Eastern Regional Conference
Ranchi Branch

Eastern Regional Conference Inaugurated by Shri R. K. Saha, CMD, Western Coalfields Ltd. (L to R): Shri O. P. Longia, VP (North), Shri S.K. Sharma, Past President, Prof. R.N. Singh, VP (East), Shri Suresh Kumar Sharma, National President, Shri G.K. Singh, NS&T, Shri M.K. Bhardwaj, Chairman BOS and Shri C. Subbakrajshna, Sr. Vice President.
BRANCH ACTIVITIES
From the Desk of The National President

Dear All,

Greetings from your National President.

I am back from Eastern Regional Conference held by Ranchi Branch and it was really a great event. My special and sincere Compliments to Mr. R N Singh, Vice President (East), Mr. G K Singh, National Secretary & Treasurer and Mr. B K Singh, Chairman - Ranchi Branch and his team for the Grand Success of this Event. The Theme "Supply Chain Management in Mining and Mineral Industry - Challenges and Opportunity "was quite apt in the minerals and metals city.

In fact Ranchi Branch has set a good bench mark and potential in this region is very good. I would request all Eastern Branch to be more vibrant and active.

As I am working in a Public Sector Company - Bharat Electronic Ltd over decades I am pleased to share some good award winners. Standing Conference of Public Enterprises (Scope) Meritorious Award for R & D, Technology Development and Innovation was presented to BHEL by the President of India. The Scope Gold Trophy was presented to SAIL for Environmental Excellence and Sustainable Development. Bharat Electronic Ltd won the Corporate Governance Award. HPCL for Corporate Social Responsibility and Responsiveness.

Today Public Sector Enterprises play a pivotal role in the Economic Development; We should look at these PSUs as a great opportunity to expand IIMM Activities and net working.

Scale 2011 is being hosted by Bangalore Branch during August 2011. I request all our Members and Readers to gear up for excellent support for this event. This is one of our Signature Events and I request participation from one and all.

Once again, I request for enhancing our Corporate Membership strength to a good, great level and towards this I am prepared to render all support and assistance.

I look forward to Team work and result oriented efforts from across regions so that IIMM can grow to greater heights.

My Best wishes to one and all.

SURESH KUMAR SHARMA
National President
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IIMM - In Pursuit of Excellence in Supply Management
The Indian economy is one of the fastest growing economies in the world. For the last five years, the economy has registered strong growth in the range of 8-9%. The biggest challenge India is facing today is to ensure inclusive growth. It is important to ensure that while the Indian Economy grows rapidly; all segments of society are part of this growth process. For the first time India will be the global host of World Environment Day 2011 (WED) on 5 June. This year’s theme “Forests: Nature at Your Service” highlights the link between quality of life and the health of forests and forest ecosystems. World Environment Day theme also support this year’s UN International Year of Forests.

World Environment Day is celebrated to bring awareness among common people about the importance of environment. Initiatives to promote low carbon economies and lifestyles through improved energy efficiency, alternative energy sources, forest conservation and eco-friendly consumption is expected to find a much more receptive audience. Environmental aspects are becoming more important in the recent business scenario. While there is a strict requirement imposed by the Govt.’s for compliance of environmental regulations, there is also greater demand for environmental friendly products by the overseas buyer.

At times the environmental issues are becoming non tariff trade barriers for exports. It is one of the major reasons for industries in Europe and Japan for manufacturing of environment friendly products and they are changing their business strategy for future sustainability and competitiveness. Although at present, there is a limited market for eco products but there is definitely increasing trend for demand of the such products in future. In many countries government is joining hands with private industries to boost manufacture of green products and creating overall environment to enhance the demand of such products so as to increase the consumption pattern to achieve the ultimate goal of promoting environmental sustainability.

All over the world the concept of environmentally preferable purchasing (EPP) is becoming important which is termed as green purchasing which relates to acquisition of products and services which minimize negative impact on environment over these life cycle right from acquisition, manufacturing, transportation, usage and recycling for disposal. Environment preferable aspects includes products and services which conserve energy, water and minimize the generation of waste and release of pollutants, products made of recycle materials and can be used or recycle, energy from renewable resources such as bio-based fuels, solar and wind power, alternate fuel vehicle and products using alternatives hazardous or toxic chemicals, radioactive materials and bio-hazardous agents. In other words green purchasing adds environmental aspects to price and performance criteria while making the decision of procurement of materials or services. The ultimate aim of green purchasing is to reduce the environmental impacts and increase the efficiency of resources. It means that application of environment criteria in the selection process before placement of supply order is the key aspect of decision making. Internationally Germany undertook structured green public procurement activity in 1980s followed by the other European countries like Denmark (1994), France (1995), UK, Austria (1997) and Sweden (1998). Japan enacted the green purchasing law in the year 2000 to promote green purchasing as national policy. The law covers all government bodies including local government to practice green purchasing.

Green buying is an important human activity, especially, business buying activity which consumes natural resources and finally leads to dumping as waste into environment thus contributing to environmental degradation. Nature has the capacity to renew and regenerate its resources very slowly. The World Wildlife Fund International estimates that we are using our resources 20% faster than those are replenished. The environment has a withstanding capacity and if it is loaded with pollutants beyond its limits the system will fail. It is, therefore, an urgent need to correct the imbalance and Green Buying is an important corporate solution to this problem. Green buying is the practice of buying products and services that are less harmful to this environment (land, air, water) and all the species including humans that depend upon the environment for survival.

Green products are those products that during its life cycle from design to production to final disposal causes minimum damage to environment in terms of waste generated, resources consumed and pollution created. The supply chain managers can contribute to environmental protection by reducing the consumption of natural resources, buying products with high-recycled content, reducing solid waste, having less packaging and recycling and reusing the packages, utilizing local products to reduce transportation, using energy efficient lights, using paper made of recycled materials, reducing the use of disposable items and eliminating the use of plastic carry bags. I am confident that Materials Managers will raise to the occasion to achieve sustainable development through green purchasing.

(M. K. BHARDWAJ)
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Apparel Supply Chain and its Variants

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Abstract: The way apparel organization embraces superior serviceability in shaping its appropriate supply chain configuration, will determine value of future business. Apparel supply chain exists primarily in three configurations to suit overall business environment. Effective management of supply chain by responding quickly to market-demand while keeping optimum inventory, is more preferable to only efficient management of supply chain by minimizing inventory without fast response to consumers demand.

Key Words: Supply Chain, Basic Product, Fashion-basic product, Fashion product, Push and Pull supply Chain.

Introduction: Many apparel organizations worldwide have restructured themselves from vertically integrated composite set-up to horizontally aligned configuration. Among the various reasons gravitated the transition from vertical to horizontal structure, there are the emphasis on greater organizational and process flexibility to cater volatile market demand. Also, remarkable improvement in productivity and cost of machinery make it increasingly risky to underutilize the entire range of production equipments-from spinning to processing machines kept under one roof. Cost cutting, arising out of heavy debt associated with increasing acquisition, also influences management to keep organization lean and horizontally aligned.

However, this splitting-up of once vertically aligned organizations into many independently working apparel companies, each having a separate operation, makes efficient coordination among them a must to sustain increased competition. Also large, vertically oriented organizations, which still exist, need to coordinate their entire supply in light of growing inter-unit competition for productivity, often disregarding market priority. This stimulates apparel organizations to manage their various activities under a new paradigm, supply chain management.

Increasing market competition forces apparel companies become efficient in managing their supply chain by reducing inventory, yet maintain the superresponsiveness to volatile market demand. Effective supply chain management, cutting across functional silos and organizations boundaries has provided integrated solution to this challenge.

The article describes different types of demand patterns and inventory found in apparel sector, and a typical apparel supply chain. Different types of supply chains are discussed with reference to historical perspective and their current practice among leading apparel organizations in India. The key findings from these practices are analyzed. Prime feature of any supply chain is the balancing the flow of demand by strategically positioning inventory at various nodes of supply chain. Therefore, two major components of supply chain-demand and inventory are discussed with respect to demand variability and inventory characteristics, before explaining various types of supply chain.

Types of Demand and Inventory: Demand Pyramid:

The consumer has all kinds of demands for apparel-apparel, as manifested in fig-1. The consumer demand can be broadly trifurcated into three segments-basic, basic-fashion and fashion apparel. Basic apparel consists of highest volume with moderate demand uncertainty and is priced relatively low. On the other hand, fashionable attire comprises lowest volume with volatile demand, but is highly priced. Mass-product is the feature of basic-product segment and customized merchandise becomes the hallmark of fashion-product category. Therefore, depending to which demand-segment they cater to, apparel organization needs to formulate suitable supply strategy.

Types of inventory:
**Cycle Stock:** Apparel operation usually is carried out in batches, which results into accumulated stock before and after a work-center unless the entire batch is completed. This kind of cycle inventory is direct manifestation of any batch process. Its level depends on batch-size and production rate.

**Work in Process Stock:** This is common to all kind of operation - batch and continuous. To keep running, every machine needs certain inventory, which is fallen under the present category. Type and productivity of machinery determine the level of this type of inventory.

**Decoupling Stock:** In apparel operation, seldom it is possible to balance productivity of every workstation. Differential productivity between work-centers creates bottle-neck area across apparel manufacturing chain. Decoupling stock is created to nullify this bottleneck effect and to maintain smooth material flow. Its level is in proportion to the rate of differences in productivity between two work-centers.

**Safety Stock:** This is a result of supply or/and demand variability. To efficiently carrying out operation and satisfying consumer demand, organization needs to maintain stock at certain level, which depends on firms policy and on fluctuation in supply/demand.

Therefore, there exist a wide gamut of demand and broad spectrum of inventory in the Indian apparel industry, which influence the types of supply chain management generally practiced in the industry.

**Brief description of apparel supply chain:**

Definition of supply chain management as developed and used by The Global Supply Chain Forum (3): Supply Chain Management is the integration of key business processes from end user to original suppliers that provides products, services, and information that add value for customers and other stakeholders.

The above definition is reflected in the configuration of a typical apparel supply, shown in fig-2. As evident, the entire apparel supply chain consists of every organization starting from initial fibre supplier to consumer purchasing apparel products for final consumption. Each organization comprises various functional domains, as manufacturing, planning, marketing etc. as shown in the fig-2. Effective supply chain manages flow of demand and supply, which are moving in the opposite direction to each other, in an efficient way at every node of supply chain.

Depending on types of demand and supply, the apparel supply chain can be categorized principally into three kinds: Push, Pull and Synchronous.

**Description of variants of Apparel Supply Chain:**

**Push Supply Chains:**

Push oriented supply chain caters to stable demand of homogenized products. In this type of supply chain, production and distribution decisions are based on long-term forecasts, as demand is stable. Push supply chain was characteristic of apparel organizations during the period from 1950 to 1970, when they had vertical organization structures and optimized activities focused on functions as companies were manufacturing oriented in a demand surplus environment of mass-products (4).

However, many present apparel organizations still have push oriented supply chain. Arvind Mills Ltd., one of the largest denim manufacturers in the world, has configured its supply chain based on push system. Typically, Arvind manufactures denim sorts based on monthly forecast to stock at various warehouses. As Arvind Mills pushes its products (sorts) to ware-houses, actual selling takes place on an ongoing basis with the sold sorts being replaced subsequently. Push system operates under make-to-stock environment.

While the system works efficiently at Arvind for years, it becomes difficult for a company to follow the same where high fluctuation in market demand exists. A Push-based supply chain accumulates excessive inventory (cycle stock and work-in-process) by the time it responds to the changing demand. In addition, since long-term forecast plays an important role, it is difficult to match supply with variable demand. Push supply chain also entails larger production batches, incompatible for catering demand of short quantity.

Moreover, the push supply chain generates more buffer/safety stock at every node of supply chain due to bull whip effect (5). This is due to inability of individual manufacturer of fibre, yarn, fabric and garment to access
the actual demand. The bull whip effect shows increasing demand variability in the upstream direction of supply chain. Due to poor visibility of actual demand by respective manufacturers in the apparel supply chain, each tries to build buffer against unforeseen demand variability. As each member superimposes its own guess on the demand forwarded by its immediate next organization, this amplifies the demand variability in a progressive manner in the upstream direction of supply chain.

**Pull Supply Chains:**

In the timeframe from 1970 to 1990, corporations were of both vertically and horizontally aligned, but apparel companies increasingly oriented towards market to sustain increasing competition. (6). With the emergence of more volatile market-demand and powerful retailers, like Wal-Mart, K-Mart, apparel organizations unable to supply competitively small orders that seldom repeat. Long forecast-based production results into huge stocks piling up at every stage of supply chain. This accumulation of inventory is further aggravated due to bullwhip effect.

To survive in this competitive scenario, organizations fine-tune their production and distribution as per actual demand given by customer in a pull oriented supply chain. This enables reduction of unnecessary buffer stock, improvement in service level to supply what consumer wants, not what company makes.

Raymond Ltd., the prominent apparel organization in India, has configured its supply chain based on pull system (7). The customers pull what they want from the manufacturing-base of Raymond through dealer-based distribution network. Entire supply chain of Raymond, which has vertically integrated composite network of different operations, produces only as per demand of customers.

However, as the entire supply chain is driven by actual demand, the time to market becomes long, depending on type of supply chain and number of players involved in it. Typical cycle time from order to market is 60 to 90 days in a pull or make-to-order system. This long lead-time fails to address the other challenge of the market, i.e. quick response to customer demand. Also in a pull strategy, it is not possible to get advantage of economies of scale, since batch production or truckloads are hard to achieve. Another disadvantage is proliferation of product mix. Moreover, as consumers demand drives manufacturing, it is normal for management to introduce as many variants as possible to capture market share. However, increasing product diversity spawns significant operational problems and reduces the responsiveness of the supply chain (8).

**Push-Pull Supply Chains:**

Starting from 90s, apparel corporations all over the world have experienced increasing national and international competition and have initiated horizontal alignment with leaner structure to better address dynamic demand situation in a capacity surplus environment. (9). The shift has taken place in the marketplace from mass products to customized products. In distribution channel, giant retailers like Wall Mart, K-Mart exercise even more power to the supply chain (10).

As mentioned in previous sections, the disadvantages of Push and Pull supply chains along with changes in global business landscape have forced companies to look for a new supply chain strategy that takes advantage of the best of both world. This results into a hybrid of the two systems Push-Pull supply chain system.

Push-Pull is also termed as synchronous supply chain. In this strategy, the initial stages of the supply chain are operated based on Push system, and the final stages are operated on Pull strategy. The interface between the Push-based stages and the Pull-based stages is referred as the Push-Pull boundary.

Consider the case of Morarjee Brembana Ltd., the leader in 100 percent cotton high-value shirting fabric manufacturer, which out-sources greige yarn based on forecast, and weaves and processes to produce qualities as per actual demand of customers. This implies that supply chain of Morarjee Brembana is divided into two parts. The Push part is the part of the Morarjee supply chain prior to weaving, while the Pull part is the part of the supply chain that starts with weaving and is based on actual customer demand. Indeed, demand for yarn is an aggregation of demand of all finished products that use this component. Since aggregate forecasts are more accurate, uncertainty in component demand is much smaller than uncertainty in finished goods demand. This, of course, leads to safety stock reduction.

Postponement, or delayed differentiation, in product design is also an excellent example of a Push-Pull strategy. In postponement, the firm designs the product and the manufacturing process so that actual product differentiation can be deferred as much as possible down the pipeline when actual demand is known. Thus, the portion of the supply chain prior to product differentiation is typically based on push strategy, and the portion of the supply chain starting from the time of differentiation is based on Pull system. Postponement can be done based on time, place and form.

**Conclusion:**

Following insights are arrived at from the above discussions:
Management of apparel supply chain moves from push to pull and finally to synchronous system. However, all three kinds of supply chain management co-exist in apparel industry as appropriate supply chain strategy depends on the industry, the company, and individual products. The higher the uncertainty in customer demand, the better to manage that part through Pull strategy.

Supply chain efficiency is about minimizing inventory, while responsiveness is about increased customer service. In a volatile market driven by flickering consumers’ moods, these two dimensions of supply chain management are often irreconcilable. Conflict between efficient supply chain and responsive supply chain has driven the evolution of supply chain configuration to better addresses both inventory and serviceability issue. By choosing right kind of supply chain with respect to market demand, infrastructure etc., apparel organization can address both issues effectively and maximize the value offering.

Reference:


Erosion of Ethical Values

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Much more often, we believe, employees bend or break ethics rules because those in charge are blind to unethical behavior and may even unknowingly encourage.

A compact car once produced, had tendency in rear-end collisions to leak fuel and explode into flames. More than two dozen people were killed or injured. Engineers had discovered the potential danger of ruptured fuel tanks in preproduction crash tests, but the assembly line was ready to go, and the company’s leaders decided to proceed also because of the competition. Many saw the decision as evidence of the callousness and greed. However the executives involved thought of it as purely a business decision rather than an ethical one. The company probably conducted a formal cost-benefit analysis-putting amounts on a redesign cost, delay in launch, potential lawsuits, and even lives-and determined that it would be cheaper to pay off lawsuits than to make the decision of redesign. The executives in charge of the car were consciously unethical or that they intentionally sanctioned unethical behavior by people further down the chain of command. But the executives today also are swayed by similar forces. However, few grasp how their own cognitive biases and the incentive systems they create can conspire to negatively skew behavior and obscure it from view. Only by understanding these influences can leaders create the ethical organizations they aspire to run. The Barriers to an Ethical Organization can be following;

Ill Conceived Goals

The most common problem is that sales forces maximize sales rather than profits because rewarding is based on sales rather than profits. When a management gave technicians a goal of higher amount an hour-presumably to increase the speed of repairs. Rather than work faster, however, employees met the goal by overcharging for their services and "repairing" things that weren’t defective. The pressure at accounting, consulting, and law firms to maximize billable hours creates similarly perverse incentives. When employees behave in undesirable ways, it’s a good idea to look at what you’re encouraging them to do.

