

17UCO410-INTERNATIONAL TRADE

K1 LEVEL QUESTIONS

UNIT I

1. Which is the right sequence of the stage of internationalisation
 - (a) domestic transnational global International multinational
 - (b) **domestic International multinational global translation**
 - (c) domestic multinational International translation global
 - (d) domestic International transnational multinational global
2. is application of knowledge which redefine the boundaries of Global Business
 - (a) Cultural values
 - (b) society
 - (c) **Technology**
 - (d) economy
3. company produces markets invest and operates across the world
 - (a) Global
 - (b) International
 - (c) **transnational**
 - (d) multinational
4. Which of the following is International Trade
 - (a) Trade between provinces
 - (b) Trade between regions
 - (c) **Trade between countries**
 - (d) Both (b) and (c)
5. The exchange of goods and services are known as
 - (a) Domestic Trade
 - (b) International Trade
 - (c) **Trade**
 - (d) None of these
6. Trade between two countries can be useful if cost ratios of goods are
 - (a) Equal
 - (b) **Different**
 - (c) Undetermined
 - (d) Decreasing

7. Foreign trade creates among countries
- (a) Conflicts
 - (b) **Co-operation**
 - (c) Hatred
 - (d) Both a. and b.
8. Which is not an advantage of International Trade
- (a) Export of surplus production
 - (b) Import of defence material
 - (c) **Dependence on foreign countries**
 - (d) Availability of cheap raw material
9. Foreign Exchange and Foreign currencies in India are governed by
- (a) RBI
 - (b) Banking Regulation Act
 - (c) **FEMA act**
 - (d) SEBI act
10. Import substitution involves protection of
- (a) Export products
 - (b) **Products which are competing with imports**
 - (c) Luxury items
 - (d) Consumer items

UNIT II

1. Export promotion involves
- a) **Export products**
 - b) Products which are competing with imports
 - c) Luxury items
 - d) Consumer items
2. The Theory of Absolute Cost Advantage is given by
- (a) **Adam smith**
 - (b) D. Richardo
 - (c) Raymond Varnoon
 - (d) Porter

3. The theory of absolute cost advantage is given by
 - (a) David Ricardo
 - (b) Adam Smith**
 - (c) FW Taylor
 - (d) Ohlin and Heckscher
4. The comparative cost theory of International Trade was developed by
 - a) **David Ricardo**
 - b) Haberlar
 - c) Adam Smith
 - d) Alfred Marshall
5. International trade theory was the contribution of
 - a) **Bertie Ohlin**
 - b) Arthur Okun
 - c) Adam Smith
 - d) None of the above
6. Which barrier can be used against recession induced export into the country
 - (a) Quotas**
 - (b) Voluntary export restraints
 - (c) Tariff
 - (d) All of the above
7. The income terms of trade indicate a nation's capacity
 - a) **To import**
 - b) To export
 - c) To improve its trade
 - d) None of the above
8. The World Bank normally gives
 - (a) Short term loans
 - (b) Medium term loans**
 - (c) Long term loans
 - (d) medium and long term loans
9. Quantitative restrictions refer to limit set by countries to curb
 - (a) Imports
 - (b) Exports
 - (c) Imports & exports**

- (d) None of the above
10. The Theory of Relative Factor Endowments is given by
- (e) **Ohilin-Hecksher**
 - (f) FY Taylor
 - (g) Richardo
 - (h) Porter

UNIT III

1. In the balance of payment, debit and credit entries will
- (a) **Always balance**
 - (b) Always remain unequal
 - (c) Sometimes balance
 - (d) None of the above
2. BOT means _____
- (a) Business Outsourcing Trade
 - (b) **Balance on Trade**
 - (c) Build, operation and Transfer
 - (d) Business Outsourcing Transaction
3. In the balance of payment, unrequired receipts are entered as
- (a) Debit entry
 - (b) **Credit entry**
 - (c) Separate entry
 - (d) None
4. Balance of trade is a
- (a) **Flow concept**
 - (b) Stock concept
 - (c) Both (A) and (B)
 - (d) None of the above
5. Balance of invisibles includes
- (a) Export of service
 - (b) Import of service
 - (c) **Both (A) and (B)**
 - (d) None of the Above

