

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA

PGDM / PGDM (M) / PGDM (SM)

FOURTH TRIMESTER (Batch 2016-18)

END TERM (REAPPEAR) EXAMINATIONS, NOVEMBER 2017

Course Name	Logistics Management	Course Code	OP 401
Max. Time	2 hours	Max. Marks	60

INSTRUCTIONS: Attempt all questions

**Section A**

**48 Marks**

**Question 1**

**[10 + 2=12 Marks]**

Ralson Exports has got an export order recently for export of high quality fashion garments to Berlin in Germany. The destination port would be Hamburg, Germany. However, this is a small shipment and cannot be sent as an FCL. The only choice Mr. Amrish Singh of Ralson Exports has is to send it as an LCL shipment on a CFR basis. Since the size of the shipment is comparatively big for LCL shipments, Amrish wants to make sure that he gets the best offer from a Freight Forwarder and thereafter appoint him as a 'carrier' for a through Bill of Lading from ICD Tughlakabad (Also referred to as ICD TKD and is the closest ICD as goods are manufactured in and around Delhi). After stuffing at ICD TKD, the selected freight forwarder will have the container railed out to the port of Pipavav for shipment to Hamburg.

Amrish calls in for 2 quotations and compares the rates given below. Since he has to execute the order in the next one week, he is busy in his follow up with his vendors so that the export shipment leaves on time. He has sought your opinion and wishes you to compare the two quotes and give your advice in the matter. The brief details of the shipment are given below:

Commodity: Handicrafts packed in cartons

Number of cartons: 75

Size of cartons: 80 cms x 55 cms x 50 cms (Each carton) – (Total 35 cartons)

85 cms x 65 cms x 45 cms (Each carton) – (Total 40 cartons)

Total weight of shipment: 7,570 Kgs

Sr. No	Charge Head	Quote from FF 1	Quote from FF 2
1	Transportation from warehouse of Dev Exports to ICD TKD	INR 3,800	INR 3,300
2	Off-loading from Truck to warehouse at ICD TKD	INR 125/M.T. or part thereof	INR 125/M.T. or part thereof

3	Custom Clearance (Lump sum)	INR 3,700	INR 3,200
4	Ocean Freight (Pipavav to Hamburg)	USD 46 W/M	USD 37 W/M
5	Custom Clearance at Hamburg (Lump sum)	Euro 75	Euro 85
6	On-carriage from Hamburg to Berlin (including loading at Hamburg) – (Lump sum)	Euro 85	Euro 95
7	Transit Time (ICD TKD – Berlin)	37 Days	46 Days
8	Transshipment	None	One (At Rotterdam)

**Notes:**

1. FF1 & FF2 mean Freight Forwarder 1 and Freight Forwarder 2 respectively
2. All the 75 cartons will be clubbed and move as one shipment
3. W/M means weight (M.T.) or measurement (Cbm), whichever generates higher revenue
4. GST @ 18% applicable on all INR charges only
5. Exchange rate to be taken: 1 USD = INR 65.15 & 1 Euro = INR 75.90

**Question 1:**

- (a) Calculate the total charges for each of the above quotes
- (b) Which is the better option and why considering the factors of transit time and transshipment at Rotterdam?

**Question 2**

[5 + 2 + 3 = 10 Marks]

Avinash Exports Pvt. Ltd. has bagged an export order. However, the buyer insists that the shipment moves by Air as it is required for a Catalogue sale. Mr. Tapan Malhotra the CEO of the company is busy negotiating for the order with his suppliers to ensure timely despatches. You work for the company as an Asst. Manager – Logistics and have been asked by the CEO to work out the total costs of Airfreight so that he can negotiate with the suppliers accordingly and maximize his profits. The details of the shipment which would be effected in cartons is given below:

L (Length) X W (Width) X H (Height) = 50 X 35 X 25 Inches

Gross Weight = 2250 KGS

No. Of Packages = 30

L X W X H = 90 X 55 X 45 Cms

Gross Weight = 1150 KGS

No. Of Packages = 25

The shipment is planned to move through Cathay Pacific Airlines (Delhi – Hong Kong), whose air freight charges as given below:

Air Freight: INR 65/Kg [Normal Cargo]

Air Freight: INR 57 / Kg [High Density Cargo]