USA with very good intention to increase the national homeownership promoted paper-thin down payments and pushed for ways to get lenders to give mortgage loans to first-time buyers with shaky financing and incomes. It’ pushed prices up by increasing demand, and later led to waves of defaults by people who never should have bought a home in the first place.

Rewarding employees for achieving narrow goals such as exact production quantities may encourage them to neglect other areas, take undesirable "ends justify the means" risks, or-most important from our perspective-engage in more unethical behavior than they would otherwise. Leaders setting goals should take the perspective of those whose behavior they are trying to influence and think through their potential responses. This will help head off unintended consequences and prevent employees from overlooking alternative goals, such as honest reporting, that are just as important to reward if not more so. When leaders fail to meet this responsibility, they can be viewed as not only promoting unethical behavior but blindly engaging in it themselves.

Motivated Blindness

People see what they want to see and easily miss contradictory information when it’s in their interest to remain ignorant-a psychological phenomenon known as motivated blindness. This bias applies dramatically with respect to unethical behavior. Part of the answer lies in powerful conflicts of interest that helped blinds them to their own unethical behavior. The rating agencies purpose is to provide stakeholders with an objective determination of the creditworthiness of financial institutions and the debt instruments they sell and are paid by the companies they rate. These agencies made their profits by staying in the good graces of rated companies, and in doing so they may not be able to provide the most accurate assessments of them. Furthermore, the agencies may provide consulting services to the same firms whose securities they rate.

Consider the world of sports, the managers blind fold themselves o the use of steroids under the garb of medicine so as to enhance the performance of the team. It does little good to simply note that conflicts of interest exist in an organization. Executives should be mindful that conflicts of interest are often not readily visible and should work to remove them from the organization entirely, looking particularly at existing incentive systems.
Indirect Blindness

A reputed pharmaceutical firm "XXX" sold off two important and upcoming drugs, to allow it to increase the prices by more than 1000% but continued to manufacture the drugs for them. It is assumed that the company did not prefer a headline like "XXX Increase Drug Prices by 1,000%." Such an action is to avoid holding managers and organizations accountable for unethical behavior carried out through third parties, even when the intent is clear.

Managers routinely delegate unethical behaviors to others, and not always consciously. They may tell subordinates, or agents such as lawyers and accountants, to "do whatever it takes" to achieve some goal, all but inviting questionable tactics. For example, many organizations outsource production to others at lower costs, may be at the cost of environment, safety standards and even with unethical practices. Executives should ask, "When other people or organizations do work for me, am I creating an environment that increases the likelihood of unethical actions?"

The Slippery Slope

You've probably heard that if you place a frog in a pot of boiling water, the frog will jump out. But if you put it in a pot of warm water and raise the temperature gradually, the frog will not react to the slow change and will cook to death. Neither scenario is correct, but they make a fine analogy for our failure to notice the gradual erosion of others' ethical standards. If we find minor infractions acceptable, research suggests, we are likely to accept increasingly major infractions as long as each violation is only incrementally more serious than the preceding one.

Now imagine an auditor of a large company. For many years the client's financial statements are clean. The auditor then notices that the company stretched but did not appear to break the law in a few areas. Such a non-compliance is not reported. The next year the company's accounting is worse and includes a minor violation of accounting standards. By the third year the violation has become more severe.

Overvaluing Outcomes

Most managers are guilty of rewarding results rather than high-quality decisions. An employee may make a poor decision that turns out well and be rewarded for it or a good decision that turns out poorly and be punished. Rewarding unethical decisions because they have good outcomes is a recipe for disaster over the long term.

Managers can make judgment mistake, overlooking unethical behaviors when outcomes are good and unconsciously helping to undermine the ethicality of their organizations. They should beware this bias; examine the behaviors that drive good outcomes, and reward quality decisions, not just results.

The Managerial Challenge

Companies are putting a great deal of energy into efforts to improve their ethicality-installing codes of ethics, ethics training, compliance programs, and in-house watchdogs. Initiatives like these don't come cheap. If the money on compliance initiatives is well spent, then how is that non-compliance of the laws and regulations that have been enacted is on the increase and unethical behavior is on the rise.

This is disappointing but unsurprising. Even the best-intentioned ethics programs will fail if they don't take into account the biases that can blind us to unethical behavior, whether ours or that of others. What can you do to head off rather than exacerbate unethical behavior in your organization? Avoid "forcing" ethics through surveillance and sanctioning systems. Instead ensure that managers and employees are aware of the biases that can lead to unethical behavior. And encourage your staff to ask this important question when considering various options: "What ethical implications might arise from this decision?"

Above all, be aware as a leader of your own blind spots, which may permit, or even encourage, the unethical behaviors you are trying to extinguish.

Bibliography; HBR - April 2011

CURRENCY EXCHANGE RATE

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Source: Rediffmail.com dated 20th May, 2011
'Bonded warehouses must be audited once in six months'

TNC Rajagopalan

We have a private bonded warehouse licensed under Section 58 of the Customs Act, 1962. We keep facing audits every now and then. We also face all types of questions that we think are unnecessary. Is there any instruction regarding the periodicity of the audit and what should be audited?

As per CBEC Circular no. 52/98-cus dated 27.07.1998, bonded warehouses shall be audited by the audit parties once in six months, supported by surprise checks by senior officers. The audit parties, in addition to normal audit of the documents of a warehouse, shall pay special attention to the following aspects:

(i) The description of goods, nature, number and other relevant particulars mentioned in into-bond Bills of Entry shall be matched with corresponding ex-bond Bill of Entry;

(ii) Status report regarding consignments pending for one year and above should be cross-checked in the Customs House where the warehousing Bills of Entry had originated;

(iii) All the consignments, which continue to lie in a warehouse after expiry of the warehousing period, should be taken up for scrutiny in order to guard against deterioration, substitution or other unlawful removal. The latest CBEC Manual of Supplementary Instructions, 2011 reiterates these instructions.

Under the Right to Information Act (RTI), we want to call for names of corrupt staff members from the customs and excise departments in Bangalore and also know the status of various cases against them. Can we get the information from the departments concerned?

In the case of Superintendent of Police, Chennai Vs. R Karthikeyan [2011 (266) ELT 456 (MAD.)] the Madras High Court had held that information must be furnished to the applicant under the RTI Act regarding the names and addresses of the officials caught during a raid by the Directorate of Vigilance and Anti-Corruption, Chennai, along with the amount recovered from each official, as well as the details of the departmental action taken against each official, the details of prosecution launched against the officials under the Prevention of Corruption Act, the status of such prosecution against each official and whether the persons whose names were furnished were re-instated in service and, if so, the date on which they rejoined the service as well as the details of list of action taken by the department to prevent corruption at Police Station/Branches/Wings in Chennai city. The High Court also held that information must be furnished to the applicant under the RTI Act regarding the number of investigations completed, convictions arrived at in the last five years, list of persons convicted in the last five years with reference to their names, the post in which they have committed corrupt practices, description of charges and the recommendation given to the Vigilance Commissioner after investigation. Based on this case law, I am of the opinion that you can call for similar information from your Customs and Excise departments under the RTI Act. You may not get information about corrupt staff members who are yet to be caught.

Source: Business Standard

COMMODITY INDEX

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Source: ET Intelligence Group Database dated 20th May 2011
Concerns of Supply Chain Managers

Mamuni Das

As international firms increase their presence in India, either directly or through joint ventures with domestic firms, companies here are raising the bar for logistics service providers. On the other hand, while logistics service providers (LSPs) gear up for the challenge; they also have concerns about customer unwillingness to pay more for such services.

Organised retailers want on-time delivery, to the extent of providing a window of specific hours. But malls don’t allow parcels to be brought in anytime. There are time zones. For instance, when customers are crowding the malls, firms do not want them to have a bad shopping experience with cartons being shifted around.

**TIME FACTOR**

“We had to work out with our LSPs’ certain specific time schedules when they deliver. We pay a premium for this service,” Ms Shivi Yadav, head of Supply Chain, Marks and Spencer Reliance Pvt Ltd, said.

With the organised retailers facing a competitive market here, their target is to make the right product available at the right time. Therefore, expectations from the LSP are widening.

“We expect LSPs to propose the best (transportation) network and sites, help us in tagging, labelling and order management. We also expect the logistics service provider to provide inputs on the scope for any improvement in the present network,” Ms Yadav said. She was speaking in a logistics seminar recently.

However, Mr Shantanu Bhadkamkar, Managing Director, ATC (Clearing and Shipping) Pvt Ltd, pointed out a specific example of how contracts between customers and LSPs are skewed in favour of customers and not the LSPs.

“One contract had these terms: If a truck arrived at the customer premises late by one hour, the LSP had to pay a penalty of Rs 5,000; but if the LSP’s truck was detained for a day at the customers’ end, the customer was required to pay a penalty of Rs 500,” Mr Bhadkamkar exclaimed.

**BUSINESS CONTINUITY**

However, on this issue, Mr Nihar Barot, who heads logistics and planning for Sony India, says: “The thought process is changing. If I know that my LSP understands my business and will maintain my business continuity, then I am willing to pay the price.”

“Customers are becoming demanding as more and more Indian firms become MNCs. They are willing to pay a premium for better services,” said Mr Ajay Chopra, CEO, Drive India Enterprise Solutions Ltd, a Tata group company. For consumer electronics players, handling supply chains in a fast-changing technology environment — leading to shorter product life-cycles — is a problem. What is the inventory one is willing to carry for a product that is going to phase out in six months?

Pilferage and damage during transit is another challenge for Sony India. “We use airfreight. A forklift operator knows that a Sony parcel is likely to have high-value items such as mobile phones, cameras. When our shipment arrives, there are missing items or damaged cameras and cell phones,” Mr Barot said.

Summing up, Mr Barot said: “You have to have visibility across the entire supply chain, while trying to reduce inventory time, and while keeping the product life-cycle short.”

**COLD CHAIN**

The problem is slightly different for pharma companies, which want an end-to-end cold chain, and flexibility to meet sudden spikes in demands.

“I ask domestic LSPs.... can you manage my cold chain? Often, I do not get a reply,” says Mr Prashant Sharma, Senior Vice-President, Global-demand-supply organisation and Global IT, Zydus Cadila.

The pharmaceutical industry faces sudden demand spikes following black swan events. “Completely unforeseen events, like the nuclear disaster in Japan, throw up very high demand for certain kinds of medicines. And the demands have to be met immediately. We cannot say ‘wait for a month and we will meet the demand’,” Mr Sharma said.

**LIFETIME VALUE**

Meanwhile, Future Supply Chain Solutions, which handles the supply chain of Future Group outlets, has to build expertise across all categories of products it stores. “We need to understand each supply chain almost as well as people in that line of business. We have to understand FMCG business as well as FMCG majors, and that of furniture as well as furniture players,” Mr Supratim Ganguly, Head-Contract Logistics, Future Supply Chain Solutions, said.

The company tries to “capture the lifetime value of a customer”, or get the customers to buy most of their requirement from Future Group outlets. “So, we even take care of details like the experience of customers when our staff visit their homes to deliver or install some product, which could be from electronic items to woodwork (cupboards, furniture) being done for Hometown customers,” Mr Ganguly said.

Source: Business Line
Coastal Shipping Policy to be firmed up soon

M. K. Mohandas,
Secretary, Ministry of Shipping

With a coastline of 7,517 km, the maritime sector is important for India, for both commercial and strategic reasons. About 90 per cent of volume and 70 per cent of the value of the country’s international trade moves through maritime transport. In this context, the Shipping Ministry is looking at various ways of streamlining operations in this dynamic sector — from creating a common regulatory regime for private investors in ports, to tracking the charges levied by shipping lines, and from improving coastal trade to manpower supply for the sector. Mr K. Mohandas, Secretary, Ministry of Shipping, spoke to Business Line, on these and other issues.

Excerpts from the interview:

Has the methodology to issue Rs 5,000 crore of tax-free bonds as announced in the Budget been finalised? Who will issue, and who can use, them?

Not yet. We will be discussing it soon to work out the strategy. We have two options. One is to set up a new organisation that will issue the bonds, as we no apex maritime financing body. The other option is to ask one of the existing financial institutions to raise the funds for ports infrastructure. On setting up a separate agency (that was proposed in the maritime agenda), we have to decide whether to do it now, or later, or don’t do it at all.

The Ministry has proposed to bring in a new regulator for ports. What will happen to the existing concessions, and terminal operators, for which TAMP (Tariff Authority of Major Ports) is already the regulator?

The draft for new regulator is already out. We have proposed a dual structure regulatory mechanism — Central and State. Regulators will not fix tariffs. For the major ports, there will be some guidelines for tariff fixation. Once this is enacted, the detailed rules can be finalised. As for existing concessions, guidelines to set tariffs were finalised in 2005. They were valid till March 31, 2010. We extended the validity by a year. It lapsed on March 31.

They are due for revision or extension. We had set up a group committee with officials from the Ministry and industry to suggest a new mechanism. The committee, which was supposed to have given in its report by now, has not yet done so. Temporarily, we will extend the earlier guidelines. Once we get the report, we can decide.

Could you share with us some issues which are being reviewed?

I would like to wait for the report of the committee...One of the issues to be tackled is a view that efficiency is penalised in the current system. But, even while we tackle that, we have to ensure that terminal operators do not make windfall profits. So, we have to strike a balance.

What is the status of the Shipping Trade Practices Bill?

The draft is ready. We are making some last minute additions, which relate to voluntary discussions and agreements among the liners. We want to incorporate provisions governing the liner co-operatives. That has also been drafted. Now, we have to get requisite approvals. The aim is to ensure competition in the container liner shipping services area so that the users do not suffer, but permit cooperation subject to regulatory control.

Are they on the lines of the strict EU anti-trust rules....?

Different regions have different rules. The EU is quite strict, the US has a different policy. What we are looking at is whether they (the voluntary agreements) add to efficiency and reduce costs. We are taking into account the fact that the industry is going through difficult time.

Has there been any movement on the Ministry’s proposal for the new shipbuilding subsidy scheme?

Not at the moment.

The Ministry was concerned about the issue of making more training berths for seafarers?

Getting a training berth is a very important issue. Indian seafarers are seven per cent of the total seafarer population. That means we are not fully utilising our demographic dividend. We need more training berths. Of course, there are not many Indian shipping lines. But still, the focus has to be increased.

Has there been any movement on the getting Government to fund the capital and maintenance dredging?

As of now, the current practice continues. Several capital dredging projects have been supported by Government — fully and partially. But this is an ad-hoc policy. We will try to redouble our effort in the Twelfth Plan. Ship sizes are increasing, we need deeper draft and a policy is needed on the issue. Maintenance dredging is funded by all ports themselves, except in Kolkata, where Government funds it.

The Ministry had proposed setting up of an investment agency called Indian Ports Global, on the lines of Temasek Holdings’ PSA in Singapore. Has there been any action on that issue?

Not yet. But it is an important proposal. Ultimately, the Ministry, Government will have to take a leadership. We do consider it very important commercially, and strategically as well.

In the context of promoting coastal shipping, what is the status of the proposal on relaxation of Cabotage Law to allow foreign shipping lines?

The proposal is very much live with us. We will be taking a view on it. We have had inter-ministerial discussions already. We will bring out the overdue coastal shipping policy very soon.

Source: The Hindu Business Line
Integrating Indian SME’S with the Global Supply Chain

India-US Technology Trade Agreement Proposes to Improve Logistics Infrastructure & Services in India

Shri Anand Sharma, Union Minister for Commerce & Industry, in a bilateral meeting with Senators of different US province to name Mr. Mitch McConnell, Senator, United States (R-Kentucky), Mr. Thomas Carpet, Mr. Mike Johanns, Mr. Zerry Moran, Mr. Robert Portman, and Mr. John Hoeven, here today.

The Minister expressed optimism over the growing trade and investment relations between the two countries. Shri Sharma during the bilateral meeting stated that, “The two countries have launched an initiative of integrating U.S. and Indian SMEs in the Global Supply Chain, which would create new opportunities for U.S. and Indian SMEs. This in turn will help the large firms in the dynamic U.S.-India commercial relationship through greater public awareness, enhanced public-private collaboration, and a sharper focus on the benefits of large company and SME collaboration”.

Shri Sharma appreciated the development of the India-US Trade policy Forum (TPF), the arrangement between the two Governments to discuss trade and investment issues. The TPF is co-chaired by Minister of Commerce & Industry, Government of India and United States Trade Representative. The issues and concerns are discussed under five Focus Groups – Agriculture, Tariff and Non Tariff Barriers, Services, Innovation and Creativity, Investment. He told the senators that, India and USA have signed a Framework for Cooperation in Trade and Investment.

The Framework aims at facilitating trade and investment flows between the two countries, developing and implementing trade policies through transparent procedures that comply with international obligations, foster an environment conducive to technological collaboration and innovation and promote inclusive economic growth and job creation in the United States and India. Under the framework, the chairs of India US TPF will convene the ministerial level Trade Policy Forum each year for a review of the work undertaken by the Focus Groups. The Deputy Chairs will meet at least twice each year to review the work of the Focus Groups, identify possible new initiatives, address problems that may arise, and prepare for the annual Trade Policy Forum meeting. Each Focus Group will consult as often as necessary but no less than twice per year, to advance their work.

