

Can You Legally Export Surplus Stock From India? How It Works



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Surplus stock can be exported from India legally, but the papers decide it, not the price. An Indian firm with an IEC has to sign the shipping bill and stand behind its supporting documents, so it needs to buy on a supplier's tax invoice. Branded stock needs the brand's release, cancelled-order stock may need the original buyer's design release, and a mixed lot from many makers rarely supports a preferential certificate of origin.

The Short Version

- An Indian exporter with an IEC signs the shipping bill and must ensure the authenticity of every document behind it (Customs Act s.50).
- Cash-without-bill stock leaves that exporter with no invoice to stand on, so it cannot enter a clean export chain.
- Indian trade mark law counts exporting goods under a mark as using it, so branded surplus needs the brand owner's consent.
- On a design made for a buyer, Indian design law makes the buyer the proprietor, and a Tiruppur exporter said his contracts bar resale.
- Single-factory overruns with the maker's records can carry origin working. Mixed lots from unknown makers usually cannot.

Surplus stock can leave India legally, and plenty of it is perfectly clean, but whether a given lot can go is decided by five papers and not by the price. You need an Indian exporter of record with an IEC, a tax invoice from the seller to that exporter, the brand owner's release if the goods carry a brand, the original buyer's release if the goods were made to its design, and origin records if you want a duty cut at your border. A lot that has all five is an ordinary export. A lot that has none of them is a domestic deal that happens to be cheap.

In August 2025, with US tariffs on Indian garments at their peak, a Tiruppur knitwear exporter explained why he couldn't simply sell finished stock to someone else. "As per the agreement we have with our US buyers, they hold the legal license and ownership for the style and design of the material. We just cannot simply sell them to a different buyer," he told a reporter ([The Wire](#), 14 Aug 2025). He had the goods, the factory and the export licence, and still couldn't sell. I'll come back to him at the end. The caveat first. Nobody publishes how surplus actually gets exported from India, so the law here is read at source and the trade practice comes from operators quoted in the trade press, which is thin. Where a point needs a professional, I say so. None of this is legal advice.

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- 01 **The exporter answers for the documents, not just the goods.** The person who presents a shipping bill must ensure "the authenticity and validity of any document supporting it" and compliance with restrictions "under any other law for the time being in force". (*Customs Act 1962, s.50(3), CBIC text, read 18 October 2026*)
- 02 **Without a release order, the trade cuts the label.** Delhi stock-lot operators told the trade press that a release order from the brand or retailer "is the best way to sell branded garments through surplus" and that without one "companies prefer to cut the label to avoid any further issues". (*Apparel Resources, 4 Dec 2023, re-read 18 October 2026*)
- 03 **Cancelled orders can be locked by contract.** A Tiruppur exporter said his US buyers "hold the legal license and ownership for the style and design", so finished stock could not go to another buyer. (*The Wire, 14 Aug 2025 · Reported, one operator*)

What we don't know yet

- Whether any Delhi or Tiruppur stock-lot dealer holds an IEC and invoices with GST for export. We plan to ask dealers directly.
- What a release order looks like in practice and whether exporters will show one to a foreign buyer.
- Whether an issuing agency will sign a non-preferential certificate of origin for overrun stock on the maker's invoice alone.

1. Who Is Allowed to Put Surplus on a Shipping Bill?

An Indian exporter, and the law is the same for surplus as for fresh goods. The Customs Act defines the exporter as including "any owner, beneficial owner or any person holding himself out to be the exporter" (s.2(20)), section 50(1) makes that person present the shipping bill, and DGFT says "No export or import shall be made by any person without obtaining an IEC unless specifically exempted" ([CBIC text of the Act](#), [DGFT IEC page](#), both read 18 October 2026). How that plays out when you buy in a market, and the questions to put to an exporter of record, are on [can a foreign buyer shop an Indian wholesale market and export it](#). I won't repeat them here.

