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M.B.A DEGREE EXAMINATION
FEBRUARY 2023
Third semester
EXPORT MANAGEMENT
SECTION A – 5 Marks

1. What is the scope of Export Management?

- Opportunity for economic growth
- Production will more
- More turnover and profit
- Growing stability
- No need to depend on a particular market

2. Write a short note on product packaging

Packaging: Packaging is the process of providing a protective and informative covering to the product in such a way that it protects the product during material handling, storage, and movement and also provides useful information to all the concerned parties about the content of the package.

Characteristics of Good Packaging

Labelling, Opening, Size, Durability

Functions of Packaging

Protection, Unitize, Convenience, Contain

3. What are the advantage of direct marketing?

- Targeted
- Builds Loyalty
- Personal.
- Measurable
- Affordable
- Informative

4. Explain the differential Export pricing

The differential pricing is justified because:

- Differences in expenses such as documentation, freight, insurance, packing, etc.
- Differences in costs to be charged
- Differences in the level of competition
- Differences in demand in international markets
- Attitude of buyers

5. What is a letter of credit?

Letters of credit are used to minimize risk in international trade transactions where the buyer and the seller may not know one another.

If you are an importer, using a letter of credit can ensure that your company only pays for goods after the supplier has provided evidence that they have been shipped. It also allows you to conserve your cash flow, since you don't have to make any advance payments or deposits to the exporter.

6. Write short note on

- a. **Consular invoice**, A consular invoice is a document containing details regarding the shipment of goods certified by the consulate of the importing country. The destination country's consulate affixes their stamp, thus authorising the shipment for clearance with the customs officials.
- b. **Mate's receipt**, A mate receipt is a receipt issued by the commanding officer of the ship when the cargo is loaded on board, and contains the information about the name of the vessel, berth, date of shipment, description of packages, marks and numbers, condition of the cargo at the time of receipt on board the ship.

7. What are the function of promotion councils?

Export Promotion Councils are set up by the Government of India to assist Indian exporters in expanding their businesses to the international markets. The main role of a council is to promote the product category that it handles and support exporters in that industry. This increases the opportunities they get and thus, impact export performance of the economy.

8. What are the limitation of indirect marketing

- a. Indirect marketing takes time
You can't build a brand overnight. Neither can you amass 100,000 followers in one day. Relationships with journalists take time to build. And ranking on Google takes time too.
- b. In the system producer is less important and reduced to a level of labour only.
- c. Instead of master he becomes less paid worker
- d. Distribution of profit is highly unequal and irrational also.
- e. Commissioning to intermediaries is encouraged.

9. Explain the features of the latest EXIM policy

- Online inter-ministerial consultations
- Simplification of procedures
- Forthcoming E-Governance Initiatives
- Other New Initiatives

- Facilitating and encouraging Export
- Facilitating and encouraging Export of defence export
- E-commerce export
- Duty Exemption

10. Describe the role of WTO in Export

- Global value chain(GVCs)
- Tariffs
- Trade in service
- Merchandises trade
- Non- tariff measures (NTMs)

SECTION – B - 10 Marks

11. Distinguish between export and domestic trade

S. No.	Export Trade	Import Trade
1.	Export is known as the sale of goods and services by one country to another	Import is known as bringing goods and services from another country to the home country
2.	It considers the outflow of goods and services to the home country	It considers the inflow of goods and services to the home country
3.	The main aim of the export is to create more foreign income from the selling of domestic products	The main aim of import is to fulfil the demand for goods and services
4.	The export can benefit the domestic economy since it increases the foreign income to the home country.	Import is purchasing from external countries, excessive import can have a negative impact on the domestic economy.
5.	For Export Trade, accurate Export Data is mandatory	For Imports, relevant Import Data is obligatory

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12 What should be the basic for export pricing in developing country like India?

Export pricing: Export pricing is the method of creating a strategy and finalizing prices for goods and services, which are intended to be sold internationally. Unlike domestic selling, deciding an export pricing strategy requires more research and understanding of market situation and competition. Revenue goals, marketing objectives, target audience, brand positioning and external factors like consumer demand, competitor pricing and economic trends – all impact your business and strategy.

Factors to be considered in export pricing states

1. Competition & survival in the long run:

Consumer products usually see high levels of competition, especially in the international market. As an exporter

2. Product demand

When the demand for a particular product increases, the price of the set goods is also bound to increase.

3. Profit growth

Set a price that would generate a good amount of revenue and profit.

4. Industry leaders

Becoming thought leadership and acquiring a top position in the export market is an important factor, in order to make the export pricing work.

5. Nature of purchase

The price also depends on the nature of purchase by a customer. For instance, a person is usually willing to pay a higher price when shopping for gift items.

6. Product differentiation and brand image

If a product is well differentiated from other brands within the industry with good brand recognition, manufacturers are usually in a comfortable position to charge higher prices. Famous brands command higher prices due to their image and goodwill.

