

DECEMBER, 2011

Post Graduate Diploma in Management Examination
[PGDM]

Third Semester

PGDM301C: BUSINESS POLICY & STRATEGIC MANAGEMENT

Time: 3 hrs.

Max. Marks: 50

Note: Attempt any three questions from Section A, each question carries 10 marks. Section B is compulsory and carries 20 marks.

'Section A'

1. (a) What are the different levels at which strategy operates. [5 Marks]
(b) What is Strategic Intent? Explain the hierarchy of Strategic Intent. [5 Marks]
2. Explain the generic business-level strategies proposed by porter and discuss their use in different stages of Industry Life Cycle. [10 Marks]
3. Explain the organizational capability factors in the different functional areas of organization. [10 Marks]
4. Explain the techniques of evaluation for operational control? In addition, explain the difference between the strategic and operational control. [10 Marks]
5. Write short notes on: (*Any Two*): [5x2=10 Marks]
 - (i) Process of Strategic Management
 - (ii) BCG Matrix
 - (iii) Any two Expansion Strategies

'Section B'

6. Read the case and answer the questions given at the end.

RUPBANI BEVERAGE LIMITED

Rupbani Beverage Limited entered the Indian wine industry in 1975 by acquiring the Mastana Wine Company of Shimla and two other smaller wine companies at Kalka for Rs. 50 lakh. Despite hostility expressed by other wine makers and predictions that Rupbani would very soon fail as other outsiders such as Parminder Wine Company had, the entry succeeded. Rupbani Beverage Limited performed the unheard-of feat of establishing a volume of 30 lakh cases within two years and taking the market share away from premium brands such as the National Wine Company of Bombay, Pearl Drink Limited of Pune and Syndicate Cola Limited of Madras.

Rupbani advertised heavily and incurred Rs. 10 lakh in one year and standardized the taste of its wines with considerable success. It also invested Rs. 48 lakh in a large, new winery at Ahemdabad. A Rupbani Executive said, "By 1995, consumption of wine in India will be a liter per capita, compared with half a liter today."

The industry reacted to Rupbani's presence by doubling and tripling advertising expenditure. ABC and Company began a costly campaign to market premium and varied wines while reducing marketing emphasis on its cheap wines such as Nahan Drinks and the Gola Beverage. ABC maintained its 25 per cent market

share but had to resort to some heavy price discounting to do so.

In 1982 Pearl Drinks formed a special wine unit to combine effort for all its brands. Mr. Sailesh Kumar, former Vice-President of the National Wine Company, had directed a project to coordinate Pearl's world-wide wine business and develop a worldwide strategy. The new unit was, in fact, a result of his work.

In 1983, wine consumption changed from growth at a rate of 5 per cent to no growth. The government also lifted the ban on imports of wine. This presented an even greater challenge because imported wines were cheaper as well as superior in quality.

In 1984, Mr. Ranganathan took over as Managing Director of Rupbani. He reviewed the recent performance of the company and its competitive position. He noted that the company was losing its hold over the market and it was not getting the return as expected. He also found that the company's performance in the syrup business was excellent. He, therefore, thought of selling out the wine business to Pearl Drinks. He convened an executive meeting and apprised the executives of his proposal. He also informed them that Pearl Drinks had offered the company to recapture its investment in the wine business which was about Rs. one crore. Mr. Arun Mehta, General Manager, observed that Rupbani was in and out in the past six years and has joined different organizations in trying the wine business. The Finance Manager, Mr. Subhash Ghai said, "The return on assets in the wine business is not the 30 to 35 per cent which Rupbani with, eventually, the number two position in the wine industry with profit of Rs. 60 lakh on Rs. 220 lakh in sales. The stockholders wanted immediate return and hence, the company could not afford to make long term investments necessary to popularize the brands. Had they stayed for five more years, they would have been a key leader in a large and profitable industry." Pearl Drinks immediately went from the sixth position in the industry to strong second place with an 11 per cent market share. The Chairman of Pearl Drinks stated. "We believed you can make money in this business in two ways remain a small boutique winery or become large and achieve economics of scale."

Mr. Harish, Marketing Manager of Rupbani said, "It is no use selling out our business to Pearl Drink and get back what we have invested. We can compete with our competitors successfully and improve our market share if we manufacture wines of varying qualities to suit the varied preferences and pockets of diverse sections of society. We should also offer price discounted to attract the consumers. There should be wide publicity of our brands throughout the country".

Questions:

1. Perform SWOT analysis of Rupbani. [10 Marks]
2. In the light of opportunities and threats of Rupbani Beverage and its strengths and weaknesses, what strategy should it formulate to improve its performance and strengthen its competitive position? [5 Marks]
3. Should 'Rupbani' spend on advertising in line with its competitors? Discuss. [5 Marks]

DECEMBER, 2011

Post Graduate Diploma in Management Examination
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Third Semester

PGDM305HR: COMPENSATION & REWARD MANAGEMENT

Time: 3 hrs.

Max. Marks: 50

Note: Attempt any three questions from Section A, each questions carries 10 marks. Section B is compulsory and carries 20 marks.

