

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM / PGDM (M) / PGDM (SM)
FOURTH TRIMESTER (Batch 2016-18)
END TERM EXAMINATIONS, SEPTEMBER 2017

SET - I

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]

Dev Exports has got an export order recently for export of Handicrafts to Munich 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. Aman Lamba of Dev Exports has is to send it as an LCL shipment on a CIF basis. Since the size of the shipment is comparatively big for LCL shipments, Aman 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 Mundra for shipment to Hamburg.

Aman 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: 70

Size of cartons: 70 cms x 65 cms x 55 cms (Each carton) – (Total 30 cartons)

85 cms x 65 cms x 50 cms (Each carton) – (Total 40 cartons)

Total weight of shipment: 6,200 Kgs

Sr. No	Charge Head	Quote from FF 1	Quote from FF 2
1	Transportation from warehouse of Dev Exports to ICD TKD	INR 3,500	INR 3,000

2	Off-loading from Truck to warehouse at ICD TKD	INR 50/M.T. or part thereof	INR 50/M.T. or part thereof
3	Custom Clearance (Lump sum)	INR 3,500	INR 3,100
4	Ocean Freight (Mundra to Hamburg)	USD 42 W/M	USD 34 W/M
5	Custom Clearance at Hamburg (Lump sum)	Euro 70	Euro 80
6	On-carriage from Hamburg to Munich (including loading at Hamburg) – (Lump sum)	Euro 90	Euro 95
7	Transit Time (ICD TKD – Munich)	38 Days	47 Days
8	Transshipment	None	One (At Rotterdam)

Notes:

1. FF1 & FF2 mean Freight Forwarder 1 and Freight Forwarder 2 respectively
2. All the 70 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 64.80 & 1 Euro = INR 77.50

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]

Tridev Exports Pvt. Ltd. has bagged an export order. However, the buyer insists that the shipment moves by air as it is required for a pre-Christmas sale. Mr. Prateek Sharma the M.D. of the company is busy negotiating for the order with his suppliers to meet the deadlines. You work for the company as a Asst. Manager – Logistics and have been asked by the M.D. to work out the total costs of Airfreight so that he can negotiate with the suppliers accordingly and maximise his profits. The details of the shipment which would be effected in cartons is given below:

L (Length) X W (Width) X H (Height) = 45 X 30 X 20 Inches

Gross Weight = 1050 KGS

No. Of Packages = 25

L X W X H = 80 X 60 X 40 Cms

Gross Weight = 1350 KGS

No. Of Packages = 25

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

Air Freight: INR 50/Kg [Normal Cargo]

Air Freight: INR 45 / 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 500

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

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 Shyamal Exports Ltd.

Ex-warehouse price: INR. 20,000

Export packing expenses: INR. 4,000

Transportation charges from exporter's factory to Nhava Sheva Port: INR. 2,500

Custom Clearance Charges: INR 3,500

Loading charges, on Ship: INR 1,000

Profit contribution: 10% FOB cost

Duty drawback on FOB Price: 10%

- (a) Calculate minimum FOB price for the shipment in both INR & USD [Assume 1USD = INR 64.80]
- (b) If Ocean Freight is USD 125, 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 industries given below:
 - (i) Mobile phone industry
 - (ii) Aerated drinks industry
 - (iii) Cars – Waste disposal
 - (iv) Pharmaceutical / Food Industry – Product recalls / returns

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 Air
- (c) Difference between Unimodal, Intermodal & Multimodal Transport modes with examples

Section B

12 Marks

Question 1

[6 x 2 = 12 Marks]

- (a) A shipper namely Raman Exports gets a shipment to be executed through ICD Tughlakabad to Antwerp (Belgium) through the port of Mundra. The shipment has to be stuffed at Mundra after custom clearance at the Port. Due to bad weather and the trucks not being covered by tarpaulins, 15 packages get wet. Also due to bad packing and subsequent handling, another 10 packages are torn / damaged. The shipper informs the shipping line that they should go ahead and stuff the wet and torn/damaged boxes in the container and he would take care if there are any claims from the consignee. How will the Shipping line protect its interests so that they are not burdened with any claims at a later date? What type of B/L's will the Shipping line issue and what should they mention on the same?

- (b) One of the shippers is a very important client of Tycoon shipping lines. He gives them over 60 x 20' containers per month of garments and various other products for export to different countries worldwide. One of his shipments was to be shipped out by 15th September, 2017, but due to late procurement of raw material and manufacturing delays, the shipment can now sail out from Mundra Port (Located in Gujarat) only on 19th September, 2017. The shipper requests the Shipping line to put the name of the earlier vessel and sailing date of 12th September, 2015 and issue B/L accordingly. If the Shipping line does not accede to the request, they run the risk of losing the client.

Will the shipping line accommodate his request and if not what would they do?