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University of Petroleum & Energy Studies

College of Management & Economics Studies

Kandoli Campus, Dehradun

End-Semester Examination – May, 2017

Programme Name: MBA (IB)

Semester II

Subject: Foreign Trade Policy, Trade Procedures & Documentation

M.Marks: 100

Subject code: MBCG 865

Duration: 3 Hrs

Section 'A' (20 Marks)

All questions in this section are compulsory. Each question carries 2 marks.

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. Negotiation of Documents means?
7. Full form of SGEPC is.....?
8. A Packing List does not contain..... (name of Buyer/consignee/volume and weight of boxes/ rate)
9. The document LEO (Let Export Order) is also known as?
10. In case of Imports, which document arrives first, a Bill of Lading or a Bill of Entry?

(.....contd 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. If documents are exchanged for payment in both the methods, then how are they different from each other? Explain.
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. Packing Credit and post-shipment credit are common ways of financing export business. Explain modus-operandi of both the options. What is the other term for packing credit?
4. An importer has the option of clearing his import shipment in one go or in piecemeal as per his requirement. However, he has to apply for a different kind of B/E to clear his shipment if required in smaller quantities/piecemeal. What is this system, how does it operate, at what rate is customs duty charged (as prevalent on date of arrival of shipment, as on withdrawal of partial consignment or any other) and at what rate is forex converted into INR for customs duty calculation?

Section C (30 marks)

Attempt both the questions. Each question carries 15 marks.

1. Import and Export is regulated and monitored by the DGFT and CBEC. Every consignment is checked and verified at the entry and exit points of a country by the Customs.
Explain the Customs clearance process and flow of documents while IMPORTING goods. Also explain the functions of each department in the Customs.
2. A business transaction involves various steps like shipment, packaging, inspection, quotation, L/c, LOI, sampling, contract, customs clearance, enquiry, selection of product and market, production, booking space, logistics, packing credit, negotiation of documents, etc., which usually follow a sequence of occurrence. Arrange these steps in proper sequence and briefly explain each step.

(.....contd on page 3)

Section D (20 Marks)

India's Foreign Trade Policy (FTP) has, conventionally, been formulated for five years at a time and reviewed annually. The focus of the FTP has been to provide a framework of rules and procedures for exports and imports and a set of incentives for promoting exports.

Today, foreign trade has begun to play a significant part in the Indian economy reflecting its increasing globalisation. At the same time, the growing merchandise trade deficit, resulting in a persistently high current account deficit, has set alarm bells ringing. The current FTP, therefore, aims at promoting exports along with making imports more focused and rational.

Government of India has, in the last few months, initiated several measures to re-energise the economy particularly through initiatives such as "Make in India", "Digital India", "Skill India" etc. As these initiatives start showing results, India will become more competitive in several product areas which would, in turn, open up better export prospects. The FTP for 2015-2020, therefore, endeavours to build synergies with such initiatives necessitating, thereby, a "whole-of-Government" approach to foreign trade policy.

The Foreign Trade Policy is primarily focused on accelerating exports. This is sought to be implemented through various schemes intended to exempt and remit indirect taxes on inputs physically incorporated in the export product, import capital goods at zero duty, stimulate services exports and focus on specific markets and products. The Policy attempts to dovetail these schemes with the specific market access openings that India has achieved through negotiations with its trading partners for various bilateral and regional trading arrangements.

1. Considering the above mentioned intentions and mission of the Government of India, explain the various incentive schemes launched by the Directorate General of Foreign Trade to promote exports of the country and how the exporters can benefit out of each scheme.
2. What has been the total exports and imports of our country (Merchandise and Services) during the last calendar year and what is the target envisaged for the current year?
3. What has been the "Composition" and "Direction" of Exports of our country during the year 2016?