

# **SRM VALLIAMMAI ENGINEERING COLLEGE**

**(An Autonomous Institution)**  
SRM Nagar, Kattankulathur – 603 203

## **DEPARTMENT OF MANAGEMENT STUDIES**

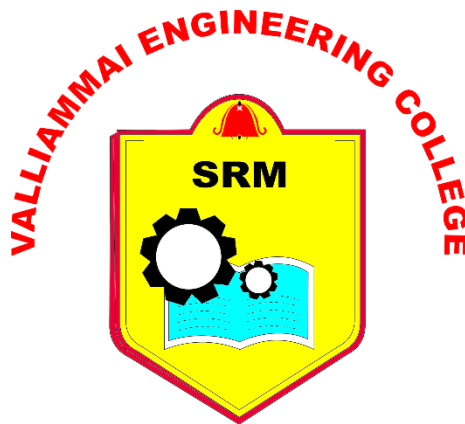
### **QUESTION BANK**

### **III SEMESTER**

### **1915316 – INTERNATIONAL TRADE FINANCE**

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**Prepared by**

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## UNIT – I – INTERNATIONAL TRADE

**SYLLABUS:** : International Trade – Meaning and Benefits – Basis of International Trade – Foreign Trade and Economic Growth – Balance of Trade – Balance of Payment – Current Trends in India – Barriers to International Trade – WTO – Indian EXIM Policy.

### PART- A

S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	What is meant by International Trade?	Level 1	Remembering
2.	Compare International Trade and Domestic Trade.	Level 2	Understanding
3.	List any two reasons why countries engage in International Trade.	Level 3	Applying
4.	What do you mean by Balance of Trade deficit?	Level 1	Remembering
5.	What is Balance of Payment disequilibrium?	Level 2	Understanding
6.	Interpret the benefits of International Trade.	Level 3	Applying
7.	Define Balance of Trade.	Level 1	Remembering
8.	List the factors affecting the Balance of Payment of the Country.	Level 2	Understanding
9.	Write about the Foreign Trade of India?	Level 3	Applying
10.	What are the objectives of the Indian EXIM policy?	Level 1	Remembering
11.	Write about Economic growth.	Level 2	Understanding
12.	Identify the barriers to International Trade.	Level 3	Applying
13.	Define Balance of Payment.	Level 1	Remembering
14.	Compare BOP and BOT.	Level 2	Understanding
15.	State the role of WTO.	Level 3	Applying
16.	List the four types of international trade transactions.	Level 1	Remembering
17.	What are the different types of risks in Foreign trade?	Level 2	Understanding
18.	Identify the four causes of disequilibrium in BOP.	Level 3	Applying
19.	Define WTO.	Level 1	Remembering
20.	What are the components of BOP account?	Level 2	Understanding
21.	Define Tariff and Non-Tariff barriers?	Level 3	Applying

22.	What are Quotas?	Level 1	Remembering
23.	What is Anti Dumping?	Level 2	Understanding
24.	What are Intellectual Property Rights?	Level 3	Applying

PART- B				
S.NO	QUESTIONS		BT LEVEL	COMPETENCE
1.	Describe the nature, features and basis of international trade.	(13)	Level 1	Remembering
2.	Outline the conditions under which international trade is possible and also explain its benefits.	(13)	Level 2	Understanding
3.	Explain how foreign trade contributes to economic growth?	(13)	Level 2	Understanding
4.	Briefly analyse BOT deficit and its causes.	(13)	Level 1	Remembering
5.	Discuss in detail about the disequilibrium in BOP and also explain what methods you would suggest for correcting the adverse balance of payments?	(13)	Level 3	Applying
6.	(i) Explain the tariff barriers in International Trade.	(7)	Level 3	Applying
	(ii) Explain non-tariff barriers in International Trade.	(6)		
7.	What are the special difficulties in the International Trade or Marketing?	(13)	Level 1	Remembering
8.	Explain in detail about the factors affecting Balance of Payment.	(13)	Level 1	Remembering
9.	(i) Outline the objectives and functions of WTO.	(13)	Level 3	Applying
	(ii) Identify objectives and strategy of foreign trade policy of India.	(13)		
10.	Discuss the strategy of EXIM policy of India.	(13)	Level 2	Understanding
11.	Explain the current trends in India's foreign trade.	(13)	Level 1	Remembering
12.	List the role of WTO in International economic integration.	(13)	Level 1	Remembering
13.	How do cultural, economic and political affect the environment for international marketing?	(13)	Level 4	Analysing
14.	Explain the factors containing MNC's efforts to maximize returns.	(13)	Level 3	Applying
15.	Why should a country give up its Restrictive Trade Policy in	(13)	Level 4	Analysing

