal from India importing firm appoints a clearing agent who takes responsibility of clearing goods in both customs of departure and arrival. For this purpose importing firm provides appointment letter to agent and handover the required documents. Then the clearing agent collects the information about the cargo and get cleared it from the customs of both exporting and importing countries. The activity diagram is presented in annex 5.3.2D.

Custom Clearance at Custom Point of Departure

In the process of custom clearance at exporter's custom point importer's agent submits application along with required documents. They include commercial invoice, packing list, truck chalan, and export license number with stamp of exporter. Custom personnel examine the documents and inspect the cargo. After completion of inspection custom records the quantity and value of goods exported. Then an order is issued to move or unload goods at designated area. Whole process is presented in activity diagram (see annex 5.3.2E).

Transportation

Agent contacts the transport operator/company and negotiates the freight for exporter's custom point to importer's warehouse. After fixing the freight goods are loaded in truck/container. Required documents are also handed over to the transport operator, who moves the cargo to importer's custom point. The same transport operator may continue to carry goods from custom point to importer's warehouse. The whole process is shown in the diagram (see annex 5.3.2F).

Custom Clearance at Custom Point of Arrival

In the process of custom clearance in importer's custom point importer's agent fills up the import declaration form and submits it to custom office along with required documents. They include Firm Registration Certificate, PAN/VAT Certificate, commercial invoice, contract document, document related to advance payment and truck chalan. The custom official examines document and inspects the cargo. If satisfied quantity and value of imports are recorded in custom records. Then Importer's agent is asked to pay the charges. Once charges are paid, goods are released to move. After getting the order from custom officials the transport operator moves the cargo to destination. Importer's agent collects custom clearance form. The detail process is presented in the activity diagram (See annex 5.3.2G).

(c) PAY

Advance Payment

Mode of payment is one of the most import components of business process. In the process of textile import to Nepal from India 50 percent payment is made in advance after signing of the contract and rest 50 percent after receiving the cargo.

Such payments are made through bank drafts. To issue a bank draft in favor of exporter, Nepali importer approaches Nepali bank with Performa invoice, original contract and an application while making advance payment and with documents related to advance payment, custom's bill issued at the time of releasing the cargo and an application while making the final payment. After verifying the documents and being satisfied the importer bank issues draft in favor of exporter. The importer sends draft to the exporter, who presents the draft to exporting bank and collect money. The activity diagram of payment arrangement is presented in annex 5.3.2H.

3. Cost, Time and Time Procedure Chart

Cost and Time

Several types of costs are incurred in the process of importing textile from India to Nepal. Cost of obtaining information about market and sample collection, transportation, payment arrangement and custom clearance are the major components of total cost to be incurred in this regard. An importer needs to visit following 5 institutions and collect different documents to complete an import process of textile from India to Nepal (Refer Table 7).

Table 7: Involved Institutions

S.N.	Institutions
1.	Bank
2.	Inland Revenue Office
3.	Department of Commerce
4.	Custom Office
5.	Transport Company

Source: Survey, 2010.

Altogether 20 documents of 12 types are required to complete the import of textile to Nepal. Some of the documents are required in multiple copies (Refer Table 8).

In the process of documentation and moving imported goods from custom of arrival to the warehouse of importer different type of costs will have to be borne by the importer. In addition cost of clearing goods in custom of departure and moving goods from there to custom of arrival also will have to be borne by the importer in case of import of textile from India. Altogether total costs amounts to U.S. dollar 320.29 for importing of textile from India to Nepal (Refer Table 9). The time factor is also most important determinant of trade competitiveness. Importer has to visit five institutions to complete an import process of textile to Nepal. To complete the import process of textile minimum 5 days to maximum 7 days are required. Activity wise required cost and time is presented below (Refer figure 8 and 9). This does not include the time of sample collection, discussion and selection of sample, finalization of trade term and arrangement of payment. It takes 18-20 days for collection and selection of sample and finalization of trade term. Likewise 2-4 days are required for the settlement of payment.

Table 8: Total Required Documents: 20

1. Performa Invoice
2. Purchase order
3. Contract document (3copies)
4. Firm registration certificate
5. PAN/VAT Certificate
6. Truck chalan (2 copies)
7. Packing list (3 copies)
8. Commercial Invoice (3 copies)
9. Import Custom declaration form
10. Advance payment document
11. Appointment letter (2 copies)
12. Export /Import License number with stamp

Source: Survey, 2010.

Table 9: Activity Wise Time and Cost

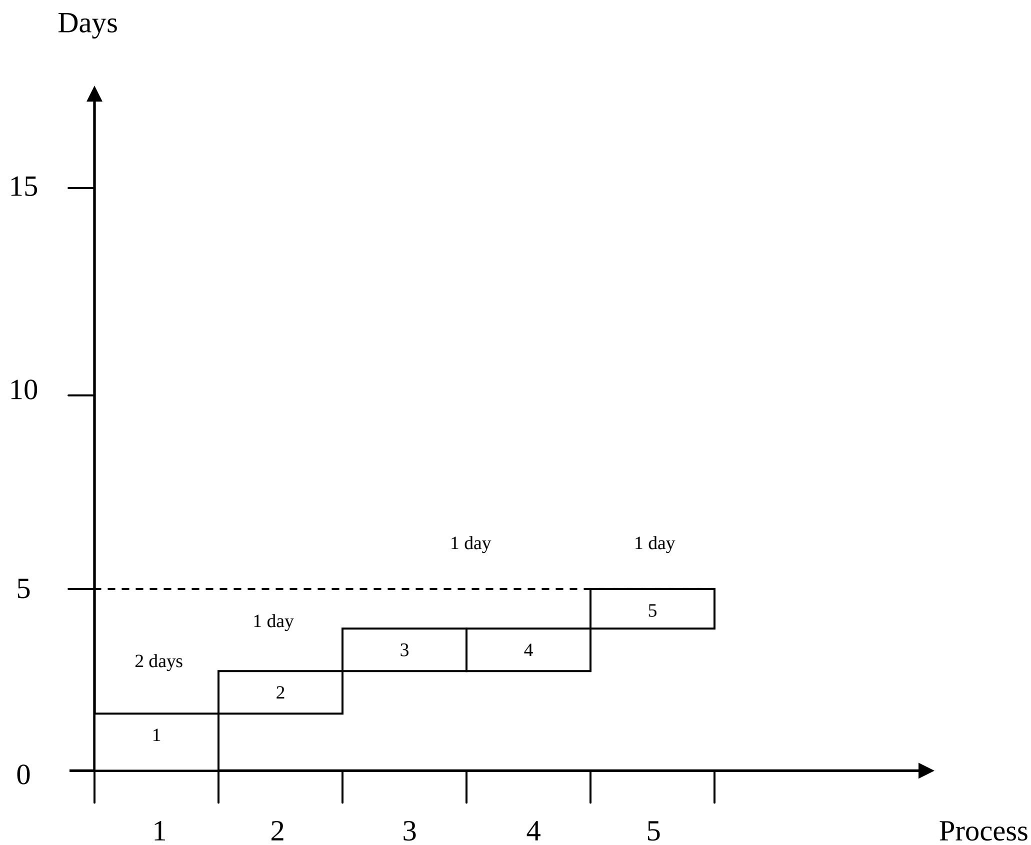
(Per Truck)

Steps	Time	Cost
Sign and Exchange Contract	2 days	US$ 2.77
Prepare Required Document and Appointment of Agent	1 day	US$2.77
Custom Clearance at exporter boarder	1-2 days	
Arranging Transport		US$ 187.37
Custom Clearance at Importer Boarder	1-2 days	US$ 9.41
Agent Fee		US$ 117.97
Total	5-7 days	US$ 320.29

Source: Survey, 2010

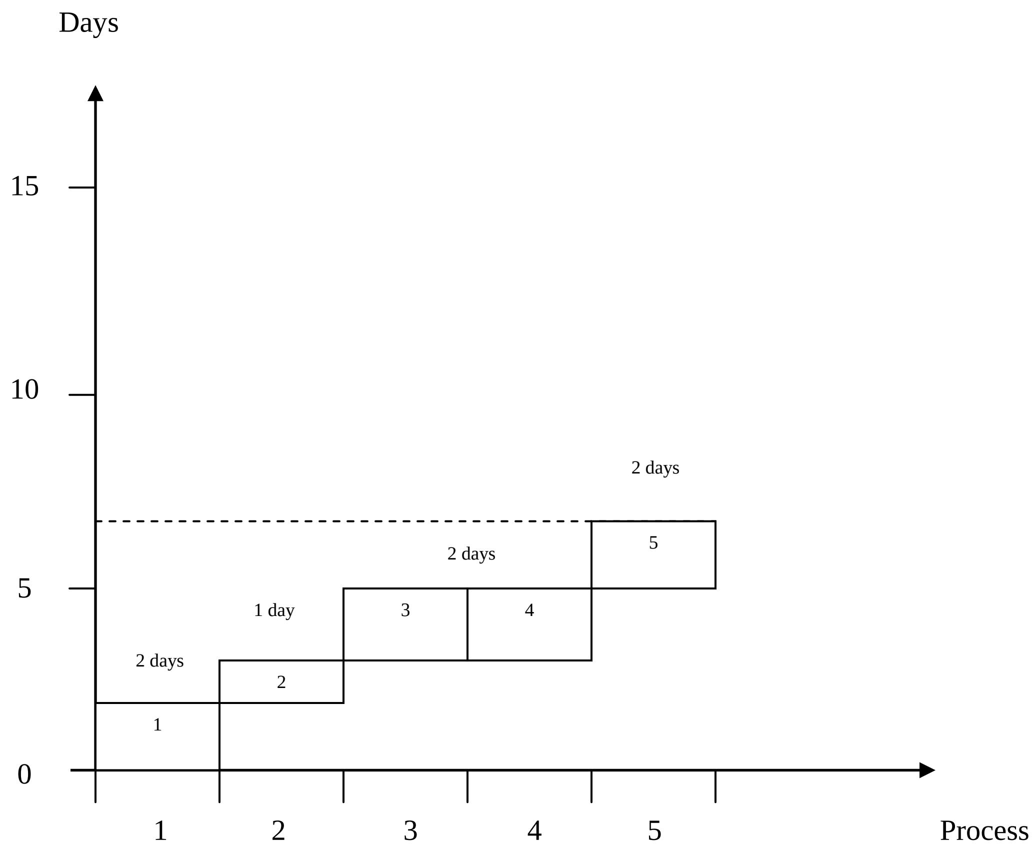
Time required for custom clearance at exporter's border varies due to traffic congestion. Sometime there is long queue of cargoes waiting for clearance. At importers border custom clearance time varies according to efficiency and attitude of the official deployed for the custom clearance.

Time procedure chart of textile import from India
Figure 8: Minimum Time: 5 days



1. Sign and exchange contract
2. Prepare required document and appointment of agent
3. Custom clearance at exporter boarder
4. Arranging transport
5. Custom clearance at importer boarder

Figure 9: Maximum Time: 7 days



1. Sign and exchange contract
2. Prepare required document and appointment of agent
3. Custom clearance at exporter boarder
4. Arranging transport
5. Custom clearance at importer boarder

VII. Concluding Remarks

Trade facilitation is a process of reducing trade barriers through simplification, harmonization and rationalization of procedures and documentation. It improves trading efficiency, reduces transaction cost and enhances competitive strength. Business Process Analysis (BPA) identifies problems inherent in each step of business operation and helps in reducing waste time and extra cost involved in the business process. It also helps in eliminating unnecessary documentation and improving business efficiency. Thus it is an instrument to design effective trade facilitation measures.

Although, volume of Nepal's foreign trade has been ever growing, its export sector has remained weak. Export growth has been volatile for last a decade. The ratio of exports to GDP declined continuously from 13.5 percent in Fiscal Year 2000/01 to 7.4 in FY 2008/09. Thus importance of trade facilitation for Nepal is increasing. However, although Nepal has initiated several trade facilitation measures, overall level of trade facilitation is still low. According to the Doing Business Report 2010 of the World Bank, in trading across borders Nepal stands at the rank of 161 out of 183 countries.

Time and cost are important determinants of enhancing the trade competitiveness in international market. According to Doing Business, it takes 41 days (including port handling and inland transport) to complete the export transaction from Nepal. Current study also shows that export of vegetable ghee to India takes 41 days on an average (Refer table 11). But it does not include time taken in port handling and transit transport. This reveals that export of vegetable ghee to India takes longer time than the DB benchmark. Vegetable ghee is exported to India as per the quota allocated by the Indian Government. Such a quota is made available to exporter through Government of Nepal on recommendation of three different agencies. Thus exporter has to spend many days in obtaining quota. Similarly, as importer does not recognize quality certificate issued by Nepal Laboratories, exporter has to obtain quality certificate from Indian laboratories. This also takes substantial amount of time. The required number of documents of export of ghee to India is much more than the number indicated by the Doing Business Report. This is so again because of quota system. According to study result 26 types of documents are required where as Doing Business indicates only 9. Doing Business shows that per container export cost is US$ 1764 including port handling and transit transport cost. The port handling and transit transport cost is estimated to be US$ 845[2]. When this cost is deducted from total cost to export as per Doing Business the total cost of exports fob Nepal border stands at US$ 919 whereas according to study result the cost of vegetable ghee export to India is US$ 1067. To make this figure comparable with DB benchmark, when transport cost from Nepal border to destination in India (US$ 859) is deducted it becomes US$ 208. Thus in-terms of time, and documentation, as compared to Doing Business Report, the survey presents worse picture in case

[2] According to Rajkarnikar et al (2010); Adequacy and Effectiveness of Delivery of Logistic Services: Implication for Export Performance of Nepal.

of vegetable ghee export to India. But cost of export is much less than the DB benchmark. As compared to DB, survey reported much less cost of document preparation and custom clearance and technical control (Refer Table 11). In case of vegetable ghee export to China study shows that it takes average 11 days and costs US$ 833 which is comparatively lower than the Doing Business benchmarks. But still the required number of documents is higher than the indicated by the Doing Business (Refer Table 10 and 11).

According to Doing Business Report it takes 35 days and costs US$ 1825 to complete import transaction of Nepal. But it includes time taken in transit from Kolkata to Nepal and costs incurred therein. According to Nepal (2006), it takes 10 days in transit while importing goods from third countries via India. If this time is adjusted the Doing Business benchmarks in this regards stands at 25 days. The study result shows that textile import from India takes only 6 days on an average and costs US$ 320. This indicates that the required number of days and cost is less than the indicated by Doing Business Report. Likewise the required number of document is also almost similar (Refer Table 10 and 11).

Overall, it can be said that the process of vegetable ghee export to China and textile import from India is better than the Doing Business benchmarks and it is worse in case of export of vegetable ghee to India.

Table 10: Required Number of Documents of Trading Procedures

Particulars	Doing Business 2010*	Survey Findings		
		Vegetable ghee export to India**	Vegetable ghee export to China**	Textile Import from India***
Required number of documents for export	9	26****	21****	
Required number of documents for import	10			12****

Source: Survey, 2010 and DB 2010
***= Overall**
**** Vegetable ghee**
*****= Textile**
******= Average**

Table 11: Time and Cost of Trading Procedures

Particulars	Time				Cost (US$)			
	Doing Business2010	Vegetable ghee export to India	Vegetable ghee export to China	Textile import from India	Doing Business2010	Vegetable ghee export to India	Vegetable ghee export to China	Textile import from India
Export								
Document Preparation	14	26	5.5		289	99	85	
Custom Clearance and Technical control	4	14	4.5		300	109	158	
Port and Terminal Handling	4	4*	4*		275	275*	275*	
Inland Transportation	19	1	1		900	858	590	
Total	41	41	11			1067	834	
Import								
Document Preparation	14			3	300			6
Custom Clearance and Technical control	5			2	300			127
port and Terminal handling	4			4*	275			275*
Inland Transportation	12			1	950			187
Total	35			6	1825			320

Source: Survey, 2010 and Doing Business 2010.

*** These are not applicable in export of vegetable ghee to India and China and import of textile from India. Shown only for comparable with DB figures.**

VIIII. Recommended Area of Improvement

From the study, it can be observed that the problems lie mainly in the areas of obtaining export quota and certification of quality and origin. The present system of requiring recommendation letter from three agencies to obtain export quota needs to be revised. As it is an umbrella organization, recommendation letter from FNCCI should be made enough. Lack of recognized laboratories is the problem in quality certification. So it is recommended to emphasis in developing such hardware components of trade facilitation measures.

Nepal and India have agreed to establish integrated check points (customs) in major trade routes between these two countries. This project will take care of problem of traffic congestion. Thus it is recommended to expedite the project. To make custom clearance efficient human resource should be developed accordingly. The citizen charter should be strictly followed to reduce the clearance time.

The study also shows that payment settlement through bank is another area where longer time is consumed. In Nepal, banking sector has expanded rapidly in the recent years and this is the sector where information technology has been widely applied. In spite of this, it is taking long time for payment settlement. An in–depth study in this regard is needed.

