Roll No........................

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Odd Semester Examination - January 2023 – February 2023
MBA-III Semester
MBA-GE-IB-03
Export Import Procedure & Documentation

Duration: 3 Hours **Max Marks: 75**

Note: Attempt any Five Questions, all questions carry equal marks. [15*5=75]

Q 1. Following are the information of an Indian company "Dhingra enterprises" which has formed wholly owned subsidiary in USA -

Net worth of the company – US$ 5 Lacs
Subscription of 100% equity share – US$ 5,000
Subscription of Preference Shares – US$ 2,000
Extend Corporate Guarantee – US$ 3,000
Extend Performance Guarantee – US$ 2,000

a) What would be the Financial Commitment?
b) Can Dhingra Enterprises enter USA by way of Automatic Route or there is prior Approval of RBI?

Q 2. a) An exporter from the USA exported Readymade Garments to India. During custom clearance, he was asked to pay special additional duty also. What do you think is the reason for payment of this duty? Explain.
b) When the Indian govt. had opened the Indian Economy for private and foreign investment, there was a lot of hue and cry from different sectors that our small industries will vanish as they may not be able to face the competition. To protect these small businesses, a duty is leviable on the imported goods. What is the name of the duty? Explain.

Q 3. Exporter is a small sector manufacturing unit established about three years back. Initially the unit was manufacturing men garments for local market. To increase turnover, it started export business. Unit experienced cash flow shortages due to delays in receiving export realizations. It raised working capital finance from the bank. Unit realized that non-payment or delays in getting the export sale realization are is the main reason for shortage of cash in the business.
To overcome these problems, it has been decided that each and every export order must be analyzed properly for selecting payment method so to get full and final receipt of payment. **Suggest safe method of payment to the exporter.**
Unit has following orders in hand from foreign buyers doing business in different countries:

1. First order of USD 10,000 from new customer from Tanzania. Customer has ensured more business in future.
2. An order of USD 1,00,000 from a new customer in Italy. Buyer wants the credit period of 60 days from date of shipment.
3. Existing customer in U.K. placed an order of STG 50000, with credit period of 90days. Past dealing with customer is very satisfactory. Party does not want to open letter of credit.
4. There is a very reputed buyer in USA with huge local turnover. Buyer is ready to place repeated order of USD 100,000 each but demands credit period of 120 days from the receipt of goods in USA.

Q 4. a) Ms. Kiran takes a pre shipment credit of USD 50,000 in order to finance her export shipment from a Royal Bank of Scotland. The bank wants to protect its risk by taking a cover from ECGC. Which cover will the bank take and Why?
b) Mr Nayyar took a loan from a bank for manufacturing products for export. The bank wants to protect its risk by taking a cover from ECGC. Which cover will the bank take and Why?

Q 5. What are the different categories of export? Discuss the export custom clearance procedure in detail.

Q 6. "EDI has made Export & Import swift and easy". Discuss by citing suitable examples.

Q 7. Is there a difference in INCOTERMS if you choose different modes of transport? Discuss briefly. A seller in South Africa wants to sell 100 pieces of readymade garments to a buyer in India. The cost associated with the transaction are - selling price of INR 525 each, loading charges of INR 5000 and Custom duty 10% of EXW price. Calculate the FAS price of the goods.

Q 8. Discuss whether any duty drawback is admissible under section 75 of Customs Act in the following case and if yes, what is the quantum of such drawback - An Exporter has exported goods of worth INR 8,50,000, Amount of Drawback is 0.75%, Market price of goods is INR 6,50,000 and value of imported material used in goods is INR 5,80,000.