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| **SESSION** | **JULY-AUGUST 2024** |
| **PROGRAM** | **MASTER OF BUSINESS ADMINISTRATION (MBA)** |
| **SEMESTER** | **4** |
| **COURSE CODE & NAME** | **DIBM404 EXPORT IMPORT FINANCE** |
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**Assignment Set – 1**

**1. Explain the Institutional Framework of Export and Import in India.**

**Ans 1.**

**Institutional Framework of Export and Import in India**

The institutional framework of export and import in India is a structured system of organizations, policies, and regulations established to facilitate international trade. This framework plays a crucial role in ensuring seamless trade operations and promoting the economic growth of the country.

**Regulatory Authorities and Policies** The Directorate General of Foreign Trade (DGFT) is the central agency responsible for formulating and implementing India’s trade policies. It oversees

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**2. What is interest subvention, and how does it impact export finance.**

**Ans 2.**

**Interest Subvention and Its Impact on Export Finance**

**Understanding Interest Subvention** Interest subvention refers to the subsidy provided by the government on the interest rates charged on loans to exporters. It is a financial mechanism aimed at reducing the cost of borrowing for exporters, making Indian goods more competitive in international markets. Under this scheme, banks offer loans to eligible exporters at reduced interest rates, with the government compensating the differential cost.

**Features of Interest Subvention Schemes** Interest subvention schemes are generally targeted

**3. Write short note on the following concepts:**

**i. Forfaiting**

**ii. Factoring**

**Ans 3.**

**i. Forfaiting**

Forfaiting is a financial arrangement used in international trade where exporters sell their medium- to long-term receivables to a forfaiter (a financial institution or specialized company) at a discount. This allows exporters to receive immediate cash while transferring the credit risk associated with the receivables to the forfaiter.

**Mechanism of Forfaiting** In forfaiting, exporters provide credit to importers by allowing

**Assignment Set – 2**

**4. What are the key advantages and disadvantages of different methods of import financing. (Explain any 5 methods of Import Financing)**

**Ans 4.**

**Key Advantages and Disadvantages of Different Methods of Import Financing**

**Bank Loans**

Bank loans are one of the most common methods of import financing. Importers borrow funds from banks to pay for imported goods. The loan is typically secured against collateral or the goods being imported.

**Advantages:** Bank loans offer flexibility in terms of repayment schedules and amounts. They also provide immediate access to funds, ensuring timely payments to suppliers.
**Disadvantages:** High interest rates and stringent collateral requirements can make bank loans

**5. Discuss the impact of geopolitical events on exchange rates in the forex market. Provide examples.**

**Ans 5.**

**Impact of Geopolitical Events on Exchange Rates in the Forex Market**

Geopolitical events significantly influence exchange rates in the forex market by affecting investor confidence, altering trade relationships, and impacting capital flows. Exchange rates are highly sensitive to uncertainty, making geopolitical developments a critical factor in forex market dynamics.

**Geopolitical Uncertainty and Currency Volatility** Uncertainty arising from geopolitical

**6. How does the interaction between FEMA and FEDAI benefit the foreign exchange market?**

**Ans 6.**

**Interaction Between FEMA and FEDAI in the Foreign Exchange Market**

The interaction between the Foreign Exchange Management Act (FEMA) and the Foreign Exchange Dealers' Association of India (FEDAI) plays a crucial role in regulating and streamlining India’s foreign exchange market. This collaboration ensures compliance, transparency, and operational efficiency in forex transactions, benefiting businesses, individuals, and financial institutions.

**Role of FEMA in Forex Regulation** FEMA, enacted in 1999, governs foreign exchange