

MCQ on International Trade – Export Class Date – 14th - 15th June 2025

1. When goods are exported at a price lower than their cost, how is their value determined?

- A) Based on the exporter's declared value
- B) Based on domestic market value
- C) Based on comparable exports of similar goods**
- D) Based on a price negotiated between the exporter and customs

2. If the transaction value of exported goods is influenced by a related party transaction, how is the valuation done?

- A) Accept the declared value
- B) Take the domestic sale price
- C) Use the transaction value of similar goods exported to an unrelated party**
- D) Ignore valuation and approve exports

3. What is Pre-Shipment Finance?

- A) Finance provided after the goods are shipped
- B) Finance given before shipment to procure raw materials and process goods**
- C) Finance given for domestic trade
- D) Finance given only after export realization

4. What is Post-Shipment Finance?

- A) Finance provided before shipment of goods
- B) Finance given to exporters after shipment but before payment realization**
- C) Finance given for domestic sales
- D) Finance provided after six months of shipment

5. Which of the following is NOT a type of Pre-Shipment Finance?

- A) Packing Credit in Foreign Currency (PCFC)
- B) Packing Credit in Indian Rupees (PCIR)

- C) Export Credit Refinance
- D) Bill Discounting**

6. Which financial institution plays a key role in providing export finance in India?

- A) RBI
- B) SEBI
- C) EXIM Bank**
- D) NABARD

7. Under Pre-Shipment Finance, what is the maximum period for which packing credit can be sanctioned?

- A) 90 days
- B) 180 days
- C) 270 days**
- D) 1 year

8 Which type of export finance is provided to exporters in foreign currency?

- A) Packing Credit in Foreign Currency (PCFC)**
- B) Term Loan
- C) Overdraft Facility
- D) Cash Credit

9. What is the purpose of Export Credit Refinance (ECR)?

- A) To provide long-term loans to exporters
- B) To refinance banks that have given export credit**
- C) To provide finance for domestic trade
- D) To regulate foreign exchange rates

10. Which of the following is TRUE about Post-Shipment Finance in Foreign Currency (PSFC)?

- A) It is given before shipment
- B) It is provided to exporters to bridge the gap between shipment and payment realization**
- C) It is only available in Indian Rupees
- D) It does not cover bills drawn under letters of credit

11. What is Trade Credit Insurance?

- A) Insurance that covers domestic sales only
- B) Protection against non-payment by buyers in international and domestic trade**
- C) Insurance for machinery breakdowns
- D) Coverage for theft and burglary of goods

12. Which organization provides Trade Credit Insurance for Indian exporters?

- A) RBI
- B) SEBI
- C) ECGC (Export Credit Guarantee Corporation)**
- D) IRDAI

13. What type of risks are covered by ECGC?

- A) Commercial Risks
- B) Political Risks
- C) Both A & B**
- D) None of the above

14. Which risk is NOT covered under ECGC policies?

- A) Insolvency of the buyer
- B) Prolonged default in payment
- C) Currency fluctuations**
- D) War or civil disturbances in the buyer's country

15. What is the maximum coverage provided by ECGC under its export credit insurance?

- A) 50% of the invoice value
- B) 75% of the invoice value
- C) 90% of the invoice value**
- D) 100% of the invoice value

16. How does war affect international trade?

- A) Disrupts supply chains and increases transportation costs**
- B) Reduces import tariffs
- C) Improves trade relations between warring countries
- D) Increases foreign investments

17. What is a key risk for exporters trading with sanctioned countries?

- A) Reduced customs duties
- B) Penalties and trade restrictions from home country regulations**
- C) Faster payment processing
- D) Guaranteed payment security

18. What is the full form of IEC in the context of foreign trade?

- A. Indian Export Code
- B. International Exchange Certificate
- C. Import Export Code**
- D. International Export Clearance

19. Who issues the Import Export Code (IEC) in India?

- A. RBI
- B. SEZ Authority
- C. Director General of Foreign Trade (DGFT)**
- D. Ministry of Finance

20. What does RCMC stand for in the context of exports from India?

- A. Registered Commercial Management Certificate
- B. Registration-cum-Membership Certificate**

- C. Registered Council of Market & Commerce
- D. Regulatory Certificate for Marketing Compliance

21. Is IEC required for services exports (without physical goods)?

- A. Yes**
- B. No
- C. Only for IT services
- D. Only above \$100,000