



TECHNICAL UNIVERSITY OF MOMBASA
Faculty of Business & Social Studies

DEPARTMENT OF BUSINESS STUDIES

DIPLOMA IN PROCUREMENT AND MATERIALS MANAGEMENT

BPC 2205: INTERNATIONAL PURCHASING

END OF SEMESTER EXAMINATIONS

SERIES: APRIL 2014

TIME: 2 HOURS

INSTRUCTIONS:

- This paper consists of **FIVE** questions.
- Answer question **ONE (Compulsory)** and any other **TWO** questions.

This paper consists of Two printed pages.

QUESTION 1 (Compulsory)

International purchasing is part of the division of labour which enables countries specialize in purchasing what they cannot from those who can. During the past years the volume of world trade conducted under counter trade terms has greatly increased. Today it features in trading techniques of many countries and representations upto a certain percent of world trade.

Required:

- a) Define the term counter-trade. (2 marks)
- b) Highlight **FOUR** main reasons why buyers opt for counter trade business. (8 marks)
- c) Explain briefly any **SIX** forms of counter-trade which international purchasers are likely to use when importing or exporting goods. (10 marks)
- d) Highlight any **FOUR** disadvantages of using counter-trade in International Purchasing. (10 marks)

QUESTION 2

- a) Describe briefly any **FIVE** elements in product specification that are critical in International Purchasing. (10 marks)
- b) Write short notes on the following:
 - i) Certificate of origin (3 marks)
 - ii) Letter of credit (4 marks)
 - iii) Bill of exchange (3 marks)

QUESTION 3

- a) Explain the roles of International Purchasing in supply chain. (10 marks)
- b) When a firm purchases from international markets, it uses various intermediaries. Describe the types of intermediaries used in International Purchasing. (10 marks)

QUESTION 4

Discuss the various techniques that international purchasers use when evaluating potential suppliers. (20 marks)

QUESTION 5

Explain **FIVE** advantages and disadvantages of buying overseas and their importance to firms. (20 marks)