

K.J. Somaiya Institute of Management Studies and Research

PGDM (COMM) 2018 – 20 BATCH  
Logistics and Supply Chain Management

End Term Examinations, Trimester –III, April 2019

Date : 28/03/2019

Max Marks : **50**

Time : 3 Hours

**Instructions:**

*Question 1 is compulsory (10 marks)*

*Draw sketch/diagram wherever applicable.*

**Question 1** – Case Study

**( 10 Marks)**

CAMY Pharmaceutical Company

India's Pharmaceutical industry is one of the fastest growing sectors of the Indian economy, with an average annual growth rate of 11% in this decade. Logistics is regarded as crucial for of CAMY Pharmaceutical company as its activities are time sensitive. In addition pharma products need temperature control storage and distribution.

From the start CAMY has been focusing on development of innovative activities such as high quality products and R&D. Camy gives due importance to Logistics by focusing on activities at the supply chain and logistics level such as: - Delivering the product to the end customer at the right time and right place, in a secure mode at a competitive operational cost.

The most important supply chain factors at Camy are inventory reduction and bringing down the order cycle time. This is because operational performance can be directly linked to logistics cost while the inventory reduction and decrease in the order cycle time are related to JIT and SCM speed.

There has been a shift in the supply chain process at Camy Pharma. Value added Tax, consolidation of pharma companies and the emergence of the pharma retail chains are the factors driving the changes in the distribution cycle at Camy. Camy is continuously reforming its supply chain with the change in regulations. From the cost composition point of view, the major logistics cost at Camy include packaging (product mix consists of 350 formulations) and distribution (national coverage),. Hence logistics comprises of 30% of the costs in the pharma value chain.

Camy's growth was mostly driven by strategy of partnerships, acquisitions, brand building and manufacturing. On the Supply Chain front, its challenge is to integrate Indian and international businesses. Transportation of goods and inventory management are 2 areas that the firm is trying to improve. With the implementation of SCM practices the company could achieve good results on the raw material price front.

On the material front Camy has 30 depots and spends about Rs 12 lakh a year on information and

communication. Logistics in pharma industry is critical to provide the right medicine to the right patient at the right time, right dosage and place, and at the right price. Since the business is highly competitive, success depends upon the efficiency of the supply chain. The importance of the supply chain lies in its ability to maintain the complex network relation among organizations (drug manufacturers), trading partners to source raw material, delivery of FG, retailers and hospitals.

With the growth in competition among major players inventory control plays significant role. For example, out of stock situation in the existing environment is not acceptable. Also R&D requires huge investment to bring the product to market.

Margins are high on Camy's product. Around 30% is shared by the different channels of distribution. Hence Camy was ready to spend to improve the efficiency of its supply chain. SCM has contributed to the enhancement of productivity.

**Questions :**

Q1 A: How would you go about making logistics effective so as to reduce the costs in the chain?

Q1.B : What are the proposed solutions to bring down the inventory costs?

**Question 2** –\_Answer **any 2** of these questions.

**(10\* 2 = 20 Marks )**

2.A Explain the Bull whip effect and how will you make SCM effective for a Ecommerce company

2.B Reverse Logistics – Scope and implications.

2.C What are the different inventory planning methods and discuss the situations in which they are used.

**Question 3** – Answer **any 2** of the following.

**(5\* 2 = 10 Marks)**

3.A Describe the principal functionalities of Logistical Information systems

3.B Discuss Issues to be considered in outsourcing.

3.C What are the Value added services in warehousing function.

**Question 4** – Write short notes on **any 2** of the following.

**(5\* 2 = 10 Marks)**

4.A Square Root Law

4.B Vendor Managed inventory

4.C Economic Order Quantity (EOQ)

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