



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management
Graduate Diploma in Materials Management

June 2015

PAPER No. 7(OLD)

International Trade

Date: 15.06.2015

Max. Marks: 100

Time: 10.00 a.m. to 1.00 p.m.

Duration: 3 Hrs.

Instructions:

1. From Part A – answer all questions (compulsory). Each sub questions carries 1 mark. **Total: 32 Marks**
2. From Part B – Answer any 3 questions out of 5 questions. Each sub-question carries 16 marks. **Total : 48 Marks**
3. Part C is a case study (compulsory) with questions. Read the case study carefully and answer the questions. **Total: 20 Marks**
4. Please read the instructions given in the answer sheet.

Part – A

32 Marks

(Attempt all questions Each sub questions carries 1 mark.)

Q1. State TRUE or FALSE

– 1 Mark each (8 Marks)

1. International product life cycle starts with the new , maturing and standardized product
2. Absolute advantage refers to the ability of a country to produce goods with fewer resources
3. Comparative advantage refers to the ability of a country to produce with a good with lower opportunity cost
4. TRIPS is expanded as Trade Related International Product System
5. Balance of Trade is the difference in monetary value between imports and exports
6. Customs is the agency responsible for controlling the flow of goods into the country
7. The main objective of the Bretton Woods monetary system was to introduce exchange controls
8. FERA was introduced after the failure of FEMA

Q2. Fill in the Blanks

– 1 Mark each (8 Marks)

1. Clearance of goods done without routine examination is called _____
2. _____ is part of the UN which helps in the development of exports in developing and underdeveloped member countries
3. Regional trade blocks are association of nations to _____ trade within the block
4. Import cycle starts with _____ and ends with Receipt

5. Special Drawing Rights is a _____ of currencies
6. The preferred INCOTERM for an exporter is _____
7. The preferred INCOTERM for an Importer is _____
8. Imports and Exports control Act 1974 was replaced by the _____

Q3. A. Expand the following abbreviations

(1 mark each) - 8 Marks

1. FCA
2. LCL
3. HAWB
4. UNCITRAL
5. UCP
6. ECE
7. MAWB
8. OBL

Q4. Match the following in column A with those in column B

- 1 Mark each (8 Marks)

- | A | B |
|--|---|
| 1. International product life cycle theory | A. Adam Smith |
| 2. Theory of Absolute advantage | B. INCOTERMS |
| 3. Controlling flow of goods in & out of the country | C. Purchasing power parity |
| 4. EHTP (electronic Hardware Technology Parks) | D. Export credit guarantee corporation |
| 5. The international Chamber of Commerce | E. Raymond Vernon |
| 6. Records the flow of goods, services and money transfers | F. Customs |
| 7. Provide overseas investment insurance cover | G. Current account in balance of payments |
| 8. Factor affecting exchange rate of currency | H. Export promotion scheme |

PART - B

Write any three (3) of the following questions

– 16 marks each (48 Marks)

- Q5.** Write the process steps in the importation cycle. Write in brief about each of these steps.
- Q6.** Write about the important benefits available for an EOU and SEZ manufacturing unit. Bring out some of the differences in for each of them
- Q7.** Write in brief about the methods used in the valuation of goods (as given in the customs valuation of rules, 1988)
- Q8.** Write about the reasons for the creation of trade blocks in general. Write in particular about The following trade blocks bringing out the objective for the creation of these trade blocks
 - a. NAFTA
 - b. MERCOSUR
 - c. ASEAN
 - d. SAARC

Q9. Write about the International Product life cycle theory. Bring out the pros and cons
Of this theory

PART – C

Both questions are compulsory - (20 marks)

Q. 10

M/s ABC Co Pvt. Ltd has imported electronic relays for their production. The material has been ordered with INCOTERMS EX-Works. The cost of the material as indicated in the purchase order is Euro 2350. The material is shipped from Frankfurt airport.

Q. A Calculate the following with the help of additional data provided

- a. Assessable value of the goods
- b. Basic customs duty
- c. Countervailing duty
- d. Landed cost

Additional data:

1. Inland transportation charges & other charges (FOB) at Frankfurt airport Euro 150
2. Air Freight Charges @ 2% of FOB
3. Marine insurance @ 1% of FOB
4. Exchange rate 1 Euro = 70 INR
5. Basic customs duty 7.5%
6. Countervailing duty 10%
7. Special additional duty 4%
8. Landing charges 1%

Q. B. Suitable assumptions in line with the customs practices may be made
