



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

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

Dec 2025

PAPER No. 15(enrolment code –PGMM, PGSM) INTERNATIONAL TRADE

Date : 24.12.2025
Time : 10.00 a.m to 1.00 p.m

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

PART – A

(20 Marks)

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

Q.1 Select appropriate answer

[5 marks]

- I. Which of the following institutions is the supreme agency in respect of international trade?
(a) Government Trading Organizations (b) Department of Commerce
(c) State Export Promotion Agencies (d) Advisory Bodies
- II. Integration of varied economies into one international economy through free flow of capital, exchange of trade and foreign direct investment is known as -----
(a) Export trade (b) Import trade (c) International trade (d) Globalization
- III. The term "Dumping" means:
(a) Tariffs should be cut to make more money
(b) Buying goods at a low price in another country and selling them here at a higher price
(c) Sale of goods abroad at a low price, below their cost and price in the home market
(d) Expensive goods are being sold at low prices
- IV. When non-tax restrictions are imposed on imported goods, it is considered as:
(a) Tariff barrier (b) Non-tariff barrier (c) Labor restriction (d) Anti-dumping
- V. Some of the common documents required for export of goods include all of the following **EXCEPT**
(a) Letter of Credit (b) Bill of Lading (c) Commercial Invoice (d) Packing List

Q.2 Write the full form of:

[5 marks]

- a) DGFT b) UNCTAD c) BOP (d) EPC (e) EOU

Q. 3 Mention True or False

[5 marks]

- (a) Tariffs refer to taxes on goods manufactured locally
- (b) A Bill of Lading is a negotiable instrument
- (c). An International bill of exchange is a written negotiable instrument
- (d) Forces of international macro environment includes customers.
- (e) International trade of services includes trade related to transportation, tourism, etc.

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

COLUMN A		COLUMN B	
Sr.No.		Sr. No.	
1	Theory of Absolute Advantage	A	Directorate General of Foreign Trade
2	IEC number	B	Competition
3	International Micro Environment	C	Ministry of commerce and industry
4	India Trade Promotion Organization	D	Adam Smith
5	Tariffs	E	Taxes on imports

PART-B**(30 Marks)****Answer any three (3) of the following questions. Each question carries 10 marks****Q.5**

- (a) If any country does not involve in international trade, it will fail to benefit from potential revenues. Explain this statement and bring out the advantages of international trade. **[5 marks]**
- (b) Michael Porter propounded the Diamond Theory of National Advantage in relation to International Trade. As per this theory, discuss the factors that determine the national advantage **[5 marks]**

Q.6

- (a) When entering into foreign markets, an organization has to deal with complex aspects of international marketing. In this context, discuss the key differences between international and domestic marketing and also the similarities between the two. **[5 marks]**
- (b) What do you understand by "Foreign Direct Investment (FDI)". How does it help in the economic development of the country **[5 marks]**

Q.7

- (a) Exchange rate refers to the amount of one nation's currency in comparison to the value of the currency of another nation. In this context discuss the factors that affect the exchange rate of a currency. **[5 marks]**
- (b) Explain the concept of international relations and the various dimensions addresses in it. **[5 marks]**

Q. 8

- (a) What is "International Bill of Exchange"? Discuss the requirements for a valid international bill of exchange and the functions performed by such a bill. **[5 marks]**
- (b) Distinguish between tariff and non-tariff barriers in international trade. Explain some of the important non-tariff barriers imposed by governments. **[5 marks]**

Q. 9

- (a) Special Economic Zones (SEZ) are established by governments to increase economic activities and to encourage exports. In this context, discuss the different types of SEZs established in the country. **[5 marks]**
- (b) Electronic Data Interchange (EDI) refers to the exchange of business documents between two organizations in a standard format. In this context, explain with a neat diagram, the protocol followed in the working of EDI. **[5 marks]**

PART - C [Compulsory]

[20 marks]

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

M/s Special Vehicles Ltd (SVL) deals with the manufacture of utility vehicles in collaboration with Special Motors, USA. Their facility is located at Pune, spread over an area of 250 acres. The total project cost is estimated at around Rs. 1500 crores. As per market projections, the company is expected to achieve around 25% of Indian market share within two years. Special Motors have invested approximately 49% of total project cost. The remaining amount is invested by various entities including financial institutions, international banks and Indian banks. The working capital of SVL is financed by a consortium of banks headed by Global Bank, Pune.

M/s SVL imports various parts of the car engine in a completely knocked down condition (CKD) from Special Motors, USA. It is done after establishing the Letters of Credit (LCs) through Global Bank.

The issuing bank, Global Bank, transmitted the credit as per the request of its Pune branch, to Special Motors, USA. The transfer of funds is carried out through the services of American Bank, New York.

As per the credit conditions, the negotiating bank will forward the documents directly to the Head Office of Global Bank. The beneficiary, Special Motors, presented the credit documents to American Bank, New York, after the export of consignment. After examining the documents for compliance with the terms and conditions of credit, the American bank forwarded the documents to the head office of Global Bank, Pune, and claimed reimbursement from the International Bank, New York. The International Bank credited the account of American Bank and debited the account of Global Bank in its accounts.

Questions

1. How does SVL carry out its operations? [5 marks]
2. Discuss the roles played by various banks in this case [5 marks]
3. Which is the reimbursement bank in this case? [5 marks]
4. Does the payment system adopted in this case protect the interests of both the parties? [5 marks]