

University of Pune

Faculty :- Mental , Moral & Social Sciences

Board of Studies in Economics

Post Graduate Diploma in Foreign Trade (PGDFT)

Revised Syllabus From 2008-2009

Semester System

The Post Graduate Diploma in Foreign Trade is a one year professional diploma, which trains graduates of any discipline in various theoretical and practical aspects of foreign trade. The Diploma consists of 10 papers and two papers are departmental courses equally divided into two semesters. The papers are given below and the detailed contents of the papers including the list of reading are given below. Total marks of the PGDFT course is 1000 marks equally divided into two semesters. Each paper carries 100 marks, which are divided into 40 marks internal and 60 marks external, unless specified otherwise.

Details for the Departmental Course: The course requires the student to score at least C grade, ie: 40%. Every student must pass in the departmental course.

Table 1: Marks Conversion into Grade:

Sr.No.	Marks Obtained	Grade
1	40-49	C
2	50-54	B
3	55-59	B+
4	60-69	A
5	70-79	A+
6	80 and above	O

(Prof. M.D. Tanpure)
Chairman BOS

(Dr. Bhong G.L.)
Co -ordinator

University of Pune
Department of Economics
Post Graduate Diploma in Foreign Trade (PGDFT)
Semester System

Semester I

Paper 1 – Managerial Economics

Paper 2 – International Economics and Foreign Exchange Management

Paper 3 – International Logistics

Paper 4 – Marketing Principles and Management

Paper 5– Quantitative Methods

Paper 6 – Foreign Language (Departmental Course)

Semester II

Paper 7 – International Marketing

Paper 8 – International Financial Management

Paper 9 – Export and Import Procedures

Paper 10 – Indian Economy and Trade Dependencies

Paper 11 – Commercial Geography

Paper 12 – Assignment and Project (Departmental Course)

Semester I
Paper 1

Managerial Economics

1. Introduction: Nature and Scope of Managerial Economics,
The Theory of the firm, Concept and Function of Profit,
Microeconomics and Managerial Economics,
Basics of Maximization and Optimization,
Applications.

2. Demand Analysis: Demand for a commodity,
Individual Demand and Market Demand,
Price, Income and Cross Elasticity of Demand,
Use of Elasticity in Managerial Decision Making,
Estimation of Demand,
Demand Forecasting,
Qualitative Forecasting.

3. Theory of Production and Cost:
 - a) Production Theory and Estimation,
Production Function, Optimal Combination of Inputs,
Returns to Scale,
Empirical production Function,
Technology and Internal Competitiveness.
 - b) Cost Theory and Estimation,
Short and long run Cost Curves,
Plant Size and Scale Economies,
International Trade in Inputs and Labour Immigration,
Cost-Volume-Profit Analysis,
Operating Leverage,
Empirical Estimation of Cost Functions.

4. Nature of Composition and Pricing Decisions:
Market Structure and Price Behavior,
Perfect Competition,
Competition in International Economy,
Monopoly, Monopolistic Competition:
Product Variation; Selling Costs;
Oligopoly and Market Concentration,
Oligopoly Models, Non-Price Competition,
Game Theory, Linear Programming, Entry Barriers,
Efficiency aspects of Oligopoly,
Global Oligopoly, Pricing Practices,
Pricing of Multiple Products,
Price Discrimination and Dumping,
Transfer Pricing, Pricing Practice like Cost-Plus Pricing,
Incremental Pricing and Sealed-Bid Pricing.
5. Investment, Financing and Other Medium and Long term Decisions:
Risk Analysis,
Risk and Uncertainty in Managerial Decision making,
Measuring Risk, Utility Theory and Risk Aversion,
Decision Making under Uncertainty,
Foreign Exchange risk and,
Capital Budgeting,
Investment Appraisal and Long Run Investment Decision,
Capital Budgeting Process, NPV and IRR,
Capital Rationing and Profitability Index,
Cost of Capital, Capital Structure,
Cost of Equity Capital, CAPM,
Cost of Capital and International Competitiveness.
Product Market and Corporate Strategies, Vertical Integration,
Diversification, Decision to Invest Abroad,
Planned Obsolescence.

Suggested Readings:

1. Managerial Economics in a Global Economy by Salvatore.
2. Managerial Economics by W.D Reekie and J.N Crook
3. Economics by A. Stiglitz.
4. Microeconomics by G. Mankiw.
5. Microeconomics for management students: Dholakia & Oza.

