

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**End Semester Examination, December 2017****Program: MBA (International Business)****Semester : I****Subject (Course): FTP, Trade Procedures and Documentation****Max. Marks : 100****Course Code : INTB 7001****Duration : 3 Hrs****No. of page/s: 3**

Section 'A' (20 Marks)**All questions in this section are compulsory. Each question carries 1 mark.**

1. A Bill of Export is issued by.....?
2. A "claused bill of lading" means.....?
3. Sea freight charges are borne by in case of FCA contract. (CHA/DGFT/Buyer/Seller)
4. The document used for calculation of Freight is called..... (Invoice/Softex/LEO/Packing List).
5. HAWB is issued by..... (Airlines/Customs/Buyer/Seller/Freight Forwarder/DGFT).
6. Full form of SGEPC is.....?
7. The document LEO (Let Export Order) is also known as?
8. In case of Exports, which document is issued first, a Bill of Lading or a Bill of Entry?
9. Restricted items can be imported provided you have a licence issued by (DGFT/CBEC/EPC/Not applicable)
10. Who pays import duty in CIF terms of contract? (Importer/Exporter)
11. DFIA Licence is issued by (Income-tax deptt./Sales Tax deptt./DGFT/Customs)
12. Duty Drawback is a levied on/given to an Exporter at the time of export. (Penalty/Incentive).
13. Anti-Dumping duty is levied on specific products at the time of..... (Exports/Imports) to/from a country.
14. The document used for calculation of Customs Duty is usually (Invoice/Softex/LEO/Packing List).
15. Customs Duty is exempted on imports if unit is in SEZ. (True/false).
16. Document issued by customs in shipments by air is called..... (Bill of Lading/Shipping Bill/AWB/Bill of export)
17. SDF form is submitted by with an undertaking that the export proceeds shall be realized in..... days.
18. A..... contains the clause "Validity of Offer". (Contract/ LOI / Quotation/ Invoice/ Packing List).
19. An IEC, a number forming the identity of an exporter/importer, is issued by.....?
20. The Bank, giving a commitment of payment if specific conditions complied-with in an L/C, is called.....?

(.....cont'd on page 2 and 3)

Section B (30 marks)

Attempt any 3 questions. Each question carries 10 marks.

1. There are various methods of payment in settling International business transactions. Letter of Credit (L/C) and Documents against Payment (D/P) are two widely used methods. Explain the process of an L/C in detail. How is the payment to Exporter and goods to Importer ensured through an L/C? If documents are exchanged for payment in both the methods, then how are they different from each other?

2. MEIS is a scheme of the Government wherein the exporter who exports specified products to specified countries is rewarded in some specific form. In what form is this incentive given to exporters and how can the exporter utilize this incentive?

3. There are different types of documents in international business. Some are Regulatory while others are Commercial. 3 important documents are Bill of Entry, Shipping Bill and Bill of Lading. Explain the purpose of each document and how are they different from each other. Also tell, who issues the document to whom and when?

4. What do you understand by Incoterms? What purpose do they serve and how? Explain at least 5 incoterms 2010 in detail, clearly mentioning the point of delivery in each case.

(.....cont'd on page 3)

Section C (50 Marks)

Laksh, who had just completed his studies specializing in International Business, had a long cherished mission (laksh) to become an entrepreneur by starting his own business. After a lot of systematic research he came to the conclusion that the best business opportunity lies in importing best quality fabric and accessories from the cheapest source, fabricate garments in his factory and sell the same in India to shopping malls as also export some in international market to make huge profits. He partnered with his friend Varun, who had a solid distribution network within the country and also a lot of contacts with big industrialists within the country. He also signed an MOU with one of his friends, Vishwendra who had migrated to South Africa to establish his trading business in whole of Africa, presently operating from Kenya alongwith his partner Prakhar, to export High fashion Apparels to the booming readymade garments industry in Kenya and neighbouring countries.

Laksh signed a contract with Apoorva, who was the largest dealer of fabric and accessories in south east asia, stationed in South Korea presently, for regular import of fabric @US\$ 1.3 per sq.mtr. **FOB** (Port of Busan, South Korea) with freight cost of \$0.5 and insurance of \$0.2 per machine. Initial order is for 1,00,000 sq. mtr.

Laksh also signed a contract with Yogyata & Co., Germany, for the Import of a very efficient and state of the art garment manufacturing machine to be used for manufacturing garments. This machine costs US\$ 200,000 but Laksh could negotiate a price of US\$ 175,000 per m/c **CIF** (MBPT, Mumbai) using his contacts and negotiating skills.

The Machine from Germany is expected to reach Indian Port on 15th December 2017. Laksh checked from CBEC website that the **customs duty rate** applicable to this machine is 38%(HS Code 84522330), while it is 25% (HS Code 54075210) for import of fabric.

As per Customs Notification No.110/2017 - Customs (N.T.) New Delhi, dated the 16th November, 2017, the **US\$ conversion rate** is Rs.64.50 for Exports and Rs.66.20 for Imports.

Now Laksh has the following questions in his mind which you are supposed to answer with regard to the above mentioned situation.

1. How much customs duty is to be paid to Indian Customs on the import of
 - a. Fabric
 - b. Garment making machine

(10 marks)

2. Is there a way that this huge amount of customs duty can be waived off on:
 - a. Fabric
 - b. Garment making machineIf yes then under **what schemes** and what are the **conditions attached to it?**

(20 marks)

3. Can I clear the goods from customs in instalments and pay the duty in instalments too?
Which specific documents do I have to file to avail this facility from Customs? Explain
What rate of Customs duty and forex conversion rate shall be applicable when fabrics are cleared from customs on installments rather than in one go? The rate prevailing at the time of vessel touching indian port or at the time of clearance of goods?

(20 Marks)