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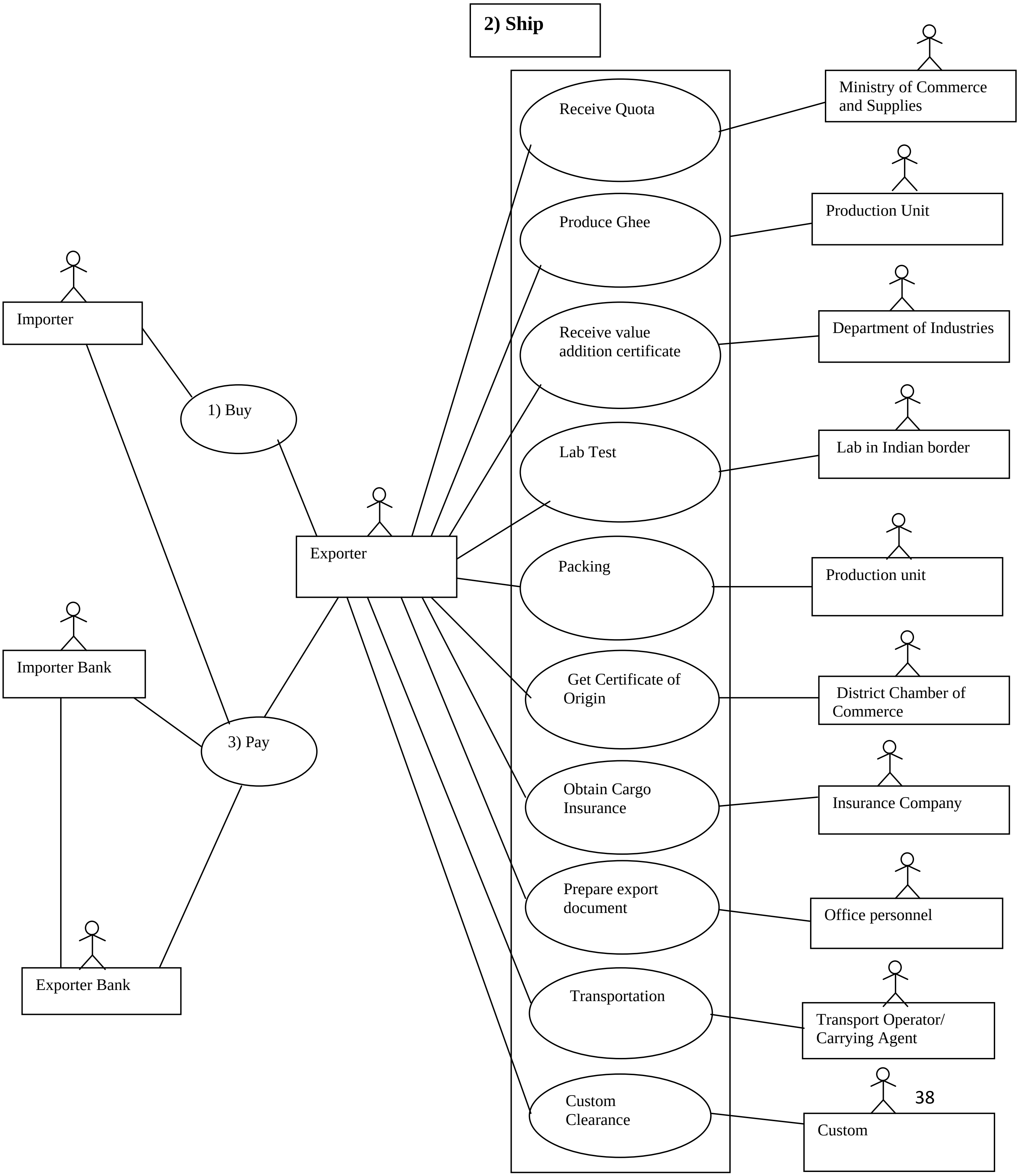
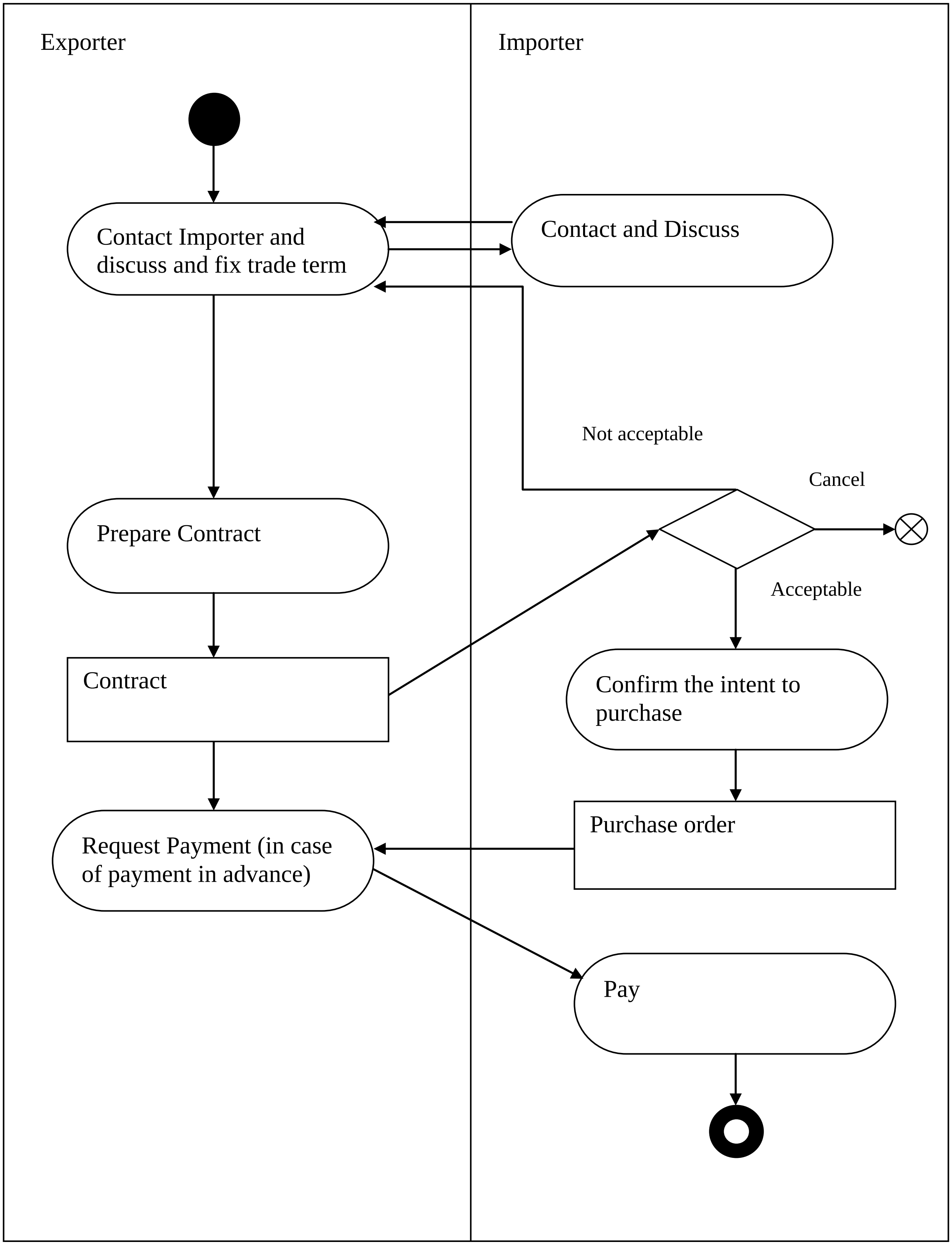
Appendices

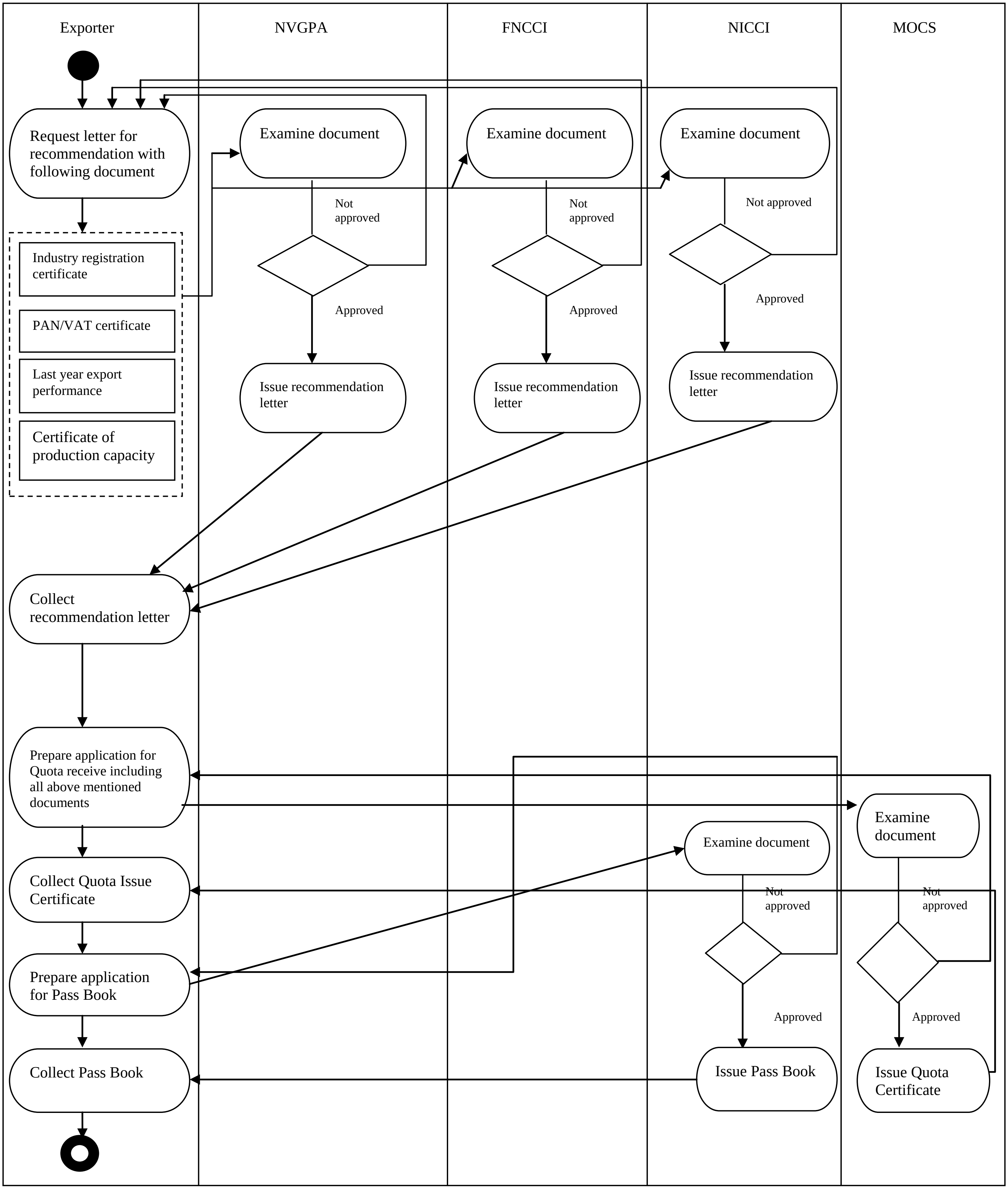
Annex 5.1.2: Vegetable Ghee Export to India from Nepal
Annex 5.1.2A: Use Case Diagram



