

DISTANCE EDUCATION

B.B.M. DEGREE EXAMINATION, MAY 2008.

FOREIGN EXCHANGE AND FINANCING OF
FOREIGN TRADE

Time : Three hours

Maximum : 100 marks

PART A — (6 × 5 = 30 marks)

Answer any SIX questions.

Each question carry 5 marks.

Each answer not to exceed a page.

1. What are the gains from international trade?
2. What do you understand by single and double factor terms of trade?
3. Explain the functions of foreign exchange market.
4. Explain the terms 'Nostro Account' and 'Vostro Account'.
5. How does letter of credit help in financing foreign trade?
6. Distinguish between mate's receipt and bill of lading.
7. Describe the different types of bills used in foreign trade.
8. State the importance of financing of project exports.
9. Enumerate the functions of EXIM bank.

PART B — (5 × 14 = 70 marks)

Answer any FIVE questions.

Each answer not to exceed 3 pages.

10. Distinguish between the balance of payment and balance of trade. Examine the methods of correcting an adverse balance of payment.
11. What documents must accompany an export shipment? Describe them briefly.
12. Explain the role of Export Credit Guarantee Corporation in facilitating international trade.
13. Explain the different types of letter of credit.
14. Identify the principal elements of an export sales contract. What are the respective rights and obligations of exporters and importers under F.O.B. and C.I.F. contract?
15. What considerations would you keep in mind while preparing feasibility report for project exports? Also explain the strength and weakness of India's project exports.
16. Discuss the objectives of exchange control. Explain the various methods of exchange control.
17. Explain the procedure of import financing.