

INDIAN MARITIME UNIVERSITY
(A Central University, Government of India)

May/June 2017 End Semester Examinations
M.B.A. (International Transportation and Logistics) Fourth Semester
(AY 2015-16 batches onwards)

International Logistics (PG22T2402)

Date : 09.06.2017

Maximum Marks: 60

Time: 3 Hrs

Pass Marks : 30

SECTION – A (12 x 1 Mark = 12 Marks)

Choose the correct answer. Answer all the Questions.

1. Bretton Woods Conference which remarks agreement of IMF and IBRD wing of World Bank was held on _____
Strategic entry imports
 - a. 1 to 22 October, 1944
 - b. 1 to 22 July, 1944
 - c. 1 to 22 May, 1946
 - d. 1 to 22 March, 1946

2. In North, it takes 50 labor hours to produce cloth and 100 hours to produce grain. In South, it takes 200 labor hours to produce cloth and 200 hours to produce grain. Which of the following statements is true?
 - a. South has an absolute advantage in the production of grain.
 - b. North has a comparative advantage in the production of cloth.
 - c. North should produce grain.
 - d. South has an absolute advantage in the production of both cloth and grain.

3. Trailer on Flatcar is the same as _____
 - a. Piggyback
 - b. Total fleet command
 - c. Tri-optic float carrier
 - d. One-way dispatching

4. Parallel importing is also known as _____
- Positioned imports
 - Concentric marketing
 - Strategic entry imports
 - Grey market goods
5. The term "SWIFT" in international banking stands for _____
- The Security for Worldwide Interbank Financial Telecommunication
 - The Security for Worldwide Intra bank Financial Telecommunication
 - The Society for Worldwide Interbank Financial Telecommunication
 - The Society for Worldwide Intra bank Financial Telecommunication
6. Mr. Sun is an exporter who has sold outright their accounts receivable to another institution. This is an example of _____.
- Export factoring
 - Forfeiting
 - Striding
 - Countertrade
7. Ex-Im bank is a federal agency of _____
- European union
 - Great Britain
 - USA
 - None of the above
8. When the currency value is determined by a fixed exchange rate with another stronger currency it is called as _____
- Artificial Currency
 - Pegged Currency
 - Floating Currency
 - First Currency
9. Purchasing – power parity (PPP) refers to _____
- The concept that the same goods should sell for the same Price across countries after exchange rates are taken into account.
 - The concept that interest rates across countries will eventually Be the same.
 - The orderly relationship between spot and forward currency Exchange rates and the rates of interest between countries
 - The natural offsetting relationship provided by costs and revenues in similar market environments.

10. International Ship and Port Facility Security (ISPS) code is developed by
- International Maritime Organisation
 - World Customs Organisation
 - World Trade Organisation
 - International Chamber of Commerce
11. The _____ is especially well suited to offer hedging protection against transactions risk exposure.
- Forward market
 - Spot market
 - Transaction market
 - Inflation – rate market.
12. The Customs Cooperation Council is better known as _____
- The International Maritime Organisation
 - The World Customs Organisation
 - The International Chamber of Commerce
 - The International Bank for Reconstruction & Development.

SECTION – B (5 x 4 Marks = 20 Marks)

Answer any 5 questions. The answer should not exceed 200 words.

13. Write a note on international trade drivers.
14. Define international logistics and its components.
15. Briefly explain various methods production abroad.
16. What is marketing subsidiary? Explain situations under which a company makes the choice of marketing subsidiary?
17. Describe the concept of bank guarantees and explain the different types bank guarantees.
18. Explain the possible choices that an exporter and importer can make in terms of currencies for a specific transaction.
19. Write a short note on metric system and rules for using the Metric System with suitable examples.

SECTION – C

(4 x 7 Marks = 28 Marks)

Question No. 20 is compulsory. Answer any 3 questions out of the remaining 5 questions. The answer should not exceed 500 words.

20. CASE STUDY

G-7 PRESSURES JAPAN, CHINA ON EXCHANGE RATES

The tensions had been building up for quite some time. And it was high time. Japan's and china's trade surpluses with the US have been skyrocketing with the former in the vicinity of \$70-80 billion and the later as much as \$150 billion.

Very noticeable in normal times, they have become even more so as the US grapples with the worst employment market it has had in recent years. US industry and labour have long complained that the Japanese and

Chinese currencies are kept artificially weak. Japan's main hope in its worst economic crisis after the last World War is exports. And exports obviously require a cheap currency. Things generally worked well for Japan from the second half of the nineties and at its low the yen fell to 150 a dollar.

But the last year or so has seen a reversal, with the US economy and stock market going through difficult times. The dollar's attraction has waned. The yen has retraced quite a bit of ground to rise to 120 levels against the greenback, where Japan has been trying to draw a line in the sand to prevent it from rising further. Its inventions to stop its currency from breaking below 115 are too numerous to be counted. In this, so far, it has had US support. That may now be changing. The US is unlikely to sit back and watch imports carving out an ever-greater share of its domestic market.

Its policy-makers are starting to think it is unfair to use the exchange rate to drive exports. Hence, the mounting pressure on Japan and china to allow their currencies to appreciate. This will not only reduce imports, but also make US goods more competitive in international trade, if not a growth driver.

Mr. John Snow, the present US Treasury Secretary, comes from industry. His concerns and perspective are very different from those of his

predecessor, Mr. Robert Rubin, an ex-banker who enunciated the strong dollar policy. Mr. Snow and the Bush Administration are anxious to stem the loss of jobs in US manufacturing with the presidential election looming up next year. They are likely to jettison (if they not have already done so) the exchange rate and promote the domestic economy. Thus, the call in the G-7 Finance Ministers' meet in Dubai over the weekend to allow market forces to determine exchange rates.

The market was not slow to react to the new stance of the world's most powerful economic czars. The dollar fell across the board: to below 112 yen, around 1.15 against the euro and 1.65 against sterling. The US Treasury yields climbed up as the market saw less demand for US bonds from foreign investors, given the depreciating currency.

China has overtaken Japan as the biggest exporter to the US. There is equal pressure on the Chinese to allow the currency to appreciate. It will be hard to resist this, although an immediate switch to a complete float looks unlikely.

Turbulent times are ahead in global currency and bond markets.

QUESTIONS

1. What do you understand by Global currencies and Bond Market?
2. How is the export affected with fluctuations of currencies?
3. Why were Snow and Bush worried about declining position of a dollar and improved position of yen?

21. Explain about the International Product Life Cycle theory with suitable examples and diagram.
22. Discuss the main elements of the maritime transportation infrastructure? And explain how the quality and dependability of maritime transport infrastructure would affect an international shipment.
23. Describe the mechanism of Letter of credit from the exchange of Pro-forma information till the final payment.

24. Take a product of your choice and ship it from one county to another on a multi model shipment. And explain what type of packing would you use? And why?
25. Elaborate the approach of US in reducing the threats in International logistics.
