PART-A

Total: 32 Marks

Q1. Indicate whether following statements are ‘True’ or ‘False’:

1.1 The balance of trade takes into account only the transactions arising out of the exports and imports of visible items.

1.2 The balance of payment does not take into account the exchange of both visible and invisible items.

1.3 The Capital Account consists of short-term and long-term capital transactions.

1.4 Following the UR agreement, GATT was converted w.e.f 1st Jan 1995 to an International Organization called WTO

1.5 Parcel way bill is a non-negotiable document.

1.6 Service tax is not an indirect tax.

1.7 The Current Account does not include all transactions which give rise to or use up National income.

1.8 Advalorem rate of duty is collected in lieu of Excise duty in the case of imports.

Q2. Write the full form of the following abbreviations.

2.1 NTBs 2.2 TRIMs 2.3 MTNs 2.4 VERs 2.5 MTAs 2.6 HSN 2.7 OPEC 2.8 BOP
Q3.  **Match the following.**

1. Balance of payment disequilibrium a) is a popular method employed to influence the balance of payment position of a country
2. Trade Measures b) went much beyond goods to services, technology, investment & information
3. Exchange Control c) envisages substantial tariff reductions in both industrial and developing countries.
4. The Uruguay Round d) Tariffication, Tariff Binding, Tariffs cuts reduction in subsidies and domestic support.
5. The UR Agreement e) more popularly known as the World Bank
6. UR Agreement on Agriculture include f) consists of two major items-Merchandise imports & exports and invisible export and imports.
7. The IBRD g) include export promotion measures, and measures to reduce imports.
8. The current account h) caused by Economic, Political and Sociological factors

Q4. **Select the most appropriate alternate** from among the choices viz. a, b, c, and d.

4.1. Bill of lading is issued in case of:
   a) Shipment by Air   b) Shipment by Road   c) Shipment by Sea   d) All of the above

4.2. The Export-Import Bank of India was set up in the year:
   a) 1982   b) 1984   c) 1986   d) 1988

4.3. EXIM Policy is administered by the Ministry of:
   a) Commerce   b) Finance   c) External Affairs   d) Home

4.4. The duration of EXIM Policy is normally:
   a) Three years   b) Five years   c) Seven years   d) Nine years

4.5. Insurance risk in foreign trade is covered by:
   a) RBI   b) Banks   c) ECGC   d) LIC

4.6. International Sourcing accounts for an estimated one third of:
4.7 Import transactions in India cover:
   a) Procurement of Goods from abroad against valid contract.
   b) Subject to Customs Act & other rules and regulations
   c) Outflow of foreign exchange from India
   d) All of the above

4.8 The assessable value of goods consists of four major elements. FOB Value, Freight incurred for bringing goods into India, Insurance and:
   a) Demmurage charges  b) Landing charges
   b) c) Clearing charges  d) Wharfage charges

**PART- B**
Total (3x16 = 48) Marks

**Answer any three from the following questions**

Q5. Why is Customs clearance of cargo required? Explain the procedures of customs clearance of Cargo along with the documentation required.

Q6. What is the importance of export finance? Explain the pre-shipment and post shipment credit.

Q7. What is the goal of ECGC? Enumerate the obligations of the exporter under the ECGC policy.

Q8. Write short notes on any two of the following.
   a) EXIM Policy.
   b) Parties to the letter of credit.
   c) Negotiable instruments.
   d) Irrevocable letter of credit.
   e) World Bank.

Q9. Distinguish between (Any two).
   a) Direct Tax and Indirect Tax.
   b) Bill of Entry and Shipping Bill.
   c) Balance of Trade & Balance of payment.
   d) Imports and Exports
   e) Current account and Capital Account.
Q 10. It was decided in one of the meeting that IIMM, NHQ at Belapur, Navi Mumbai is required to import a heavy duty Colour Xerox Machine from USA so that dependence on outside agencies is avoided, and this will also help in maintaining the required secrecy which otherwise is difficult.

The machine besides undertaking copying is enabled to do a large number of related activities which had to be got done from different outside agencies. This should help in streamlining the associated paper work, by not only doing it accurately, but will also save time and cost.

The person entrusted with the job is required to make a estimate (that should be self explanatory) to take the competent sanction of National President for importing the same.

Use following data for calculation purpose:

i) FOB Price of equipment as quoted by the company in USA: 30,000 US$.
ii) Freight charges by Sea 3% of FOB Price
iii) Landing Charges : 1% of CIF Value.
iv) Assessable Value = CIF Price + 1% landing charges
v) Exchange Rate 1 US$ = Rs 53.70
vi) BCD = 7.5% on Assessable Value, CVD = 12.36% on Assessable Value
vii) SAD = 4% on Assessable + BCD + CVD.
viii) Marine Insurance = 1% of FOB.

Note:

BCD is Basic Customs Duty.
CVD is Countervailing Duty.
SAD is Special Additional Duty

Work out the details based on the data given above. You may assume any data if required.

Answer all the sub questions 1-5:

1) Calculate the CIF price in Indian Rupees.
2) Calculate the Assessable Value for filing bill of entry and also for calculation of Duties Payable.

3) Calculate the landing charges that may have to be paid at the Port.

4) Calculate the amount of duties that may become payable based on the existing duty structure.

5) Calculate the Total Landed Cost in Indian Rupees for putting up the estimate.

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