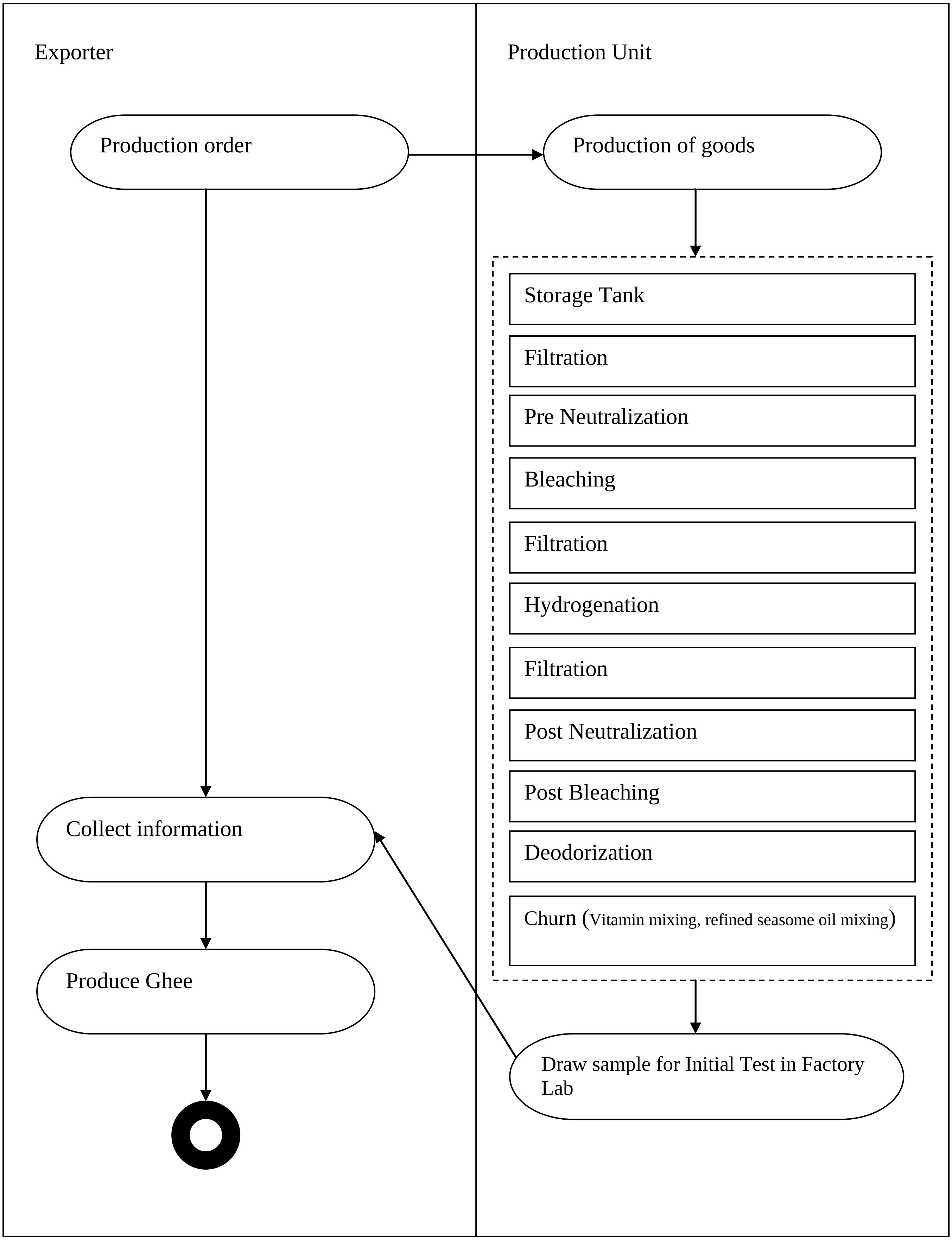
Annex 5.1.2B: Buy



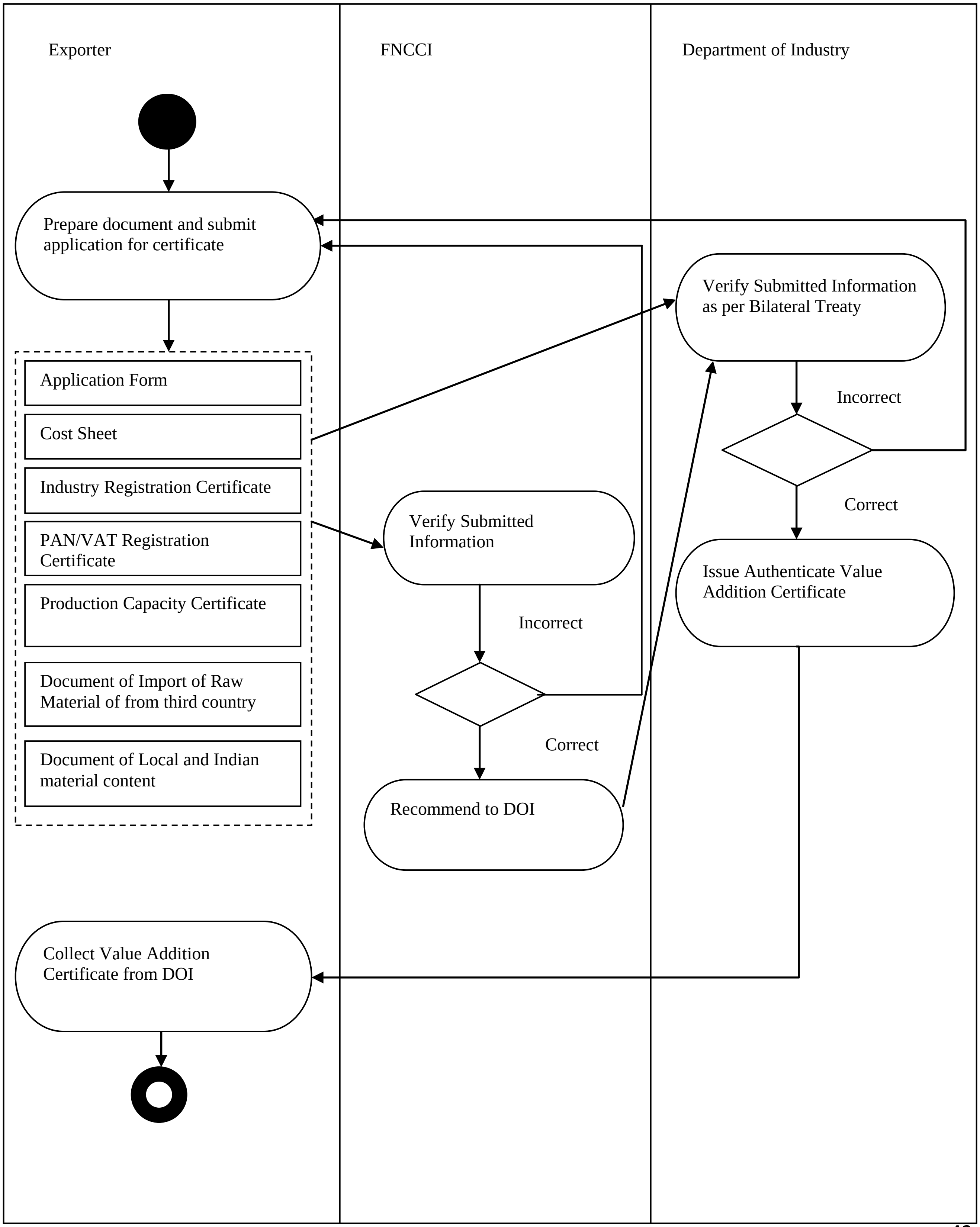
Annex 5.1.2C: Receive Quota



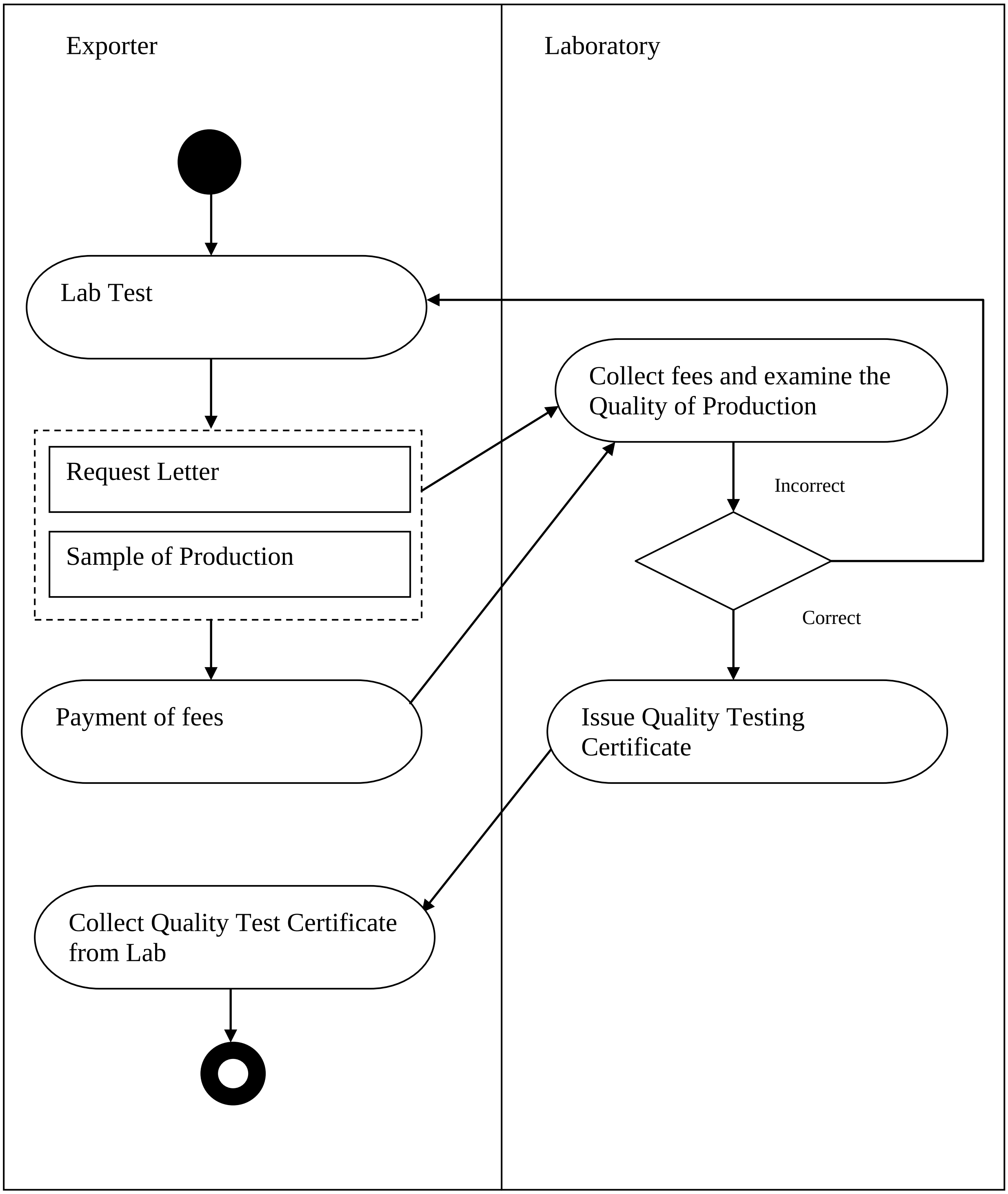
Annex 5.1.2D: Produce Ghee



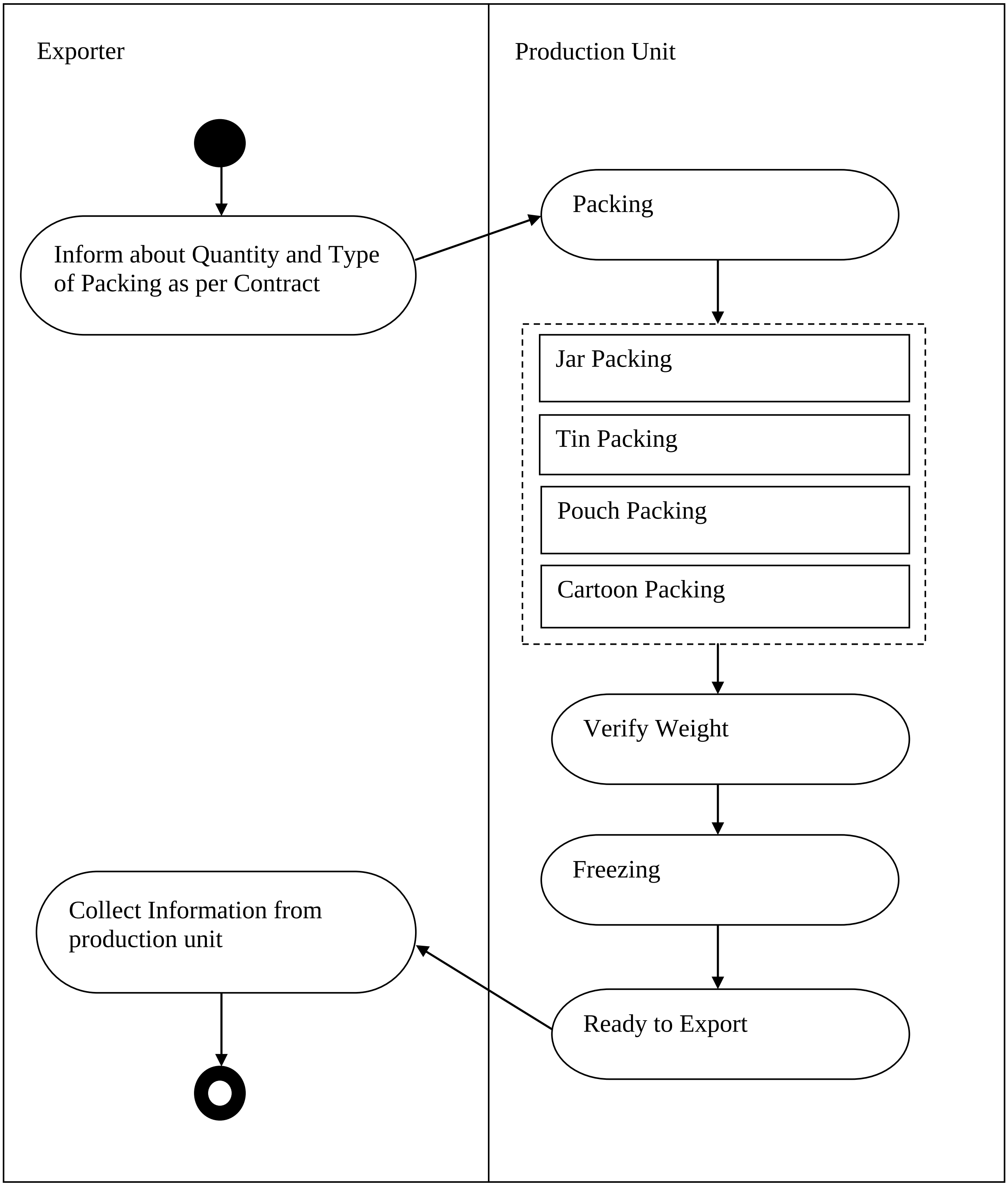
Annex 5.1.2E: Receive Value Addition Certificate



