INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Logistics Management

Paper No 7

Legal Aspects And Import/Export Procedure

Date: 10.06.2013 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

1. One of the following is the principal financial institution for coordinating working of institutions engaged in financing exports:
   a. ECGC
   b. RBI
   c. NABARD
   d. EXIM Bank

2. The aligned documentation system was introduced in:
   a. 1996
   b. 1976
   c. 1991
   d. 2006

3. The number of independent methods of valuation of imported goods for customs duty is:
   a. 2
   b. 5
   c. 3
   d. 6
4. Bill of lading is issued in the case of shipments by:
   a. Sea
   b. Air
   c. Road
   d. Rail

5. International Development Association was set up in
   a. 1960
   b. 1970
   c. 1980
   d. 1990

6. The Ministerial Conference of WTO meets once in
   a. 3 years
   b. 2 years
   c. 5 years
   d. 3 years

7. AWB is issued in the case of shipment by
   a. road
   b. rail
   c. air
   d. sea

8. As per the basic rule, remittances against imports should be completed within the following
duration
   a. 9 months
   b. 1 month
   c. 3 months
   d. 6 months

Q.2] Write the full form of the following: 8 marks

1. TRIMs
2. TRIPs
3. HSN
4. VERs
5. BIS
6. NTBs
7. D/P
8. DGFT

Q.3] State whether the following statements are true or false: 8 marks
1. Bill of lading is a document issued by the shipping company or its agent.
2. Risk of commercial dispute raised by the buyer is covered under ECGC policy
3. FEMA replaced FERA
4. Six independent methods of valuation of imported goods for customs duty have been provided under the Customs Act
5. The letter of credit is opened at the initiative and request of the buyer
6. GATT was converted into WTO with effect from January 1, 2000.
7. The principles of assessing bill of entry and shipping bill are the same.
8. The Capital Account consists of short term and long term capital transactions.

Q.4] Match the following: 8 marks

a. GATT 1. Foreign exchange transactions
b. UCP 2. Value of goods
c. VP 3. Valid for 5 years
d. Forward Contracts 4. Growth of Euro-dollar market
e. Suez crisis 5. Foreign exchange risk management
f. RCMC 6. Export by parcel/post
g. FOB 7. Letter of credit
h. Authorized Dealer 8. International trade expansion

Q.5] Write short notes on: (any 4) 16 marks

a. EXIM Bank
b. Euro-dollar market
c. International Monetary Fund
d. GATT
e. Global sourcing
Q.6] 16 marks
a. What are the purposes of the World Bank? Explain the guiding principles relating to its lending operations.
b. What is Balance of Payments disequilibrium? Explain the factors causing a disequilibrium.

Q.7] 16 marks
a. What is Export Promotion Council? Explain its functions and role.
b. Explain the documents for transportation of export goods.

Q.8] 16 marks
a. What is the goal of ECGC? Enumerate the obligations of the exporter under ECGC policy.
b. What is the importance of export finance? Explain the salient features of Packing Credit Scheme of the RBI.

Q.9] 16 marks
Distinguish between: (any 4)

a. Balance of Trade and Balance of Payments
b. Revocable Credit and Irrevocable Credit
c. Consumer packaging and distribution packaging
d. Current Account and Capital Accounts
e. Advanced Payment and Open Account Trading

PART-C [compulsory] 20 marks

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

[a] Price of goods from USA - US dollars 15000 FOB
[b] Marine Insurance - 1% of FOB
[c] Ocean Freight - 2% of FOB
[d] Landing charges - 1% of CIF value
[e] Assesable 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 = 52 rupees

Please work out the following for the use of XYZ 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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