

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM / PGDM (M) / PGDM (SM)
FOURTH TRIMESTER (Batch 2019-21)
END TERM EXAMINATIONS, OCT-2020

SET-I

Course Name	Logistic Management	Course Code	OM402
Max. Time	2 hours	Max. Marks	40 MM

INSTRUCTIONS:

- **Attempt all questions.**
- **Answers should be rich in content, point-wise and precise**
- **Relevant examples to be cited to support your answers**
- **All questions are compulsory**

Question 1. Case Study

[4 x 4=16 Marks]

There is a shipper by the name of “Rishabh Steel.” He has his factory at Manesar and sent the cargo of steel ingots to his buyer named “Lederer GMBH,” Germany. The port of discharge was Hamburg, with the buyer’s warehouse being located at Karlsfeld on the outskirts of Munich, Germany. The shipment was stuffed at shipper’s premises as the shipper had a factory stuffing permission and thereafter the shipper handed over the containers at ICD Tughlakabad for railment to the gateway port of Pipavav (Gujarat). The shipment was dispatched in two lots. One lot was of 5x20’ basis FOB. The other was of 8x20’ basis CIF. The two lots were shipped out with a time difference of 7 days between them. The services of a freight forwarder were used for custom clearance, negotiating freight with the shipping line and eventual loading of containers on the planned vessel. The freight forwarder issued a ‘Multimodal Transport B/L (Manesar – Hamburg Port).

Before the shipments were dispatched, the shipper conducted a pre-shipment inspection and everything was okay. The shipment was executed and the shipping line issued a “Clean Bill of lading (port to port).” The problem arose when the cargo arrived at port of destination and the buyer concluded that the cargo in one of the lots (first lot of 5x20’) was wet and had gathered some amount of rust.

The buyer ‘Lederer GMBH’ contacted the shipper “Rishabh Steel” to get an inspection done, but finally the buyer got the survey done without the presence of seller or his authorized representative. The inspection concluded that the cargo had a thin layer of deposit which indeed looked like rust. It also had different dimensions (Diameter of pipes was 12 mm instead of the 10 mm ordered for and the length was 23 inches instead of the ordered 24 inches) than those indicated by the seller in the purchase order and the packing list, besides being wet.

The buyer refused to pay because the cargo was wet, had a layer of rust and had different specifications.

It is an understanding that the seller is not responsible because in FOB and CIF the risk is transferred to the buyer, when the cargo is on board (loaded on vessel).

Questions:

- Who is responsible in this case?
- Can the shipping line or the freight forwarder be held responsible in this case?
- Are FOB and CIF, the appropriate terms to be used? If yes, justify. If not, what are the appropriate terms that can be used and why?
- What are the possible measures that can be adopted to mitigate such a condition in the future?

Question 2

[8 + 4 = 12 Marks]

Naman Exports has got an export order recently for export of 'Ready Made Garments' to Stuttgart in Germany. The destination port would be Hamburg, Germany. However, this is a small shipment and cannot be sent as a FCL. The only choice Mr. Anand Madhok of Naman Exports has, is to send it as a LCL shipment. Since the size of the shipment is comparatively big for LCL shipments, Anand wants to make sure that he gets the best offer from a Freight Forwarder (consolidator) and thereafter appoint him as a 'carrier' for a Multimodal Bill of Lading from ICD Tughlakabad (Also referred to as ICD TKD) to Stuttgart. ICD TKD has been chosen as it is the closest ICD to the manufacturing facility which is located on the outskirts of Delhi). After stuffing at ICD TKD, the selected freight forwarder will have the container railed out to the port of Mundra for shipment to Stuttgart via Hamburg. The goods are to be finally delivered to the buyer namely 'Berlin Grip GMBH, Ernst Augustin, Strasse 5, Stuttgart, Germany.'

The contract has been finalised and Incoterms used for this shipment will be CIP (Stuttgart). Anand 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. All 75 cartons will move as one shipment.

Commodity: 'Ready Made Garments' packed in cartons

Number of cartons: 75

Size of cartons: 70 cms x 60 cms x 55cms (Each carton) – (Total 35 cartons)

60 cms x 55cms x 50 cms (Each carton) – (Total 40 cartons)

Total weight of shipment (75 cartons): 9,100 Kgs

Sr. No	Charge Head	Quote from FF 1	Quote from FF 2
1	Transportation from warehouse of Naman Exports to ICD TKD	INR 9,500	INR 8,600
2	Off-loading from Truck to warehouse at ICD TKD	INR 60/M.T. or part thereof	INR 60/M.T. or part thereof
3	Custom Clearance at ICD TKD (Lump sum)	INR 6,500	INR 5,800