Paper 2

International Economics and Foreign Exchange Management

1. Introduction to International Economics.

The three aspects of International Economics – trade theory, trade policy and international finance.

2. Trade Theory

Concept of opportunity cost, Ricardo, Production functions, factor intensities, modern theory of Heckcher Ohlin, trade theories post the Heckcher Ohlin model. Introduction to: Technological gap theories and Product Life Cycle. Theories of economies of scale. Linder's Hypothesis

3. Trade Policy:

Free Trade and Protection. Tariffs, quotas and subsidies. Partial equilibrium diagrams. GATT and Uruguay Round. Formation of WTO. Introduction to important Agreements of WTO. (Agreement on Agriculture, TRIPs, TRIMs, GATS, ATC, SPS etc.)
Terms of Trade, Factors affecting them.
Exchange Rates, Fixed and Flexible. Exchange Control.

4. International Finance:

IMF objectives and brief history: Demise of Bretton Wood. IMF conditionality.
Introduction to:
Customs union and regional groupings, its impact on world trade. Trade creation and trade diversion.
Formation of European Union and introduction of Euro. Concept of Optimum Currency Areas.
International capital markets.

5. Introduction to Foreign Exchange Management:
Management of foreign exchange with special reference of India.
India's forex scenario. BOP crisis of 1990, LERMS, convertibility.
Finance function: Financial institutions in international trade.
Non resident accounts: Repatriable and non repatriable, significance for the economy and bank.
6. Methods of IN Trade settlement:
Open account, clean advances, documentary credit, and documentary collection.
Documentary credit (letter of credit): Types of LC – parties, mechanism with illustration.
Documents involved in international trade: Statutory documents, financial documents, transport documents, risk bearing documents.
INCOTERMS: CIF, FOB, CIP.
Financing of imports by opening of letter of credit: Documents required, trade and exchange control formalities, sanction of LC limit.
7. Export finance:
Financing export/ deemed export: Pre ship, and post shipment finance export methods, how to start export? ECGC and other formalities.
Uniform customs practices of docu credits – 2006, ICC Paris publication 500: Clauses 1 to 49 with case studies/illustration.
Uniform rules collection – 97 revision clauses 1 to 22 with case studies/illustration.
8. Introduction to exchange rate mechanism:
Spot-forward rate, exchange arithmetic. Forward, swap futures and options.
Guarantees in IN Trade: Performance, bid bond etc.

Suggested Readings:

1. International Economics by Paul Krugman.
2. International Economics by Bo Soderstain and John Reed.
3. International Economics by D Salvatore.

Paper 3

International Logistics

1. International Logistics: definition and importance.
2. Different modes of transport used in International Trade.
3. Types of cargo, packing requirements and selection of vsl of shipments.
4. Types of vessels for Exports.
5. Types of shipping services: liner and tramp services, importance and comparison.
6. Different Inco terms- terms of delivery.
7. Types of bills of ladings, air way bills and transport docs.
8. Types of containers- containerization.
9. Air freight, sea freight calculation basis, surcharges on freight charges.
10. Intermediaries role of freight forwarder and NVOCC and importance.
11. Carriers liability.
12. International commercial documents.

Suggested Readings:

1. International Logistics by Pierre David, Biztantra Publications New Delhi.

Paper 4

Marketing Principles and Management

1. Marketing nature and scope and importance.
2. Managing the marketing process and market planning.
3. Marketing information system and marketing research.
4. Marketing environment analysis.
5. Consumer markets and buying behavior.
6. Business markets and business buying behavior.
7. Analyzing competitors.
8. Measuring and forecasting market demand.
9. Market segmentation and target marketing, strategies for differentiating and market positioning.
10. Product planning and development.
11. Product – mix strategies.
12. Managing products through product life cycles.
13. Brands, packaging and other product features.
14. Managing service business and ancillary services; service marketing.
15. Price determination, pricing strategies and policies. Selection and management of marketing channels: Marketing channels of distribution, wholesaling, retailing and management of physical distribution, designing, communication and promotion–mix strategies,

designing effective advertisement programs, direct marketing, and sales promotion.

16.E-commerce and its impact on domestic marketing.

I. Workshop on Market Management.

Suggested Reading:

1. Marketing Management Analysis, Planning, Implementation and control by P Kotler.
2. Fundamentals of Marketing by W.J Stanton, M.J Etgel and B. J Walker.
3. Marketing by P.D Benett, International Students Edition.
4. Marketing Management by D.S Tull and L.R Khale.