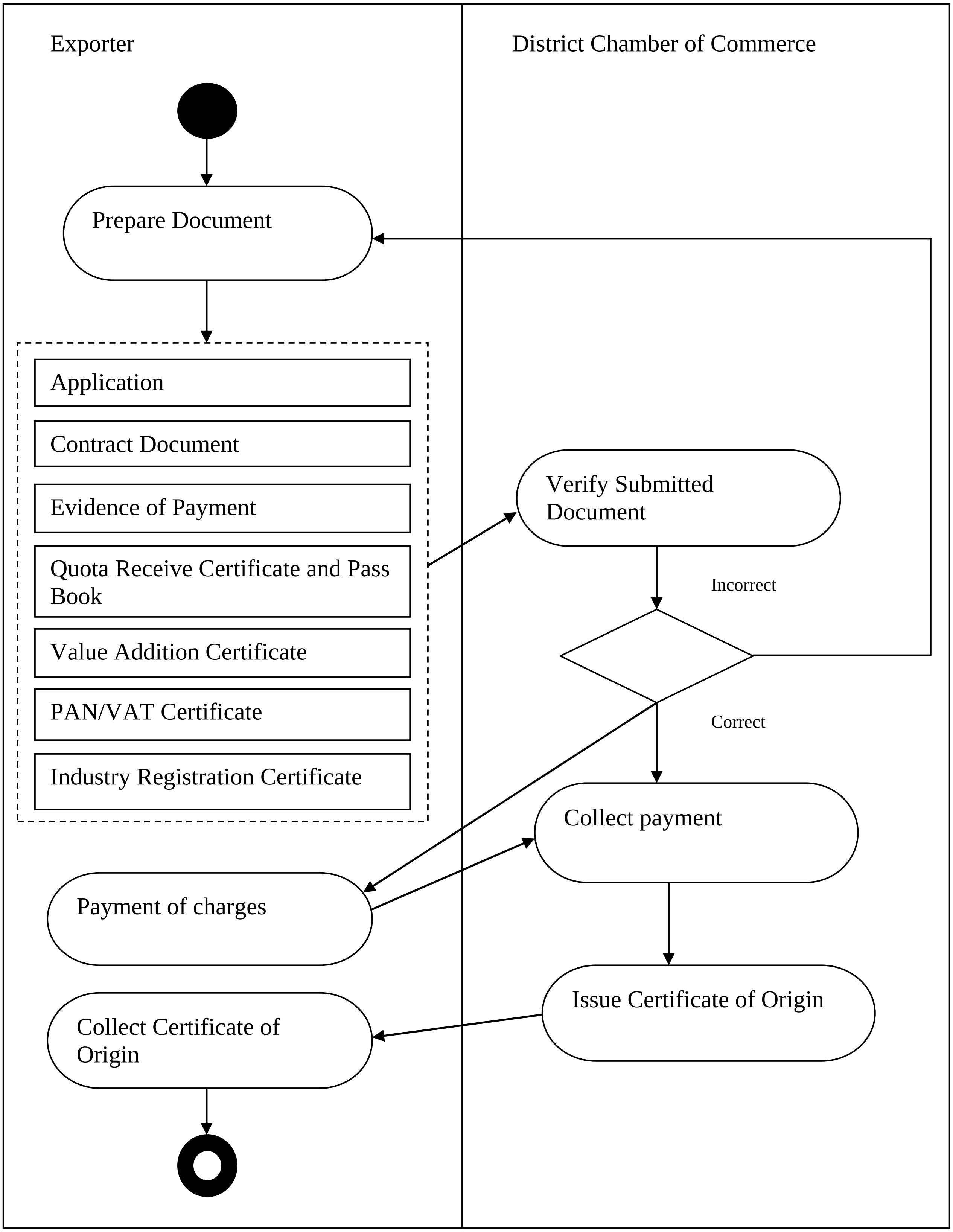
Annex 5.1.2F: Lab Test



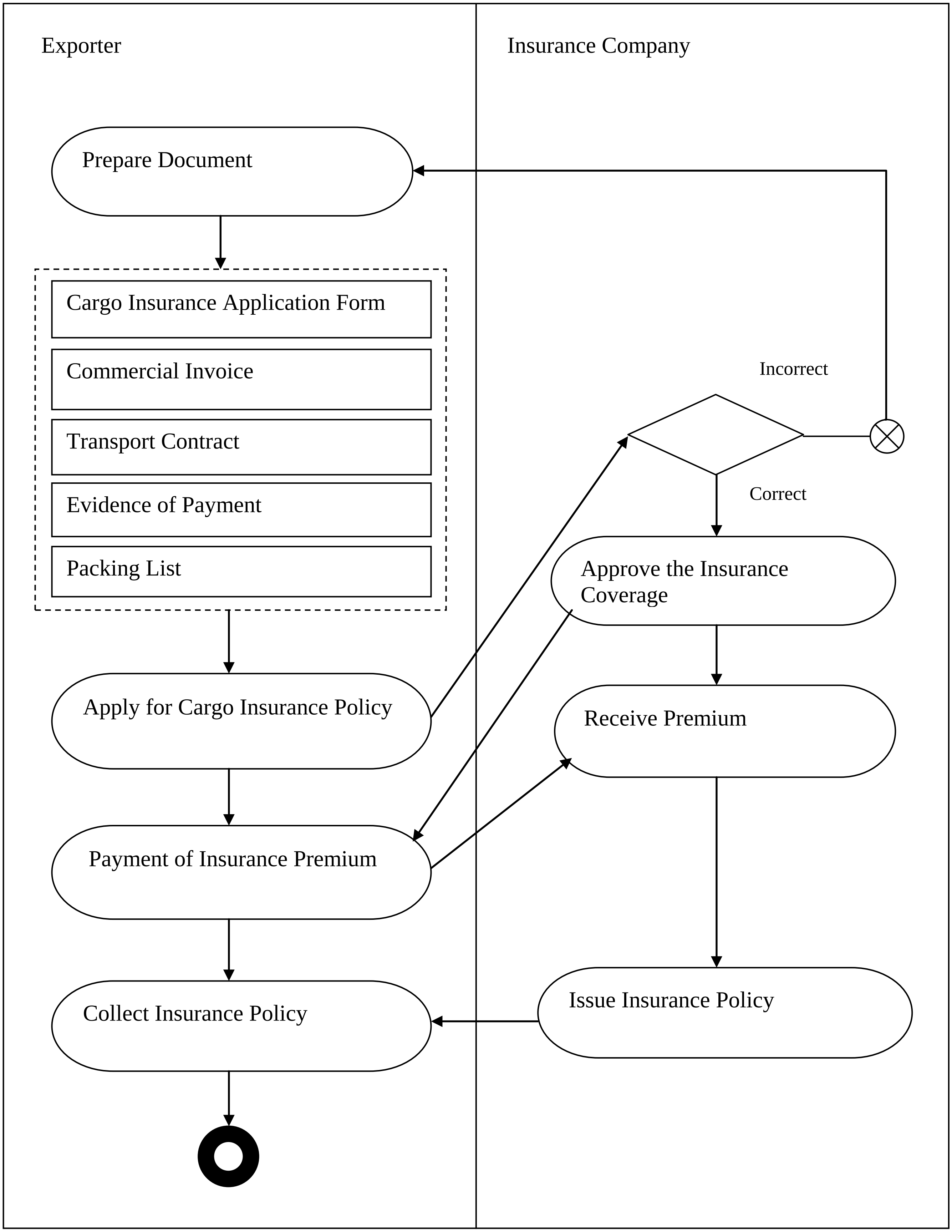
Annex 5.1.2G: Packing



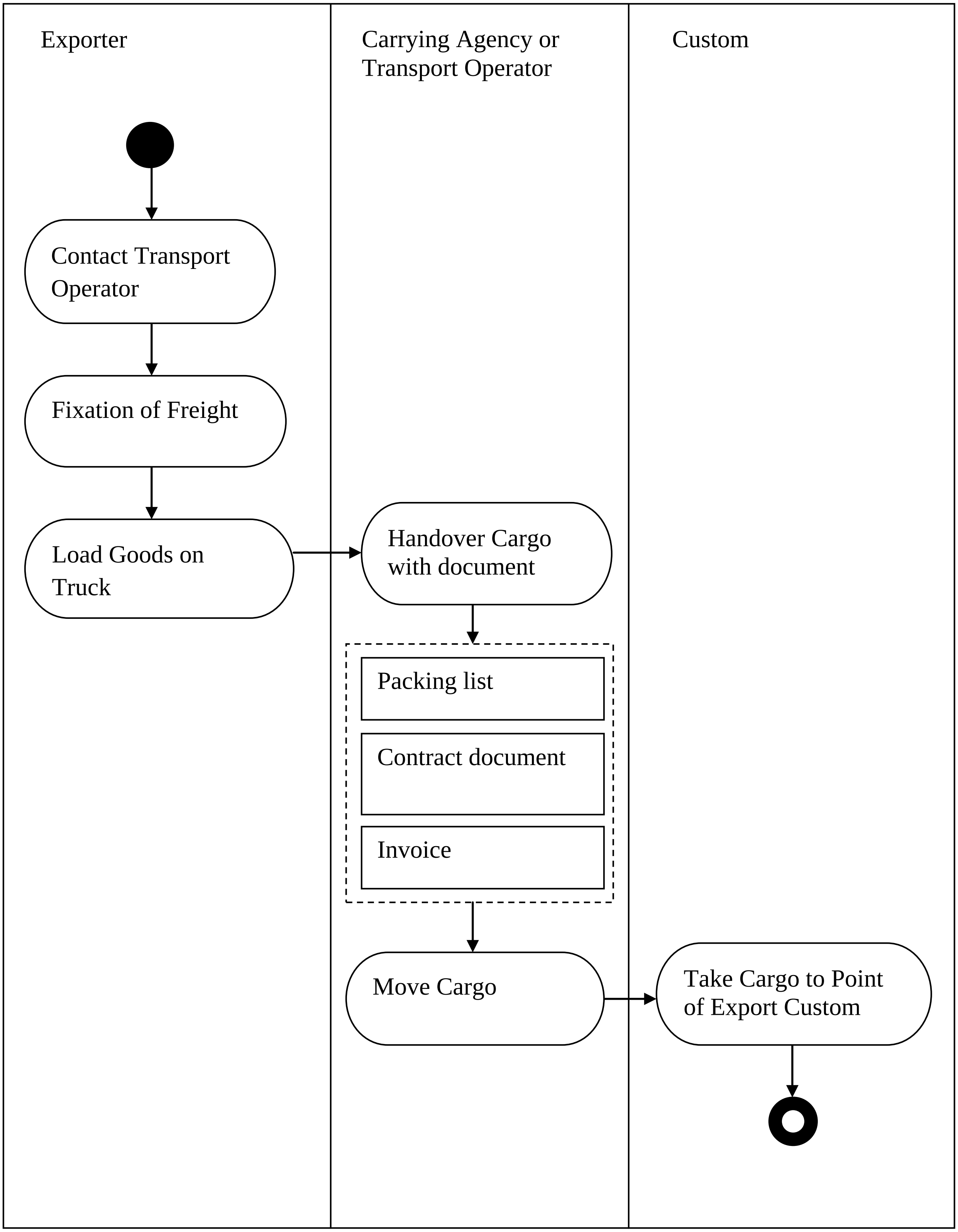
Annex 5.1.2H: Certificate of Origin



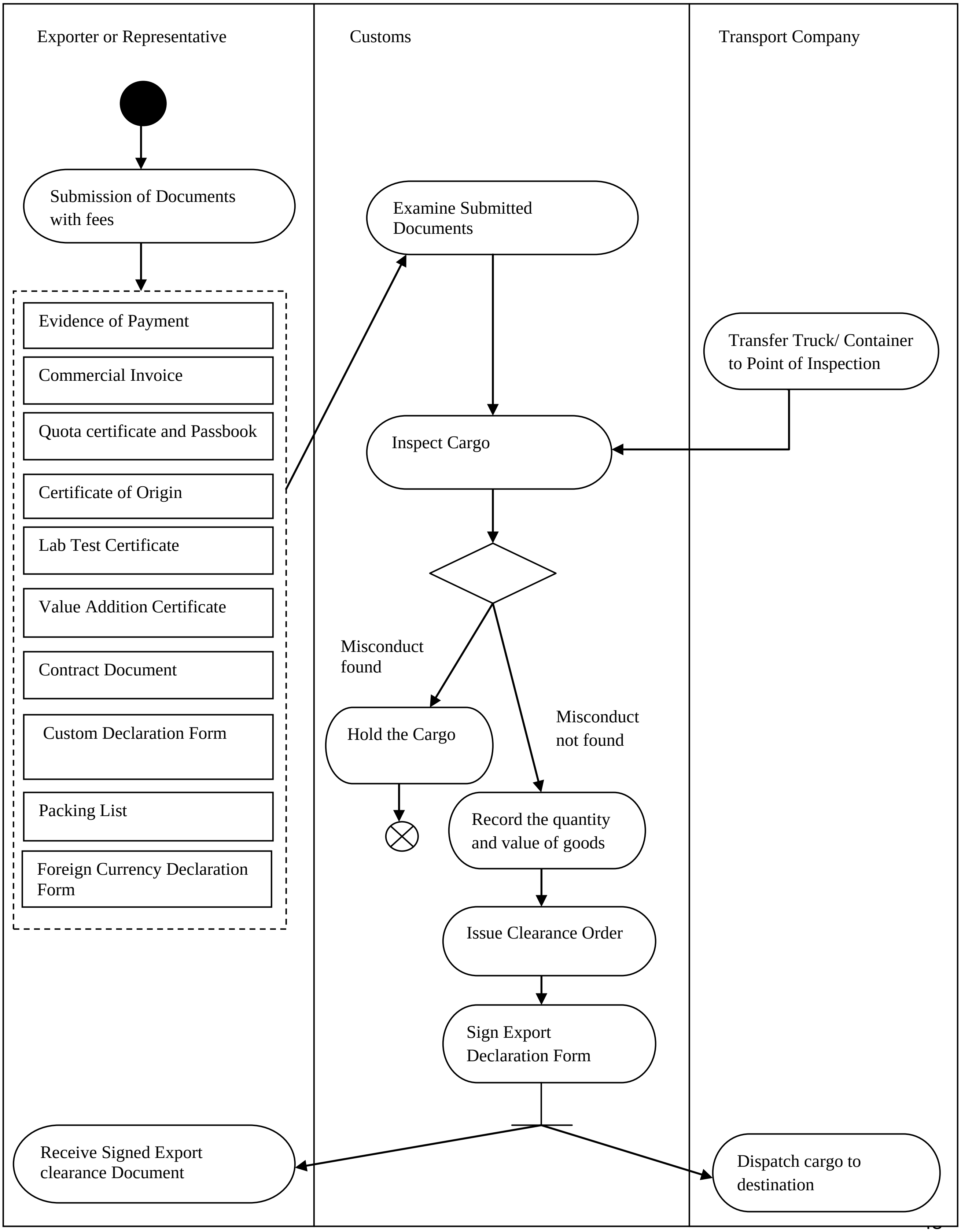
Annex 5.1.2I: Obtain Cargo Insurance



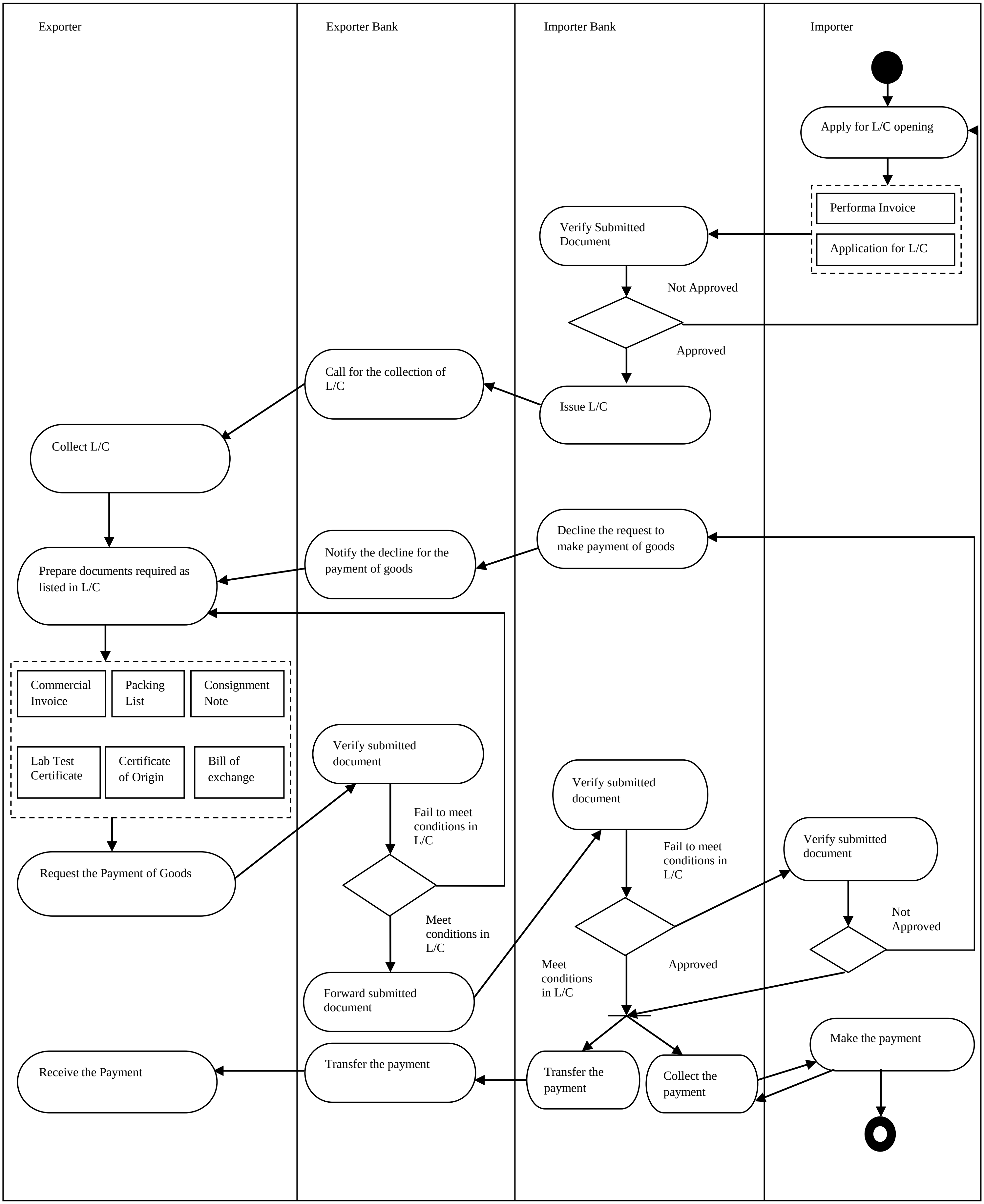
Annex 5.1.2J: Transportation



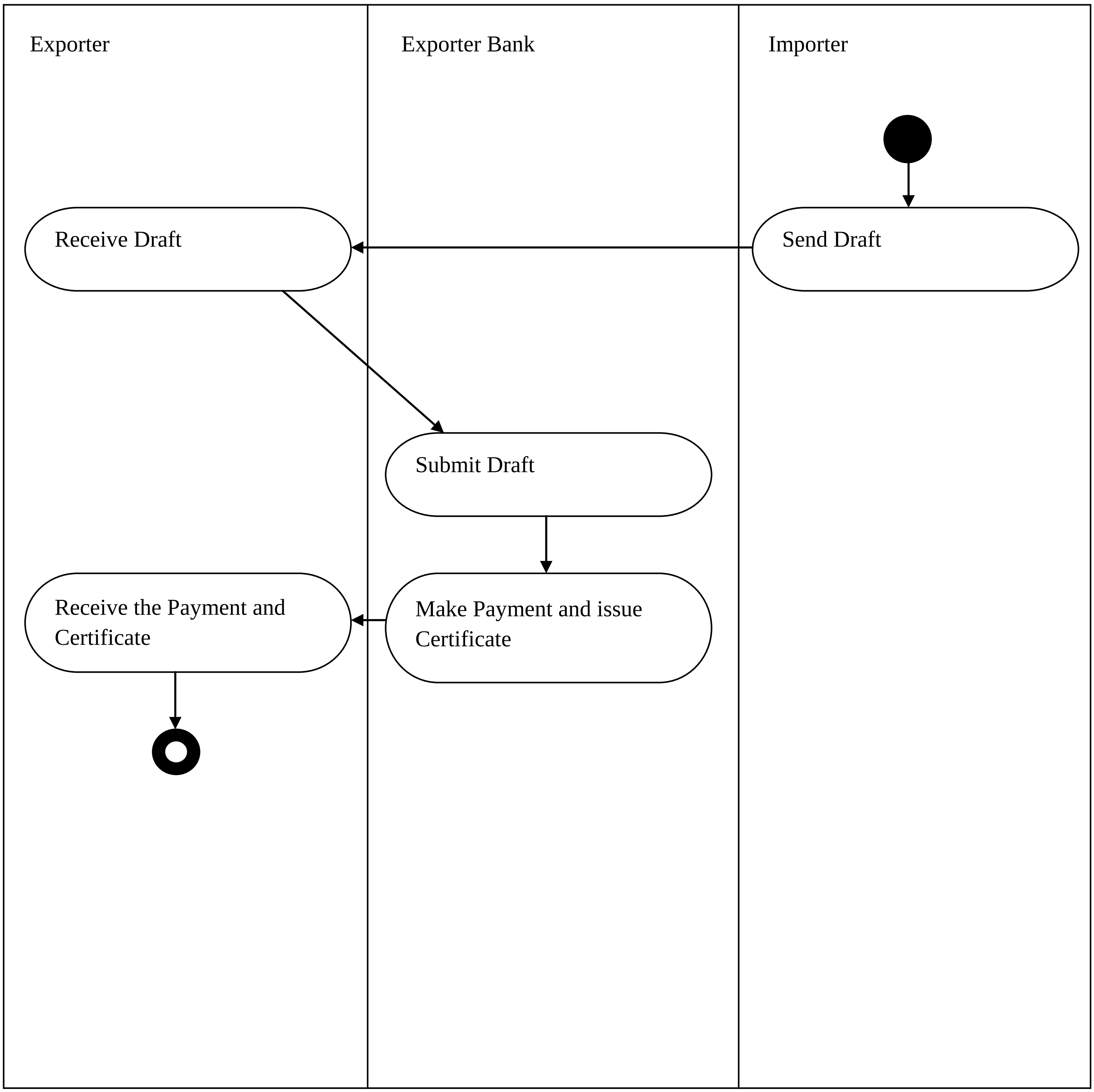
Annex 5.1.2K: Custom Clearance