What's different with surplus is who usually holds the stock. The Delhi stock-lot firms in the 2023 trade feature sell to Indian wholesalers and retailers, mostly offline through "Export Surplus" showrooms and roadside sellers, and only "few of the suppliers who work mainly for domestic market, are now eyeing the export market also" (Apparel Resources, 2023). That's a normal domestic business doing its job. It just means the dealer in front of you probably isn't set up to export, so the question is which IEC holder will buy the lot from it and sign for it.

The exception is the maker itself. A factory sitting on its own overruns or a cancelled order usually already exports, holds an IEC and has the production records. That's the cleanest surplus there is, and the rest of this page explains why. If you need an Indian firm to act as exporter of record for a surplus purchase, [SourcingSync](#) does that for foreign buyers.

2. Why Can't Cash-Without-Bill Stock Be Exported?

Because the exporter has nothing to stand on. Section 50(3) of the Customs Act makes the person presenting the shipping bill ensure "the accuracy and completeness of the information given therein" and "the authenticity and validity of any document supporting it" (CBIC text, read 18 October 2026). A lot bought for cash with no bill gives the exporter no supporting document at all. It can't say where the goods came from or what it paid, and it is the one signing.

The GST side points the same way. The concessional GST route for goods bought by a merchant exporter for export applies only if "the registered supplier shall supply the goods to the registered recipient on a tax invoice", the goods are exported within ninety days of that invoice, the exporter is registered with an Export Promotion Council or Commodity Board, and the shipping bill carries the supplier's GSTIN and invoice number (Notification 40/2017–Central Tax (Rate), 23 Oct 2017, original text as published by the GST Council, read 18 October 2026, and later amendments not checked). That condition also sends goods from several suppliers through a registered warehouse before export, which is exactly how an aggregated stock lot would have to move. Our reading is that every GST route for an export purchase starts from a supplier's tax invoice. Check the route your exporter plans to use with its tax adviser.

So "with bill or without" decides whether a surplus lot can be exported at all. Broker stock that moves on cash without bills, which our review of Indian trader forum threads shows is common in domestic wholesale (FS-CAT-093, 2024 to 2026), can't enter that chain later. The dealer has to invoice the exporter of record before the goods move.

3. What Is a Brand Release Order, and Why Does It Matter?

It's the brand owner's written permission for the stock to be sold on, and in India it matters before the goods even reach the port. The Trade Marks Act counts a person as using a registered mark if, among other things, he "imports or exports goods under the mark" (s.29(6)(c)). The protection for resale of genuine goods covers goods put on the market by the owner "or with his consent", and it does not apply where the owner has a legitimate reason to object, especially where the goods' condition has been changed or impaired (s.30(3) and (4)) (Trade Marks Act 1999 as published on [IP India](#), read 18 October 2026 in the Hindi text, so the English wording above is our rendering of it). Overruns and rejects were never put on the market by the brand. Without its consent, exporting them under its mark is a risk in India first.

That's why the trade cuts labels. The Delhi operators were plain about it. A release order is the clean route, brand approval takes time, and without one the label comes off (Apparel Resources, 2023). A poster in an Indian shoppers' forum thread on export-surplus stores said back in 2014 that they "many a times cut the label or tamper with it to not reveal the brand fully" ([TechEnclave](#), Jan 2014, dated, from our research notes). Label cutting is practice, not a scandal. But a cut label rarely removes every mark. Woven tapes, prints, buttons, zip pulls and swing tags carry them too, and section 50(3)(c) of the Customs Act makes the exporter ensure compliance with restrictions under any other law, which includes trade mark law.

It also leaves you with relabelling work. In the US, the FTC says "An importer is legally responsible for the proper labeling of imported textile, wool and fur products", and where goods labelled for one retailer are sold to someone else, "the retailer's name or RN must be removed or obliterated, and the products relabeled" ([FTC, Threading your way through the labeling requirements](#), read 18 October 2026). Other destinations have their own

fibre, origin and care rules, so check yours with your customs broker before you price the relabelling in. How to keep your own overruns out of this trade is on [protect your brand in India](#).

