

INDIAN INSTITUTE OF MATERIALS MANAGEMENT
POST GRADUATE DIPLOMA IN MATERIALS MANAGEMENT
GRADUATE DIPLOMA IN MATERIALS MANAGEMENT
Paper 7 (Old and New) - Common
International Trade

Date: 16.06.2008

Max Marks: 100

Time: 10.00 AM to 1.00 PM

Duration: 3Hrs

- Note :** 1. Part A contains 4 main questions (with 8 sub questions) Each question carries 1 mark.
 2. Part B – Answer any 3 questions out of 6 questions. Each question carries 16 marks.
 3. Part C is compulsory and it is a case study. Total Marks=20

Part A

- Q.1.** Select the most appropriate answer from the options given: 8 marks
- a) Bill of Entry is required for customs clearance in case of
 (1) Import (2) Export (3) Trading (4) Personal Baggage
 - b) Cenvat Credit is available on
 (1) CVD (2) Cess on CVD (3) SAD (4) All of above
 - c) The normal validity of IEC is
 (1) 1 year (2) 3 years (3) 5 years (4) No limit
 - d) Which Incoterm is applicable in country of export?
 (1) CIF (2) C&F (3) FAS (4) DDP
 - e) Shipping Bill is required in case of
 (1) Import (2) Export (3) Both import & export (4) None of above
 - f) Domestic Purchasing is a method in
 (1) Direct Export (2) Physical Export (3) Real Export (4) Indirect Export
 - g) Which one of the following is a pre-shipment finance?
 (1) Packing Credit (2) Clean Credit (3) Loan Finance (4) Credit Finance
 - h) The preferred L/C by exporter is
 (1) Irrevocable, unconfirmed, with credit
 (2) Revocable, unconfirmed, at sight
 (3) Irrevocable, confirmed, at sight
 (4) Revocable, confirmed, at sight

Q.2. Match the following: 8 Marks

- | A | B |
|------------------|------------------------------|
| a) EPCG | 1) Trade Block |
| b) SAARC | 2) CIP |
| c) IEC | 3) Valid for 5 years |
| d) RCMC | 4) CVD |
| e) FOREX | 5) Obligation Certificate |
| f) EODC | 6) Export Promotional Scheme |
| g) Cenvat Credit | 7) DGFT |
| h) Incoterms | 8) Exchange Rate Variation |

- Q.3.** State whether the following statements are **True** or **False**. 8 marks
1. Export of imported goods in any form or condition is known as re-export.
 2. The L/C is governed by UCPDC.
 3. In case of export on FOB basis, the responsibility of customs clearance lies with importer.
 4. A merchant exporter can be manufacturer exporter also.
 5. SEZ are different than EPZ.
 6. The currency of China is Ringlet.
 7. In case of exports, attractive packaging will not enhance the marketability of product.
 8. Duty exemption schemes are given as part of export incentive.
- Q. 4.** Expand the following terms: 8 marks
- | | | | |
|---------|--------|---------|--------|
| 1. DGFT | 2. DDU | 3. RCMC | 4. C&F |
| 5. ICC | 6. IMF | 7. FEMA | 8. SEZ |

Part B

Solve any 3 questions. Each question carries 16 marks.

- Q.5.** Why is it necessary to have International Trade for any country? Elaborate the Indian Govt Policy on foreign trade with difference between items under OGL and Negative List. Also write briefly about the role of DGFT in implementing the Govt Policy.
- Q.6.** Write short notes on following (**any four**)
- i) Export of Roses from India
 - ii) Importance of Export Documentation
 - iii) Export Promotional Schemes
 - iv) Forex Dealing
 - v) Incoterms
 - vi) Trade Blocks
- Q.7.** Why is it necessary to have L/C in international transactions? Write briefly on different types of L/C?
- Q.8.** Illustrate the import cycle for import of bulk chemical from Korea to India?
- Q.9.** What constitutes export and what are the types of exports? What are pre-requisite to start an export business?
- Q.10.** Distinguish between following (**any four**)
- i) Balance of Payment & Balance of Trade
 - ii) IEC & RCMC
 - iii) EOU & SEZ
 - iv) Bill of Entry & Shipping Bill
 - v) Need for Imports & Need for Exports
 - vi) FOB & CIF

Part C - Compulsory

Q.11. M/s Suzlon Energy, Mumbai is interested in import of transformer unit for their plant near Kandla at the rate of USD 396 per unit on FOB German port basis.

Calculate the following values:

- (a) Basic Customs Duty (BCD)
- (b) Countervailing Duty (CVD) including cess
- [c] SAD
- [c] CIF values in Rs
- (d) Total cost in Rs

Use following data for calculation purpose:

- (a) Marine insurance @ 1% of C&F
- (b) Landing Charges @ 1% of CIF
- (c) Exch. Rate: 1 USD = Rs 39.96
- (d) BCD 7.5%, CVD 14.42 %, SAD 4%
- (e) Assessable Value = CIF value + Landing charges
- (f) Ocean Freight 3% of FOB

You may assume any data if required.

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