A Review on Recent Developments in Logistics and Supply Chain Management in India

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Abstract: As rapid economic development and ongoing urbanization in India, rise of competition among the countries in the world are increasing day by day. Recently according to the study by IMF, India is likely to surpass Britain in the World’s largest economic rankings in 2019 and now ranks at 6th position in the World Economic Index. This is due to India had a higher population, favorable demographics and recently implemented GST which impetus the growth of Indian economy recently. More importantly, the World Bank released its latest Doing Business Report (DBR, 2019) stated that India has recorded a jump of 23 positions against its rank of 100 in 2017 to be placed now at 77th rank among 190 countries accessed by the World Bank. Hence, there must be the recent development is happened in all sectors in India. In this paper, we deliver that what are the recent developments happened in logistics and supply chain management in India. Recently, in World Bank’s Logistics Performance Index (LPI) report, India’s ranking improved to 35th as against the 54th spot.

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I. Introduction

Supply Chain Management is the management of a network of interconnected businesses involved in the ultimate provision of product and service packages required by end customers (Harland, 1996) [1]. Supply Chain Management spans all movement and storage of raw materials, Work-in-process inventory, and finished goods from point of origin to point of consumption In the words of The Supply Chain Council,” SCM is defined as managing supply and demand, sourcing raw materials and parts, manufacturing and assembly, warehousing, order entry and order management, distribution across all channels, and delivery to the customers” [1]

Ellram and Cooper have defined SCM as “an integrating philosophy to manage the total flow of a distributed channel from supplier to ultimate customer”. The concept of Supply Chain is not a new concept worldwide, it has increased steadily since 1980, when companies began to make their collaborative relationships with suppliers, manufacturers and vendors. In Indian Context, it is still at nascent stage.

Today’s organizations are faced with increasing levels of global competition, demanding customers and employees, shrinking product lifecycles and decreasing acceptable response times. Competition in many industries has been based mainly on strategic assets (investments in scale, scope, brand equity) and on the ability to deploy these assets. However, competition is now based on capabilities, or “complex bundles of skills and accumulated knowledge, exercised through organizational processes” (Day, 1994). Corporations are also extending outside their legal boundaries as a normal way of organizing and forming competitive networks of companies. Thus, organizations need to develop strategically aligned capabilities not only within the company itself, but also among the organizations that are part of its value-adding networks.

The development and functioning of Supply Chains have become important subjects for academician with a resultant increase of definitions and phrases. Definitions that have been investigated for the intention of this thesis are as follows: As reported by Beamon B. (1998), a Supply Chain is “a structured manufacturing process wherein raw materials are transformed into finished goods, then delivered to end customers”.

Recent Trends in Supply Chain Management

Due to report from Ease of doing Business, the investment will yield a good result in all sectors especially in supply chain infrastructure is gaining momentum. Introduction of Goods and Services Tax (GST), liberalizing Foreign Direct Investment (FDI) rules, and increased government spending has yield a participation to invest the logistics sector widely.
Under Make in India and Skill India Mission, India aspiration to become a global manufacturing powerhouse and the transport sector also compels nationwide supply chain reform, prompting several federal and state-based schemes and investment incentives. [3] In this paper, we discuss about India’s supply chain ecosystem and emergence of new business opportunities. And also we discuss how the both government entities and private organizations are getting fruitful results in the supply chain sector in India.

The some of the factors are recent trends to scale up the logistics in India. They are as follows

1. Growing Regional Integration: Until recently, infrastructural woes had a crippling effect on the supply chain network in India. The delay in the movement of goods between state borders by the suppliers, manufacturers, and retailers which is due to complicated taxes and transport lines running over capacity, increasing overall costs. With the implementation of GST, the supply chain industry has a cascading impact on almost all aspects of trade and retail. As India opens its transparency in trade and economy further, financing the improvement of the logistics sector is vital growth in business. A modernized and efficient supply chain improves ease of doing business, scales down the costs of manufacturing, and accelerates rural and urban consumption growth due to better market access. With these new GST reforms coming into play, a gradual resolution of these problems seems imminent. And recently, E-way bill implementation by the Government of India which helps in regional connectivity by abolition of check posts, movement of goods between the states is effectively and yields India’s logistics ecosystem resulting in lesser traffic on major transportation routes.