4	THC (Stuffing & Handling Charges ICD TKD, Rail charges ICD TKD – Mundra, THC Mundra Port)	INR 850 W/M	INR 850 W/M
4	Ocean Freight (Mundra to Hamburg)	USD 58 W/M	USD 49 W/M
	Insurance charges (Naman Exports warehouse to Berlin Grip's warehouse, Stuttgart) – (Lumpsum)	USD 25	USD 22
5	Custom Clearance at Hamburg (Lump sum)	Euro 115	Euro 105
6	On-carriage from Hamburg to Stuttgart (including loading at Hamburg) – (Lump sum)	Euro 215	Euro 210
7	Transit Time (ICD TKD – Stuttgart)	39 Days	49 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 72.95 & 1 Euro = INR 86.30

Question 2

- (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, transshipment at Rotterdam and all other factors that you can enumerate?

Question 3

[4 x 3 Marks = 12 Marks]

Answer below questions:

- (a) A shipper namely Ayushman Exports gets a shipment to be executed through ICD Tughlakabad (ICD, TKD) to Felixstowe (U.K) through the port of Nhava Sheva (NSICT). The shipment has to be stuffed at ICD Tughlakabad after custom clearance at the dry Port (ICD). Due to bad weather and the trucks not being covered by tarpaulins when dispatched from factory to ICD TKD, 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 the shipper would take care if there are any claims from the consignee. The shipper is also willing to give a written undertaking to the shipping line to this effect. 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, 'Bhumika Exports' is a very important client of OOCL Shipping Line. He gives them over 80 x 20' containers per month of garments, bed linen, rugs & cotton durries for export to different countries worldwide. One of his shipments of 6x20' containers were planned to be shipped out by 7th Oct, 2020, but due to delay in raw material procurement and manufacturing snags, the shipment can now reach Mundra Port (Located in Gujarat) only on 12th Oct, 2020. The vessel 'OOCL Shanghai' is expected to arrive at Mundra Port on 14th Oct and sail

out on 17th Oct. The shipper requests the Shipping line to put the name of the earlier vessel 'OOCL Hongkong' and its sailing date of 10th Oct, 2020 and issue a 'Shipped on Board' B/L accordingly. If the Shipping line does not accede to the request, the shipping line runs the risk of losing the client. The last date of the shipment as per L/C is 15th Oct, 2020.

Will the shipping line accommodate client's request and if not what would should they do to maintain the client?

- (c) What are the major challenges which India needs to overcome so that they can improve their rankings in the Logistics Performance Index (LPI), a study conducted by World Bank (Current rankings of India, 2018: 44th rank and 2016: 35th rank)?
- (d) 'Dedicated Freight Corridors (DFC's) are well on their way to transform the way containers are transported in India, through rail, from the hinterland to the Ports.
Which are these corridors and what are the envisaged changes and outcomes?

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SET-II (Re-Appear)

Course Name	Logistics Management	Course Code	OM402
Max. Time	2 hours	Max. Marks	40 MM

INSTRUCTIONS:

- Attempt all questions.
- Answers should be rich in content, point-wise and precise
- Relevant examples to be cited to support your answers
- All questions are compulsory

Question 1. Case Study

[4 x 4=16 Marks]

There is a shipper by the name of "Avon Steel." He has his factory at Manesar and sent the cargo of steel ingots to his buyer named "Karlsfield GMBH," Germany. The port of discharge was Hamburg, with the buyer's warehouse being located at Karlsfield on the outskirts of Munich, Germany. The shipment was stuffed at shipper's premises as the shipper had a factory stuffing permission and thereafter the shipper handed over the containers at ICD Tughlakabad for railment to the gateway port of Mundra (Gujarat). The shipment was dispatched in two lots. One lot was of 6x20' basis FOB. The other was of 9x20' basis CIF. The two lots were shipped out with a time difference of 7 days between them. The services of a freight forwarder were used for custom clearance, negotiating freight with the shipping line and eventual loading of containers on the planned vessel. The freight forwarder issued a 'Multimodal Transport B/L (ICD Manesar – Munich Port).

Before the shipments were dispatched, the shipper conducted a pre-shipment inspection and everything was okay. The shipment was executed and the shipping line issued a "Clean Bill of lading (port to port)." The problem arose when the cargo arrived at port of destination and the buyer concluded that the cargo in one of the lots (first lot of 6x20') was wet and had gathered some amount of rust.

The buyer 'Avon Steel' contacted the shipper "Karsfield GMBH" to get an inspection done, but finally the buyer got the survey done without the presence of seller or his authorized representative. The inspection concluded that the cargo had a thin layer of deposit which indeed looked like rust. It also had different dimensions (Diameter of pipes was 11 mm instead of the 9 mm ordered for and the length was 21 inches instead of the ordered 23 inches) than those indicated by the seller in the purchase order and the packing list, besides being wet.

