

MBFM 4003

M.B.A. DEGREE EXAMINATION,
DECEMBER 2014/JANUARY 2015.

Fourth Semester

Finance

INTERNATIONAL TRADE AND FINANCE

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions out of the following.

1. Critically explain the monetary approach to balance of payments.
2. What are the barriers to International Trade?
3. Explain "Forfeiting Transaction".
4. Write Short Notes on :
 - (a) Import Licensing
 - (b) Letter of Credit.
5. What is the role play by foreign exchange rate in economic stability of a country?
6. Write Short Notes on :
 - (a) Multimodal Transport Document
 - (b) Airway Bill.

7. Explain the UPCDC norms regarding International Trade.

8. What are the various types of Export Promotion Schemes?

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions out of the following.

9. Discuss some of the reasons why international trade is more difficult and risky from the exporter's perspective than is domestic trade.

10. Critically examine the Indian EXIM Policy.

11. Explain the various functions of Foreign Exchange Market.

12. What are the basic documents are necessary to conduct a typical foreign commerce trade? Briefly discuss the purpose of each.

13. What are the various tools for hedging against exchange rate variations?

14. Do you think that a country's government should assist private business in the conduct of international trade through direct loans, loan guarantees, and credit insurance?

15. Explain the various types of Risk covering documents in international trade.

16. Explain the effects of Exchange rates in Foreign Trade.

PART C — (1 × 20 = 20 marks)

Compulsory.

17. Case study :

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 sale 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?