Paper 5

Quantitative Methods

1. Meaning, use and scope of Quantitative Techniques.
2. Presentation and classification of data: Frequency distribution – for continuous, grouped and discrete data. Frequency polygon, Cumulative frequency distribution (ogive), bar charts and their varieties, pie charts, histograms.
3. Measures of Central tendencies – Mean: arithmetic, geometric and weighted. Concept of median, mode, quartiles and percentiles.
4. Measures of dispersion: Range, mean deviation, standard deviation for grouped and discrete data, and coefficient of variation.
5. Correlation and Regression – Coefficient of correlation and standard error.
6. Sample and population, sampling methods, sampling frame, sampling unit, probability and non probability sampling, sampling errors, non sampling errors, advantages and use of sampling techniques.
7. Theory of probability – Meaning and properties of probability – meaning of trial (Experiment), event, sample space, union of two events – intersections of two events – independent exhaustive, mutually exclusive events, marginal and conditional probability.
8. Probability distribution: Random variable, expected value and variance of random variable, binomial, Poisson and normal distribution – distribution – properties and applications.

9. Theory of estimation: Estimators and their characteristics, point and interval estimation of population. Mean and proportion, students 't' test.
10. Testing of hypothesis: Null and alternative hypothesis, decision rules, type II errors, level of significance.

Suggested Reading:

1. Fundamentals of Statistics by S.C Gupta.
2. Mathematical Statistics by J. Freud.
3. Statistical Methods by J.V Tatke.
4. Introduction to Statistics by Croxton and Cowden.

Paper 6

Foreign language (Departmental Course)

FRENCH/ GERMAN/ JAPANESE

Topic 1: Salutations:

1. To greet the people and say Good afternoon, Good Evening, Goodbye, ask name and say your name, seek clarification and help, numbers from 1 to 10
2. To say where you live. Describe your house and members of your family. Weights and Measures, length & breadth, use of decimal system, area and volume. Cardinal numbers & Ordinal Numbers.
3. Ask and give personal information, Nationality, profession and language, Numbers from 11 to 50. To ask time by clock and by span, days of the week, months of the year.

Topic 2: Conversation Skills:

1. To ask and express interests, Preferences; likes and dislikes; to invite, to accept the invitation or to politely decline the invitation; hobbies and how to spend your leisure.
2. To talk about the weather; to talk about the daily personal routine and related activities. Seasons & holidays in France/Germany/Japan. Introduction to letter writing and email writing.
3. To talk about clothing, size colour, material. Purchase at a super market, modes of payment. To name and explain human body to express common bodily ailments (fever, headache etc)

Topic 3: Geographical Description:

1. Country, location on the world map, borders and neighboring countries, ports and industrial towns.
2. Information and clarification of places. Asking for directions to the public places. Modes of Transport. Numbers 51 to 1000.

Topic 4: Business

1. Visit to a restaurant, to express agreement/disagreement; to ask for price/quantity
2. To ask about personal past events, to narrate personal experience, to comprehend difference between letters like Personal/Business Letters, telegram & e-mail; formats of Letter head and e-mail.
3. To talk about/express future actions, to plan a business trip with related requirements: hotel, tickets, car, Rent a car, places to visit, traffic signs etc. Documents required like Passport, International Driving license, Insurance cover etc.
4. Vocabulary relating to the Transactions at the Post office, Bank, Insurance Company – personal, health, accident, marine... equivalent terms of transaction – fob, c.i.f, f.a.s, payment through Letter of credit. Etc.

Grammar: Future tense, imperfect tense, degrees of comparison, imperative mood. Script, Letters of alphabet, accents, sounds of groups of letters, punctuation marks, articles, nouns, sing./Pl, genders; mas. /fem. Structure of sentences & types like affirmative, negative interrogative & negative interrogative, Verbs: classes of verbs and conjugation patterns, Pronominal verbs; Present tense, The idea of auxiliary verb; prepositions; pronouns- subject, interrogative, relative, possessive, emphatic; adjectives, adverbs

Semester II
Paper 7

International Marketing

1. International Marketing: Environment, Features and Participants.
 1. Global Economy
 2. Global Interdependence, International Markets, Markets for goods and services, Size, Factors affecting Growth of Markets and Benefits of International Marketing
 3. Participants in International Markets: Private Sector, MNCs, Export Management Companies, Multinational Banks and Insurance Companies
 4. Factors affecting International Marketing: Like Culture, Politics and Law
 5. Regional Integration and Protectionism
 6. International Monetary System and World Trade

