

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

**SCM and International Logistics**

**End Term Examination- Trimester II. (PG IB Batch 16-18)**

**Time 3 hrs**

**Date :**

**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 5 below:-**  
**(20)**

a) The 3.3 MTPA integrated steel plant at Dolvi, Maharashtra majority stake acquired in 2010, is an inherent 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 shipments, and what would be the considerations while chartering the ships for the imports?**

b) Tata Starbucks has spent two years steadily growing its footprint in India and making sure the brand experience stays true and strong....Walk in to any Starbucks outlet in India and the crowd looks just the same as in any other outlet around the world. People are chatting, working, browsing, in keeping with the coffee chain's premise of being the favourite 'third place' after home and the workplace. In the two years since the India launch in October 2012, the Starbucks footprint has grown to 59 stores across six cities — Mumbai, Delhi National Capital Region, Bengaluru, Chennai, Pune and Hyderabad. But, even as it zooms into more Indian cities, the world's largest coffee chain is keeping a steady hand on the throttle to make sure that the Starbucks experience remains consistent and sustainable. (Accessed from the Tata Starbucks website on 20/12/2016)

**You are recently appointed as the Head of Purchase, 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 in your function.**

c) 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 1 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.**

d) You are the Supply Chain Head of Amazon....and you have the responsibility to design the options for a distribution networks 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.**

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

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

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)

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

**2. a) What are the four foundation elements of supply chain management? Describe some activities within each element? (5)**

**2 b) Why should an organization be concerned with supplier relationships? What are the key factors that contribute to a lasting buyer supplier partnership? (5)**

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

**3b) An importer has imported a machine from UK at FOB cost of 10,000 UK Pounds, Other details are as follows:- (5)**

- (i) Freight from UK to Indian port was 700 pounds.
  - (ii) Insurance was paid to insurer in India: Rs. 6,000.
  - (iii) Basic customs duty is 10%
  - (iv) If the similar goods produced in India, excise duty payable is 16%
  - (v) Education cess of 3%
  - (vi) Rate of exchange as announced by RBI was: Rs. 68.82 = one UK pound.
- Find customs duty payable if the Importer is a manufacturer using the goods himself.....

**4a). 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)**

**4b) 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)**

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

**(10)**

- a) Classification of Indian Road transportation vehicles , with examples**
  - b) Bill of Entry vs. Bill of Lading**
  - c) Demurrage vs. Cabotage**
  - d) Transport documents used in various modes of transport**
  - e) Incoterms**
  - f) Letter of credits.**
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