	favour of Liberalisation?			
16.	Describe the impact of EXIM policy of India on various sectors.	(13)	Level 2	Understanding
17.	Discuss the Political and Economical impact of WTO on the developing Countries.	(13)	Level 1	Remembering

<b>PART - C</b>			
<b>S.NO</b>	<b>QUESTIONS</b>	<b>BT LEVEL</b>	<b>COMPETENCE</b>
1.	Discuss the reasons why international trade is more difficult and riskier than domestic trade.	Level 4	Analysing
2.	Explain how international trade enhances the possibility of economic development in India.	Level 4	Analysing
3.	Discuss the role of Foreign Trade in Economic Growth of a country.	Level 5	Evaluating
4.	European Machine tools is a mid-western manufacturer of tool and die making equipment. The company has had an inquiry from a representative of the Indian government about the terms of sales for a \$7,000,000 order of machinery. The sales manager spoke with the Indian representative, but he is doubtful that the Indian government will be able to obtain enough hard currency to make the purchase. While the Euro economy has been growing, European Machine tools has not had a very good year. An additional \$7,000,000 in sales would definitely help. If something cannot be arranged, the firm will likely be forced to lay off some of its skilled workforce. Is there a way that you can think of that European Machine Tools might be able to make the machinery sale to India?	Level 4	Analysing
5.	Discuss the Revised EXIM Policy of India.	Level 4	Analysing

## UNIT – II – EXPORT AND IMPORT FINANCE

**SYLLABUS:** Special need for Finance in International Trade – INCO Terms (FOB, CIF, etc.,) – Payment Terms – Letters of Credit–Pre-shipment and Post Shipment Finance– Forfeiting–Deferred Payment Terms. EXIM Bank – ECGC and its schemes Import Licensing – Financing methods for import of Capital goods.

### PART- A

S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	What is meant by Venture Capital?	Level 1	Remembering
2.	Write about Ex-works.	Level 2	Understanding
3.	Define the term Forfeiting.	Level 2	Understanding
4.	List any four significance of Export finance.	Level 1	Remembering
5.	What do you mean by Import Licensing?	Level 2	Understanding
6.	Differentiate Pre-shipment and Post shipment Finance.	Level 2	Understanding
7.	Define CIF.	Level 1	Remembering
8.	Write about the concept of Packing Credit Guarantee.	Level 2	Understanding
9.	What is Red Clause Letter Of Credit?	Level 1	Remembering
10.	Distinguish between Free On Board (FOB) and Insurance and Freight (CIF).	Level 1	Remembering
11.	List the functions of ECGC.	Level 2	Understanding
12.	What is Pre-shipment Packing Credit.	Level 1	Remembering
13.	What are the methods of International payment?	Level 1	Remembering
14.	What do you mean by Letter of Credit?	Level 2	Understanding
15.	State the term Deferred payment terms.	Level 2	Understanding
16.	What is the purpose of issuing Letter of Credit?	Level 1	Remembering
17.	What is Export Credit Guarantee Corporation?	Level 2	Understanding
18.	State the meaning of Ex-ship price.	Level 2	Understanding
19.	Define Incoterms.	Level 1	Remembering
20.	List the three advantages of Letter Of Credit.	Level 2	Understanding
21.	Identify the methods or terms of payment for Export Finance?	Level 3	Applying

22.	State the need for Export Finance.	Level 1	Remembering
23.	Write about Bill of Lading.	Level 2	Understanding
24.	Identify the documents accompanying Letter of Credit.	Level 3	Applying

