

**PGDM (IB) 2016-18 Batch  
INTERNATIONAL TRADE OPERATIONS**

**Sub. Code IB-204**

Trimester – II, END-TERM EXAMINATION, December 2016

Time: 2 Hrs 30 Min

Max Marks: 50

Roll No. -----

Instructions: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

**SECTION A**

**Note: Attempt any three Questions**

1. You are finalizing an export contract with your buyer for exporting 500 MT of wheat from India to South Africa. What broad terms and conditions should form part of the contract?
2. Discuss the importance of Bill of Lading in International Trade. Explain the following type of B/L
  - a. Clean B/L
  - b. Switch B/L
  - c. Trans-shipment B/L
3. Discuss the meaning of Credit Risk in Export Business, and role of ECGC in providing cover for such risks.
4. "Arbitration is considered to be generally speedy, less formal and greater degree of confidentiality is maintained". In light of above statement discuss the procedure followed when arbitration is adopted as a means of dispute settlement between the parties.
5. Explain the importance following documents in international trade
  - a. Shipping Bill
  - b. Bill of Entry

**3X5=15 Marks**

**SECTION B**

**Note: Attempt any two Questions**

1. An exporter wishes to import components at JNPT, Mumbai for manufacturing engineering goods. The components being imported will be required in parts, so the exporter wishes to keep them in bonded warehouse for a period of three months. Discuss the procedure followed for keeping the goods at bonded warehouse and getting the custom clearance of goods at sea port.

2. "While finalizing the contract with buyer it is very important to choose the appropriate INCOTERMS". In light of above statement discuss the major changes brought in INCOTERM 2010 and how does the risk and cost of exporter changes with every INCOTERM for water mode of transport.
3. "Letter of Credit is considered to be the safest mode of payment in international Trade." Discuss the process of payment when Letter of Credit is used as method of payment, various types of L/Cs and risks associated with L/C for different parties involved in trade.

2X10=20 Marks

### Section C

**Note: Case Study (1 and 2) is Compulsory**

#### Case Study 1

Following is a copy of contract between M/s Lakshmi Food & Energy Ltd., New Delhi and Fortrec Petrochem Pvt Ltd., Singapore. Based on the details given in the contract you are required to fill **Commercial Invoice and Bill of Lading** (Format is Enclosed)

#### SALE - PURCHASE CONTRACT NO. 13 AS3412

This contract is made on 08 December 2013 between M/s. Lakshmi Foods & Energy Ltd., 306, Hansalaya Building, Tolstoy Marg, Cannought Place, New Delhi -110 001 (hereinafter referred to as Seller) on one part and M/s. Fortrec Petrochem Pvt Ltd., 9834, High St Singapore 469272 (hereinafter referred to as Buyer) on the other part.

It is hereby agreed that the Seller will sell and the Buyer will buy, in accordance with terms & conditions stipulated hereinafter.

SELLER:

**M/s. Lakshmi Foods & Energy Ltd.,**  
306, Hansalaya Building, Tolstoy Marg,  
Cannaught Place, New Delhi -110 001.

BUYER:

**Fortrec Petrochem Pvt Ltd.,**  
9834 High St Singapore 469272.

NOTIFY PARTY:

**BEML (Malaysia) Sdn Bhd**  
Level 7, Wisma Genting,  
28, Jalan Sultan Ismail,  
50250 Kuala Lumpur (Malaysia).

COMMODITY :

**INDIAN WHITE SUGAR, NEW CROP 2011**  
**INDIAN ORIGIN**

Specifications

ICUMSA : 45

Polarisation : 90

QUANTITY: Discoloured : 0.5 pct max  
500 MTS with 10 percent more or less at Buyer's option at contract price in 20 feet containers

SHIPMENT: 30<sup>th</sup> December 2013 - 31<sup>st</sup> January 2014  
(BOTH DATES INCLUSIVE)

PRICE: At USD 450.00 (U.S. Dollars Four Hundred and Fifty Only) per metric tons. Price basis CFR (Port Klang, Malaysia).

PACKING/MARKING: In new single Woven polypropylene bags of 50 kgs net each with Buyer's markings "Eagle" Brand in red color on both sides of bag. Tare weight of 50 kgs bag at minimum 125 grams each.

