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Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

**POST GRADUATE DIPLOMA IN MANAGEMENT (2023-25)  
INTERNAL EXAMINATION**

Subject Name: Supply Chain Management  
Sub. Code: PG41  
Marks: **20**

Time: **01.00 hrs.**  
Max

**Note: All questions are compulsory and carry 10 marks each.**

- CO1-** To define and understand the main theoretical and conceptual frameworks of Service Operations.  
**CO2-** To apply the Knowledge and understanding of the key operational levers that can be applied to the management of service operations and the proactive management of customer experience.  
**CO3-** To demonstrate an understanding of role of strategic operations planning and skill in constructing and optimizing a strategic operations plan.  
**CO4-** Demonstrate practical and analytical skills with use of information communication technology tools and techniques pertaining to the management of transaction-based service processes.

**Supply chain management: Based on use-case(s) derived from TLEP shared on an official basis**

Attempt all questions. All questions are compulsory.

10×2 = **20 Marks**

Read the following use-case and answer the following questions:

As the midday sun blazed down on Panyu, a suburb in the southern city of Guangzhou, silence took hold of what an hour earlier had been the sounds of trucks shuffling goods on roads still under construction and whirring sewing machines pumping out women’s clothes. The garment-making district — the hub of which is nicknamed “Shein village” for the central role it plays in making clothes sold on the fast-fashion platform — was resting. The workers had vanished underneath their stations before reappearing after a ritual lunchtime nap common across Chinese workplaces from factory floors to office towers.

The Chinese-founded start-up Shein, valued at \$66bn in its latest funding round, hopes to go public in London in the coming months, bringing a much-needed boost to the listing-starved UK exchange. Its explosive entry to the fashion world at the turn of the decade, undercutting European rivals Zara and H&M with its seeming impossibly cheap prices — from \$5 dresses to \$2 T-shirts — has raised questions about the wages of the workers producing the wares. But going to the heartland of Shein’s supply chain, after auditing, it was clear that its low prices are in spite of, not because of labor costs, which have been rising in China as the working-age population shrinks and young migrant workers shun factory jobs for the lower-paid service sector.

Factory workers that source to Shein typically get paid between Rmb7,000 (\$982) and Rmb12,000 monthly, depending on how many clothes they finish. By contrast, the average wage for other blue-collar workers in the area is between Rmb5,500 and Rmb6,500. Part of the reason the clothes are cheap is, well, because they are cheap. One factory manager held up a baggy dress — probably destined for the US or UK — and joked that she would never sell such low-quality clothes to a more discerning Chinese clientele. She says she uses cheaper fabrics for Shein orders than for

Alibaba's Taobao, because the domestic platform gives more money to the factories to cover their costs. This optimizes risk.

Shein has also cut out expensive middlemen by shipping goods directly from warehouses in China to shoppers in the west — a PMS based model that has the added benefit of the great majority of its packages bypassing import duties. Panyu highlights the attraction of Chinese manufacturing. Like other manufacturing hubs specializing in anything from socks to sex toys to steel pans, it has the entire supply chain concentrated in one district. That means factories can within half an hour place an order, take delivery of fabric or get an engineer to fix sewing machines with components made nearby. Shein has said it will source more outside China, including Brazil and Turkey. But these destinations cannot meet the efficiency needed for the fast-fashion platform to constantly update its product portfolio and thus customer profitability analysis is needed based on cost to serve.

China's migrant worker population also brings it an edge. While in Vietnam and Bangladesh workers tend to return home to their families at night, the laborers in Panyu sleep in nearby dormitories, cutting down commuting time and meaning they can work longer hours if a large order arrives. For many industries, China remains the best place to manufacture based on critical path analysis. But the coming demographic crisis means there is a huge risk in over-relying on domestic manufacturing. Several factory managers spoke of the growing difficulty of hiring skilled workers. According to China's National Bureau of Statistics, average wages in private sector manufacturing have more than doubled in the decade to the end of 2022.

The contrast to the legions of young office workers and food delivery drivers coming in and out of Shein's office, just a few kilometers away, was striking. "We lack workers. It's tiring work, 12 hours a day. Millennials don't want to do this work, but now we have adopted EPQ model instead of EOQ" said one factory manager. Part of Beijing's list of policy solutions to the ageing population is to prepare the industry for a future of fewer workers. It has been talking about releasing "new quality productive forces" through measures such as automating manufacturing. When it comes to automation, control tower enhancing visibility helps a lot. But the concept of an automated factory feels like a pipe dream in Panyu. In the eight factories I saw, the most sophisticated technology was a creaky electronic clothesline. Investing in technological upgrades is expensive and beyond the capacity of factories working on razor-thin margins. Under the current trajectory, Panyu's future, like much of industrial China, could look much like it did at midday: with no workers in sight and machinery ground to a halt. But this time, it will be permanent. Further, network optimization using more effective constraints is the future roadmap.

Questions	CO	Bloom's Level
<p><b>Q. 1:</b> Why are shine clothes cheaper? Justify with relevant argument(s).</p> <p>OR,</p> <p><b>Q. 1:</b> In the light of the automated factory described in the case, do you see any justification of automation in the textile companies. If yes/No, Describe the technologies which can support automation.</p> <p><b>Q. 2:</b> What should a fast-fashion platform do to consistently upgrade its product portfolio? Take the case as an example and validate with your reasoning.</p>	<p>CO1, CO2</p> <p>CO2</p>	<p>Level 1, Level 2</p> <p>Level 2</p>