SCENARIO OF INDIAN IMPORTS FROM RUSSIA

Upasak Bose
South Ural State University,
Chelyabinsk, Chelyabinsk Oblast,
Russian Federation

ABSTRACT

Russia is an old and time-tested partner of India in the field of bilateral trade and cultural exchanges. Development and strengthening of bilateral relations is one of the most important points of India's foreign policy. In October 2000 “Declaration of the Russian-Indian strategic partnership” was signed to intensify bilateral ties and promote cooperation in virtually all areas of bilateral relations. During the Russian president's visit to India in December 2010, the strategic partnership has been raised to the level of "special and privileged strategic partnership." This paper will focus on the trade relations between the two countries and the trend observed for many years and also the future prospects of trade and business.

KEY TERMS: Trade, import, India, Russia, customs

TRADE AND ECONOMIC RELATIONS

The main products are imported from India Russian are Pitch and pitch coke derived from coal tar or other mineral resins (code HS - 2709). It accounted for 15.17% of the total volume of imports from Russia. It was followed by the dried leguminous vegetables, peeled or without (code TN VED - 0713) and coal; Briquettes, ovoid and similar solid fuel made from coal (code HS - 2701), which accounted for 10.19% and 8.57% respectively import of Russia. Top Indian ports, where the cargo arrived from Russia - Visage Sea (INVTZ1) (18.37%), Nava Sheva Sea (INNSA1) (14.78%) & sugar airfreight (INBOM4) (9.06%). India imported 5176 deliveries in the amount of US $608734976.74 of Russia in the period from 11.01.2016 on 11.24.2016 years. Export of Russian products to India in the first quarter of 2018 has grown by more than 40 percent compared to the same period in 2017, according to Russian trade mission in India. Total sales in India from January to April amounted to $2.2 billion. [1] Bean Exports rose to $14.5 million from $2 million in the first quarter of 2017, while sales of sunflower and other oil crops amounted to $207 thousand. Russian radar equipment, as well as compasses and other navigation products have also become leaders among the exports to India: first increased by $39.3 million from $2.7 million, and the second increased to $23.9 million from $4.6 million on an annualized basis. Russian exports to India also includes rough diamonds, silver, mineral and chemical fertilizers, crude and petrochemical products, as well as machines, synthetic rubber, polymers, plastic products, paper and other products. Trade turnover between the two countries in the first quarter amounted to $3.2 billion, showing a nearly 30 percent increase. Trade relations between Russia and India are strengthened in recent years, and by 2025 the country plans to increase trade turnover to $30 billion. Indian thermal coal comes from Russia increased by 56% to 2.54 million tonnes in the first nine months of 2018. Imports increased against the background of higher demand from customers of utilities and industrial sector who have applied to the marine products due to limited domestic supplies. Indian utility companies interested in acquiring Russian low-sulfur coal for blending with domestic sour material, which helps reduce emissions. Indian coal has a sulfur content of about 3%, while the material of Russian typically has a sulfur content of 0.3-0.4%. Indian buyers are not willing to pay more for high-quality coal with high
calorific value and prefer to buy low-quality material, which has low sulfur content, at the lowest prices. Many Russian suppliers are reluctant to sell coal at such low prices, preferring to sell it in China, which mainly buys from Russia Srednekaloriyniy or low-calorie coal. But recent restrictions on imports of Chinese coal have prompted some exporters to look for alternatives.

**RUPEE-RUBLE TRADE**

India and Russia agreed on a new method of payment in their local currencies, bypassing the possible US sanctions and banking restrictions. This development came after a long discussion of how to avoid the sanctions proposed by the United States.

**India import policy: procedures and duties**

In India, import and export of goods is governed by the "Law on Foreign Trade (Development and Regulation) Act 1992" and "Export-Import Policy (EXIM) of India." "Directorate General of Foreign Trade of India (DGFT)" is the main governing body responsible for all issues related to the EXIM policy.

