


Name:			
Enrolment No:			
<b>UNIVERSITY OF PETROLEUM AND ENERGY STUDIES</b> <b>End Semester Examination, December 2018</b>			
<b>Course: FTP, Trade Procedures and Documentation</b> <b>Programme: MBA (International Business)</b> <b>Time: 03 hrs.</b> <b>Instructions: This question paper is in 6 pages.</b>		<b>Semester: 1</b> <b>Course Code : INTB 7001</b> <b>Max. Marks: 100</b>	
<b>SECTION A (20 Marks)</b> <b>Instructions: All questions in this section are compulsory. Each question carries 1 mark.</b>			
S. No.		Marks	CO
Q 1	Import Duty is borne by..... in case of DDP contract. (Issuing Bank/Confirming Bank/ Buyer/ Seller/CHA).	(1)	CO1, CO2
Q 2	Prohibited items can be imported provided a license is issued by ..... (DGFT/CBEC/EPC/Buyer/None).	(1)	CO1, CO2
Q 3	The Customs Duty Rate and customs clearance procedures are decided by ..... (CBDT/DGFT/CBIC)	(1)	CO1, CO2
Q 4	..... ensures the payment to the Seller in case of D/P mode of payment. (issuing bank /buyer /advising bank/shipping company/CHA)	(1)	CO1, CO2
Q 5	What all is wrong in this quotation (Incoterms) for export of Iron Ore from India? Buyer is in Australia.  "Rs. 55/- per barrel CPT (JNPT, Mumbai, India)"	(1)	CO1, CO2
Q 6	Excise Duty, Customs Duty, Sales Tax, Income Tax, Corporate Tax, VAT, CENVAT, Gift Tax, Wealth Tax, Octroi, Cess, etc. were earlier charged separately as Direct and Indirect Tax. Now with the introduction of GST, which all taxes have been included in GST and which all are left out of its ambit?	(1)	CO1, CO2
Q 7	In "CIF" terms of contract, <b>unloading expenses at port of destination</b> are borne by .....(seller /buyer).	(1)	CO1, CO2
Q 8	The document used for calculation of Freight is called..... (Invoice/Softex/LEO/Packing List).	(1)	CO1, CO2
Q 9	HAWB is issued by..... (Airlines/Customs/Buyer/Seller/Freight Forwarder/DGFT).	(1)	CO1, CO2

Q 10	The document "Shipping Bill" is also known as .....? (Bill of Lading/Entry/Exchange/LEO/Invoice)	(1)	CO1, CO2
Q 11	A Bill of Lading is issued by.....?	(1)	CO1, CO2
Q 12	A "claused bill of lading" means.....?	(1)	CO1, CO2
Q 13	Incase of IMPORTS, which document is issued first, a Bill of Lading or a Bill of Entry?	(1)	CO1, CO2
Q 14	EPCG Licence is issued by ..... (Income-tax deptt./Sales Tax deptt./DGFT/Customs)	(1)	CO1, CO2
Q 15	Duty Drawback is a ..... levied on/given to an Exporter at the time of export. (Penalty/Incentive).	(1)	CO1, CO2
Q 16	Customs Duty is exempted on imports if unit is in DTA. (True/false).	(1)	CO1, CO2
Q 17	Document issued by customs in shipments by air is called..... (Bill of Lading/Shipping Bill/AWB/Bill of export)	(1)	CO1, CO2
Q 18	GR form is submitted by ..... with an undertaking that the export proceeds shall be realized in..... days.	(1)	CO1, CO2
Q 19	A..... contains the clause "FORCE MAJEURE CONDITIONS". (Contract/ LOI / Quotation/ Invoice/ Packing List).	(1)	CO1, CO2
Q 20	1. An IEC, a number forming the identity of an exporter/importer, is issued by.....?	(1)	CO1, CO2

