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Q.4	i.	Explain the benefits of packing credit for exporters.	3	2	1,5	3
	ii.	What are the key features and benefits of EXIM bank's scheme for sub-suppliers? How does it support the export supply chain?	7	1	1,2	3
OR	iii.	Explain the concept of Post-shipment Credit in Foreign Currency (PCFC), and its advantages it offers to exporters.	7	2	1,2	3
Q.5	i.	Explain the meaning of post-shipment finance in the case of goods sent on consignment. How does it work for exporters?	4	2	1,3	4
	ii.	Define duty drawback and its importance for exporters.	6	1	1,2	4
OR	iii.	What do you mean by letter of credit? Discuss about the various procedure of negotiating export documents under L/C for exporters.	6	1	1,3	4
Q.6		Attempt any two:				
	i.	Discuss the major problems faced by exporters in accessing export and import finance.	5	2	3	5
	ii.	Discuss about the advantages of Post-Shipment Credit in Foreign Currency (PCFC) for exporters.	5	2	3	5
	iii.	What are the key challenges of Foreign Currency Loans (FCLs) and external commercial borrowings?	5	1,2	3	5

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Total No. of Questions: 6

Total No. of Printed Pages:4

Enrollment No.....



Faculty of Management Studies  
End Sem Examination Dec 2024  
MS3ET01 Export-Import Finance

Programme: BBA

Branch/Specialisation: Management

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

			Marks	BL	PO	CO	PSO
Q.1	i.	Which of the following is a key benefit for the exporter when using the "Payment in Advance" method?	1	1	1	1	
		(a) The exporter has less risk of payment default.					
		(b) The exporter receives payment after shipment.					
		(c) The exporter does not need to arrange shipment before receiving payment.					
		(d) The exporter must wait for the importer to arrange customs clearance.					
	ii.	The payment method often used in international trade which offers the exporter the best assurance of being paid for the products sold internationally is _____.	1	1	1	1	
		(a) Open account					
		(b) Drafts					
		(c) Bill of Lading					
		(d) Letter of credit					
	iii.	Medium-term finance sources are typically used for:	1	1	1,2	2	
		(a) Financing day-to-day operations and working capital needs.					
		(b) Purchasing fixed assets or making long-term investments.					
		(c) Financing a business's growth and expansion projects.					
		(d) Funding short-term liquidity gaps.					

P.T.O.

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- iv. The commercial bank provides which of the following types of financing? **1** 1 1 2
- (a) Long-term loans for capital expenditure.  
(b) Short-term loans for working capital.  
(c) Only equity financing.  
(d) Only guarantees and performance bonds.
- v. Under the Packing Credit Scheme, the loan amount is typically used for: **1** 1 1 3
- (a) Purchase of raw materials required for the production of export goods.  
(b) Payment of the exporter's debts.  
(c) Financing of long-term investments.  
(d) Payment of interest on previous loans.
- vi. The Scheme for Sub-suppliers help exporters by: **1** 1 1 3
- (a) Directly financing their overseas marketing expenses.  
(b) Providing capital to suppliers who deliver goods or raw materials to exporters.  
(c) Financing exporters' working capital needs for domestic sales.  
(d) Offering credit to domestic suppliers for local sales.
- vii. Which of the following is NOT a form of post-shipment finance? **1** 1 1 4
- (a) Purchase of export bills.  
(b) Financing based on undrawn balance.  
(c) Packing credit for producing export goods.  
(d) Negotiation of export documents under Letter of Credit (L/C).
- viii. The purchase of export bills by a bank in post-shipment finance helps exporters by: **1** 1 1 4
- (a) Offering immediate cash flow against future payments.  
(b) Allowing the exporter to hold the bill until it matures.  
(c) Providing long-term financing for the purchase of raw materials.  
(d) Offering a rebate on the goods exported.

