

PGDM 2013-15 Batch
INTERNATIONAL TRADE OPERATIONS
Sub. Code: DM 503

Trimester – V, END-TERM EXAMINATION, December 2014

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. Explain with the help of Theory of Comparative Advantage how trade is beneficial for countries that do not have absolute advantage in producing any item.
2. Discuss the most important transport documents used in International Trade by sea and by air? Explain the different types of B/L.
3. What is counter trade transaction? Describe the types of countertrade normally used in international trade.
4. Discuss in brief the process of payment when Letter of Credit is used as method of payment. Explain the following types of Letter of Credit
 - a. Red Clause L/C
 - b. Revolving L/C
5. Write brief notes on
 - a. Packing Credit in Foreign Currency
 - b. Risk management in exports

3X5=15 Marks

SECTION B

Note: Attempt any two Questions

1. "Foreign Trade Policy when announced in 2009 stressed on diversification of export markets for India. Various promotional measures were announced and this has resulted in achieving the export target fixed at \$ 200 billion by March 2011." Discuss the benefits that are provided by government under promotional schemes (MDA, MAI, FPS, FMS, SFIS etc.) Do you think these schemes are sufficient to meet the present challenges that

Indian exports are facing? What recommendations would you like to give to policy makers?

2. An exporter of leather goods situated at Agra wishes to export the goods through ICD located at Dadri. Discuss the procedure followed for getting the custom clearance of goods at ICD. Also discuss the procedure followed when factory stuffing of goods take place.
3. INCOTERMS have significant bearing on price quoted by exporter to his buyer. Discuss in detail how does the risk and cost of exporter changes with every INCOTERM for sea mode of transport. Which INCOTERM will you choose if you have good relationship with Insurance and Shipping Companies? Give reasons

2X10=20 Marks

Section C

Note: Case Study is Compulsory

Case Study

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,
Cannought 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
Discoloured : 0.5 pct max

QUANTITY:

500 MTS with 10 percent more or less at Buyer's option at contract price in 20 feet containers

SHIPMENT:

30th December 2013 - 31st 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

Seller

AUTHORISED SIGNATORY

AUTHORISED SIGNATORY

Dated :- 8th 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

15Marks

MASTER DOCUMENT-I

92 mm

B

92 mm

C

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		Country of Origin of Goods 8.5 mm X 46 mm	15	Country of Final Destination 8.5 mm X 46 mm
		Terms of Delivery and Payment 34 mm X 92 mm			17
4		Place of Receipt by Pre-carrier 8.5 mm X 46 mm	5		
Pre-Carriage by : 8.5 mm X 46 mm		Port of Loading 8.5 mm X 46 mm	7		
Vessel/Flight No. 8.5 mm X 46 mm	6	Final Destination 8.5 mm X 46 mm	9		
Port of Discharge 8.5 mm X 46 mm	8				
Marks & Nos./ Container Nos. 18	No. & Kind of Pkgs. 19	Description of Goods 20	Quantity 21	Rate 22	Amount 23
115 mm X 105 mm		23mm X 105 mm	23 mm X 105 mm	23 mm X 105 mm	
				Total	8.5 mm X 23 mm 24

BILL OF LADING FOR COMBINED TRANSPORT AND PORT TO PORT SHIPMENTS

Shipper		B/L No.		
Consignee (if order state Notify Party & Address)		NAME AND LOGO OF SHIPPING LINE / COMBINED TRANSPORT OPERATOR		
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 ³)
Total No. of Containers/Pkgs (in words)		Received in apparent good order and condition		
Movement				
Freight/Charge Indicator				
		Freight Payable at		
Shipped on Board	No. of Original Bs/L	For The (name of the Shipping Line/CTO)		
For The				
Date	Signature & Initials	Date	Signature & Initials as Agents only	