

SUMMER PROJECT REPORT

**“A Study on Logistics and Supply Chain Management of KGN
Scrap Traders”**

Submitted to:

DMSR

G. S. College of Commerce and Economics,
Nagpur, (An Autonomous Institution) Affiliated to:
Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

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**Department of Management Sciences and Research,
G.S. College of Commerce & Economics, Nagpur
NAAC Accredited “A” Grade Institution**



Academic Year 2022 -23



CERTIFICATE

This is to certify that the investigation described in this report titled
“Logistics and Supply Chain Management” has been carried out by
Mr. Mohd Shahanwaj Khan

During the summer internship project. The study was done in the
organisation, **KGN SCRAP TADERS**, in partial fulfilment of the requirement
for the degree of Master of Business Administration of **G.S.College of
Commerce & Economics (An Autonomous Institution) affiliated to
R.T.M.N.U** This work is the own work of the candidate, complete in all
respects and is of sufficiently high standard to warrant its submission to the
said degree.

The assistance and resources used for this work are duly acknowledged.

Prof. Shubhangi Jepulkar
(Faculty Guide)

Dr. Sonali Gadekar
(MBA co-ordinator)

CERTIFICATE



KGN SCRAP TRADERS

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ALL TYPE OF SCRAP BUYER & SELLER

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DATE – 30/10/2022

TO WHOM IT MAY CONCER

This is to certify that **Mr. Mohd Shahanwaj Khan**, student of **Master of business Administration (MBA)** of **G.S. college of Commerce and economics, Nagpur** has successfully completed a summer internship in the field of **Operation Management** from 15 September 2022 to 30 October 2022.

During the period of his internship program with us he had been exposed to different process was found punctual, hard working and inquisitive.

We wish him every success in his life and career.

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KGN SCRAP TRADERS

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ACKNOWLEDGEMENT

It is a matter of pride and privilege for me to have done a summer internship project in “**KGN SCRAP TRADERS**” and I am sincerely thankful to them for providing this opportunity to me.

I am thankful to “**Mr. MOHD SAJJAD KHAN**” for guiding me through this project and continuously encouraging me. It would not have been possible to complete this project without his / her support.

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Finally, I am grateful to my family and friends for their unending support.

MOHD SHAHANWAJ KHAN

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Introduction

Logistics & Supply Chain Industry-

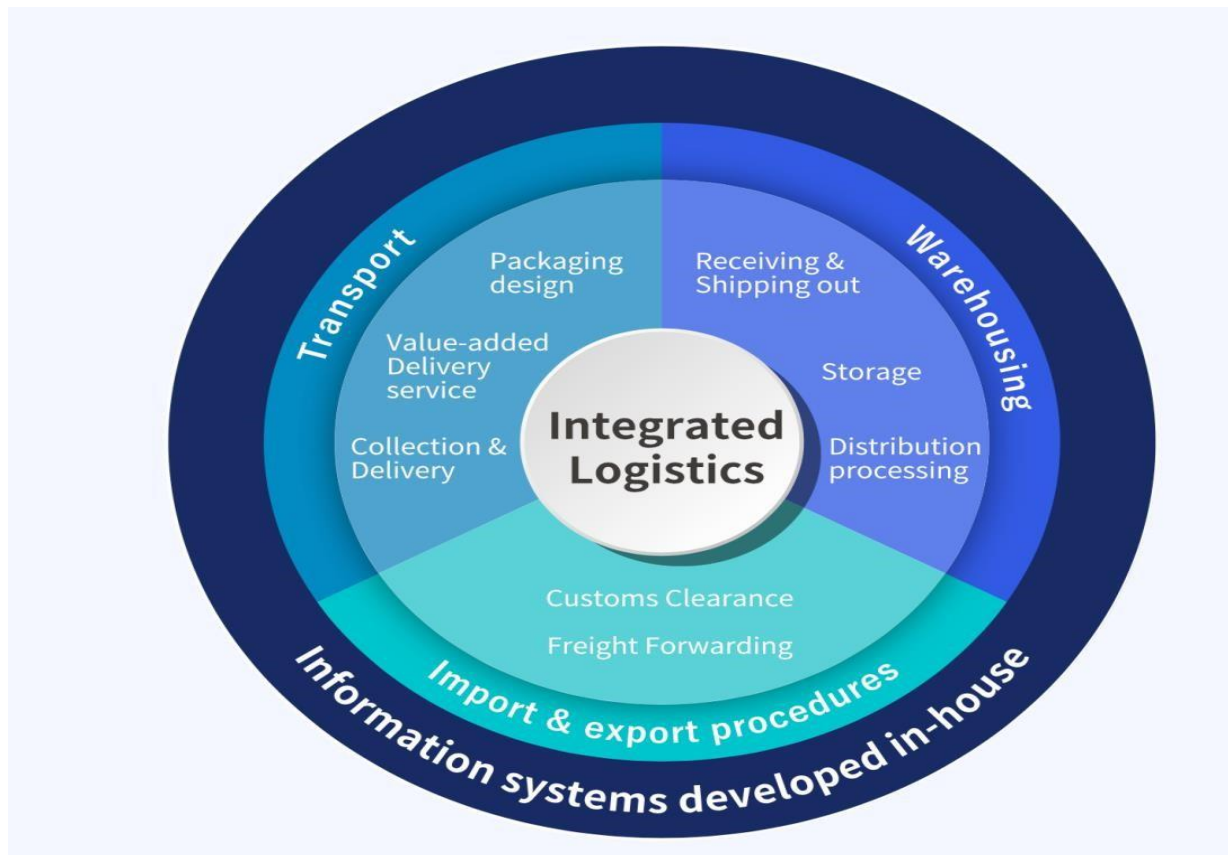
Logistics typically refers to activities that occur within the boundaries of a single organization and Supply Chain refers to networks of companies that work together and coordinate their actions to deliver a product to market. Also, traditional logistics focuses its attention on activities such