‘Section A’

1. Discuss the various components of compensation structure. Give an account of various factors to be taken in to consideration for determining compensation structure. [10 Marks]
2. (a) Why individual and group incentive plans both are required for monitoring people in an organization? Give examples. [6 Marks]
(b) What is ESOP? Why would an ESOP be seen by employees both as an attractive and as a risk? [4 Marks]
3. What do you mean by Employee Benefits? Explain the need for fringe benefits. Describe the various types of fringe benefits offered to employees in India. [10 Marks]
4. Explain the current trends in Compensation and Reward Management. [10 Marks]
5. Write short notes on: (*Any two*) [5x2=10 Marks]
 - (a) Employees Provident Fund Act, 1952
 - (b) Methods of Wage Fixation
 - (c) Payment of Wages Act, 1948

‘Section B’

- 6. Read the case carefully and answers the questions given at the end.**

CASE I

Whom do you Satisfy? The Young Or Old?

Hi-Tech electronics limited was established in 1998 in Faridabad. It produces and markets all types of electronic goods. It has been one among the top five companies as for the level of technology and one among the top three companies regarding marketing of the products. The company's salary administration policies and practices were taken as guidelines not only by the other companies but also by various wage boards and pay commissions in the country. But this company has been struggling a lot because of a minor problem relating to administration of salary and benefits. The problem is stated here under:

The company employed nearly 400 young graduate and post-graduate engineers just three years back. These employees form the cream of the company's present human resource. Of course, the older generation of company's employees also formed the cream of company's human resource while they were

young. The older employees occupied higher positions in all the departments including Human Resources Department. The company's salary policy and benefits policy were formulated five years back mainly on the basis of the older employees' desires. As such, salaries are fixed as very low level compared to other similar industries and the benefit schemes include an exhaustive list of benefits including all types of retirement benefits. The cost of retirement benefits would be nearly 25% of the cost of the present staff to the company.

The young employees demanded the management to pay immediately whatever, it can pay rather than providing extensive fringe benefits. According to them, the pay pocket motivates them much more than benefits which they get mostly in kind. But the older employees view that fringe benefits much rather than currency which taxes them heavily. The company asked the personnel manager to settle the issue.

Questions:

1. What is the crucial issue in this case? [6 Marks]
2. If you are the personnel manager of the company, what you will do in that situation? [6 Marks]

CASE - II

Read the case and answer the question given at the end.

A financial institution has just decided to open a Branch at Bhimunipatnam, an exclusive resort located about 20 miles from Waltair, a large city. There is no bank at present in Bhimunipatnam.

The financial institution is anxious to determine the appropriate wage for the clerical staff it expects to hire. Clerks in the city office at Waltair receive a starting wage of Rs. 1,000 per month. As a matter of company policy, these wage rates have been set at mid point of the range for financial institutions in Waltair.

A survey at local business at Bhimunipatnam indicates that the 'going rate' for qualified clerical personnel varies between Rs. 1,200 – Rs. 1,400 a month. This higher rate in Bhimunipatnam may be attributed, in part, to the substantially higher cost of living in this resort town, the limited number of young people seeking employment and the fact that there are no other financial institutions in Bhimunipatnam. Banks in Waltair have traditionally paid lower wages than other businesses, on the ground that banks offer better working conditions and higher prestige.

Question:

What amount, the financial institution should fix as its hiring rate for clerical personnel? What factors should be considered in making the decision? [8 Marks]

DECEMBER, 2011

Post Graduate Diploma in Management Examination
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Third Semester

PGDM304F: CORPORATE TAXATION

Time: 3 hrs.

Max. Marks: 50

Note: Attempt any two questions from Section A and any three questions from Section B, each question carries 10 marks.

'Section A'

1. Discuss the following with example:- [2½ x 4 = 10 Marks]
 - (a) Resident of India
 - (b) Not-Ordinarily Resident of India
 - (c) Non-resident of India in Previous Year
 - (d) Person, Previous Year & Assessment Year

2. What are the various specific allowances and specific disallowances to compute income under the head business or profession? List atleast four each. [10 Marks]

3. Distinguish between Long-Term Capital Gain and Short-Term Capitals. Discuss the procedure of computation of long term capital gain. Define 'Capital Assets' discuss the type of capital Assets. [10 Marks]

'Section B'

4. Raja, not being covered by the Payment of Gratuity Act, 1972 retires on January 6, 2011 from PQR and receives Rs.1,35,000/- as gratuity after service of 29 years and 11 months. His average monthly salary during March 1, 2010 to December 31, 2010 is Rs. 8,500/-. Determine the amount of: [10 Marks]
 - (a) Taxable gratuity (b) Gratuity exempt from tax for the Assessment Year 2011-12.

5. Mr. Mayank Shukla is the owner of a house at Gwalior particular in respect of which for the year ended 31st March 2011 are as below: [10 Marks]

Actual rent received (monthly)	Rs.14,500
Municipal Valuation (Annual)	Rs.1,42,500
Fair Rent (monthly)	Rs.14,000
Total Municipal Tax	Rs.16,300
Municipal Tax paid by Mayank	Rs.8,000
Municipal Tax paid by tenant	Rs.8,300
Interest on loan taken for renovation of the house	Rs. 38,400

Compute Mr. Mayank income from house property for the Assessment Year 2011-12.