**SECTION B (20 MARKS)**

**Instructions: Attempt any 4 questions. Each question carries 5 marks.**

Q 1	The Government of India had initiated many Export Promotion Councils and Commodity Boards to promote the export in different sectors. What are the functions of these EPCs and how do they promote exports? What are the full forms of the following EPCs and what products do they promote?  a) APEDA    b) EPCH    c) AEPC    d) FIEO    e) GJEPC	(5)	CO3
Q 2	The Government's intention is to incentivize exports for which it has brought out many Fiscal and Financial Incentive schemes through Chapters 3, 4 and 5 of the Foreign Trade	(5)	CO3



	If yes then under <b>what schemes</b> and what are the <b>conditions attached to it?</b> Mention for both the products separately.		
Q 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. <b>Arrange these steps in proper sequence</b> and <b>explain</b> each step.	(15)	CO3
<b>SECTION-D (30 MARKS)</b>			
<b>Instructions: CASE STUDY</b>			
Q	<p>The following situation/case indicates the requirement of different documents used in export and import transactions. The specific <b>PURPOSE</b> that particular document serves, is mentioned in bold letters. You are required to identify the document which matches the situation and explain in detail about that particular document. Also tell, <u>who issues the document to whom and when?</u></p> <p>There are 16 documents covered in this case.</p> <p style="text-align: center;"><b><u>IMPORTANCE OF DOCUMENTATION IN BUSINESS</u></b></p> <p>Saarthak, Naman, Mayank, Manvi, Shivani, Arjun and Karunesh had taken admission in different streams in UPES. Saarthak and Naman, who had joined MBA- Intl' Business, were from business families. Naman was notorious to be naughty but sharp. He always found ways to deceive the authorities and could look for loopholes in the system. In spite of carrying this reputation he was appreciated for being dynamic as he always took the initiative to do creative things in the campus. Saarthak was a calm and cool person but very shrewd when it came to doing a project. He was smart enough to pass the buck to others whenever he found himself cornered. Everybody knew about his personality traits. Both Saarthak and Naman were good friends but were frequently found in arguments with each other. They both were well known but nobody had faith on them. Neither did they have faith on each other.</p> <p>After graduating from UPES, Naman joined his family business of Exports of high fashion garments. Saarthak settled abroad and became an International Trader. He also opened his own show-room in Beirut, capital of Lebanon.</p> <p>Mayank joined APL shipping Lines as he specialized in LSCM and was picked up from the campus itself.</p> <p>Manvi became a customs commissioner after clearing a competitive exam of the CBEC.</p>	(30)	CO4

Shivani also managed to get through the IAS exams and joined as the Jt. DGFT. Karunesh, being an outstanding student of Finance, joined the American Express Bank in the forex division. Arjun opened his own firm as a CHA and Freight forwarder.

Now it was a co-incidence that they all met each other after 3 years in their respective offices while doing their routine jobs. The following were the occasions when they met each other.

Naman met Saarthak in Las Vegas (USA) when he was participating in the “Magic Fair” and Saarthak visited his booth while looking for a specific design of garments. Since they knew each other and business made sense, they struck a deal whereby Saarthak selected a design developed by Naman’s company in Mumbai. He had asked Naman to make certain changes in the design before finalizing the deal. Naman was aware of Saarthak’s habits of backing off at the last moment so wanted some kind of **confirmation about the final design/sample in writing**.<sup>1</sup> On the other hand, Saarthak was also doubtful about the seriousness of Naman and was looking for some kind of assurance about the **timely supply of the goods at the agreed commercial terms and conditions**.<sup>2</sup> Naman didn’t have faith in Saarthak and always had a doubt whether he will make the payment of the goods that he will be shipping. **What if Saarthak backs off after receiving the shipment? On the other end, Saarthak had a doubt about Naman. What if Naman runs away with his remittance/payment and doesn’t ship the goods at all? They both were struggling with an answer when suddenly they met their old friend Karunesh, the banker, who assured them that he can intervene to help them both by involving his bank and his correspondent bank in India to act as guarantors provided Saarthak requests for it in writing**.<sup>3</sup>