As procurement, distribution, maintenance, and inventory management. Supply Chain Management (SCM) acknowledges all of traditional logistics and also includes activities such as marketing, new product development, finance, and customer service" - from Essential of Supply Chain Management by Michael Hugos.



Logistics is about getting the right product, to the right customer, in the right quantity, in the right condition, at the right place, at the right time, and at the right cost (the seven Rs of Logistics)" –from Supply Chain Management: A Logistics Perspective By John J. Coyle et al.4

In the past, various logistics tasks were under different departments, but now they are under "logistics department" and report to the same logistics head as below,



We would like to point out that the word "logistics " ends with the "s".

Without the "s"(logistic), it means a kind of mathematical function showing exponential growth.

Logistics Management deals with the efficient and effective Management of day-to-day activity in producing the company's finished Goods and services "- from Integral Logistics Management by Paul Schönsleben.

MODULES OF LOGISTICS MANAGEMENT SYSTEM

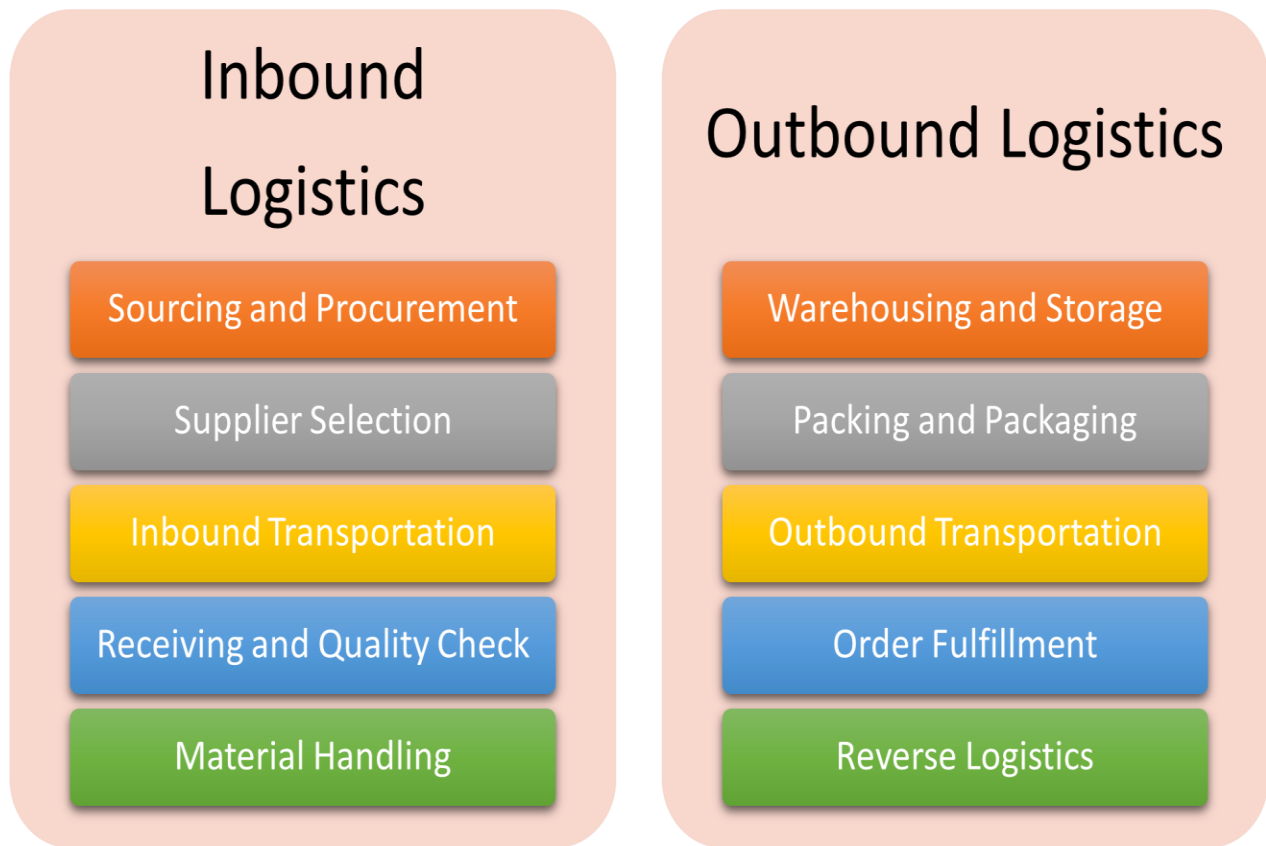


- Order Management Module
- Inventory Management Module
- Freight Management Module
- Warehouse Management Module
- Transportation Management Module
- Manufacturing Module
- Analytics and Reporting Module

"Inbound Logistics refers to movement of goods and raw materials from suppliers to your company."

