

Embassy of India
Jakarta

Subject: Advisory for Indian small and medium enterprises (SMEs) doing/interested in doing business with Indonesian companies

[Note: The Advisory has been issued to protect the interests of Indian small and medium enterprises. It is intended to enhance the commercial cooperation between India and Indonesia by addressing some of the risks faced by Indian SMEs to take preventive and/or mitigating action]

The information contained in the advisory is based on trade-related problems that are periodically brought to the Embassy's attention for information, facilitation and assistance. It is meant to serve as broad guidance cataloguing some major checkpoints that could be observed by Indian companies in trade transactions with Indonesian companies to prevent possibility of problems or disputes. It does not substitute in any way the Company's own actions or responsibility in this regard.

2. Typically, the trade-related problems brought to the Embassy's attention cover the following issues:

For Export of items by Indonesian Companies:

- Supply of sub-standard goods, inferior quality;
- Refusal to send consignments on receipt of payment;
- Quantity dispute;
- Stopping communications on receipt of advance payment;
- Diversion of payment into unassociated bank accounts by third fraudulent parties by hacking into email IDs;

For Import of Items by Indonesian Companies from Indian Companies:

- Refusal to make payment after taking control of consignment exported from India on some pretext;
- Non-release of Pre-Shipment Inspection Reports/Certificates in due time after departure of shipment from the Indian port entailing demurrage on arrival at port in Indonesia;

3. Accordingly, Indian companies are advised to take due precaution while engaging in business transactions, particularly when dealing with new or unfamiliar companies. The Embassy has brought out a list of DOs and DON'Ts recommended for Indian companies interested in doing business with Indonesian companies. It is, however, not an exhaustive list of measures or options.

The list of Dos and DON'Ts is as follows:

DOs

- i. Indian companies are requested to check the credibility of the Indonesian Company. Many a times complaints have been registered online against such fraud companies by other affected parties;
- ii. Before signing a contract, gather a copy of the Registration of the Indonesian importer/exporter with Ministry of Law and Human Rights and verify the same on their website <http://www.wipo.int/branddb/id/en/> ;
- iii. Indian companies should insist on the copies of the passport/national identity card issued by Indonesian Government, of the representatives of the Indonesian company with whom the Indian Company is interacting. This would help to track down the offender in case they go absconding;
- iv. Site visits may be considered for large transactions. Take photos of the company and the factory during such visit; Check whether products are produced by the company and whether the packages belong to the target company;
- v. Payment with Letter of Credit (L/C) is recommended, especially when the contract object is of a high value; alternatively, both the parties should operate through 'Bank guarantee' route;
- vi. Contracts entered with Indonesian companies need to have arbitration clause and proof of existence (company registration document). The contract should be in English. The Indian company in consultation with the Indonesian company could include a clause in the contract which provides for release of LC only after verification of quality and quantity of goods by an internationally accredited inspection agency at destination port;
- vii. Quality / Quantity of any product to be imported from Indonesia to be physically certified by the Indian company either by visiting Indonesia or by appointing an agency;
- viii. Physical inspection of the goods to be carried out by the importing company at the point of loading in Indonesia would act as an added safeguard;
- ix. Exporters or importers for a particular commodity or service can also be accessed by sending trade queries to the Embassy of India, Jakarta and the Consulate General of India in Bali and Medan. Details can be obtained on the websites (Embassy of India, Jakarta- <http://www.indianembassyjakarta.in>; Consulate General of India, Bali- <http://www.cgibali.gov.in> ; Consulate General of India, Medan- <http://www.cgimedan.in>);
- x. Check the e-mail id of the dealing foreign company, whether Indonesia-based or third county-based, every time a correspondence is made. For fund transfer, Indian Company must ensure that its bank account is properly communicated to the foreign company through different modes of communications (fax, courier) and not through e-mail only. Whatsapp & SMS could provide additional check;

- xi. Check the list of “Indonesian Companies involved in trade disputes with Indian companies from 2015 to 2018” which is attached herewith as **Annexure**.

DON'Ts

- i. Transacting with any company from a B2B platform would require additional safeguards. Some B2B sites offer products at lower rates which act as an attraction. These websites could be avoided unless one has clearly identified the owners and other relevant details of such websites;
 - ii. An Indonesian B2B site which is just in English and has no Indonesian version should be carefully investigated. Every website in Indonesia is inevitably in Bahasa Indonesia and sometimes, has an English version. A site only in English with no Indonesian version could be a fraud;
 - iii. Advance payment through bank transfer is discouraged; unless the credibility of the supplier is proved beyond doubt;
 - iv. Never trust email communications while confirming bank details. Always supplement it with communication through faxes/courier;
 - v. Do not release balance payment if not sure of the quality and quantity of the product. Letter of Credit should be opened with the provision of honoring it on inspection of in-bound cargo at the Indian port and not on placement of Bill of Lading only. If B/L placement is the norm, presence of a Company representative from Indonesian Company may be insisted upon at the time of inspection of the cargo at the Indian port, especially, if the bulk or value of the consignment is large;
4. All the trade-related queries/complaints/grievances may be addressed to the **Attache (Economic & Commerce), Embassy of India, Jakarta** at attcom.jakarta@mea.gov.in or to the Consul (Commerce) in CGI, Bali/Medan. Names of provinces/regions under the respective jurisdiction is available on our websites (Embassy of India, Jakarta- <http://www.indianembassyjakarta.gov.in>; Consulate General of India, Bali- <http://www.cgibali.gov.in>; Consulate General of India, Medan- <http://www.cgimedan.in>)

DISCLAIMER: The above information is suggestive in nature and Embassy shall not be deemed responsible for any legal disputes arising out of it. In case of any suggestion and alteration to the above advisory, these may be mailed to the First Secretary (Economic & Commerce), Embassy of India, Jakarta at com.jakarta@mea.gov.in .