2. Port Connectivity in India: India’s ports handle 95 percent of the country’s trade by volume, playing a key role in international supply chains. India currently permits 100 percent FDI for the construction, maintenance and expansion of major, minor and intermediate ports. The current government of India has more concentrate to initiative in this port connectivity sector and named as the Sagarmala project, which will modernize existing ports, and will develop new ones at Paradip Outer Harbor (Odisha), Cuddalore/Sirkazhi (Tamil Nadu), Belikeri (Karnataka state), Enayam (Tamil Nadu), and Vizhinjam (Kerala). Under the Department of Shipping and Transport Ministry, these ports will manage almost 100 percent more trade volume by 2025.

3. Ro-Ro Ferry Services: It is an acronym of Roll On / Roll Off ships are vessels that are used to carry wheeled cargo. In India, the government is working on development among side coastlines with the helpful from Sagarmala project across the country. Recently, Inland Waterways Authority of India in collaboration with Assam Government has launched the RO-RO facility connecting Neamati to Majuli Island in Assam. In Gujarat, Ghogha Dahej RO-RO facility is implemented. Now, the government of India has planned to start seven or eight such ferry services across all the states.

4. Better Transport Connectivity: This sector is thus a key focus of government spending and infrastructure investments:
   a) National highways: The National Highway Authority of India has a bidding process underway for companies to invest in highways across India. Dubai based investment firms have already started investment close to US$9 billion (Rs 585 billion) for nine highways. This will help in increase in accountability for the update infrastructure of these roads – currently extremely under-maintained – and in future it will reduce road travel times. Recently, National Highways construction sets a record of constructing road at 28 KM per day.
   b) Freight corridors: The country’s freight corridors, covering 15 states all over India, are set to be complete by December 2019. Currently, a train carrying cargo travels at the rate of 25 km/ph; on these railway lines, trains will be able to reach speeds between 70 and 100 km/ph, and will carry double the quantity of cargo.

5. Warehouse Development: India allows 100 percent FDI in the development and maintenance of warehousing and storage facilities. Under Free Trade Warehousing Zone (FTWZ) Scheme, there are several designated zones in India reserved for warehouse development. Some of the designated FTWZs are constructed in Panvel near Mumbai, Khurja near New Delhi, and Siri City in Chennai. The connectivity of these zones along with major rail routes, roadways, airways, and ports is well established. Some of the major incentives such as duty free import, excise duty, etc., for building materials and equipment for these zones are attracting more investors to this logistics sector. During 2017-2018, the 100 acre FTWZ in Nanguneri in the southern state of Tamil Nadu began operations successfully. According to JLL India report, India needs to setup the investments close to Rs. 50,000 crore for in creation of warehousing.
facilities in all states across the country between 2018 and 2020. Hence, there must we expected to create around 20,000 jobs in this operations across the country.

6. Start Up: The time is right for first movers to benefit from the changing landscape of India’s supply chain ecosystem. With Make in India and Start Up India, greater participation from the private sector and increased government spending for ease of doing business and opportunities of foreign direct investors in the country’s supply chain are come up with great effort. And also for the steady transformation of moving all sector to digital by Digital India initiative along with infrastructure as well, with federal campaigns Digital India working to promote the growth of technology startups and enterprises. For SME’s, possibilities in third party logistics abound are whether in the transportation of goods between the states and countries, new technology-based improvements like IoT, Blockchain technology, etc., to make operations lean, or in warehouse management by create more number of cold storage facilities across the country. Multinational firms like L&T, Transtroy, etc., are some of the major firms in construction and related industries are also take advantage of investment opportunities to start up operations in India’s major ports, roads, and warehouse development. [3]

II. Conclusion

Logistics is an important yardstick to measure the India’s economic development. The modern trends in supply chain in offer the systematic approach to both suppliers and buyers and cut down time for cost effective business practice. By 2025, India will have additional considerations will emerge such as labour availability, space availability and traffic congestion. The recent development carried out by India will pose to yield multiple supply chain solutions to cater mega and hyper cities in future. With the growing demand for various varieties of products available all over the world people’s expectations are changing for every product. If an organization wants to survive in a long run, it should play a special importance to logistics and supply chain network.

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