"Outbound Logistics refers to movement of finished goods from your company to customers"

To illustrate this term, we make a small graphic as below:



As you can see, purchasing and warehouse function communicates with suppliers and sometimes called "supplier facing function". Production planning and inventory control function is the centre point of this chart. Customer service and transport function communicates with customers and sometimes called "customer facing functions".

Transport and Logistics refers to 2 types of activities, namely, transportation (traditional services such as air/sea/land transportation, warehousing, customs clearance) and logistics (value-added services which including information technology and consulting)"



International logistics, global logistics and global supply chain are one of the most ambiguous group of terms out there. They are used interchangeably and often referred to international production and transportation activities. However, most concise definition of **international logistics** or **global logistics** is as below, "International Logistics (also known as Global Logistics) focuses on how to manage and control overseas activities effectively as a single business unit. Therefore, companies should try to harness the value of overseas product, services, marketing, R&D and turn them into competitive advantage".



Global vs. International Logistics

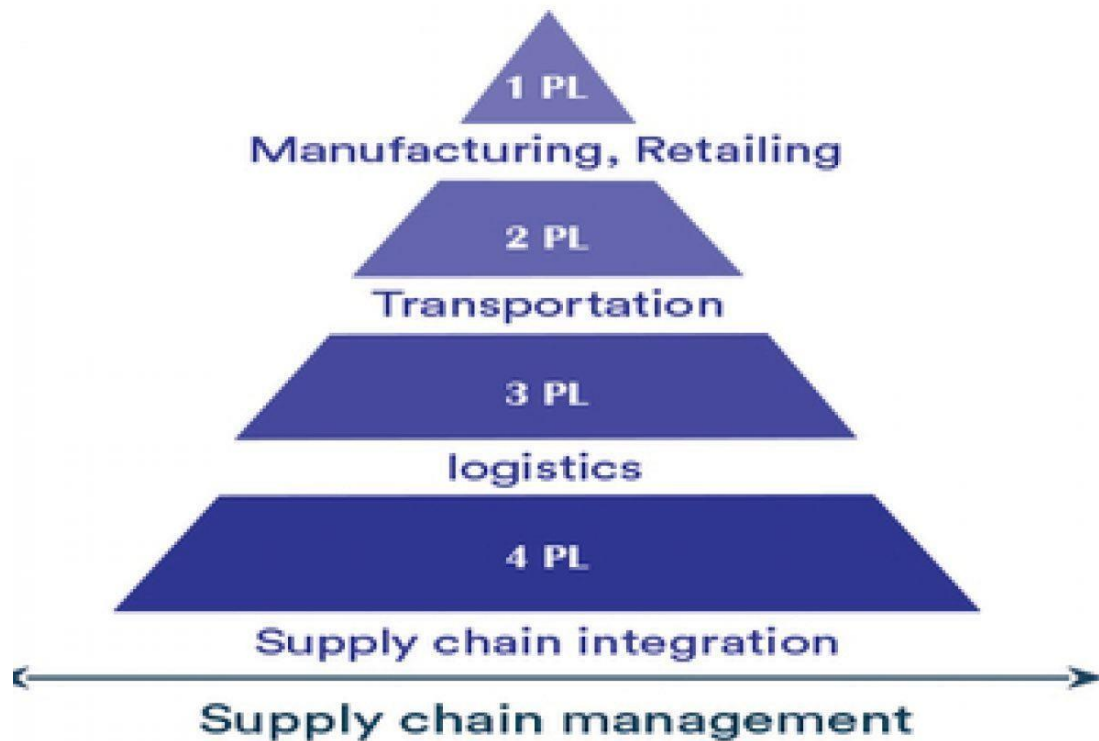
Global Logistics

- Worldwide basis
- Logistics strategies shaped by corporate design, not government requirements
- Integrated strategic sourcing, financial production and transportation strategies
- Aim to serve global markets

International Logistics

- Country to Country (In different areas of the world)
- Logistics strategies shaped by currency, political and economic fluctuations
- Focus on different modes of international transportation
- Importing/exporting issues

