



GL BAJAJ

Institute of Management & Research

Approved by A.I.C.T.E., Ministry of HRD, Govt. of India

Roll No.....

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.)–201306

POST GRADUATE DIPLOMA IN MANAGEMENT (2019 -21)

MID TERM EXAMINATIONS (TERM -IV)

Academic Session- 2020-21

Subject Name: Export Import Management

Time: 01.30 hrs

Sub. Code: EXIM VAC

Max Marks: 20

Note:

1. Writing anything except Roll Number on question paper will be deemed as an act of indulging in unfair means and action shall be taken as per rules.

2. All questions are compulsory in Section A, B & C. Section A carries 1 Case Study of 8 marks. Section B carries 3 questions of 2 marks each and Section C carries 2 questions of 3 marks each.

SECTION – A

04+04 = 08 Marks

Q. 1: Case Study:

CASE STUDY - GOLDEN EXPORTERS

Golden exporters, based in UK manufacture laboratory and Industrial ovens, furnances and heat processing systems. Before Golden exporters got involved in exporting, it experienced problems when one of its customers moved overseas. Initially the firm continued to supply the customer with furnances, but with this market eventually began to get eroded, as the customer started sourcing locally. The company initially had not considered export proactively and aggressively due to the following reasons:

- The nature of the product: Industrial ovens and furnances are large and bulky, and they are also relatively expensive. Further, product sizes make shipping costs high.
- Doubts about its success abroad –Golden was a small business and the top management presumed that they would not succeed internationally.

Local to Export Business

Golden chose to move into the International market because of a combination of factors. First of all, the company had confidence in its products. As its president noted, ‘Golden’s strength is in selling engineered products, using 45 years of expertise to build something for customers’.

Further, not only did some of Golden’s Clients move abroad, but also the company began to experience stiff competition in its number one and two local markets from foreign manufacturers. Additionally, they had to contend with local competition and high transportation costs.

Thus, the changing scenario helped Golden realize that an international market might not be a bad choice. Consequently, they made efforts to increase their clientele bas abroad to increase sales and also to insulate themselves from fierce competition in one specific market. Although considered a small company in terms of total sales, the export revenues of Golden are significant and they are the key to its survival. It is now necessary for Golden to maintain its export market share abroad and also its competitive position in the US market.

Export Strategy

After initial hesitation, the executives in Golden finally adopted pro-active approach by selecting Southeast Asia as an area of export development. Golden’s Chairman Mr Singh, was motivated

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towards this strategy when he attended a seminar that featured UK's ambassador to the ASEAN Countries.

Mr Singh, used the information provided by the participants in the seminar for research on the Asian market. In addition, the top executives of Golden worked with a representative from Export Promotion Council of the UK. Mr Singh also undertook a trip to Southeast Asia primarily to gauge the market potential and identify possible agents. He decided to export finished products and market them through agents/distributors. The company could have explored licensing its technology to manufacturers in South-east Asia, but preferred to maintain control over its technology and serve south-east Asia through exports from its own plants in the US. They advertised in leading newspapers in Thailand and Singapore.

Golden's executives quickly learned that they had to cut shipping costs to remain competitive in the south east Asian market. So they decided to redesign the packaging of their product, making it more compact. Additionally, they hired/contracted with freight forwarders to find the best rates, which varied depending on the forwarder's experience and relationship with a particular shipping line.

Noting that the southeast Asia market are very keen upon forming a personal association with the exporter, Mr Singh learned the importance of visiting potential customers in the region personally rather than relying on a sales manager. Another behavioural pattern he noticed among these customers was that they wanted to ensure that the exporter was financially secure and has sufficient funding to continue with them for a long period. Thus, he used this knowledge to strengthen trust with his south east Asian clients and find his company a strong foothold in the export business.

Questions

1A: Explain various reasons for Golden exporters for entering into export?

2B: Discuss the export strategies formulated by Mr Singh.

SECTION – B

02×03 = 06 Marks

Q. 2: Explain the difference between advance payment and Open account with example.

Q. 3: What is e-IEC number? Explain its benefit for an exporter and importer.

Q. 4: Describe the various reasons for entering in International trade.

SECTION – C

03×02 = 06 Marks

Q.5: Describe the role and various schemes of Export Promotion Councils.

Q.6: Describe the six major highlights of Foreign Trade Policy 2015-2020.