6. Balance of capital account includes

- (a) Stock concept
- (b) Flow concept
- (c) **Change in stock concept**
- (d) None of the above

7. Balance of current account includes

- (a) Balance of trade
- (b) Balance of invisibles
- (c) Balance of unrequited transfers
- (d) **All of the above**

8. If a country has deficit in balance of current account balance of capital account will be

- (a) Zero
- (b) **Surplus**
- (c) Deficit
- (d) None of the above

9. Net exports equals

- (a) $\text{Export} - \text{Import}$
- (b) $\text{Export} + \text{Import}$
- (c) **$\text{Export} - \text{Import}$**
- (d) Export of service only

10. The World bank normally gives

- (a) Short term loans
- (b) **Medium term loans**
- (c) Long term loans
- (d) medium and long term loans

UNIT IV

1. FERA was replaced by _____

- (a) **FEMA**
- (b) GATT
- (c) WTO
- (d) ITO

2. GATT agreements as modified by the _____ agreement

- a) WTO

- b) ITO
 - c) Uruguay Round**
 - d) Bretton wood
3. _____ are also known as International Bank for Reconstruction and Development.
- a) IMF
 - b) ADB
 - c) World Bank**
 - d) ECM
4. ASEAN was established by the five original member countries are _____
- a) Indonesia, Malaysia, Philippines, Singapore and Thailand**
 - b) India, Malaysia, Bhutan, Singapore, Thailand
 - c) India, Sri Lanka, Malaysia, Philippines, Thailand
 - d) India, Sri Lanka, Singapore, Thailand, Malaysia
5. _____ promotes the development friendly integration of developing Countries into the world economy.
- a) UNCTAD**
 - b) IBRD
 - c) IMF
 - d) IDA
6. The world trade organization was formed in the year _____ with GATT as its basis.
- a) 1993
 - b) 1994
 - c) 1995**
 - d) 1996
7. Trade Related Investment Measures (TRIMS) doesn't apply for
- a) Measures that affect trade in goods.
 - b) Measures that lead to restrictions on quantities.**
 - c) Discouraging measures that limit a company's imports.
 - d) Discouraging measures that limit a company's exports.
8. Ultimately..... Replaced by the..... on 1st January 1995
- (a)GATS. WTO
 - (b)WTO. GATT
 - (c)GATT. WTO**

(d)IMF. GATT

9. is the only legal agreement

(a)GATT

(b)IMF

(c)WTO

(d)MNC

10. The WTO was established to implement the final act of Uruguay round agreement of

(a)MFA

(b)GATT

(c)TRIP

(d)MNC

UNIT V

1. Which of the following is not an International Financial Institution

(a) **ICICI**

(b) IMF

(c) IDA

(d) World Bank

2. Foreign Exchange and Foreign currencies in India are governed by

(e) RBI

(f) Banking Regulation Act

(g) **FEMA act**

(h) SEBI act

3. Which of the following is a document of the title of sale of goods

(a) Certificate of origin

(b) Letter of credit

(c) **Bill of lading**

(d) Bill of entry

4. EPCG denotes

(a) Export potential and credit guarantee

(b) Earning promoting and credit guarantee

(c) **Export promotion and credit guarantee**

(d) Export potential and credit goods

5. India is not associated with

(a) SAARC

(b) **NAFTA**

(c) BRICS

(d) None of these

6. In Independent India, the first major foreign exchange crisis occurred in the year

(a) 1955

(b) **1956**

(c) 1969

(d) 1991

7. The licence necessary to obtain foreign exchange to pay for the import is called

(a) Foreign exchange licence

(b) **Import licence**

(c) Quota licence

(d) None of the above

8. The income terms of trade indicate a nation's capacity

(a) **To import**

(b) To export

(c) To improve its trade

(d) None of the above

9. How many member countries are there in the "World Customs Organisation"?

(a) 160

(b) 162

(c) **178**

(d) 180

10. What is Euro-III

(a) European Currency

(b) **Group of European Countries**

(c) European Film Festival

(d) Pollution Central Scale

INTERNATIONAL TRADE-17UCO410

K2 LEVEL QUESTIONS

UNIT I

1. Define International Trade.

International trade is a set of actions that aim to exchange capital, goods, and services between foreign countries across their international borders.