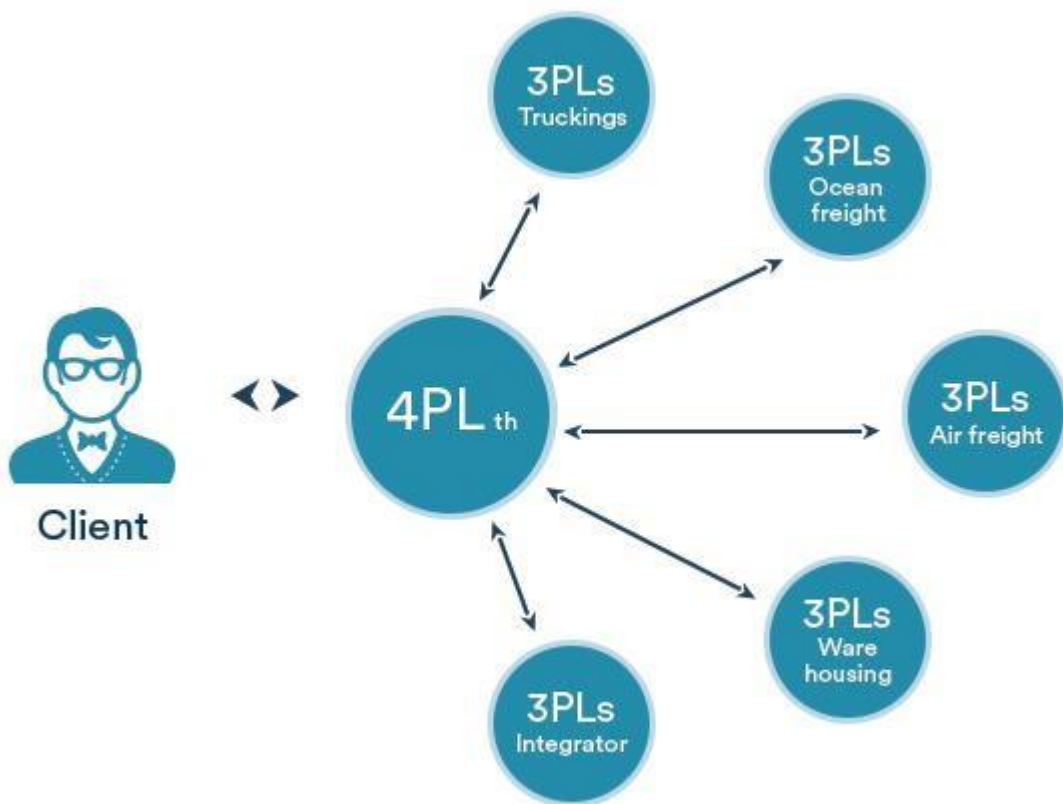
3PL or Third Party Logistics refers to the out sourcing of logistics activities, ranging from a specific task, such as trucking or marine cargo transport to broader activities serving the whole supply chain such as inventory management, order processing and consulting."



In the past, many 3PL providers didn't have adequate expertise to operate in complex supply chain structure and process. The result was the inception of another concept.

SUGGESTION FOR APPLY OF 4PL TO THE COMPANY:

Fourth Party Logistics or 4PL is the concept proposed by Accenture Ltd in 1996 and it was defined as below, "4PL or Fourth Party Logistics refers to a party who works on behalf of the client to do contract negotiations and management of performance of 3PL providers, including the design of the whole supply chain network and control of day-to-day operations"



You may wonder if a 4PL provider is really needed. According to the research by Nezar AlMugren from the University of Wisconsin-Stout, top3 reasons why customers would like to use 4PL providers are as below,

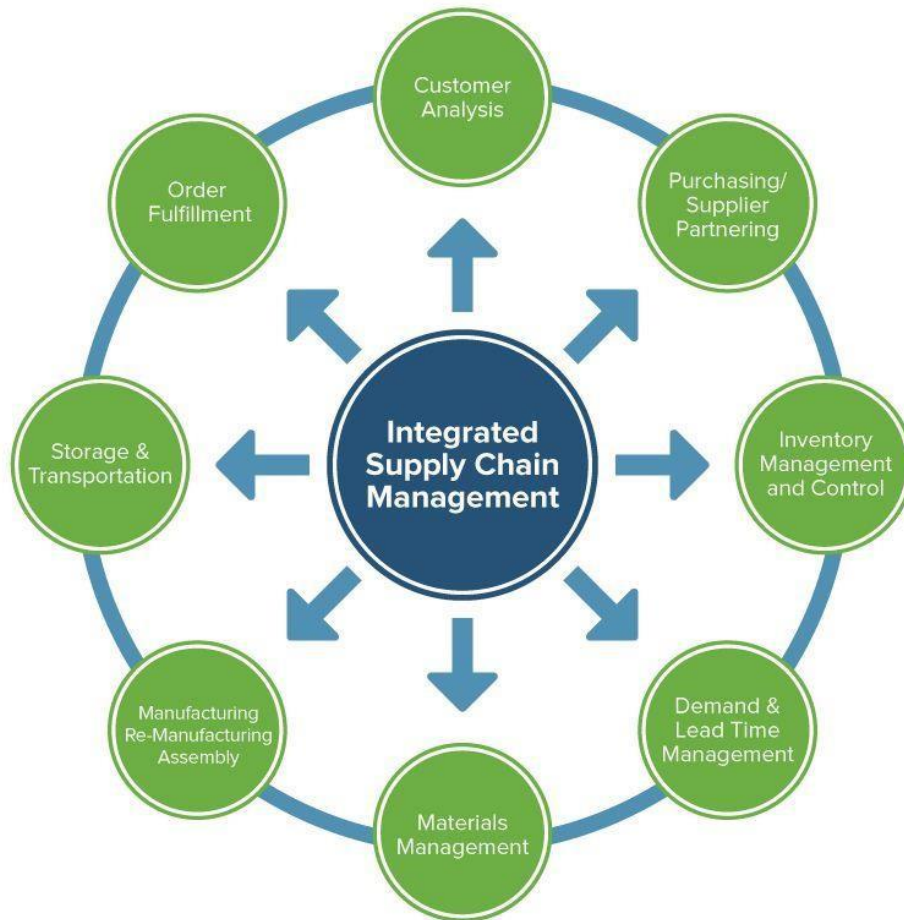
- Lack of technology to integrate supply chain processes.
- The increase in operating complexities.
- The sharp increasing global business operations.

