International Trade

Date: 12.06.2017
Time: 10.00 a.m. to 1.00 p.m.

Max. Marks: 100
Duration: 3 Hrs.

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

Part – A 32 Marks
(Attempt all questions Each sub questions carries 1 mark.)

Q1. Select the correct option: [ 8 marks ]

a. What is the normal duration of EXIM Policy?
   i. 1 year.
   ii. 2 years
   iii. 5 years
   iv. 4 years

b. Which of the following is NOT a reason why nations export?
   i. Some nations produce more goods or services than can be consumed at home.
   ii. Some nations are able to sell goods or services to other nations at higher prices than they can obtain domestically.
   iii. For some nations, especially developing countries, export can serve the purpose of earning foreign currency with which they can buy essential imports.
   iv. For some nations, export can halt the fluctuation of the national currency.

c. Which of the following document is not attached with B/E?
   i. Invoice
   ii. B/L
   iii. Insurance
   iv. Tender Enquiry

d. International Trade is an exchange of
   i. Capital
   ii. Goods
   iii. Services
   iv. All of the above
State True or False:

e. Import of both new and second hand capital goods can be covered under EPCG scheme.
f. Port formalities are not part of customs clearance procedure.
g. Global marketing is not an evolutionary process but it is a revolutionary shift
h. Deemed Exports are part of Physical Exports

Q2. Match the following: [ 8 marks ]

<table>
<thead>
<tr>
<th>Column “A”</th>
<th>Column “B”</th>
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</thead>
<tbody>
<tr>
<td>a. Balance of trade</td>
<td>i. Mandatory code for import &amp; export</td>
</tr>
<tr>
<td>b. GATT/WTO</td>
<td>ii. Bill of lading</td>
</tr>
<tr>
<td>c. IEC</td>
<td>iii. Trade Block</td>
</tr>
<tr>
<td>d. Shipping bill</td>
<td>iv. Type of custom duty</td>
</tr>
<tr>
<td>e. G – 7</td>
<td>v. Global trading system</td>
</tr>
<tr>
<td>f. BCD</td>
<td>vi. difference between a country’s total imports and exports</td>
</tr>
<tr>
<td>g. Excise duty</td>
<td>vii. Inland tax</td>
</tr>
<tr>
<td>h. GBP</td>
<td>viii. Currency</td>
</tr>
</tbody>
</table>

Q3. Fill in the blanks: [ 8 marks ]

a. Bill of _______ is required in case of imports.
b. __________reference is necessary for the custom clearance of imported goods.
c. New Incoterms have been introduced by ICC in the year __________.
d. The customs valuation rules were first introduced in the year __________
e. Export processing zones are also known as ________________.
f. IEC is issued by __________
g. When a country’s total annual imports __________its total annual exports, it is said to have trade deficit.
h. Incoterms stands for ________.

Q4 Give the full forms: [ 8 marks ]

1. BCD  2. TRIPS  3. EPCG  4. FEMA
5. ICD  6. FEMA  7. SAARC  8. SAFTA
PART-B

Write answers to any three (3) of the following questions (16 marks each) [48 Marks]

Q5. What are incoterms? What is the usefulness of each term?

Q6. Discuss the formalities required for import of goods & customs clearance procedure of imported goods.

Q7. Define the term International Trade. What are economic benefits of International Trade?

Q8. What do you understand by word Letter of Credit? Discuss the procedure involved in opening a letter of credit and elaborate different types of Letter of Credits prevailing in business?

Q9. Write short notes on ANY TWO of the following:
   a. FERA and FEMA
   b. Bill of Entry & Shipping Bill
   c. Balance of Payment and Balance Trade
   d. Global Marketing & Domestic Marketing

PART-C [20 marks]

(Compulsory)

Q10. Read the case study carefully and answer the questions given at the end.

   Fund managers are becoming increasingly aware that they need to take a view on currency movements as well as on the prospects for bonds and equities.

   Since 1991, by liberalizing its economy, India has been struggling to gain a firm position in the global economy. Though it has attracted many foreign investors, it has not succeeded in retraining them. Most of the companies have left the country either because of the infrastructure, which has to go a long way before they meet the international standards or because of the government policies, which are not favorable for carrying out business in India. The basic requirements for carrying on any business like power, roads, telecommunication, etc., are not up to the mark.

   Questions

   a. Identify the financial and political factors for an MNC to consider while assessing country risk in India. (6 marks)
   b. Describe the various steps taken by the government in the last 2-3 years to attract more foreign players. (6 marks)
   c. How important is political risk for a country like India? Elucidate. (8 marks)