Saarthak had told Naman in the beginning that he requires some **written information before the dispatch of first shipment giving all the details of the quantity, price, total amount, description of goods, shipment details etc. this he requires not only to arrange timely payments but also to get an import licence from the US government**.<sup>4</sup> Now Naman worked very hard to produce the garments of the approved quality in time. But then he thought what if Saarthak refuses to take the delivery of the shipment saying that the goods are not as per the agreed quality? **Why not take something in writing from Saarthak through his appointed agent in India, which certifies the quality just before the shipment?**<sup>5</sup>

Since the price agreed upon was on CIF basis, Naman was looking for some shipping lines which would deliver the goods in time and at the lowest freight charges so that he could minimize his costs for a better margin. While negotiating with different shipping lines, Naman was overwhelmed when he met Karunesh in APL’s office. Karunesh offered him the best possible rates and also helped him in his shipment process by introducing his old friend Arjun who had now become an expert CHA.

Now the goods were ready for shipment and Arjun was called to take charge. Naman knew that Saarthak will not **release the payment unless until he asks for the same through a document giving all details of the goods and giving proper reference of their agreement.**<sup>6</sup> On the other hand, Saarthak was also waiting for this paper so that he could pay the customs duty to the US customs on the basis of details mentioned on it. Saarthak informed that he requires a **special bill in addition to the above mentioned bill, as it is a mandatory requirement for all shipments entering USA , the format of which can be obtained from the US embassy or the AEPC in India**<sup>7</sup>. Arjun informed that the master of the vessel will be concerned more about the **document mentioning the number, size and volume of the cartons that he would be carrying on his ship rather than the price of the goods**<sup>8</sup>.

Since the goods produced were excisable, the excise inspector who was sitting at the gate of the factory, asked Naman to pay the excise duty. Naman said that since the goods produced will not be sold in domestic market and is for exports, the duty may be exempted. The inspector didn't have faith in the statement of Naman and asked for an **application in writing that the goods are for exports only. He also said that the application should be returned alongwith the stamp of the customs to prove that the said goods have actually been exported.**<sup>9</sup>

Although the customs commissioner, Manvi was a common friend of Naman, Saarthak and Arjun yet she did not allow Naman's goods to be loaded on the ship. She said that she doesn't have faith on what Naman is verbally stating about the goods and she will **grant 'permission' to load the goods on the ship in the form of a document**<sup>10</sup> only when Naman applies for permission alongwith 'all the documents that substantiates his declaration.<sup>11</sup> Even the truck containing the goods for shipment was not allowed to enter the Port building as the security guard asked **for a paper which has the permission of the customs officer to bring in the loaded truck.**<sup>12</sup> Arjun quickly arranged all documents to get **permission/ order of the customs to load the goods on the ship.**

Before Arjun could complete the formalities, a representative of RBI approached him and raised his doubt. **What is the guarantee that Naman will bring the payment from Saarthak within 12 months of shipment? Give this guarantee in writing**<sup>13</sup> otherwise the shipment cannot leave the port.

The captain of the ship also didn't have faith on the declaration made by Naman and verified all the cartons with the list submitted by Arjun. Now Naman became a little suspicious and thought that **what if the captain refuses to have received the goods at all? What proof do I have to tell Saarthak that I have dispatched the goods he asked for**<sup>14</sup>? Since a few of the cartons were **damaged in loading on the ship, the captain mentioned the same on his written receipt of the goods.**<sup>15</sup>

As soon as Naman got the receipt from the shipping lines, he immediately rushed to Karunesh's bank to show him the proof that he has performed his part. Karunesh asked for all the original documents as stipulated in the agreement and when he was convinced that

	<p>whatever Naman is saying is correct, he asked <b>Saarthak to promise in writing that he will release the payment within the stipulated time<sup>16</sup></b>. As agreed and promised by Saarthak, the whole payment was released by Karunesh, the custodian of the payment of Saarthak.</p>		
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