Supply Chain Is the network of organizations that are involved, through upstream and downstream linkages, in the different processes and activities that produce value in the form of products and services in the hands of the ultimate consumer" –from Logistics and Supply Chain Management by Martin Christopher

Supply Chain Management (SCM) refers to the coordination of production, inventory, location, and transportation among the participants in a supply chain to achieve the best mix of responsiveness and efficiency for the market being served" –from Essential of Supply Chain Management by Michael Hugos.

To dig deeper, supply chain management has 6 important components as below,

-It's a Network: Many companies have the department that controls various activities within the supply chain. So the people are led to believe that SCM is a "function" which it's not. Supply Chain is actually a "network" consists of many players as below,

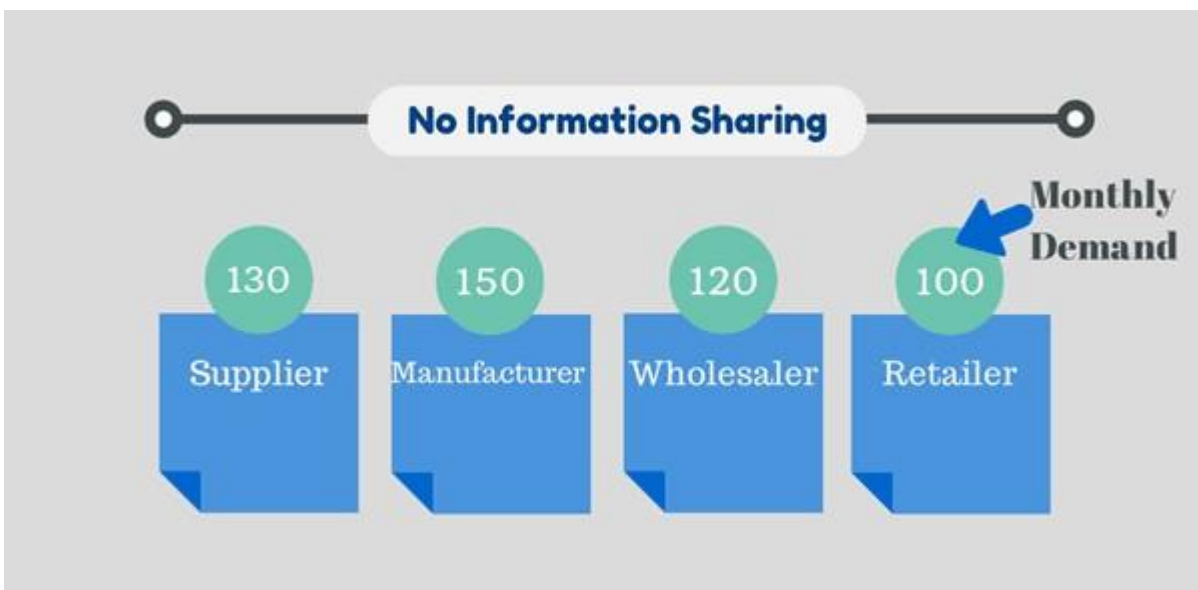


A generic supply chain structure is as simple as Supplier, Manufacturer, Wholesaler and Retailer (it's more complex in the real world but a simple illustration serves the purpose).

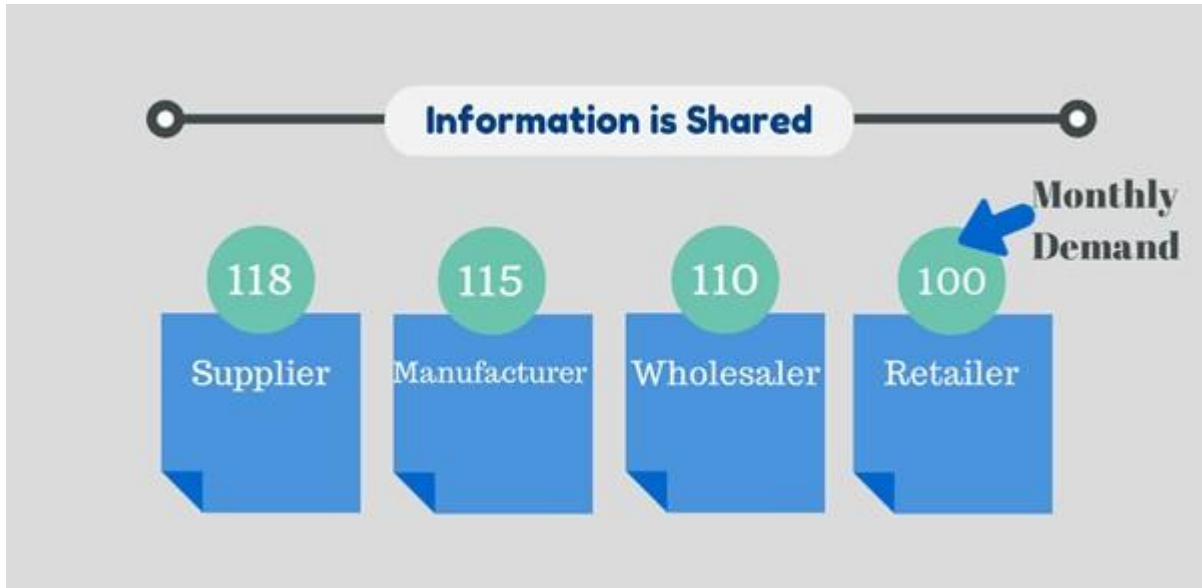
The word "management" can be explained briefly as "planning, implementing, controlling". Supply Chain Management is then the planning, implementing and controlling of the networks.

