Roll No. ____________________

(Do not write anything on question paper except Roll No.)
[This paper consists of TWO Pages]

Jagan Institute of Management Studies

End-Term Examination, September-October, 2017
Trimester IV – PGDM (IB) 2016-18

Export-Import Management & Operations

ET_IB_EIM&O_2709

Time: 3 Hrs. *M. Marks: 70*

INSTRUCTIONS: Attempt any FIVE questions including Q1 & Q7 which are compulsory.

Q 1 Test the validity of the following statements in not more than 100 words.

- **a)** Transaction exposure can be hedged but not the economic exposure.
- **b)** Merchanting Trade and High Sea Sale are similar type of transactions.
- **c)** Availing Pre Shipment finance from Oriental Bank Kanpur in USD will be cheaper if rate of interest is LIBOR plus 200 bps, USD Libor is 2.25% and the premium is @ 6% pa. Base Rate of OBC is 9.5% and export financing rate is @ Base Rate.
- **d)** Exporter must book a forward rate as forward rates will always be better than the cash rates?
- **e)** As ECGC policy or marine insurance policy covers same type of risk, an exporter can take either of these two.
- **f)** BG, LOU & LOC are similar type of documents. **18**

Q 2 a) What are the basic principles on which the ECGC works? What are the risks covered by ECGC and what are the risks not covered by it?

b) Discuss the structure of FEMA rules with specific reference to the outward remittances. How FEMA is different with FERA particularly with reference to the contraventions and penalties? **14**

Q 3 a) What are the factors which affects foreign exchange rates**?**

b) How Foreign Trade Policy does helps to increase the exports? Discuss structure of Export Policy and various incentives available to the exporters in the current policy. **14**

Q 5 a) Explain different types of pre-shipment and post shipment finance methods as available to an exporter and related rules.

b) Discuss the steps to be taken and the options available with an exporter if the payment is not forthcoming from the buyer. **14**

Q 6 Differentiate and discuss about the following:

a) Bill of Lading, Bill of Entry and Shipping Bill.
b) Suppliers Credit and Buyers Credit
c) Foreign Investments - Inbound /Outbound
d) EEFC and RFC.
e) Convertible, Non-convertible currency and AMU. **14**

Q 6 **a)** What are the provision of RBI for release of foreign exchange for imports in India with special reference to submission of documentary evidence and Advance Payment?

b) Write short notes on any **TWO** of the following
i) Sanctions in International Business
ii) Changes in export/import business after introduction of GST
iii) Availing Packing Credit in excess of Export Order **14**

Q 7 Tax Twenty Distributors of E-224, Okhla Industrial Area, New Delhi registered themselves with DGFT office and been allotted IEC Code No. 0000543210. They are doing international business first time. They planned to enter the trade of exporting handicraft items. That is why they got the firm registered with Export Promotion Council for Handicrafts. The exporter participated in a trade fair on Handicrafts at Berlin, Germany. As a result of this they got enquiries from many buyers of Nigeria and neighboring countries.

Tex Twenty was hesitant in exporting to these foreign buyers, without receiving 100% advance. However, during preliminary negotiations the buyers were not interested in giving 100% advance payment. They also want credit of 180 days. Today 1 USD = INR 62 and the INR is at a premium in future.

You have a consultancy firm with the name Vishesh Overseas Consultants, which advises exporters regarding sending of shipments to overseas countries as well as working as a financial consultant on hedging various risks associated with export trade. Tex twenty distributors approached you for an advice on methods of hedging various risks payment which they should finalize with their prospective buyers.

The main objective of Tex Twenty is not to lose this order but also to properly manage the risks associated.

Prepare a detailed note on behalf of Vishesh Overseas Consultants advising your strategy to complete this deal successfully. **10**

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