INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Logistics Management

Paper No 7

Legal Aspects And Import/Export Procedure

Date : 13.06.2011                                                                                          Max Marks: 100
Time : 2.00 p.m to 5.00 p.m.                                                                       Duration: 3 hours

Instructions:
1. From Part A: answer all questions (compulsory) Each sub-question carries 1 mark Total marks – 32
2. From Part B: answer any 3 out of 5 questions Each question carries 16 marks. Total marks – 48
3. Part C is a case study with sub-questions (compulsory). Read the case study and answer all the questions. Total marks – 20
4. Please read and follow the instructions given in the answer sheet carefully.

PART A

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

a) The principal financial institution in India for coordinating working of institutions engaged in financing exports and imports is-

b) Bill of Lading is issued in case of

c) The Export- Import Bank of India was set up in-

d) The Aligned Documentation System was introduced in-

e) Exim Policy is administered by the ministry of-

f) The extent of loss on account of political or commercial risks covered by ECGC is only-

g) As per the basic rule, the time limit for completion of remittances against imports from the date of shipment is not later than-

June 2011
The Ministerial Conference of WTO will meet at least once in every-

Q.2] **Match the Following**

- **a]** GATT
- **b]** AWB
- **c]** SOFTEX
- **d]** VP
- **e]** C.I.F
- **f]** A.Ds
- **g]** IMF
- **h]** UCP

- **1]** value of goods
- **2]** Foreign Exchange
- **3]** International Monetary Cooperation
- **4]** Letter of Credit
- **5]** Export by parcel post
- **6]** Export of Computer Software
- **7]** Air Transportation of goods
- **8]** International trade expansion

Q.3] **State whether the following statements are true or false**

1. GATT was converted into WTO with effect from 1/1/1995.
2. Risk of commercial dispute raised by the buyer is covered by ECGC Policy
3. The basic document for import assessment purposes is the Bill of Entry
4. Risk of insolvency of foreign buyer is not covered under ECGC Policy
5. Certain political factors may also produce a balance of payments disequilibrium
6. Preshipment finance is also known as Packing Credit
7. IDA is a subsidiary of IMF
8. Five independent methods of valuation of imported goods for Customs duty have been provided under Indian Customs Act

Q4] **Expand the following terms**:

1. GATT
2. TRIMs
3. IDA
4. MFA
5. BIS
6. MFN
7. STC
8. FOB

**PART-B**

*Answer any 3 questions. Each question carries 16 marks.*

Q.5] What is the importance of export finance? Explain pre-shipment credit and post-shipment credit.

Q.6] **Write short notes on** [any four]

1] International Monetary Fund
2] Export Promotion Councils
3] Export Packaging
4] Exim Policy
5] Global Outsourcing
Q. 7
a] Explain the documents connected with transportation of export goods.
b] Explain the important factors that have contributed to the growth of the Eurodollar market.

Q. 8
a] What is the goal of ECGC? Enumerate the obligation of the exporter under the ECGC policy.
b] Explain the import clearance procedures under the Indian Customs Act.

Q. 9] Distinguish between the following-[ any four]

i] Balance of Trade and Balance of Payments
ii] Advance Payment and Open Account Trading
iii] Irrevocable Credit and Confirmed Credit
iv] Current Account and Capital Account
v] Options and Forward Contracts

PART-C
[compulsory] 20 marks

Q.10] ABC Limited wants to know the incidence of customs duties on the import of certain capital goods from the USA for their ongoing project in India based on the following data-

[a] Price of goods from USA- US dollars 10000 FOB
[b] Marine Insurance - 1% of FOB
[c] Ocean Freight - 2% of FOB
[d] Landing charges - 1% of CIF value
[e] Assessable Value [AV] - CIF value + Landing charges
[f] Basic Custom Duty - 10 % on AV
[g] CVD - 8 % on [AV + BCD]
h] SAD - 4% on [AV + BCD + CVD]
i] Exchange Rate - 1 US dollar= 45 rupees

Please work out the following for the use of ABC Limited-
1] CIF value in INR
2] Assessment Value in INR
3] Basic Custom Duty in INR
4] CVD in INR
5] SAD in INR

The amount may be rounded of to the nearest rupee. Any additional data necessary may be assumed.

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