Both the countries have agreed to work upon the India-US Technology Trade Agreement Proposal on Improving Logistics Infrastructure and Services in India -Stimulating contribution by the US private sector Proposal on Delivering Urban Infrastructure in India: Avenues for Indo-US participation. The India US Commercial Dialogue was signed on March 23, 2000 and is an institutional arrangement between US and Department of Commerce aimed at facilitating trade and maximizing investment opportunities across a broad range of economic sectors, including IT, infrastructure, biotechnology and services. Shri Sharma observed that, “While renewing the dialogue in 2010, India has placed greater emphasis on investment opportunities in both countries especially in manufacturing and in areas of high technology, emerging technologies and collaborative research”.

India’s export to US in 2010-11 (up to December 2010) US $17,629.72 million and export growth was to the tune of 27.9%. Imports for the same period is to the tune of US $ 13,106.98 million. Import registers the growth of -1.80 %, during the same period. Major items of export from India includes: Gems & Jeweller, Cotton, Drugs, Pharmaceuticals & Fine Chemicals, Machinery & Instruments. Major commodities imported from the US includes: Transport Equipments (Including Aircraft, Spacecraft and parts thereof), Machinery, Electronic Goods, Fertiliser, Pearls Precious Semi-precious Stones, Professional Instruments, Chemical Material & Products and Plastic Materials.

Source: Newspaper
WTO UPDATE

Is the Doha Round Dead? Should Anyone Care?

Ujal Singh Bhatia, India’s Ambassador, WTO

The failure of the Round will raise questions about the G20’s legitimacy, and conversely, the group’s efforts to ensure a successful conclusion will symbolise a global resolve to address such challenges.

As the Director General of the World Trade Organisation, Pascal Lamy is its chief cheerleader, pushing, cajoling, coaxing members to show just that extra flexibility to melt the frozen impasse around the Doha Round negotiations. He is also the public face of the organisation, tirelessly preaching the virtues of freer trade flows. He has performed that job admirably through the tortuous grind of the negotiations.

His address to the Trade Negotiations Committee of the WTO on 29 March therefore makes curious reading: “Now is the time for all of you, and in particular those among you who bear the largest responsibility in the system, to reflect on the consequences of failure. To reflect on the costs of the non-Round to the world economy as well as to the development prospects of members, in particular the smaller and least-developed which are more dependent on an improved set of global trade rules. And above all, it is time to think about the consequences of the non-Round to the multilateral trading system which we have so patiently built over the last 70 years. It is the time to think hard about multilateralism, which your leaders, yourselves and myself preach at every occasion. In politics, as in life, there is always a moment when intentions and reality face the test of truth. We are nearly there today.”

So why is Lamy challenging WTO member-countries to face “the test of truth”? Why does the Doha Round, launched with fanfare in 2001 as “the Development Round,” with the declared intention of completion within three years, continue to hover uncertainly in the ether zone in 2011? Is the Round effectively dead?

The immediate provocation for the present bout of heightened activity in Geneva was the reaffirmation by G20 leaders, in Seoul in November 2010, of their commitment to a prompt conclusion of the Round. So plans were drawn up for intensive consultations in early 2011 leading to new texts on key issues by the spring and an informal meeting of Ministers by summer to finalise the broad agreements, based on which the Round could be concluded by the end of the year.

Someone obviously forgot to inform the negotiators. In the consultations so far, they have largely stuck to their positions and there has been no narrowing of gaps on the key outstanding issues over the last three months. The lack of progress calls into question the rationale for new texts and therefore, the rationale for a Ministerial meeting. A bruising, underprepared and inevitably high profile meeting of Ministers with little prospects for agreement, can only serve to highlight to the world that the WTO remains gridlocked.

Behind the dichotomy between the platitudes of the leaders and their negotiating positions lies the reality of a changed global economy. Earlier negotiations in GATT were propelled by business interests in developed countries, in search of new market access. With their market positions in their home turfs secure, they sought new horizons, especially in emerging markets. The rapid economic liberalisation across the world over the last two decades has changed many things. Market access is no longer the constraint it was in the past.

But apart from the unprecedented opening of markets, the period has also witnessed the emergence of highly competitive manufacturing centres in several emerging economies. As a result, businesses in developed countries are increasingly feeling the heat of competition in their home markets. Therefore, their support for further liberalisation through the WTO process is more equivocal than in the past.

On the other hand, while businesses in emerging markets need open global markets, many of them are still in the process of consolidating their positions in their home markets. In short, unlike in the past, there are few demandeurs among business interests, pushing for the early completion of the Doha Round. As a result, the onus of support for completing the Round has shifted to governments and they must do so not only for systemic reasons but also with the recognition that the Round will make a positive contribution in addressing global challenges.

For instance, the political turbulence in the Middle East has much to do with the limited employment opportunities for the millions of youths entering the labour market every year. Similar situations prevail in much of the world. The answer lies in creating greater trade opportunities, greater openness, including in
labour markets. The Doha Round can help.

Despite the hype to the contrary, there is much more on the table in this Round than in any previous Round. Industrial tariffs in developing countries will go down sharply for most products; tariff peaks on such products in developed countries will disappear; agricultural tariffs will also be reduced substantially, though not as sharply as for industrial goods; export subsidies for agricultural products will be eliminated; permissible limits on trade distorting domestic subsidies on agriculture will also come down sharply; a large number of new sectors and subsectors in services will come under binding commitments for market access, especially in developing countries; disciplines will be introduced, for the first time, on fisheries subsidies to address the global problem of overfishing; disciplines on anti-dumping and subsidies will be tightened to prevent their abuse; a new agreement on Trade Facilitation will make it easier for trade to flow.

The special dispensations being provided for smaller developing countries and LDCs (least developed countries) will facilitate their greater participation in the global trading system. These outcomes add up to a very substantial result for the global trading system. They will enhance global trade flows and make them more predictable and robust.

Despite this impressive list of outcomes, the Round remains hostage to bickering by a few to garner additional gains to appease their constituencies. Sadly, there is little in the present situation to suggest that the wisdom and leadership of statesmen will trump the narrow mercantilism which has led to the impasse.

The failure of the Doha Round is no longer the theme of habitual doomsayers, but a real possibility. The continuing differences require the balm of a political settlement, not the slow poison of negotiating attrition. The Doha Round is therefore a major litmus test for the leadership credentials of the G20. The failure of the Round will raise troubling questions about the G20’s legitimacy. Conversely, the G20’s intervention to ensure a successful conclusion will symbolise a strong global resolve to address global challenges in a cooperative manner.

The writer was India’s Ambassador to the WTO, Geneva between 2004 and 2010

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**Favourable Procurement Policy will help SMEs: CII**

Closer links between large and small units will benefit the entire supply chain. Many of the problems faced by micro, small and medium enterprises (MSMEs) - lack of structured markets, delayed payments from large customers, low availability and high cost of capital, obsolete technology and lack of skilled manpower - can be addressed through preferential procurement of goods and services produced by MSMEs, according to a paper by the Confederation of Indian Industry (CII).

Such a procurement policy would be a powerful tool for exercising a positive influence on the fortunes of MSMEs, considering that the government and public sector units (PSUs) are the biggest buyers in the country, according to CII.

The paper notes that Australia, Brazil, China, the European Union, the UK and the US all have preferential procurement policies favouring small businesses.

The MSME Development Act, 2006 does in fact stipulate that the central and state governments “may, by order, notify from time to time” such preferential procurement policies. Accordingly, the Union government’s MSME ministry is drawing up a public procurement policy which provides that 20 per cent of Central/State government and PSE procurements will be made from MSMEs over a period of three years. The policy is at the draft consultative stage.

CII quotes Union Ministry of MSME Secretary Uday Kumar Varma as saying, "Notification of the proposed Public Procurement Policy...will offer a much needed and less optimally used avenue for increased consumption of MSME products by Government departments and PSUs."

The paper also suggests that the government and government agencies need to fashion a policy providing for buying, on a much larger scale, products manufactured by women, in order to help in the uplift of women entrepreneurs. CII has suggested that the government should provide tax benefits to companies that source from MSMEs and notify a preference policy governing procurement (by the Central and State governments, their ministries, aided institutions and PSUs) of goods and services produced by MSMEs.

CII noted that such supplier-customer relationships between MSMEs and large companies would benefit the entire supply chain, and motivate large companies to help in the development and modernisation of MSMEs.
BI’s efforts in managing and controlling inflation are sometimes described as Sisyphean. This is simply uncharitable. Given the structural constraints under which India’s monetary policy operates, the richness of data to which RBI has access, which unfortunately, the outside analyst cannot access, and the respect which the author has, over the years, developed for RBI’s understanding of India’s economic environment, it would take an extraordinary “brave” (as Yes Minister would have it) opinion to second guess, let alone question, RBI’s stance.

The reason for this prelude is the arguments in this article urging continuing moderation in the pace of tightening in the forthcoming Monetary Policy Statement for 2011-12. That the policy tightening in 2010 seems to have been somewhat ineffective in tempering inflation might tempt a reassessment of the wisdom in continuing with baby steps, prompting a sharper and more sustained increase.

For proponents of the argument that RBI is “behind the curve” in policy tightening, the clinching argument is that “real rates of interest” are negative. They obviously mean the repo rate. The reason this is not a meaningful rate is as follows.

The main transmission channel for monetary policy signals is banks. The 200 bps increase in policy rates last year, in conjunction with tight liquidity, resulted in
a 400 bps increase in the cost of banks’ short term funds, which is being increasingly passed on to borrowers.

Given the probable scenario of liquidity gradually tightening over the course of the year, the cost of banks’ borrowed funds is unlikely to fall in a hurry.

Even without unduly adverse money market conditions, these costs will continue to increase as older, lower cost deposits keep getting re-priced. An inordinate increase in lending rates will choke off credit to productive sectors of the economy, at a time when infrastructure related capacities need to be augmented. In any case, our current understanding of liquidity conditions makes FY12 credit growth much beyond 20% unlikely.

Next, is the issue of “overheating”. Unquestionably, demand signals are mixed. Inflation hawks point to strong tax collections, high credit offtake, booming exports, increasing wages and continuing consumer durables sales and non-durables (FMCG) sales picking up to support the stance that demand remains strong. Sure it is, but on the other hand, companies are finding it difficult to pass on even a fraction of the high input costs of the previous quarter, reflecting in the lower margins. Although there is no formal recent data available, it is my hunch that a lot of the resilient demand is from the rural areas, where a record harvest and high government subventions have increased purchasing power. On the other hand, capex activity, both through data and anecdotally, has been weakening.

The argument against this slowdown is that it is a reflection of base effects, and momentum is still resilient. The second chart above shows sequential (quarter-on-quarter) increases in GDP and investment.

Then there is the nature of the current inflation. Rising prices are indubitably now spilling over into “core” inflation. Yet the dominant source of the current surge in inflation is, unsurprisingly, petroleum, manifesting in increasing prices of downstream derivatives. One thing is clear, though: while inflation is, in the long term, a monetary phenomenon, there is little evidence that excess liquidity is contributing to the current phase. For much of the previous year, M3 growth had been below the RBI target of 17%.

Next is the issue of strong credit offtake. The last chart above shows that one of the reasons bank credit has risen in FY11 is a sharp drop off of funds from other sources, both domestic and foreign. Credit offtake had been very depressed in the two previous years, following the onset of the crisis, and some part of the increase is catchup. The other hypothesis (there is no data) is that short-term credit, funding inventories and working capital, might be an increasing component of the offtake. We also hypothesise that oil marketing companies might be drawing on bank funds to partially finance their under-recoveries.

How best then to battle inflation? The most important thing is a coordinated approach among monetary, fiscal, industrial and natural resources policy authorities. Demand reduction must begin from energy usage, and for that petroleum prices must be the key signal; interest rates are a second order, indirect and blunter instrument, imposing higher economic costs.

This will happen in India, as they have in most other countries. China has increased fuel prices repeatedly in 2011, once crude crossed $100/bbl. An increase in petrol, diesel and other controlled petroleum product prices, even if moderated by cuts in duties, will lead to short-term pain, but will produce two beneficial outcomes.

First, as a technicality, due to base effects, inflation in the following year will be lower. Second, there will be demand compression due to an erosion of purchasing power. As testimony to this approach, most growth forecasts for FY12 for India have already been revised down.

The global environment, too, is likely to come to India’s aid in the price battle. Inflation, in varying degrees, has become a global problem and central bank interventions are likely to result in some cooling off of prices, reinforcing the demand compression that high fuel prices will probably cause. Various structural weaknesses in developed market economies are also likely to lead to a slowdown later in the year. Many industrial commodities futures are already signalling this.

The arguments above are not meant to introduce sophistry, but to reiterate the very mixed signals from the current economic environment, which does not seem to indicate overheating.

To re-emphasise the obvious, all of this is most certainly not a call for monetary policy inaction. There has to be further tightening, but on balance, the moderate pace that RBI has hitherto adopted is probably the best way to maintain a growth inflation balance.
Introduction: In 2010, 75% of the world economy affected by the Global financial recession has recovered. In this context, the economic growth has generated new development opportunities for the transportation in the logistics sector. However, the technological innovations have brought new elements, leading to the improvement of services that influence global market competitiveness. The investments allocated for the implementation of new generation pertaining technological systems that contribute to the development of the entire logistics sector. This development has also been supported by the companies that activate in this field. Information Technology (IT) investments are once again on the agenda of logistics service providers, 55% of which stating that they have long-term IT investments for Logistics field. This improvement is due to the fact that the economic environment has recorded positive results. This can also be seen in the logistics sector. Hence, 75% of the companies have recovered are currently going through a post crisis recovery process and only 12% are still affected by the economic recession. This is a descriptive study deals with crisis management for logistics sector with different leadership styles.

Crisis Management: Crisis Management is an emerging field of management which consist of activities include forecasting potential crises and planning how to deal with them. For example, how to recover if the total system of an organization completely fails. Organizations have time and resources to lead a crisis management plan before they experience a crisis. Crisis management often includes strong focus on public relations to recover all kind of damages to public image and assure stakeholders that recovery is underway.

Elements of crisis management in a Logistics firm: Crisis management is the process by which logistics firm deals with a major event that threatens to harm the organization, or the general public. Three elements are common to most definitions of crisis:

(a) A threat to the organization,
(b) The element of surprise
(c) A short decision time.

I) Major types of crisis in Logistics sector:

During the crisis management process, it is important to identify types of crises necessitate the use of different crisis management strategies. Potential crises are enormous, but crises can be clustered. Lerbinger categorized seven types of crises:

(a) Natural disaster
(b) Technological crises
(c) Confrontation
(d) Malevolence
(e) Crisis of skewed management value
(f) Crisis of deception
(g) Crisis of management misconduct

Natural crises: Natural crises are often considered as natural disasters caused by 'acts of God', are such environmental phenomena include earthquakes, volcanic eruptions, tornadoes and hurricanes, floods, landslides, tsunamis, storms, droughts that threaten life or property, and the environment itself.

Technological crises: This kind of crises is often considered as caused by human application of science and technology. Technological accidents inevitably occur when the technology becomes more complex and something goes wrong in the system as a whole. For example; Technological breakdowns. Some technological crises may occur when human error causes disruptions like Human breakdowns. People tend to assign blame for a technological disaster because technology is subject to human application or manipulation and therefore, they do not hold anyone responsible for natural disaster. When an accident creates significant environmental damage is categorized as mega damage. For example; software failures, industrial accidents and oil spill.

Confrontation crises: These type of crises may occur when discontented individuals or groups fight with the business organization or government, and various interest groups to win acceptance of their demands or expectations. For example; boycotts and other types are picketing, sit-ins, ultimatums to those in authority, blockade occupation of buildings.

Crises of malevolence: A Logistics Firm faces a crisis of
malevolence when opponents or miscreant individuals use criminal means or other extreme tactics for the purpose of expressing hostility or anger toward, or seeking gain from a company, country, or an economic system, perhaps with the aim of destabilizing or destroying it. For example; product tampering, kidnapping, malicious rumours, terrorism, and espionage.

**Crisis Leadership Models for a Logistics organization:**

(i) Erika Hayes James, an organizational psychologist at the University of Virginia’s Darden Graduate School of Business, identifies two primary types of organizational crisis.

- **Sudden crisis**
- **Smouldering crisis**

**Sudden crises:** Sudden crises are circumstances that occur without warning and this is beyond an organization’s control. Consequently, sudden crises are most often situations for which the organization and its leadership are not blamed.

**Smouldering crises:** Smouldering crises differ from sudden crises. This type of crises may begin as minor internal issues due to the manager’s negligence.

(ii) James defines organizational crisis as “any emotionally charged situation that, once it becomes public, invites negative stakeholder reaction and these may lead for potential to threaten the financial well-being, reputation, or survival of the firm or some portion thereof.

James categories five stages of crisis that require specific crisis leadership competencies. Each stage contains an obstacle that a leader must overcome to improve the structure and operations of an organization.

- **a). Signal detection**
- **b). Preparation and prevention**
- **c). Containment and damage control**
- **d). Business recovery**
- **e). Learning**

**Signal detection:** Signal detection is the stage, where a leader should, but do not always, sense early warning signals that suggest the possibility of a crisis. The detection stages of a crisis include Sense-making represents an attempt to create order and make sense, retrospectively, of what occurs.

**Preparation and prevention:** At this stage, crisis handlers begin preparing for or averting the crisis that had been foreshadowed in the signal detection stage.

**Containment and damage control:** This is most vivid stage that the goal of crisis containment and damage control is to limit the reputational, financial, safety, and other threats for a firm’s survival. Crisis handlers work diligently at this stage to bring the crisis to an end as soon as possible to limit the negative publicity to the organization and move into the business recovery phase.

**Business recovery:** At this stage, when crisis hits, organizations must be able to carry on with their business in the midst of the crisis while simultaneously planning for how they will recover from the damage the crisis caused. Crisis handlers not only must engage in continuity planning, but also actively continue organizational resilience.

