

JUN-2010

INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management
Graduate Diploma in Materials Management

Paper 11
LOGISTICS & SUPPLY CHAIN MANAGEMENT

Date : 13.6.2010
Time: 10.00 am to 1.00 pm

Max Marks: 100
Duration: 3 hours

Instructions:

1. **PART A** is compulsory. Answer all questions.
2. From **PART B**, answer any three questions. Each question carries 16 marks.
3. **PART C** is **Case Study** and is compulsory. Answer the questions reflecting through understanding of the case.
4. Please read instructions on the answer sheet carefully.

PART A

Q.1 Please state whether the following statements are “True” or “False”. (1 Mark each)

[Total : 16 Marks]

1. The logistics strategy formulation is done in isolation.
2. There is need of close and frequent buyer-seller relationship in JIT.
3. Packaging is not important in logistics management.
4. The supply chain is the link between procurement, manufacturing & distribution.
5. Heuristic algorithm does not provide optimal solution.
6. Route planning is required for transportation of perishable goods.
7. Voyage charter refers to shipment by rail.
8. Consolidation ensures cost saving on freight.
9. Safety stock is less in centralized system compared to decentralized one.
10. Supply chain mapping is done to identify non-value added activities.
11. Time charter allows use of a ship for an agreed upon time period.
12. The consolidator is not liable for in transit cargo damage.
13. FAS is used for any mode of shipments as per INCOTERMS.
14. The effective supply chain integration leads to cost reduction.
15. In cross docking, warehouses function as inventory coordination points.
16. Product Design does not play any role in the entire supply chain.

Q.2 Match the following. (1 Mark each)

[Total : 8 Marks]

(1) Route Directory	(a) Multiple transshipment, pick up & delivery points
(2) Simulation	(b) Lead Time Analysis

(3) Cross Docking	(c) Easy transfer between two transportation modes
(4) TQM	(d) Walmart
(5) Nodal Network	(e) Quality
(6) Uncertain Demand	(f) Automobile Association of India
(7) Inventory levels	(g) Replicate functioning of logistics network
(8) Containerization	(h) storage risk

Q.3 Write the full form of the following. (1 Mark each)

[Total : 8 Marks]

(1) VMI; (2) RFID; (3) ICD; (4) VLCC; (5) TEU; (6) CRM; (7) SRM; (8) AITS

PART B
[Total : 48 Marks]

Write any THREE out of the following five questions i.e, Q.4 to Q.9: (16 Marks each)

Q.5. Discuss various types of logistics strategies being used in the industry.

Q.6. What is meant by supply chain mapping? How does it help in success of organization?

Q.7 Discuss the various objectives of logistical packaging.

Q.8 Why is it important to measure the performance of supply chain? What are the various world class performance measures. Give example.

Q.9 Discuss the role of material handling in logistics. Describe various available material handling equipments.

PART C
[Total : 20 Marks]

Q.10
Compulsory

CASE STUDY

SABRAS Salt Company is manufacturing 1500Tons per day of salt for kitchen consumption. The company is located near Bharuch , Gujarat and procures raw salt from west coast of Gujarat. The raw salt is transported in around 200 trucks on daily basis.

Company currently manufactures only iodised salt with “TABLE QUEEN” brand and enjoys market share of approx. 40%.

Company operates through only single market agency which reaches consumers through network of 40 distributors cum C & F agents, 3000 stockists and above 1.5 lakh retailers. Currently company is dispatching finished iodised salt in bulk to C7F agent as per their indents. The same is further packed in 1 Kg and 2 Kg bags as per standards set by the company at C7 F agent’s packaging facility.

Because of the low unit price of the product, the logistics cost of salt distribution is around 55 per cent of the product selling price.

Company is thinking of packing the entire product at factory only. They are also thinking of introducing other brands like “ Janata”, “Rich”, “ vacuum-evaporated”, “ low sodium” , “ Free Flow”, etc. There is growing competition and market share is falling an average of 1.2 points per year during last three years.

Company is thinking of reviving its distribution system due to following reasons –

- a) To handle more than one brand
- b) There is no direct interaction with retailers which leads to poor information availability about market.
- c) There is huge outstanding payment and longer cash cycle with C & F agent.
- d) There is not much use of IT. Company now wants to implement ERP solutions.
- e) Margins are thinning due to increased competition and increased input costs in all segments.

Answer the following:

- 1) Review the outbound logistics process at the company.
 - 2) How IT will be implemented in the logistics?
 - 3) Company is thinking of directly dealing with distributors. Will it help the company? If yes, how?
 - 4) Company is engaging consultant to review its value delivery system at regular intervals. Will it help the company?
 - 5) The competitors are aggressive in bridging the gap in market share. As distribution is a key element in the market, discuss the logistical strategies the company should adopt to retain its product position.
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