6. On 1st August 2010 the car was sold for Rs. 45,000/- which was in his personal use. The car was purchased in 1999 for Rs. 2,25,000/-. He purchased a new car for Rs. 3,15,000/- [10 Marks]

Cost of inflation index is as under for computation of long term capital gain or loss:-

Year 1999-2000: 389

Year 2010-2011: 732

Compute Taxable capital gains for the Assessment Year 2011-12.

7. Mr. Prakash Jain took a medi-claim policy for the health of self, wife and children and paid premium Rs.19,200/- by cash only. [10 Marks]

Besides he paid also medical insurance premium amounting Rs. 16500/- by account payee cheque on account of policy taken for the health of his father (Age: 68 Years). Calculate deduction u/s 80D for medical insurance.

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Third Semester

PGDM304F: CORPORATE TAXATION

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Third Semester

PGDM304IT: DATABASE MANAGEMENT SYSTEM**Time: 3 hrs.****Max. Marks: 50****Note: Attempt any five questions, each questions carries 10 marks.**

1. What are Data Models? Explain different types of data models with their advantages and disadvantages. [10 Marks]
2. (a) Distinguish between Data Definition Language and Data Manipulation Language with example. [5 Marks]
(b) Consider the following relational database where the primary keys are underlined. Give an SQL expression for the following queries: [5 Marks]
EMPLOYEE (EMP_ID, EMP_NAME, STREET, CITY)
WORKS (EMP_ID, COMPANY_ID, SALARY)
COMPANY (COMPANY_ID, COMPANY_NAME, CITY)
MANAGER (EMP_ID, MANAGER_CITY)
 - (i) Find the names and city of residence of all employees who work for "HCL" and earn more than Rs. 15,000/-
 - (ii) Find the city wise company names.
 - (iii) Find the employees name arranged in their descending order.
 - (iv) Find the names of the employees who earn minimum and maximum salary.
3. (a) Explain PL/SQL block constructs using variables. [5 Marks]
(b) What are the Iterative controls in PL/SQL? Give the syntax & examples of the following: [5 Marks]
 - (i) LOOP
 - (ii) WHILE-LOOP
4. What is the purpose of Triggers? What are the advantages of Triggers? Create a Trigger which informs & update the Bank A/c whenever any deposit and withdrawal takes place. [10 Marks]
5. Explain the concept of Data Warehousing. Give the basic principles of Data Warehousing. [10 Marks]
6. Write 12 Codd's Rules of RDBMS. [10 Marks]
7. Explain E-R model and various types of relationship represented in E-R model. [10 Marks]
8. Write short notes of the following: (*Any Two*) [5x2=10 Marks]
 - (a) Stored Procedure & Stored Function
 - (b) Cursor, View and Sequence
 - (c) Normalization

DECEMBER, 2011

Post Graduate Diploma in Management Examination
[PGDM]

Third Semester

PGDM305F: FINANCIAL ENGINEERING

Time: 3 hrs.

Max. Marks: 50

Note: Attempt any two questions from Section A and any three questions from Section B, each question carries 10 marks.

‘Section A’

1. (a) Explain the term ‘Derivatives’. Describe and explain in detail the various types of derivatives. [5 Marks]
(b) Explain the Black Scholes model of Option Pricing. [5 Marks]
2. (a) “Forward, Option and Future are zero sum games”. What do you think is meant by this statement? [5 Marks]
(b) Explain the concept of Interest Rate Swap. [5 Marks]
3. (a) Explain the term under valued, over valued and correctly priced with reference to future. [5 Marks]
(b) Briefly explain the role of participants in the derivatives market. [5 Marks]

‘Section B’

4. Share of Pranav Ltd. are being quoted at Rs.500. Three month future contract rate is Rs. 520 per share for a lot size of 500 shares. If the Pranav Ltd. is expected not to declare any dividend & risk free rate of return is 9% what is the recommended course of action for a trader in shares? If the 3 months future contract rate is Rs. 500, what should be the suitable action?. (Make arbitrage table) [10 Marks]
5. Company x and y have been offered the following rates per annum on a 5\$ million Investment. [10 Marks]

Particulars	Fixed	Floating
Company ‘x’	8%	LIBOR + 1%
Company ‘y’	8.8%	LIBOR

Company ‘x’ requires a fixed rate investment. Company ‘y’ requires a floating rate investment. Design a SWAP that will net bank acting as a intermediary 0.2% per annum and which will appear to be equally attractive to ‘x’ and ‘y’.

6. An Investor purchases a 2 month put option of 100 shares of ABC Ltd. at a strike price of Rs.200 per share with premium of Rs. 20 per share. Find his expected gain or loss per share. If actual price of the stock on exercise day is Rs. 120, Rs. 150, and Rs. 180, Rs. 210, Rs. 250, Rs. 260, Rs. 270, make payoff table & Payoff chart. [10 Marks]
7. An Investor enters in to future contract to sell Wheat for Rs. 50 per Kg. on commodity exchange. The size of contract is 5000 kg. Initial margin is Rs. 40,000 and maintenance margin is Rs. 30,000. What price change will lead to margin call to investor? If investor does not deposit margin call what will happen? [10 Marks]

DECEMBER, 2011

Post Graduate Diploma in Management Examination
[PGDM]

Third Semester

PGDM304LS: LOGISTICS MANAGEMENT

Time: 3 hrs.