-Information Must Flow:

Another important attribute of supply chain management is the flow of material, information and finance (money). Even though there are 3 types of flow, the most important one is information flow aka information sharing. Let's see the example of this through the simplified version of bullwhip effect as below,



When customer demand data is not shared, each player in the same supply chain must make some sort of speculation and this can become a management issue. According to the above graphic, the retailer has a demand for 100 units, but each player tends to keep stock more and more every step of the way. This results in higher costs for everyone in the same supply chain.



When information is shared via demand management from retailer down to supplier, everyone doesn't have to keep stock that much. The result is a lower cost for everyone. This is sometimes called the extended supply chain or supply chain visibility.

Information sharing will also reduce the need to use digital transformation solutions such as supply chain systems, digital supply chain, predictive analytics, or artificial intelligence.

Coordination is Essential:

Information sharing requires a certain Degree of "coordination" (it's also referred to as collaboration or integration in scholarly articles). Do you wonder when people started working together as a supply chain network? In 1984, companies in the apparel business worked together to reduce overall lead-time. In 1995, companies in automotive industry used Electronic Data Interchange to share information. So, working as a "chain" is the real world practice.

Avoid Conflicting Objectives:

Working as a supply chain network requires the same objective, but this is often not the case (even with someone in the same company). "Conflicting Objectives" is the term used to describe the situation when each function wants something that won't go well together. For example, purchasing people always place the orders to the cheapest vendors (with a very long lead-time) but production people need material more quickly.

To avoid conflicting objectives, you need to decide if you want to adopt time-based strategy, low cost strategy or differentiation strategy. A clear direction is needed so people can make the decisions accordingly.

-Balance Cost/Service:

The concept of Cost/Service Trade-off appeared as early as in 1985 but it seems that people really don't get it.

When you want to improve service, cost goes up. When you want to cut cost, service suffers. It's like a "seesaw", the best way you can do is to try to balance both sides.

Real world example is that a "new boss" ask you to cut costs by 10%, improve service level by 15%, double inventory turns and so on. If you really understand cost/service trade-off concept, you will agree that you can't win them all. The most appropriate way to handle this is to prioritize your KPIs.

- Foster Long-term Relationship:

To work as the same "supply chain team", long-term relationship is a key. Otherwise, you're just a separate company with a different strategy / agenda. So academia keeps preaching about the importance of relationship building, but is not for everyone.



Since there are too many suppliers to deal with, portfolio matrix is often used to prioritize the relationship building. Focus your time and energy to create long-term relationship with suppliers of key products and items with limited sources of supply because these are people who can make or break your supply chain.

Company Profile

KGN SCRAP TREADERS

It is scrap trading company which deals with the scraps like, (iron scrap, steel scrap, plastic scrap, rubber scrap, metals and etc.)

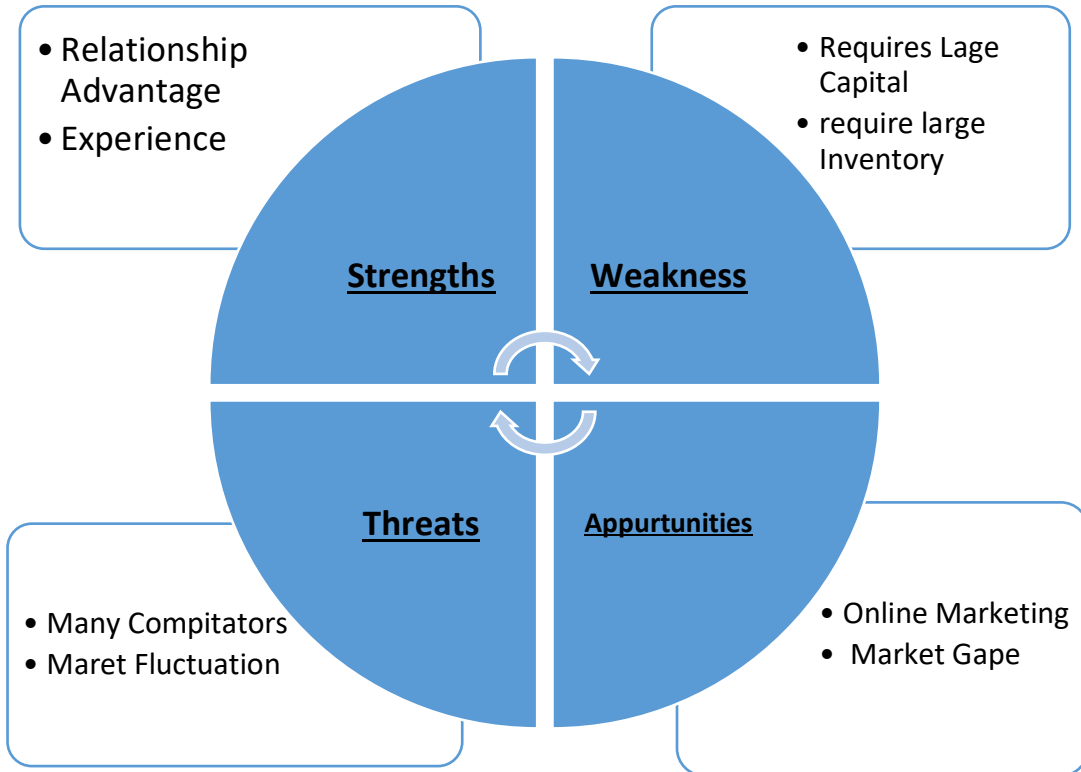
These company buy a scrap from industries and sell it to the recycling industries, Scrap trading Business transaction of scrap metal at a low price for the purpose of management and recycling into the sellable product.