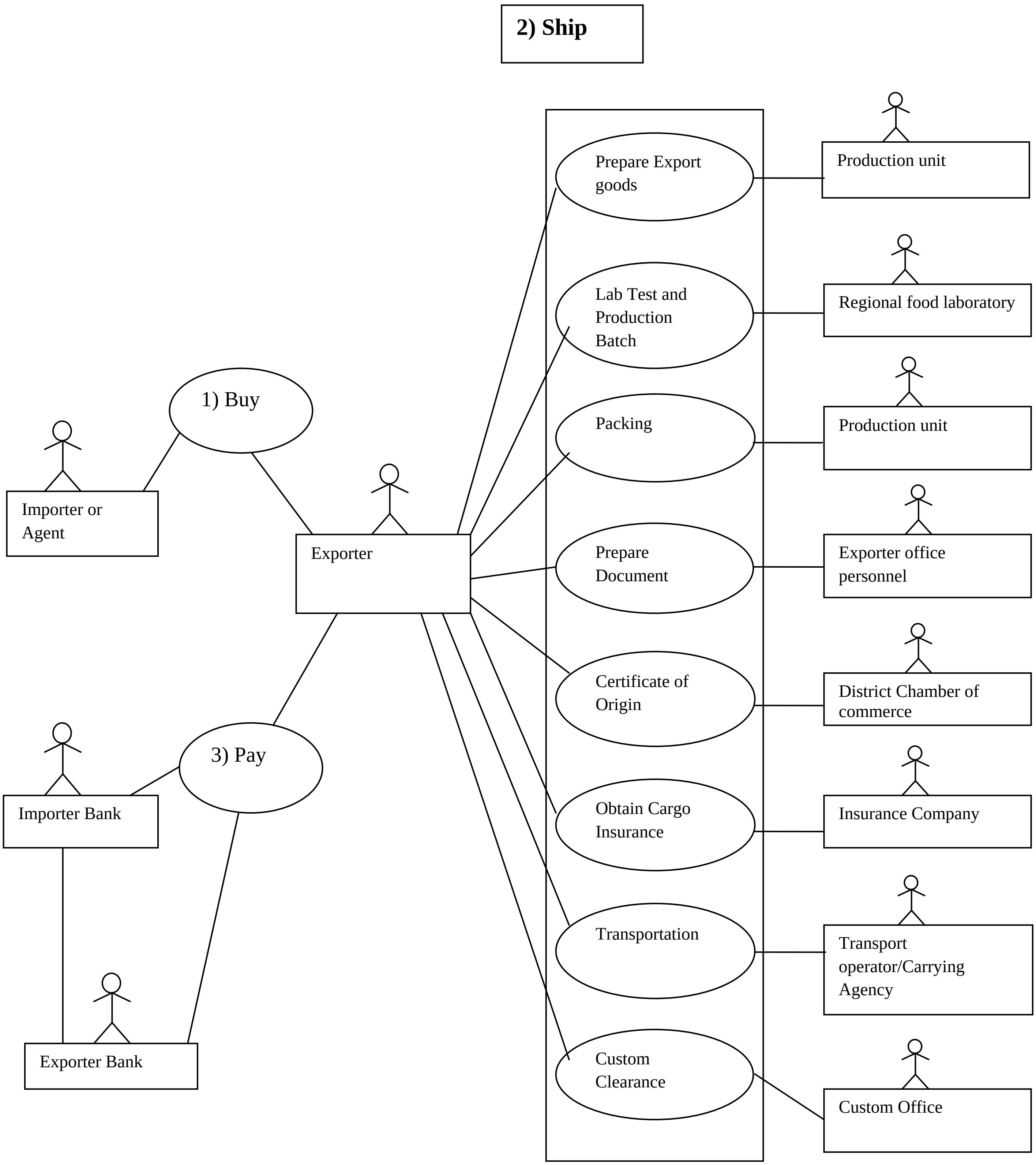
Annex 5.1.2L: a. Pay by L/C



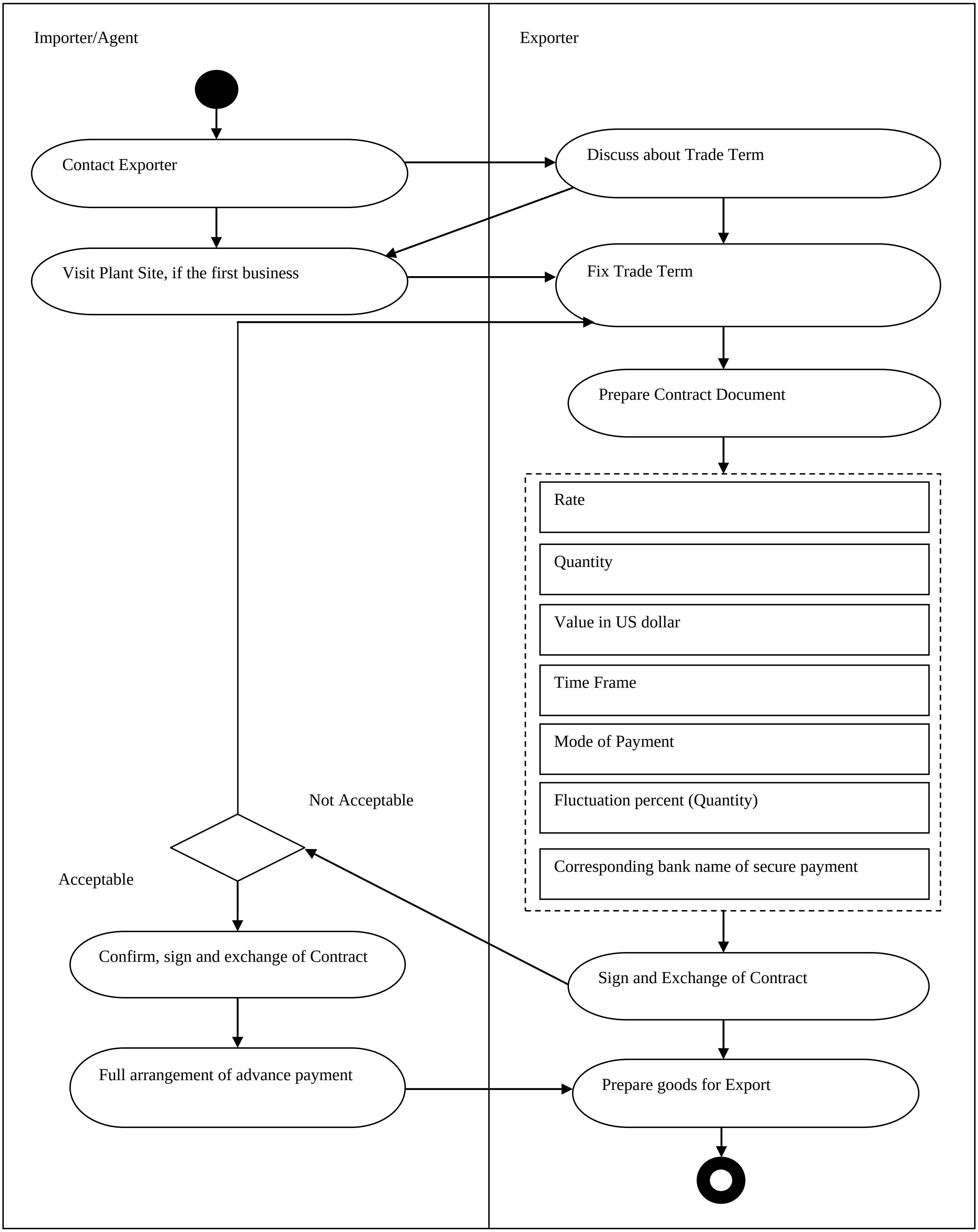
b. Pay by Draft



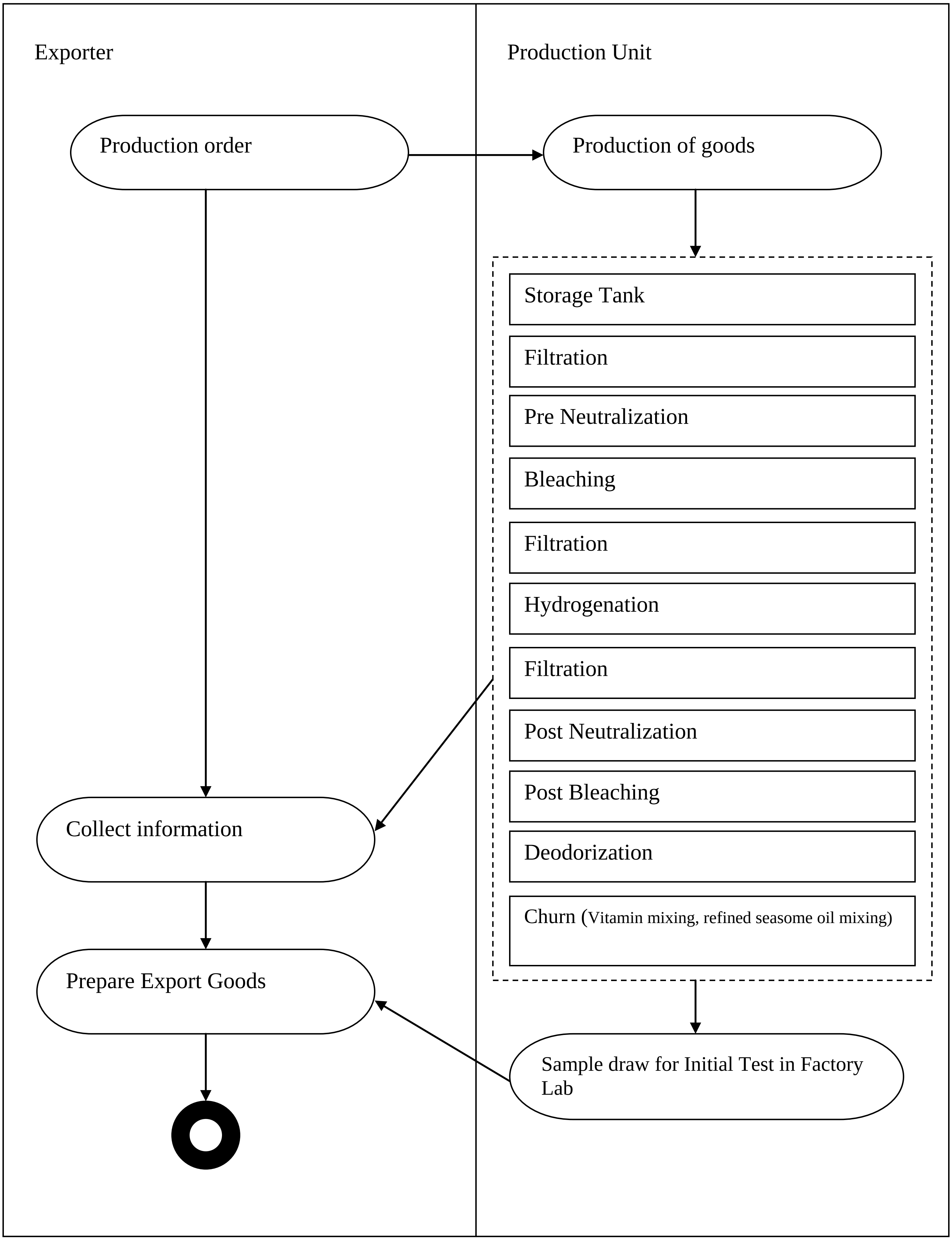
Annex 5.2.2: Vegetable Ghee Export to China from Nepal
Annex 5.2.2A: Use Case Diagram



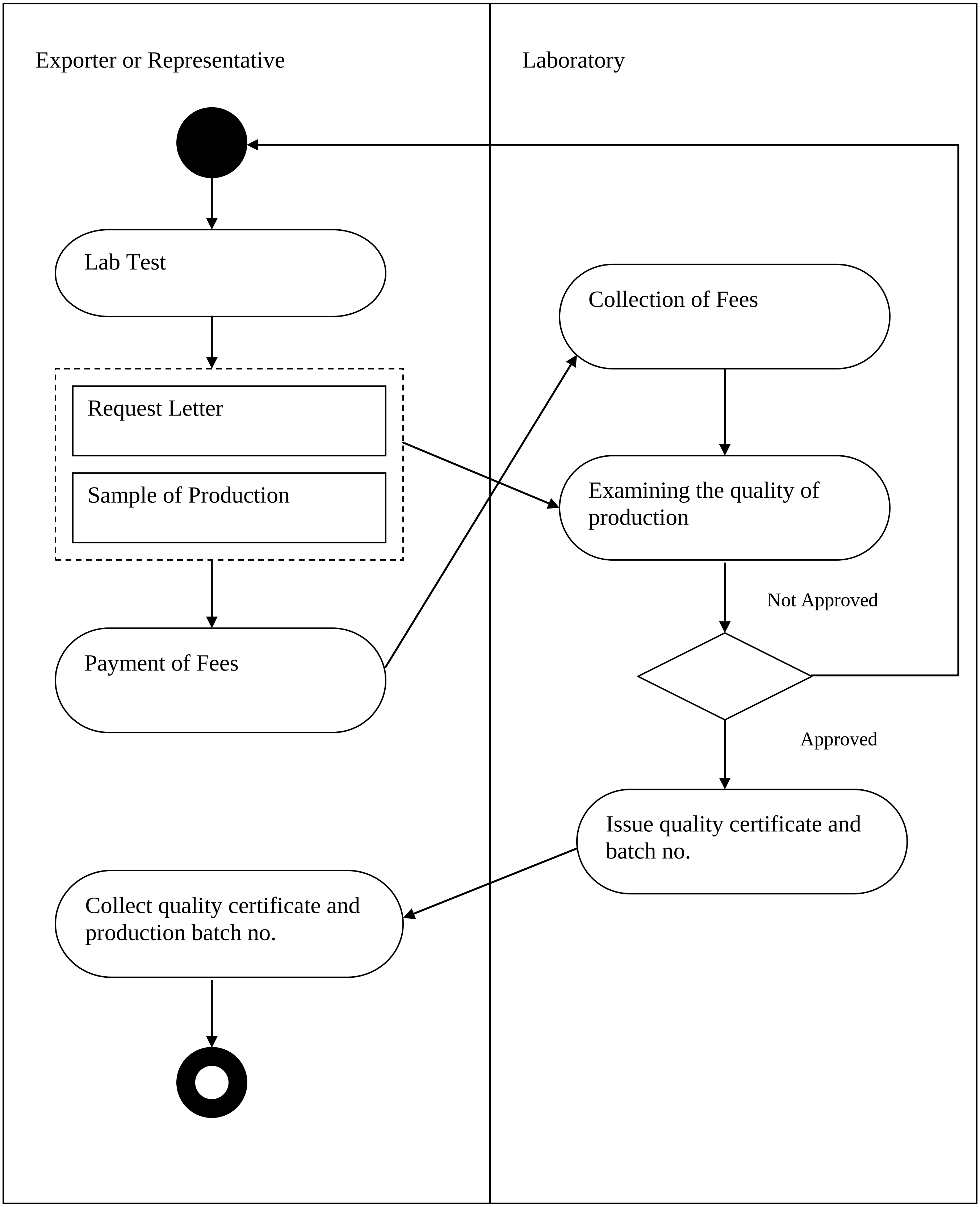
Annex 5.2.2B: Buy



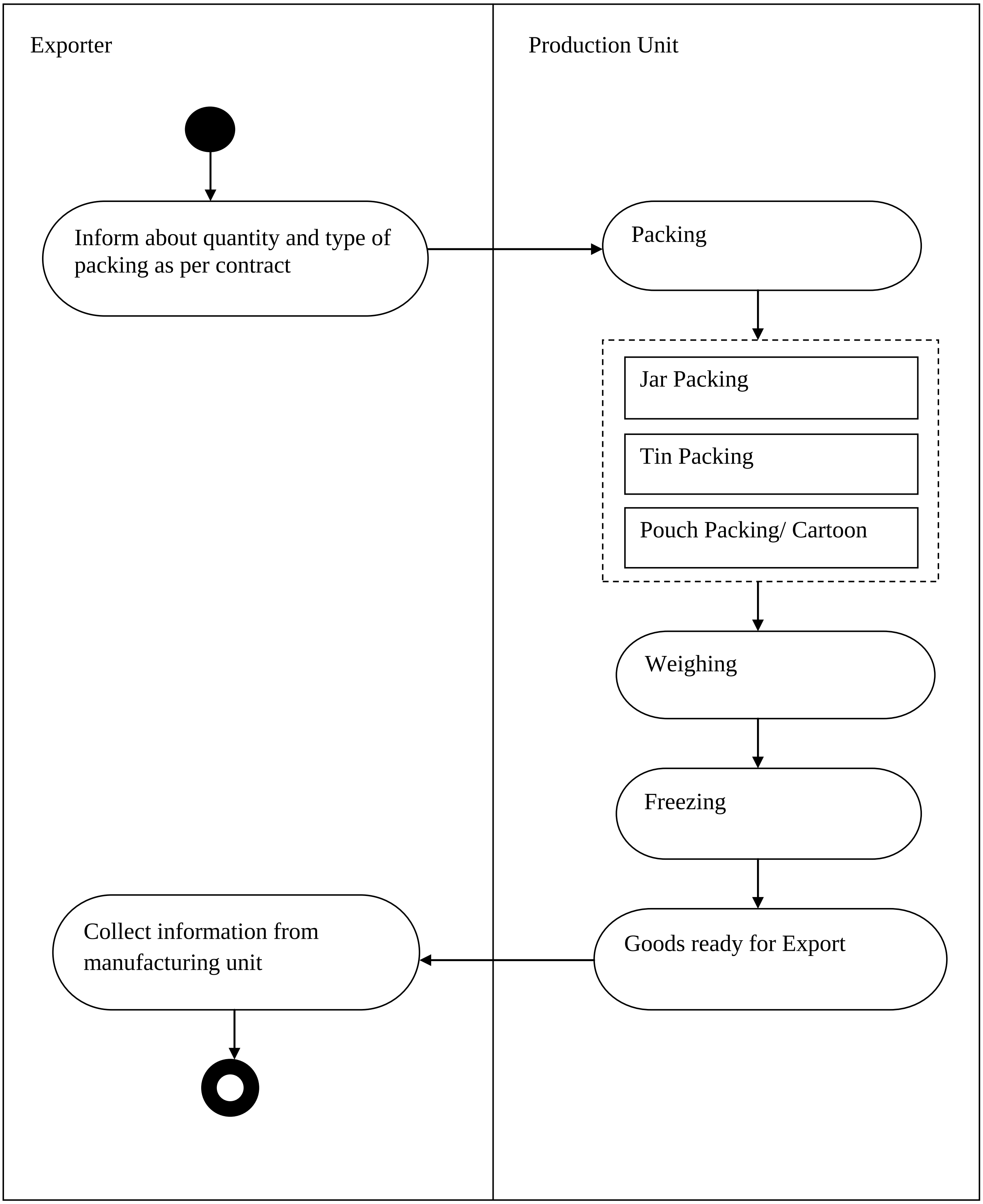
Annex 5.2.2C: Prepare Export Goods/Material



