INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Dec 2012

Post Graduate Diploma in Materials Management

Graduate Diploma in Materials Management

PAPER No. 7

International Trade

Date: 10.12.2012 **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 (attempt all questions) (1 x32 = 32 marks)

1. **Select the correct option:**
   a. What is the normal duration of EXIM Policy?
      i. 1 year
      ii. 2 years
      iii. 3 years
      iv. 5 years
   b. Which of the following is not a type of quota?
      i. Tariff quota
      ii. Unilateral quota
      iii. Ad valorem quota
      iv. Mixing quota
   c. The normal validity of RCMC is
      i. 1 year
      ii. 3 years
      iii. 5 years
      iv. Indefinite
   d. International Trade is an exchange of
      i. Capital
      ii. Goods
      iii. Services
      iv. All of the above

State True or False:

e. Import of both new and second hand capital goods can be covered under EPCG scheme.
f. The Exim Policy is now known as the Foreign Trade Policy.
g. Global marketing is not an evolutionary process but it is a revolutionary shift.
h. Deemed Exports are part of Physical Exports.

2. Match the following:

Column "A"	Column "B"
a. GBP	i. Export promotion scheme
b. G-7	ii. Currency
c. GATT/WTO	iii. Stable exchange rate
d. Shipping bill	iv. Trade block
e. EPCG	v. Global trading system
f. Excise duty	vi. Bill of lading
g. European monetary system	vii. Exporter registration
h. RCMC	viii. Inland tax

3. Fill in the blanks:

a. Bill of _______ is required in case of imports.
b. The customs valuation rules were first introduced in the year _________________________.
c. The Indian Customs Act was introduced in the year _______.
d. The ___________________ is the difference between the monetary value of exports and imports of output in an economy over a certain period.
e. Balance of trade may be defined as difference between export and import of _______ and _______.
f. Export processing zones are also known as _______.
g. _______ provides export credit insurance support to Indian exporter.
h. Incoterms stands for _______.

4. Give the full forms:

a. EHTP	b. TRIPS	c. EPCG	d. FEMA
e. SAFTA	f. BCD	g. DDU	h. UCPDC

Part – B (answer any 3) 16x3 = 48 marks

5. What do you understand by word Letter of Credit ? What is the importance of Letter of Credit in the international business? Elaborate different types of Letter of Credits prevailing in business?

6. a. Discuss the various problems associated with international purchasing.
   b. In the light of the theory of comparative advantage, comment on the pros and cons of free trade.

7. a. What is an import cycle? Which are different steps involved in import of any goods in India?
   b. What are the different prevailing exchange rates at global level? What are the various factors that affect exchange rate?

8. a. Define the term International Trade. What are economic benefits of International Trade?
   b. Discuss the customs clearance procedure for import of goods.

9. Write short notes on ANY TWO of the following:
   a. Duty Refund & Less Charge Demand
   b. Global Marketing & Domestic Marketing
   c. Balance of Payment & Balance of Trade
   d. Bill of Entry & Shipping Bill

Part – C (compulsory) 20 marks

10. Fund managers are becoming increasingly aware that they need to take a view on currency movements as well as on the prospects for bonds and equities.

    Since 1991, by liberalizing its economy, India has been struggling to gain a firm position in the global economy. Though it has attracted many foreign investors, it has not succeeded in retraining them. Most of the companies have left the country either because of the infrastructure, which has to go a long way before they meet the international standards or because of the government policies, which are not favourable for carrying out business in India. The basic requirements for carrying on any business like power, roads, telecommunication, etc., are not up to the mark.

    a. Identify the financial and political factors for an MNC to consider while assessing country risk in India. (6 marks)
    b. Describe the various steps taken by the government in the last 2-3 years to attract more foreign players. (6 marks)
    c. How important is political risk for a country like India? Elucidate. (8 marks)

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