PAPER 7

LEGAL ASPECTS AND IMPORT / EXPORT PROCEDURE

Date: 14.12.2009                  Max Marks : 100
Time: 2.00 PM to 5.00 PM                  Duration : 3 hours

Instructions:
1. PART A contains four main questions (with eight sub questions of one mark each) Total Marks: 32
2. PART B: Answer any three questions out of five questions (sixteen marks each) Total Marks: 48
3. PART C: Compulsory case study
   Total Marks: 20
4. Please read the questions and instructions on the answer sheet carefully.

PART A

Q.1 Indicate whether following statements are ‘TRUE’ or ‘FALSE’

A. Bill of Lading is a document issued by Customs Department.

B. WTO is an institutional framework encompassing GATT and the results of Uruguay Round agreements.

C. Production sharing refers to the practice of carrying out different stages of manufacturing of a product in several countries.

D. Current account consists of short term and long term capital transactions.

E. World Bank does not expect borrowing country to spend the loan in a specific country.

F. The current Account includes all transactions which give rise to or use up national income.

G. Balance of payments is a systematic record of country’s economic & financial transactions with the rest of world over a period of time.

H. Advalorem rate of duty is collected based on the assessable value of goods.

Q.2 Write the full form of the following abbreviations : (1 marks each)

1. CEGAT  2. TRIMs  3. HSN  4. OGL
5. FOB  6. DGFT  7. NTB  8. OPEC
Q.3 Match the following: (1 marks each)

<table>
<thead>
<tr>
<th></th>
<th>Resources of International monetary fund</th>
<th></th>
<th>Payment immediately on presentation of Bill of Exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shipping Advice</td>
<td>B</td>
<td>Information to oversees customer about shipment of goods</td>
</tr>
<tr>
<td>2</td>
<td>Forward Contract</td>
<td>C</td>
<td>Premium payable at the time of entering into contract</td>
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<tr>
<td>3</td>
<td>Devaluation</td>
<td>D</td>
<td>Reduction in official exchange rate of the currency</td>
</tr>
<tr>
<td>4</td>
<td>Line of credit</td>
<td>E</td>
<td>Allowing credit again on reimbursement by importer</td>
</tr>
<tr>
<td>5</td>
<td>Options contract</td>
<td>F</td>
<td>Limited risk but opportunity to make profit not available</td>
</tr>
<tr>
<td>6</td>
<td>Revolving Credit</td>
<td>G</td>
<td>Judging creditworthiness in buyer's country</td>
</tr>
<tr>
<td>7</td>
<td>Sight Draft</td>
<td>H</td>
<td>Subscription from member countries and Borrowings</td>
</tr>
</tbody>
</table>

Q.4 Select the most appropriate alternative

1. Global Sourcing is necessary for
   a) Better quality and lower prices,
   b) Flow of advanced technology
   c) Counter trade requirements.
   d) All of the above

2. The resources of International monetary fund come from
   a) Subscription from member countries and Borrowings
   b) Taxes collected by member countries
   c) Trading in goods and services
   d) All the above

3. International Development association
   a) Subsidiary of World Bank
   b) Provides soft loans to member countries on liberal terms.
   c) Loan repayment in the currency of member country.
   d) All the above entries

4. Import transactions in India
   a) Procurement of Goods from abroad against valid contract
   b) Subject to Customs act and other rules and regulations
   c) Outflow of foreign exchange from India
   d) All the above entries
5. Negotiations are carried out with selected few parties for

   a) Optimal price of the goods
   b) Choice of currency and terms of payment
   c) Shipment schedule and insurance packing & arrangements etc.
   d) All the above

6. Assessable value of goods consists of

   a) Free on Board value of goods
   b) Freight, Insurance and Landing charges
   c) Free on Board value of goods, Freight, Insurance and Landing charges etc.
   d) None of the above

7. Important characteristics of Eurocurrency market

   a) Wholesale international market under no national control
   b) Short term money market
   c) Highly competitive and sensitive market
   d) all of the above

8. Importers are free to make payments to exporters by

   a) Advance payments and collections through banks
   b) Open account trading
   c) Documentary Bills and documentary credits
   d) All the above

**PART - B**

Q.5 Explain the importance, policies & functions of Export Credit Guarantee Corporation of India Ltd.

Q.6 Discuss the main provisions of Indian Customs Act and the procedure for collection of Customs duty.

Q.7 Write short note on any four of the following.

    1. Negotiable Instruments.
    2. International Monetary Fund
    3. World Bank
    4. Export Import Bank Of India
    5. Importance of export Packaging
    6. Letter of Credit
    7. Exchange Control
Q.8 What are the roles and functions of Export Promotion Councils in India?

Q.9 Explain the importance of Export Finance and various forms of Export Credit available to exporters in India.

**Part C – Case Study (Compulsory)**

Q.10 M/s. Priya and Priya Rice Mills Pvt. Ltd. Nakodar Road, Kapurthala, Punjab, India PIN : 144601 has obtained an export order for export of 60000 Tonnes of Basmati Rice. The company has hired a new Export Executive who has been assigned to execute this job.

A. Prepare a road map for the Export Executive to execute the order.

B. Explain the documents & declaration forms required under Foreign Exchange Regulations of India.

C. Explain the documents required for Transportation of goods.

D. Explain the documents required for Customs Clearance of goods

E. What precautions are required to be taken in the process of execution of this order.