Max. Marks: 50

Note: Attempt any three questions from Section A, each question carries 10 marks. Section B is compulsory and carry 20 marks.

‘Section A’

1. Discuss the relevance of various components of logistics in a lean supply chain. [10 Marks]

“OR”

Discuss various warehouse performance parameters.
2. (a) How Material Handling System enhances productivity in logistics system? Explain with illustrations. [6 Marks]
 (b) Discuss various storage principles. [4 Marks]
3. (a) Discuss various inventory related losses. [5 Marks]
 (b) Write short notes with respect to Transportation Networks. **(30 words each)** [1 x 5=5 Marks]
 - (i) Point to Point Network
 - (ii) Multiple delivery Points
 - (iii) Trans-shipment Points
 - (iv) Nodal Network
 - (v) Spoke and Hub Network
4. (a) “Fourth Party logistics is an extension of third party logistics with value addition”. Comment. [5 Marks]
 (b) What is the role of logistics in the distribution channel of the firm? [5 Marks]
5. (a) What is EDI? Explain it helps in reducing transaction cost and time. [5 Marks]
 (b) How reverse logistics used as a tool for competitive advantage? [5 Marks]

‘Section B’

6. **Read the case and answer the questions given at the end of the case.**

PRIYA NAMAK COMPANY

Revamping the Distribution Structure

The case of Priya Namak Company (PNC) deals with the distribution and packaging decision at multiple demand points of iodized salt. The supply is done from the source plant located on the west coast of Gujarat. At Priya Namak common salt is extracted from seawater through the natural evaporation process

using sun heat. The whole process spans over a few months. The solid whitish material that settles after evaporation is common salt in crude form. It is processed for removing the impurities and further treated to bring the iodine content at the desired level. The finished product is called iodized salt, meant for human consumption. Iodized salt is a low-priced daily consumption product used in food preparation.

Iodine is used by the body to form thyroxin, an essential hormone, Salt is used as a medium for supply of iodine to the body. Because of the requirements of the thyroid gland and to reduce the incidence of goiter (an iodine-deficiency disease), a normal person needs about 75mg of iodine per year. The country is now producing an estimated eight million tonnes of salt per annum, out of which three million tonnes (expected to rise to 10 million tonnes in the near future) is consumed by the industry. Of the total edible salt market, 75 per cent is served by unbranded products, 23 per cent by branded salt and the balance 2 per cent by specialized edible salt varieties. Out of the total packed salt around 55 per cent is accounted for by the large brands, and the balance 45 per cent of the market comprises small local brands. Typically, the average salt consumption of a human being is 11-18 grams per day. Now, one can easily guess the bright future for manufacturers of iodized salt, considering the fast growing population and the consequence need for satisfying its salt requirement.

Priya Namak is the largest and the most integrated salt works complex in the country, generating over 2 million tonnes (p.a.) of solar salt. The company also manufactures a variety of chemicals for which the major raw material is salt. After the washing, sieving, grinding, evaporating and chemical treatment, the finished product obtained is iodized salt. Currently, Priya Namak is producing 1200 tonnes of vacuum-evaporated iodized salt per day and 2000 tonnes of other chemical products. The salt works and processing plant are spread over 2500 and 650 acres of land respectively.

The company has a projects division comprising the research and development department, helped by a mechanical and detailed engineering department. Forming the backbone of its research-based operational policy, it has a computer-aided research, design, engineering and management centre equipped with pilot plant facilities, advanced computing facilities and a host of state-of-the-art software. The division is capable of carrying out plan simulations, basic engineering, project monitoring, planning and scheduling in all the disciplines.

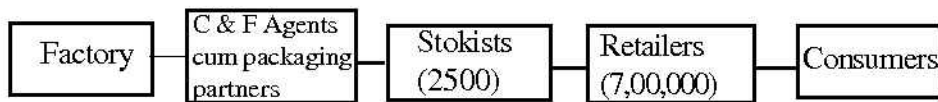
The process equipment division of the company comprises a foundry, a workshop and control facilities. It has shops for melting and moulding, a fettling shop, a pattern shop, a machine shop, a fabrication shop, a heat-treatment facility and a testing and quality control cell. It is capable of manufacturing static equipment, seawater pumps and process pumps ranging from carbon steel, stainless steel and grey cast iron to titanium.

The engineering division comprises the construction, electrical engineering, instrumentation and maintenance department. Equipped with a variety of facilities, it is capable of carrying out construction-related activities, including the building of heavy foundation, structural work, erection of plant and machinery (including boiler and turbo-generators) and the installations and commissioning of electrical instrumentation and control system disciplines.

For salt, Priya is one of the leading companies in the iodized salt segment with a considerably good market share compared to its national competitors.

Manufacturer	Market Share (%)
Priya	36
Brand A	28
Brand B	12
Others	24

Priya had sales of about INR 150 crores in 2001 and exported 12,000 tonnes of iodized salt to the Middle East and East Asian countries. Priya is selling its "Priya – Common" iodized salt at Rs. 7 per kg and planning to bring out a low-end brand "Priya-Janata" at Rs. 5 for the low-end market to convert the users of loose salt to the branded and packaged salt product.



