



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

MANAGEMENT SCIENCE DEPARTMENT

COURSE/CLASS: BACHELOR OF COMMERCE (PROC)
Y4S1 2013/JAB, Y4S1 S2014/PT, Y4S2M2014/S-PT

UNIT CODE: BPC 4401

UNIT NAME: GLOBAL PROCUREMENT MANAGEMENT

SERIES: DECEMBER, 2016

PAPER DURATION: 2 HOURS

NO OF STUDENTS: 150

INSTRUCTIONS TO CANDIDATES:

Answer question ONE (Compulsory) and any other TWO questions.

PAPER B

- Q1. (a) No country can rely on its own resources to feed and improve the welfare of its own people without trading with other countries in the whole world. Identify and explain briefly any **FIVE needs/reasons** for Global Procurement management activities among many countries in the whole world. **(10 marks)**
- (b) Until the **freight** is paid, the ship owner has a right to retain/keep the goods/cargos as security for the unpaid freight i.e. he has a right of lien on such goods/cargos for the amount of **unpaid freight**. In the above context, outline the **FIVE legal provisions** available to the owner of a warehouse exercising the **right of lien on perishable goods** not discharged within **90 days or less** on what to do with the **public auction sales process** **(10 marks)**
- (c) In Global Procurement Management, it is the supplier/exporter who directs the customers/importer the method of payment he should use once the goods are put in transit to reach him. Accordingly, choose and explain very briefly any **FIVE methods** of payment that the supplier/exporter can direct the importer/customer to use in making payments for the goods sent to him in transit or on delivery. **(10 marks)**
- Q2. (a) Letter of credit as used in the **Import Trade Procedure** is a proof of the **importer's credit worthiness** sent by his bank to the foreign supplier/exporter i.e. the bank promises to honour the bill of the importer up to the amount specified in the letter of credit. The bank issues it on the strength of the amount deposited by the importer with the bank. In the above context, highlight the **SIX types of letters of credit** that are normally used by the importer's bank to assure the exporter that the importer has the actual financial ability to make payments for the imports. **(12 marks)**
- (b) Since all countries are eager to export their products to provide market for their industries and create favourable balance of payments/trade, most trade restrictions apply on imports from other countries. Clearly, pinpoint/clarify the **FOUR reasons against Trade restrictions** **(8 marks)**
- Q3. (a) C.I.F. contracts involve **three contracts in one**-sales of goods (**costs**), contract of insurance (**insurance premium**) and contract of affreightment (**freight**). Outline any **FIVE C.I.F. major contractual legal obligations** as between the importers/customers/buyers and exporters/suppliers **(10 marks)**
- (b) Country selection factors mean some guidelines to be known and considered when contemplating from which country to buy the required work facilities as they distinguish between favourable and unfavourable Global Procurement. Choose and explain very briefly any **FIVE country selection factors** to be considered and followed in choosing the country to buy the required work facilities **(10 marks)**
- Q4. (a) Highlight any **FIVE sources of information** that the local customers/buyers can use to contact/reach the **potential suppliers abroad** **(10 marks)**

(b) State and explain very briefly any **FIVE functions** of an **international freight forwarders**. **(10 marks)**

Q5. (a) Outsourcing means a Management strategy by which the **major non-core functions** are transferred to specialist, efficient, external service providers. In the above context, outline any **FIVE benefits/advantages of outsourcing** that should be known, reaped and enjoyed by the relevant organizations practising it. **(10 marks)**

(b) Most well-run organizations balance between **buying** or **making** the required work facilities by comparing the prevailing market prices and the relevant costs of production then choosing whichever is lower/cheaper. Accordingly, highlight any **FIVE factors** that would **favour/support** the “**BUYING**” of the required work facilities

(10 marks)