2. Write any two features of International Trade.

Immobility of Factors

Heterogeneous Markets

Different National Groups

Different National Policies and Government Intervention

Different Currencies

3. How Internal trade is different from International trade?

Internal trade is the exchange of domestic output within the political boundaries of a nation, while international trade is the trade between two or more nations. Thus, unlike internal trade, the terms “export” and “import” are used in foreign trade.

4. What do you mean by International trade?

Trading globally gives consumers and countries the opportunity to be exposed to new markets and products. Almost every kind of product can be found in the international market: food, clothes, spare parts, oil, jewellery, wine, stocks, currencies, and water. Services are also traded: tourism, banking, consulting, and transportation.

5. Write any two merits of International trade.

Availability of all types of goods

Enhanced Wealth

Larger size of Market

Development of the means of transport and communication

6. What do you mean by Internal trade?

Domestic trade, also known as internal trade, is the exchange of domestic goods within the boundaries of a country. This may be sub-divided into two categories, wholesale and retail.

7. Is there any demerits in International trade?

Yes, there are few demerits in international trade

Exhaustion of Resources

Blow to Infant Industry

Diversification of Savings

8. Mention the main scope of International trade.

The aim of foreign trade is to increase production and to raise the standard of living of the people. Foreign trade helps citizens of one nation to consume and enjoy the possession of goods produced in some other nation.

9. What are the classifications of Foreign trade transactions?

EXPORT TRADE, IMPORT TRADE, and ENTREPOT TRADE

10. What is an Export?

Exports are the goods and services produced in one country and purchased by residents of another country.

UNIT II

1. Expand EXIM.

EXPORT and IMPORT (i.e) EXIM trade, EXIM bank.

2. What is an Import?

Imports are foreign goods and services bought by residents of a country. Residents include citizens, businesses, and the government.

3. What is ENTREPOT?

It can be said that if goods are imported from one country with the purpose of re-exporting to another, it is called Entrepot trade.

For example, if an Indian company imports rubber from Thailand and exports it to Japan then it is called Entrepot trade for India.

4. Write a note on theories in International trade.

International trade theory is a sub-field of economics which analyzes the patterns of international trade, its origins, and its welfare implications. International trade theory and economics itself have developed as means to evaluate the effects of trade policies.

5. Mention the classical trade theories.

Theory of Mercantilism

Theory of Absolute Advantage - Adam Smith (1776)

Theory of Comparative Advantage – David Ricardo (1815)

6. Define Theory of Comparative cost.

According to Ricardo, "...a nation, like a person, gains from the trade by exporting the goods or services in which it has its greatest comparative

advantage in productivity and importing those in which it has the least comparative advantage. ”

7. Mention the Alternate trade strategies.

Export Promotion

Import Substitution Industrialisation (ISI)

8. Write a note on Ricardo model.

To explain theory of comparative cost advantage, Ricardo constructed a two-country, two-commodity, but one-factor model with the few assumptions.

9. Write a note on Export promotion.

Trade promotion (sometimes referred to as export promotion) is an umbrella term for economic policies, development interventions and private initiatives aimed at improving the trade performance of an economic area.

10. Write a note on Import Substitution.

Import substitution industrialization (ISI) is a trade and economic policy which advocates replacing foreign imports with domestic production. ISI is based on the premise that a country should attempt to reduce its foreign dependency through the local production of industrialized products.

UNIT III

1. Define Balance of Trade.

The difference between export and import of goods, i.e. only the visible items of economic transactions is termed as Balance of Trade. Balance of Trade does not include the export and import of invisible items (services) or capital transfers.

$$\text{Balance of Trade} = \text{Export of Goods} - \text{Import of Goods}$$

2. List out the economic transactions in BoP.

Classification of Economic Transactions in BoP

(i) Visible items (physical goods)

(ii) Invisible items (services)

(iii) Capital transfers (capital receipts and payments)

(iv) Uni-lateral transactions

3. Define Balance of Payment.

The Balance of Payment (BoP) of a country is a systematic record of all economic transactions between its residents and residents of foreign countries.

4. Write a note on BoP Disequilibrium.

BoP is said to be in disequilibrium when there is either surplus or deficit in BoP

5. What are the causes of Disequilibrium in BoP?

Economic Factors

Social Factors

Political Factors

6. What is a BoP surplus?

When the receipts of the country on account of autonomous transactions exceed the payments of a country on account of autonomous transaction, the difference is termed as BoP Surplus.

$$\text{BoP Surplus} = R > P;$$

R=Receipts of the country; P=Payment of the country.

