INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Dec 2011

Post Graduate Diploma in Logistics Management

Paper No 7

Legal Aspects And Import/Export Procedure

Date : 12.12.2011 **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 **Total: 32 Marks**

Q1. Indicate whether following statements are 'True' or 'False':

1.1 Trade measures include export promotion measures and measures to reduce imports.

1.2 The success of devaluation however depends on a number of factors such as the price elasticity of demands for exports and imports.

1.3 EXIM bank of India was set up in year 1982.

1.4 FERA is replaced by FEMA.

1.5 Airway bill is a non-negotiable document.

1.6 Income Tax is an indirect tax.

1.7 WTO is an institutional framework encompassing GATT and the result of Uruguay Round agreement.

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

Q2. Write the full form of the following abbreviations.

2.1 SDR	2.3 IBRD	2.5 HSN	2.7 CEGATE
2.2 TRIPS	2.4 IMF	2.6 STC	2.8 DGFT

Q3. Match the following.

1. Unilateral transfers	a) may cause a disequilibrium in the balance of payment
2. Devaluation	b) includes all transactions which give rise to or use up national income
3. A number of economic factors	c) is that they should be completed not later than 6 months, from the date of shipment.
4. The current account	d) wherever issued are for the CIF value of goods to be imported
5. Time limit for settlement of import payments	e) is most appropriate and currently adopted method of payment in International transactions.
6. Import licenses	f) is a bank in the exporters country.
7. Documentary credit	g) is another term for gifts .
8. The confirming bank	h) means a reduction in the official rate at which one currency is exchanged for another currency

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

4.1. Global Sourcing is necessary for
- a. Better quality and lower prices
- b. Flow of advance technology
- c. Counter trade requirements
- d. All of the above

4.2 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 Imdia
- d. All of the above

4.3 The IMF combines three major functions namely regulatory, financial and air
- a. Advisory
- b. Business
- c. Consultancy
- d. Sale

4.4 The eighth and the latest round of the multilateral trade negotiations held under the auspicious of the GATT is known as the.
- a. Uruguay Round
- b. Sri Lanka Round
- c. Brazil Round
- d. Paris Round

4.5 Customs duty is duty levied on goods imported in to or

a. Exported out of India

b. Manufactured in India

c. Sale in India

d. Purchase in India

4.6 Which of the following is not a member of World Bank?

a. IBRD

b. ICC

c. IDA

d. IFC

4.7 Customs Valuation rule was introduced in the year.

a. 1947

b. 1962

c. 1988

d. 1992

4.8 AWB is issued in case of.

a. Air shipment

b. Sea shipment

c. Road shipment

d. Rail shipment

PART- B

Total (3x16 = 48) Marks

Answer any <u>three</u> from the following questions

Q5. Discuss the main provisions of Indian Customs Act and the procedure for collection of Customs duty

Q6. What is letter of Credit? Name the various partied to the letter of credit? What are the different payment methods?

Q7. Explain the important policies & functions of Export Credit Guarantee Corporation of India.

Q8. Write short notes on <u>any two</u> of the following.

a) Importance of Export Packaging.

b) Exchange Control.

c) Global Sourcing.

d) Port shipment credit.

e) Disequilibrium.

Q9. Distinguish between (Any two).

a) Revocable letter of credit & sight credit.

b) Reimbursement credit & transferable credit.

c) Tariff barriers & Non tariff barriers.

d) Consumer packaging & Distribution Packaging.

Part C – Case Study Compulsory (Total : 20 Marks).

Q 10. M/s L&T Mumbai received an offer for import of Rotor Shaft for a Turbo Supercharger. The Purchase Manager has to work out the following to take the competent sanction for importing the same.

a) CIF Price in Indian Rupees.

b) Basic Customs Duty (BCD) in Indian Rupees.

c) Countervailing Duty (CVD) in Indian Rupees.

d) SAD in Indian Rupees.

e) Landed Cost in Indian Rupees.

Use following data for calculation purpose:

i) Price of M/s EMD USA: 500 USD for the Rotor Shaft

ii) Landing Charges : 1% of CIF Value.

iii) Assessable Value = CIF Price + 1% landing charges

iv) Exchange Rare 1UDS = Rs 50.22

v) BCD = 7.5% on Assessable Value, CVD = 10.36% on Assessable Value

vi) SAD = 4% on Assessable + BCD + CVD.

vii) Marine Insurance = 1% of CIF,

viii) Ocean Freight = 3% of FOB.

You may assume any data, if required.

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