	<u>Utean</u>
Name:	<b>A</b>
Roll No. :	As Planning (y' Executing 2nd Execution
Invigilator's Signature :	

# CS/MBA(NEW)/SEM-4/SHM-402/2010 2010 MARITIME FINANCIAL MANAGEMENT

Time Allotted: 3 Hours Full Marks: 70

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

# GROUP - A

# (Multiple Choice Type Questions)

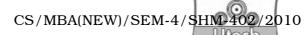
- 1. Choose the correct alternatives for any *ten* of the following :  $10 \times 1 = 10$ 
  - Pricing policy of export commodity need to contend with devaluation of a country currency to
    - a) encourage more export orders
    - b) keeping customers happy
    - c) to maintain stable export.
  - ii) 10% devaluation of currency heads to
    - a) 5% change in local price
    - b) 10% change in local price
    - c) 15% change in local price.

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- iii) The issue of pricing of export commodity depends upon
  - a) the extent of which exchange rate change can be used to advantage
  - b) the extent to which cost of credit is not borne by the buyer
  - c) the extent to which cost and return on capital cannot be related to the price.
- iv) By selling in foreign currency exporter has assumed himself
  - a) the profit risk
  - b) the exchange risk
  - c) the loss risk.
- v) Buyer and seller agree on open "account terms" when,
  - a) global economy down
  - b) bank ready to forward a loan
  - c) relation between buyer and seller irrespective of economy.
- vi) A Bill of Exchange is
  - a) a document of title
  - b) a specific demand on debtor
  - c) an invoice of export made.
- vii) In documentary credit system, an exporter has a
  - a) confirmed irrevocable credit
  - b) unconfirmed irrevocable credit
  - c) confirmed revocable credit.
- viii) Bill of lading will not be accepted, unless specially authorized and when used by
  - a) forwarding agents
  - b) issued and under subject to charter party
  - c) issued by shipping companies.



- ix) Insurance certificate or policy must be stated in the credit and to be accepted legally when
  - a) issued by an insurance company or its agent
  - b) cover notes are issued by brokers
  - c) date of policy not later than the end of voyage.
- x) Transferable credits arise when exporter is
  - a) actual manufacturer of the goods
  - b) obtaining goods from a third party
  - c) representative of State or Central Govt.
- xi) Bank Finance for exports can be associated with
  - a) sales on open account
  - b) collection by means of bill of Exchange
  - c) capital and any funds a company is able to borrow.
- xii) In international trade of documentary credit system, invoice amount
  - a) may exceed the bank credit amount
  - b) may not exceed the bank credit amount
  - c) may or may not exceed the bank credit amount.

#### **GROUP - B**

# (Short Answer Type Questions)

Answer any *three* of the following.

 $3 \times 5 = 15$ 

- 2. How and when payments on "open account" are made? What are the different means under same by which a debtor pays his supplier?
- 3. What is a bill of exchange in International Finance and what are its advantages?

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- 4. In documentary credit system, what all specifications of the goods is required to be entered?
- 5. What is a bill of lading? Whether it is a negotiable or non-negotiable instrument?
- 6. When is cargo insurance required for export? When is it not valid?

#### GROUP - C

(Long Answer Type Questions) Answer any *three* of the following.  $3 \times 15 = 45$ 

- 7. Highlight how a documentary credit system is effected in an export system? What are its limitations?
- 8. What are the different costs associated in a voyage? How the same computed when a vessel is on time charter?
- 9. Explain the significance of budgeting and accounts maintenance of an International Shipping Company? What are principal heads in each case?
- 10. What are financial significance of a charter contract? How are payments made by a charterer to a ship owner? In case of defaulters, how is the issue addressed?
- 11. Write short notes on:
  - a) Back to back credits
  - b) Revolving credits
  - c) Acceptance credits.

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