



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Dec 2022

Post Graduate Diploma in Logistics & SCM Post Graduate Diploma in Materials Management - 2 years

PAPER No.12 (enrollment code –CPM, CPS)

PAPER No. 7(enrollment code- PMM,PSM,)

International Trade

Date : 12.12.2022

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

Max. Marks : 70

Duration : 3 Hrs.

Instructions:

- From Part A – answer all questions (compulsory). Each sub questions carries 1 mark. **Total : 20 Marks**
- From Part B – Answer any 3 questions Outof 5 questions. Each question carries 10 marks. **Total :30 Marks**
- Part C is a case study (compulsory) with questions. Read the case study carefully and answer the questions **Total: 20 Marks**

Part – A 20 Marks

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

Q.1. Select the appropriate answer [5 marks]

- Person who proposed the “theory of relative advantage” to explain the model of free foreign trade
(a) Charles Rick (b) Edwin Brant (c) Norman (d) Heckscher-Ohlin
- Which organization is the predecessor of the WTO
(a) TRIPS (b) TRIMS (c) EXIM bank (d) GATT
- Which of the following is not an INCOTERM
(a) FOB (b) CIF (c) EXW (d) COD
- L/C is opened by
(a) Importer (b) clearing agent (c) RBI (d) federation of trade
- Which of the following is a trade block?
(a) SEZ (b) FERA (c) UCPDC (d) G7

Q. 2 Fill in the Blanks [5 marks]

- A company which makes investments, sells products, carries out production all over the world is called a _____ company
- Economic development related issues of developing nations are discussed in this 195 member forum _____
- Merger between a Bank & an Insurance company can be termed as _____ merger
- _____ goods and services across boundaries is international trade.
- A voluntary export restraint is the opposite form of _____.

Q. 3 Mention True or False [5 marks]

- Theory of Mercantilism holds that countries should encourage imports & discourage exports
- Macro environment refers to forces beyond the control of an organization
- Macro environment is within the control of an organization.
- IEC is issued by DGFT.
- New Incoterms were introduced by ICC in the year 2010.

Q.4. Match the following [5 marks]

COLUMN A		COLUMN B	
Sr.No.		Sr. No.	
1	Heckscher-Ohlin	A	Global Trade Organization
2	Embargo	B	Code for Import & Export
3	IEC	C	The ban on the import or export of goods
4	WTO	D	Incoterms
5	FAS	E	Theory of comparative advantage

PART-B

(Write any three (3) of the following questions 10 marks each)

(30 Marks)

Q: 5 What is a Letter of Credit? What is the importance of a Letter of Credit in international business? Elaborate on different types of Letters of Credit prevailing in business. **[10 marks]**

Q : 6 Write short notes on following (any two) :-

(2 x5 = 10 marks)

- i) Import & Export Clearance Procedures
- ii) Importance of Incoterms
- iii) Role of Trade Blocks in International Trade
- iv) Balance of Payment and Balance Trade

Q.7 a) Describe the international macro and micro environment in detail.

[5 marks]

b) Explain the procedures for export documentation.

[5 marks]

Q.8 a) Discuss the meaning of and barriers to international trade and their types.

[5 marks]

b) Describe the modern theory of international trade.

[5 marks]

Q. 9 Explain the objectives and functions of the World Trade Organization

[10 marks]

PART - C [Compulsory]

Q. 10 Read the case carefully and answer the questions given at the end.

(20 marks)

M/s MSN Pvt limited is a company engaged in the manufacture of some consumer products. These products had a market and well received by customers. However, due to market saturation the demand for these items started to decline and the need for the location or development of new markets. His friend who was knowing the products indicated that his products will do well in the international markets.

The products produced by M/s MSN have a high level of import content. Lately the fluctuations in the foreign currency has been a concern as the input costs were going up. They felt that this could make the product costlier for export. They are unaware on how the variation in foreign exchange can be managed.

The other area of concern for M/s MSN was the realization of payment from the foreign customers. They wanted to have a method which is secure. They felt that payment along with the order may not be a viable alternative.

All the above-mentioned concerns restricted M/s MSN from taking the plunge to export. If you were in their position what are the options you have to mitigate these concerns.

1. What are the options available for M/s MSN to explore and penetrate the overseas market?
2. What kind of measures can M/s M SN take to mitigate the Foreign Exchange variation?
3. What can M/s MSN do to ensure the receipt of payment with minimum risks
4. What are the other measures that M/s MSN can take to improve the operation on the export front?