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- ix. What is the main purpose of forfaiting finance offered by EXIM Bank? **1** 1 1 5
- (a) To provide financing for the export of goods based on future payments due.  
(b) To offer long-term loans to domestic manufacturers.  
(c) To facilitate the import of raw materials at low interest rates.  
(d) To support exporters with advance payments for goods to be sold abroad.
- x. Foreign Currency Loans are generally used for: **1** 1 1 5
- (a) Financing domestic working capital needs.  
(b) Short-term financing to purchase machinery and equipment.  
(c) Borrowing funds in foreign currency to hedge against currency risks in international trade.  
(d) Financing the purchase of raw materials exclusively from domestic suppliers.
- Q.2 i. Why are payment terms important under EXIM finance? **2** 1 1,2 1
- ii. How does the open account method benefit transactions in different industries? **3** 1 1 1
- iii. Describe about the various methods of payment under EXIM trade. **5** 2 1,2 1
- OR iv. Write short notes on: **5** 1 1 1
- (a) Documentary credit  
(b) Consignment of the goods
- Q.3 i. What do you mean by banker's acceptance? **2** 1 1,2 2
- ii. Describe the meaning of "Discounting of Trade Drafts" as a short-term financing option. Differentiate between "With Recourse" and "Without Recourse" discounting. **8** 2 1,3 2
- OR iii. What are the key differences between medium-term and long-term financing sources by commercial banks? Explain the factors that influence a bank's decision to choose one over the other. **8** 1,2 1,3 2

**Marking Scheme****MS3ET01 (T) Export-Import Finance (T)**

Q.1	i)	(a) The exporter has less risk of payment default.	<b>1</b>
	ii)	(d) Letter of credit	<b>1</b>
	iii)	(c) Financing a business's growth and expansion projects.	<b>1</b>
	iv)	(b) Short-term loans for working capital.	<b>1</b>
	v)	(a) Purchase of raw materials required for the production of export goods.	<b>1</b>
	vi)	(b) Providing capital to suppliers who deliver goods or raw materials to exporters.	<b>1</b>
	vii)	(c) Packing credit for producing export goods.	<b>1</b>
	viii)	(a) Offering immediate cash flow against future payments.	<b>1</b>
	ix)	(a) To provide financing for the export of goods based on future payments due.	<b>1</b>
	x)	(c) Borrowing funds in foreign currency to hedge against currency risks in international trade.	<b>1</b>
Q.2	i.	Importance of payment terms - 2 marks	<b>2</b>
	ii.	Benefits of open account method (1 mark for each point) -3 marks	<b>3</b>
	iii.	Methods of payment – (1 mark for each point) -5 marks	<b>5</b>
OR	iv.	Short notes: (a) Documentary credit - 2.5 marks (b) Consignment basis - 2.5 marks	<b>5</b>
Q.3	i.	Mean of banker's acceptance – 2 marks	<b>2</b>
	ii.	Meaning of "Discounting of Trade Drafts" – 4 marks Difference between "With Recourse" and "Without Recourse" discounting- (1 mark for each point) -4 marks	<b>8</b>

OR	iii.	Differences between medium-term and long-term financing sources - (1 mark for each point) -4 marks factors that influence a bank's decision – (1 mark for each point) -4 marks	<b>8</b>
Q.4	i.	Benefits of Packing Credit - (1 mark for each point) -3 marks	<b>3</b>
	ii.	Key features of EXIM Bank's Scheme - 3.5 marks Benefits of EXIM Bank's Scheme -3.5 marks	<b>7</b>
OR	iii.	Concept of Post-shipment Credit in Foreign Currency - 2 marks Advantages of Post-shipment Credit in Foreign Currency - 5 marks	<b>7</b>
Q.5	i.	Meaning of post-shipment finance - 2 marks Working - 2 marks	<b>4</b>
	ii.	Meaning of duty drawback - 2 marks Importance for exporters – (1 mark for each point) -4 marks	<b>6</b>
OR	iii.	Meaning of letter of credit – 2 marks Process of Negotiating Export Documents Under L/C – 4 marks	<b>6</b>
Q.6	i.	Major problems faced by exporters – (1 mark for each point) -5 marks	<b>5</b>
	ii.	Advantages Post-shipment Credit in Foreign Currency – (1 mark for each point) -5 marks	<b>5</b>
	iii.	Challenges of foreign currency – (1 mark for each point) -5 marks	<b>5</b>

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