



**INDIAN INSTITUTE OF MATERIALS MANAGEMENT**  
**Post Graduate Diploma in Logistics & SCM**  
**Post Graduate Diploma in Materials Management - 2 years**

**DEC 2023**

**PAPER No.12 (enrollment code - CPM, CPS)**  
**PAPER No. 7 (enrollment code - PMM, PSM) [OFFLINE EXAM]**  
**International Trade**

Date : 11.12.2023  
Time : 10.00 a.m to 1.00 Pm.

Max. Marks: 70  
Duration : 3 Hrs.

**Instructions:**

1. Part A, contains 4 main questions (with 5 sub-questions) each question carries 1 mark - Total 20 marks
2. Part B answer any 3 questions out of 5 questions. Each question carries 10 marks - Total 30 marks
3. Part C is a case study. Read the case carefully and answer the questions - Total 20 marks

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**PART – A**

(20X1= 20 Marks)

(Compulsory - Attempt all questions each question carries 1 mark)

**Q.1 Select the right answer**

[5 marks]

1. Rise in consumer demand is one of the factors affected by \_\_\_\_\_  
(a) Exports                      (b) Globalization                      (c) Imports                      (d) Foreign exchange
2. Encouraging research and development is one of the factors that promote \_\_\_\_\_  
(a) Inventions                      (b) New technology                      (c) Skilled labour                      (d) Exp. Diversification
3. It is advantageous to use \_\_\_\_\_ for the purpose of market penetration  
(a) Subcontractors                      (b) Export houses                      (c) Agents                      (d) Brokers
4. The theory of absolute advantage on international trade was proposed by \_\_\_\_\_  
(a) Adam Smith                      (b) Ricardo                      (c) Ohlin                      (d) Kotler
5. Competition in the industry is a component of the \_\_\_\_\_  
(a) Micro environment                      (b) Macro environment                      (c) Political environment                      (d) None of these

**Q.2 Fill in the blanks**

[5 marks]

1. Demographic environment is a component of the \_\_\_\_\_
2. \_\_\_\_\_ helps in export trade and increases the employment opportunities
3. An organization having operations in multiple countries is a \_\_\_\_\_
4. Setting up a unit in the special economic zone (SEZ) is for the purpose of \_\_\_\_\_
5. Voluntary export restraints (VER) is one of the forms of \_\_\_\_\_

**Q.3 Mention True or False**

[5 marks]

1. A bill of lading is the proof that the goods have boarded the vessel
2. Collection against document is a payment arrangement between a buyer and seller through a bank
3. Balance of payment is the balance that has to be paid by a country to other countries
4. Increased efficiency is one of the advantages of international trade
5. Tariff is one of the methods followed by the government to control international trade

**Q.4 Match The following****[5 marks]**

COLUMN A		COLUMN B	
Sr. No.		Sr. No.	
1	Marine insurance	A	Transport document
2	Bill of lading	B	Trade intervention
3	Rate of inflation	C	Data transfer between two organizations
4	Quota	D	Transit damage risk protection
5	EDI	E	Exchange rate

**PART - B****[Total 30 marks]****Answer any THREE out of the following five questions:**

- Q5.** (a) What are the determinants of the theory of national advantage? **[5 marks]**  
 (b) Explain briefly all the factors that affect the exchange rate of a currency? **[5 marks]**
- Q6.** (a) Explain the 3 classical theories of international trade? **[5 marks]**  
 (b) What are the multiple methods of pricing followed in international trade? **[5 marks]**
- Q7.** (a) Explain the macro environment of international trade **[5 marks]**  
 (b) What are the strategies that are followed in the process of export diversification? **[5 marks]**
- Q8.** (a) Explain the differences and the similarities between international and domestic marketing. **[5 marks]**  
 (b) What are the varieties of mergers that are possible for an organization? **[5 marks]**
- Q9.** (a) What are the multiple modes of entry into the international market? **[5 marks]**  
 (b) What are benefits that accrue to a country on account of international trade? **[5 marks]**

**PART - C****[Total: 20 Marks]****Q.10****CASE STUDY (Compulsory)**

Mr. Ram is a successful entrepreneur with a reasonably well developed industry. He has been in the export business for some time now. He is fully aware of the incentives that are provided by the government for exports. He has to further exploit the international market. He is in the process of setting up a facility abroad. He has decided to explore the situation before taking the final plunge.

Once he found the situation favourable the next step was to start the marketing process. He decided to go about implementing the marketing process in a systematic way.

While studying the existing players in the foreign market he found alternatives to his plan of exploiting the international market. He found that he had multiple options of entering the international market. Though merger was considered he quickly discarded this option. He still had other options to study and decide on the each of these methods and understand the advantages and disadvantages.

Having completed all these aspects of establishing the business he still had one area to explore and understand and that was international finance. During this study he came across two methods of managing the currency risk.

Having carried out the exploration and study successfully he faced minimum difficulty in going ahead with his project of setting up a facility in a foreign country.

**Questions:**

1. What are the factors that has to be studied before he sets up his facility? List the factors.
2. What was the international marketing process followed by Mr. Ram?
3. What were the options other than mergers to enter the foreign market? Explain benefits.
4. What are the two methods of managing the risk in dealing with foreign exchange?