



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Logistics Management

June 2015

Paper 4 (OLD)
DISTRIBUTION MANAGEMENT

Date: 16.06.2015
Time: 10.00AM to 1.00PM

Max Marks: 100
Duration: 3 Hours

INSTRUCTIONS:

- 1) Part A- Answer all questions
- 2) Part B-Answer any three questions
- 3) Part C -Compulsory

Total Marks=32
Total Marks=48
Total Marks=20

PART-A
(compulsory. Each sub question carry 1 mark)

Total: 32 Marks

Q1. Indicate whether following statements are 'True' or 'False':

- 1.1 Providing customer service is the primary goal of logistics.
- 1.2 Air transport is the fastest and also the costliest model.
- 1.3 In case of clear Railway Receipt, the claim for materials damaged or lost in transit cannot be lodged on the carrier.
- 1.4 Distribution channel does include telemarketing.
- 1.5 Bull whip effect occurs in SCM on account of inaccurate information or data.
- 1.6 Logistic management does not fit under the distribution variable of marketing mix.
- 1.7 International transportation is not more expensive than domestic transportation.
- 1.8 EOQ is the quantity to be purchased when total ordering cost is maximum.

Q2. Write the full form of the following abbreviations.

- | | | | |
|----------|----------|----------|---------|
| 2.1 MCS | 2.3 TOFC | 2.5 HDPE | 2.7 POP |
| 2.2 DIWA | 2.4 COFC | 2.6 ECR | 2.8 ICT |

Q3. Match the following.

Column A

- 1) QTS involves movement
- 2) SCM
- 3) Transport by pipeline
- 4) Packaging influences
- 5) Pull System
- 6) Physical distribution of finished goods
- 7) Direct distribution system
- 8) C&F Agent

Column B

- a) collaborative strategy between customer and supplier
- b) the efficiency of logistics system
- c) depends on information and is based on constant monitoring of supply.
- d) deals with outbound logistics
- e) firms reach and deliver goods & services to the customers without using market intermediaries
- f) of general goods traffic by point to point movement by fast parcel trains
- g) receive, store, dispatch the goods on the instruction of their principals
- h) ideal means of transporting large quantities of liquid and gases

Q4. Fill in the blanks.

- 4.1 Warehousing has three basic functions - movement, storage and
- 4.2 Order cycle is the time that between the customer's order placement and the receipt of the product.
- 4.3 LIFO meansmaterials from the ones recently acquired, as against those acquired earlier.
- 4.4 The new frontier for costat the outset of 21st century are thechannels.
- 4.5 A major purpose of using a system is to have a greater coverage and penetration.
- 4.6 A sustainable competitive is one that cannot be easily copied by competitors.
- 4.7 Major augmented benefits delivered to are routed through members.
- 4.8 Information flow isin the distribution channel.

PART- B

Total (3x16 = 48) Marks

Answer any three from the following questions

- Q5. What is distribution? Explain its strategic importance.
- Q6. Why road transport is the favoured mode for small loads and short hauls? Also explain the important terms and conditions for moving through road transport.
- Q7. What are the different modes of transport? Explain their advantages & disadvantages.

Q8. Write short notes on any four of the following.

- a) Centralized warehousing.
- b) Elements of transportation cost.
- c) IT- enabled ware house management system.
- d) Breaking bulk.
- e) Containerization.
- f) Third party logistics
- g) Road transport claim settlement

Q9. What are the economic and operational functions of warehousing? Explain in detail.

Part C – Case Study

(Total : 20 Marks).

Q.10

SIGMA WATERPROOFING & CONSTRUCTION CHEMICALS LTD

Sigma Waterproofing & Construction Chemicals Ltd, is a medium sized unit well established in the supply of waterproofing and construction chemicals required for the construction industry. It also has large scale usage in buildings and structures undergoing major repairs. The company manufactures and supplies the same to both Indian as well as International standards. In a short period of time it has acquired a name for itself for supplying quality products and timely deliveries. The ease of use of the products and their effectiveness has aided the business, so much that the company entire production is already booked for well over a year, and there is lot of pressure on the management to accept fresh orders for delivery in next few months.

Considering the acceptability of their products, and the order bookings, the company has embarked on a twofold expansion plan. Expanding the same within its existing premises, and also at a suitable location within the State so as to cover the major markets in entire State. As transportation cost is sizable, the location should be such, that the products do not get out-priced due to the transportation cost, as such the transportation cost has to be given due consideration.

The distribution of the products from both the units should be such, that the entire State gets covered. In the next round of expansion, the company may target some of the lucrative markets in the adjoining States. This also has to be kept in view while selecting a site for establishing the second unit. The company also has a retail segment, where in there is also the requirement of small retail packs, but larger packs may also be required in small quantities

The projected sales from the present unit are approximately Rs 100 crores, and with the existing plant expansion in less than a year, the annual sales may increase to about Rs 200 crores. With the second plant

expansion, which may take about two years or so, the sales are expected to touch about Rs 400 crores. The company is open to outsourcing some of its non-core activities, so that it can concentrate on its core activities.

The company wants to appoint you as the Production cum marketing head, and wants you to draw a detailed road map for:

1. To ensure that the quality of the products is maintained, and the focus also has to be on timely delivery, so that the existing customers do not look elsewhere.
2. Draw out an immediate expansion plan to expand the existing plant without affecting the existing production.
3. Select a location within the State for second unit with a ware house, so the products can be distributed within the State at competitive rates. The plant should start producing within two years time frame.
4. Work on a plan to appoint distributors to facilitate the movement of goods.
5. Also try and explore the market to appoint retailers to take care of small retail customers, as the retail segment is projected to grow to about 25% of total combined production of both units

NOTE: Each proper answer will get 4 marks. You may assume any data as may be required.
