



Name :

Roll No. :

Invigilator's Signature :

**CS/MBA (N)/SEM-3 (FT)/SHM-303/2011-12
2011**

SHIPPING ECONOMICS & E-BUSINESS

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 × 1 = 10

- i) Ship finance is not favoured in capital market because of
- a) uneven return
 - b) uncertainty
 - c) high investment.
- ii) Freight rate in tramp shipping is decided by
- a) International laws
 - b) International apex bodies
 - c) Interplay of demand & supply.



- iii) In a liner shipping services
 - a) fixed costs are higher
 - b) variable costs are higher
 - c) marginal costs are higher.

- iv) Interest rates through IBRD bank finance is about
 - a) 7.75%
 - b) 7.5%
 - c) 7.25%.

- v) Demand for shipping services increases with
 - a) higher distance and lower turnaround time
 - b) higher distance and higher turnaround time
 - c) lower distance and lower turnaround time.

- vi) In ship finance, borrowed funds are preferred over issuing additional shares, because of
 - a) it increases EPS
 - b) it increases profit
 - c) it increases foreign exchange.



vii) Unit of freight measurement is

- a) weight-ton
- b) measurement ton
- c) both of these.

viii) A journal in accounting, has

- a) 5 entries over a transaction
- b) 6 entries over a transaction
- c) 7 entries over a transaction.

ix) Depreciation of a ship's value is

- a) 5% per year for 20 years
- b) 8% per year over 15 years
- c) 10% per year over 10 years.



- x) In a Balance Sheet, Capital Profit arise through
- a) sale of assets other that inventory
 - b) sale of assets and inventory
 - c) sale of inventory other than assets.
- xi) Financial statement of a shipping company is shown through
- a) Income statement
 - b) Income & cash flow statements
 - c) Income, cash flow statements and Balance Sheet.
- xii) Non-realization of freight can result in
- a) Lien claim
 - b) Insurance claim
 - c) Damage claim.



GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following.

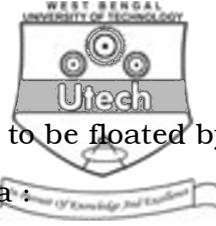
3 × 5 = 15

2. Prepare a trial balance of the following accounts of a shipping company ledger and Cash Book, Prior its final Accounting :

- a) Cash Book :
 - i) Cash in hand : \$ 50,000
 - ii) Cash at Bank : \$ 1,50,000
- b) i) Sale of ships m/c : \$ 3,00,000
- ii) Purchase of ships machineries : \$ 2,00,000
- c) i) Capital : \$ 50,000
- ii) Additional shares : \$ 50,000.

3. What is cash flow statement of a company ? Differentiate its features with that of income statement. What is done with 'Depreciation' and 'Write off' in the statement ?

4. In a Balance Sheet, what are the different types of Assets and Liabilities shown ? How owners equity arrived at ?



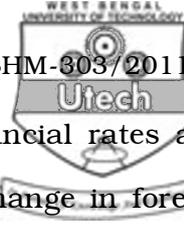
5. Find pricing of 5 lakh equity shares intended to be floated by a small transport company with following data :
- a) Cash = Rs. 20 lakh
 - b) Value of barges = Rs. 80 lakh
 - c) Bank loan = Rs. 50 lakh.
6. Describe the various modes of functions of e-commerce and its types. What are its advantages ?

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 15 = 45$

7. What is shipping cycle ? State the changes in Global supply and demand which influences shipping cycle. Highlight its associated cycles, underline key risk factors in a shipping cycle.
8. What are scopes of investment management and constraints faced in a shipping company ? Highlight the common methodology adopted to reach the goal of investors ?
9. What are 'Risk' and 'Exposure' in financial risk management ? What are the main reasons for growth of financial risk in a shipping company and what are proven strategies to manage same successfully ?



10. What are the common factors affecting financial rates and prices in shipping business ? How can a change in foreign exchange market rate in turn affect shipping finance ? State with reasons.
11. What are the different types of ship financing from banks and ship builders available ? Why a ship builder is interested in giving credit ? Name some shipping financing financial institutions operating in India.

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