

# SRM VALLIAMMAI ENGINEERING COLLEGE

(An Autonomous Institution)

SRM Nagar, Kattankulathur – 603 203

## DEPARTMENT OF MANAGEMENT STUDIES

### QUESTION BANK

### III SEMESTER

### PBA206 – 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. IEC (Import/Export Code) Registration Process.

<b>PART- A</b>				
<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO Level</b>
1.	Define International Trade.	Remembering	Level 1	CO1
2.	Compare International Trade and Domestic Trade.	Understanding	Level 2	CO1
3.	List any two reasons why countries engage in International Trade.	Remembering	Level 1	CO1
4.	Interpret the benefits of International Trade.	Understanding	Level 2	CO1
5.	Outline the factors affecting the Balance of Payment of the Country.	Understanding	Level 2	CO1
6.	What do you mean by Balance of Trade deficit?	Remembering	Level 1	CO1
7.	Interpret the objectives of the Indian EXIM policy.	Understanding	Level 2	CO1
8.	What is Balance of Payment disequilibrium?	Remembering	Level 1	CO1
9.	Interpret the drawbacks of the Foreign Trade.	Understanding	Level 2	CO1
10.	Define Balance of Trade.	Remembering	Level 1	CO1
11.	What are the components of BOP?	Remembering	Level 1	CO1
12.	Classify the types of BOT.	Understanding	Level 2	CO1
13.	Define Balance of Payment.	Remembering	Level 1	CO1
14.	Compare BOP and BOT.	Understanding	Level 2	CO1
15.	List the role of WTO.	Remembering	Level 1	CO1
16.	Interpret the reasons for going of international trade.	Understanding	Level 2	CO1
17.	List the different types of risks in foreign trade.	Remembering	Level 1	CO1
18.	Interpret the types of disequilibrium in the BOP.	Understanding	Level 2	CO1
19.	What is WTO?	Remembering	Level 1	CO1

20.	Interpret the methods of correcting dis-equilibrium in BOP.	Understanding	Level 2	CO1
21.	List the features of international trade.	Remembering	Level 1	CO1
22.	Compare GATT and WTO.	Understanding	Level 2	CO1
23.	What do you mean by IEC?	Remembering	Level 1	CO1
24.	Compare Tariff and Non-Tariff barriers.	Understanding	Level 2	CO1

<b>PART- B</b>				
<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO Level</b>
1.	Identify the features and basis of international trade.	Applying	Level 3	CO1
2.	Classify the types of BOT. List the feature and causes of BOT.	Analysing	Level 4	CO1
3.	Identify the drivers/motives of international trade.	Applying	Level 3	CO1
4.	List the need and benefits of international trade.	Analysing	Level 4	CO1
5.	Explain in detail about the recent trends in international trade.	Applying	Level 3	CO1
6.	Analyze the characteristics of international trade.	Analysing	Level 4	CO1
7.	Explain in detailed note on foreign trade and economic growth along with contribution of foreign trade in economic growth.	Applying	Level 3	CO1
8.	Categorize the nature and structure of Balance of Payment account.	Analysing	Level 4	CO1
9.	Explain the objectives and principles of WTO.	Applying	Level 3	CO1
10.	Classify the components of Balance of payments.	Analysing	Level 4	CO1
11.	Identify the current trends in India's foreign trade.	Applying	Level 3	CO1
12.	List the role and impact of WTO.	Analysing	Level 4	CO1
13.	Identify the barriers to international trade.	Applying	Level 3	CO1
14.	Categorize the IEC Registration Process for doing Import and Export business in India.	Analysing	Level 4	CO1

15.	Explain the methods for correcting disequilibrium in BOP.	Applying	Level 3	CO1
16.	Analyze the impact of EXIM policy of India on various sectors.	Analysing	Level 4	CO1
17.	Identify the causes and methods of disequilibrium in BOP.	Applying	Level 3	CO1

### 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	COMPETENCE	BT LEVEL	CO Level
1.	What is meant by INCO Terms?	Remembering	Level 1	CO2
2.	Interpret the meaning of Ex-works.	Understanding	Level 2	CO2
3.	Define the term Forfeiting.	Remembering	Level 1	CO2
4.	Interpret any four significance of Export finance.	Understanding	Level 2	CO2
5.	Differentiate Pre-shipment and Post shipment Finance.	Understanding	Level 2	CO2
6.	What do you mean by Import Licensing?	Remembering	Level 1	CO2
7.	Interpret the importance of INCO Terms in foreign trade.	Understanding	Level 2	CO2
8.	List the internal source of finance in international trade.	Remembering	Level 1	CO2
9.	Interpret the advantages of Pre-shipment finance.	Understanding	Level 2	CO2
10.	List the functions of ECGC.	Remembering	Level 1	CO2
11.	What is Pre-shipment Packing Credit?	Remembering	Level 1	CO2
12.	Interpret the methods of external source of finance.	Understanding	Level 2	CO2
13.	List the benefits of forfeiting.	Remembering	Level 1	CO2