**Learning:** In the wake of a crisis, organizational decision makers adopt a learning orientation and use prior experience to develop new routines and behaviours that ultimately change the way of functioning the organization. The best leaders recognize this and are purposeful or skilful in finding the learning opportunities inherent in each stage of crisis.

**Conclusion:** Logistics firms have time and resources to complete a crisis management plan before they experience a crisis. Crisis management often includes strong focus on public relations to recover all kind of damages to public image and assure stakeholders that recovery is underway.
Global Scenario Post Recession: Global Recession of 2008 has left many organizations, even huge global corporations with impeccable track record of many decades, out of business. Due to several positive geopolitical and socio economic factors India was less affected as compared to the rest of the world especially Europe and USA. However, one need not be complacent from this fact that the business has been more of less as usual for their organization. Each one of us, in the Materials Management profession, needs to learn a few valuable lessons from these events. No one can rest on its laurels of past success anymore and need to develop a proactive strategy to cope with even the worst economic and socio political situations. The fast changes in global economic and geopolitical landscape have opened up many opportunities and also many new challenges due to volatility in the material availability and prices. Fluctuations in foreign exchange market make the task of materials manager more challenging. The effort of many counties including India to enter into long term trade agreements with other counties on the lines of European Union is an added dimension in to reduce the complexity to some extent. A few of the factors that need to be kept in mind while developing long terms materials management strategies have been discussed in a series of articles. This article provides an overview of the events leading to the present situation and way to move forward.

Pre and Post Liberalization in India: Some of us are aware of the pre-liberalization era in India (period prior to 1991), where everything was controlled by the government and required a license. This was a period of shortages and the materials managers had few choices to source the materials required by them. Imports required import licenses which too were difficult to get and often took considerable time. Foreign exchange was limited by the value given in the import license over which it was rather impossible to source materials and parts globally. It was a seller’s market in India and even after very meticulous planning; shortages were quite common leading to higher cost and inefficiencies in the entire supply chain. Quality of inputs was dependent on what was supplied by the suppliers and not by what buyer wanted to source. As a result, the end products were quite expensive and mostly of average quality. Delays in delivery were again a matter of delay receiving the raw materials and parts needed for production of products and services.

Post liberalization era (after 1991) witnessed India opening up and liberalizing its policies affecting manufacturing and service sector. With growing interest of the world in Indian economy, many global corporations set up their base in India. Imports too were liberalized and materials manager was now able to source from the most competitive sources anywhere in the world, unlike in the past. Most of the import licensing requirement was replaced with more friendly and easy Open General License (OGL). With a significant amount of foreign remittances from NRIs and Indians working abroad, and FDI, the foreign exchange situation in India eased a lot and so did the availability of foreign exchange for import of materials and parts. Import duty also was rationalized over the years making the differential between Indian and imported materials and parts marginal. This increased completion and higher quality materials and components became available at highly competitive prices. Indian suppliers of materials and components had to compete to remain in business by cutting down inefficiencies and waste.

Adaption of Total Quality Management and TPM by Indian Companies: Until late 1980s, most of Indian manufacturing and service companies were following the American management practices based on economies of scale. Due to European Union’s firm decision to implement ISO 9000 standard for all companies exporting to EU, Indian companies were quick to understand and started taking steps to get ISO 9001 and 9002 certified. TVS was the first to get ISO 9002 certification, followed by host of India OEMs and supplier Cos. going in for ISO 9001 certification. This let to setting a base for quality management systems in Indian companies. All Indian OEMs and MNCs operating in India helped their tier I and tier II vendors also to get ISO 9001 certification. Auto Cos adapted QS 9000 and later TS 16949, which many Indian companies have already got certified. Some companies went further to get Environment Management System ISO 14001 and OSHA18000 certification also.

Few Japanese Joint Venture Auto Cos, JV, Large Indian group Cos and Indian tier I suppliers took the lead in implementing TQM with the help of Japanese consultants and Indian Industry associations, using a clustered
approach. Sundran Clayton became the first Indian Co to get Deming Award. About 20 Indian cos have been awarded Deming Award and Japan Quality Medal till now. Simultaneously a few MNCs like HUL and Indian Cos implemented TPM with help of JIPM experts. These initiatives helped Indian cos to build a reputation for quality and cost competitiveness. However, the number of companies which adapted TQM and TPM methodologies is quite small compared to the number of companies in India. In addition, the above development was limited to a few sectors such as automotive, FMCG, Consumer durable and a few chemical and cement companies, hence to overall impact was rather limited.

Impact of opening up of Indian economy on companies having manufacturing bases in India

There are a number of factors which makes an average manufacturing and service company in India, with a few exceptions stated above, less competitive than rest of the world, especially China. China has rather overtaken the world including India by exporting low cost products. Many Indian auto cos are now souring finished products and sub assemblies from China. The same is true for other industries also. There are other counties also which provide products and services at a much cheaper cost then those manufactured in India. However this also provides an opportunity to Indian Cos and the materials managers to rethink their sourcing strategies. We need to reconsider if low cost is the only factor or there are some other considerations a materials manager needs to keep in mind while developing sourcing strategy.

From Seller Driven market to Customer Driven market

Post liberalization era has witnessed entry of a large number of manufacturers and suppliers, both Indian and foreign and proliferation of a variety of product and services with an eye for a share of the fast emerging Indian market (200 million Indian middle class with surplus income). The makers are now driven by consumer demand and not by shortages as was prevalent earlier. The customer demand high Quality (Q), Low cost (C) and ready availability (D - delivery) of the products and services. It is no longer possible to be the cheapest to survive as low cost goods and services disappear fast from the market. There are numerous examples of companies not willing to change with time go out of business and fade into the dark. Nor it is possible to keep customer waiting due to our inability to produce and deliver as per the requirements of the customer. Given the same level of quality and ready availability of a product or service, the cost need to be low and competitive. The revised mantra for success is Q C D. Each company and professional needs to understand this change in the marketplace, even those companies with long history of success and years of order book. If they do not, and some actually did not, would not survive. Companies which embraced the change are at the forefront of the Industry. We have moved from state owned telephone to leading Telecom Cos, from 'Indian Airlines' to Private Low cost airlines, from 'Doordarshan' to 'Tatasky' and many others, from 'Ambassador' to 'Maruti Suzuki' and from 'Rajdoot' to 'Hero Honda' to name a few.

Strategic Role of Materials Management

With increasing need for small quantity of a large variety, increasing uncertainty and costs, trend for outsourcing, bought out component, materials and parts constitute about 70% of the cost of producing goods and services for most of the organizations. Materials Management (also known as supply chain management) has assumed strategic significance for organizations to maintain competitiveness. Some of the issues that need to be addressed by SCM of an organization are:

1. Importance of strategic sourcing
2. From many suppliers to single source
3. From lowest cost to Quality First criteria
4. Vendor selection, vendor development, vendor upgradation
5. Supplier relationship management
6. From Inspection to building quality in processes - introduce SQC as means for quality control
7. Cost of Poor Quality (COPQ)
8. Quality at Source - Poka Yoke
9. Buying price vs total cost of ownership
10. Role of government taxes and other regulations on sourcing decisions
11. Technology in planning, scheduling and monitoring the supplies
12. Inventory Management - Safety stock, Where, in what form and how much
13. Coordinated product development - involving suppliers in the product and service design process
14. Transportation and warehousing design and cost
15. Third party logistics - 3 PL
16. How to handle small lot large variety sourcing

The above factors have been summarized in a Flexible Strategic Framework for managing forces of continuity and change for Supply Chain Management. On one hand companies need to maintain business continuity by maintaining customer base, existing infrastructure and technology, core competence, performance etc, it also needs to respond to changes in customer needs, globalization, new opportunities, changing technology, government policies etc. Companies need to develop long term strategies for designing and managing materials management function (SCM), as a part of the overall corporate business strategy.

The forthcoming issue would contain the methodology for helping a company to develop a long term flexible strategy for developing and maintaining sustainable competitiveness.
Biographical Notes: V.K. Gupta is a Professor at the Institute of Management Technology, Ghaziabad, India. He has been a Visiting Faculty at Indian Institute of Management (IIM) Lucknow, Noida Centre and ASB University, Denmark. He is member of board of studies of Indian Institute of Materials Management and editor of Journal of Business Excellence. He is an Alumnus of IIT, Delhi. He has held top management positions in leading Indian companies and MNCs and was the CEO India of JMA Management Centre Inc., Tokyo, Japan. He has handled a number of consultancy projects on Knowledge management and Best Practices. He has edited and rewritten a number of textbooks on Japanese management. He has presented and published research papers in many international conferences and leading research journals.

References

“Cartelisation by large traders is a major cause of worry”

Prof. K.V. Thomas
Minister of State for Consumer Affairs

Professor KV Thomas, Minister of State (Independent Charge) for Consumer Affairs, Food & Public Distribution, explains to Sebastian PT what the government is doing to tame rising prices.

Food inflation is still hovering above 8.5%. While the prices of cereals seem to have stabilised, now prices of vegetables and fruits are skyrocketing. Have government measures to rein in food prices failed?

The situation has been improving. We have had a bumper foodgrain production this year. In fact, price levels are becoming steady or declining in most commodities. We did take a number of measures to contain the price rise: banning onion exports, suspending sugar exports and the like.

True, the wholesale price index based annual rate of inflation of food articles marginally increased to 8.58% (provisional) for the week ending 23 April 2011 compared to the previous week (ended 16 April) figure of 8.76%. However, last year, during the same period, it was 19.84%. So, there is a steep decrease in food inflation.

Inflation rates of almost all food articles are now less than 10%; with the exception of onion and fruits—mainly due to the base effect. While the prices of rice and wheat have largely remained steady this year (with inflation rates of 2.08% and 0.48%, respectively), pulses and sugar are lower than last year (with the exception of gram).

Also, edible oil prices that were going up are currently declining or are steady over the past month. Vegetables are also showing a negative trend in inflation. It was (-) 0.21% for the week ended 23 April 2011, reflecting the fall in the prices of major vegetables. We are hoping this will continue.

Finance Minister Pranab Mukherjee says the world is headed for a prolonged phase of high food prices. How much is India affected by the global trend?

India’s growing population has been outpacing the growth of agricultural output. And the annual per capita cereal availability, for instance, has been stagnant for almost a decade at a low 165 kg. What is being done to increase food productivity?

There, undoubtedly, should be a steady increase in productivity. This year, we have seen a bumper crop. As per the third advance production estimate released by the Ministry of Agriculture and Co-operation, rice production stood at 94.11 million tonnes against 89.09 million last year; wheat, at 84.27 million tonnes against 80.8 million tonnes last year; and pulses, at 17.29 million tonnes against 14.66 million tonnes last year. Total foodgrains production is estimated at 235.88 million tonnes against 218.11 million tonnes last year.

We are focusing on sustained development of market facilities and augmentation of infrastructure by improving storage capacity and modernising godowns. Upgraded go-downs will greatly reduce the loss of foodgrains in storage. On the other hand, cold storages will greatly help to preserve perishable goods, especially foods and vegetables. The distribution network has to be improved. We are focusing on having more farmer markets and mobile bazaars. Food inflation has been highest in the cities. We are planning to have mandis about 100 km around the cities so that nobody can restrict the supplies or manipulate the prices. If the states and local bodies could waive mandi tax, octroi and other local levies, there could be some relief for the
consumers. That said, storage facilities *per se* are not enough. We need to focus on getting value addition to our products. For instance, onions are perishable goods. However, if converted to onion paste, the farmer could get a better value for his product.

“The Indian market has been largely insulated from the recent phenomenon of rising global food prices. Still, we have a lot of local factors to address.”

Hoarding by trading cartels does artificially create shortage and hike prices. What is being done to remove their hold over prices?

Cartelisation by large traders and their manipulation of market prices is a major cause of worry. We have been taking strict action against these hoarders and black marketeers. We have asked states to take action under the Essential Commodities Act, 1955. Stock limits have been fixed by the Central government for sugar; while the states can fix the limits for retailers in the case of sugar and all traders for rice, paddy, edible oil, edible oilseeds and pulses. In addition, the Competition Commission is looking into the complaints that there was cartelisation in the case of onions when prices rose sharply last year.

One criticism has been that the government has followed erratic export and import policies for wheat, onions, etc., which has helped the farmers less and traders more...

Decisions on exports and imports are taken based on domestic production, availability of grains and international market prices. Depending on these and other factors, including long-term scenario of stock availability, the government has been taking a considered decision. The interests of farmers as well as consumers are weighed properly when arriving at decisions.

What is the status of the Food Security Bill? This could provide better prices to both the farmer and the consumer.

The government is committed to enact the food security legislation, signalling a paradigm shift from a patronage approach to a right-based approach. The broad contours of the bill are being finalised in consultation with stakeholders with issues like coverage, entitlement, quantum and price being deliberated upon. The legislation seeks to provide food security for all. The government would encourage decentralised procurement, augmented storage capacity and give a legal entitlement to subsidised foodgrains to below poverty line population. The farmers would thus be assured of remunerative prices and the consumers, a certain quantity of foodgrains.

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**Indian Institute of Materials Management**

**MISSION**

- To promote professional excellence in materials management towards National Prosperity through sustainable development.

**OBJECTIVE**

- To secure a wider recognition of and promote the importance of efficient materials management in commercial and industrial undertakings.
- To safe guard and elevate the professional status of individuals engaged in materials management faculty.
- To constantly impart advanced professional knowledge and thus improve the skill of the person engaged in the materials management function.
- Propagate and promote among the members strict adherence to IMM code and ethics.

**CODE OF ETHICS**

- To consider first the total interest of one’s organisation in all transactions without impairing the dignity and responsibility of one’s office:
  - To buy without prejudice, seeking to obtain the maximum ultimate value for each rupee of expenditure.
  - To subscribe and work for honesty and truth in buying and selling; to denounce all forms and manifestations of commercial bribery and to eschew anti-social practices.
  - To accord a prompt and courteous reception so far as conditions will permit, to all who call upon legitimate business mission.
  - To respect one’s obligations and those of one’s organisation consistent with good business practices.
This article discussed the background to the Green Paper on the future of VAT and as to how and why the Green Paper had been prepared. This article is focused on the two broad areas for discussion that have been highlighted in the Green Paper as follows:

- the principles of taxation of intra EU transactions
- the other issues which also need to be addressed, in the estimation of the EU.

The Green Paper indicates that the period of consultations will be from 1st December 2010 till end May 2011. Hence, the consultation period is currently open at the time of writing of this article. The Commission informs that the based on the consultations, it would present its priorities for the future of VAT in the EU, by means of a communication at the end of this calendar year and that legislative initiatives and other actions can be expected from 2012 onwards. It is indeed intriguing to note these timelines, as they appear to be very timely from an Indian GST standpoint as well, given the similar schedules that we ought to be following here in India, in order that we have a best in class GST sometime in calendar 2012.

The Green Paper sets out a total of 33 questions concerning the two broad areas referred to above, keeping in mind that the review of the VAT system in the EU was undertaken in order to achieve the following objectives:

- reduce the complexities of the present system;
- make the EU single market work better;
- maximize revenue collections;
- tackle the system susceptibility to fraud;
- cope with changes in technology and the economic environment.

On the first broad area relating to the principles of taxation of intra EU transactions, which can be termed as the area of technical VAT design, the Green Paper explores the present system of taxation in the state of destination of supplies of goods and services, with certain exceptions, based on the point that the VAT revenues accrue directly to the member States in which consumption happens, according to the rates and exemptions in those States. It points out that the key issue to be resolved in that regard is to ensure that the treatment of intra EU supplies and domestic supplies is uniform and consistent. It states that equal treatment can be achieved either by taxing intra EU supplies or by eliminating the effective charging of VAT on domestic transactions via a generalized reverse charge system, whereby the taxable person to whom the supply is made becomes the person liable for the payment of VAT. The related question is, of course, whether such treatment needs to be equal and, if it does not, to what extent a different treatment is acceptable, without it being an obstacle to the smooth functioning of the single market or allowing fraud linked to cross border transactions.

Thereafter, the Paper discusses the distinction between the tax treatment for Business to Business (B2B) transactions and supplies to final consumers (Business to Consumer). On cross border B2B transactions, the Paper comments on the VAT principle that for both goods and services, the taxation is based on the rate and conditions of the State of destination and since this is not the case as regards domestic transactions, the distinction in the treatment becomes a source of complexity and vulnerability to fraud. As oppose to this, the Paper recognizes that B2C supplies are typically taxed in the State of origin i.e. where the sale is made or where the provider of services is established. This brings about its own challenges. The Paper accordingly concludes that given these challenges, there is a need to consider a general use of the reverse charge mechanism in relation to domestic B2B transactions. Alternately, the Paper suggests that consistency can also be achieved by taxing all intra EU transactions based on the rates in the State of destination. Here again, the place of destination can itself be defined in two ways:

- as the place of arrival, for goods, and as the customer’s place of establishment, for services or
- as the customer’s place of establishment, for both goods and services

The paper closes this first area for discussion by way of the first two of the 33 questions, which are posed as follows:

- Are the current VAT arrangements for intra EU trade suitable enough for the single market or are they obstacles to maximizing its benefits?
- If the later, what are the most suitable VAT
arrangements for intra EU supplies? Particularly, is the principle of taxation in the State of origin, which was the original principle of VAT taxation in the EU, still relevant and achievable in the present scheme of things?

To summarize, the objectives of designing an ideal VAT would be to evolve a broad-based VAT, as opposed to a relatively narrow-based one, as at present, and to bring about best practices that would balance the interests of Government, business and the citizens.

