

Final Test Paper 7 INDIAN INSTITUTE OF MATERIALS MANAGEMENT INTERNATIONAL TRADE GDMM/PGDMM 3 YEARS

Instructions:

1. Answer all 50 questions. Each question carries 2 marks Total : 100 Marks
2. Duration 1 Hour.

***Required**

1. Email *

2. Name *

3. Roll Number *

4. 1. The theory of absolute advantage is attributed to

Mark only one oval.

- Bertil Ohlin
- Heckscher-Ohlin
- Adam smith
- David Ricardo

5. 2. Raymond Vernon proposed the

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- Theory of absolute advantage
- Theory of relative advantage
- Theory of comparative cost advantage
- Product life cycle theory

6. 3. Investment made to further the business interest of a company in a country other than the investors country of origin is called as

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- Foreign direct investment
- Foreign diversification
- Foreign procurement of goods
- Foreign capitalization

7. 4. Indirect method of export is made through

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- Trading companies
- Shipping lines
- Piggyback companies
- Export promotion councils

8. 5. General Agreement on Tariffs and Trade, a multilateral treaty was set up with the objective of

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- Ensuring a uniform tariff for all the products across the world
- Development and proper utilization of the of the resources of the world
- Elimination of hunger
- Elimination of tariff in all countries

9. 6. World Trade Organization was set up

Mark only one oval.

- To bring discipline to international trade
- To administer the Trade Review Mechanism
- To ensure that all countries implement the same laws for international trade
- To work as an intermediary among organization

10. 7. TRIPS council of WTO refers to

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- Trade related Aspects of Intellectual Property rights
- Trade Related International Property Settlement
- Trade Relationship in International Property Settlement
- Trade Rights and International Principal System

11. 8. International commercial terms (INCOTERMS) are

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- Very difficult to use
- These terms are not used frequently
- Standard trade definitions for special contracts
- Incoterms provide a uniform interpretation of the trade terms across countries

12. 9. EPCG Scheme is an incentive offered by government to

Mark only one oval.

- Helps in increasing the manufacturing capacity
- Is not to be used for the export of goods
- This does not allow the import of raw materials
- This scheme allows the import of new as well as second hand capital equipment

13. 10. Balance of payments measures

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- The amount owed by a nation to other countries
- The amount that is to be received from other countries
- The payments flow between a country and all other countries
- The debt burden of a country

14. 11. One of the components of balance of payments account is the

Mark only one oval.

- Financial transactions are not part of this account
- Financial asset transactions are not part of this account
- Financial remittance form NRI are not covered
- The capital account (the acquisition and disposal of capital equipment)

15. 12. Advance payment method is very secure for the

Mark only one oval.

- Buyer
- Seller
- Equally secure for both the buyer and seller
- Not secure for either buyer or seller

16. 13. Payment through letter of credit

Mark only one oval.

- The risk of non-performance is taken care by the bank
- Does not ensures security for buyer or seller
- The goods are sold to the bank and in-turn to the buyer
- The bank acts as a guarantee to ensure a smooth transaction

17. 14. Currency risk encountered in international trade is offset by

Mark only one oval.

- Selling in local currency
- Use of intermediaries in sales
- Being careful in FE transactions
- Forward contracts

18. 15. URC 522 governs the rules concerning

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- Credit assessment rules
- Risk assessment rules
- Rules for documentary collections to be followed by financial institutions
- Rules for letter of credit operation

19. 16. Uniform customs and practice for documentary credits are governed by the procedure

Mark only one oval.

- UCP 500
- UCP 600
- UCP 522
- UCP 622

20. 17. Tariffs is a form of tax levied on imports

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- Reduces the cost of imports
- Government intervention to promote exports
- Helps foreign companies to do business in India
- This helps domestic companies to compete in price with imported products

21. 18. Method adopted to protect domestic industries from foreign competition are

Mark only one oval.

- Licensing by the government
- Voluntary reduction of imports
- Removal of duty on the imports
- Domestic content requirement

22. 19. Reason cited for Government intervention in international trade

Mark only one oval.

- To generate revenue for the government
- To enhance and ensure national security
- Government not interested in free trade
- To provide advantage to the foreign companies

23. 20. Customs authority is responsible for

Mark only one oval.

- Protecting the country from extremists
- Preventing imports into the country
- Safeguarding and protecting the country from unlawful and damaging imports
- Help only in exports

24. 21. A comprehensive single document that indicates the importation of goods is

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- A bill of lading
- An invoice
- Bill of entry
- Packing list

25. 22. Goods can be imported and consumed at a later date by the filing

Mark only one oval.

- The bill of entry at a time when the goods are required
- By the simple declaration of goods
- By filing a bill of entry for bonding / warehousing
- No such provision is available

26. 23. Shipping is one of the documents that is part of

Mark only one oval.

- Import of services
- Export of goods
- Not required for any of the activities
- Is similar to a packing list

27. 24. Consular invoice is a document that is

Mark only one oval.

- Is an invoice that is certified by the embassy of the exporting country
- Is the same as a normal invoice
- Is a special invoice for export
- Is an invoice that is certified by the embassy of the importing country

28. 25. One of the methods used to identify the assessable value of goods imported

Mark only one oval.