Distribution Channel for Priya Namak

Priya is currently operating through a single marketing agency that reaches the consumer through a network of 30 distributor-cum-C&F (carrying and forwarding) agents, 2500 stockiests and 1,00,000 retailers. Priya was earlier doing the entire retail-packaging job at their Gujarat plant, which has now been shifted to field packaging at the C&F's place. The company now dispatches the material in bulk through railways to the C&F agents in 50 kg bags in trainloads to economize on freight. On an average, each C&F agent procures 2000-2500 tonnes of iodized salt from Priya per month. Salt being an essential commodity, the demand for it does not fluctuate too much. However, each C&F agent keeps a safety stock of 50 tonnes, The C&F agent supplies the products to stockiest in the required pack sizes of 500g, 1 kg, 5 kg, and so on. The packaging is done according to the hygiene norms set by Priya. Depending on the sales volumes. Priya has appointed 30 packaging partners as C&F agents, with varying packaging capacity, all over the country. Salt in bulk is supplied to the packaging partner-cum-C&F agent as per the requirements of distributors, who in turn get their requirements from the stockiest who is in touch with the retailers. Because of low unit price of the product, the logistics cost of salt distribution is to the tune of 54 per cent of the product-selling price. This means that for the one-kilogram salt pack selling for Rs. 7 the logistics cost works out of Rs. 4.05 per kg.

According to the ORG-MARG retail store survey for April 2002, the size of the iodized branded salt market is 5 lakh tones per annum; valued in monetary terms at about Rs. 700 crores. Iodized branded salt market is estimated to grow at 20 per cent per annum. The market share of the national brands and the local brands in the iodized salt segment is 70 per cent and 30 per cent respectively. Priya continues to reap the early bird advantage, having 36 per cent share of the national branded salt segment. Due to an effective iodine-deficiency campaign, the penetration of branded iodized salt is about 20 per cent nationally. Even though manufacturers are trying to differentiate through attributes such as "iodized," "granular," "free flow", and "vacuum evaporation" to influence the customer, the consumer preferences are for reputed brands and familiar names like Priya. The salt is a habitual product and the consumer does not prefer frequent brand switches. The housewife looks for the comfort level and the measure of salt. The outcome of the research, conducted by a leading market research organization in the country, is that the Indian consumer is willing to switch among a set of preferred brands, depending on the availability, personal preference and product offering. Similar to other FMCG products, if a consumer gets a certain branded salt free with other purchases, the chances that s/he may continue using that brand are increased. Hence, the market offering and the distribution muscle are the keys to success in the iodized salt market. Priya penetrates urban, semi-urban and rural markets through economy pack sizes and forms and product development for newer and more evolved offerings. The nearest rival of Priya has shown an average increase in market share of one and half per cent in the last five years. It has already reached 1500 towns and has a network of 1150 distributors. As against the field packaging strategy of Priya, the packaging for Brand B is done at the factory.

Due to the growing competition, Priya felt a need for reviewing its distribution system and appointed a consultant to review the existing system and suggest improvement. The consultant indicated that Priya has no direct interaction with channel members leading to the poor information availability about the market. The consultant suggested reducing one channel layer in the distribution chain. The consultant further observed that the distributor-cum-C&F agency is a single entity affecting the distribution, leading to the high level of outstanding payment and longer cash cycle. Therefore, the distribution, leading to the high level of outstanding payment and longer cash cycle. Therefore, the distributor and C&F functions need to be separated and Priya should directly deal with distributors, opined the consultant. In addition, Priya should IT-enable its distributor chain. The consultants were of the opinion that this structural change would help Priya to have better control over the distribution channel, information availability and a more dynamic response to market conditions. Further, they were of the view that with the new arrangement, Priya would also have better controls on inventory and outstanding payments. This would help Priya to reduce working capital needs and corresponding

interest cost leading to higher sales and market share.

The consultants further made a remark that to remain in the leading position, Priya should continuously review its value delivery system. The commodity market will progressively move into the branded portfolio as long as the value delivery is in line with the product price. The margins will continue to be thin till the consumer perception of the differentiated values that brand offer over commodity changes significantly.

Questions:

1. Review the outbound logistics process at Priya. [5 Marks]

2. Though Priya has an advantage of being early bird in the iodized salt market, but the next rival is aggressive in bridging the gap in market shares. As distribution is the key element in this market, discuss the logistics strategies Priya should adopt to retain its present position. [5 Marks]

3. Review the consultant's suggestions in light of their merits and demerits. [5 Marks]

4. Does Priya face any barriers in implementing the suggestions? [5 Marks]

DECEMBER, 2011

Post Graduate Diploma in Management Examination
[PGDM]

Third Semester

**PGDM305M: SALES MANAGEMENT AND DISTRIBUTION
MANAGEMENT**

Time: 3 hrs.

Max. Marks: 50

Note: Attempt any three questions from Section A, each question carries 10 marks. Section B is compulsory and carries 20 marks.

