

K.J. Somaiya Institute of Management Studies and Research.

International Logistics Management

End Term Examination- Trimester IV.

(PG Opns/ MMS Opns Batch 16-18)

Time 3 hrs

Marks 50

Date : 15/09/2017

Pls. Note: - 1.Question No. 1 is compulsory and carries 10 marks, attempt any 4 questions from questions 2 to 6 (each carries 10 marks).

1. Attempt any 2 questions from the 3 below: -
(10)

a) You are the proprietor of leather garments manufacturing company situated near Delhi, which is oriented towards exports. You have to quote for an export shipment of one 20 feet container to an importer in the US; the material sale value is Rs.20, 40, 000. The terms of exports are CIF New York. Transportation cost of a 20 feet loaded container to JNPT Mumbai is Rs. 51000/-, loading charges at port would be Rs.34, 000/- and quote received for JNPT to New York is 3000 USD. **Assuming exchange rate of Rs 68 to the Dollar, and insurance of 1% of material value please give a quote to the importer in USD.**

Subsequently your Freight forwarder informs you that it is possible to connect a container to New York directly from ICD Tughlakabad (near Delhi) at a cost of USD 4000... **would you like to take this offer, and what would be the non financial advantages of this option, if any.**

b) ArcelorMittal's global procurement team aims to ensure they deliver the best possible service and value to their internal customers. In order to do this, the team follows a procurement model that employs the principles of 'total cost of ownership'.

“We use an approach to procurement that involves the development of category-specific strategies, in line with the structure of specific markets. The structure has three levels: global procurement, regional procurement and local procurement.

Global procurement includes all categories where suppliers are operating on a global level – for example, major mining companies. The regional procurement level is for products and services that are typically provided by regional suppliers, while the local procurement level uses global or

regional contracts or sources from local partners.”(Accessed from the ArcelorMittal website on 20/12/2016)

Local	Regional	Global
One-time purchases (e.g. Capex)		
Infrastructure & sustaining Capex depending on value threshold		High-value equipment (production equipment, greenfield & brownfield projects)
Recurrent spend		
Ind. Services (waste treatment, fire protection, etc.) Fuel	Scrap and scrap substitutes Rolls Coating and paints Industrial services (water treatment, slag handling, maintenance) Roads & rail logistics MRO, consumables, Oils & greases Packaging Inland water freight Chemicals (glues, detergents,...) Stationary Communications Training	Iron ore Coal/Coke Ocean freight Ferro alloys and Base metals Refractories Energy IT and professional services Telecom Travel, fleet management

What would be the advantages of this organization structure? How does centralized procurement help the company in achieving its “total cost of ownership” principles?

c) You are a printer and have imported 5 containers of newsprint in reels...at Mumbai port, the customs authorities claim that the imported item falls under restricted list, and consignment cannot be cleared...what are the actions you are likely to take to prevent loss to your organization.

2a). What are the different dimensions of containers that are used for cargo handling? What would be the considerations in the selection of containers while doing an export?
(5)

2b) What is the history of container shipping, what are the trends in container ships ... Explain how containerization and multi modal transportation have revolutionized global

trade (5)

3 a) Explain the difference between liner shipping and tramp shipping. What are the various types of chartering systems in tramp shipping? (5)

b) Explain the classification of ships based on various parameters that you have learnt.

4 a) What are the salient principles of insurance? Explain the following terms used in cargo insurance in details... (5)

i) Utmost good faith

ii) Particular average

iii) General average

iv) Insurable interest

4 b) Explain the dimensions of various risks involved in international logistics .What are the various ways and means for managing the risks involved? (5)

5 a) Who are the intermediaries involved in international logistics? Please make a comprehensive list, as well as detail out the various roles and responsibilities fulfilled by each of them. (4)

5 b) A garment manufacturer is planning to export a consignment to the USA for the first time... as a consultant, please guide the exporter on the following issues (6)

i) Export mandatory requirements

ii) Payment terms & banking

iii) Transport documentation

iv) Export benefits

v) Customs clearances

vi) Incoterms

6. Write Short Notes (any four) (10)

- a) Volumetric basis of air freight calculation**
 - b) DFIA vs. Duty Draw back scheme for imports**
 - c) Unit load devices in air transportation**
 - d) Bonded warehouses**
 - e) The functions of the Bill of lading document**
 - f) 3PL and 4 PL logistics outsourcing**
 - g) Process of generation of Bill of Entry**
 - h) D/A and D/P methods of payment**
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