INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Materials Management

Graduate Diploma in Materials Management

June 2011

PAPER No. 7

International Trade

Date : 13.06.2011 **Max. Marks :100**
Time : 10.00a.m. to 1.00 p.m. **Duration : 3 Hrs.**

Instructions:

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 5 questions. Each question **carries 16 marks**.
3. Part C is compulsory and it is a case study.

Part A

Q : 1 Select the most appropriate answer from the options given : 8 marks

a) Which of the following is issued by DGFT
   (1) IEC (2) RCMC (3) PAN (4) ECGC

b) Shipping bill is required in case of
   (1) Export (2) Import (3) Both Import & Export (4) None of above

c) Letter of credit is given by
   (1) RBI (2) Bank (3) Customs (4) DGFT

d) Which one of the following is not a trade block
   (1) IMF (2) NAFTA (3) UNCTAD (4) ASEAN

e) The preferred L/c by exporter is
   (1) Irrevocable, Un confirmed, with credit
   (2) Irrevocable, Confirmed, at sight
   (3) Revocable, Confirmed, at sight
   (4) Revocable, Un confirmed, at sight

f) The normal validity of advance license is
   (1) 18 Months (2) 12 Months (3) 24 Months (4) 36 Months

g) Which one of the following is an insurance credit
   (1) ECGC (2) DEEC (3) DEPB (4) DGFT

h) Export documents are

(1) GR Form (2) B/L (3) Shipping bill (4) All

Q : 2 Match the following 8 Marks

a	Cenvat	1	Capital goods
b	Incoterms	2	Deals with foreign exchange
c	TRIPS agreements	3	Import Duty
d	L/c	4	Special concessions are given
e	FEMA	5	ICC
f	SEZ	6	Bank document for payment
g	EPCG	7	Credit Scheme.
h	SAD	8	20 Years

Q : 3 – State whether the following statements are True or False. 8 marks

1. The EXIM policy is governed by DGFT
2. Customs Clearance Act was introduced in the year 1962.
3. FEMA is replaced by FERA
4. International Monetary fund created special drawing rights
5. Deemed export is same as physical export
6. Bill of lading is a document for transport
7. Import license are valid for 6 months for capital goods
8. A positive balance of trade is known as a trade surplus

Q : 4 Expand the following terms : 8 marks

1. BOP
2. TRIMS
3. WTO
4. ICD
5. FDI
6. VERs
7. IBRD
8. MNEs

Part : B – Solve any 3 questions. Each question carries 16 marks.

Q-5 Discuss foreign trade EXIM policy. Discuss policy of Import Liberalisation.

Q-6 What is L/c? What are different types of L/c & how many parties are involved in L/c.

Q-7 Write short note on following (any four)

1. World Trade
2. Types of Imports

3. Role of Export documentation
4. Meaning and importance of Global Sourcing
5. IMF
6. Quantitative Restrictions

Q-8 Explain Importation Cycle

Q-9 Distinguish between following (any four)

1. EOU & SEZ
2. FERA & FEMA
3. Export & Import
4. FOB & CIF
5. Bill of lading & Air way bill.

Part C - Compulsory

Q-10 A multinational company situated in South India has received an offer for import of 12" CS seamless pipes (11 meters each) as replacement to existing pipes and now the import manager has to work out following values:

a) CIF Price in INR – (Rs 3329/- per pipe)
b) Basic Customs Duty in INR – (Rs 252 per pipe)
c) CVD including cess in INR – (Rs 372 per pipe)
d) SAD in INR – (Rs 159 per pipe)
e) Landed Cost in INR – (Rs 4113 per pipe)

Use following data for calculation purpose:

i) Price : FOB USD 72 per pipe (11 meters each)

Landing Charges = 1% of CIF Value

Assessable Value = CIF price + 1% landing charges

ii) Exch Rate: 1 USD = Rs 44.45

iii) BCD = 7.5% on Assessable Value, CVD including cess = 10.3% on Assessable Value + BCD, SAD = 4% on Assessable Value + BCD + CVD including cess

iv) Marine Insurance = 1% of C&F

v) Ocean Freight = 3% of FOB

You may assume any data, if required.

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