<b>PART- B</b>				
<b>S.NO</b>	<b>QUESTIONS</b>		<b>BT LEVEL</b>	<b>COMPETENCE</b>
1.	(i)What are the sources of financing Foreign Trade? Explain.	(6)	Level 1	Remembering
	(ii)Explain in detail the types of Import licenses.	(7)		
2.	Describe the importance of Letter Of Credit.	(13)	Level 2	Understanding
3.	Classify the types of Letter Of Credit.	(13)	Level 2	Understanding
4.	Discuss the types of Inco terms used in Foreign Trade.	(13)	Level 1	Remembering
5.	Examine the methods of Pre-shipment finance.	(13)	Level 3	Applying
6.	(i)Discuss the objectives of Import Licensing.	(6)	Level 3	Applying
	(ii)Discuss and Evaluate common rules in Import Licensing.	(7)		
7.	Enumerate the role played by ECGC to promote International trade? Explain the various schemes offered by Export Credit Guarantee corporation to its exporters.	(13)	Level 1	Remembering
8.	Examine the methods of Post shipment finance.	(13)	Level 1	Remembering
9.	Explain the procedure for collection of payment under Documents Against Payment and Documents Against Acceptance.	(13)	Level 3	Applying
10.	Explain the various institutions involved in the provisions of finance in India.	(13)	Level 2	Understanding
11.	Enumerate in detail the role of EXIM Bank in financing the international trade of India.	(13)	Level 1	Remembering
12.	What is ECGC? Explain the risk covered and guarantees provided by ECGC.	(13)	Level 1	Remembering
13.	Explain the financing methods for import of capital goods.	(13)	Level 4	Analysing
14.	List and explain the various INCO terms.	(13)	Level 2	Understanding
15.	What is forfeiting? Discuss its significance.	(13)	Level 1	Remembering

16.	What are the methods (or) terms of payment for Export finance? Discuss.	(13)	Level 2	Understanding
17.	Identify the documents accompanying Letter of Credit.	(13)	Level 3	Applying

<b>PART - C</b>			
<b>S.NO</b>	<b>QUESTIONS</b>	<b>BT LEVEL</b>	<b>COMPETENCE</b>
1.	What are the various types of credits available to Indian exporters for financing their exports? Are they adequate?	Level 1	Remembering
2.	Elucidate the procedures followed for obtaining Import documents and list out the procedures for exporting of automobile spare parts to foreign countries.	Level 3	Applying
3.	Explain the various types of Risk covering documents in international trade.	Level 2	Understanding
4.	Analyse the complexities of International Financial management compared to domestic financial management.	Level 4	Analysing
5.	Evaluate the Export credit and Finance system in India.	Level 4	Analysing

## UNIT – III – FOREX MANAGEMENT

**SYLLABUS:** Foreign Exchange Markets – Spot Prices and Forward Prices – Factors influencing Exchange rates – The effects of Exchange rates in Foreign Trade – Tools for hedging against Exchange rate variations – Forward, Futures and Currency options – FEMA – Determination of Foreign Exchange rate and Forecasting.

### PART- A

S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	What is meant by Foreign Exchange rate?	Level 1	Remembering
2.	Explain Banker's Draft.	Level 2	Understanding
3.	Distinguish Spot Market and Forward Market.	Level 2	Understanding
4.	What is of Bill of Exchange?	Level 1	Remembering
5.	List the importance of forward market.	Level 2	Understanding
6.	What is Call Option?	Level 2	Understanding
7.	What are the types of commercial documents?	Level 1	Remembering
8.	State the meaning of Forward Rate.	Level 2	Understanding
9.	Name some applications of currency options.	Level 1	Remembering
10.	State time series technique of forecasting Exchange rates.	Level 1	Remembering
11.	Define Foreign Exchange Management Act.	Level 2	Understanding
12.	Write the scope of FEMA.	Level 1	Remembering
13.	What is the price quotation used in the foreign trade?	Level 1	Remembering
14.	What is the main idea of forward prices?	Level 2	Understanding
15.	State the meaning of Exchange rate forecasting.	Level 2	Understanding
16.	Differentiate Future contracts from Forward contract.	Level 1	Remembering
17.	What are the problems in forecasting Exchange rate?	Level 2	Understanding
18.	Compare short term financing decision and long term financing decision.	Level 2	Understanding
19.	What do you mean by Commercial Invoice?	Level 1	Remembering
20.	Write a short note on currency Swap.	Level 2	Understanding



21.	Identify the reasons for using single rates and multiple rates in Exchange rates.	Level 3	Applying
22.	State the meaning of Fluctuating Exchange rate.	Level 1	Remembering
23.	Write about Telegraphic Transfer.	Level 2	Understanding
24.	What is Hedging?	Level 3	Applying

