



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Supply Chain Management & Logistics
Post Graduate Diploma in Materials Management - 2 years
PAPER No. 7
Business Law

Dec 2019

Date : 21.12.2019

Time : 10.00 a.m to 1.00 p.m.

Max. Marks : 100

Duration : 3 Hrs.

Instructions :

1. From Part A – answer all questions (compulsory). Each sub questions carries 1 mark.
2. From Part B – Answer any 3 questions out of 5 questions. Each question carries 20 marks.
3. Part C is a case study (compulsory). Read the case study carefully and answer the questions

Total : 20 Marks

Total : 60 Marks

Total 20 marks

PART A

[Total 20 marks]

(compulsory- each sub-question carries one mark)

Q.1: State whether the following are True or False.

(5 marks)

1. All sales in the country are governed by Sales of Goods Act.
2. All agreements are Contracts and all Contracts are not agreements
3. A gift deed will have no consideration.
4. All Payments in Exports are to be denominated in Foreign Currency.
5. There is no exemption of Customs Duty while importing into India.

Q.2 Expand the following. (5 marks)

1. VMI. 2. DDP. 3. BOL. 4. CVD. 5. UCPDC

Q.3. Fill up the blanks.

(5 marks)

1. Consumer means any person who buy any goods for a
2. Capital Goods are generally form anof a Company.
3. is required to be filed while clearing the imported goods into India.
4. is given when the goods are delivered to a Ship for carriage.
5.clause in a Contract is to take care of supervening impossible of performance.

Q.4. Match The Following.

(5 marks)

Column A

Column B

- | | |
|---------------------------------|--------------------|
| 1. Agreement enforceable by Law | 1. Transparency |
| 2. Customs Dept. | 2. M. O. F. |
| 3. Incoterms 2020 | 3. Contract |
| 4. Import General manifest. | 4. Captain of Ship |
| 5. E procurement. | 5. I. C. C |
| | 6. Efficiency. |

PART B

[Total 60 marks]

Answer any THREE out of the following five questions : (20 Marks each)

Q.5. Write short notes on any Four (4x5=20 marks)

- | | |
|-------------------------------------|---------------------------------|
| 1. Arbitration Clause | 2. Ports Authority of India. |
| 3. Supplier Relationship Management | 4. Procurement thru E Commerce |
| 5. Service Supply | 6. Digitization of Supply Chain |

Q.6. Explain the various dimensions of Sourcing.

(20 marks)

Q.7. SCM is a tool to gain competitive advantage. Substantiate & Explain in detail.

(20 marks)

Q.8. Distinguish between any Two (2x10 = 20 marks)

1. Guarantee clause and warranty Clause.
2. Arbitration clause and Force Majeure clause
3. Life cycle cost and capital cost
4. Collaboration and Arm's length relationship.

Q.9. a. Explain the significance of Pre-Bid meeting and Post-Bid meetings. (10 marks)

b. Briefly Explain the Role of Supply Chain in "Make in India" concept. (10 marks).

PART C [Compulsory]

[Total : 20 Marks]

Q.10 Read the following case carefully and answer the questions that follow:

Best Constructions Ltd., Bangalore (India)

Mr. Peter, the Head - Materials of Best Constructions was wondering how to overcome the current crisis. A shipment of Drilling Machines had been severely damaged in transit a fortnight ago. Originally this particular requirement was to be shipped by the Supplier by road, FCA Pune (In India) – about 800kms. from Bangalore. But, the supplier sent the shipment by Train without any prior intimation to the Buying Firm. When questioned, the Supplier responded that the objective of doing so was to save transport costs for the Buyer.

Fortunately for Mr. Peter, these Drilling Machines were now readily available with another Manufacturer, but at a higher price. But, the problems in front of the Head-Materials of Best Constructions were two-fold:

- a. To get alternate supplies even at a higher cost so that there is no loss of progress in the Project where these equipments were to be used. But his worry was who has to bear the additional financial burden – Best Constructions or the Pune Supplier?
- b. There was a clear „Breach of Contract“ by the Supplier and so the Head-Materials had to decide on how to proceed further in the matter, especially with regard to Insurance Claim.

Company Background

M/s Best Constructions Ltd. primarily focused on the construction of Commercial and Residential buildings. They were in the construction business for the past 10 years. However, they did not have a very good reputation as they always delayed the execution of the Projects. They had also been losing lot of orders because of their high quotations that were due to high purchase costs. As a result, their reputation was on the decline.

The new Managing Director of the Organization was very keen on reviving the firm and making it No.1. He was sure that it was possible to do so with the kind of capabilities the organization had. It was only a matter of time. At every crucial meeting, he always spoke regarding his ambitions for the Company and requested every Senior Manager for his / her wholehearted support in his endeavor.

The Delivery Problem

The Best Constructions Ltd. Bangalore placed an order for 20 Nos. of Drilling Machines with M/s Delta Drillco Ltd., Pune. Both the parties agreed to a fixed price of USD 8555.00 per unit (FCA). In the Purchase Contract, Best Constructions designated a particular road carrier, M/s DRL Ltd. as they had an open Insurance Policy covering all the major risks related to road transportation. Delta Drillco had returned a signed acknowledgement copy without changing any of the terms and conditions.

An invoice was sent by them to Best Constructions for releasing the advance payment of full amount and to take advantage of the 2% cash discount, the Construction Company paid the invoice immediately as was the practice in the past. The equipment had not yet arrived at this stage.

Three months later, Delta Drillco dispatched the equipment through South Central Railways instead of the Truck Transport. Unfortunately, when the loading, unloading and shunting was taking place at a station on the way (called Wada Railway Junction) the wagon containing the equipment was involved in an accident. The contents of the wagon were all severely damaged, beyond repairs.

The Construction Company, on contacting Delta Drillco, was reminded about the FCA agreement. The Construction Company pointed out that Delta Drillco had not forwarded the Equipment by Truck as specified in the Purchase Contract. To this Delta replied, "Sure that is true. But, we saved money for you by sending equipment by a less expensive mode of transport. Further, you have already paid our Invoice. It is your responsibility to work out with Railway Authorities and seek adjustments for the loss directly."

In the meantime, the Customer – a Government Body for local self-government, for whose Project the Equipment were being purchased was upset with Best Constructions for the delay in the execution of the Project. As per the Contract, the Project was to be completed before the onset of Monsoon. Already, Best Constructions had spent close to US\$ 11 Millions on the Project and the major payment was overdue. BMP threatened not only the deferment of this payment but also the termination of the contract!

QUESTIONS.

1. Who should file the claim here? And, why? Justify your answer.
2. How does changing the terms of the contract and/or not paying for the goods prior to receipt impact your decision?
