

**INDIAN MARITIME UNIVERSITY**  
**School of Maritime Management**  
**End Semester Examinations, December 2017**  
**MBA (PSM) Semester-III**  
**Shipping Economics (PG21T2305)**

**Date: 22.12.2017**

**Time: 3 hours**

**Max. Marks: 60**

**pass Marks: 30**

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**Part-A (12X1=12 Marks)**  
**Answer ALL the question**  
**All questions carry equal mark**

1. In primitive economics \_\_\_\_\_ is generally more efficient than land transport, allowing trade to get started earlier.
  - a. Shipping
  - b. Rail mode
  - c. Air mode
  - d. Pipe mode
2. Why did the liner trades gets complicated
  - a. The need for infrastructure
  - b. The need for multi-port loading and discharge
  - c. The need for proper port
  - d. The demand for cargo
3. Short Business cycles last for how many years
  - a. 5-10 years
  - b. 10-15 years
  - c. 1-5 years
  - d. 15-20 years
4. Following one is not part of the definition of Trough
  - a. Freight near operating cost
  - b. Old ship prices fall to scrap
  - c. Banks reluctant to lend
  - d. Few Demolition sales
5. How is ship demand normally measured
  - a. GRT of the vessel
  - b. GRT miles
  - c. Ton miles of cargo
  - d. Dwt of the ship
6. BIFFEX means
  - a. Baltic Indian Freight Forwarding Exchange
  - b. Baltic International Freight Forwarding Exchange
  - c. Baltic International Freight Futures Exchange
  - d. Baltic International Futures Freight Exchange

7. Identify the following one which is not a key financial performance variable with which ship owners have to work
  - a. The revenue received from chartering/operating the ship
  - b. The Cost of running the ship
  - c. The method of financing the ship
  - d. The depreciation to be calculated
8. Ship building credit means:-
  - a. Ship building is financed by the banks
  - b. Ship building is financed by the NBFC
  - c. Ship yards offer ship owners favourable credit
  - d. The IMF finances the ship owners.
9. An Individual who owns a controlling interest in one or more ships is called
  - a. Shipping company
  - b. Ship owner
  - c. Ship Charterer
  - d. Agency Company
10. Financing on delivery of the vessel is called
  - a. Banking Finance
  - b. Credit Financing
  - c. Post delivery finance
  - d. Ship yard financing
11. Mezzanine finance which usually refers to
  - a. LIBOR
  - b. Equity financing
  - c. High-yielding debt
  - d. Low yielding debt
12. Under the freight market which sector of the market deals in forward contracts settled against an Index.
  - a. Voyage market
  - b. Time Charter market
  - c. Capital market
  - d. Freight derivatives market

**Part-B (5X4= 20 Marks)**  
**Answer ANY FIVE questions**  
**All questions carry equal mark**

13. Explain the role of sea trade in economic development?
14. Explain the characteristics of shipping market cycles
15. Explain the demand for sea transport?
16. Explain how the four shipping markets integrate
17. Explain the impact of financial pressures on ship owners' decisions?

- 18.Explain in details the 'ship finance in the pre-steam era'?
- 19.Explain the shipping risk and the capital asset pricing model.

**Part-C (4X7=28 Marks)**  
**Question No. 20 is Compulsory**  
**Answer ANY Three from the remaining questions**  
**All questions carry equal mark**

- 20.If a ship owner purchases a \$10 m. tanker and finances the transaction with a \$6 m. loan plus \$4 m. of his own equity. The buyer borrows 60 percent of the purchase price of ship, repayable over five years.
- i. On the above transaction explain whether liquidity of the shipping Industry would be inflated.
  - ii. Whether the cash balance of the Industry is affected, if yes how much.
  - iii. How does the sale and purchase transaction affect the current assets?
- 21."The new bulk shipping industry was mainly masterminded by the multinationals"-Comment
- 22.Explain the transport costs and the long run demand function.
- 23."The biggest international charter market is in tanker and dry bulk tonnage"-Discuss
- 24.Discuss in detail the cost of running ships. Explaining the various costs.
25. "Shipping entrepreneurs are famous for taking risk"-Elucidate

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