Fuel surcharge: INR 27 / Kg

Security Surcharge: INR 7.5 / Kg

X-Ray charges: INR 1.5 / Kg

Miscellaneous Charges: INR 2 / Kg

Documentation Charges: INR 750

**Notes:**

- ✦ Only documentation & miscellaneous charges are subject to a GST of 18%
- ✦ Air freight, Fuel & Security surcharge are applicable on chargeable weight
- ✦ X-ray and miscellaneous charges are applicable on gross weight
- ✦ All the 55 packages are to move as one shipment

**Question 2:**

- (a) Calculate the volume weight and the chargeable weight for this shipment.
- (b) Is it a high density cargo and if yes, explain with workings? If no, why not?
- (c) Calculate the total Air freight charges applicable for the shipment.

**Question 3:**

[5 + 1= 6 Marks]

The following is the cost data of Raman International Ltd.

Ex-warehouse price: INR. 27,000

Export packing expenses: INR. 4,300

Transportation charges from exporter's factory to Nhava Sheva Port: INR. 3,500

Custom Clearance Charges: INR 3,800

Loading charges, on Ship: INR 1,500

Profit contribution: 15% FOB cost

Duty drawback on FOB Price: 10%

- (a) Calculate minimum FOB price for the shipment in both INR & USD [ Assume 1USD = INR 65.15 ]
- (b) If Ocean Freight is USD 145, what is CFR price?

**Question 4**

[4 + 6= 10 Marks]

- (a) Explain the concept of reverse logistics and how companies leverage this concept.
- (b) Illustrate giving examples the use of reverse logistics in any two of the cases given below:
  - (i) Food industry
  - (ii) Cars – Waste disposal
  - (iii) Product recalls

**Question 5**

Write short notes on any two of the following

[5 x 2=10 Marks]

- (a) Bills of Lading – Functions & types
- (b) Advantages & Challenges of cargo movement by Rail
- (c) Difference between Pre-carriage, Carriage and On-carriage with examples

## Question 1

[6 x 2 = 12 Marks]

(a) A shipper namely Jajman Exports is a regular client of CMA-CGM shipping lines. He supports the shipping line by giving them volumes of about 20-25 x 20' containers per vessel per week. The shipper has got an export order where 10 x 20' containers are to move in one lot with the stuffing being done at ICD Tughlakabad. A total of 7,200 cartons will move in these 10 containers with each container having an equal number of cartons. Due to a last minute production issue, the shipper is only able to send 6,900 cartons to the ICD. The balance will take about a week's time to reach the ICD. The letter of credit favouring the exporter mentions that no part shipment is allowed. The exporter is ready to give an undertaking to the shipping line that no claims would arise and that they should release a B/L for the complete lot of 7,200 cartons assuring that the balance left over boxes will be shipped through their shipping line in a maximum of 10 days.

- (i) Can the S/Line accommodate the request of the exporter? Justify your answer in either case
- (ii) Can the S/Line insert any clauses on the B/L and protect their interest and keep client also pleased?
- (iii) If the S/Line accommodates the exporter, can the importer have a recourse to action against the exporter and the S/Line both? Justify your answer

(b) Aman International exports footwear and leather jackets and leather articles to European countries where he has developed a good market and has loyal buyers. His company also has a factory stuffing permission and he gets the containers at his factory for stuffing, which are then sealed by the local excise department officials and move through ICD TKD to the Port of Mundra for eventual shipment to European Ports. One of his shipments containing footwear and leather items and moving in 5 x 20' containers to Rotterdam (Netherlands), reached his buyer. The buyer took the delivery from the port and on opening the containers at his factory, saw that some of the cartons were wet (25 cartons) and some were damaged (20 cartons). The total CFR price of the shipment was USD 225,000 and the buyer put a claim on the shipper for USD 8,000 for the wet / damaged cartons. On receiving the claim, the shipper passed on the same to the shipping line, holding them responsible for bad carriage of goods.

- (i) Can the shipper raise a claim on the shipping line, Justify your answer giving appropriate reasons for the same
- (ii) Can the shipping line protect its interests for factory stuffed containers, Justify your answer
- (iii) In this case who takes the insurance cover? Also briefly comment on whether the shipper or consignee can stake a claim for damages to the Insurance company with justification.