PART- B				
S.NO	QUESTIONS		BT LEVEL	COMPETENCE
1.	(i)What are the factors that influence the Exchange rates? Explain.	(6)	Level 1	Remembering
	(ii)Describe the classification of Foreign Exchange markets.	(7)		
2.	Describe the mechanism of determination of Foreign Exchange rate and Forecasting.	(13)	Level 2	Understanding
3.	Explain the structure and functions of Foreign Exchange market.	(13)	Level 2	Understanding
4.	Discuss the techniques of forecasting Exchange rates.	(13)	Level 1	Remembering
5.	State the causes for fluctuations in the rate of Exchange.	(13)	Level 3	Applying
6.	(i)Explain the provisions relating to Authorised Person to deal Foreign Exchange.	(6)	Level 3	Applying
	(ii)Discuss the participants involved in foreign Exchange market.	(7)		
7.	Describe the forward rate in respect to Arbitrage, Hedging and Speculation.	(13)	Level 1	Remembering
8.	Explain the terms Forward, Futures, and Currency Options and its uses.	(13)	Level 1	Remembering
9.	What is FEMA? State its objectives. Explain how the transition of FERA to FEMA takes place.	(13)	Level 3	Applying
10.	Examine any two transactions of foreign exchange market.	(13)	Level 2	Understanding
11.	Explain with suitable examples hedging in a forward market.	(13)	Level 1	Remembering
12.	Compare Future and Forward Markets.	(13)	Level 1	Remembering
13.	Examine briefly about the provisions of FEMA.	(13)	Level 4	Analysing

14.	Explain the role of RBI for regulation and development of foreign exchange markets.	(13)	Level 2	Understanding
15.	Evaluate the theories of exchange rate determination.	(13)	Level 1	Remembering
16.	What are the various hindrances / causes / impediments which have curtailed our export volume?	(13)	Level 2	Understanding
17.	Explain the types of foreign exchange quotations.	(13)	Level 3	Applying

<b>PART - C</b>			
<b>S.NO</b>	<b>QUESTIONS</b>	<b>BT LEVEL</b>	<b>COMPETENCE</b>
1.	“Doing international business poses challenges to managers so far as social actions are concerned”-Elaborate this statement.	Level 1	Remembering
2.	“Two ethical issues are prominent in international business: bribery and corruption and work practices and work remuneration.” Substantiate this statement.	Level 3	Applying
3.	Do you think Indian firms should go global? Why not they remain content with domestic market, which is vast?	Level 2	Understanding
4.	Discuss the various tools used for hedging against exchange rate variations.	Level 4	Analysing
5.	Discuss the methods of Foreign payments.	Level 4	Analysing

**UNIT – IV – DOCUMENTATION IN  
INTERNATIONAL TRADE**

**SYLLABUS:**

Export Trade Documents: Financial Documents – Bill of Exchange- Type- Commercial Documents - Proforma, Commercial, Consular, Customs, Legalized Invoice, Certificate of Origin Certificate Value, Packing List, Weight Certificate, Certificate of Analysis and Quality, Certificate of Inspection, Health certificate. Transport Documents -Bill of Lading, Airway Bill, Postal Receipt, Multimodal Transport Document. Risk Covering Document: Insurance Policy, Insurance Cover Note. Official Document: Export Declaration Forms, GR Form, PP Form, COD Form, Softer Forms, Export Certification, GSPS – UPCDC Norms.

**PART- A**

S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	What is Bill of Exchange?	Level 1	Remembering
2.	Write a note on Export Declaration Form.	Level 2	Understanding
3.	Give the usage of Export Documentation?	Level 3	Applying
4.	List the different methods of exchange control.	Level 1	Remembering
5.	What is meant by Franco invoice?	Level 2	Understanding
6.	Differentiate bill of exchange and bill of lading.	Level 3	Applying
7.	What is letter of hypothecation?	Level 1	Remembering
8.	Write a short note on insurance cover note?	Level 2	Understanding
9.	What is GSPS Certificate?	Level 3	Applying
10.	What do you understand by Multi model Transport document?	Level 1	Remembering
11.	Can you list the types of commercial documents?	Level 2	Understanding
12.	What is your opinion of PP form?	Level 3	Applying
13.	Define export certification.	Level 1	Remembering
14.	Mention the important risk covering documents.	Level 2	Understanding
15.	What is consular invoice?	Level 3	Applying
16.	Can you make a distinction between dutiable shipping bill and free shipping bill	Level 1	Remembering
17.	Define cart ticket.	Level 2	Understanding
18.	Write a note on currency swap.	Level 3	Applying