‘Section A’

1. “Planning is indispensable in the field of selling? Discuss this statement and explain various elements of sales planning. [10 Marks]
2. (a) What is top-down and bottom up approach in sales-budget formulation? [5 Marks]
(b) What characteristics are needed to be a successful salesman? [5 Marks]
3. What factors would you consider in designing the sales territory for a new company dealing in processed food? Briefly discuss the process of designing sales territory. [10 Marks]
4. ‘Logistics is the better half of Marketing’. Discuss and show the major components of logistics. [10 Marks]

“OR”

Explain the term ‘Channel Conflicts’ and the techniques to resolve Channel Conflicts.

5. Write short notes on (*Any Two*): [5 x 2 = 10 Marks]
 - (a) Evaluating Sales Force Performance
 - (b) Types of Retailers
 - (c) Third Party and Fourth Party Logistics

‘Section B’

6. **Read the following case and answer the questions given at the end.**

SALES INCENTIVES

Lucknow Electronic manufactured power-generating equipment and was in business only for about five years. They sold directly to consumers as well as through a distribution network. They expanded their sales force to cover greater coverage of market and to expand their activities in the entire country. The objectives were to increase sales revenue by 30% over the previous year.

The marketing manager felt that to achieve these objectives, the salesman have to be motivated and there is an urgent need of introducing an incentive programme. For this he suggested that the goals be set in consultation with the sales managers. The principle of MBO (Management By Objectives) was suggested. The power generating business was highly competitive and although the company had a fixed price list, the sales managers would tend to ask for reduction in price on the approved list. In deciding whether or not the concessions should be given, a lot of valuation time of the marketing managers was being wasted and he

wanted to stop this practice. The only way he could discourage salesman from asking concessions was to give them price flexibility (a range of price over which they could quote their client a prices that would win business). There was a danger that the sales people would arbitrarily drop prices to generate more revenue at lower prices and obtain greater incentives as bonus.

The marketing manager after discussing with sales managers devised an incentive programme as under:

- (a) Incentive bonus would only start after the sales person have achieved 80% of their targets.
- (b) Although flexible pricing was allowed but it was to be exercised by the discretion of the sales person himself in genuine cases.
- (c) If the goods were sold at the minimum price the incentive would also be minimized. It would increase in proportion to sales at high prices.

The marketing manager presented this incentive programme to the sales force expecting enthusiastic support. However, there was no positive response from sales force.

Questions:

- 1. Do you feel this incentive programme will achieve the results expected by the marketing manager? [5 Marks]
- 2. Can you suggest an alternative incentive programme to motivate the sales force? [5 Marks]
- 3. Why was there no positive reaction from the sales personnel on the incentive programme? [5 Marks]
- 4. Analyze the above case. [5 Marks]

DECEMBER, 2011

Post Graduate Diploma in Management Examination
[PGDM]

Third Semester

PGDM305LS: SUPPLY CHAIN MANAGEMENT

Time: 3 hrs.

Max. Marks: 50

Note: Attempt any three questions from Section A, each question carries 10 marks. Section B is compulsory and carries 20 marks.

‘Section A’

1. (a) Discuss the role of SCM in present scenario. [5 Marks]
(b) Explain various Supply Chain Drivers. [5 Marks]
2. (a) What are the factors influencing the distribution network design? [5 Marks]
(b) What is the role of IT in Network Design? Discuss. [5 Marks]
3. (a) Write a short note on Variability in Supply Chain. [4 Marks]
(b) Discuss how a company can get marketing and operations to work together with the common goal of coordinating supply and demand to maximize profitability? [6 Marks]
4. (a) How buyer-seller relations can be strengthened? [5 Marks]
(b) Discuss purchasing principles and system in details. [5 Marks]
5. Write note on (*Any Two*): [2 X 5 = 10 Marks]
(a) Bull Whip Effect
(b) Collaborative Planning
(c) Forecasting

‘Section B’

- 6. Read the case and answer the questions given at the end.**

RUBBER PRODUCTS

REDESIGNING SUPPLY CHAIN ON THE TECHNOLOGY PLATFORM

Indian tyre industry is at a crossroads due to the various challenges it is facing after the liberalization of the Indian economy in 1991. It is a technology-driven industry and very much dependent on rubber as the major raw material input to the final product. Firms that have their rubber plantations have a better control on costs and deliveries. There are big players in automotive tyre with technology backup from the world giants. The major players are CEAT, MRF, Apollo, Bridgestone and JK. The industry is highly competitive. Today, brands like CEAT, JK, MRF and RP are very strong in OEM markets. However, Apollo captured the replacement market in the commercial vehicle segment. On the technology front everyone is trying to bring in radial tyres to Indian markets, as they are being readily accepted by customers due to

their advantages.

After the Liberalization of the economy, the approach to tyre pricing was driven by market forces instead of the cost-plus-profit formula earlier used by the manufacturers. Due to cut throat competition, organizations were forced to offer a competitive price irrespective of the product cost, which, however, needs to be controlled through some internal mechanism. To remain competitive, tyre manufacturing firm started re-looking at their business process and costs associated with production and distribution of the product. The major reason was the high cost of operations due to system inefficiencies, higher inventory levels and low productivity of assets. They started looking for ways to improve their efficiencies, effectiveness and productivity in order to sustain growth.

