Name : ....

Roll No. : ....

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 : $10 \times 1 = 10$

   i) 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.

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 ?

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 × 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.