- The amount of duty to be paid
- Will be identified by the assessing officer
- The residual method
- Exchange rate of the item

29. 26. Factor that affects the exchange rate is

Mark only one oval.

- The purchasing power parity
- The rate charged by the bank
- The rate charged by the government
- Rate fixed by the buyer

30. 27. In countries with exchange control regulations

Mark only one oval.

- The law governs the exchange rate
- Is a RBI's policy
- Is when the exchange rate mechanism is controlled by the government
- The banks bank decides on the exchange rate

31. 28. One of the exchange rate mechanism

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- Is the composite currency peg
- Is the fixed currency peg
- Is the free currency peg
- Is the multiple currency peg

32. 29. SDR (special Drawing Right) is an international reserve asset created by

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- IBRD
- IMF
- ADB
- IFC

33. 30. The value of SDR is

Mark only one oval.

- Fixed and based on the US dollar
- Floating and based on the US dollar
- Is based on the Euro
- Is based on a basket of currencies

34. 31. Foreign Exchange Management Act was introduced

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- In place of the fixed exchange control mechanism
- To arrive at an exchange control mechanism based on currency basket
- To replace the foreign exchange regulation act
- The government did not like the earlier system

35. 32. FEMA was introduced with the major objective

Mark only one oval.

- To help the RBI
- Facilitate foreign trade through the proper management of foreign exchange
- To help the customs
- To help the banks dealing in foreign exchange

36. 33. The full form of UNCTAD is

Mark only one oval.

- United Nations Conference on Trade and Development
- United Nations Committee for Trade Agriculture Development
- United Nations Cultural Task force for Agricultural Development
- United Nations Committee on Technology and Development

37. 34. Regional Trade Blocks

Mark only one oval.

- Group of nations cooperating in the area of defense
- Group of nations joining together to facilitate trade within themselves
- Nations who have a common tariff barrier for the commodities
- Nations with the intention of forming political alliances

38. 35. One of the document SETS required in export is the

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- Import license
- Regulatory set of documents
- Duty exemption certificate
- The bill of entry

39. 36. Export promotion councils perform the role of

Mark only one oval.

- Exporter of commodities
- Appraise the government about the problems faced by the exporters
- Forum that does the paper work for the exporter
- Coordinating with the importer's bank

40. 37. Export promotion councils

Mark only one oval.

- Helps the banks in assessing credit worthiness of exporter
- Assists in product development
- Are associations that identify products not to be imported
- Are associations that helps banks to identify exporters

41. 38. ECGC is the short form for

Mark only one oval.

- Export Commercial Guarantee Company
- Export Credit Guarantee Company
- Export Credit Guarantee Corporation
- Expert Corpus fund for Guarantee Council

42. 39. Payment risks of exports are insured by

Mark only one oval.

- Reserve bank of India
- The Bank through which exports have been carried out
- Export credit guarantee corporation
- The buyer's bank

43. 40. Electronic data interchange is the process where

Mark only one oval.

- Two business partners communicate with each other through computers
- Two banks communicate between each other with computers
- Many organizations communicate with each other through computers
- Organizations communicate with the government agencies

44. 41. Special Economic Zone

Mark only one oval.

- Provide economic assistance to the industries
- Helps in channelizing the imports
- During the operation they have to achieve net foreign exchange earnings
- Helps in channelizing the exports

45. 42. The incoterm EXW is advantageous to

Mark only one oval.

- The buyer
- The seller
- Not advantageous to either buyer or seller
- Advantageous to buyer and seller

46. 43. The incoterm Delivered Duty paid

Mark only one oval.

- Is advantageous to the seller
- Neither advantageous to seller nor to the buyer
- Is advantageous to the seller and the buyer
- Is advantageous to the buyer

47. 44. The bill of lading is a

Mark only one oval.

- Non-Negotiable document
- Is only a transportation document
- Is a negotiable document
- Indicates the name of the ship

48. 45. The air way bill is a

Mark only one oval.

- Certificate of receipt by the carrier
- Is only a transportation document
- Is a negotiable document
- Indicates the flight number of the cargo

49. 46. Maritime insurance covers the

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- Loss (if any) occurring in the transaction
- Loss (if any) due to non-payment by the bank
- Loss or damage to transport or cargo between the point of origin and point of delivery
- Loss (if any) due to the contract failing

50. 47. Hedging is a method of

Mark only one oval.

- Mitigating the risk in foreign exchange transactions
- Making profit in the forex market
- Is the process of buying and selling foreign exchange
- Is the method followed by banks in selling foreign exchange

51. 48. Canalized items are

Mark only one oval.

- Commodities that can be imported by any importer without any restriction
- Commodities that can be imported by any importer with restriction
- Commodities that are imported by through special channels or government
- Commodities that are imported by banks

52. 49. Sale on high seas

Mark only one oval.

- Carried out by the seller while the goods are at sea
- Carried out by the consignee while the consignment is at port
- Carried out by the consignee before the shipment lands at the port of clearance
- Carried out by the consignee after the shipment is customs cleared at port

53. 50. International trade helps to

Mark only one oval.

- Reduce imports
- Increase the cost of imports
- Bring in capital inflows
- Save on the cost of imports