RP was a considerably younger player in tyre manufacturing but had its inefficiencies spilled over from the pre-liberalization era, when the business were under government controls, manufacturing capacities were limited due to licensing process and manufacturing had government protection. RP being a relatively new company had state-of-the-art manufacturing facilities and very little problem on the manufacturing front. The area of inefficiency was logistics on the distribution side. They felt that the need of the hour is speed in reaching the customer with efficiency and cost-effectiveness. RP decided to go in for a system based on the latest information and communication technologies to enhance coordination across the supply chain so as to reduce cost and increase asset utilization.

RP had taken a strategic decision in the mid-1990s to be cost-based and customer service based differentiator for remaining competitive in the automotive tyre market. They undertook a complete redesign of the existing supply chain and made the coordination of the various activities and linkages of the business process an independent function. The company decided to go in for the SCM initiative through the change process to work on the open culture. Through SCM they further decided to integrate the procurement, manufacturing and distribution activities of RP using the latest information and communication technology tools for bringing speed in information and inventory flow. As a result of aggressive SCM strategies, the company could boast the achievements mentioned in following Table:

Parameters	Achievement
Finished goods inventory	Reduced from 55 to 20 days
Sales lost opportunities	Reduced from 25 to 5/6 per cent
Factory compliance	Increased from 40 to 80 per cent
Replenishment at distribution locations	Reduced from 8/10 days to 24 hours from hubs
Delays in transit	From 30 to within 5 per cent

On account of the SCM initiative RP dealers are now assured of suppliers per their requirements. The inventory level in the distribution channel has drastically reduced to 15/18 days as against 45/50 days earlier. The assets and funds blocked in inventory are now reduced to half. The job for the sales personnel in the field has become easier. Their efforts are now focused more on sales generation than chasing goods at the factory or depots, resulting in a reduction in time spent on non-value-added activities. RP, which was earlier more worried about the customer service level in the competitive environment, now talks about the enhanced customer satisfaction level and the improved customer value delivery system through its SCM initiatives.

With the SCM initiative RP reviewed its existing practices and introduced drastic changes to bring about efficiency, cost-effectiveness and productivity in the system at the operating level. The following were the changes introduced.

FROM PUSH TO PULL SYSTEM OF SUPPLY CHAIN

RPL had the push system in practice for distribution. This system required production to be planned on the aggregate sales forecast based on the past trends, resulting in a very high level of inventory. With the change to the pull system, the production planning is now based on the actual sales requirement from the point of sales. To support the pull system RP has worked out inventory norms based on demand variations, transit time and load frequency. The latest IT tools were introduced for information collection, analysis and dissemination. In this system the stock-keeping units (SKUs) sales information was to be punched on a daily basis and sent to the factory, which was the responsibility of the dealer, C&F agent and hubs, in order to ensure ease and speed in the

replenishment activity.

HUB AND SPOKE DISTRIBUTION

From the earlier multiple stock point systems RP has gone in for the warehousing hub system. The firm has mother warehouses at their three factories producing tyres for two-wheelers, commercial vehicles and four wheeler passenger cars. The four regional warehousing hubs (at Mumbai, Delhi, Bangalore and Calcutta) now receive supplies from the three factories and two contract manufacturers in and around Mumbai. The hub warehouses are owned and managed by the 3PL service providers. The material from the factories is sent to the hubs through full-load trucks and also through the rails containers.

The ratio of road to rail dispatches is 75 to 25. The hub warehouses are equipped with mechanized material-handling systems for speedy inventory movements. The 3PL firm has its own self-development Warehouse Management System package that is linked with the company's ERP system. The material from the warehouse hubs is directly sent to the 24 distribution centres (one in almost every state) that are managed by the C&F agents. The material from C&F agents reaches the dealers within 24 hours.

SPEEDY INFORMATION FLOW

RP invested nearly Rs. 120 million on an information processing and communication system to ensure that all branch offices, warehouses hubs, distribution centres, dealers and factories are connected online with one another. For stock taking the information updates are made twice a day.

INTEGRATED LOGISTICS

RP's real strength lies in logistics, which is totally outsourced to TCI who has dedicated container trucks to transport the products from factories to the regional warehouse hubs. TCI's local offices are responsible for organizing the trucks, LCVs or smaller capacity vehicles for transporting the tyres from hubs to the C&F agents. The dealers pay the secondary transportation charges, however the C&F agents are fully responsible for organising the secondary transportation. TCI has provided RP with the trace and track system to find out the whereabouts of materials dispatched to hubs and C&F agents. The contract is based on the reward and penalty system. As a result, transit delays have come down to within 5 per cent as against 30 per cent earlier. Further efforts are on to reduce this further to within 3 per cent.

LEAN INVENTORY

With the SCM initiative, the myth of higher customer satisfaction with higher inventory, which RP earlier believed in, has been totally destroyed. The WMS across all the three mother warehouses and four hub warehouses is integrated to logistics operations and C&F agents to plan and fulfill the requirement at dealer's end, with the result that RP's finished goods inventory has drastically come down to 20 days from 55 days earlier. Due to information flow, the inventory flow has increased manifold, resulting in inventory turns of 15 from a figure of 6 earlier. Today RP is able to deliver the right product mix at the right place and at the right time with lower inventory levels.