The Paper thereafter goes on to the second broad area for discussion, on the other issues and delineates them into the following five categories:-

- Neutrality of the VAT system
- Scope of VAT
- Exemptions from VAT
- Deductions
- Treatment of international services
- Harmonization of VAT
- Legal processes
- Derogations and speed of response
- VAT rates
- Reducing red tape
- Programme for reducing administrative burdens and streamlining VAT obligations
- Scheme for small businesses
- One stop shop mechanisms
- Adapting the VAT system to large and pan European businesses
- Synergies with other legislations
- Robust VAT System
- VAT collection mechanisms
- Protecting bona fide traders against fraud
- Efficient and modern VAT administration

If one were to analyze these categories and attempt to categorize them in some other manner, these could be classified as follows:-

- Legal processes
- Efficiency in collections
- Reducing red tape or bureaucracy

As regards legal processes, the objectives could be (i) to bring about revised VAT rules and regulations based on consultations with all stakeholders and (ii) harmonization and certainty. Regarding efficiencies in collection; the objectives in relation thereto could be:

- Improving and simplifying the collection of VAT and its administration
- Reduce the VAT Gap and combat fraud
- Protect bona fide traders against VAT fraud
- Finally, on reducing red tape, the objectives could be
- Reduction of administrative burden
- Simplification
- One stop shop (B2C) and
- Cross border VAT groupings
- Synergies with other legislations

These other issues, which together constitute the second broad area of discussion in the Green Paper, will be discussed in further detail in the next article. As can be appreciated, many of these issues resonate with us here in India, given their centrality to the design and model of the dual GST that we wish to bring about.

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**OBITUARY**

DR. R.K. SINGH

Entire IIMM fraternity is shocked to learn the sudden and untimely death of Dr. R.K. Singh, Former Vice Chancellor of Madhya Pradesh (Bhoj) Open University Bhopal on 16th May 2011 at his residence at Gurgaon, Haryana. Dr. Singh had the distinction quality of Guiding Research students and he has written several Research Papers which stands appreciated at several forums. Dr. Singh had represented India in several foreign Educational Forums. Dr. Singh has been very professional and always wanted to see the growth and development of the students. He was instrumental in introducing the MBA (MM) programme through correspondence which is unique programme and MPBOU is the only University in India imparting such correspondence Course.

We pray Almighty to allow his soul to rest in peace and give strength to his family members to bear this great loss.
Inflation, a key factor which is detrimental to the growth of the Indian economy, can be effectively countered if companies design their supply chains in a more holistic manner. This was the principal thought process which evolved on the materials management day celebrated by the Indian Institute of Materials Management (IIMM) on April 21, 2011, which brought the Kolkata-based purchase managers together to discuss issues of mutual interest. In the forum, the associate director, business advisory services - Ernst & Young, Minal Shanghavi, who was also the key note speaker, stressed on several methods to counter inflation and these include innovation, improving efficiency, focusing on core competence and setting bigger targets on a long-term horizon and better information sharing to optimise the supply chain.

From his experience, he shared an instance of a food manufacturing company outside India which in 20 years’ time did not change its end product price, despite the inflationary trend of its input and concluded that optimising the supply chain through the industry best practices can be a better method to control inflation. Unfortunately, however, this is always not true and under the impact of inflation, consumers are often forced to pay more and it is currently a grave concern in countries such as India and China. This affects the entire value chain which is a subset of the supply chain and can be averted if the selling or the buying company involved in the value chain proactively searches for the right solution and implements the same quickly.

It is obvious that a chain is as weak as its weakest link and this is true with regard to the supply chain management as well, Shanghavi said. “If one link is not working properly, the entire chain would suffer and you as an industry would not be competitive in the global market place,” he added.

Key Challenges

Researches indicate that demand shrinkage and mismatched production often lead to inflationary trends in pricing. This is triggered when producers start to produce more variety of products to ward off competition and meet their target. But, in doing so, it raises price on all fronts. As price pressures increase on these producers, they are often forced to shift to different markets when the company fails to meet its target in a particular one.

A complimentary factor contributing to inflationary trend is demand shrinkage. “A person buying two pens previously now buys a pen and a refill. As a result, demand starts shrinking unless the economy is growing that fast,” Shanghavi said. In such cases, even if GDP numbers are good and the company turnover continues to grow, profitability tends to go down and a recessionary scenario comes out.

According to Shanghavi, another major challenge is the disconnect existing in the supply chain. This happens because on one end of the supply chain, we are not able to provide food to a section of the population. On the other, food is getting wasted in Food Corporation godowns due to poor storage conditions. “Grains are rotting due to mismanaged supply chain,” he said.

Disconnect in professionally run private organisations is also not uncommon. Absence of reverse logistics leads to piling up of recyclable wastes and an apt example of this is the piling up of redundant electronic items. “Funny thing, on the other hand, if you are a recycler in this country, you do not have material to recycle,” he said.

Enablers,

Dynamic organisations use the right information and analyse it to take advantage of the available opportunities through innovation, said Shanghavi, citing an example of Dell Computers.

Customisation practiced at Dell avoided redundancy as the company gave customised product and delivered according to customer needs. The computer was assembled on the way and the last person who delivered the computer to client actually assembled the computer. “This was supply chain innovation which changed the industry completely,” said Shanghavi.

However, these are ideal cases and sometimes it so happens that companies meet customer price expectations but are not able to supply. “Without delivery within stipulated time, it is a lost opportunity for the seller,” Shanghavi added.

According to Shanghavi, organisations need to take...
positive steps to improve on quality and efficiency, sometimes even by changing the vendor or the location of manufacturing. “Such efforts are not expensive compared to the benefits obtained,” he said.

Companies also need to focus only on the core competence area as with the advent of effective information sharing, more jobs can be given to vendors and managed through IT solutions. “You need to do what you do best and let others do what they do best,” Shanghavi said. According to him, now managers have to do more with less. Previously they had with optimal availability. Currently, resources are far below the optimal level, he said.

So, current optimising initiative in supply chains are more challenging and involve in-depth knowledge of the organisation network, location of warehouse, manufacturing zones, what kind of logistics are available, looking at procurement structure, participating in joint buying programme and aligning thoughts on a 10-20 year horizon. “Such thinking requires courage and vision,” he said.

Lastly, one should also look at related environmental regulations prior to setting up an optimised supply chain.

OBITUARY

SHRI MADHAV K. MANTRI

IIIM is grieved to record the passing away of Shri MADHAV K.MANTRI, on 21st April, 2011 in Mumbai, at the ripe age of 96. Shri. Madhav Mantri was a founding member and later became the National President of National Association of Purchasing Executives from 1966 to 1968. He was the Chairman of Mumbai Branch of IIIM in 1970-71. He was honoured with the prestigious Lifetime Achievement Award of IIIM in the year 2005. Mr Mantri studied Engineering from the famous school of City and Guilds, which was the cradle of technical education in the colonial days. He entered services in 1942 in the Motor Vehicles Department of the erstwhile Bombay Presidency which included the present Maharashtra, Gujarat, and North Canara of Karnataka.

In 1945 to 1946 he was deputed for training in similar departments of Motor Vehicles Control of U.K. and later was asked to study passenger and goods transport operation and control there, in view of the Government's proposed scheme of nationalization of road transport. He went through training in their nationalized and private passenger and goods transport operation including London Transport. During this tenure he was the only one to be selected to learn Motor Driving at Scotland Yard with a view to implement those technicalities in Motor Transport in Bombay.

Upon his return he was entrusted with the planning and introduction of State Transport Services in various regions of the Bombay State. In 1951 he was asked to take over the entire Stores and Purchase Department with an annual turnover of Rs.250 crores then, which he held for 26 years till he retired in 1976. During this period he was sent on a delegation as a member of Stores and Inventory team sponsored by the Technical Corporation Mission of the USA and visited Japan, Germany, and U.K.

In 1968 he was deputed for 6 months under the top management training scheme of the Colombo Plan to study Stores and Purchase Management with emphasis on Public accountability in Purchasing in public Sector and Government purchases. He was instrumental in installing the first Computer System exclusively for Stores and Inventory Control. After retirement he was a Consultant to other State Transport Undertakings in the country and also some private organizations for re-organising their Stores and Purchase Departments which he did till he was 80 years old and then finally retired.

His passion for driving and respect for road rules and safe - driving, combined with his love for Automobiles, as such, inspired him to write the then and may be, as on date, only book in Marathi ‘Motor Driving Shastra Va Kala. Mr.Mantri was of philanthropic bent of mind and was associated with two Trusts.

IIIM joins the materials management fraternity in mourning the passing away of Mr.Mantri and offers its heartfelt condolences to the bereaved family.
2011 has been declared by the United Nations as the International Year of Forests. And World Environment Day this year will reinforce this global concern with the official tagline - Forests: Nature at Your Service.

The United Nations Environment Programme (UNEP) on Feb 22, 2011 announced that India, with one of the fastest growing economies in the world that is embracing the process of a transition to a Green Economy, will be for the first time ever the global host of World Environment Day 2011 (WED) on 5 June.

This year’s theme ‘Forests: Nature at Your Service’ underscores the intrinsic link between quality of life and the health of forests and forest ecosystems. The WED theme also supports this year’s UN International Year of Forests.

India is a country of 1.2 billion people who continue to put pressure on forests especially in densely populated areas where people are cultivating on marginal lands and where overgrazing is contributing to desertification.

But the Indian Government has also found solutions. While the socio-economic pressures on the country’s forests are tremendous, India has instituted a tree-planting system to combat land-degradation and desertification, including windbreaks and shelterbelts to protect agricultural land.

In conserving its critical ecosystem, India has successfully introduced projects that track the health of the nation’s plants, animals, water and other natural resources, including the Sunderbans - the largest deltaic mangrove forest in the world, and home to one of India’s most iconic wildlife species: the tiger.

India has also launched a compensation afforestation programme under which any diversion of public forests for non-forestry purposes is compensated through afforestation in degraded or non-forested land. The funds received as compensation are used to improve forest management, protection of forests and of watershed areas. Moreover, a government authority has been created specifically to administer this programme.

Achim Steiner, UN Under-Secretary General and UNEP Executive Director, said: "Over close to the 40-year history of WED, India’s cities and communities have been among the most active with a myriad of events undertaken across the country each and every year - so it is only fitting that this rapidly developing economy is the host in 2011."

"India is famous for its culture, arts, movies and world-beating Information Technology industries. Increasingly it is at the forefront of some of the 'green shoots' of a Green Economy that are emerging across the globe," he said.

"From its manufacturing of solar and wind turbines to its Rural Employment Guarantee Act which underwrites paid work for millions of households via investments in areas ranging from water conservation to sustainable land management, foundations are being laid towards a fundamental and far reaching new development path," added Mr. Steiner.

This is underlined by India’s introduction of the Clean Energy Fund into its national budget which provides subsidies for green technology and has been the basis for a National Action Plan on Climate Change which sets specific targets on issues such as energy efficiency and sustaining the Himalayan eco-system.

India is currently planning one of the largest green energy projects in the world that will generate 20,000 megawatts of solar energy and 3,000 megawatts from wind farms on 50,000 acres in Karnataka in southwest India. The first phase of the US$50 billion project will start next year.

In its ground-breaking report on the Green Economy launched yesterday, UNEP cites India and the US$8 billion National Rural Employment Guarantee Act, which underwrites at least 100 days of paid work, benefiting close to 60 million rural households.

"India’s offer to host WED is another expression of India’s strong commitment to work with the global community for sustainable development. This event will serve as the inauguration of a series of events leading up to the hosting of the 11th Conference of Parties to the Convention on Biological Diversity. It will also flag off the celebrations of the international decade for biodiversity. This will in addition signal India’s commitment to the biomass economy so dependent on the sustainability of our natural resources," said Dr. T.
Chatterjee, Secretary for Environment and Forests of the Government of India.

Two of India’s most prominent cities - Mumbai and Delhi - will be the venue for this year’s global celebration of the environment, with a myriad of activities over several days to inspire Indians and people around the world to take action for the environment.

The celebrations in India on 5 June are part of thousands of events taking place around the globe. WED 2011 will emphasize how individual actions can have an exponential impact, with a variety of activities ranging from school tree-planting drives to community clean-ups, car-free days, photo competitions on forests, bird-watching trips, city park clean-up initiatives, exhibits, green petitions, nationwide green campaigns and much more.

This year UNEP plans to make WED 2011 into a bigger celebration than ever before, building on the unprecedented success of WED 2010 - when people in more than 112 countries registered activities on the WED website and WED was thrust into the blogosphere with the first-ever WED-blogging competition.

The WED 2011 website will inspire, inform and involve people through unprecedented interactivity, offering daily tips, information and statistics on forest conservation, a platform where people around the world can register their activities, social networking campaigns and competitions to get people on every continent involved. See: www.unep.org/WED. Anyone can organize an event and register it on the WED website, and each of these individual actions when taken collectively will go a long way to securing important forests services for generations to come.

**WED A-Z**

It takes only a few simple steps to easily green your daily routine and make good eco behavior into a habit! Green is forest friendly!

A

Act now.

Adopt as many eco-friendly lifestyle choices as you can and make them habits for WED!

Add it up. Our impact is exponential when the global chorus sings together.

B

Buy FSC certified products and decrease the trade of exotic wood from endangered forests.

Bring a cloth bag to do all you’re shopping. But not just for groceries, even on your trips to the mall. A sturdy, reusable bag will last for years, and only needs to be used 5 times to have a lower environmental impact than a plastic bag.

Bring a mug with you whenever you go for take-out beverages, so you avoid using paper cups.

C

Most paper cups are made in a way that makes it more difficult for them to degrade, and in some ways more hazardous to the planet than the plastic cup - so why not just bring your own mug for your favorite beverage?

D

Don’t run the water when brushing your teeth. You will save as much as 3 gallons every time! Only 2, 5% of the world’s water is drinkable.

Discover an alternative to using traditional wrapping paper for holidays and birthday gifts.

E

Engage in an environmental activity like school or neighborhood beautification or tree planting.

Eat organic and locally grown foods and help reduce the clearing of forests for agricultural land.

Educate your friends on how individual actions can have an exponential impact and motivate action for WED.

F

Find an unusual insect in your garden. Fewer than 10% of the world’s described species have been assessed to determine their conservation status.

Form a group of peers or colleagues to oversee the greening of your school, neighborhood or workplace with recycling, car pooling, or energy-efficiency.

Form a tree-planting group with family and friends and commit to planting and maintaining these trees together.

G

Green your office: print double-sided, turn off monitors, start an office recycling program.

Grow an organic garden and your own delicious food.

Give memberships to an environmental organization or seedlings as birthday gifts.

Go electronic for bills and payments: at home, in the office, at the bank etc.

H

Host a World Environment Day celebration. Clean up your neighborhood, carpool with friends, have a vegan (no animal products) dinner party! And don’t forget to register your activity on the WED website!
Identify the nature that surrounds you - take note of the beautiful plants and animals that you may not always appreciate. Learn about the amazing ecosystem services they provide.

Improve the insulation of your home - it will really help your energy consumption...and your monthly bills!

Join a local environmental or conservation group. You can team up with those around you and make a real difference for your community.

Jog outside and save the energy you would have used on the treadmill!

Kick the habit! Don’t print unless it’s absolutely necessary. And when you do print - always print double-sided!

Keep your cup! When traveling on airplanes, ask to reuse your plastic cup.

Learn more about India, this year’s host country.

Mobilize your networks! Message your friends about WED - facebook, twitter, orkut, SMS, text, phone, email - it doesn’t matter how, just get the word out!

Nominate a WED Hero from your world. Notify us about the great environmental work they’re doing and why they should be a WED Hero.

Optimize the use of your washing machine - use the cold-wash option and significantly save energy and reduce your daily carbon emissions.

Offset your travel whenever possible - most airlines provide an option to offset your travel when you book your tickets.

Opt for public transport whenever possible.

Plant a tree this year!

This is the International Year of Forests so why not celebrate by planting a tree with friends or family.

Pile up! Lay the grounds for a compost pile and start sorting your garbage.

Quantify how much money you could save each cold winter if you lowered the temperature inside your home by 2 degrees Celsius. It could reduce your energy consumption by 14 percent!!!


Register a WED activity at www.unep.org/wed!

Sacrifice something small each month - eat locally grown vegetables instead of imported vegetables; do without steak as cattle ranching is high impact!; carpool with co-workers; take your bike to work etc.

Support and motivate companies that use certified materials and operate in ways that are environmentally responsible.

Switch your lightbulbs to energy-efficient LED’s. You will see substantial savings on energy bills!

Think! How green is your daily routine? Just by making a few small changes, like remembering to turn off the lights, turning down the heat, stop running the water while you brush your teeth - you could cut your daily emissions by more than 60 per cent.

Think again! Before you toss, consider if the item can be reused or recycled?

Think outside of the bottle! Bottled water costs 1900 times more than tap water

Use your common sense!

Understand your options. Learn about the small ways you, as an individual, can make a positive impact on the environment.

Use rainwater for your indoor plants - they love it, and you’ll save water at the same time.

Visit the WED website regularly and see how you can get involved! Book mark website, subscribe to RSS, Twitter or facebook

Whenever you feel like buying books, magazines, or newspapers go to your local library or borrow from friends and neighbors.

X-plore! Get out into the forest and enjoy what our planet has to offer.

YOU!

You can make a difference - individual actions, when multiplied, can make an exponential difference to the planet!

Zip around town on your bike, on public transport, or your own two feet.

Avoid your car whenever possible - it's cheaper!

Source: UNEP
Lean Manufacturing System
- A Generic Process Management Philosophy

Malvinder Singh, Sr. Deputy General Manager (Quality)
HEEP, BHEL, Haridwar

Lean Manufacturing System is a technique for maximizing operational efficiency and customer value by

- Using the least amount of human - effort, space, resources and time.
- Improving production flow - A line synchronization method to make the product flow through various stages without any interruption.
- Implementing 'Pull' Systems - The flow of resources in a production process by replacing only what has been consumed.

