



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

June 2023

Post Graduate Diploma in Logistics & SCM
Post Graduate Diploma in Materials Management - 2 years
PAPER No.12 (enrollment code –CPM, CPS)
PAPER No. 7 (enrollment code- PMM,PSM, CMM,CSM)
International Trade

Date : 12.06.2023
Time : 10.00 a.m to 1.00 p.m.

Max. Marks : 70
Duration : 3 Hrs.

Instructions:

1. From Part A – answer all questions (compulsory). Each sub questions carries 1 mark. **Total : 20 Marks**
2. From 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 (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]

1. In the open account payment system the risk is faced by the
(a) Seller (b) Buyer (c) Customer (d) None
2. Intellectual property rights promotion and disputes are resolved by
(a) TRIMS (b) GATT (c) UNCITRAL (d) TRIPS
3. An international bill of exchange is a
(a) Negotiable instrument (b) Payment draft (c) Issued by the buyer (d) Issued by the seller
4. Interventions in international trade is made by the government to
(a) Show political clout (b) Protect consumers (c) Protect customs duty (d) None of these
5. EPCG is an export promotion scheme for the purpose of import of
(a) Intellectual property (b) Special services (c) Raw materials (d) Capital goods

Q.2 Fill in the Blanks

[5 marks]

1. _____ trade theory is also known as the Theory of comparative advantage
2. Customers are an important part of the International _____ environment
3. _____ companies increase foreign direct investment in the host countries
4. Special drawing rights is a financial instrument provided by _____
5. _____ is a method used to increase the cost of the imported goods

Q. 3 Mention True or False

[5 marks]

1. Quota is a method used to reduce the physical quantity of export of a product
2. Electronic Data Interface (EDI) is a system used in international marketing
3. Porter is the author of the diamond theory of National advantage
4. International marketing helps to reduce the cost because of economies of scale
5. IMF (International Monetary Fund) is an organization that regulates the exchange rate mechanism of currencies

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

COLUMN A		COLUMN B	
Sr.No.		Sr. No.	
1	Monetary record of transactions	A	Bank's role limited to payment clearance
2	Resolution of trade disputes	B	Bill of exchange
3	Loans for capital projects	C	Balance of payment
4	Clean Payment	D	World Trade Organization
5	Promissory Note	E	World Bank

PART-B**Write any three (3) of the following questions 10 marks each****[30 Marks]****Q.5(a)** Explain briefly the steps in the e-marketing of B2C Electronic marketing model**[5 marks]**

(b) Explain briefly the functions of an export house

[5 marks]**Q.6(a)** Explain some of the non-tariff barriers followed by the government in international trade**[5 marks]**

(b) Explain what you understand by Straight, Order. Bearer and Surrender bill of lading

[5 marks]**Q.7(a)** What are the advantages that accrue to a country due to international trade?**[5 marks]**

(b) Explain with a diagram Porter's diamond theory of national advantage

[5 marks]**Q. 8(a)** What are the international micro environment factors faced by a company?**[5 marks]**

(b) What are the methods of entry that can be followed for entry into an international market?

[5 marks]**Q. 9(a)** What are the factors that affect the exchange rate?**[5 marks]**

(b) What are the advantages provided by WTO in the process of globalization?

[5 marks]**PART - C [Compulsory]****Q.10 Read the case carefully and answer the questions given at the end.****[20 marks]**

Three friends have been carrying out business in the name of M/s North South industries. They have a reputation for quality. They have the latest technology and the best of skilled manpower. The customer base is strong and they have a reliable and responsible vendor base.

They would like to increase their market share both in the domestic and international market. A few of the components that make up an important subassembly are sourced abroad. This is causing concern and needs attention and a proper solution. One of the options is to set up a facility abroad and supply the subassembly and the alternate is to set up a facility locally.

This subassembly being a critical component has a demand far more than the requirement of M/s North South Industries both in the local market and the international market. Exploiting this market is also one of the objectives.

The company is also aware of many incentives provided by the government for exports. The company can focus on exports and the domestic market to some extent if they channelize the efforts properly.

Questions:

1. What must be their approach to decide on a proper solution for the subassembly?

[5 marks]

2. What factors need to be analyzed before they decide on entering the international market?

[5 marks]

3. What are the factors that can be advantageous if the company focuses on the domestic market?

[5 marks]

4. Will the company benefit by utilizing any of the incentive schemes? How?

[5 marks]