7. What do you mean by BoP deficit?

When the payments of a country on account of autonomous transaction exceed the receipts of a country on account of autonomous transactions, this difference is termed as BoP deficit.

$$\text{BoP Deficit} = R < P;$$

R=Receipts of the country; P=Payment of the country.

8. What are the instruments used in Trade policy?

Tariffs

Subsidies

Import quotas and voluntary export restraints

Local content requirements

Administrative policies

Antidumping policies

9. Define Tariff.

Tariffs are taxes levied on imports (generally and occasionally on exports too) of certain goods.

10. Write a note on Quota.

An import quota is a type of trade restriction that sets a physical limit on the quantity of a good that can be imported into a country in a given period of time.

UNIT IV

1. Expand FEMA

Foreign Exchange Management Act, 1999

2. Write a note on FEMA

The Foreign Exchange Management Act, 1999 is an Act of the Parliament of India "to consolidate and change the law relating to foreign exchange with the objective of facilitating external trade and payments and for promoting the orderly development and maintenance of foreign exchange market in India".

3. Expand FERA

The Foreign Exchange Regulation Act (FERA) was legislation passed in India in 1973

4. What is the main objective of FEMA?

The main objective of FEMA is to facilitate external trade and payments and for promoting the orderly development and maintenance of foreign exchange market in India.

5. Define exchange rate adjustments.

An exchange rate adjustment is a procedure adopted to eliminate the valuation effects arising from movements in exchange rates from data expressed in a common currency (generally the US dollar).

6. Write a note on WTO.

The World Trade Organization is an intergovernmental organization that is concerned with the regulation of international trade between nations. Headquarters of WTO is at Geneva, Switzerland.

7. Expand GATT.

General Agreement on Tariffs and Trade

8. Write a note on GATT.

The General Agreement on Tariffs and Trade is a legal agreement between many countries, whose overall purpose was to promote international trade by reducing or eliminating trade barriers such as tariffs or quotas.

9. Expand UNCTAD.

United Nations Conference on Trade and Development (1964)

10. Define UNCTAD.

UNCTAD is the part of the United Nations Secretariat dealing with trade, investment, and development issues. The organization's goals are to: "maximize the trade, investment and development opportunities of developing countries and

assist them in their efforts to integrate into the world economy on an equitable basis".

UNIT V

1. What are export documents?

Bill of lading
Certificate of Manufacturer
Certificate of Origin
Commercial invoice
Consular Invoice
Dock Receipts
Inspection Certificate
Insurance Certificate
Packing List
Electronic Export Information (EEI)

2. Write a note on Bill of lading.

The bill of lading is usually the first common document used in international shipment and it is a contract between the owner of the goods and the carrier. It will state what goods are shipping, where they are going and where the shipment started. In addition, once the shipment is picked up, the bill of lading serves as a receipt issued by the carrier.

3. Write a note on certificate of Origin.

This document is prepared by the manufacturer and is certified by a government entity or chamber of commerce. It's used to identify the country of the manufacturer where the goods were made.

4. Write a note on Commercial Invoice.

When the international sale is complete and goods are ready to be shipped out, a commercial invoice is the document used to describe the entire export transaction from beginning to end including the shipping terms. It is one of the most important documents because it provides critical information and instructions to all parties involved: buyer, freight forwarder, U.S. and foreign customs, import broker, banks, carriers, etc

5. Define Export finance.

The exporter may require short term, medium term or long term finance depending upon the types of goods to be exported and the terms of statement offered to overseas buyer. The short-term finance is required to meet "working capital" needs.

6. Define EXIM bank.

Export–Import Bank of India is a finance institution in India, established in 1982 under Export-Import Bank of India Act 1981. Commencing operations as a purveyor of export credit, like other export credit agencies in the world, Exim Bank India has, over the period, evolved into an institution that plays a major role in partnering Indian industries, particularly the Small and Medium Enterprises, in their globalisation efforts, through a wide range of products and services offered at all stages of the business cycle, starting from import of technology and export product development to export production, export marketing, pre-shipment and post-shipment and overseas investment.

