**IMC CHAMBER OF COMMERCE AND INDUSTRY**

**ADVANCED CERTIFICATE IN INTERNATIONAL TRADE EXAMINATION**

**JUNE 2024**

**SUBJECT: EXPORT FINANCE AND BANKING EXCHANGE CONTROL REGULATIONS**

**Date: 1.06.2024 Marks: 100 Time: 10:30 a.m. - 1:30 p.m.**

**NOTES:**

* **Correct question number should be indicated against each answer.**

**Question No.1 OBJECTIVE TYPES OF QUESTIONS**

1. **Fill in the blanks: 10 marks**
2. Forfeiting is a type of ------------------ term International Financial Product.
3. The Break Even Point I.e. BEP helps Exporters to quote most -------------------price to the foreign Buyer
4. As per liberalized remittance scheme an individual is allowed to remit per year outside the country USD 250000 USD for any --------------- or------------------ account Transaction.
5. The security for availing Pre- Shipment Finance from the Bank is ------------------- of goods meant for exports
6. The Notional Transit Period for a Usance export order, where Usance is 60 days from the date of shipment is-------------days.
7. **True or False**
8. Factoring is a type of long term financing from an International (True/False)

Financing Agency.

1. Resident Foreign Currency account is allowed to be opened by NRI (True/False)
2. ECNOS is the commercial Rate of Interest charged to the exporters. (True/False)
3. Deferred Payment Export Credit is a Short Term Export credit. (True/False).
4. Pre-Shipment Finance is allowed maximum for a period of 9 months (True/False)

**Q No.2 Define the following Terms (Any Five) 10 Marks**

1. Liberalized Remittance scheme (LRS) under FEMA
2. Post Shipment Finance
3. Negotiation of Documents under LC
4. Forfeiting an International Financial Product
5. INCO term Free on Board (FOB).
6. Who is a Resident Indian as per FEMA.

**Q. No.3 Give Reasons (Any Four) 20 Marks**

1. Why having an Exchange Earners Foreign Currency ( EEFC ) Account is beneficial to the exporter
2. Offence under FEMA is treated as a civil Offence Why?
3. Why FOB price is only considered as Export Realization and not CIF price
4. Why ECGC insurance policy is required to be obtained under Open account method for settlement of trade transaction between Exporter and Importer.
5. Why Export Finance is granted in two stages first as Pre- shipment and thereafter as Post shipment Finance.

**Q No.4 Write Short Notes (Any Three) 30 Marks**

1. Exchange Earners Foreign Currency Account (EEFC)
2. Restricted and Unrestricted LC
3. Factoring vs Forfeiting
4. Main parties in any LC transaction

**Q No.5. Answer in Brief (Any Three) 30 Marks**

What is common between Domestic Finance and Export Finance

What is the difference between RFC and RFC (D) the two foreign Currency accounts

What are the main objectives an exporter should keep in mind before quoting the price to the foreign Buyer

Calculate export price to be quoted by the exporter to the Swiss foreign buyer in Swiss Francs with the following information

Material Cost : Rs.4000000

Labour Charges :Rs.1000000

Packing Cost : Rs.200000

Local Transport charges : Rs.300000

Profit : 10 % on FOB Cost

Export Incentive : 25% on FOB Price

The CHF/Rs. Conversion Rate : 80

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