



CII Institute of Logistics

PGDSCM & Certificate Programs

Semester-end Examination – December 2008

ECONOMIC AND SOCIAL ENVIRONMENTAL ANALYSIS

Time : Three Hours

Marks : 100

Part A

Answer all questions (20 x 1 = 20 Marks)

1. PEST stands for
 - 1) Personnel, Economical, Social, Training
 - 2) Political, Environment, Society, Technological
 - 3) Political, Economical, Social, Technological
 - 4) Production, Engineering, Service, Technique
2. Which of the following is not a HDI factor?
 - 1) Life expectancy at birth
 - 2) School Enrollment Ratio
 - 3) Gross Domestic Product
 - 4) Adult Literacy Rate
3. To which aspect the criteria of sustainability must be applied to
 - 1) Economic
 - 2) Social
 - 3) Environmental
 - 4) All the above
4. Development Occurs only when
 - 1) There is economic growth
 - 2) The benefits of growth are not distributed
 - 3) Both the above
 - 4) None of the above
5. Which one of the following is not an exit barrier in an industry?
 - 1) Creation of specialized assets
 - 2) High staff settlement costs
 - 3) Favorable investment climate
 - 4) Both (1) and (2)
6. In which of the following stages does the demand start to taper off?
 - 1) Mature Stage
 - 2) Growth Stage
 - 3) Shakeout Stage
 - 4) Decline Stage
7. The Human Development Index is prepared by
 - 1) United Nations Development Procedure
 - 2) United Nations Development Program
 - 3) United Nations Demographic Program
 - 4) Union of Non-aligned Countries
8. In SWOT analysis, which are all external?
 - 1) S & W
 - 2) O & T
 - 3) S & T
 - 4) W & O
9. The liberalization process includes
 - 1) Reduced role of government in economic matters
 - 2) Recognizing globalization as an irreversible phenomenon
 - 3) Setting up of SEBI for capital markets
 - 4) All the above
10. Three types of integration in globalization are
 - 1) Geographical, Functional & Sectoral
 - 2) Geographical, Psychographic & Sectoral
 - 3) Social, Economic & Cultural
 - 4) None of the above
11. Which of the following is not for checking environmental degradation
 - 1) Physical Instruments
 - 2) Negotiable Instruments
 - 3) Economic Instruments
 - 4) Supportive Instruments
12. Structural unemployment occurs in India because of lack of perfect mobility on the part of labor (True / False)
13. Sustainable development does not prohibit the use of natural resources (True / False)
14. Frequent changes by TRAI in telecom policy can stabilize the industry (True / False)
15. The competition in an industry is determined by rivalry among the established firms only (True / False)
16. The concept of integrated logistics management focuses on planning better customer service and not aiming at lower distribution cost (True / False)
17. A larger percentage of Indian population lives in villages (True / False)
18. Logistics aims for optimization of the system as a whole rather than optimization of any specific function (True / False)

19. Poverty does not affects economic growth (True / False)

20. The role of regulation should be to "Promote and encourage private investment in infrastructure" (True / False)

Part B

Answer any four (4 x 10 = 40 marks)

1. Explain various deregulations implemented by central government during the past three years.
2. Discuss the energy scenario in the light of Nuclear deal signed recently
3. Explain how far the US recession would affect business in India
4. What are the business implications of migration from joint family system to nuclear family system in India?
5. What is globalization? What is its impact on logistics in India?
6. What are the micro environmental issues of logistics? Explain their economic and social relevance.

Part C

Case Study : A Logistics Story (Aug 11, 2006)

Last month Nanjing Automobile Corp., which claims to be the oldest carmaker in China, announced that it will build a new assembly plant and parts distribution center in Ardmore, Oklahoma. The Ardmore factory will assemble the MG TF Coupe, a rear-wheel drive, two-seater. Those who follow the auto industry may recall that Nanjing acquired the MG brand and remaining assets of MG Rover Group Ltd. after Britain's last domestic automaker imploded in 2005.

A Chinese manufacturer will build a historically English brand in the heart of the U.S.A. The story gets better. When the factory is built—they are supposed to break ground in early 2007—it will be the first Chinese-owned automotive factory in the United States. That's why Nanjing's announcement set off alarm bells for a lot of people. The company's move harks back to the early 1980s when U.S. automotive executives challenged the Japanese car importers to set up factories in the United States and see if they could compete on a level playing field. They did. And today's market share numbers speak for themselves.

Nanjing's plan for the MG brand goes beyond Oklahoma. The company has announced that it will be manufacturing three MG sedans, presumably for export, at its factories in China. It will also build an MG roadster at the former MG Rover Longbridge assembly plant near Birmingham, England.

Ardmore itself is a little more than 100 miles north of Dallas, and about 100 miles south of Oklahoma City, which is where the Chinese automaker has said that it will establish its global headquarters for sales, marketing and distribution outside of Asia. It also plans to set up a research and development facility near the University of Oklahoma in Norman.

After the Ardmore factory starts manufacturing vehicles in the middle of 2008, the company could eventually employ upwards of 500 people in the state. While that's great for Oklahoma, it's not enough to make up for the 2,400 direct jobs lost earlier this year when General Motors closed its plant in Oklahoma City where it used to assemble the Chevrolet TrailBlazer and GMC Envoy sport utility vehicles.

A Chinese automaker invests in Oklahoma after the world's largest automaker, based in Detroit, pulls out. And here's the final twist to this story. A partnership with the Chickasaw nation, one of Oklahoma's 39 Indian tribes, could provide additional tax breaks and financial advantages to the Chinese company, reports Duke Hale, CEO of MG Motors and a former executive at Mazda, Isuzu and Lotus.

"Ardmore and the airpark truly is a logistical distribution dream," says Hale, which is the angle the popular press missed in reporting this story. The new MG factory will be immediately adjacent to a 7,200-foot runway. It will also have rail access. Site blueprints call for a \$15 million, 1,800-ft. extension to the runway, allowing it to accommodate larger cargo aircraft. Also in the works are a new taxiway, additional access roads, upgraded utilities and a new Burlington Northern Santa Fe spur. Total infrastructure investments, which will benefit both MG Motors and other tenants, will exceed \$30 million. Other companies with distribution facilities in the Ardmore area include Best Buy, Dollar General, Circuit City, Dot Foods, and Michelin of North America.

Why does an automotive factory need access to a runway? That's the question I asked Wes Stucky, president of the Ardmore Chamber of Commerce and the Ardmore Development Authority, which owns the Ardmore Airpark and several other industrial locations in the area.

"It's flexibility that they wanted," said Stucky. "The rail is more critical. Some things will come by ship to the Port of Houston, and then be moved by truck or rail." The Chinese manufacturer hasn't made any specific supply chain decisions, but it has said that body panels, engines and transmissions will be built elsewhere and shipped to Ardmore for assembly.

Nanjing's plans are ambitious. It will need more than flexibility to succeed in a glutted world automotive market, even with the help of the recognized marque of MG. But you have to give the company credit for starting big by investing in some of the markets where it hopes to sell cars, rather than importing product from China. It will be an interesting story to watch.

Answer any four (4 x 10 = 40 marks)

- 1) Discuss about implications of globalization in the logistics sector, in the light of the above case
- 2) What is the need for having access to runway and do you think that it is wise?
- 3) Intermodal transportation is inevitable in a global economy – comment.
- 4) What reasons you could attribute for the confidence of Nanjing Automobile Corporation operating outside their own country?
- 5) What are the competitive advantages for NAC on a global scale?
- 6) Analyze the competitive environment that may emerge in favor of NAC.