WEIGHT/QUALITY/CONDITION OF GOODS: Final at loading port as per certificates issued by a first class international independent surveyor of SGS India Pvt Ltd. OR Cotecna India Pvt Ltd

#### PAYMENT AND DOCUMENT REQUIREMENT

Documents against Acceptance, within 90 Days from date of onboard B/L through Bank by T/T remittance in U.S. Dollars for full value of the shipment upon submission of following original documents at the Buyer's Bank in Singapore.

#### DOCUMENTS REQUIRED:-

1. Commercial Invoice IN TRIPLICATE
2. Full set of 3/3 original and 3 non-negotiable Clean on Board Bill of lading made to Order and blank endorsed marked "Freight Prepaid" and Notify Party to be blank. It should state "2 pct empty bags shipped".
3. Certificate of Weight, Quality and Packing issued by First class surveyor
4. Certificate of Origin issued by Chamber of Commerce and Industry giving origin of goods in Original (3 copies)
5. Phytosanitary Certificate issued by Official Authority

FORCE MAJEURE:

The fulfillment of this contract is subject to  
GAFTA force majeure clause

ARBITRATION:

Should any dispute arise between parties,  
settlement will apply to LONDON as per  
GAFTA rules 125.

**Buyer**  
**AUTHORISED SIGNATORY**

**Seller**  
**AUTHORISED SIGNATORY**

Dated :- 8<sup>th</sup> December 2012

NOTE:-

1. Loadability of each 20 feet container is 21 MTS.
2. Vessel Name :- Tiger Shark- V00786
3. IEC Code of Exporter :- 054653402A
4. Loading Port :- JNPT, Mumbai, India
5. Invoice No. :- NBA/087/0056A

**10 Marks**

### **Case Study 2**

A Chinese case has illustrated the problems that may arise in this kind of situation, if the goods are delivered against only one bill of lading. In this case, the carrier issued three bills of lading to the shipper. During the course of the voyage, the carrier was instructed by the shipper to change the port of discharge. In this new port, the carrier delivered the goods to the shipper against only one original of the bill of lading. After obtaining the goods, the seller disappeared. Then, the consignee, who was in possession of two remaining original bills of lading, brought a suit against the carrier.

**In your opinion is the consignee eligible to get compensation? If yes, who in your opinion (carrier/shipper) should pay the compensation.**

**5 Marks**

MASTER DOCUMENT-I

Exporter 25.5 mm X 92 mm		1 Invoice No. & Date 8.5 mm X 46 mm		10 Exporter's Ref. 8.5 mm X 46 mm		11			
		Buyer's Order No. & Date 8.5 mm X 92 mm						12	
		Other Reference(s) 8.5 mm X 92 mm						13	
Consignee 25.5 mm X 92 mm		2 Buyer (if other than consignee)		34 mm X 92 mm				14	
		Notify 25.5 mm X 92 mm		3		15 Country of Origin of Goods 8.5 mm X 46 mm		16 Country of Final Destination 8.5 mm X 46 mm	
Pre-Carriage by 8.5 mm X 46 mm		4 Place of Receipt by Pre-carrier 8.5 mm X 46 mm		34 mm X 92 mm				17	
Vessel/Flight No. 8.5 mm X 46 mm		6 Port of Loading 8.5 mm X 46 mm							
Port of Discharge 8.5 mm X 46 mm		8 Final Destination 8.5 mm X 46 mm							
Marks & Nos./ Container Nos.		18 No. & Kind of Pkgs.		19 Description of Goods		20		21 Quantity	
								22 Rate	
								23 Amount	
								24 Total 8.5 mm X 23 mm	
								73 mm X 164 mm	

**BILL OF LADING FOR COMBINED TRANSPORT AND PORT TO PORT SHIPMENTS**

Shipper		B/L No.		
Consignee (If 'order' state Notify Party & Address)		<b>NAME AND LOGO OF SHIPPING LINE / COMBINED TRANSPORT OPERATOR</b>		
Notify Party (leave blank if stated above)				
Pre-Carriage by	Place of Receipt by Pre-Carrier			
Vessel	Port of Loading			
Port of Discharge	Place of Delivery (If On-Carriage)			
Marks & Nos/ Container No.	No. & Kind of Pkgs. Containers Seal No.	Description of Goods	Gross Weight	Cube (m <sup>3</sup> )
Total No. of Containers/Pkgs (in words)		Received in apparent good order and condition		
Movement		.....		
Freight/Charge Indicator		.....		
Shipped on Board		Freight Payable at	For The (name of the Shipping Line/CTO)	
For The		No. of Original Bs/L	Signature & Initials as Agents only	
Date	Signature & Initials	Date	Date	