List of Indonesian companies involved in trade dispute with Indian companies

Jan 1, 2015 to Dec 31, 2015

1. Mr. David W. Gani, Indonesia
2. PT Sarriwangi A.E.A., Indonesia
3. CV. Sahara Indonesia
4. Progress Star International Ltd. Hong Kong(Intermediary), PT Jasindo Lintastane, Indonesia, PT Century Metalindo, Indonesia
5. PT Multi Star Indonesia and Royal Exotic Indonesia
6. PT Delta Suplindo Internusa, Indonesia
7. C.V. Victory Jaya, Indonesia
8. PT Kairos Tritunggal, Indonesia
9. Mr. Dharmarajan, Indonesia
10. KVS Group, Indonesia

Jan 1, 2016 to Dec 31, 2016

1. C.V. Jaya Abadi Latexindo, Surabaya, Indonesia
2. P.T. Nielsen, Indonesia
3. CV Rich Trinity, Indonesia
4. CV Nata Utama, Indonesia
5. PT Swastika International, Indonesia
6. M/s Korin Buana Antarmusa, Indonesia
7. CV Ratu Sejatera Mandiri, Indonesia
8. Mulayani Medical, Bali, Indonesia

Jan 1, 2017 to Dec 31, 2017

1. Mr. Hanifi, Medan, Sumatra, Indonesia
2. CV Rich Trinity, Indonesia
3. M/s Eliadamaira.com, Medan, Sumatra, Indonesia
4. Indonesian company Electrical Techno
5. PT Intan Giri Abadi, Indonesia
6. PT Prolimus, Indonesia
7. Wudy Wiaya Litandy, West Java, Indonesia
8. PT Sari Makmur Tunggal Mandiri, Medan, Indonesia
9. CV Adhi Segara, Pontianac, Indonesia
10. PT Warna Unggul, Jakarta

Jan 1, 2018 till date

1. CV Barlan's
Jl. Rungkut Menanggal Harapan GA/17
Surabaya, Indonesia
2. Office Max Central, Indonesia
3. PT. SKMP International
The City Tower 12th Floor
Unit 1N
Jl MH Thamrin No. 81
Kel Mentent, KEC Menteng
Jakarta Pusat 10310
4. Jakarta Business Event (JAKBE)
By IHWANUDDIN Group
Jl. RC Veteran 1-1
Bintaro Pesanggrahan
Jakarta Selatan 12330
DKI Jakarta
5. Star Laboratories
Kapas Kranpung 135
Surabaya
6. PT. Printhead Global
Jl. Jend. Sudirman
No. 45 A Padang
Sumatra
7. PT. Dua Putra Rajawali
8. M/s HCIL-Adhikarya-ARSS (JV)
Jl. Raya Pasar Minggu KM 18
Indonesia
9. Wilson Intraco
Duta Harapan Indah RR 21
Jabodetabek, Jakarta
10. PT. Sanichem Tunggal Pertiwi
Ruko Modern Block AR No. 10
Jl. Jenderal Sudirman RT. 04/07
Babakan-Tangerang, Indonesia

11. Ms. Vinna Ho, Indonesia
12. CV Mekar Indah
Jl. Wonorejo IV NO 74
Surabaya
13. PT. Excellence Qualities Yarn
Jl. Embong Trengguli No. 20
Surabaya - 60271
14. PT Grasse Arum Lestari and Multiguna Gemilang,
Indonesia
15. 24.PT. Kharisma Pelita Abadi,
Jl. Biak No. 14, Roxi,
Jakarta 10150
16. Sri Harjanti
PT. Mahadhika Jaya Sentosa
Jalan Strio Wibowo II No. 4 RW. 08
Tlongosari Kulon
Kec Pedurungan Kota Samarang
17. PT. Kharisma Guntur Sejati
Pergudangan Prima Center I
Blok I-12
Jl.Pesing Poglar eks Pool PPD
Kedaung Kali Angke
Cengkareng
Jakarta 11710
18. Mr. Paul
Bank account name is YANA
Websites: <http://paramotorengine.com/>
<http://paramotors-glider.com/9-Trikes>
<http://paramotorengine.com/>
<http://www.paramotoraviation.com/products.php?product=FLY-Products-Eco-2>
19. CV. Agri Mulia Jaya Bahtera
GlagahLor. Tamanan Banguntapan 55781, Bantul,
Yogyakarta, Indonesia
20. Mr. Yulius
JI Rasau Jaya RT 002/004
Pontianak, Indonesia