

MBA in SIBFT Sem.-1 Examination
IIS-FT-7
Exports Finance, Documentation and Procedure
January-2024

Time : 2-30 Hours]

[Max. Marks : 70

Instruction:**Use of non-programmable scientific calculator is permitted****Question 1.****14 Marks**

Explain the shipment process of a cargo in detail including all the documents involved like carting order, let ship order, mate's receipt, etc. Also explain who issues these documents and what is their significance in the export process.

OR**Question 1 (A)****7 Marks**

Explain the importance of Proforma Invoice, Invoice, and Bill of Lading in shipping documentation? What do you mean by a Charter Party Bill of Lading?

Question 1 (B)**7 Marks**

Explain the role of Export Houses along with any two types of an export houses.

Question 2.**14 Marks**

Explain the concept of Drawer, Drawee, Payee, and Beneficiary with respect to a Bill of Exchange and Promissory Note with suitable examples.

OR**Question 2 (A)****7 Marks**

Explain the difference between invoice discounting, factoring, and forfaiting.

Question 2 (B)**7 Marks**

What is the role and significance of SWIFT Messaging system and DOCDEX in Export Finance?

Question 3.**14 Marks**

Explain the role, function, and working of a Letter of Credit in Trade Finance. How does an LC help in minimizing the risk in International Business?

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OR

Question 3 (A)

7 Marks

What do you mean by a Performance Letter of Credit? How is it different from a Revolving Letter of Credit.

Question 3 (B)

7 Marks

What is a transferrable LC and how does it help the exporter in securing credit from his suppliers?

Question 4.

14 Marks

An invoice for USD 100,000/- payable on 30th September 2024 was discounted for USD 90,090/- on 1st April 2024. What is the APR charged by the bank for the said transaction? The company invested the said funds received from the bank and generated a cash flow of USD 105,863/- as on 31st December 2024. What is the EPY for the said investment? What is the net profit and the profit margin generated by the company in this transaction after the invoice discounting?

OR

Question 4 (A)

7 Marks

Explain the role of INCOTERMS in Trade Finance. What do you mean by the INCOTERM FOB and CIF?

Question 4 (B)

7 Marks

Explain the following terms used in Marine Insurance: -

- (a) Principle of Indemnity (b) Causa Proxima

Question 5

14 Marks

Attempt any 7 out of the following 12 questions;

1. The branches of the banks which are permitted to carry out foreign exchange transactions and maintain foreign exchange currency are called _____ branches.
2. Which of the following statements is incorrect?
 - a. The drawer is the one who writes the Bill of Exchange or Promissory Note.
 - b. The drawee is the one who receives the payment in a bill of exchange.
 - c. The drawer is the one who pays the amount in a promissory note.
 - d. Copies of promissory notes are generally not permitted while a bill of exchange can have multiple copies.

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3. The INCOTERM that has the least and the highest liability plus cost to the exporter are _____ and _____ respectively.
 - a. EXW, DDU
 - b. CFR, EXW
 - c. EXW, DDU
 - d. EXW, DDP
4. Which of the following statements regarding a SWIFT code is incorrect?
 - a. The first 4 characters of the SWIFT code relates to the Bank.
 - b. The fifth and sixth characters of the SWIFT code relate to the country code.
 - c. The ninth and tenth character of the SWIFT code relates to the server location of the bank.
 - d. The branch address is mentioned in three characters in the SWIFT code.
5. Define Jettison
6. Define Barratry
7. What is the meaning of Average Loss in Trade Finance?
8. List any two SWIFT messaging formats with their message types.
9. What do you mean by a Cargo Consolidator?
10. What is the meaning of a Transshipment Bill of Lading?
11. The standard fee for filing a DOCDEX complaint is USD _____ where the amount of dispute does not exceed USD _____.
12. The payment of money against negotiable instruments endorsed with a third-party guarantee is called _____.