19.	Define UPCDC norms.	Level 1	Remembering
20.	What is fumigation certification?	Level 2	Understanding
21.	Give the usage of GR Form?	Level 3	Applying
22.	What is PP Form?	Level 1	Remembering
23.	What is COD Form?	Level 2	Understanding
24.	Identify the importance of Health certificate.	Level 3	Applying

PART- B				
S.NO	QUESTIONS		BT LEVEL	COMPETENCE
1.	What are the documents used during the import and the export trade? Explain any three, in detail.	(13)	Level 1	Remembering
2.	How would you explain the need for export trade documents?	(13)	Level 2	Understanding
3.	How would you classify the types/kinds of LCs?	(13)	Level 2	Understanding
4.	Explain in detail about types of export trade documents.	(13)	Level 1	Remembering
5.	How would you show your understanding of multimodal transport document and discuss its advantages?	(13)	Level 3	Applying
6.	Identify the purpose of bill of lading.	(13)	Level 3	Applying
7.	Examine the needs of different kinds of form such as export declaration form, GR form, PP form, COD form, soft form, export certification. Explain separately.	(13)	Level 4	Analysing
8.	Briefly explain the contents of bill of lading.	(13)	Level 1	Remembering
9.	Can you assess the various commercial documents in detail?	(13)	Level 3	Applying
10.	Discuss the types of insurance policies in exports?	(13)	Level 5	Evaluating
11.	Based on what you know, how would you explain the types of official financial documents involved in international trade. Explain its advantages.	(13)	Level 1	Remembering
12.	What are the various clearances required for shipment of goods?	(13)	Level 1	Remembering
13.	How would you summarize the transport documents used in international trade?	(13)	Level 3	Applying

14.	How would you apply what you learned to develop consular invoice and types of bill of lading?	(13)	Level 3	Applying
15.	What facts would you select to view of GSP rules of origin?	(13)	Level 1	Remembering
16.	Explain the important commercial documents involved in International Trade.	(13)	Level 2	Understanding
17.	What are the different types of documentations used in international trade? Discuss.	(13)	Level 1	Remembering

<b>PART - C</b>			
<b>S.NO</b>	<b>QUESTIONS</b>	<b>BT LEVEL</b>	<b>COMPETENCE</b>
1.	Commercial paper is a short-term funding instrument issued by a non-financial corporation; if the issuer is a financial firm it should be called a certificate of deposit. A banker's acceptance is a commercial paper issued by a bank. Do you agree?	Level 4	Analysing
2.	Categorize the different types of inspection procedure followed to ensure the quality of export consignments.	Level 4	Analysing
3.	Discuss the features of Risk Covering Documents relating to international trade.	Level 5	Evaluating
4.	Classify the different forms of official documents in relation to export declaration.	Level 4	Analysing
5.	Examine in detail about cash on delivery (COD) form.	Level 4	Analysing

**UNIT – V – EXPORT PROMOTION SCHEMES**

**SYLLABUS:** Government Organizations Promoting Exports – Export Incentives: Duty Exemption – IT Concession – Marketing Assistance – EPCG, DEPB – Advance License – Other efforts | Export Promotion – EPZ – EQU – SEZ and Export House.