Basically Lean is centered around creating more value with less work. Lean manufacturing System focuses on identifying and eliminating all kinds of waste and non value added activities from the manufacturing processes to improve Quality, Cost & Delivery.

KEY PRINCIPLES OF LEAN MANUFACTURING SYSTEM.

- Minimize Material Handling preference should be given to low or no cost solutions. Efforts should be made to handle the products only once.
- Minimize Distances - Avoid walking and carrying material and components by creating cells, combining operations within a work center and better space planning.
- Minimize Strain - Work centers should be ergonomically designed to avoid back and other muscle strains.
- Minimize Clutter - Everything must be in the designated place and these should be a place for everything.
- Minimize Storage - If you have the space it will surely get filled. Continuously minimize the storage space for raw material finished goods and spare parts throughout the supply chain.
- Maximize Utilization - Make optimal use of people, space and equipments to improve the return on investment.
- Maximize Flexibility - The key to lean manufacturing is creating a layout that can adapt quickly to changes in product equipment, personnel and material

- Maximize Smooth Flow - Continuously determine and eliminate the Bottle necks to ensure smooth production flow.
- Maximize Visibility - To quickly spot the problems, maintain a clear line of vision to anywhere from anywhere. Work centers must have good visual controls to avoid human errors.
- Maximize Communication - Lean manufacturing requires a regular feedback on the operations for making continuous improvements.

BUSINESS PERSPECTIVE OF LEAN MANUFACTURING SYSTEM

Define - The Business Plans for making improvement
Measure - The Business systems that support the plans.
Analyze - The Gaps in system performance bench marks.
Improve - System elements to achieve performance goals.
Control - System level characteristics that are critical to value.

OPERATION PERSPECTIVE OF LEAN MANUFACTURING SYSTEM

Define - Projects to resolve operational issues.
Measure - The current performance of the operations.
Analyze - Project performance in relations to operational goals.
Improve - The operations with focus on speed, service & quality.
Control - Inputs and outputs of the operations.

PROCESS PERSPECTIVE OF LEAN MANUFACTURING SYSTEM.

Define - The processes that contribute to functional problems
Measure - The capability of each process
Analyze - The data to assess prevalent patterns & trends.
Improve - The key business processes.
Control - The process variables that exert undue influence.

THE FOUR THRUSTS OF LEAN MANUFACTURING SYSTEM

Lean manufacturing organizations focus on four thrusts to support their lean manufacturing designs.

1. **Solid Leadership that**
   - Communicates the vision.
   - Facilitates and model the behaviors of Lean Manufacturing
   - Assists the workforce in adapting to change.
   - Coaches and develops the workforce.

2. **Team - Based Culture that**
   - Promote employee accountability and responsibility for work.
   - Leverage Knowledge by using highly skilled workers.
   - Advocate the continual development of the workforce.
   - Believe that employee ownership of the final product is shared throughout the process.

3. **Communication Systems that**
   - Encourage on the spot decision - making processes that use the fewest resources to resolve critical design issues.
   - Advocates and develop processes to identify critical design issues as early in the process as possible.
   - Drive the behaviors of internal operations as well as focus on the behaviors of suppliers and customers.

4. **Development and Continuous Improvement Processes that**
   - Design the product right the first time.
   - Drive Commitment to eliminating problems (controlling them is not enough)
   - Advocate just is time measurement systems to monitor progress.
   - Continually train & develop highly skilled workers.
   - Promote constant improvement throughout the supply chain.

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**COMMANDMENTS OF LEAN MANUFACTURING SYSTEMS**

1. Abandon Fixed ideas
2. Think of ways to make it possible
3. Go for the simple solution, not the perfect one.
4. Correct mistakes right away.
5. Problems are opportunities.
6. Seek ideas from many people for improvement.
7. Use your units, not your wallet.

**TYPICAL BENEFITS OF LEAN MANUFACTURING SYSTEMS**

- Waste Reduction
- Production cost reduction
- Manufacturing cycle reduction
- Labor reduction
- Inventory reduction
- Production capacity increase

Lean Manufacturing Systems have proven not only to be universal, but to be universally successful at improving results.

When appropriately applied lean manufacturing is a well- tested platform upon which to build agile disciplined practices.

It is a strategy for achieving significant continuous improvement in performance through the elimination of all waste of time and resources in the total business process with absolute sense of passion for Business Excellence.

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**TIME FRAME FOR IMPLEMENTING LEAN MANUFACTURING SYSTEM.**

- Building Organizational Awareness
- Creating the New Organization
- Aligning the System
- Completing the Transformation

Management builds tentative measure of success.
Help Leaders and employees make the transition to their new roles.
Continuous improvement processes and organizational development is a way of life.

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Risk Management in Construction Supply Process

S.Krishnan, Materials Manager, Leighton India
and N.Panchanatham, PhD
Prof and Head, Deptt. of Business Administration,
Annamalai University

A ship in harbor is safe, but that is not what ships are built for - John A. Shedd, Salt from My Attic, 1928

INTRODUCTION

There is an old adage in Tamil - When a poor salt vendor sets out to sell his salt, rain comes, when he tries to sell cotton, storm is his unexpected guest, goes the saying. But he still venture out to carry on his business, unmindful of the risks he encounters day in and day out in his small enterprising struggle.

Risk is omnipresent- in every walk of life. Risk in business is a management challenge. Every decision making in an enterprise involves risk taking. Supply chain has become more complex than what it was a decade ago. New concepts such as lean supply chain, outsourcing, make-to-order or assemble-to-order and vendor managed inventory (VMI), have increased the complexity of the supply process enlarging the risk profile proportionately. Risks in supply process are enormous. With modern day supply networks connecting various stakeholders each trying to maximize their own supply profits, risks as common to all need to be addressed, particularly in short gestation project environments.

There are many uncertain moments in a supply process. A fire accident few years ago in Hanil Lear, the only vendor then to supply car seats, near Chennai put Hyundai motors operations on hold for three good days. So was the recent case of Tata Motors short in production targets with Mico, the fuel injection pump vendor, caught under the clouds of recent Jaipur Oil inferno. Labour unrests in auto components hub of India- Gurgaon pushed many automobile manufacturers in hardship. Indian government early in the year imposing unexpected import restrictions in tubular products in the form of advance license has made many a companies in the offshore oil and gas business incur additional opportunity costs and loose precious weather window available to them.

These incidents are not isolated. Many uncertain actions subject the supply process into tremendous stress leading to losses. Can one control uncertain actions - the answer is a big NO. So what next, can a business enterprise shun away the uncertain future, certainly not. Then what happens is what is interesting study and is the focus manipulated by the authors. Risks are 'Danger' on the one side and 'Opportunity' on the other, describes Aswath Damodaran. He also recommends that risks are to be challenged and risks are to be seen as opportunities waiting to happen and explored.

RISK - AN UNDERSTANDING THROUGH LITERATURE

Australian and New Zealand standards define risk management as the culture, processes, and structures that are directed towards effective management of potential opportunities and adverse effects (AS/NZS 4360:1999).

Aberdeen group in 2008 finds out in a study that growing global operations and volatile global economy are two primary reasons for enterprises to focus on Supply chain risk management practices. The primary risks as identified by Aberdeen survey are supplier risk profile and logistics congestion.

Risks lurk along the entire length of supply chains, and are as diverse as political instability, exchange rates, carriage capacity, shelf life, and customer demand, describes David Stauffer (HBS WKS, 2003). He emphasize that while larger risks were carefully looked into, smaller and mundane risks receives less attention. It is appropriate to note that demand fluctuations itself is seen as a risk, supply abundance is also seen as a risk, explains Prof Ananthraman of HBS.

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A McKinsey Global survey in 2006 brings out that 'Risks in supply chain are growing'.

It is argued by Marsh consulting that financial performance is closely linked to supply risks which say "In today's increasingly complex environment, risk-adjusted supply chain management can translate to improved financial performance and competitive advantage". Authors would like to draw inferences from the concept of supply chain profit advocated by Chopra and Meindll(2007) relative to financial performance in managing supply chain risks.

Supply chain disruptions can damage credibility with investors and other stakeholders thereby driving up cost of capital' argues Russ Bosman of FMGlobal. In one industry after another, supply chains have stretched farther than they’ve ever stretched in the past and resultant fear is consequences of a more severe disruption - read risk, rues Russ. Globalization and lean
inventory to free up resources have seen more intense debates over risks they posed and opportunities of potential bottom line improvements experienced by companies' world over.

Prof. Yanni Papadakis of Drexel university clearly links strategic importance of risk management in his 'event study of Operational risk and supply chain Design'. He argues that a risk management policy alleviates adverse impacts of disaster induced supply disruptions.

**TYPES OF SUPPLY CHAIN RISKS**

While many scholars have identified as many as 110 risks in construction supply chain, they can normally be clubbed under three categories. They are Demand side risks, supply side risks and process side risks. Both internal and external risks cover these three categories. However, project level risks have been highlighted in the following paragraphs for quick review.

a) Capacity risks  
b) Supplier risks  
c) Financial risks  
d) Product risks / Quality risks  
e) Market risks  
f) Natural disasters  
g) Political/policy change risks  
h) Environmental and non environmental risks  
i) Govt., intervention risks / duties & policies  
j) In house risks - Design changes  
k) Absence of enterprise wide risk management framework

**RISK MANAGEMENT AS A STRATEGY**

Risks in supply process of highly fragmented construction industry is no exception. Absence of long term supplier relationships, very long lead times, unique design challenges and change in priorities are some of the risk triggers in construction supply chain. Risk also brings in innovation akin to necessity. Successful enterprises view risk management in supply process with strategic importance and aligns them with overall business strategy. Success of risk management in supply process would clearly encapsulate best communication skills, clear forecast standards, seeing them through and hedging where necessary.

The author recalls his strategy lessons from IIM Calcutta, where Prof Biswasoth Saha, explains what a strategy is and how it should be developed. 'Expecting the unexpected' was what he has started his strategy classes to students. This essentially means that risk management is forward looking.

Prof. Yanni Papadakis of Drexel University too aligns a company's financial performance to that of supply chain strategy with a particular reference to risk management. He further argues that the impact of supply disruptions may test if supply chain management affects company's risk structure.

Risk is a strategic management. Failure to forecast risk is strategic failure and cannot qualify for successful operational forecasts. The operational inefficiencies forced on the manufacturers due to risks create significant management challenges in the short term. It calls for prudent management strategies in supply management context.

Hence, it is worth investing in developing supply chain strategies with appropriate risk profiling done on possible disruptions and uncertain variables present not just with the supply network but across the business spectrum. This will help enterprises face all the three dimensions of risks such as risk pass through, risks to avoid and risks to seek out.

**RISK AND INNOVATION**

Risk taking plays creating innovation, argues Aswath Damodaran. Contrary to traditional grouting system for sub sea pipe lines by grout bags filled with a particular type of cement, a new design was developed by Leighton in one of its projects in western coast of India. The new system was for creating sub sea concrete mattresses pre cast in on shore location and transported on barges to actual installation locations in high seas. The design was not approved by the client initially; however, Leighton confidently went ahead with the new design and laid the sub sea rigid pipes with these mattresses. While the variation was challenged by the client, pass over of season one has proved that this system was far more convenient, superior and cost saving. The trade off though was split in use of grout bags and mattresses among different pipeline sizes, ultimately, it resulted in significant cost and time savings for both.

**TRIGGERS FOR NEGATIVE / DOWNSIDE EFFECTS OF RISK DESIGN CHANGES**

A design change during the course of project execution is a significant risk altering the total material forecast. Since material management / inventory planning is charged to project in total, normally replenishment strategies do not exist in construction environment. Therefore any change in design triggers a fresh sourcing process. Also, specialized materials in offshore oil and gas projects commands a significant lead time. This context of operation is derailed resulting in time and cost overruns. Significantly, this is one of the core issues affecting the credibility of whole industry which may result in bad brand value.

Design changes are of two pronged. They could be due to site conditions either due to faulty survey/estimation or site conditions not suitable for choice of process. For instance, soil conditions would have changed after a rainfall or an earthquake in the region, or increased hydrostatic upward pressure which would need additional reinforcement to prevent seepage from ground.

Design changes also occur due to change in client preferences or technical compliances. In one of the electronic factory projects in India, Leighton has to change the flooring system immediately after construction due to increased static discharges being observed during factory operations.

**CHANGE IN PRIORITY**

Client initiated and Site conditions
A change in design either at the drawing board or due to site conditions change the operation priority. Another big reason for change in execution priority is accessibility & feasibility issues at sites. Electrical systems need to be installed after civil works are completed. Similarly, false roofing systems would come after electrical systems and HVAC are installed. The order does not change for things to fall in place. But many changes happen at site level. They invariably stretch the project completion timeline. In an offshore situation, the priorities change for various reasons such as client initiated, weather vagaries, conflict among various sub contractors, surprises in location due to faulty surveys etc. However, such changes place exceptional pressure on supply process. As discussed previously, materials in this segment are of make-to-order quantity and quality. A supply manager cannot be expected to ensure supplies on sudden change of events and developments. However, things are different in construction and hence, sourcing efforts would continue albeit at premium and added priority freight costs.

Changes are variations. They are significant triggers of risk. They fire additional resources in order to meet the changes. Contractual obligations are strained, confidence level alters and brand image is weakened. However, changes cannot be avoided, but need to be forecasted in order to minimize the risk exposure.

**TOO MUCH DEPENDENCE ON COST FACTOR - A RISK**

Modern day supply management techniques focus too much on cost factor. Lean supply chains, limited vendor base, dependency on just in time and make-to-order are good as long as they work. Absence of Plan 'B' in failure of these concepts proves very catastrophic to enterprises. Examples are aplenty - Hanil Lear and Hyundai for seats, Mico and Tata for fuel injection pumps are a few to name.

Cost is a primary factor in any business enterprise. Making money is the process of business. However, this concept has to be prudently applied in risk management. Adequate contingencies to meet any risk and uncertain situations shall have to be committed in project plans. Compromise in quality of products for cost considerations would result in greater risk to loss of life and materials. Projects in high risk industry such as offshore oil and gas and construction would need adequate protection from risk arising out of cost cutting.

Customer - A risk in himself? Some times many disruptions affect due to change in market conditions, choices by clients or client representatives. This is very much relative to construction industry. Also, priority of requirement affects the schedules there by disrupting the supply flow. Projects are put into a limbo for a particular choice of material. Customer suggestions and improvements during mid project reviews create a situation where in the schedules changed to accommodate the variations.

Outsourcing risks Engineering and procurement contracts generally outsource major packages to keep the project moving on fast track. Careful selection of sub contractors becomes very important criteria for successful completion of projects. Sub contractor financial capacity, operational efficiencies, design & engineering strengths and quality standards shall have to be very carefully evaluated prior to award of sub contracts to them. Similarly, the primary contractor shall have to ensure that sufficient provisions have been made to meet any uncertain events or under performance by the sub contractors. Plan 'B' - in corporate terms, could well augment risk mitigation strategy in the event of such uncertain moments.

**LOOKING FORWARD**

Aswath Damodaran clearly sets out classification risks in to the following:
- Risks to pass through
- Risks to seek out
- Risks to avoid or hedge

A careful analysis of risks in hand would help supply managers to decide whether to seek that risk or to hedge or to pass through to other stakeholders in the chain. When a risk is clearly expected during the supply process, if the returns are expected to be high, hedging would be the best mitigation strategy. Similarly, supply managers would also have to consider when to avoid a risk if the resultant returns are expected to be in the negative.

Some of the characteristics of risk mitigation strategy could be a clear visibility of supply process amongst all stakeholders of the chain, control procedures in place, continuous monitoring of the process and confidence in the process itself. Ensuring continuity and adequate protection mechanism in the form of hedging also helps in facing the disruptions. Logical payoffs and tradeoffs would go a long way in ensuring converting the dangers into opportunities and liquidating the risks.

Another important factor in risk liquidity would be adequate frame work and organizational support spread across enterprise. Enterprise level risk management strategy would add strength and convey the confidence to executives in handling and liquidating disruptions during a supply process. The key to success is not to avoid risks but to analyze the risks, weigh the pros and cons, calculate the loss and gains and hedge if necessary and drop out if loss outweighs gains.

The results of research work by the author on Construction Supply Chain delay attributes and related risks would be shared with wider SCM community through this forum on completion with liberal feedback from practicing community.
Japanese Finance Minister Yoshihiko Noda proposed an "Asia Cargo Highway" as Asia's long-term goal to create seamless flows of goods in the region to be realized by 2020. Measures include the development of an Authorized Economic Operator (AEO) program in each country and conclusion of mutual recognition arrangements (MRAs) of the AEO programs. Among the other measures will be the establishment of a national single window (NSW) system in each country and expansion of international interoperability between the systems, as well as other basic trade facilitation reforms that are necessary for modern customs administrations.

DHL will provide free logistics support to aid the delivery of relief supplies to affected areas of Japan following the March earthquake and tsunami.

Transport infrastructure in the Philippines will get a major boost next year when Laguindingan Airport in Mindanao opens for business.

Consultant Drewry and electronic derivatives platform Clear trade Exchange have teamed up to launch a weekly index covering 11 routes on the major east-west trades.

The freight is growing containership fleet has returned to pre-crisis levels, with just over 70 ships recorded as unemployed. The latest figures from analyst Alphaliner show that the idle fleet has reached a 30-month, low with 71 ships, or 134,000teu, laid up.

The Semiconductor Industry Association (SIA), representing US leadership in semiconductor manufacturing and design, has announced that worldwide sales of semiconductors were $25.3bn for the month of March 2011, a 2.5% increase from the prior month when sales were $24.7bn, and an increase of 8.6% from March 2010.

Exporters and importers around the world remain optimistic about trade prospects in the next six months despite increasing concerns about rising costs, reduced profitability and volatile demand.