2. International Marketing Management
 1. Policies regarding Products, Their position, Standardization, Adaptation, Brand, Trade Marks etc,
 2. International Marketing of Services and Technology
 3. Promotion Policy:
Advertising and other types of Promotion:
International Advertising: Major aspects,
Developing International Advertising Strategy and Management of Advertising Function
International Sales Forces and
Their Management International Advertising Research
 4. Distribution Channels and Policy:
Managing International Distributional Channels
Choice of Distributional Channels in different Markets
Multinational Wholesalers and Retailers

5. Export Pricing,
Tax incentives,
Foreign Trade Zones and Exports
3. International Marketing: Organization, Planning and Control
 1. International Marketing Strategy and Entry Methods
 2. International Marketing Information:
Surveys and cross Research,
National Consumer Research and
Export Marketing Research.
4. International Marketing: Opportunities in Developed Countries and
Developing Countries.
 - I. Case Study of 1 International Marketing Firms
 - II. 2 Field Visits
 - III. 1 Workshop

Suggested Readings:

1. International Marketing by V.H. Kriplani.
2. International Marketing Concepts, Techniques and Cases by Saxena
and Kapur.
3. International Marketing by J. M.Hess and P.R Catecora.
4. International Marketing Management by Miracle and G.S Albaum.
5. International Marketing Analysis and Strategy by John Shaw.

Paper 8

International Financial Management

1. The importance, rewards and risks of International Finance, a background to the international financial systems Gold and Dollar standards. Case for fixed versus flexible exchange rates.
2. Foreign exchange markets. Spot exchange markets – the organization of Inter Bank market, exchange, Arithmetic – purchase and scales transactions, exchange quotations, types of buying and selling rates, cross rates, chain rule, retail versus inter-bank rates, bank settlement via corresponding accounts, chips, chaps and swift, market clearing and exchange brokers. Forward exchange contracts – features of forward contracts, forward exchange premiums and discounts, convention in quoting forward exchange, binomial pricing and Black-Scholes formula. Foreign exchange risk and exposure and management – transaction exposure, and economic exposure and the management of these exposures.
3. How to hedge and speculate: Hedging and speculation via forwards, futures, options and swaps.
4. International manifestations of the law of One Price: The purchasing power parity principle and the interest parity principle.
5. Short term financial markets: Eurodollars, euro currencies, euro notes and multinational banking market efficiency: Efficiency of money markets and efficiency of foreign exchange markets.

6. Long term financial markets – Equity and bond financing, Eurobonds and foreign bonds, multi-currency bonds, Bank financing Parallel Loans and Credit Swaps.
7. Portfolio analysis, portfolio selection and capital market theory in international context.
8. Foreign direct investment capital budgeting for foreign direct investment, difficulty in evaluating foreign projects, the adjusted – present value technique, selecting the appropriate discount rates, actual practice of capital budgeting.

Suggested Reading:

1. Futures and Options by John Hull.
2. International Finance by Maurice Levi
3. International Finance Markets by Richard Levich.

Paper 9

Export and Import Procedures

Export Procedures -

1. Preparation for exports: Registration of firms with authorities, PAN No., IE code, BIN No., EPC, Central Excise etc.,
2. Category of exports: Direct, indirect, third party exports.
3. Category of exporters: Manufacturer exporter, merchant exporter, EOU/ SEZ/ Biotech Parks/ Export Houses 5 categories, Trading Houses, Super Trading, Star Trading Houses. Soft Ware Tech Parks India.
4. Export benefits: Duty drawback, advance authorization scheme, duty free import authorization, duty exemption entitlement scheme, export promotion capital goods (EPCG), duty entitlement pas book scheme, market development assistance, focus product, focus mktg, market access initiative, excise clearance under rule 18 and 19.
5. GSP and GSTP rules as per the FT policy, complete documentation and procedures for export clearance, conditions in a letter of credit for stipulated documents legalization shipping cos certificates, types of bill of lading.

Import Procedures –

1. Import management, procurement planning, and project imports regn.
2. Identification, selection of suppliers.
3. Purchase contract, terms of payments.

4. Terms of Delivery Inco terms.
5. Import policy ITC HS.
6. Role of a customs house agent and freight forward agents.
7. Type of customs duties, valuation rules.
8. Complete documentation and procedures for import clearance at sea port.
9. Cus clearance of imports by sea and air documents, procedures. etc.
- 10.Imports under various imports notification issued by customs.