7. Skimming pricing strategy

An exporter uses this strategy to reimburse preliminary expenses. In this strategy, initially, a high price is charged and then the price is gradually reduced to increase market share and value. If you are dealing with commodities in established markets, this is a valuable strategy option.

8. Penetration pricing strategy

A pricing strategy in which an exporter charges a low price to establish the brand in the market and clear competition is penetration pricing strategy. This policy works for often-used items of mass consumption.

9. Marginal cost pricing

Under this method, an exporter only considers variable or direct costs while setting the product price for international markets. Here, an exporter does not aim to recovering preliminary or fixed cost from sales and is willing to undergo a slower journey to reach breakeven and profits.

10. Market oriented pricing

Market oriented pricing is one of the most common approaches to export pricing and is a flexible method of pricing as it aims at arriving at a price, which is based on changing market conditions. This strategy can be useful for commodities that are available for sale in stable and well-established markets.

11. Competitors' pricing

Competitive pricing is a strategy where costs are decided based on competitors' pricing in a particular market or industry.

13. Briefly explain the advantage and limitations of foreign sales branches

Advantages of International Expansion

Obviously, one of the biggest advantages of international expansion is new sales. Increased sales equals more revenue, which can often lead to further business expansions. So, with that in mind, what are the other advantages of international expansion?

1. Entry to new markets

The first advantage of international expansion is access to new markets. Once a company has been successful in their home country, it makes sense to take the business abroad. With access to new markets, a business has the potential to build a new customer base.

2. Access to local talent

Specialised talent can be hard to find in your home country. However, expanding abroad gives you access to a pool of potential workers with unique skill sets. As an added bonus, local talent with these skills will give you an edge over your competition.

3. Increased business growth

One of the biggest advantages of international expansion is increase in business growth. Entering overseas markets allows faster growth for businesses. By extending the businesses global footprint, new audiences experience your product or service. This could lead to further expansions.

4. Stay ahead of the competition

Go to market before your competitors do. Expanding abroad allows you access to new customers and visibility that your competitors might not have. Expanding abroad is also a benefit to get out of a saturated market and be one step ahead of the competition.

5. Regional centres

One of the reasons why businesses expand globally is to be able to provide a reliable service to their international clients. By setting up in a new country, a business will be able to lower their operational costs. In addition, by hiring local workers who know the local language and local customs, you can serve your clients within the same time zone without any complications. This enables you to reach a wider international audience.

Limitations:

1. Cost of establishing and termination of an entity

Whether you are planning a long-term expansion, or just testing a market you need to prepare and factor in both setting up and shutting down costs. Building infrastructure, setting up a business entity and paying local workers can be very costly. Not to mention, very time-consuming.

2. Compliance risk

Entering into new markets can be complex. When expanding into a new market, a business must adapt and operate accordingly to the country's regulations. These regulations may be very different from your home country. Therefore, it's important to partner with the right people who will help you to remain compliant and ensure the correct business procedures are in place from day one.

3. Business practices and cultural barriers

Culture and business operations are different in each country and as such can present some challenges. If you are expanding to a country that has a different business culture to your own, it's best to receive some cultural training in their business practices as well as social customs.

4. Managing international employees – HR and payroll obligations

Going global brings many advantages. However, hiring international employees requires a new level of HR support and administration. If you do not have the capabilities in-house, then you will need to outsource.

14. Identify some of the underlying factors affecting the channel of distribution pattern. Explain the role of each

There are several channels available for the purpose of distribution of goods. Each channel has its own advantages and limitations and every company has to make difficult choice about channels of distribution. This decision about choice of a channel of distribution depends on several factors. A company has to consider all these factors and make an appropriate choice.

1. Market Related Factors:

Since the channels of distribution operate in the market. The market related factors are very important. There are several forces in the market which dictate the choice of channels of distribution.

The following are the market related factors to be considered:

- a. Customers
- b. Competition:
- c. Existing Channels of Distribution:

2. Product Factors:

Since it is the product which is to be distributed, the product characteristics also have to be analyzed while choosing a channel of distribution. Different products are different in nature and this nature of the products requires different types of channels

15. State the particulars and explain the significance of any five documents used in the export trade

1. Proforma Invoice
2. Commercial Invoice
3. Packing List
4. Certificates of Origin
5. Certificate of Free Sale
6. Shipper's Letter of Instruction
7. Inland Bill of Lading
8. Ocean Bill of Lading
9. Air Waybill
10. Dangerous Goods Forms
11. Bank Draft

16. what is a bill of lading? What functions does it serve?

A Bill of Lading (B/L) is one of the most commonly used commercial documents in the history of shipping and freight.. This document is issued in one form or the other for all shipments whether container, bulk, break bulk, RoRo or in other forms of carriage..

A Bill of Lading has 3 basic functions or roles as below (in no particular order)..

1) Evidence of Contract of Carriage

The B/L is the **EVIDENCE** of the contract of carriage entered into between the “Carrier” and the “Shipper or Cargo Owner” in order to carry out the transportation of the cargo (not to be confused with the sales contract between the buyer and the seller)..