Importers must register with the DGFT. To get a "code number of the exporting importing (IEC)", issued against their "permanent account number (PAN)", before engaging in EXIM operations. After receiving the IEC is necessary to determine and declare the source of imports. [9] "Indian Trade Classification - Harmonized System (ITC-HS)" allows for free import of any type of goods without a special import license. Some products that fall under the following categories require a special permit or license:

- **License (Restricted):**
  - Royalties’ items can be imported only after obtaining a license to import from DGFT. These include some consumer goods, such as precious and semiprecious stones, products related to safety, seeds, plants, animals, insecticides, pharmaceuticals and chemicals, as well as some electronic items.

- **Channelized elements:**
  - Channelized goods may be imported only through certain channels and methods of transport or through some other government organizations. These include oil products, bulk agricultural products such as grains and vegetable oils, as well as some pharmaceutical products.

- **Prohibited item:**
  - These products are strictly prohibited from being imported and include tallow oil, animal rennet, wild animals and unprocessed ivory.

**Input waybill**

Every importer should begin with the presentation of an invoice in accordance with Article 46. This document certifies the description and value of the goods coming into the country. The invoice must be presented as follows:

- The original and a duplicate for customs
- Copy for the importer
- A copy of the bank
- Copy for remittances

In accordance with the "electronic data interchange (EDI)" does not require any formal entry documents (as it is recorded in electronic form), but the importer shall submit a cargo declaration after specifying the data required for the processing of entry for customs clearance. It can be of three types:

- **Input invoice for home consumption**
  - This form is used when the imported goods must be cleaned on payment of full fee. Domestic consumption is the use in India. It is white and, therefore, often referred to as "white input."

- **The front housing bill**
  - If the imported goods are not required immediately, importers can store goods in a warehouse without payment of duty under the bond, and then clear them from the warehouse when it is required for the payment of duties. This will allow postponing the payment of customs duties as long as the goods do not really need them. This receipt is printed on yellow paper and is therefore often referred to as "yellow receipt."

- **Input invoice for registration of ex-bonds**
  - The third type of bond for ex-gap. It is used for processing warehouse at a fee payment and printed on green paper.

If the invoice entry is served without the use of electronic data interchange system, it is usually also requires the following documents:

- Signed invoice;
- Packing list;
- Bill of lading or order for delivery / air waybill;
- Form GATT declaration;
- Declaration importer / CHA;
- Import license whenever necessary;
- The letter of credit / bank draft;
- Insurance document;
- Industrial license, if required;
- Test protocol in the case of chemicals;
- The procedure for withdrawal of the special;
- DEPB in the original, where applicable;
- Catalog, technical recording, literature in the case of machines, spare parts and chemicals that may be applicable;
- Separately, share the cost of spare parts, components and equipment; and,
- Certificate of origin, if necessary preferential duty rate.

**Import tariffs**

The Indian government collects various types of import duties on goods. These include:

- **The basic customs duties**
  - The basic customs duty (BCD) - a standard tax rate applicable to the goods, or a standard preferential rate in the case of goods imported from these countries. The customs duty rates...
set out in the first and second tables of the Law on Customs Tariff of 1975

- **IGST and compensation tax**
  Additional customs duty, normally called "countervailing duty (CVD)" and "special additional customs duty (SAD)" were replaced by the collection of "comprehensive tax on goods and services (IGST)", except for a few exceptions, such as pan masala and some petroleum products. IGST replaces the previous system of federal and state categories of indirect taxation. A calculator of customs duty is available on the website of Excise and Customs, website ICEGATE. There are seven rates prescribed for GST-0 percent, 0.25 percent and 3 percent 5 percent, 12 percent, 18 percent and 28 percent. The actual rate to be applied to the product will depend on its classification and will be indicated in the graphs notified in accordance with Section 5 of IGST, 2017. In addition, some items, such as products with soda water, tobacco and vehicles, among other things, will involve additional compensation fee GST tax over IGST. The tax is calculated on the basis of the transaction value or the price at which goods are sold. Tax Act on goods and services (compensation States) 2017 was adopted for the collection of compensation tax for compensation to the Indian state of loss of income arising from the implementation of tax on goods and services from July 1, 2017. Countervailing duty on goods imported into India, will be charged and collected in accordance with the provisions of section 3 of the "Law on Customs Tariff in 1975" at a time when customs duties are levied on goods in accordance with Article 12 of the "Law on Customs Tariff 1962" at the value determined in accordance with the "law on customs tariff of 1975 year"

- **Anti-dumping duties**
  The central government may impose anti-dumping duty, if it believes that a product is being imported at a price below fair market, and the importer will be notified if this is the case. The fee cannot exceed the difference between the normal and export price (dumping margin). This does not apply to products imported to 100% export-oriented units (EOU), free trade zones (FTZs) and Special Economic Zones (SEZ).

