

(6 pages)

MAY 2014

**P/ID 77582/PMBL2/  
PMSL2**

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Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. Define the international transport system.
2. Explain the methods of transport.
3. Explain the transport terminals function.
4. Define distribution network.
5. Define location analysis.
6. Define transportation regulation.
7. What is meant by market area analysis?
8. Define distribution network.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. Describe the advantages and disadvantages of road transportations.
10. What are the limitations of rail transportation?
11. What are the major effectiveness of airport terminals?
12. Explain briefly traffic assignment.
13. Explain the sources of cost/benefit analysis.
14. Discuss the commercial geography. Briefly.
15. Explain the international transport policy and its methods.
16. How to select and fix the distribution network?

PART C — (1 × 20 = 20 marks)

Compulsory.

#### TENDER NEGOTIATIONS

17. Sen Alkalis (SA) was a large company manufacturing caustic soda. SA was well known in business circle and was producing 55,000 tons of

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caustic soda per year in its plant which was based on a river bank. There was a requirement of 2 Nos. of special transformers for use in their sub-station. The transformers had critical operations of converting AC to DC electricity (Rectifier type of transformers) The budget for the 2 transformers was Rs. 75 lakhs. SA management emphasised that the transformer should be of high quality reliability and good after sale service for smooth running of the plant. SA also plant for a tender for the 2 transformers which was based on a complete turnkey concept of supply, erection, commissioning, testing of the equipment, training of personnel two year normal operation spares and handing over the plant.

The quotations were floated by the Chief Materials Manager (CMM) of SA in two part bid system. The part-I consisted of the technical parameters of the plant and part-II consisted of the commercial and price aspect. The limited tender action was approved by the top management of SA considering the special nature of the equipment and that few names are famous

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in the field. The enquiries were floated to Siemens – Germany, ABB – Sweden, Alstom – France, GE – USA and BHEL – India. The first four parties had good experience in manufacture of such large equipment, whereas the fourth party had no previous experience of building such large transformers.

The technical bids were opened by the CMM of SA per the procedures of the company on the appointed date. The offers of the first four bidders namely, Siemens, ABB, Alstom and GE were technically found suitable. BHEL informed that they are finalising a technical collaboration with Alstom of France for manufacturing of this type of transformers. Based on the reputation of BHEL and broad parameters of collaboration, BHEL was also found technical acceptable.

The price bid from all the five bidders were opened as per normal practice of the company and in the presence of the representatives of the bidders. The price bid opening showed the bare prices as opened were : Siemens – Rs.38 lakhs each, ABS – Rs.37 lakhs each, BHEL – Rs.59 laths each and

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Alsthom – Rs.61 lakhs. GE did not quote. After loading taxes, duties, handling cost, expert costs, technical loading and Net present value there on the inter say tender position was Siemens – Rs,39 lakhs , ABB – Rs.41 laths, BHEL – Rs.60 lakhs and Alsthom – Rs.63 lakhs.

The CMM of SA ordered re-bidding from all the four tenders. The scope was slightly altered, extended warranty for 6 months was added and the few additional spares for the transformers were included. The re-bidding prices that came were Siemens – Rs.48 lakhs each, ABB – Rs. 48.8 laths each, BHEL + Alsthom who made a combine bid – Rs.49.3 lakhs each. The bidding and tender opening procedures were inline with the normal practices followed. The purchase manual of SA had no guidelines for re-bidding and negotiations. BHEL and Alsthom had the strong backing of the French collaborators of the SA. SA management was planning for negotiations with BHEL and Alsthom for finalising the contract. Siemens and ABB started complaining that the unethical methods are being adopted by the CMM of SA to help Alsthom group.

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Questions :

- (a) What are the ethical issues involved in the particular case?
  - (b) Should the purchase manager of SA go for re-bidding
  - (c) Draw guidelines for SA for re-bidding and negotiations.
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