

EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT



FINAL YEAR FIRST SEMESTER EXAMINATION IN BACHELOR OF COMMERCE
(SPECIALIZATION IN ENTERPRISE DEVELOPMENT) 2013/14 –PROPER
(DECEMBER 2015)

DED 4023 INSTRUMENTS OF TRADE

Answer all Questions

Time: 3 hours

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1. i. What are the payment options for various trade transactions?
(05 Marks)
- ii. Explain about Letter of Credit and its different types.
(05 Marks)
- iii. Explain the role of main parties involving in Letter of Credit payment terms.
(05 Marks)
- iv. What are the advantages and disadvantages of Letter of Credit payment?
(05 Marks)
(Total 20 Marks)
2. An Exporter known as "SJR Company" has been supplying toys to Sri Lankan buyer for several years. Payments of trade being made by letter of credit. Recently, the company received a complaint from the importer on increasing commission charged and time involved in this method of payment. On the other hand, the exporting company would not like to accept open account terms.
- i. Suggest other method of payment that may be used by the company.
(05 Marks)
- ii. Compare the method you mentioned above in terms of time needed and protection to the exporter.
(05 Marks)
- iii. If the importer insists on trading under open account terms what other method can the company suggest to performing his position.
(05 Marks)
- iv. What kind of risks will the company face?
(05 Marks)
(Total 20 Marks)

3. i Assume that you wish to become an exporter of a particular commodity from your home country, explain the basic procedures you should perform before exporting.

(08 Marks)

ii. Discuss some of the reasons why international trade is more difficult and risky from the exporter perspective than domestic trade.

(07 Marks)

iii. What are the prohibited export items in Sri Lanka?

(05 Marks)

(Total: 20 Marks)

4. i If an importer is trading with exporter for the first time and the importer is quite concerned about the quality goods to be shipped, what precautions can importer take?

(0 5 Marks)

ii. What are the documents that have to be presented to the bank for importing of goods in Sri Lanka?

(10 Marks)

iii. List the Preliminary aspects of import

(05 Marks)

(Total: 20 Marks)

5. Explain the followings

i. Incoterms

ii. Payment Risk Diagram

iii: Export Order Processing - Shipment

iv. Bill of Lading

(Total: 20 Marks)