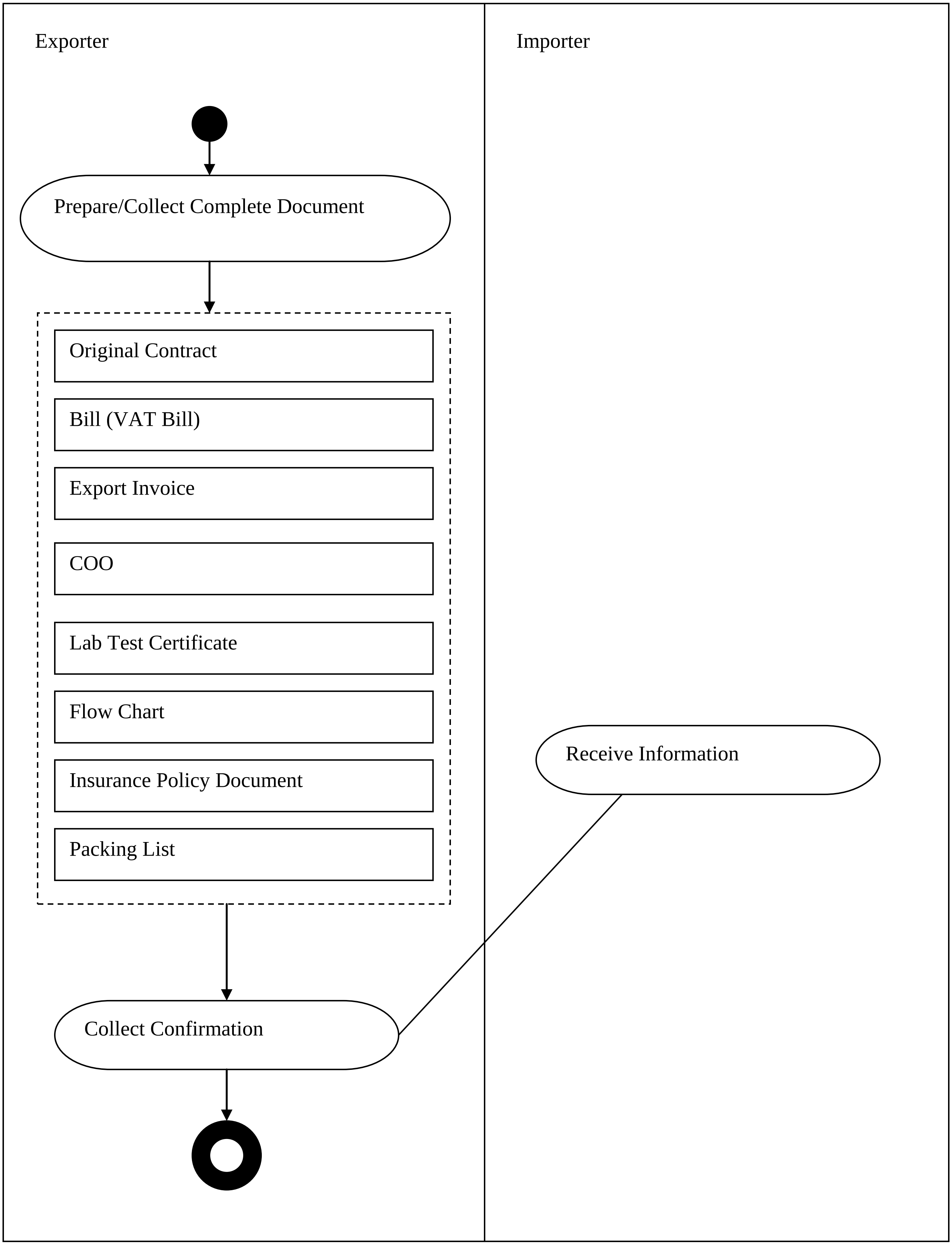
Annex 5.2.2D: Lab Test and Production Batch