Toll Group has announced the successful establishment of a new US$400 million three year multi currency syndicated debt facility as part of the Group's debt refinancing program, to replace existing facilities. The new facility ensures Toll's future financial flexibility and supports their ongoing investment in growth via both capital expenditure and acquisition.

International air freight traffic grew 3.7 percent in March over the same month a year ago despite a decline in shipping in Asia following the Japanese earthquake and tsunami, the International Air Transport Association said.

Amazon.com plans to build its eighth logistics center in China this year, Chinese officials said Tuesday. The company's newest warehouse is slated for construction in Kunshan, a city in China's Jiangsu Province. Once finished, it will be the online retailer's largest logistics center in the country at 100,000 square meters.

Coca-Cola is planning to implement a greener method of moving product around its warehouses. Coca-Cola Consolidated will be using hydrogen fueling system for materials handling equipment produce by Linde, one of the world's largest hydrogen energy producers and alternative fuel technologies. Starting in June, Coca-Cola Consolidated's Charlotte, NC, distribution center will begin using forklift trucks that will run on green hydrogen produced and supplied by Linde. There will be three indoor dispenser stations that will provide hydrogen to than forty pieces of materials handling equipment operating inside the distribution center.

The battle over 100 percent scanning of U.S.-bound ocean containers is taking another sharp turn in a partisan skirmish over maritime security. A bill to reauthorize the 2006 SAFE Port Act includes a provision that would suspend the July 2012 deadline for scanning all containers before they board a U.S.-bound vessel.

In a recent report from Thomson Reuters, the analysis shows that consumers are evenly split when favoring convenient packaging over environmentally-friendly packaging. In their report, "Convenience v Conscience", the authors have found the consumers are lacking the information to choose environmentally-friendly because they are unclear on what it is. Consumers lack the skills to identify environmentally-friendly as there appears to be no clear definition of what green packaging is. Consumers need to be better educated as to what environmentally-friendly packaging is and how its use can improve the environment. Along with this there needs to be an improvement on the identification of packaging.
**BRANCH NEWS**

- BANGALORE BRANCH
- CHENNAI BRANCH
- CHANDIGARH BRANCH
- HUBLI BRANCH
- KOLKATA BRANCH
- LUCKNOW BRANCH
- MUMBAI BRANCH
- NASIK BRANCH
- PUNE BRANCH

**BANGALORE BRANCH**

**19.04.2011:** As part of MM week Celebration, IIMM, Bangalore Branch was organised a Plant Visit to ICD. About 24 students and Members participated in the visit. Participants felt that this visit has provided practical knowledge on various aspect related to Customs clearance & Import & Export Procedures. Mr. Vijaya Vittala, E.C. Member co-ordinated the program.

![A view of Participants - Plant visit on 19.04.2011 at ICD](image)

**20.04.2011:** As part of MM Week Celebration, Branch was organised a Lecture Program on “Executive Health Awareness for the benefit of Students and Members. Speaker was Dr. B.S. Srinath, MS, FRCS (Edin) FRCS (Glas) Consultant Surgical Oncologist & Managing Trustee Sri Shankara Cancer Foundation. The program ended with a lively interaction by the members with speaker.

![Mr. Chakravorthy Deaprasad, Practice Head-Sourcing & Procurement, Infosys BPO, Bangalore delivering Key Note Mr. C. Subbakrishna, SRVP, administered Oath of IIMM, Code of Ethics.](image)

**23.04.2011:** The final event – Materials Management Day – was celebrated in the evening on 23rd April 2011 at Rotary Club, Lavelle Road, Bangalore. Theme was “Contain Inflation-Optimize Supply Chain”. S.B. Lovekar, Director, Bosch Management Services India (BMSI) was the Chief Guest and Mr. Chakravorthy Deaprasad, Practice Head-Sourcing & Procurement, Infosys BPO, Bangalore was the Key Note Speaker. Mr. V. Harish, Branch Chairman welcomed the gathering. Mr. P.M. Biddappa, Vice President (South) gave presentation about IIMM Activities and briefed on the MM Day. Chief Guest Mr. S.B. Lovekar, Director, Bosch Management Services India (BMSI) addressed gathering gave away the prizes to the winners of Essay Contest, Quiz Competition, Debate Competition and Best Supply Chain Manager Competition. Mr. C. Subbakrishna, Sr. Vice President & Mr. K.C. Harsha, National Councilor Honoured Senior Members who have completed 25 years and above as member. Mr. Channabasappa, Branch Vice Chairman, proposed formal vote of Thanks. Mr. D. Subramani, Branch Secretary was the Master of Ceremony.

**28-29.04.2011:** Two days workshop on “Developing Supply Strategies” based on Modular Learning Systems, ITC UNCTAD/WTO was organised at Hotel Royal Orchid Central. Workshop was handled by the Sr. Faculty and Trained, and certified by MLS, ITC. The interaction and feedback was extremely encouraging which was attended by delegates.
11.05.2011: A Study Circle Meeting was organised on 11th May 2011 on “Commodity Pricing” by Mr. Ajit Kumar, Asst. General Manager (Materials) L & T Komatsu Limited, Bangalore. Mr. C. Subbakrishna, Sr. Vice President, IIMM welcomed speakers and addressed the students/members. Mr. Vijay Vittala, E.C. member introduced the Speaker. The program ended with a lively interaction by the students/Members with speaker.

Mr. Ajit Kumar, AGM (Matls) L&T Komatsu Addressing the Gathering & Mr. C. Subbakrishna, Sr. Vice President, addressing the gathering

CHENNAI BRANCH

Report on Monthly Meeting on "Union Budget Implications on Indirect Taxes" on 6th April 2011: IIMM Chennai Branch organized a meeting on "Union Budget Implications on Indirect Taxes" on 30th March 2011 at Hotel Deccan Plaza. The meeting was presided by Mr. N Swayambhu, IIMM Chennai Branch Chairman.

Mr. K.K. Sekar, DGM - Taxation (Indirect Taxes), Ashok Leyland Limited gave a presentation on "Union Budget Implications on Indirect Taxes". The presentation was excellent and was well appreciated by the members. The programme was well attended and there was good interaction after the presentations.

Mr. V. Seetharaman, our IIMM Chennai Branch Vice Chairman gave vote of thanks. The meeting was coordinated by Mr. C Chandrasekaran, Chairman monthly meeting.

Chennai Branch level and Regional level - SCM Quiz 2011

As like every year for the MM week, we organized SCM Quiz 2011 both state level & Regional level [Southern India]. This time, it made a big difference in terms on overwhelming response from many organizations and from different verticals. We had to say no to many organizations. We had to put stop with 15 teams and the representations were from Foster Wheeler, Delphi TVS, Accenture, Rane Madras, Wheels India and Vestas Wind.

On 3rd of April we conducted the state level SCM quiz and the team from Delphi TVS and Vestas Wind bagged the Winners award with tie in place. The Delphi TVS team comprised N. Sriram Chari and C. Jayabharathi while K.N. Gopinath & Vijay Mani from Vestas Wind.

On 17th of April we conducted the regional level SCM quiz. The top three teams from Tamil Nadu with representations from Delphi TVS, Vestas wind & Foster wheeler and Two Teams from Bangalore with representations from L & T Komatsu participated in it.
The team from L & T Komatsu bagged the Winners award and Delphi TVS bagged the Runners.

The teams were felicitated during MM Day celebrations on 23rd of April 2011. The quiz was well organized with Mr. V. Seetharaman as the convenor, Mr. T.K. Padmanabhan as Quiz Master and Mr. Arshad Mohammed Thanveer as the content compiler.

Materials Management Day

The 28th Materials Management Day was celebrated by Chennai Branch on 23rd April 2011 at Hotel Deccan Plaza. Chief Guest was Mr. N.S. Sivaraman, VP, L&T Projects (Retd).

IIMM Chennai along with Tecpro Systems Ltd has instituted IIMM - Tecpro outstanding SCM Manager Award this year. After perusing the nominations received from various companies and individual Supply Chain Managers. Mr. P. Sukumaran, Head SCM at Titan Industries limited, Housur was selected by award committee and awarded "Outstanding Supply Chain Manager - 2010" award. The award containing a citation and memento were awarded to Mr. P. Sukumaran, Titan Industries Ltd by Mr. N.S. Sivaraman, VP, L&T Projects (Retd) our Chief Guest.

More than 65 MM/SCM professionals including past National President Mr. S. Krishnaswamy, past Chairmen, distinguished members and EC members attended the MM Day celebrations.

Mr. M. Sundaram outlined the details about IIMM - Tecpro award for which more and more companies will compete in the coming years. Mr. N S Sivaraman in his address lauded the efforts of Chennai Branch of IIMM in all their activities.

Mr. N. Swayambhu, Branch Chairman welcomed the gathering and Mr. T.A.B. Barathi, Hon. Secretary who thanked the companies and professionals who participated and also thanked Mr. A.K. Bishnoi, CMD of Tecpro Systems for his excellent support in helping us to institute IIMM - Tecpro award. All the invitees were treated to an excellent dinner. Mr. Karthi Dore, IIMM Chennai EC Member who was compiled entire MM day celebrations.
Coimbatore IHT for Hospital personnel

IIMM Chennai branch organized a custom-designed Skill development programme on "Inventory Management & Lead time reduction" for personnel from various hospitals at Hotel park Plaza, Coimbatore on 17th April. The contents and methodology of the programme were developed based on interactions with hospital stores and materials personnel. 32 persons participated. In this interactive session anchored by Mr. Kartik Dore core faculty for the programme from IIMM Chennai aspects specific to inventory management covering different types of materials used in hospitals were highlighted for developing the best practices for each hospital. Illustrations and examples drawn from real life situations were taken up in group activities to enhance the competence level of participating personnel. Supported by Mr. V. Ramachandran co-coordinating IHTs, participants could share their own practices which can be developed based on current trends in hospital materials management.

Mr. Shankar Subramanian Regional Sales Executive of Ethicon division of Johnson & Johnson Chennai presided the valedictory function

Joint Video Programme with MMA

A Joint Video programme was organized with MMA on 20th April 2011 at "V.Harihan Hall" at IIMM Office. This video from the archives of MMA was on "Leadership Empowerment". More than 15 participants from MMA & IIMM enjoyed the video show. Mr. TAB Barathi, Hon Secretary, IIMM Chennai Branch was the moderator and the interaction was lively.

CHANDIGARH BRANCH

Materials Management (MM) Day was celebrated by the branch on April 23rd 2011 at Sip-N-Dine, Chandigarh. Around 40 members attended the celebrations. Acting Secretary Sh. V. S. Maniam welcomes the members and invited dignitaries to the Dias. Dr. A.K. Saihjoal branch chairman delivered his inaugural address and highlighted the importance of the MM Day. He emphasized the need of practicing ethical norms in all sphere of life for peaceful & graceful living. He complemented Anne Hazzare’s movement for weeding out corruption, which is eating away the very vitals of our country. Dr. Saihjoal felt the need to ‘resolve’ to bury the corrupt practices forever in order to make our country and the whole world a better place to live in. If we all achieve even if a bit of it we would have satisfaction of having achieved our goal.

Quizmasters - Sh. T.K. Magazine, Dr. A.K. Saihjoal, Sh. S.K. Sharma, Sh. O.P. Longia & Sh. V.S. Maniam

Dr. A.K. Saihjoal Branch Chairman delivered his inaugural address

Sh. O.P. Longia administered the oath of “Code of Ethics” adopted by NHQ which embodies principle of ethical behavior. All the members stood up with right hand raised while taking oath. He further informed that this year NHQ has circulated a theme “Contain Inflation- optimize
Supply Chain” for discussion on MM Day. He gave a brief overview of inflation, reason for inflation & how it affects the Supply Chain. He also gave tips to counter inflation to optimize Supply Chain to achieve overall objectives to contain it.

Sh. S.K. Sharma, Past National President of the IIMM, congratulated the branch for its developmental activities & commendable efforts in organizing all the events during year 2010-2011 in a great fashion. He expressed his overall happiness about the action taken by the branch in communicating members for its monthly lecture on the basis of feedback received from one of the members in the last meeting.

Sh. S.K. Sharma & Sh. T.K. Magazine- Distinguished Member conducted a MM Quiz, was participated by four teams. Sh. S.K. Sharma, acted as Quizmaster, which covered latest as well tough question and were of highest standard by all means. Following teams participated in Quiz & their positions in the Quiz were as follows:

Position Team
1st Sh. Jaspreet Singh & Sh. Pradeep Dandiya
2nd Sh. Rohit Pant & Sh. Sanjiv Saharma
3rd Sh. Sandeep Goel & Sh. M.K. Khanna
4th Sh. M.S. Arora & Mr. Praveen Singla

The awards were given to 1st Position Team - Sh. Jaspreet Singh & Sh. Pradeep Dandiya

The awards were given to 2nd Position Team - Sh. Rohit Pant & Sh. Sanjiv Sharma

The awards were given to 3rd Position Team - Sh. Sandeep Goel & Sh. M.K. Khanna

The awards were given to 4th Position Team - Sh. M.S. Arora & Mr. Praveen Singla

The awards were given to all of them as a token of appreciation.

Taking oath ceremony branch members

Mr. Dilip Manchanda Life Member recites the poem highlighting importance of National Language Hindi in our day-to-day life. Acting Secretary Mr. V.S.Maniam concluded programme with Vote of Thanks.

HUBLI BRANCH

A seminar on Taxation was conducted on Taxation—particularly the e-sugam, recently introduced in the State
of Karnataka, to have the audit trail of Goods entering the State availing VAT. The Guest Speaker was Mr G.B.Goudappagol, Deputy Commissioner of Commercial Taxes, Govt. of Karnataka, Hubli. This was a free seminar. All prominent industries of this area had participated in this. This was attended by more than 50 participants. Among the important ones was the President of Karnataka Chambers of Commerce & Industry, Hubli Mr M.C.Hiremath, Head Supply Chain, Telcon Mr Ajitab Kumar, Controller of Stores and Procurement, NWKRTC, Mr Suresh Babu, besides participants from South Western Railway. The function was presided by the Branch Chairman Mr R.K.Aherwar.

Left Mr R.K.Aherwar, Branch Chairman, Centre- Mr G.B. Goudappagol, Dy Commissioner of Commercial Taxes, Right-Mr B.S.Rangnath, Hony Secy IIMM Hubli

KOLKATA BRANCH

CELEBRATION OF MM DAY’ ON THE THEME ‘CONTAIN INFLATION - OPTIMIZE SUPPLY CHAIN MANAGEMENT SYNCHRONIZING 27 ANNUAL CONVOCATION

Kolkata Branch celebrated ‘Materials Management Day’ synchronizing 27th Annual Convocation on 21st April, 2011 at Kalakunj Hall in a befitting way. The theme of the MM Day, as selected by the NHQ, was ‘Contain Inflation - Optimize Supply Chain Management’. Since the 23rd April, 2011 being Saturday and Assembly Election to West Bengal Legislative Assembly is ongoing, the celebration of MM Day was clubbed with 27th Annual Convocation of the Branch. It was a dazzling show primarily organized by the budding professionals who have successfully come out with &DMM. More than 150 members with spouse, guests and passed-out students turned up and enjoyed the evening.

Mr. Minal Shanghavi, Associate Director, Ernst & Young, graced the occasion and deliver the Key Note Address on the MM Day Theme - ‘Contain Inflation - Optimize Supply Chain Management’. In his lucid presentation, he visualized the topic before the practicing MM Professionals, guests and passed-out students.

Prof. Balram Avittathur of Indian Institute of Management Calcutta, also grace the occasion as the Chief Guest and delivered Convocation Address. Primarily he focused on the topics of Supply Chain Management and his discourse about the topic was attractive and inspiring to the budding as well as practicing professionals.

Finally Mr. Minal Shanghavi and Prof. Balram Avittathur handed over the GDMM Diplomas to the passed-out 6DMM students wearing Graduation’s regalia. Sold Medals were also awarded to the respective students of each Batch for securing 1st Class First Position.

At the beginning, Mr. Sudhin Mitter, Hony. Secretary, IIMM Kolkata Branch, offered introductory remarks and welcomed the Chief Guest, Key Note Speakers, past Chairmen and members of the Branch and particularly the passed-out students and their family members. Mr. T
K Mukherjee, Officiating Chairman, also welcomed all to the MM Day Celebration and Annual Convocation. Mr. Minal Shanghavi and Prof. Balram Avittathur were felicitated with Bouquet and Memento.

On conclusion of the Official Programme, the Stage was duly handed over to Team Nachiketa and Nachiketa kept the audience spellbound for an hour with enchanting musical soiree. The whole programme was concluded offering mouth-watering sweets packet to all.

LUCKNOW BRANCH

23.04.2011 Evening : All the present were welcomed, congratulated and greeted on the IIMM Day. IIMM day celebrations commenced with a presentation from State Bank of India, Main Branch Lucknow. The presentation party was led by Mr. S.K.Tandon AGM and included Ms. Vineeta Goel, Mr. Anup Srivastava, Mr. Uttam Verma and Mr. Vivek Oberoi.

Mr. S.K.Jha, MD, HAL presenting Best Faculty Award to Mr. K.G. Mishra

The topic of presentation was Loans, Corporate Salaries, SBI Mutual Fund and other related issues. The party on arrival was greeted with pleasantries.

Ms. Vineeta Goel started her presentation with Loans with power point presentation showing various comparisons. Mr. Anup Srivastava, Mr Uttam Verma and Mr Vivek Oberoi highlighted about SBI Mutual Fund. They even said that 40% return is available over a period of One year. Duration of the presentation was one hour.

A view of the gathering listening to Ms Vineeta Goel’s (SBI) presentation.

