



MORE QUESTIONS SOLVED

I. Very Short Answer Type Questions

Question 1. Give full form of EPZ and SEZ.

Answer: Export Promotion Zones (EPZ) and Special Economic Zones (SEI)

Question 2. What is the main objective of WTO?

Answer: To promote free and fair trade amongst nations.

Question 3. Name any two WTO Agreements.

Answer: GATT and GATS

Question 4. Name the most important document of export.

Answer: Export License

Question 5. Name the most important document used in import.

Answer: Import License

Question 6. List various affiliated bodies of World Bank.

Answer:

1. International Bank for Reconstruction and Development (IBRD),
2. International Finance Corporation (IFC),
3. International Development Association (IDA),
4. Multilateral Investment Guarantee Agency (MIGA),
5. International Centre for Settlement of Investment Disputes (ICSID).

Question 7. Explain the term FOB.

Answer: Free On Board (FOB) indicates that the supplier pays the shipping costs that usually include the insurance costs from the point of production to a specified destination, at which point the buyer takes responsibility.

Question 8. Which certificate is necessary to prove that goods are produced in the home country itself ?

Answer: Certificate of Origin

Question 9. Define Mate's Receipt.

Answer: Mate Receipt is a receipt issued by the commanding officer of the ship when the cargo is loaded on the board.

Question 10. What is Performa Invoice?

Answer: The exporter sends reply to the enquiry of the importer in the form of a quotation. It is called Performa Invoice.

Question 11. Who is a clearing agent?

Answer: "Clearing and Forwarding Agent" means any person who is engaged in providing any service, either directly or indirectly, concerned with the clearing and forwarding operations in any manner to any other person and includes a consignment agent.

Question 12. What is the purpose of pre-shipment finance?

Answer: As soon as order is confirmed and letter of credit is received, the exporter approaches the bank to receive pre-

shipment finance which he needs to buy raw materials and other inputs to produce goods to be exported. Firms require finance for various activities such as purchase of raw material and manufacture of goods. In the case of exporters, this finance is obtained from banks in the form of advances known as pre-shipment finance.

Question 13. Define Export Processing Zones.

Answer: Export Processing Zones: These are industrial estates which firms enclaves from the domestic tariff area. They aim at providing an internationally competitive duty free environment for export production at low cost. Recently these have been converted into Special Economic Zones.

Question 14. Name the certificate which is used for ensuring timely payment.

Answer: Letter of Credit

Question 15. How many Export Promotion Councils are there in India?

Answer: Twenty one.

Question 16. How many Commodity Boards are there in India?

Answer: Seven

Question 17. How many regional and international offices does ITPO have?

Answer: Five regional and four international

Question 18. When was State Trading Corporation established?

Answer: May, 1956

Question 19. When was IIFT formed?

Answer: 1963

Question 20. Write the full form of ICSID.

Answer: International Center for Settlement of Investment Disputes.

Question 21. What was the objective of MIGA?

Answer: To encourage flow of direct flow of investment in less developed member countries.

Question 22. Which agency of World Bank provides loan to private sector of developing countries?

Answer: International Finance Corporation (IFC).

Question 23. Write the full form of DTA.

Answer: Domestic Tariff Area

Question 24. Santa Cruz is famous for which exclusive items?

Answer: Electronic goods and gems and jewellery.

Question 25. What is Advance License Scheme?

Answer: It is a scheme under which an exporter is allowed duty free supply of domestic as well as imported inputs required for the manufacture of exports goods.

II. Short Answer Type Questions

Question 1. Explain the term FOB.

Answer:

Free On Board (FOB) indicates that the supplier pays the shipping costs that include the insurance costs from the point of production to a specified destination, at which point the buyer takes responsibility.

Description: The FOB is an important part in a purchase contract. It indicates who selects the carrier, which party is to bear the freight charges and who has the title to the goods during the shipment.

There are two types of FOB contract.

FOB Destination: In FOB destination (the standard and most commonly used) the seller is the owner of goods while in transit and is responsible for any loss or damage up to the time of delivery. It is expressed as FOB Mumbai or FOB Cochin. It could be to negotiate the shipping separately from the purchase of goods or if a party wants all the shipping to be done by a specific carrier.

FOB Origin: When no FOB terms are discussed or not mentioned in the contract or purchase order, then, in accordance with the Uniform Commercial Code (UCC) the term is FOB Origin. The buyer is then responsible for freight and damaged goods.

Question 2. Write short note on Indent House and Dock Challan.

Answer: Meaning of Indent House: Import of goods from a foreign country can be affected in two ways. The import of goods can take place directly or through a middleman. The import of goods through an intermediary is called an Indent House. Indent Houses are of two types. They may be representative or agents of foreign producers or exporters or they may be independent firms engaged in foreign trade. At the time of securing order, the indent firm requests the merchant to sign an Indent Form which serves as a letter of authority by the merchant to the Indent House to go for order of the specified items stated in the form. The Indent House brings the following advantages:

1. It helps the small dealers to participate in foreign trade.
2. The bargaining is done by the Indent Forms and therefore helps in getting the goods at a cheaper rate.
3. The financing of import trade is facilitated by the Indent House.

Dock Challan: When all formalities of customs are completed then dock charges are required to be paid. When he pays these charges, the importer or his clearing agent specifies the amount of dock dues in a challan or in any form. It is called Dock Challan.

Question 3. Who is a clearing agent?

Answer: "Clearing and forwarding agent" means any person who is engaged in providing any service, either directly or indirectly, concerned with the clearing and forwarding operations in any manner to any other person and includes a consignment agent. A clearing and forwarding agent normally undertakes the following activities:

1. Receiving the goods from the factories or premises of the principal or his agents;
2. Warehousing these goods;
3. Receiving dispatch orders from the principal;
4. Arranging dispatch of goods as per the directions of the principal by engaging transport on his own or through the authorised transporters of the principal;
5. Maintaining records of the receipt and dispatch of goods and the stock available at the warehouse.

Question 4. Why did WTO establish? What are its objectives?

Answer: WTO was established with an intention of expanding the scope of the organisation by including services, investment and intellectual property rights.

Main objectives of WTO:

1. Improving living standards of people, ensuring full employment of resources, increase in world trade and production, optimizing use of economic resources.
2. Ensuring equitable division of the benefits of international trade
3. Optimizing the resources of world resources so as to attain

sustainable development.

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