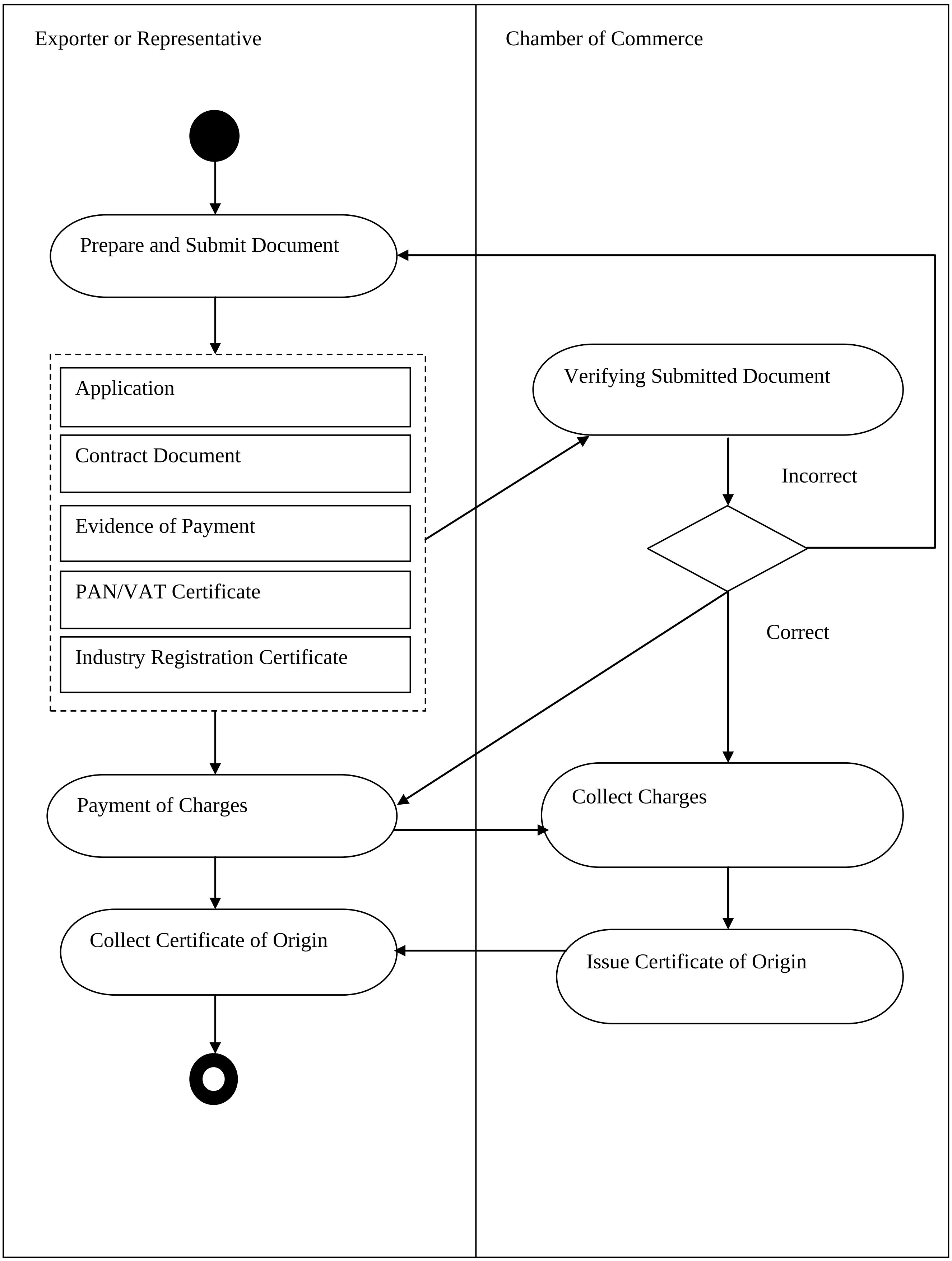
Annex 5.2.2E: Packing



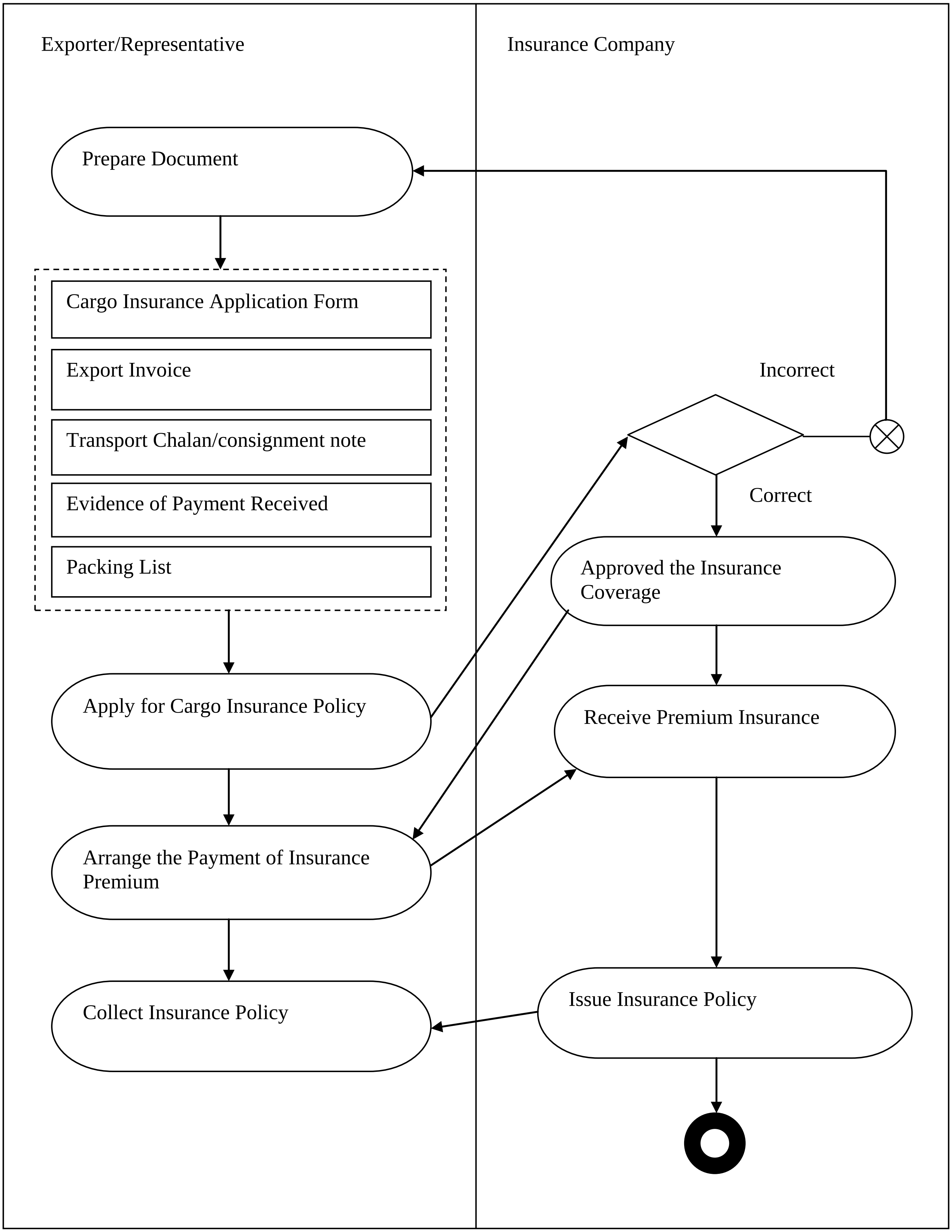
Annex 5.2.2F: Prepare Export Document



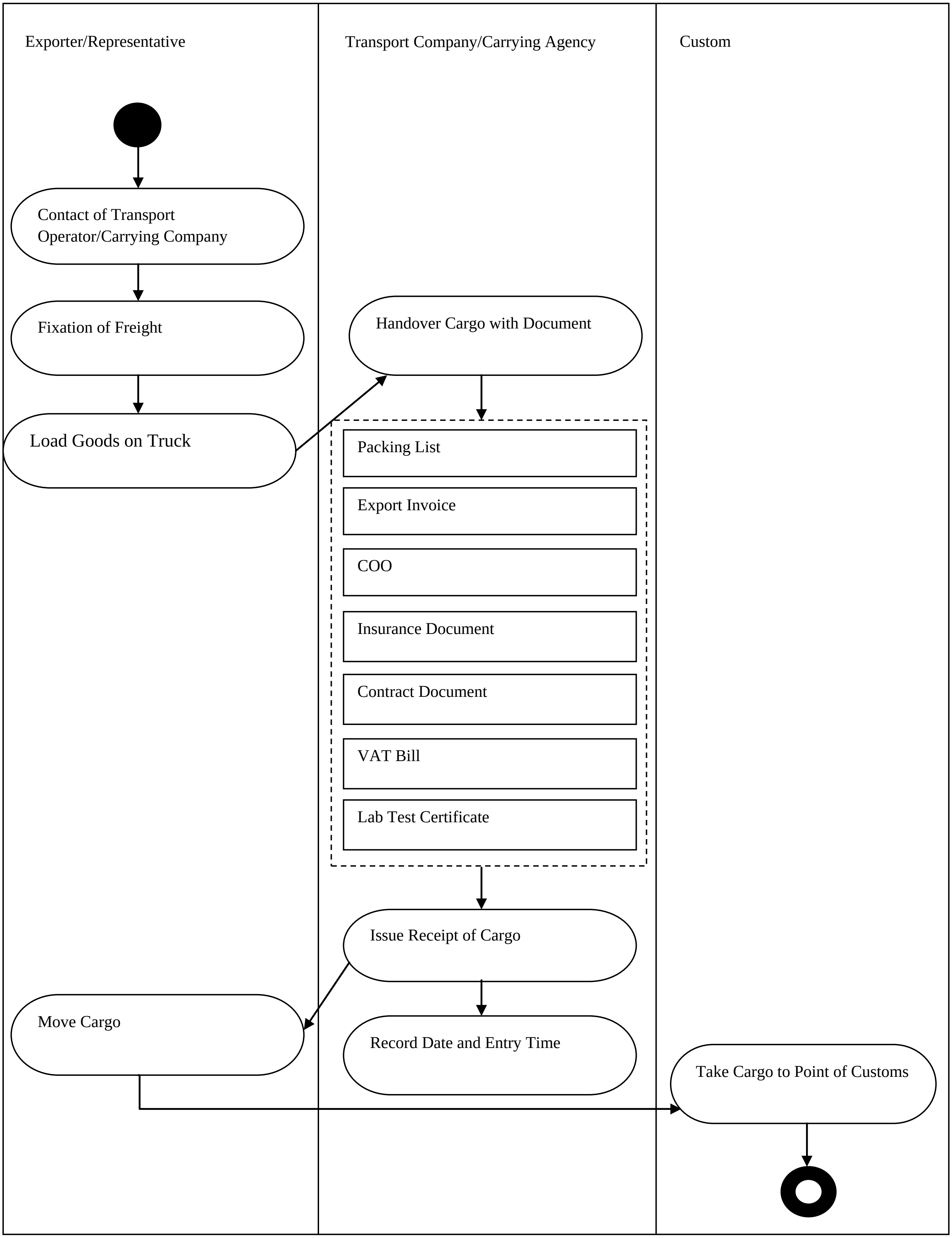
Annex 5.2.2G: Certificate of Origin



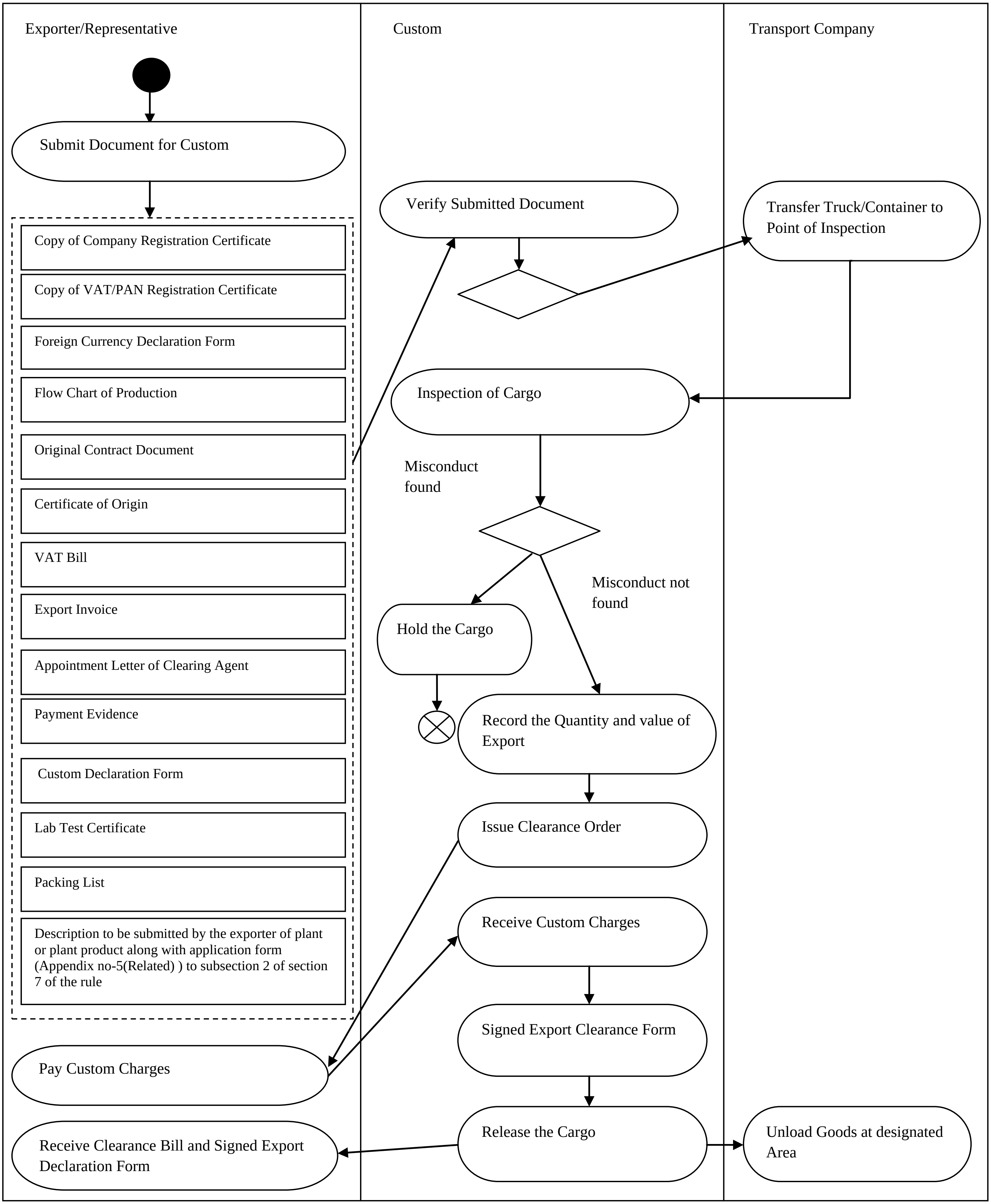
Annex 5.2.2H: Obtain Cargo Insurance



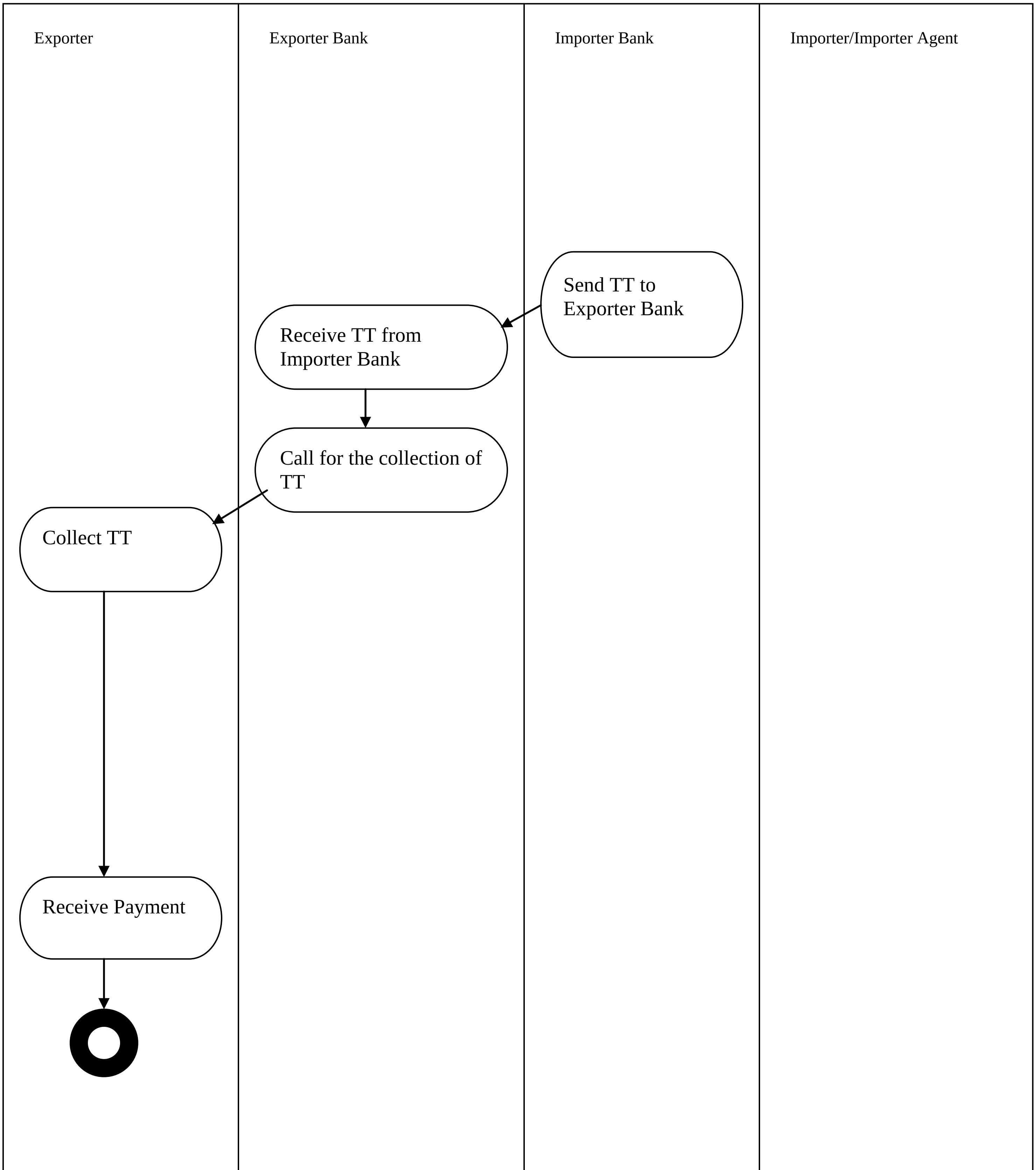
Annex 5.2.2I: Transportation



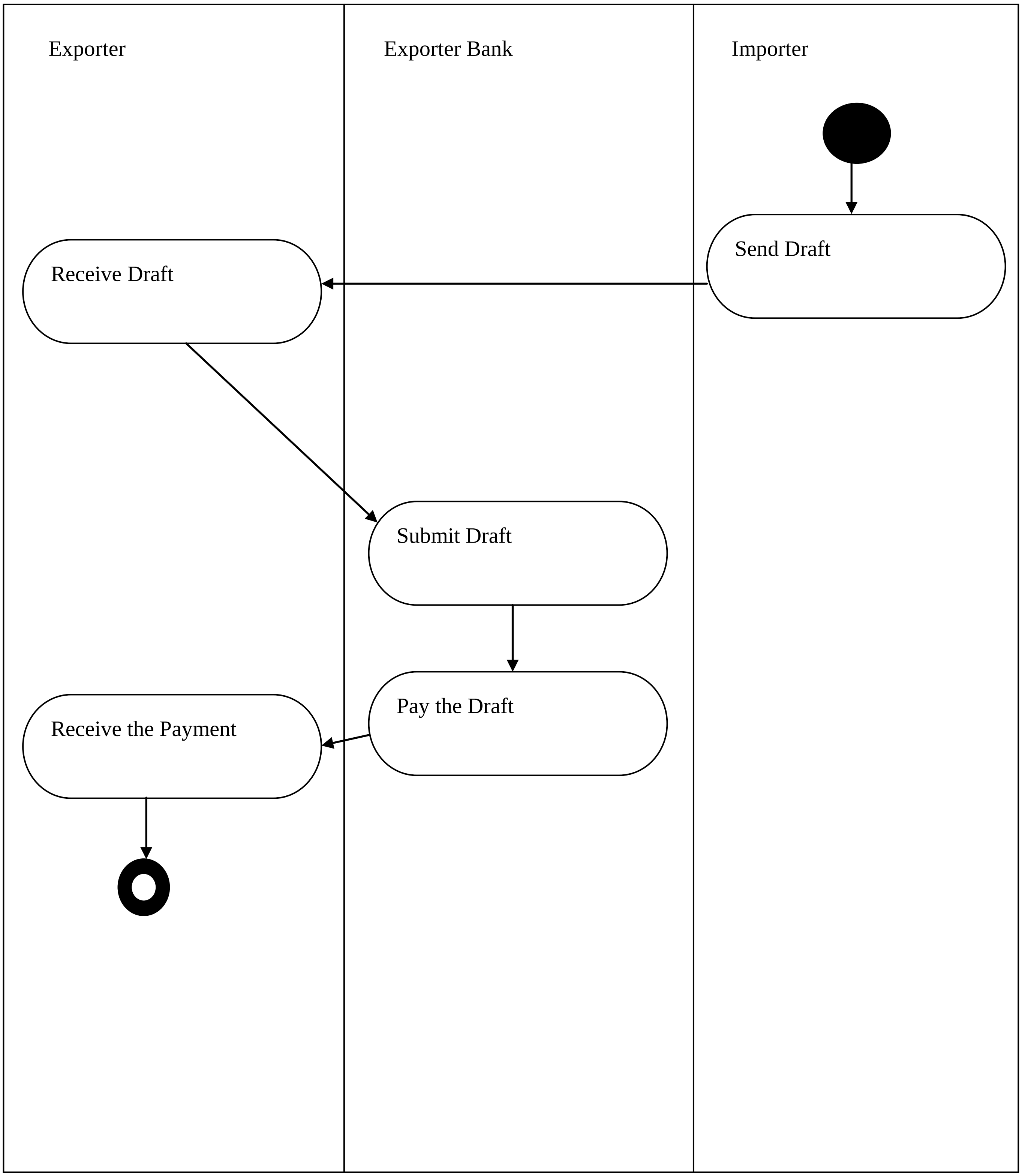
Annex 5.2.2J: Custom Clearance



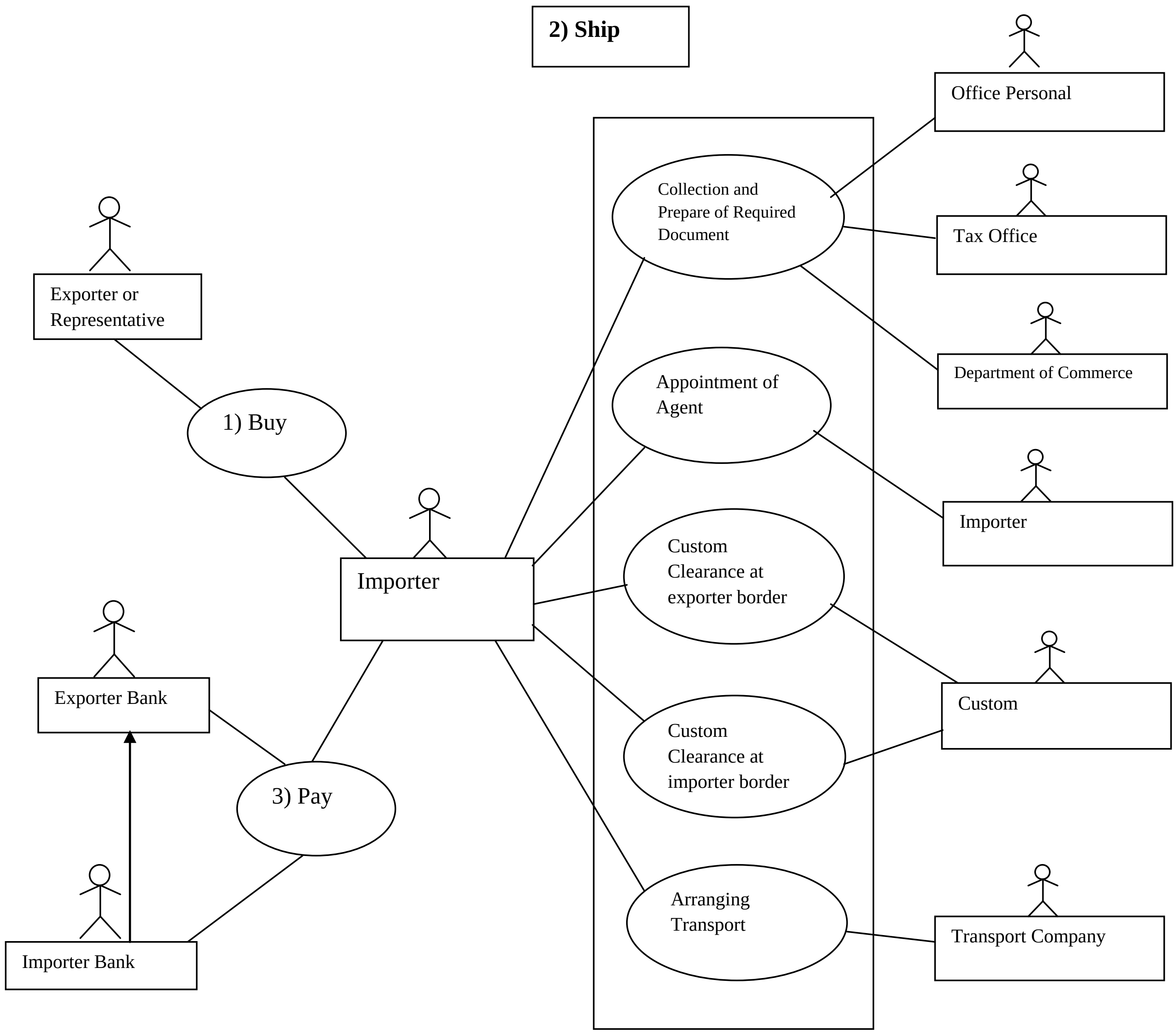
Annex 5.2.2K: a. Pay (TT)



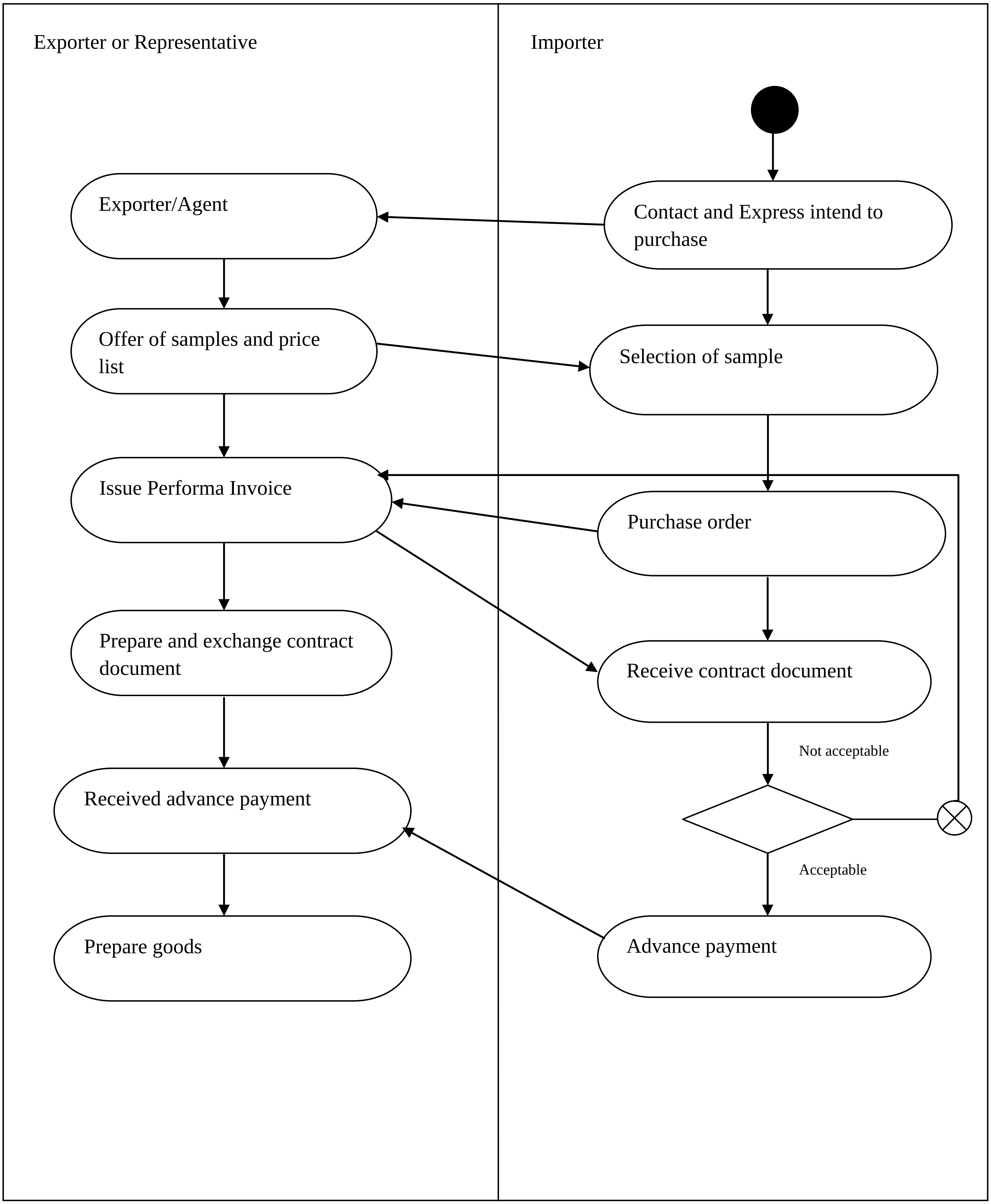
b. Pay (Draft)


Exporter
Exporter Bank
Importer
Send Draft
Receive Draft
Submit Draft
Pay the Draft
Receive the Payment

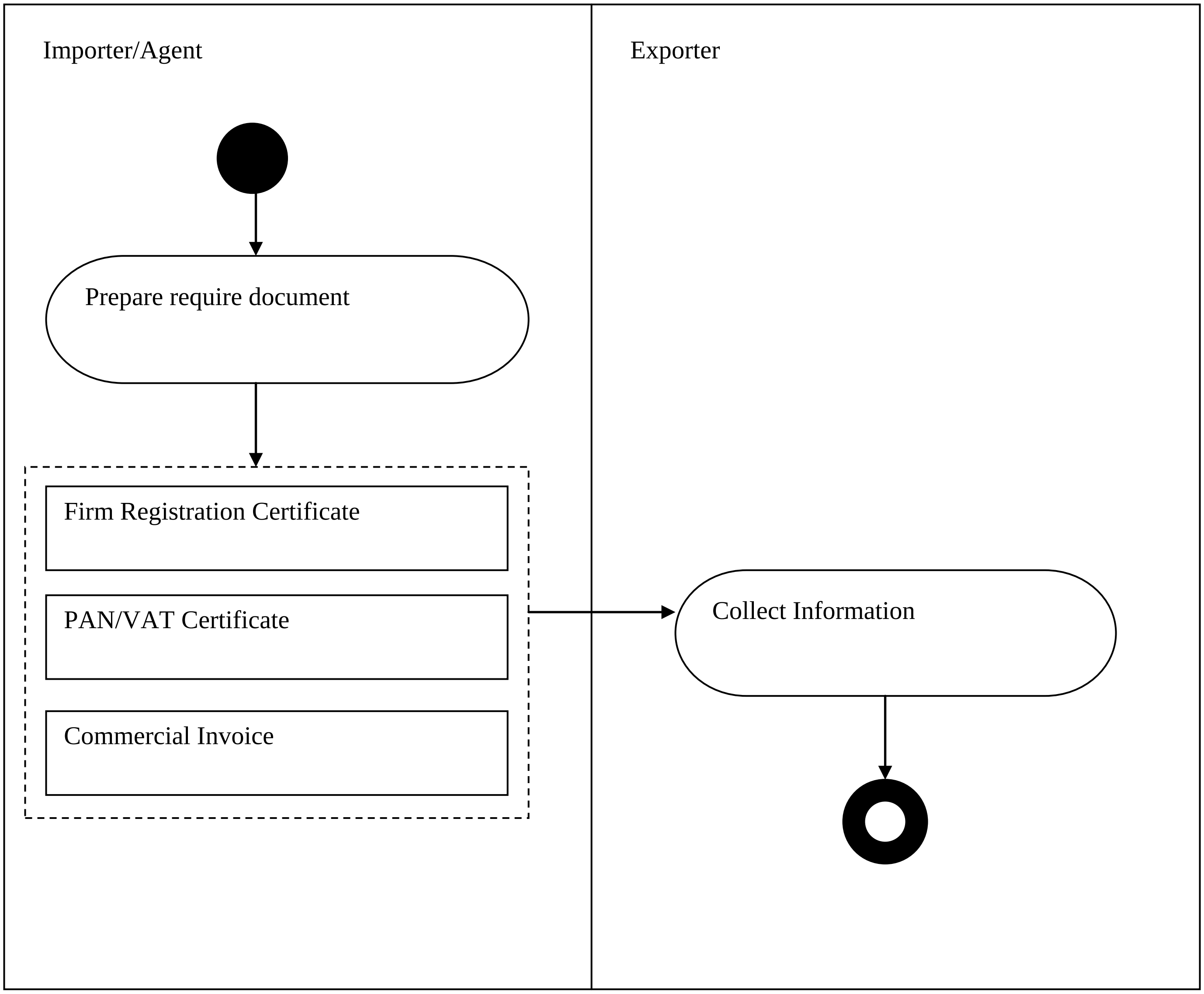
Annex 5.3.2: Textile Import to Nepal from India
Annex 5.3.2A: Use Case Diagram



