



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management
Graduate Diploma in Materials Management
PAPER No. 7
International Trade

June 2013

Date : 10.06.2013
Time : 10.00a.m. to 1.00 p.m.

Max. Marks :100
Duration : 3 Hrs.

Instructions :

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

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

- a) The difference between monetary value of exports and imports in an economy over a certain period of time is known as
- (1) Balance of Trade (2) Balance of Payment
(3) Trade Deficit (4) Trade Surplus
- b) The exchange of goods, services and capital across geographical boundaries is known as
- (1) Global Marketing (2) Domestic Marketing
(3) Export Marketing (4) World Trade
- c) IEC is given by
- (1) RBI (2) Bank (3) DGFT (4) Customs
- d) Foreign Trade (Development & Regulation) Act was passed in the year
- (1) 1962 (2) 1988 (3) 1992 (4) 1942
- e) GATT was signed in the year
- (1) 1992 (2) 1947 (3) 1993 (4) 1961
- f) FEMA can into act in the year
- (1) 2000 (2) 1973 (3) 1999 (4) 2005

- g) The relative price of one currency in terms of another is known as
 (1) LIBOR (2) Exchange Rate (3) Interest Rate (4) PLR
- h) The member countries of IMF today are around
 (1) 141 (2) 163 (3) 182 (4) 191

Q : 2 Match the following

8 Marks

- | | |
|--------------|---------------------------------------|
| a) EDI | 1) Insurance |
| b) ECGC | 2) Ministry of Information Technology |
| c) DEPB | 3) Port Trust Formalities |
| d) EHTP | 4) Type of customs duty |
| e) GR waiver | 5) Valid for 5 years |
| f) Manifest | 6) Export Promotional Scheme |
| g) RCMC | 7) Granted by RBI |
| h) SAD | 8) Import Clearance |

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

8 marks

1. Euro was introduced as cash currency in 2002.
2. Forward price is a step towards spot price.
3. Net foreign exchange earning is difference of FOB value of export and CIF value of import inputs and capital goods.
4. IBRD is popularly known as World Bank.
5. Bill of Entry is a document required for import customs clearance.
6. Manufacturer exporter can not be a merchant exporter.
7. There are about 29 export promotional councils in India.
8. Bill of Lading is a document issued by shipping company acknowledging goods are placed on board.

Q : 4 Expand the following terms :

8 marks

- | | | | |
|--------|-------------|--------|-----------|
| 1. TEU | 2. P&I CLUB | 3. UCP | 4. UNCTAD |
| 5. ISO | 6. CTD | 7. EEC | 8. B/L |

Part : B

Solve any 3 questions. Each question carries 16 marks.

Q : 5 What is Incoterms? Discuss in details.

Q : 6 Write short notes on following (any four)

- i) FEMA
- ii) International Product Life Cycle
- iii) Sale on High Sea
- iv) Importation Cycle
- v) Foreign Trade Policy
- vi) ECGC

Q : 7 What are the general provisions regarding export and import of goods in our Country?

Q : 8 Explain Indian Customs Act 1962 with emphasis on Customs Clearance Procedure, Customs Valuation Rules and Duty Refund.

Q : 9 Distinguish between following (any four)

- i) FDI & Balance of Payments
- ii) Duty Drawback Scheme & Duty Exemption Scheme
- iii) Export & Import
- iv) SAARC & ASEAN
- v) WTO & GATT

Part C - Compulsory

20 marks

Q : 10 The Project Cell of GMR group, Bangalore has received an offer for import of Rotor Assembly for a mega power plant and now the import manager has to work out following values :

- a) CIF Price in INR
- b) Basic Customs Duty in INR
- c) CVD in INR
- d) SAD in INR
- e) Landed Cost in INR

Use following data for calculation purpose:

i) Price of M/s Areco, Germany : USD 595 FOB

Landing Charges = 1% of CIF Value

Assessable Value = CIF price + 1% landing charges

ii) Exch Rate: 1 USD = Rs 48.87

iii) BCD = 7.5% on Assessable Value, CVD = 8.24% on Assessable Value + BCD, SAD = 4% on Assessable Value + BCD + CVD

iv) Marine Insurance = 1% of C&F

v) Ocean Freight = 3% of FOB

You may assume any data, if required.