The buyer refused to pay because the cargo was wet, had a layer of rust and had different specifications.

It is an understanding that the seller is not responsible because in FOB and CIF the risk is transferred to the buyer, when the cargo is on board (loaded on vessel).

Questions:

1. Who is responsible in this case?
2. Can the shipping line be held responsible in this case?
3. Are CIF and CFR, the appropriate terms to be used?
4. What are the possible measures that can be adopted to mitigate such a condition in the future?

Question 2

[8 + 4 = 12 Marks]

Govind Exports has got an export order recently for export of 'Ready Made Garments to Hanover' in Germany. The destination port would be Hamburg, Germany. However, this is a small shipment and cannot be sent as a FCL. The only choice Mr. Suman Lama of Govind Exports has, is to send it as a LCL shipment. Since the size of the shipment is comparatively big for LCL shipments, Suman wants to make sure that he gets a best offer from a Freight Forwarder and thereafter appoint him as a 'carrier' for a Multimodal 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 Hanover via Hamburg. The goods are to be finally delivered to the buyer namely 'Berlin Grip GMBH, Ernst Augustin, Strasse 5, Hanover, Germany.' The contract has been negotiated on CIP basis. Suman 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. All 70 cartons will move as one shipment. Commodity: 'Ready Made Garments' packed in cartons

Number of cartons: 70

Size of cartons: 70 cms x 55 cms x 50cms (Each carton) – (Total 30 cartons)

70 cms x 60cms x 50 cms (Each carton) – (Total 40 cartons)

Total weight of shipment (70 cartons): 9,200 Kgs

Sr. No	Charge Head	Quote from FF 1	Quote from FF 2
1	Transportation from warehouse of Govind Exports to ICD TKD	INR 8,600	INR 7,600
2	Off-loading from Truck to warehouse at ICD TKD	INR 60/M.T. or part thereof	INR 60/M.T. or part thereof
3	Custom Clearance at ICD TKD (Lump sum)	INR 4,700	INR 3,900
4	THC (Stuffing & Handling Charges ICD TKD, Rail charges ICD TKD – Mundra, THC Mundra Port)	INR 850 W/M	INR 825 W/M
4	Ocean Freight (Mundra to Hamburg)	USD 51 W/M	USD 42 W/M
	Insurance charges (Govind Exports warehouse to Berlin Grip's warehouse, Hanover) – (Lumpsum)	USD 24	USD 22
5	Custom Clearance at Hamburg (Lump sum)	Euro 100	Euro 110
6	On-carriage from Hamburg to Hanover (including loading at Hamburg) – (Lump sum)	Euro 210	Euro 225

7	Transit Time (ICD TKD – Hanover)	38 Days	48 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 74.40 & 1 Euro = INR 88.30

Question 2

- (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, transshipment at Rotterdam and any other factors that you can enumerate?

Question 3

[3 + 3 + 3 + 3 = 12 Marks]

- (a) What are the major challenges which India needs to overcome so that they can improve their rankings in the Logistics Performance Index (LPI), a study conducted by World Bank (Current rankings of India, 2018: 47th rank and 2016: 35th rank)?
- (b) What do the terms ‘STC’ and ‘SLAC’ stand for? When does the shipping line use them on the Bills of Lading and how does it protect their interest.
- (c) One of the shippers, ‘Hema Exports’ is a very important client of OOCL Shipping Lines. He gives them over 100 x 20’ containers per month of garments, bed linen, curtains and door mats for export to different countries worldwide. One of his shipments of 7x20’ containers was to be shipped out by 14th October, 2020, but due to delay in raw material procurement and heavy rains, the shipment can now reach Pipavav Port (Located in Gujarat) only on 19th October, 2020. The vessel ‘OOCL Singapore’ is expected to arrive at Pipavav Port on 21st October and sail out on 24th October. The shipper requests the Shipping line to put the name of the earlier vessel ‘OOCL Melbourne’ and its sailing date of 17th October, 2020 and issue a ‘Shipped on Board’ B/L accordingly. If the Shipping line does not accede to the request, the shipping line runs the risk of losing the client. The last date of the shipment as per L/C is 22nd October, 2020.

Will the shipping line accommodate client’s request and if not what would should they do to maintain the client?

- (d) Illustrate giving examples the use of reverse logistics in *any two* cases given below:
 - (i) Aerated Water Industry
 - (ii) Product Returns (Healthcare / Pharmaceutical Industry)
 - (iii) Recycling of cars