7. Write any two functions of EXIM bank.

Financing of export and import of goods and services both of India and of outside India.

Providing technical and administrative assistance to the parties engaged in export and import business.

8. What are the methods of payment in foreign trade?

Documentary Collection or Draft

Letter of Credit.

Cash in Advance

Open Account.

Other Payment Mechanisms, e.g. Such As Consignment Sales

9. List the stages involved in export procedure.

Stage 1:- Registration Procedure.

Stage2:- Pre-Shipment Procedure.

Stage3:- Shipment Procedure.

Stage4:- Realizing Export Incentives.

Stage5:- Post-Shipment Procedure.

10. What is Export order and Import order.

Export Orders are orders placed for goods that are meant to be exported.

Import Orders are orders placed for goods that are meant to be imported.

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K3 LEVEL QUESTIONS

UNIT 1

1. Examine the scope of International Trade.
2. Distinguish the similarities between internal trade and International trade.
3. Categorise the merits of International Trade.
4. Discuss the demerits of International Trade.
5. Elaborate the features of International Trade.
6. Distinguish any five difference between Internal and International Trade.
7. Inference on Export, Import and Entrepot.
8. Explain the objectives of International Trade.
9. Explain FEMA and its functions in International Trade.
10. Simplify whether the international trade is boon to India.

UNIT 2

1. Explain the advantages of Comparative Cost theory.
2. Discover the recent trends in world trade.
3. Inspect the alternative trade strategy in foreign trade.
4. Simplify the prosperity through export strategy.
5. Explain stable export strategy.
6. Write a short note on ISS and Export promotion
7. Discuss the advantages of Export promotion.
8. Explain the objectives of Import Substitution Strategy
9. Discuss in detail the comparative cost advantage theory
10. Describe the advantages of alternative trade strategies.

UNIT 3

1. Write a short note on Balance of Trade.
2. Discuss in detail the Balance of Payment.
3. Explain Balance of Payment Disequilibrium.
4. Write short note on instruments of trade policy.
5. Write a short note on Tariff and Quota.
6. Explain the merits of Quota.
7. Explain the demerits of Quota.
8. Distinguish Balance of Trade and Balance of payment.

9. How is Balance of payment calculated?
10. Explain the Balance of Payment deficit and surplus.

UNIT 4

1. Write a short note on exchange rate adjustment.
2. Explain the objectives of FEMA.
3. Explain the objectives of WTO.
4. Explain the objectives of GATT.
5. Write a short note on WTO and GATT.
6. Describe the evolution of GATT.
7. Write a short note on UNCTAD.
8. Explain the functions of UNCTAD.
9. Discuss the functions of FEMA.
10. Explain the objectives of UNCTAD.

UNIT 5

1. Write a note on export documents.
2. Explain the export document procedures.
3. Write a note on regulatory requirements.
4. Write a short note on operational requirements.
5. Explain the processing of an export order.
6. Explain the stages involved in export order.
7. Discuss in detail the realisation process in export of goods.
8. Explain terms and payments of export finance.
9. Write a short note on EXIM bank.
10. Explain the functions of EXIM bank.

INTERNATIONAL TRADE-17UCO410

K4 LEVEL QUESTIONS

UNIT - I

1. Distinguish internal trade and international trade.
2. Explain the features of international trade.
3. Describe the merits and demerits of international trade.
4. Define international trade. Explain the scope and objectives.
5. Describe the importance of international trade

UNIT - II

1. Explain the theories of comparative cost
2. Discuss the recent trends in world trade.
3. Explain the alternative Strategies for foreign trade
4. Explain stable export strategy
5. Describe import substitution strategy.

UNIT - III

1. Distinguish between balance of trade and balance of payment.
2. Explain the balance of payment with diagram.
3. Explain the instruments of trade policy
4. Write a note on balance of payment Dis equilibrium tariff and quota.
5. Explain the merits and demerits of quota

UNIT - IV

1. Define firm explain its objectives
2. Explain exchange rate adjustments and its uses
3. Define WTO explain its functions
4. Define GATT explain its objectives
5. What do you mean by u n c t a d explain its functions

UNIT - V

1. Explain in detail the export documents and procedures
2. Describe the processing of an export order
3. Explain the stages involved in export order
4. Explain the RBI guidelines towards Exports
5. Define Exim Bank explain its functions