They purchase the scrap with the purpose of reselling, and make profit out of it. They also buy the scrap from the small vendor and lend them money so that they can purchase the material on a condition that they will sell that purchased material to them at some specific price that is decided on the basis of mutual understanding.

The main source of their scraps are industries and auctions. The trading company contact the industry and make a bond or agreement of specific amount of quantity, price, and product with mutual understanding. They also buy a scrap from the auctions, because now a days the company generally sell their scrap online in auctions because it is more convenient and less time consuming way of selling scrap.

SWOT ANALYSIS

SWOT ANALYSIS OF KGN SCRAP TRADERS





MISSION STATEMENT:

KGN scrap traders makes every effort to operate, as safe as possible for the environment, while looking out for best business practices and current industry standards according to rules and regulation of the scrap metal industry.

KGN scrap traders endeavour to provide the best service, fair and competitive prices by staying tuned to the markets, sharing market trends and being respectful of our customer's needs.



VISION STATEMENT:

Our vision is to stay a trustful and responsible partner in recycling industry and build a bridge between small and medium local suppliers & our customers aboard.



OUT MOTTO:

Our motto is to become a bridge and complete the process of recycling of a scrap material for the environment and our future.

OBJECTIVES:

- Reduce operating expenses. Supply chain management lays emphasis on bringing down the operational expenses of a business.
- Enhance customer satisfaction.
- Improve distribution channel.
- Strengthen financial position.
- Regulate proper inventory.
- Promotes better coordination.

Objectives of study:

- To study how supply chain works
- To study the cycle length
- To understand the working of logistics

- To study the assignment strategy of the company

IMPORTANCE:

Logistics management deals with the coordination of resources in an organization. Logistics management focuses on the organization as a whole and not on individual units and departments while deciding about the allocation of resources the resources may be in the form of men, machines, materials, money and time. Logistics management helps in the efficient use and deployment of the scarce resources. In absence of effective logistics management, there will be a depletion of various meagre resources.

In developing countries like India projects do not succeed because of lack of attention to logistics management. Due to this there is a delay in the implementation of the projects. There is also uneven distribution of goods and services. In certain areas, there is excess of goods and services available, while in certain other areas, they are scarce. There is general inefficiency, uncertainty and instability in rendering services to the public.

Depending on the type of business, the expenditure on logistics can be anything between 5 and 35 percent of the sales. The cost of logistics management is therefore found to be high by certain industries. Because of this high cost, they are reluctant to implement logistics management. But, if adequate attention is paid to logistics, cost reduction can be effected in various departments. This is because logistics suggests the use of efficient means of transport, locating areas where cheaper materials are available, determining the correct quantities to be dispatched to market areas so that there is no scarcity or surplus felt in those areas etc.

In case a problem arises, logistics management would investigate the problem and resolve the same on the basis of costs and benefits to the organization as a whole and not to any particular department or unit. For example, to manufacture any product with zero defects would mean high cost of Production, which the customer may not be willing to pay. At the same time, if the finished product contains a lot of defectives, the customers would be unwilling to buy such products.

Logistics management tries to find out the permitted standards of allowable defects in the finished products without any loss in the market share. This information is passed on to the production departments, which fix standards for production.

Another type of interface problem is caused when for example, the marketing department considers that it is responsible only for the sale of the finished product. On the other hand, the production department may feel that the moment the goods are loaded

on to the vehicle, its responsibility ceases. Such rigid compartmentalization of responsibilities and roles is definitely not desirable. This leads to neglect of activities in the interface areas which affects the overall efficiency of the organization.

Logistics management does away with the ambiguity in the definition of the responsibilities of individuals, Units and departments in an organization. It focuses on areas of possible inefficiency and ensures that all areas are effectively managed. It brings about coordination between units and departments.

CONTRIBUTIONS:

Duties and responsibility:

- Gain a working knowledge of applications and tools related to assigned functional area; perform assigned tasks and project work with supervision; specific duties/tasks determined by department management
- Perform meaningful work in assigned departments Participate in projects and tasks as assigned
- Comply with all applicable laws/regulations, as well as company policies/procedures
- Primary duty is to process shipments in a respective Air & Sea Division department that will range in complexity, which may include overland road, oversized or out of gauge shipments
- These tasks are to be performed within the Company standards with emphasis on cost efficiency and industry standards
- Advise department Supervisor or Manager of any transaction problems or irregularities.
- Adhere to all company policies, procedures, and guidelines, such as the Code of Conduct, assigned work schedules, and attendance requirements
- Perform other duties as assigned
- Intern to offer feedback on the department they have worked in □ Participation in team projects and presentations.

RESEARCH METHODOLOGY:

In summary, it focuses on identifying and selecting a SCM conceptual model as a reference, identifying and defining the adequate research methodology and developing the methodology for evaluating companies' adherence degree to the conceptual model. The methodology was based on the conceptual model of Supply Chain Management proposed by Cooper, Lambert and Pagh (Cooper et al. 1997), and on SCM initiatives & practices. It involves eleven analysis referential axis established from key business.