- **Guard duty**
  In contrast to the anti-dumping duty, the introduction of protective duties does not require the determination of the central government of the goods imported at a price below fair market value. Protective duty is introduced, if the government decides that a sudden increase in exports is causing serious damage to the domestic industry. Notice of the introduction of protective duties is valid for four years with possibility of extension up to 10 years.

- **Protective duty**
  Sometimes protective duty is introduced for the protection of domestic industry from imports. If the Tariff Commission makes a recommendation on the introduction of protective duties, the central government can decide to impose a tax at such a rate that does not exceed the recommended tariff commission.

- **Surcharge for Social Security**
  The education system and the system of secondary and higher education on the imported goods are now abolished and replaced by a premium for social security. This allowance will be charged at the rate of 10 per cent of the total customs duties on imported goods.

**Connectivity to Indian markets and companies**

Russian companies can access the following Web sites for connection to Indian companies and information on the Indian market as a whole:

- https://entryindia.com/
- https://www.frangle.com/
- https://www.techsciresearch.com/
- https://www.indiantradeportal.in/
- https://www.exportportal.com/

**PROBLEMS OF BILATERAL TRADE BETWEEN INDIA AND RUSSIA**

- **Transport problem**
  Geographical constraints lead to significant financial costs and delays, as well as limit the amount of products that would otherwise be more easily transported.

- **Ignorance:**
  The Indians and the Russian did not have sufficient knowledge and information about each other's markets. So there is not much business exchange between the two countries. A further disadvantage is the lack of the presence of the Indian and Russian media in the country to each other.

- **The lack of interest from the private sector in India:**
  After the economic reforms of the 1990s, India has successfully moved from an economy oriented to the domestic market to a more globally integrated economy. In this process, an important role is played by the Indian private sector. However, the dynamic Indian private sector, which is comfortable doing business with the West, not so attractive to Russia.

- **Lack of adequate infrastructure to facilitate trade:**
  Bureaucratic delays on both sides create obstacles to the smooth movement of
business. Both countries are aware of this and contribute to a smoother and more movement of business people, the two countries signed a protocol document December 24, 2015 to simplify visa procedures for those who are engaged in business.

**Future prospects and steps that can be taken to improve trade relations:**

- India and Russia should take the lead in the finalization of "Free Trade Agreement of the Eurasian Economic Union." "The international transport corridor North-South (IRTC)" also becomes important because it would help India economic relations not only with Russia but also with the wider Eurasian region.
- Import "liquefied natural gas (LNG)," is the best alternative for India in the current circumstances and therefore has a great potential in the development of Indo-Russian energy ties.
- "Green Corridor" is the brainchild of the Federal Customs Service of Russia, and suggests that the two countries should create a list of businesses or companies whose products on a reciprocal basis will not have to pass customs inspection.
- India is known for processing of diamonds, while Russia is one of its leading suppliers. More than 80% of Russian rough diamonds supplied to India indirectly through European intermediaries. Both sides should develop a mechanism to ensure a direct supply at a lower cost and with faster sending speeds.
- Pharmaceutical companies have an advantage given the growing demand for alternative medicine in Russia. While there are a few clinics Ayurveda, it needs further boost in the Russian market.
- It is necessary to give greater impetus to the air transport of perishable goods, such as dairy products and fruit. For example, in the Russian market there is a high demand for mangoes, which are currently imported mainly from Latin America. India should use the full potential of the fruit market.
- The Indian information technology sector (IT) has become a great success in the West and in Russia can make a significant contribution too. This is even more important in the current environment, when Indian IT firms are facing problems in the United States.

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