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M.B.A. DEGREE EXAMINATION, APRIL/MAY 2008.

Elective

BA 1729 — INTERNATIONAL TRADE FINANCE

(Regulation 2005)

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1. What are the barriers to International Trade?
2. What are the functions of FEMA?
3. Distinguish between balance of trade and balance of payments.
4. What are the objectives of IMF?
5. What are the advantages of conducting business under letter of credit arrangements?
6. What do you understand by foreign exchange risk?
7. What are the merits of flexible foreign exchange rate system?
8. What is bill of exchange?
9. What is hedging?
10. What is risk covering document?

PART B — (5 × 16 = 80 marks)

11. (a) (i) Define international trade and describe how it differs from domestic trade.
(ii) Explain the role of WTO in regulating international trade.

Or

- (b) (i) Explain the concept of Balance of Payments (BOP) and discuss the different accounts of BOP.
(ii) Explain the impact of BOP on foreign exchange reserves.

12. (a) What do you understand by INCO terms and how it facilitates in conducting international Business smoothly?

Or

- (b) Explain different schemes of
(i) EXIM Bank and
(ii) ECGC in financing exports and imports.

13. (a) (i) Identify and explain the major determinants of exchange rates in spot and forward markets.
(ii) Explain how currency crisis can be managed.

Or

- (b) How is exchange rate determined in a free market? What are the factors responsible for exchange rate fluctuations?

14. (a) Explain the importance and role of
(i) financial documents
(ii) commercial documents and
(iii) legal documents in international trade.

Or

- (b) What measures are taken by the Government of India in post reform period to promote exports?

15. Write short notes on :

- (a) (i) Functions of Export Promotion Council.
(ii) Types of incentives in promoting international trade.

Or

- (b) (i) Export processing zones
(ii) Recent trends in rupee value.