DISTRIBUTION PLANNING

The supplies are made from three factories and two contract manufacturers in and around Mumbai RP's HO is responsible for meeting the requirement of tyres for the two-wheeler, commercial vehicle and passenger car segments. HO at Mumbai runs a system to ensure that all the requirement of the three segments are met. Mother warehouses at factories and contract manufacturers send their materials to regional hubs based in four locations across the country. These hubs supply the product to C&F agents at 24 locations, from where it is supplied to a dealer network of 3200 to service the replacements markets. All OEM customers and exports are directly handled by HO. The supplies to OEMs directly go to the customers' plants from the factories. In exports, the product goes to the port from the factories and finally to the customer via shipping lines, complying with government regulations. The product allocations for OEM's exports and replacement markets are done by the HO, which has online access to information on product requirement and inventory at all dispatch points across the country.

CUSTOMER SERVICE

In the tyre industry the quality of service is more important than product quality. The latter is a poor product differentiator. In the Indian context, all tyre manufacturer, produce world-class goods with technical know-how

from world-renowned manufacturers. Hence, the product quality being almost the same, the other major differentiator is quality of service. This means the customer needs of “what he wants and when he wants” should be met through service. The customer makes his choice based on who provides him with the most effective service in terms of cost & time. In the replacement market, the dealer is an important customer, who in turn services the end customer. The dealer will minimize his investment risk through minimum inventory. If assured by the manufacturer the dealer will stock lesser quantity of the product. Through the SCM initiative, RP has developed a system that triggers a response not just at the warehouse hub but also at the plants.

CUSTOMER FOCUS

RPL supplies the product to three major market segments.

1. Replacement markets
2. OEM
3. Exports

In the replacement markets, the product is supplied to 3200 dealers across the country, resulting in complexity in distribution. In efficient and cost-effective distribution, information and communication technology plays a major role by way of providing customized software solution for warehousing management, production planning, inventory controls and distribution planning, and can be integrated to the firm’s ERP system.

In the case of OEM customers like Mahindras and Maruti who follow the JIT system, the product should arrive at the assembly line just in time so they do not have to carry any inventory. For exports, the requirements are quality and on-time delivery, taking into consideration the hassles of customs clearance, documentations, and multi-modal transportation. With the ERP in place the product requirements of both OEM customers and exports are efficiently handled by RP.

PERFORMANCE MEASUREMENT AND CONTROLS

For maintaining the system performance, RP has devised a performance measurement system for identifying causes and taking corrective action thereafter. The factors responsible for customer satisfaction are the on-time delivery, order fill rate and minimum errors in dispatches, which are measured against the targets for rewards and penalties. As these services are outsourced, the selection of the right 3PL partners becomes crucial.

The other factor that is difficult to assess is the lost sales or opportunity at point of sales for the period of say, a month. RP designed a measurement system that relates lost sales to the sales affected and the minimum inventory held over the period of a month. RP has established that for having sales of 24 tyres a week, the minimum stock at the point of selling should be 4 tyres per day. RP is aiming at having the sales lost figure brought down to within five per cent from the present level of 25 per cent. Similarly, for the inventory level the control figure is 20 days. The factor applicable at warehouse was the inventory turn ratio, which RPL improved to 15 from a level 6 and further wants to increase to 18.

In a nutshell, with the SCM initiative on the technology platform, RP could reduce its finished goods inventory to a bare minimum of 20 days. Factory compliance to the market demand improved by 80 per cent with a marked achievement in manufacturing flexibility. The other achievement was reliability in delivery with 95 per cent consistency through alliance with 3 PL partners.

Questions:

1. Discuss how RP channeled its resources for maximizing the benefits. [4 Marks]
2. RP wants the inventory to be reduced to 12 days from the existing level of 20 days. According to you, what should be RP’s plan of action to achieve this? [4 Marks]
3. Discuss the importance of the performance measurement system in the context of RP [4 Marks]
4. What are the critical linkages of SCM for integration in this case? [4 Marks]
5. Discuss the tactical solutions RP has implemented to get over the changing market situation. [4 Marks]

DECEMBER, 2011Post Graduate Diploma in Management Examination
[PGDM]

Third Semester

PGDM305IT: SOFTWARE ENGINEERING**Time: 3 hrs.****Max. Marks: 50****Note: Attempt any five questions, each question carries 10 marks.**

1. Explain the following (*Any Two*): [5x2=10 Marks]
 - (i) Spiral Model
 - (ii) RAD Model
 - (iii) The Incremental Model
 - (iv) Linear Sequential Model
2. What is Verification and Validation Testing? What is the difference between them? [10 Marks]
3. What is Estimation? Explain its role in Software Planning? Explain any one cost estimation model with its merits and demerits. [10 Marks]
4. (a) What are different types of Coupling? Give one example for each type. [5 Marks]
(b) Draw an E-R diagram for Hospital Management system. Also mention various entities and their attributes. [5 Marks]
5. Describe how Unit Testing and Integration Testing is conducted for object oriented software. [10 Marks]
6. Describe different aspects of Software Maintenance in detail by taking suitable example. [10 Marks]
7. Discuss the Analysis Modeling issues and Testing Issues for client/server system. [10 Marks]
8. Write short notes on (*Any Two*): [5x2=10 Marks]
 - (i) Fourth Generation Techniques in Software Engineering
 - (ii) Reactive versus Proactive risk strategies
 - (iii) Art of Debugging
 - (iv) Reverse Engineering