The presentation was appreciated by all present. SBI Team distributed the literature on the subject. A Memento was presented to Mr. S.K.Tandon AGM by Mr. P.K.Bajpai. Mr. S.Kha, Managing Director, Hindustan Aeronautics Limited and Past Chairman of the Branch was also present.

SBI Presentation Team with other SBI Officials and AGM SBI

Last Year during Natcom at Bangalore Mr. K.G.Mishra was declared Best faculty and the award was handed over to him by Mr. S.Kha MD(HAL). Mr. Mishra is also a past Chairman of the Branch and without his address none of our Program is complete. Mr. Mishra Thanked everybody at national level and branch level for appreciation of his services and also wished many happy IIMM days to come and let the Institution flourish. At this juncture the program ended. Ms. Vandana who anchored the program thanked all present.

24.4.2011 : This was the Second Function of the celebration. The program was family get together and dinner. This is the program for which family members wait for whole of the year and enquire about it. While ladies continued with their gossip, Children were playing with each other the elders and other members were seen talking about the current issues. A new place in the city called Aryans Essence Banquet Hall was found and this program was arranged there.
As the evening grew Members with their families started flowing in. While Snacks were being served to all, The Dinner was announced at 9.30 P.M. when the gathering was at its peak. M/s Aryans served the sumptuous dinner which everybody appreciated. The attendance was 280 including Family Members. This was one program where members come with their families and enjoy. The Dinner concluded at 1045pm.

MUMBAI BRANCH

MATERIALS MANAGEMENT WEEK CELEBRATIONS

Mumbai Branch celebrated MM Week 2011 in a befitting manner with a series of programs tailored to meet the needs of different sectors - Members and their families, Students, Industries etc. Brief details of the programs are given below:

Evening Seminar on "Risk Mitigation in Supply Management" : This was the first program of MM Week and was held at Hotel Satkar Residency, Thane on April 15, 2011. There were two speakers who covered the topics excellently:
Mr. N Sukumar, Sr. Vice President - Supply Chain Management, Reliance Industries Ltd spoke on "Risk Mitigation in Supply Management" and Mr. Ajit Tamhane, Director, Lisaline Life science Technologies LLC, spoke on "Risk Management in Cold Chain Logistics". The program was very well attended with more than 70 delegates from various industries as well as our students. The participants evinced keen interest in the proceedings and there was lively interaction with the speakers. Mr. B V Iyer, IPP, graced the occasion with his presence and also addressed the audience. Mr. Veer Sidhwani, Invitee Member of Branch EC coordinated the program.

Morning Seminar at Taloja on "Achieving Success in Supply Chain Management --- An Inter-active Session"
Mumbai Branch organised a morning seminar at Taloja on "Achieving Success in Supply Chain Management" on April 20, 2011. The seminar was delivered by Mr. A C Sukhtankar, President, Innova Life Science Ltd., and senior member of IIMM, delivered the seminar and deliberated on the key principles and skill sets needed for achieving success in supply chain management. It was highly appreciated by the audience consisting of more than 50 participants from various industries in and around Taloja. Mr. P Subramanian, M.D. of E-star Commerce Exchange LLP (who supported this program) gave a presentation on the facilities available with his organisation, for the benefit of members. Dr. R S Shete, Director-Membership Development, coordinated the whole program.
A two-day Certificate Course on "Enhancing Supply Value Chain through Effective Strategic Procurement" was held on April 29 & 30 at Goregaon Campus. The topics covered during the course were "Determining Factors in Procurement", "Analysis of Supply Markets", "Developing Supply Strategies", "Negotiations", "Supplier Relationship Management", "Developing Soft Skills" etc.

The individual topics were conducted by expert faculties - Mr. S K Murthy, Mr. M H Varma, Mr. S M Haldankar, Mr. G R Apte, Mr. A R Sarkar, and Mr. N Krishnamoorthy - all expert faculties with long years of professional and industry experience. About 15 participants from a cross-section of Industries attended the course and were awarded Certificates at the end of the course. Mr. N Krishnamoorthy, senior invitee member of Mumbai Branch conceptualized the course format and topic contents and coordinated the entire course.
CONVOCATION -2011: Mumbai Branch conducted the Convocation -2011 for the presentation of GDMM Diplomas to the Passing out Students of 2007-2008 Batch.

The event was held on the evening of Saturday, 7th May, 2011 at Mayfair Banquets, at Worli, Mumbai. Mr. Sridharan Jayaram, President, Aditya Birla Group, was the Chief Guest, and delivered the Convocation Address and distributed the GDMM Diplomas to the Students. Mr. Surendra Deodhar, Chairman of Mumbai Branch welcomed the Chief Guest and the students, faculties and other dignitaries. He spoke about the initiatives of Indian Institute of Materials Management for over 40 years, for the cause of dissemination of materials management knowledge and skills amongst practising professionals.

Mr. Ashok Mhatre, Hon. Secretary, addressed the audience and dilated upon the various courses being offered by IIMM along with GDMM to cater to different levels and focus areas of Supply Management. The Chief Guest Mr. Sridharan Jayaram, addressed the students on the value of professional education in enhancing one's skill-set and crucial role of Supply Chain Professionals in setting World Class Manufacturing Standards. He complimented the Students for having come out successful in their GDMM Program. He praised IIMM for doing such yeoman service for the cause of professional education. Couple of Graduating Students, Mr. Ajay Desai and Mr. Pradeep Pevekar shared the joys of their educational journey with IIMM, and also narrated as to what extent the GDMM learning had helped them in their Career. The students and other invitees were entertained with a sumptuous dinner.

Soft-skill Training Program for our Students

Mumbai Branch, as part of their initiatives to upgrade the skill-sets of students organized a Free Workshop on Public Speaking Skills, on Sunday, 24th, April, 2011, at Jayaleela Banquets, Goregaon East, as a Full Day event.

Mr. AC Sukhtankar, one of our popular Faculties, conducted the Workshop. The program was designed in such a way by the faculty, that after a session on the essentials of planning the contents of the address, body language, voice modulation, opening / ending, recapitulation, clarity and precision in the thought-process, interaction with listeners etc, some hand-picked students were asked to address the participants on selected theme.

Their addresses were video graphed and played back. The Faculty and the participants themselves critically examined the shortcomings on each address in terms of the aforesaid key elements.

In the Second Session, the same participants were given a different theme and were asked to deliver a second address, taking care to avoid the pitfalls committed earlier by them.

More than 40 students turned out for the Workshop. The feedback was a clear enhancement of their confidence level in addressing a gathering on any theme.

In the afternoon Session, the students were treated to private viewing of the famous Oscar Winning Film, "The Kings Speech", which highlights the need for repeated practice and will-power to overcome our shortcoming in any activity, let alone Public Speaking.
Mr. Ashok Mhatre, Course Coordinator and Hon. Treasurer of the Branch, thanked Mr. Sukhtankar for having developed such wonderful Workshop to help the student community to acquire skills of addressing a gathering with confidence and appeal.

Mr. V. Balasubramanian, Director-Education, planned and coordinated the event very endearingly.

Matquiz 2011 - Preliminary

Mumbai Branch conducted its highly popular program - "Matquiz 2011 - Preliminary" - a uniquely designed competition to challenge the domain knowledge of Supply Chain Professionals, on Sunday, May 1, 2011, at our Goregaon Campus. 25 teams from reputed organisations such as ONGC, Siemens, ACC, Hindustan Unilever, Gharda Chemicals, Paper Products, Godrej Appliances, Konkan Railway, BPCL, HCC, Mahindra & Mahindra, Reliance Industries, GDMM Student teams etc. participated in the competition. Some companies sent several teams for the competition.

Mr. Surendra Deodhar, Chairman, Mumbai Branch, inaugurated the program. Mr. B V Iyer, IPP, graced the occasion with his presence and addressed the gathering.

Ms. Hemaprabha Vasa, ex-GDMM student and invitee member of EC, along with the team of volunteers, designed the format of the contest and compiled the questions under the guidance of Chairman and other senior members. Mr. Amit Arora and Mr. Diju Kumar manned the Scoring Panel.

Mr. G R Apte, Mr. Ashok Mhatre, Mr. Ajoy Sarkar acted as Quiz Masters. Mr. Pradip Saha, Mr. D. Pushparaj, Mr. Surendra Deodhar and Mr. B V Iyer, were the Moderating Judges for the Event.

Family Get-Together

As part of MM Week Celebrations, Mumbai Branch organised a Get-Together of members and their families as well as students, on April 23, 2011, at "Landmark" (Party Hall), Goregaon. The program included orchestra, singing, dancing, mimicry, Games, etc. and provided a platform to the participants to exhibit their histrionic talents. Approximately 100 persons included students participated in the program. The event provided a platform to students to inter-act with senior members of the Institute.

The whole program was conducted under the guidance of Mr. N D Sadri, Vice Chairman.

In-House Training Programs

Apart from the various programs connected with MM Week Celebrations as detailed above, Mumbai Branch also conducted In-house Training programs as under:

In-house program at Hindustan Construction Company Ltd (HCC) on April 16, 2011

A One-day in-house training program was conducted at HCC Ltd. at their Vikhroli Works on April 16, 2011, on "Strategic Negotiating" based on MLS Module 7. This
was in continuation of earlier programs covering different batches of their employees. Approximately 10 participants attended the program. The topic was covered by Mr. B V Iyer, IPP, a popular and expert faculty on this subject, with long years of professional and industry experience. Mr. S K Murthy, Director-Programs coordinated the event.

In-House program at Mahindra & Mahindra Ltd. (M & M) Nagpur on April 18 & 19, 2011

A two-day in-house training program was conducted at M & M Ltd. at their Nagpur Works on April 18 & 19, 2011, on "Strategic Negotiating" based on MLS Module 7. This was also in continuation of earlier programs covering different batches of their employees. Approximately 12 participants attended the program. The topics were covered by Mr. G R Apte and Mr. S K Murthy, both expert faculties on this subject, with long years of professional and industry experience. Mr. S K Murthy, Director-Programs, coordinated the event.

NASIK BRANCH

MM Day Celebration: Nasik branch celebrated Materials Management (MM) Day on 23rd April 2011 at Hotel Emerald Park, Nasik. The MM day celebration started with the welcome address by Mr Kiran Rakhe, Branch Chairman. He highlighted the importance of the day and listed out the various achievements and activities organised by Nasik Branch during the financial year. Mr. Laxmikant Dashpute, Hon. Secretary introduced the prominent speaker Mr. Shrinivas Mantri, General Manager - Finance, Mahindra & Mahindra Ltd. Mr. Shrinivas Mantri given a detailed and informative presentation on the MM Day theme ‘Contain Inflation - Optimize Supply Chain.’

He also shown a brief video clip on the working capital which was very much informative and appreciated by the audience. The NC Member, Mr. H.W.Aher, introduced the second speaker Mr. Narendra Goliya, M.D, Rishabh Instruments P Ltd. Mr. Goliya gave a thought provoking lecture on the subject which covered Global recession, inflation, Complexity and unpredictability and various factors linked to Supply Chain professionals.
Mr. Laxmikant Daspute, Hon. Secretary introduce the faculties to the audience.

Mr. Narendra Goliya, M.D. Rishabh Instruments P. Ltd., delivering lecture.

Further, he gave different tips from his practical experience how one can respond in even difficult situations by adopting a flexibility approach. The lecture was well appreciated by all members. Mr. A.A. Hasabnis National Council Member administered the ‘Oath ceremony’ to all members by raising their hand for observing IIMM Code of Ethics which embodies principle of ethical behaviour. He gave away vote of thanks and the programme was well attended and followed by dinner.

**PUNE BRANCH**

Evening programme on 5th, February 2011 at Hotel Kalasagar: As part of our lecture series to enhance the knowledge the members a evening programme was arranged on the topic "PURCHASE TO PAYMENTS" - A SEAMLESS EXPERIENCE. This was done in association with Sparkplugs Educational & Learning Services.

We are all aware that in the present business scenario Information Technology & IT enabled services have come to play a significant role in our day to day work. Keeping this in mind this programme was arranged.
The programme began with our Chairman Mr. Vijay Laghate welcoming the guest and presented bouquets. Mr. Mohan Nair our past Vice chairman and Life member gave the welcome address. He spoke of his association with IIMM and on the activities of Sparkplugs Educational & Learning Services. He emphasized on the importance of the IT & IT enabled services to improve the performance of an individual & company.

Mr. Dinesh Poduval (Process Developer) made an effective presentation on Process Automation. He spoke of the need for the same and the benefits to the organization. Experiences with customers were also shared and the gains they have made from the process automation. A few examples were also demonstrated for the benefit of the members.

Mr. Punit Jain (Global Sales Head) Datamatics Global Services spoke on how products and services can help to achieve zero defect performance. He shared his experiences on the same with help of a presentation.

The topic generated a lot of interest among the members and this followed by a question and answer session. Mr. Prashant Bendre our Past Vice President who graced the occasion was felicitated by Chairman Mr. Vijay Laghate. The programme was attended by over 125 members & guests. This was followed by dinner wherein members had an opportunity of interacting with other members and networking.

FAMILY GET TOGETHER OF IIMM PUNE CENTRE

Chairman Mr.Vijay Laghate felicitating Mr.Vikas Bhure for Completing IPSCM course successfully.
IIMM Pune Branch organized a Family Get Together of members at Shivsamarth Hall at Paud Road Pune. Total 150 No. of people attended the programme. The entertainment programme of orchestra by Mr. Anay Gadgil and his team was arranged during this get together.

Chairman Mr. Vijay Laghate welcoming Past National President IIMM

Felicitation of Awardees for YMM Competition held at Bangalore.

Chairman Mr. Vijay Laghate distributed the mementos to the two teams who won 1st & 3rd prize during Young Materials Manager’s Competition conducted in NATCOM 2003 held at Bangalore. The mementos were awarded to Mr. Swaroop Kulkarni
Mr. Mukunda Prasad
Mr. Rajesh Dhake
Mr. Ramesh Patil

All above participants were from M/s Godrej & Boyce mfg co ltd. Mr. V. V. Joshi Past Chairman conducted the programme.

Mr. Pinak Kulkanri - Life member was also felicitated who completed one week 'Train the Trainers' programme arranged by ITC Geneva at Mumbai during 21st to 25th Feb 2011. Mr. S. J. Lale Past Chairman felicitated Mr. S. N. Barate securing first class in GDMM Course. The get together was concluded with Dinner.
MEMBERSHIP FORM

INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Plot No. 102 & 104, Sector 15, Institutional Area,
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E-mail : iimmnhq@mtnl.net.in

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#### ITEMS ON RATE CONTRACT

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- The contracts listed above are valid from the start date to the end date specified.
- For items that require specialized care or have unique specifications, additional contracts may apply.
- Always verify the specific details and terms of the contract with the relevant authorities.
Green tea improves quality of life

Previous studies have shown that people who consume the highest levels of green tea tend to have lower risks of several chronic degenerative diseases such as cardiovascular disease and osteoporosis.

Now, a new study has suggested that drinking green tea and practicing tai chi may promote bone health as well as reduce the risk of inflammation in postmenopausal women.

Researcher Chwan-Li Shen, an associate professor and a researcher at the Laura W. Bush Institute for Women's Health at the Texas Tech University Health Sciences Center, focused on postmenopausal women and investigated the potential for green tea to work synergistically with tai chi in enhancing bone strength.

She carried out a double-blind, placebo-controlled, intervention trial that involved 171 postmenopausal women who had weak bones but not full-fledged osteoporosis, for six months.

She placed the women into four groups. One group was given a placebo drug and no tai chi, the second was given green tea pills but no tai chi, the third was given placebo pills but they did tai chi three times a week, while the fourth group had both the green tea pills and did tai chi.

She collected blood and urine samples, and assessed the women's muscle strength.

The results showed consuming the equivalent of four to six cups of steeped green tea daily and doing tai chi enhanced bone health within three months.

A similar effect was found for muscle strength at the 6-month time point.

Perhaps most remarkable, however, was the substantial effect that both GTP and tai chi had on biological markers of oxidative stress, the main precursor to inflammation.

Participants taking tai chi classes also reported significant beneficial effects in quality of life in terms of improving their emotional and mental health.

Shen concluded that there is a 'favourable effect of modest green tea consumption on bone remodeling in this pre-osteoporotic population.'

Set a summer diet plan

It's a natural trend to eat light during summer, and you can easily do so without feeling deprived.

It's also natural for one to opt for a glass of cold fruit juice or an ice cream instead of a hot soup. Interests shift from high calorie foods of winter to low calorie foods. But, dietician Gunasekharan believes that summer is the season when it's easiest to eat healthy.

Drink water

Youngsters usually consume more aerated drinks during the summer. But experts say that water is a smarter choice. Water keeps the body cool and prevents dehydration.

Have a lot of fruits and vegetables

Summer is the best season for a variety of fresh fruits and vegetables; make the most of them. Include at least two servings of fruits and vegetables to your daily diet. Fruit smoothies and milkshakes are easy to make and healthy options. Pan-roasted fresh vegetables or innovative salads are also a tasty option without being heavy on the tummy.

Curd and yoghurt are cool options

Include some form of curd or yoghurt in your meals. Buttermilk is another great cooler. Having a glass of buttermilk or chaas just before stepping out into the sun, helps prevent dehydration.

Get in your protein

Many people tend to reduce their protein intake during the warmer months of the year. However, you should not leave out proteins altogether. It is an important part of your diet.

Salads are for smarties

Eating a lot of fresh salads during the summer months is a great idea. However, when having a lot of salads, you need to make sure that your nutritional requirements are taken care of. A fresh dressing made from lemons and olive oil is going to be a lot healthier than a creamy, mayo dressing.

Make sure that your food is fresh

All the health benefits that you get from eating light summer food may be wasted if you fall sick because you've eaten food that is not fresh.

(Contributed by Banhi Sikha Roy)
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