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LIMITATIONS:

All businesses need systems in place to help them succeed each day and thrive longterm. For companies with complex supply chains, a supply chain management provider can be a beneficial system that simplifies the company's daily operations and takes stress off of their administrative team. However, a poor supply chain management system can be costly in more ways than one. Here are three examples of how sub-par supply chain management can harm your business:

Mismanaged Implementation - Changing a supply chain management system takes financial investment, time, and human resources. If not implemented properly, there will be wasted labor, service redundancy, and missed deadlines that result in significant costs.

To avoid these unnecessary costs, high-quality logistics providers always complete a thorough analysis before implementing changes to the supply chain. This ensures that they fully understand the client's freight schedule, consolidation opportunities, and lastmile logistics needs before developing and implementing a new system.

Inadequate Training - Integrating a new system into a working supply chain is complex and often requires restructuring and team- member training. This process must include detailed planning and clear, meaningful communication, or it could result in costly mistakes and excessive employee turnover.

If searching for logistics providers, always inquire about the training process and the usability of their tools and technology. An experienced provider should start with a clearly defined on boarding or transition process that can then be customized to fit unique teams and timelines.

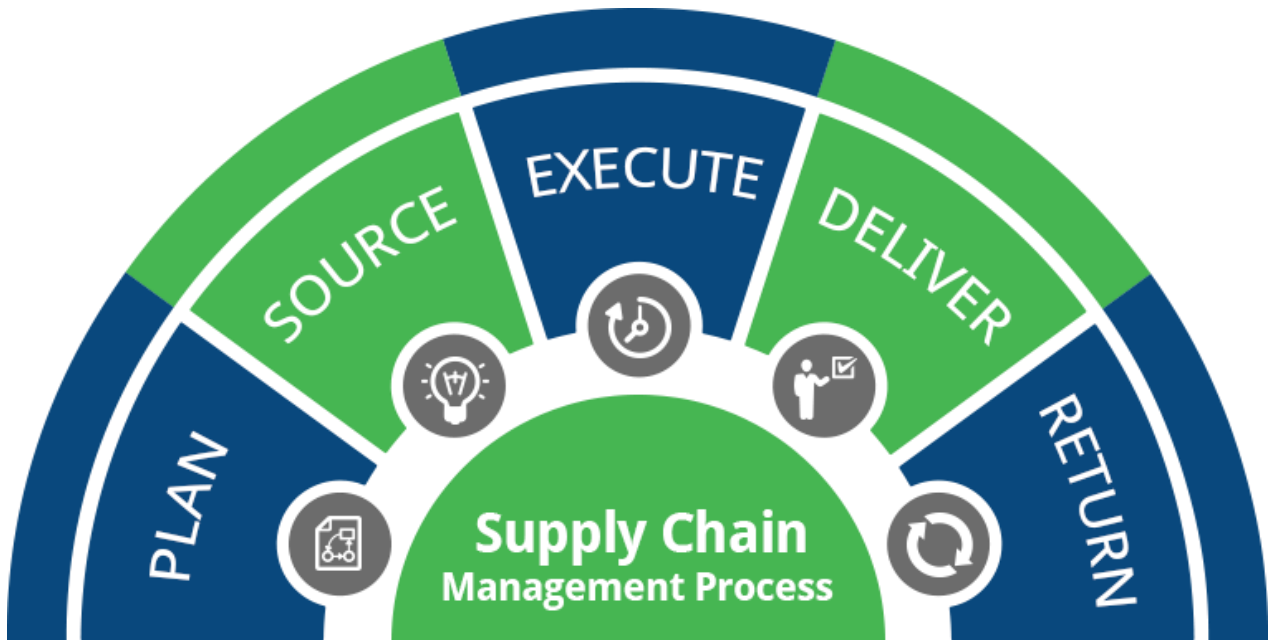
One & Done Mentality - Short-sighted logistics providers (focused on 'getting the contract and nothing more) miss out on consolidation opportunities and other ways to improve their clients' supply chain efficiency. The initial savings are realized, but any additional savings or growth opportunities get neglected. A company that relies on this type of provider will eventually fall behind their competitors and may not even realize why.

Industry-leading logistics providers focus on continual analysis. They are always looking for new ways to reduce their clients' supply chain expenses or improve frequency and effectiveness.

A company that can provide quality supply chain management will have a good understanding of these examples and what disadvantages would follow. A good supply chain management system will reduce costs and allow each dollar to be used efficiently and effectively. With effective management, cost reduction, and risk mitigation, your supply chain and your business can stay ahead in a competitive market and reach a higher level of success than ever before.

PROCESS FIGURE:

Process figure of logistics and supply chain management



SUGGESTIONS:

- I Suggest Them To Participate More In Auctions
- They Must Hire New Employees With Technical Knowledge
- They Should Do More Informal Interactions With Their Customers

CONCLUSION:

Supply chain and logistics management are interrelated together or we can say that logistics is a subset of supply chain management. Supply Chain Management acknowledges all of traditional logistics and also includes activities such as marketing, new product development, finance, and customer service

There are six types of operation in logistics and supply chain management:

- Booking operation
- Delivery operation
- Transshipment
- 3PL
- CRM Operation
- Business Development

BIBLOGARPHY:

<https://www.supplychainopz.com/2012/04/what-is-logistics-and-supply-chainmanagement.html>