Suggested Reading:

1. International Economics by M.L Jhingan.
2. Indian Economy by Ruddar Datt and Sundharam.
3. Banking International Trade and Public Finance by M.L Seth.
4. Educational Publications – Agra 282002 by Lakshmi Narain Agrwal.
5. Indian Economy by A.N Agarwal.
6. Vishwa Prakashan – New Delhi 2004.
7. Indian Economy by Mishra and Puri.
8. WTO and India by Anil Kumar Thakur.
9. Foreign Trade Policy Volume I & II.
- 10.Handbook of Procedures Volume I – II – III SION-DEPT Schedule.
- 11.How to Export by Nabhi Publication.
- 12.How to Import by Nabhi Publication.

Paper 10

Indian Economy and Trade Dependencies

1. Global trade and its growth. India's relative position in world trade.
Changes over time.
2. Fundamentals of Indian economy. India's commercial policy, a historic perspective. Objective and essential features. Import substitution policies and rationale changes over time.
3. Analysis of India's exports and imports since 1965: Commodity composition, geographical direction.
4. Balance of trade, balance of payments, analysis and changes over time.
5. Change in the patterns of state trading in India over time. From state trading to export promotion. Export promotion measures. Institutional framework for export promotion. Free trade zones and EOUs. Export houses. Trading houses and star trading houses. SEZs.
6. Exchange control. Exchange rate policy in India. Convertibility of Rupee and Impact on Foreign Trade.
7. The BoP crisis in 1991 and the economic reforms thereafter.
Liberalization in trade policy. Globalization of foreign direct investments and financial markets. FDI and FII in India.
8. Globalization and emerging foreign trade scenario. WTO and India.

Suggested Reading:

1. Foreign Trade Management in India by M.L Verma.
2. India's Export and Export Policies in the 1906s by D. Nayyar.
3. World Development Reports (Recent years)
4. Economic survey (Latest few years) Ministry of Finance, GOI.
5. Annual Report (Recent years), Ministry of Commerce, GOI.
6. India's Balance of Payments, 1948-49 till 1989, RBI, Bombay, 1993.
7. Foreign Exchange Handbook by H.P Bharadwaj.

Paper 11

Commercial Geography

Topic 1: Introduction to Commercial Geography

- a. Definition, nature and scope, relation with other branches.
- b. Approaches to the study of commercial geography.
- c. Meaning of environment, physical or natural environment and cultural or manmade environment, various factors affecting commercial activities of man
 - i) Physical or natural factors: Location, climate, physiography or land relief, soil, animals, minerals, vegetation, water bodies, extent and shape of a country.
 - ii) Cultural or manmade factors: Transportation and communication, science and technology, settlement, government political situation, racial and ethnic composition.
- d. Commercial activities: Primary, secondary, tertiary and quaternary activities.
- e. Theories of determinism and possibilism, stop and go determinism.

Topic 2: Natural Resources and their role in trade

- a. Classification of resources and conservation of resources.
- b. Forest resources: Types of forest, uses of forests, major forest products.

- c. Animal resources: Cattle rearing, dairy cattle, dairy farming regions, beef cattle, world distribution of beef cattle, sheep rearing, wool sheep, mutton sheep, pig farming, poultry farming, sericulture and aquaculture.
- d. Marine resources: Factors favoring fishing, kinds of fisheries, major fishing grounds of the world. Pisciculture (fish farming). Operation flood program and Blue Revolution.
- e. Mineral resources: World production and trade in iron ore, copper, bauxite, gold, silver, diamond.
- f. Power resources: World production and trade in coal, petroleum, natural gas, hydro-electricity and atomic or nuclear energy, factors affecting for harnessing hydro-electric power.
- g. Agriculture resources: Types of agriculture, world distribution and trade in wheat, rice (paddy), maize (Indian corn), tea, coffee. Green revolution.
- h. World distribution of iron and steel industries, cotton textiles, chemical and petrochemical, ship building and paper industry.
- i. Weber's theory of industrial location, Losch theory of profit maximization.

Topic 3: Transport and communication

- a. Merits and demerits of various modes of transport.
- b. Major ocean routes – The North Atlantic; Major ship canal – The Suez Canal, the Panama Canal, the Great Lakes-St. Lawrence seaway; Major Trans-Continental Railway – the Trans-Siberian Railway; Major International Ports.
- c. Satellites communication role in enhancing trade in India.

Paper 12
Assignment and Project
(Departmental Course)

This paper requires an independent research assignment done by individual students with the guidance of teachers, completed either at a company or institution. The student will be required to submit a research report in a printed format and will have to present the same to a committee of teachers. The division of marks for this subject is specified above.