

**JUN-2010**

**INDIAN INSTITUTE OF MATERIALS MANAGEMENT**  
**Post Graduate Diploma in Logistics Management**  
**PAPER-4**  
**DISTRIBUTION MANAGEMENT**

Date : 15.6.2010  
Time : 10.00 am TO 1.00 pm

Max. marks - 100  
Duration – 03 hrs

**INSTRUCTION**

1. From part 'A' answer four questions (compulsory). Each sub-question carries 01 mark  
Total Marks - 32
2. From part 'B' answer three questions out of 05 questions  
Each question carries 16 marks  
Total Marks – 48
3. Part 'C' is a case study (compulsory)  
Total Marks - 20

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**Part 'A'**

Q.A.1 These are objective questions choose most appropriate answer from among the choices viz. a,b,c, and d.

- 1.1 FOR Destination means
  - a. upto dispatching stations
  - b. upto vendors works
  - c. Upto consignee end
  - d. None of the above
- 1.2 MRP-I means
  - a. same as MRP-II
  - b. Material Requirement Planning
  - c. Most responsive planning
  - d. Manpower recruitment Planning
- 1.3 Month opening inventory of bearing in store is 20 Nos. and that of closing is 30 Nos.. then the average inventory of that month is
  - a. 50
  - b. 25
  - c. 30
  - d. 20
- 1.4 Normally cement should be stacked
  - a. 20 High
  - b. 30 High
  - c. 10 High
  - d. 15 High
- 1.5 CIF stands for
  - a. Cost, Inventory and Freight
  - b. Cost, Insurance and Freight
  - c. Carry Cost, Issue price and Forwarding charge
  - d. Costly, Issue and Flexibility
- 1.6 In case of qualified RR with reference to packing which is the responsibility of vendor, if the material is damaged in transit, then claim should be lodged on:
  - a. Railway
  - b. Vendor
  - c. Railway, Insurance & Vendor
  - d. Only on Insurance Company
- 1.7 In A-B-C analysis of Inventory Control, those items are taken as 'A' item which constitute
  - a. 75% of total Inventory
  - b. About 75% of total consumption
  - c. About 80% of total number of Items

- d. None of the above.
- 1.8 It is economical to transport bulky materials over long distance by
- Road
  - Air
  - Rail
  - None of the above
- 2.0 State whether the following statements are true (T) or false (F)
- 2.1 Distribution decisions do not have impact on product of margins and profit.
- 2.2 Distribution Management deals with only transportation of the product.
- 2.3 Distribution Channel does include telemarketing.
- 2.4 Cyber marketing means the merchants selling directly to buyer via computer network.
- 2.5 CPFR is the shaping of forecast and related business information among business partners in the supply chain to enable the product replenishment.
- 2.6 Direct Selling is on of the fastest emerging channel
- 2.7 Proactive and smart firms are not adopting a 'holistic marketing' mindset for sustained corporate growth and social equity.
- 2.8 Earlier Selling Price is used to be Cost + Profit but in new concept profit is equal to selling price - cost.
- Q.A.3 Fill in the blanks
- 3.1 One of the main ..... of SCM is information.
- 3.2 CPFR stands for .....
- 3.3 Perishable product can be stored in ..... Warehouse.
- 3.4 Normally heavy Industrial product are marketed ..... by the producer.
- 3.5 The front end intermediaries add more marketing value due to their direct ..... with the end user.
- 3.6 DRP stands for .....
- 3.7 In the direct distribution system, firms reach and deliver goods and services to the ..... without using marketing intermediaries
- 3.8 C&F stands for .....

Q.A.4 Match Column 'A' with 'B'

1	Supply Chain Management	A	Out bound and in bound movement
2	Logistics Management	B	Collaborative Strategy between customer and supplier
3	Third Party Logistics	C	LD Miles
4	VMI	D	Bull whip effects
5	Efficient Consumer Response (ECR)	E	Outsourcing
6	Acts as coupling between Material supply and Production	F	LD Clause
7	Value Analysis	G	David Jenkins
8	Purchase Order Placement	H	Inventory

### Part 'B'

- Q5 a) Define distribution management? What is its importance in the production organization?
- b) Importance of distribution is more in globalised economy than earlier one. Explain.
- Q6 a) What do you understand by intermediaries? What are the distribution channel alternatives for a weather forecast?
- b) Explain Distribution Requirement Planning

- Q7 a) What is Logistics Management? Explain  
 b) Discuss the advantages of Warehousing.
- Q8 a) What are the common modes of transporting? Discuss the advantages and disadvantages of using Air for transporting goods.  
 b) Do services have to worry about inventories? Explain.
- Q9 Write short notes on any FOUR of the following  
 a) Importance of Inventory Control  
 b) System approach to Physical Distribution  
 c) A-B-C Analysis of Inventory Control  
 d) Logistics System Trade off  
 e) Third Party Logistics  
 f) Transport regulations  
 g) Cross Docking  
 h) Containerization

### Part 'C' - Case Study

#### Excel Limited

Excel Limited (EL) is a leading electronic manufacturer of voice synthesizer. It has been manufacturing a component of MTA for voice synthesizer since its inception three years ago. Quality is an important issue to consider for the analysis. Management has determined there is a possibility of converting the existing manufacturing area and equipment used on MTA to manufacture a new component, AMP, which will be used on a new line of products scheduled for introduction in two years.

You are working as an analyst with EL. You have negotiated a tentative purchase price under a 3-year contract with long term supplier, RELYME, that would result in a purchase price of Rs. 5.675 per unit for MTA. Due to the location of RELYME, the freight costs are estimated to be Rs. 0.328 per unit. The receiving and inspection cost would be Rs 0.132 per unit. Your marketing group estimates MTA volumes to be 400,000 unit next year with a 10% annual growth rate. Accounting dept has received details of internal costing of MTA. The following per unit costs apply given the expected annual volume of 400,00 units.

Purchased materials	Rs. 2.725	Inbound freight	Rs 0.150
Direct Labor	Rs. 0.900	Engineering & Design costs	Rs. 0.090
Depreciation	Rs. 0.200	Cost of Administration	Rs. 0.095

In addition, variable overheads are 100% of direct labor per unit and fixed overheads are 150% of direct labor. Also approximately Rs 250,000 in discontinuation or switching costs would be incurred if a make-or-buy decision occurs.

- Q1 Develop a make or buy analysis for the MTA and report your recommendations in the form of professional report to the top management
- Q2 What type of qualitative issue the management must consider?
- Q3 List why make-or-buy decision can have an important impact on firm's business?
- Q4 What type of uncertainties are there in decision?
- Q5 How do you propose to counter the uncertainties?