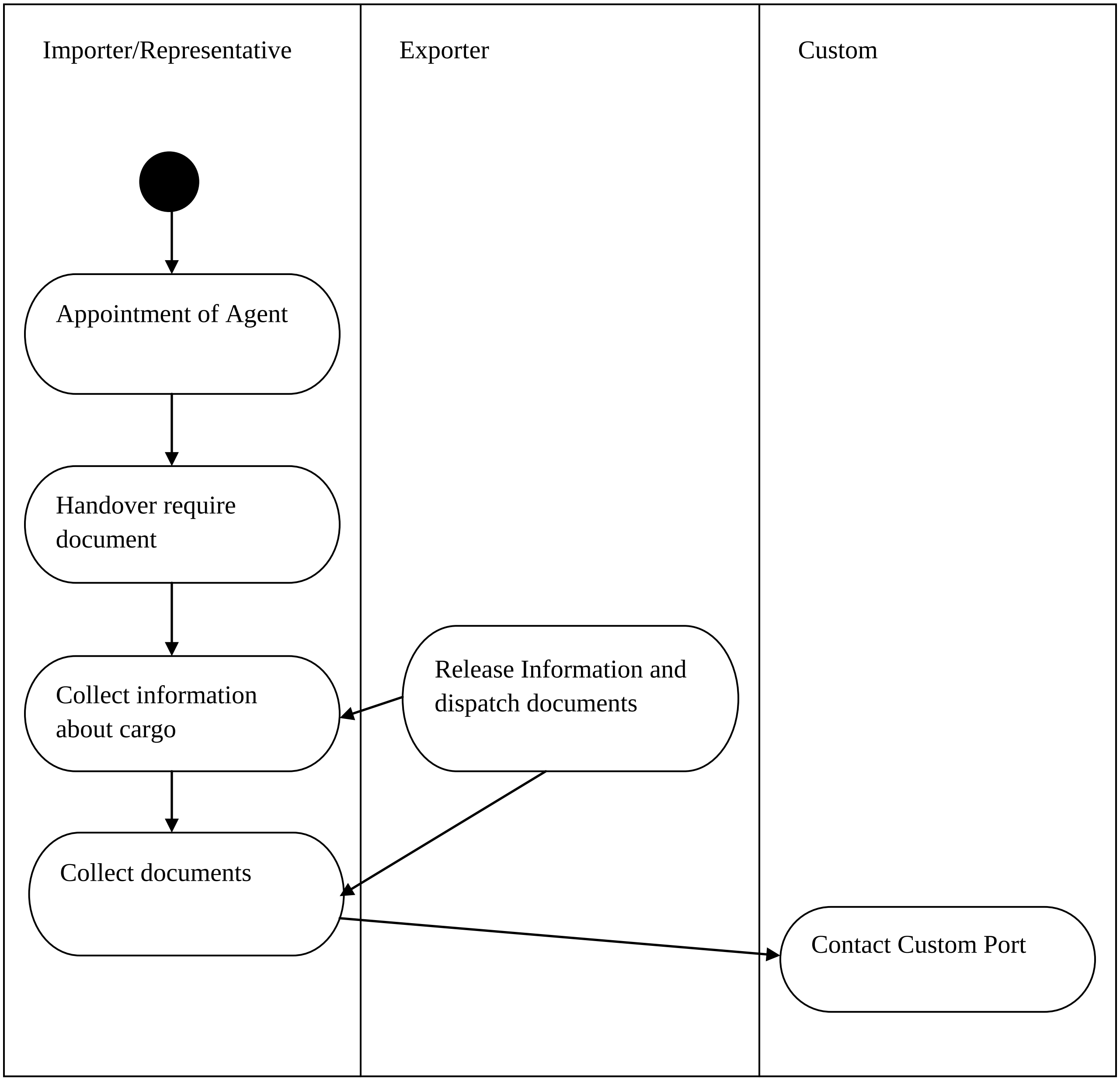
Annex 5.3.2B: Buy



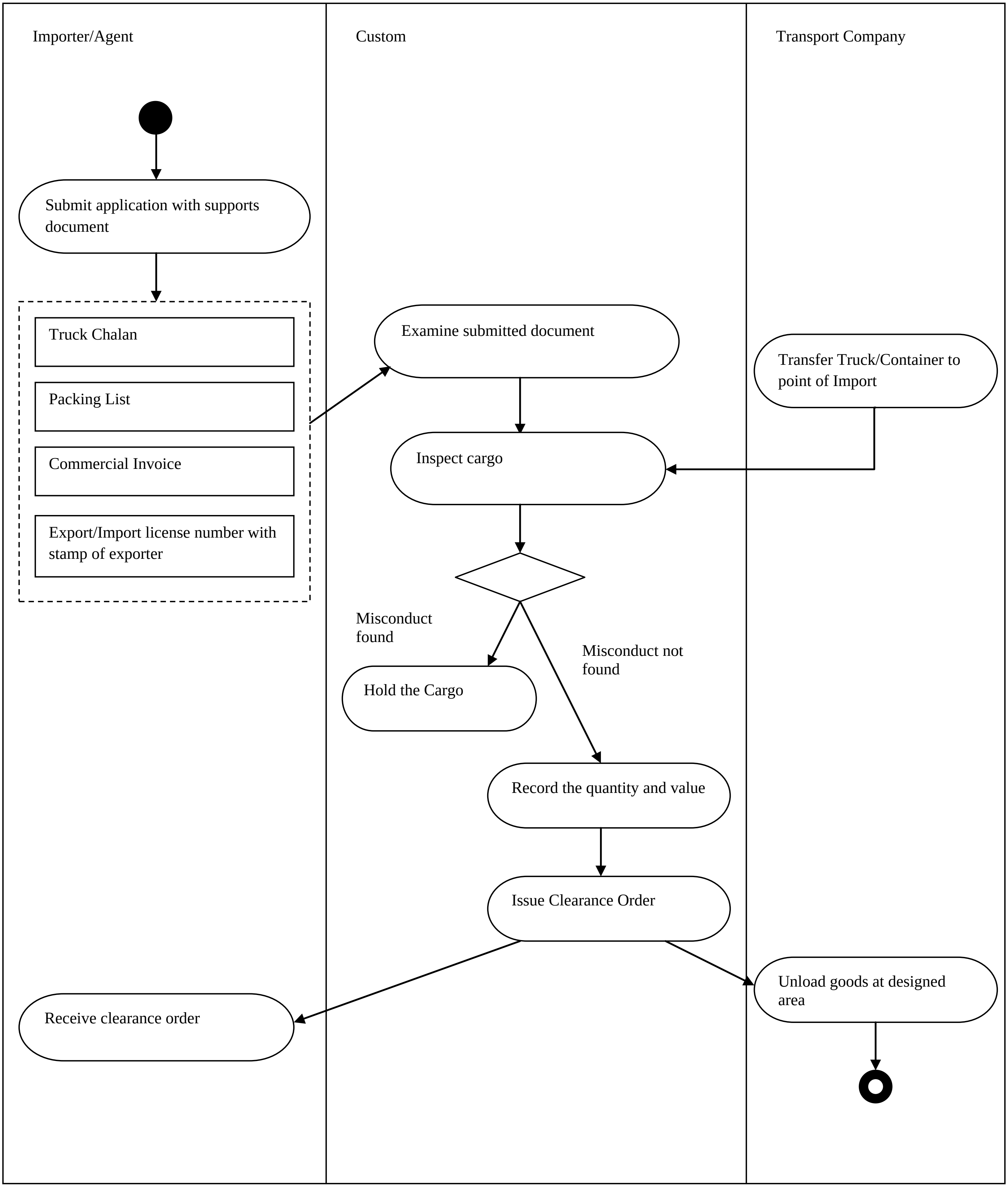
Annex 5.3.2C: Prepare Document



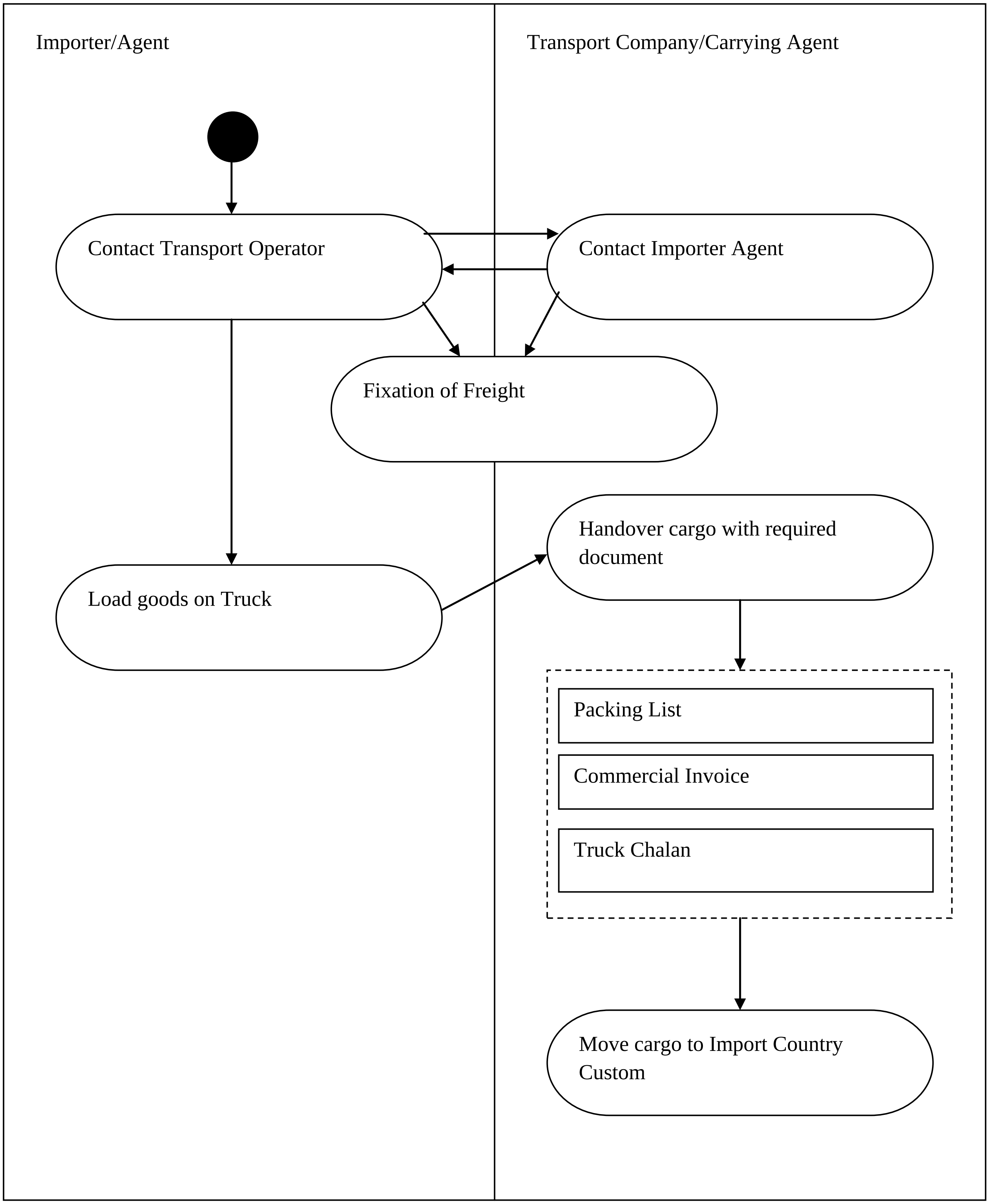
Annex 5.3.2D: Appointment of Clearing Agent



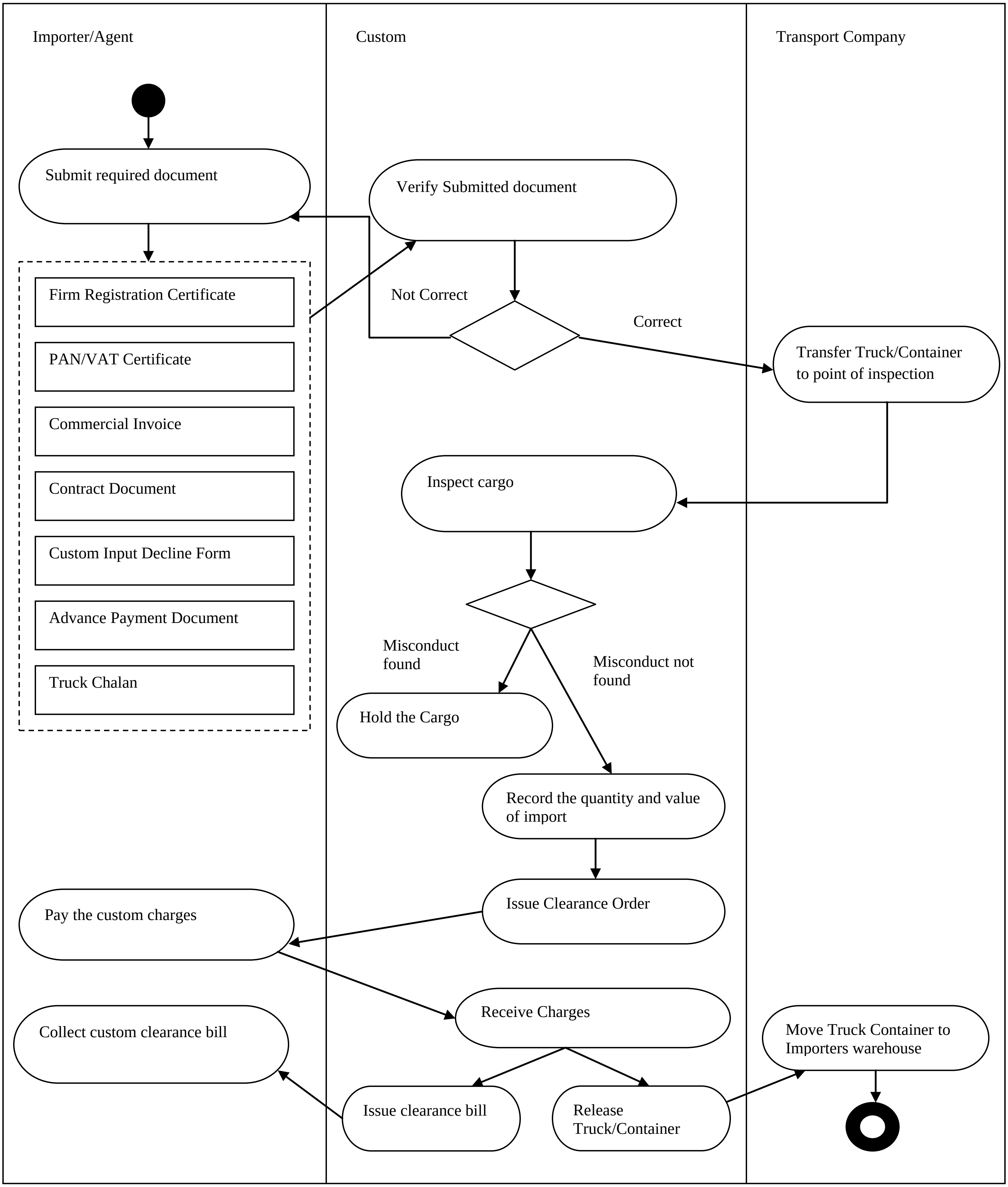
Annex 5.3.2E: Custom Clearance at exporter custom point



Annex 5.3.2F: Transportation



Annex 5.3.2G: Custom Clearance at importer custom point



Annex 5.3.2H: Pay by Draft