2) Receipt of Goods

A B/L is issued by the carrier or their agent to the shipper or their agent as proof of **RECEIPT** of the cargo..

The issuance of the B/L is proof that the carrier has received the goods from the shipper or their agent in apparent good order and condition, as handed over by the shipper.

3) Document of Title to the goods

This role of the bill of lading decides who is the owner of the **TITLE TO THE GOODS** based on which cargo is released.

In terms of container business, below are the most types/common methods of issuing a bill of lading:

1. Straight Bill of Lading
2. Order Bill of Lading
3. Sea Waybill of Lading

All above types of bills of lading satisfy functions 1 & 2 – **Evidence of Contract of Carriage** and **Receipt of Goods** but only an Order Bill of Lading satisfies function 3 – **Document of Title**..

17. Briefly explain the export advertising media.

Export Marketing And Digital Promotions

With advent of modern technology there has been a revolution in communications which has opened new horizons and hopes.

Especially digital form of publicity and advertising (e-business) of your merchandise is destined to completely change the face of global commerce. These new avatars have appeared many incarnations.

E-Business or Digital Platforms

With the expansion of internet in multifarious forms, you have a lot at your disposal with this new tool. You can create awareness and opinion about your products and services in shortest possible time.

E-promoting is definitely a boon for many small players who did not have resources to make a debut in major markets. With so many sites and platforms offering services you get ample opportunities to have your footprint felt at global level.

Lead generation has become a child's play with a direct addressability factor. You can easily weed out middlemen to great extent. E-commerce has lot in stores for you.

What you need here is selecting a best suited vehicle to assist your commodities in gaining rapid recognition and help you to reach out to the customers on a world wide level.

18. Discuss the types of organisation in export trade

Can be categorized in three types:

1. EOUs established anywhere in India and exporting 100% products except certain fixed percentage of sales in the Domestic Tariff Area as may be permissible under the policy.
2. Units in Free Trade Zones in Special Economic Zones and exporting 100% of these products.
3. EOUs set up in Software Technology Parks and Electronics Hardware Technology Parks of India for development of software and electronic hardware.

19. Discuss the TRIP and TRIMs

TRIPS is an international legal agreement between all the member nations of the World Trade Organization

TRIMs are rules that are applicable to the domestic regulations a country applies to foreign investors, often as part of an industrial policy.

TRIMS- The Agreement on Trade-Related Investment Measures (TRIMs) are rules that are applicable to the domestic regulations a country applies to foreign investors, often as part of an industrial policy.

TRIPS- The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is an international legal agreement between all the member nations of the World Trade Organization (WTO). It sets down minimum standards for the regulation by national governments of many forms of intellectual property (IP) as applied to nationals of other WTO member nations.[3] TRIPS was negotiated at the end of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) between 1989 and 1990[4] and is administered by the WTO.

20. State the Export Policy and Practices in India

Foreign trade in India is promoted and facilitated by the Directorate General of Foreign Trade (DGFT), under the Ministry of Commerce and Industry (MoCI).

The DGFT issues the authorisation to exporters and monitors their corresponding obligations through a network of 38 regional offices.

The DGFT also implements the Foreign Trade Policy of India.

Foreign Trade Policy (FTP) is the prime policy that lays down simple and transparent procedures which are easy to comply with and administer for efficient management of foreign trade in India. The Policy aims at enhancing the country's trade for economic growth and employment generation. The Customs Tariff Act and the Central Excise Tariff Act are the other two important Acts that lay down how the Customs and Excise duties shall be levied on trade, respectively.

India achieved all-time high annual merchandise export of \$421.9 bn in FY 2021-22 (against the export target of \$400 bn, achieving 105.4% of the target) an increase of over 43% over \$291.81 bn in FY2020-21 and an increase.

SECTION – C – 20 Marks

21. Case Analysis

Introduction :

Title of the Case: International Exporting Leather and Leather goods

India is one of largest leather exporting industry

Indian Export Companies

Liberty, Phoenix. Lakhani and Aero

SWOT Analysis

a) Strength and Weakness of Indian leather industry

Strength

Easy processing

Low labour cost

Cheap Skilled labour

Availability of raw materials

Weakness

Small Scale Industry

Lack of Technology Development

Legal federations

Government Policy

b) Role of government – CLE(council of leather Export)

Disseminating market information, trends & policy implications and publishing information on commercial, technical and technological developments in the Indian leather industry.

Core Objectives Of CLE:

- Its main objective is to develop & strengthen the leather industry with export growth.
- It helps in building relationships between the buyers globally and the Indian counterparts to grow exports of Indian leather Industry.
- It provides exporters with a good infrastructure and financial support. Activities and Services Of CLE
- Creating awareness among exporters, communicating marketing information, policies, trends etc.
- Encourage redressal of procedural hurdles by representing it to the authorities concerned

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