

**K.J. Somaiya Institute of Management Studies and Research.**  
**International Logistics Management**  
**End Term Examination- Trimester IV**  
**(PG Opns/ MMS Opns Batch 17-19)**

**Time 3 hrs**

**Date : 27/09/2018**

**Marks 50**

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**Pls. Note: - 1.Question No. 1 is compulsory and carries 20 marks, attempt any 3 questions from questions 2 to 5 (each carries 10 marks).**

**1. Attempt any 2 questions from the 3 below: - (20)**

**1 a) A leather accessories SME (small and medium enterprise) is planning to export a container load of the company products to the USA for the first time... as a consultant, please guide the exporter to execute the order suitably. Please make necessary assumptions, stating clearly the logic for the same. Your advice should cover (among other relevant issues) the following points...**

- i) Market entry**
- ii) Export mandatory requirements**
- iii) Payment terms & banking**
- iv) Transport documentation**
- v) Export incentive schemes**
- vi) Customs clearances**
- vii) Marks & labels**
- viii) Use of freight forwarders**
- ix) Transport mode selection & Incoterms**
- x) Packing & Packaging**
- xi) Insurance**
- xii) Risk management**

**1 b) The 3.3 MTPA integrated steel plant at Dolvi, Maharashtra majority stake acquired in 2010, is an integral part of JSW Steel. Located on the west coast of India, the plant has a jetty with a capacity of 10 million tonnes per annum. This provides the unit with logistical advantages in importing raw materials and savings on freight cost. The unit is well connected**

through rail, road and sea and has given the JSW Steel a strategic presence in western India.

The Dolvi plant caters to several industries including automotive, projects and construction, machinery, LPG cylinder-makers, cold rollers, oil and gas sector and consumer durables. .  
(Accessed from the JSW Steel website on 20/12/2016)

The integrated steelmaking route, based on the blast furnace (BF) and basic oxygen furnace (BOF), which uses raw materials including iron ore, coal, limestone and recycled steel. On average, this route uses 1,400 kg of iron ore, 800 kg of coal, 300 kg of limestone, and 120 kg of recycled steel to produce 1,000 kg of crude steel



Metallurgical coal, also called metcoal or coking coal, a type of coal that is used in the production of steel is imported. It is of a higher purity than thermal coal which is used in energy generation. Similarly limestone is imported from a different source.

**You are the Logistics Manager for the Dolvi Plant, and have been given the responsibility to handle the Imports. What would be the quantities of imports that you will have to deal with? How would you handle the domestic and international shipments? Explain the various terms of chartering ships, and what would be the considerations while selecting the ships for the imports?**

**1c) An importer has imported a machine from Birmingham UK at an ex works cost of 10,000 UK Pounds, which will be moved by sea in a part load container. There is an export packing cost of 100 UK pounds, as well as a loading cost of 200 UK pounds which the seller has agreed to accommodate in the ex works cost quoted. The packed machinery will**

be sent to Felixstowe port by a forwarder, the road freight cost being 800 UK pounds. The forwarder will also consolidate the goods in a container, and the rates negotiated for dispatch to JNPT are on the basis of weight ( 1 Tonne= 500 UK pounds) or CBM whichever is higher (1 CBM= 1 ton).The loading and port costs at Felixstowe are included in the rates given by the forwarder.

Other details are as follows:-

- (i) The weight of the machinery is 3 tonnes, and the size of the export packed goods was 2m \*2m \*1.5 m
  - (ii) Insurance was paid to insurer in India: Rs. 20,000.
  - (iii) Basic customs duty is 10%
  - (iv) If the similar goods produced in India, IGST payable is 12%
  - (v) Rate of exchange as announced by RBI was: Rs. 80= one UK pound.
- Find out
- a) CIF Cost ex. JNPT
  - b) Customs duty payable if the Importer is a manufacturer using the goods himself.....

Also explain the roles and functions of freight forwarders, and why they are known as transport architects of international trade and logistics operations.

2a). How has unitization and palletisation contributed to greater efficiency in cargo handling at the port and other locations? What are the different dimensions of containers that are used for cargo handling? (5)

2b) Explain the classification of ships based on the nature of cargo. Explain how containerisation and container ships have revolutionized global trade and the shipping industry. (5)

3 a) Explain clearly the Harmonised system of commodity classification or HS Codes. Why is it so important in global trade and custom clearance?

3 b) What is the rationale behind providing export incentives to exporters? List down the various export incentives available in India (include both raw materials and capital goods).

4 a) Explain the salient principles of insurance. Explain the comparative coverage of various risks covered under different Institute Cargo Clauses (ICC clauses A, B, C)

**4 b) What do you mean by terms of delivery (incoterms)? What role do they play in the formation of an international sales contract? Discuss briefly the incoterms under Group C.**

**5. Write Short Notes (any four)**

**(10)**

- a) Demurrage vs. Cabotage**
- b) Bonded warehouses**
- c) The functions of the Bill of lading document**
- d) Logistics Performance Index**
- e) D/A and D/P methods of payment**
- f) Special Economic Zones**
- g) Maersk Shipping**
- h) CFS vs. ICD.**