INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Materials Management - 3 years
Graduate Diploma in Materials Management

July 2019

PAPER No. 7

INTERNATIONAL TRADE

Date: 22.07.2019

Max. Marks: 100

Time: 10.00 am to 1.00 pm **Duration: 3 Hrs.**

Instructions:

1. From Part A – answer all questions (compulsory). Each sub question carries 1 mark. **Total: 32 Marks**
2. From Part B – Answer any 3 questions out of 5 questions. Each sub-question carries 16 marks. **Total: 48 Marks**
3. Part C is a case study (compulsory) with questions. Read the case study carefully and answer the questions. **Total: 20 Marks**
4. Please read the instructions given in the answer sheet.

Part – A **32 Marks**

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

Q.1. Select appropriate answer

1.Identify the stage in the International Product Life cycle theory

(a) New Product (b) Maturing Product (c) Standard product (d) All of them

2.Whenever BOP is positive that means that imports is _________ than exports

(a)Less (b) More (c)Equal to (d) None of them

3.Tax levied on import of goods is called as

(a) VAT (b) Tariffs (c) GST (d) IGST

4.The theory of relative advantage was stated by the economist

(a) Charles Rick (b) Edwin Brant (c) Norman (d) Heckscher-Ohlin

5.Multilateral treaty signed between nations signed in 1947 to expand International trade was

(a) World Bank (b) United Nations (c) GATT (d) ADB

6.International Monetary fund (IMF) is part of

(a) Economic Block (b) A Part of WTO (c)World Bank (d) None of the above

7.Single Currency Peg System is a system to determine the

(a) Customs duty (b) Balance of Trade (c)Insurance (d) Exchange Rate

8. JDGFT announces the _______________ once in every five years

(a) Exim policy (b) Export promotion (c) FERA (d) IMF

Q. 2 Give Full Forms

(1) UCP (2) GATT (3)SAARC (4)STP (5) MAWB (6) ECGC (7)FEMA 8)EPC

Q. 3 Mention True or False

1. Letter of credit is one of the most secure methods of payments in international trade
2. GATT was formed because WTO failed in its mandate
3. ASEAN is not an economic block
4. INCOTERM is an international terminology to indicate the sharing of risks between buyer & buyer
5. BOP is a system that measures the FE flows between an individual country and all other countries
6. Composite currency peg is a method of payment of foreign exchange
7. ECGC provides export credit insurance to Indian exporters
8. International Product life cycle theory explains the importation process in a country

Q.4. Match the following

COLUMN A		**COLUMN B**	
Sr.No.		Sr. No.	
1	Bill of lading	A	Exchange rate mechanism
2	Letter of credit	B	Import of capital goods
3	Multi-currency peg	C	International payment method
4	EPCG scheme	D	EHTP scheme
5	Export Promotion	E	Trade agreement
6	NAFTA	F	Incoterms
7	Export Promotion Council	G	One of import documents
8	Delivered duty Paid	H	Facility for Exporters

PART-B

Write any three (3) of the following questions 16 marks each (48 Marks)

Q.5 (a) Explain the role of the Export promotion councils
(b) What do you understand by INCOTERMS. Explain its role in international contracts

Q.6 (a) Explain the various payment terms used and the risks associated with each of them
(b) Compare the two acts FERA and FEMA

Q.7 (a) Explain International product life cycle stages
(b)Explain the role of the Export promotion councils

Q. 8 Explain the importation cycle for the import of goods

Q. 9 Explain the vendor selection process in the importation of goods and services

PART- C 20 marks

(Compulsory)

Q 10. Read the case study carefully and answer the questions given at the end (5 marks each)

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 MSN take to mitigate the FE 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?

****