14.	Interpret the features of Letter of Credit.	Understanding	Level 2	CO2
15.	List the purpose of Inco Terms.	Remembering	Level 1	CO2
16.	Interpret the purpose of issuing Letter of Credit.	Understanding	Level 2	CO2
17.	List the functions of Export Credit Guarantee Corporation.	Remembering	Level 1	CO2
18.	Classify the sources of finance in international trade.	Understanding	Level 2	CO2
19.	List few Incoterms in international trade.	Remembering	Level 1	CO2
20.	Interpret the three advantages of Letter of Credit.	Understanding	Level 2	CO2
21.	List the types of Payment Terms in Export Finance.	Remembering	Level 1	CO2
22.	Interpret the importance for Export Finance.	Understanding	Level 2	CO2
23.	List the risks covered by ECGC.	Remembering	Level 1	CO2
24.	Interpret the guarantees provided by ECGC.	Understanding	Level 2	CO2

<b>PART- B</b>				
<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO Level</b>
1.	Identify the internal sources of financing in Foreign Trade with an example.	Applying	Level 3	CO2
2.	Analyze the special need for finance in international trade.	Analysing	Level 4	CO2
3.	Identify the various external sources of financing in Foreign Trade.	Applying	Level 3	CO2
4.	List the types of Inco terms used in Foreign Trade.	Analysing	Level 4	CO2
5.	Explain the types of Letters of Credit with an example.	Applying	Level 3	CO2
6.	List the various types of Payment Terms with an example.	Analysing	Level 4	CO2
7.	Identify the features and importance of Letter of Credit.	Applying	Level 3	CO2
8.	Examine the methods and procedure of Post shipment finance.	Analysing	Level 4	CO2
9.	Explain the methods and procedure of Pre shipment finance	Applying	Level 3	CO2

10.	Examine the objectives, types and process of obtaining of Import Licensing in India.	Analysing	Level 4	CO2
11.	Identify the types of import financing and methods of financing for import of capital goods.	Applying	Level 3	CO2
12.	Examine the risk covered and guarantees provided by ECGC.	Analysing	Level 4	CO2
13.	Identify the concept of Deferred Payment Terms in international trade.	Applying	Level 3	CO2
14.	List the purpose and scope of INCO terms. Explain representation of Incoterms (C, D, E, F Group).	Analysing	Level 4	CO2
15.	Explain the concept of forfeiting and its need and characteristics.	Applying	Level 3	CO2
16.	Examine the objectives and role of EXIM Bank in financing the international trade of India.	Analysing	Level 4	CO2
17.	Identify the objectives and role played by ECGC to promote international trade and various schemes offered to its exporters.	Applying	Level 3	CO2

### 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	COMPETENCE	BT LEVEL	CO Level
1.	What is meant by Foreign Exchange?	Remembering	Level 1	CO3
2.	Interpret the characteristics of Foreign Exchange Markets.	Understanding	Level 2	CO3
3.	State the meaning of Forward transactions.	Remembering	Level 1	CO3
4.	Interpret the functions of Foreign Exchange Markets.	Understanding	Level 2	CO3
5.	Interpret the types of Foreign Exchange transactions.	Understanding	Level 2	CO3
6.	What is Call Options?	Remembering	Level 1	CO3
7.	What do you mean by Spot transactions?	Understanding	Level 2	CO3

8.	Define Foreign Exchange.	Remembering	Level 1	CO3
9.	Interpret few theories of exchange rate.	Understanding	Level 2	CO3
10.	List the factors influencing exchange rates.	Remembering	Level 1	CO3
11.	What is FEMA?	Remembering	Level 1	CO3
12.	Interpret the meaning of Spot Price.	Understanding	Level 2	CO3
13.	List the types of exchange rate systems.	Remembering	Level 1	CO3
14.	Difference between fixed and flexible exchange rate.	Understanding	Level 2	CO3
15.	List the reasons for making Exchange rate forecasting.	Remembering	Level 1	CO3
16.	Differentiate Future contracts from Forward contract.	Understanding	Level 2	CO3
17.	What are the problems in forecasting Exchange rate?	Remembering	Level 1	CO3
18.	Compare FERA and FEMA.	Understanding	Level 2	CO3
19.	List the techniques of forecasting exchange rates.	Remembering	Level 1	CO3
20.	Distinguish Spot Market and Forward Market.	Understanding	Level 2	CO3
21.	List the objectives of FEMA.	Remembering	Level 1	CO3
22.	Interpret the meaning of Exchange rate forecasting.	Understanding	Level 2	CO3
23.	What do you mean by swaps?	Remembering	Level 1	CO3
24.	Interpret the meaning of Hedging.	Understanding	Level 2	CO3