4. Who Owns the Design on a Cancelled Order?

Often the buyer who cancelled it. Indian design law says that where the author of a design, "for good consideration, executes the work for some other person", the proprietor is "the person for whom the design is so executed" ([Designs Act 2000, s.2\(j\)](#), IP India, read 18 October 2026). That definition matters most where the design is registered, and the bigger lock is usually the contract. The Tiruppur exporter's words were "as per the agreement" (The Wire, 2025). Many buyer contracts give the buyer the style, the artwork and the right to stop the goods being sold elsewhere.

That doesn't make every cancelled order off limits. Some buyers release the goods, some contracts say nothing, and plain basics made to the factory's own design belong to the factory. But you can't tell which case you're in from the carton. Ask the maker for a written statement that the original buyer has released the goods for resale, or that the design is the maker's own, and get the original labels and hang tags removed or released in the same letter. If the maker won't put it in writing, assume the answer is no. We haven't confirmed what such a release usually looks like, so have it read by a lawyer in your market if the lot is large.

5. Can a Mixed Lot Get a Preferential Certificate of Origin?

Rarely, and you should plan as if it can't. A preferential certificate needs origin working behind it, a cost sheet showing how the goods meet the agreement's rule with the source of each input, and only the agency listed

for that agreement can sign it. The steps are on [getting a certificate of origin in India](#).

Surplus splits cleanly here. A single factory's overruns or cancelled order come with the maker's invoice, its fabric purchases and its production records, so the maker can do the working for that lot like any other order. A stock-lot dealer's mixed lot is the opposite. It comes from many factories, some unknown, and our forum signals show domestic market stock can include imported goods (FS-CAT-096, 2024 to 2025). Nobody in that chain can trace each item to an input sheet, and goods that aren't Indian can't get an Indian certificate at all. Our reading is that preference for surplus is a question about each lot's papers, never about surplus as a category. Whether an agency will issue even a non-preferential certificate for overruns on the maker's invoice alone is something we haven't confirmed, so check it with your customs broker and the exporter before you rely on it. What the paper does at your border is on [certificate of origin](#).

6. What Should the File Look Like Before You Pay?

Five papers, all before money moves.

1. **The exporter of record.** Its name and IEC, and confirmation that its name goes on the shipping bill and the commercial invoice.
2. **The tax invoice chain.** The seller's invoice to that exporter, with GSTIN, for exactly these goods.
3. **The brand release.** For anything carrying a mark you don't own, the brand or retailer's written release, or a full list of what was removed and how.
4. **The design release.** For cancelled orders, the maker's written statement that the original buyer has released the goods, or that the design is the maker's own.

5. The origin records. For a duty claim, the maker's records for that lot. For a mixed lot, budget for the full rate.

Then inspect the whole lot yourself, not the dealer's sample. Delhi stock-lot firms told the trade press they "randomly check around 10 per cent of products of the total lot" (Apparel Resources, 2023, Reported). That check is for their pricing, not your market. Count sizes and styles against the packing list, look for marks on every trim, and check that the stock really is surplus, because operators also said "few of the manufacturers sell fresh garments similar to styles already selling as hot items" under the surplus name (same source). Where to find garment stock lots in the first place is on [where do you buy garment surplus in India](#). If you'd rather someone else checked the papers and inspected a mixed lot piece by piece before you paid, [SourcingSync](#) does both.

Questions Buyers Ask

Is buying export surplus in India illegal? ^

No. Buying it is ordinary trade. The legal questions are who exports it, on what invoice, and whether a brand or an original buyer still has rights in it.

Does cutting the label make branded surplus safe? v

Can the dealer export it for me? v

Can I get 0% duty on surplus? v

7. Back to Tiruppur

The exporter in Tiruppur had the best kind of surplus on paper. One factory, one order, an IEC and the production records. What he didn't have was the fourth paper, the buyer's release, and without it his own stock was off limits to him. That's the lesson for anyone buying surplus in India. The goods are rarely the hard part. Ask for the papers before you ask for the price, and a cheap lot that can't produce them stops looking cheap.