**PART- A**

<b>S.NO</b>	<b>QUESTIONS</b>	<b>BT LEVEL</b>	<b>COMPETENCE</b>
1.	Show the entitlements for the EPZ.	Level 1	Remembering
2.	Outline the aim of the export house/trading house/super star trading house.	Level 2	Understanding
3.	What is export house?	Level 3	Applying
4.	What inference can you make for export promotion?	Level 1	Remembering
5.	Can you list out the Duty Exemption Schemes?	Level 2	Understanding
6.	List the scheme for export incentives.	Level 3	Applying
7.	What is EPCG?	Level 1	Remembering
8.	Can you list out the important Government Organisations promoting exports?	Level 2	Understanding
9.	Give the meaning of export assistance?	Level 3	Applying
10.	List facilities under EOU scheme.	Level 1	Remembering
11.	What are export incentives?	Level 2	Understanding
12.	Give any two schemes which assist export marketing.	Level 3	Applying
13.	What are the features of export oriented units scheme?	Level 1	Remembering
14.	What is duty exemption?	Level 2	Understanding
15.	Give the usage of a Duty free replenishment certificate.	Level 3	Applying
16.	What inference can you make about duty drawback scheme?	Level 1	Remembering
17.	What is free zone?	Level 2	Understanding
18.	What do you mean by EPZ?	Level 3	Applying
19.	What is DEPB?	Level 1	Remembering
20.	Define SEZ.	Level 2	Understanding
21.	What is EPC?	Level 3	Applying

22.	What is meant by Advance License?	Level 1	Remembering
23.	What is EQU?	Level 2	Understanding
24.	Give the meaning of MDA?	Level 3	Applying

PART- B				
S.N O	QUESTIONS		BT LEVEL	COMPETENCE
1.	Explain in detail, about the various incentives available to the Indian exporters.	(13)	Level 1	Remembering
2.	Explain the various risks covered and the type of policies issued by the ECGC.	(13)	Level 2	Understanding
3.	How would you summarize duty remission schemes?	(13)	Level 2	Understanding
4.	Elaborate how government organizations promote exports in India.	(13)	Level 3	Applying
5.	How would you show your understanding of duty free import authorization scheme?	(13)	Level 3	Applying
6.	Discuss the advantages and disadvantages of export promotion.	(13)	Level 4	Analysing
7.	Examine the types of free zone.	(13)	Level 4	Analysing
8.	Explain the role of Special Economic Zones and Export House in promoting exports.	(13)	Level 2	Understanding
9.	Evaluate the incentives and facilities available to exporters in India.	(13)	Level 5	Evaluating
10.	What is the scope, functions and importance of export housing? Explain in detail.	(13)	Level 2	Understanding
11.	Discuss EOUs. State the various facilities provided under EOU schemes.	(13)	Level 5	Evaluating
12.	Discuss the roles of various institutions in India working towards export promotion and explain measures taken by government of India for export promotion.	(13)	Level 5	Evaluating
13.	Examine about the various kinds of assistance and incentives to our Indian exporters.	(13)	Level 4	Analysing
14.	Discuss the various Export promotion Institutions established by the Government of India?	(13)	Level 5	Evaluating

15.	List out the salient features of the now EXIM policy as to EPZs and EQU.	(13)	Level 1	Remembering
16.	Explain the export promotion measures for efficient export production.	(13)	Level 2	Understanding
17.	Elucidate in detail the functions of EPCG.	(13)	Level 4	Analysing

<b>PART - C</b>				
<b>S.NO</b>	<b>QUESTIONS</b>		<b>BT LEVEL</b>	<b>COMPETENCE</b>
1.	“Do you agree - Foreign trade activities more complex than purely domestic ones”.		Level 5	Evaluating
2.	Discuss the various export concessions and incentive extended by government and law far it is successful.		Level 5	Evaluating
3.	Categorize the different categories of export houses? Explain with suitable examples.		Level 4	Analysing
4.	Discuss the role of Government Organizations for promoting exports.		Level 5	Evaluating
5.	<p><b>Inspection Right.</b></p> <p>The buyer is entitled to inspect, or to have its agent inspect, the goods at the sellers’ place of business or point of shipping. The seller will pay return freight charges and will replace goods that the buyer or its agent reject, with goods that meet the description and specifications set forth in this agreement. On completion of the inspection and acceptance of the goods, the buyer or its agent will execute a certificate of inspection and acceptance. The buyer’s failure to inspect the goods will constitute a waiver of the right of inspection, and the buyer will be deemed to have accepted the goods as delivered.</p> <p>Based on the provisions, comment on the following with examples.</p> <p>a) The buyer should insist on a right of inspection of the goods before taking delivery to determine whether goods meet the contract specifications.</p> <p>b) This clause should specify who will do the inspection- the buyer, an agent, a neutral third party or a licensed inspector?</p> <p>c) Where will the inspection occur- at sellers’ plant, they buyer’s workhouse, or a receiving deck?</p>		Level 6	Creating