



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Logistics & SCM

Dec 2023

Post Graduate Diploma in Materials Management - 2 years

PAPER No. 7 (enrollment code- PMM, PSM, CMM, CSM) [ONLINE EXAM]

International Trade

Date : 11.12.2023

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 out of 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 appropriate answer

[5 marks]

- By Economies of Scale, we mean:
 - Proportionate Increase in costs due to increased production
 - Saving in production by increased costing
 - proportionate saving in cost by increased production
 - None of the above
- IAEA was established to :
 - Promote air transport
 - promote economic progress
 - promote safety of international flights
 - promote peaceful use of nuclear energy
- Trade barriers are introduced to:
 - Protect national security
 - protect consumer
 - reduce trade deficit
 - All of the above
- EOUs were introduced in 1981 to:
 - Complement objectives of SEZs
 - to control working of SEZs
 - to remove lacuna of SEZs in exports
 - to export more defense equipment
- Block chain refers to:
 - Network of devices to gather data
 - Storing & sharing info thru virtual network
 - Software & hardware based data storage
 - A method of FDI

Q. 2 Fill in the Blanks

[5 marks]

- Taxes imposed and collected by the federal governments on imports which increase the prices of goods charged from the customers is known as _____.
- As a result of _____, international trade grew substantially after the end of the Second World War.
- When two or more unrelated organizations merge horizontally or vertically, these are known as _____.
- WTO's _____ agreement resolves IP issues & promotes trade in knowledge
- Percentage of value of goods for tariff is termed as _____

Q. 3 Mention True or False

[5 marks]

- Regional trade bloc increases the Foreign Direct Investment (FDI) among countries.
- Export diversification can help in stabilizing export earnings in the longer run.
- SWOT Analysis refers to study of Savings & Withdrawals of a company while doing International Trade
- One of the functions of IMF is to maintain stability in International exchange rates
- “Two-point Arbitrage” is also referred as “inverse quotes”.

Q.4. Match the following

[5 marks]

COLUMN A		COLUMN B	
Sr.No.		Sr. No.	
1	IPTO	A	Protectionism
2	Straight Bill of Lading	B	ICAO
3	Promote Civil Aviation Internationally	C	A Regional Trade Agreement Body
4	Encourage production of domestic goods	D	A Trade Promotion Body
5	ASEAN	E	Delivered only to a specified person with ID

PART-B

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

(30 Marks)

Q.5 What are the Cultural issues faced in International Marketing? Suggest ways to overcome the same **(10 marks)**

Q.6 What are the barriers faced in International Trade? How do they impact imports & exports? **(10 Marks)**

Q.7What is Bill of Lading? Explain in brief the different types of Bill of Lading. **(10 Marks)**

Q. 8 What are the different pricing methods adopted in International Trade? **(10 marks)**

Q. 9 Has FDI influenced growth of Indian economy? If so, in what all ways our economy has been benefited. **(10 marks)**

PART - C (Compulsory)

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

(20 marks)

Manohar Exports is a Delhi based exporting firm doing export of women's apparels in cotton and hosiery, to European countries. Their main bankers were International Mercantile Bank of India, Old Delhi Branch and the dealings so far were good.

On September 1, 2018, the firm submitted an export document to International Mercantile Bank of India, Old Delhi Branch, for Euro 77,000.00, drawn on their client Saint James Fashions, Paris. The documents were drawn on 60 days DA terms (Document against Acceptance) as per the contract. They had instructed the bank to present the documents to Saint James Fashions Paris, through their bankers viz, Credit Suisse, Paris.

Manohar Exports submitted all required export documents like bills of exchange, bills of lading, commercial invoice, packing list, inspection certificate, certificate of origin and in the bill of exchange it was typed as 'to be co-accepted by Credit Suisse'. The International Mercantile Bank of India received the documents in its books and sent the documents for collection to Credit Suisse, Paris. In due course, they received communication from Credit Suisse that the documents were accepted by Saint James Fashions and due date of the documents were October 31, 2018. However, on the due date, Manohar Exports did not get their payment and informed their bankers accordingly.

On follow up from exporter's Bank, Credit Suisse informed that the importer, Saint James Fashions had become bankrupt and they were unable to pay the bill. Manohar Exports argued with their bank that they had clearly mentioned in the bills of exchange that the documents were to be released against the co-acceptance of Credit Suisse. Immediately the bank send a message to Credit Suisse that since the bill of exchange contained the co-acceptance clause by the French bank, they are liable to pay even though the importer had become bankrupt. The French bank refuted the claim of the Indian Bank and intimated that the bank's collection instruction did not contain any co-acceptance clause by the French bank and they had acted as per the provisions in the uniform rules for collection in the ICC publication No 522.

Manohar Exports filed a suit with the National Consumer Forum, New Delhi against International Mercantile Bank of India, Delhi, on November 10, 2018, that the bank failed in mentioning the co-acceptance clause in their covering letter to the French bank. In case of non-co acceptance by the French bank, they should have returned the documents and exporter could have arranged for an alternate buyer or re import of the merchandise. This negligence on the part of the bank had caused them total financial loss.

The National Consumer Forum ordered, on February 6, 2019, that the Bank was deficient and negligent in their services and to compensate value of export bill of Euro 77,000 along with 15% interest, till the date of payment. The Bank approached Supreme Court on March 20, 2019. Supreme Court gave the judgment that since the original agreement between exporter and importer do not have any co-acceptance clause by the importer's banker, the co-acceptance clause on the bill of exchange cannot be binding on the French Bank as well as on the Indian Bank. The bankruptcy of the importer is the reason for loss to the exporter and not the deficiency of service by the Indian Bank and passed judgment in favor of International Mercantile Bank, with costs, on April 15, 2019.

Questions

- 1) Elaborate the deficiency of service on the part of the bank, pointed out by the National Consumer Redressal forum, in the light of the uniform rules for collection ICC publication No.522.
- 2) Advise Manohar Exports about the precautions they should have taken to avoid such a colossal business loss.
- 3) Discuss the remedial measures the International Mercantile Bank in India should take to avoid such damaging judgments by the consumer forums.
- 4) Elaborate the Supreme Court judgment in the context of the International banking rules and practices, as guided by the ICC publications.