<b>PART- B</b>				
<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO Level</b>
1.	Identify the factors that influence the Exchange rates.	Applying	Level 3	CO3
2.	Examine the characteristics and functions of foreign exchange markets.	Analysing	Level 4	CO3
3.	Identify the Mechanism of foreign exchange markets and explain the foreign exchange transactions.	Applying	Level 3	CO3

4.	Examine the techniques of forecasting Exchange rates.	Analysing	Level 4	CO3
5.	Explain the exchange rate systems in detail. List the effects of exchange rate in foreign trade.	Applying	Level 3	CO3
6.	Categorize the foreign exchange risk management framework.	Analysing	Level 4	CO3
7.	Explain the Internal tools for hedging against exchange rate variations.	Applying	Level 3	CO3
8.	Analyze the external tools for hedging against exchange rate variations.	Analysing	Level 4	CO3
9.	Explain how the transition of FERA to FEMA takes place. State its objectives and features.	Applying	Level 3	CO3
10.	Examine the concept of futures contract in detail. List its types.	Analysing	Level 4	CO3
11.	Identify the concept of forward contract in detail. List its types.	Applying	Level 3	CO3
12.	Classify the difference between FERA and FEMA.	Analysing	Level 4	CO3
13.	Identify the reasons for making forecasts and problems in forecasting exchanges rates.	Applying	Level 3	CO3
14.	Classify the difference between Forwards contracts and futures contracts.	Analysing	Level 4	CO3
15.	Explain the concept of Currency options and its types.	Applying	Level 3	CO3
16.	Examine the concept of Swap and its valuation.	Analysing	Level 4	CO3
17.	Identify the types of foreign exchange transactions.	Applying	Level 3	CO3

#### 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 Norm

PART - A				
S.NO	QUESTIONS	COMPETENCE	BT LEVEL	CO Level
1.	What is meant by Export documentation?	Remembering	Level 1	CO4
2.	Interpret the usage of Export Documentation.	Understanding	Level 2	CO4
3.	List the types of international trade documentation.	Remembering	Level 1	CO4
4.	Interpret the need for export trade documents.	Understanding	Level 2	CO4
5.	Classify the types of export trade documents.	Understanding	Level 2	CO4
6.	Identify the types of financial trade documents.	Remembering	Level 1	CO4
7.	Classify the types of Bill of Exchange.	Understanding	Level 2	CO4
8.	List the types of commercial trade documents.	Remembering	Level 1	CO4
9.	Indicate the various types of certificate of origin.	Understanding	Level 2	CO4
10.	Enumerate on the types of transport trade documents.	Remembering	Level 1	CO4
11.	List the types of official trade documents.	Remembering	Level 1	CO4
12.	Classify the contents of packing list.	Understanding	Level 2	CO4
13.	Tabulate the risk covering trade documents.	Remembering	Level 1	CO4
14.	Classify the contents of mate's receipt.	Understanding	Level 2	CO4
15.	What do you mean by Bill of Exchange?	Remembering	Level 1	CO4
16.	Interpret the meaning of multimodal transport document.	Understanding	Level 2	CO4
17.	What is meant by Letter of Hypothecation?	Remembering	Level 1	CO4
18.	Infer the basic principles of insurance.	Understanding	Level 2	CO4
19.	What is meant by Commercial invoice?	Remembering	Level 1	CO4
20.	Interpret the guidelines for making an insurance cover note.	Understanding	Level 2	CO4
21.	List the types of insurance policies in exports.	Remembering	Level 1	CO4
22.	Identify the types of Quality Certificates used in exports.	Understanding	Level 2	CO4
23.	What is meant by COD Form?	Remembering	Level 1	CO4
24.	What is meant by UPCDC?	Remembering	Level 1	CO4

