Roll No. Total No. of Pages : 02

Total No. of Questions : 15

MBA (IB) (2016 to 2017) (Sem.–4)

FOREIGN TRADE FINANCING AND DOCUMENTATION

Subject Code : MBAIB-403

M.Code : 71409

Time : 3 Hrs. Max. Marks : 60

INSTRUCTION TO CANDIDATES :

1. SECTION-A contains SIX questions carrying FIVE marks each and students have to attempt any FOUR questions.
2. SECTION-B consists of FOUR Sub sections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt any ONE question from each Subsection.
3. SECTION-C is COMPULSORY and consists of ONE CASE STUDY carrying EIGHT marks.

SECTION-A

1. What are Customs clearance procedures?
2. What is Open Account?
3. What is Bill of Exchange?
4. Objectives of Marine insurance
5. What is Exim Policy?
6. "*The theory of relative advantage refers to the ability of a party to produce a particular goods or service at a lower opportunity cost than another party*". Comment.

SECTION-B

UNIT-I

7. Discuss the various methods of payment used in international trade.
8. Discuss the various types of letter of credit in vogue in India.

UNIT-II

9. What is Pre-Shipment Credit? Discuss its significance in international trade.
10. What is Export Bill? What does it do in international trade? Discuss.

UNIT-III

11. Discuss the salient features of FEMA in detail.
12. Discuss in detail the role of ECGC.

UNIT-IV

13. Discuss in detail the problems associated with Insurance.

14. Write a detailed note on the Exim policy of India.

SECTION-C

15. Case Study :

The unprecedented build-up of foreign exchange reserves in India, to the tune of US$ 120 billion (1 August, 2004) after the payment of more than US$ 2 billion debt by the Reserve Bank of India (RBI), is seen as a sign of economic growth. In the early 1990s, when India's foreign exchange reserves were averaging close to US$ 5.5 billion, the country was in a balance of payment (BOP) crisis. The RBI's balance of payment statistics suggest that about US$ 1.3 billion of these reserves are on account of foreign direct investment (FDI) inflows during the year 2002-3. A healthy increase in FDI inflows in India in a global slowdown cannot detract from the fact that India accounts for an extremely small share of FDI inflows. China attracts 80 percent of the FDI inflows in Asia against India's 5.5 percent. China's membership at the World Trade Organisation (WTO) from November 2001 is likely to widen this gap. Although FDI inflows have risen, however, they continue to be way behind China. India's share among the developing countries in terms of attracting FDI is only 1.7 percent compared to China's 17 percent. Besides China, India attracts significantly lower FDI than many other South East Asian countries such as South Korea, Thailand and Malaysia. In 2000, China attracted over US$ 44 billion FDI, Thailand over US$ 6 billion and South Korea around US$ 10.45 billion. The corresponding figure for India was US$ 3.19 billion. According to International Monetary Fund (IMF) Report (IMF, 2002), India's absolute attractiveness had improved compared to the previous survey in June 1999. However, after the international credit rating agency's revising June 1999. However, after the international credit rating agency's revising India's long-term rupee debt to 'junk', there was a further blow to the country's efforts to bolstering FDI inflows. India slipped eight spots to fifteenth position in the index ranking of the Foreign Direct Investment Confidence Index (FDICI) released by a global management consulting firm.

Answer the following :

a. From the above case, you are required to analyse why FDI inflows into India are low?

b. Suggest a strategy to enhance FDI inflows into India especially when China's FDI inflows are much more.

c. What are the levels of FDI inflows in the developing countries?

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.