

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

End Term Examination- Trimester II. (PG IB Batch 2018-20)

International Logistics & SCM

Time 3 hrs

Date : 14/01/2019

Marks 50.

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 4 questions from the 6 below:
(20)**

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 the port would be Rs.34, 000/- and quote received for JNPT to New York is 3000 USD. Assuming the 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. (5)**

b) An importer has imported a machine from Birmingham UK at an ex-works cost of 1,00,000 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 above). The packed machinery will be sent to Felixstowe port by an FTL 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 an insurer in India: Rs. 1,00,000.
- (iii) Basic customs duty is 10%
- (iv) IGST payable is 12%. Cess is nil.
- (v) The 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.....** (5)

c) For each of the following programs, processes, certifications, etc. explain how they can be useful in improving supplier relationships and motivating business partners to provide the best possible products and services. (5)

- a. **ISO 9000**
- b. **Total Cost of ownership(TCO)**
- c. **Internal supplier certification**
- d. **Supplier development programs**
- e. **Supplier recognition programs**

d) 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) **Use of freight forwarders**
- viii) **Transport mode selection & Incoterms**
- ix) **Packing & Packaging**

e) Unilever is one of the largest buyers of palm oil, using around 3% of the world's volume which is used to make an array of consumer products including margarine, cereals, and cosmetics. More than 80 percent of palm oil is produced in Indonesia and Malaysia and is causing alarmingly high levels of deforestation which is a main contributor to climate change.

The company has been committed to ensuring the sustainable sourcing of palm oil since the 1990s. However, in 2008, Greenpeace released a report accusing Unilever's suppliers of being involved in unethical and unsustainable practices causing significant environmental degradation.

You are recently appointed as the Head of Purchase at Unilever, and your CEO has specifically mentioned that sustainability is one of the key result areas for the organization. Please list down why sustainability is so important in the purchasing agenda, and what actions you will be taking to incorporate sustainability into your function. (5)

f) You are the Supply Chain Head of Amazon...and you have the responsibility to design the options for a distribution network in India. **Graphically depict any 3 suitable distribution networks for online sales, and compare the 3 systems on the basis of various parameters of cost and service. (5)**

2 a) Explain the difference between liner shipping and tramp shipping. What are the various types of chartering systems in tramp shipping? Where is tramp shipping used more frequently? (5)

2 b) Explain the classification of shipping transport. Also, explain the classification of ships based on various parameters that you have learned. (5)

3 a) Explain clearly the Harmonised system of commodity classification or HS Codes. Why is it so important in global trade and customs clearance? (5)

3 b) Explain what is a letter of credit or documentary credits, and how it is operationalised. What are some of the different letter of credits known to you, briefly explain? How has documentary credits helped to facilitate international trade? (5)

4 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. (5)

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)

5. Write Short Notes (any four)

(10)

- a) Classification of Indian Road transportation vehicles, with examples**
- b) Foundation elements of SCM**
- c) ICD and CFS**
- d) Transport documents used in various modes of transport**
- e) The functions of the Bill of lading document**
- f) Containerisation and its impact on global trade**