<b>PART- B</b>				
<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO Level</b>
1.	Illustrate on the documents used during import and export trade? Explain any three in detail.	Applying	Level 3	CO4
2.	Explain the significance and documentation in international trade.	Analysing	Level 4	CO4
3.	Establish the regulatory framework governing trade procedures and documentation.	Applying	Level 3	CO4
4.	Examine in detail about export documentation. List the need for export trade documents.	Applying	Level 3	CO4
5.	Appraise on the types of export trade documents.	Analysing	Level 4	CO4
6.	Classify the various financial documents used in foreign trade.	Analysing	Level 4	CO4
7.	Examine the various commercial documents used in foreign trade.	Applying	Level 3	CO4
8.	Analyse the various transport documents used in foreign trade.	Analysing	Level 4	CO4
9.	Evaluate the risk covering documents used in foreign trade.	Analysing	Level 4	CO4
10.	Illustrate on the types of official documents used in foreign trade.	Applying	Level 3	CO4
11.	Interpret the need and methods for export certificates of quality.	Applying	Level 3	CO4
12.	Explain the various clearances required for shipment of goods used in foreign trade.	Analysing	Level 4	CO4
13.	Identify the types of export certificates of quality.	Applying	Level 3	CO4
14.	Examine the UPCDC Norms in detail.	Analysing	Level 4	CO4
15.	Determine the various types of import documentation.	Applying	Level 3	CO4
16.	Categorize in detailed note on bill of exchanges and its types.	Analysing	Level 4	CO4
17.	Determine the documentations needed in multimodal transportation. State its advantages.	Applying	Level 3	CO4

**UNIT – V – EXPORT PROMOTION SCHEMES**

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

**PART- A**

S.NO	QUESTIONS	COMPETENCE	BT LEVEL	CO Level
1.	What is meant by export promotion?	Remembering	Level 1	CO5
2.	Identify the different stages of export promotion.	Understanding	Level 2	CO5
3.	State the need of export promotion.	Remembering	Level 1	CO5
4.	Write the name of scheme for export incentives.	Understanding	Level 2	CO5
5.	Interpret the meaning of EPCG.	Understanding	Level 2	CO5
6.	What is meant by export assistance?	Remembering	Level 1	CO5
7.	Interpret the meaning of MDF.	Understanding	Level 2	CO5
8.	Indicate the significance of export promotion.	Understanding	Level 2	CO5
9.	What is meant by a Free Trade Zone?	Remembering	Level 1	CO5
10.	What is meant by DEPB?	Remembering	Level 1	CO5
11.	Identify the types of economic zones.	Understanding	Level 2	CO5
12.	Cite the significance of EPZ.	Understanding	Level 2	CO5
13.	What is meant by EPZ?	Remembering	Level 1	CO5
14.	Trace out the significance of EOU.	Understanding	Level 2	CO5
15.	What is meant by an EOU?	Remembering	Level 1	CO5
16.	Interpret the significance of EPCG.	Understanding	Level 2	CO5
17.	What is meant by SEZ?	Remembering	Level 1	CO5
18.	Interpret the few schemes and facilities that assist export marketing.	Understanding	Level 2	CO5
19.	Recall the types of export houses.	Remembering	Level 1	CO5
20.	Infer the features of EOU.	Understanding	Level 2	CO5
21.	List the services offered by export houses.	Remembering	Level 1	CO5
22.	Infer the objectives of SEZ.	Understanding	Level 2	CO5

23.	Recall the nature of export houses.	Remembering	Level 1	CO5
24.	Interpret the meaning of export houses.	Understanding	Level 2	CO5

<b>PART- B</b>				
<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BTLEVEL</b>	<b>CO Level</b>
1.	Identify the need for export promotion.	Applying	Level 3	CO5
2.	Analyse the various types of insurance policies used in export trade to manage risk.	Analysing	Level 4	CO5
3.	Identify the significance and stages of export promotion.	Applying	Level 3	CO5
4.	Illustrate the role of Government organizations in promoting export trade in India.	Analysing	Level 4	CO5
5.	Appraise on the incentives and facilities available to exporters in India.	Analysing	Level 4	CO5
6.	Examine about the various kinds of assistance available to our Indian exporters.	Analysing	Level 4	CO5
7.	Articulate on the various export promotion institutions established by the Government of India?	Applying	Level 3	CO5
8.	Illustrate on the features and export obligation in EPCG scheme.	Analysing	Level 4	CO5
9.	Explain the various kinds of duty exemption scheme in India.	Applying	Level 3	CO5
10.	Analyse the salient features of the EPZ.	Analysing	Level 4	CO5
11.	Identify the various facilities provided under EOU schemes.	Applying	Level 3	CO5
12.	Appraise on the facilities provided to SEZ units along with its significance.	Analysing	Level 4	CO5
13.	Identify the objectives and functions of export houses.	Applying	Level 3	CO5
14.	Evaluate the role of Special Economic Zones and Export House in promoting exports.	Analysing	Level 4	CO5
15.	Examine the types of economic zones.	Applying	Level 3	CO5
16.	Evaluate the nature and types of export houses.	Analysing	Level 4	CO5
17.	Identify the Services offered by export houses.	Applying	Level 3	CO5