

THE INDIAN LOGISTIC COST AND ITS OVERVIEW - AN ANALYSIS

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1. COST OF LOGISTICS

A World Bank Study led as of late says that the Indian coordinations cost is one of the most noteworthy on the planet. This review demonstrates that to the extent creating nations are concerned, these expenses are 6 % to 8 % of the aggregate estimation of products. In China the cost is assessed at 10 % of aggregate estimation of merchandise. By examination, the cost of coordinations in India is 14 % of the aggregate estimation of products. The cargo costs for rail and street are very high, for instance:

France	5.5 cents/km
Japan	3.7 cents/km
Canada	2.0 cents/km
India	7.0 cents/km

Table 1: Comparison of cost of logistics between different countries

The accompanying three components are essentially in charge of the high cost of coordinations in India:

Congestion cost

Congestion at ports, inland and streets have quickly expanded – in this manner straightforwardly enlarging coordinations cost and furthermore bringing about general high stock cost as conveyance time increments.

Transaction cost

Organization costs including protection and government charges keep on being high. The coordinations cost could rise facilitate because of free market activity components.

Demand and supply factors

The proceeded with ascend in holder activity c is prompting expanded movement clog in the rail and streets arrange, as fares and imports are growing 22 % to 25 % yearly. The high cost of

terminal advancement alongside generally most recent development in concluding techniques result in just direct pace in the production network expansion. There is additionally absence of appropriate street foundation in the Class-B and Class-C towns. The absence of particular calculated experts is additionally hampering the development.

2. RAIL LOGISTICS

The local load holder development is still at an exceptionally introductory stage in India. The street transport is mostly in the hand of profoundly disorderly players. Additionally rising fuel costs and axel stack diminishment are making street transport uneconomical over a whole deal. There is a development of 30 for every penny of Exim compartments by rail, and the remaining is transported by street. Till 2005 CONCOR was a sole specialist co-op for rail transportation of compartments.

2.1 Container Rail Logistics – SWOT

Strengths

There is a steady development over a CAGR of 25 % with a capability of 100 mmt in the year 2013-14. An aggregate of 1.7 MTEUs were rail borne, out of which the North contributed 0.71 MTEUs and the West 0.23 MTEUS.

Weakness

This is an exceptionally capital escalated business and the cost of moving stock is around Rs.13 centers/rail. The cost of working an inland compartment stop is around Rs. 100 centers. The whole foundation, for example, yard/compartments/signs is still given by one specialist co-op in particular Indian Railways.

There is a long development period and the venture may take once in a while up to 10 years to accomplish earn back the original investment. There is high convergence of activity at chose port/hinterland. 78 % of the aggregate holder payload is dealt with by west drift ports. 70 % of aggregate movement at the west drift is dealt with by a solitary port, i.e. Jawaharlal Nehru Port Trust (JNPT). 60 % of the activity of the west drift moves toward the northern hinterland, which prompts a substantial clog along the courses.

Opportunities

With the development of containerization because of developing GDP, there exists colossal potential as a to a great extent virgin market. With the blockage at the current street linkage ICDs and constrained extension for exhuming, there is an open door for improvement of contending offices. There is a potential for running twofold stacked trains with the lower haulage charges and better usage of moving stock and track limit.

Threats

This industry is profoundly subject to outside offices, for example, Indian Railways, port terminal administrators and transportation lines. There are as yet a few uncertain issues on operational matters, for example, solidness of rakes, administration ensure and devoted cargo hallways. With respect to twofold stacked operations because of the absence of a created foundation, this may set aside opportunity to take off largely. There exists fracture on volumes because of various operations and there is no control on haulage cost.

2.2 Potential for domestic container movement

Because of the normal development in the exchange of readymade pieces of clothing, materials, crafted works, handled a stuffed sustenances and so on., a more prominent interest for containerization is expected. A further advancement of bigger SEZs and modern parks is probably going to help the mechanical improvement in the nation. The extra compartment taking care of limit would bring about a higher infiltration of holders in the break mass load portion, in this way helping holder exchange to become further. Private compartment trains would likewise help with giving adequate hinterland availability to ports, hence encouraging taking care of expanding volumes of holder movement.

2.3 Inherent preferences of the rail container transport

- i) Lower transportation cost
- ii) Higher unwavering quality
- iii) Relatively more secure and secure
- iv) Very ecologically neighborly
- v) Reduced mishaps.

2.4 Dedicated Freight Corridor

This passage will empower the rail foundation to convey abnormal amounts of cargo prompting a lessening in unit cost of transportation and stock. This will likewise accomplish more noteworthy consumer loyalty an expansion the Indian Railway's offer in the cargo showcase. This should likewise give expanded throughput by higher axel loads expanding the moving measurements, track stacking thickness, enhance pay stack proportion.

2.4.1 Initial Routes

Ceremonies, which arranged the underlying achievability report, has been dispatched to get ready point by point gets ready for two primary passages. These are gone for facilitating limit imperatives on the supposed Golden Quadrilateral courses connecting the metropolitan districts of New Delhi, Kolkata, Mumbai and Chennai, which at present bear 80 % of IR's movement.

- The 1.493 km twofold track western passageway will keep running from Jawaharlal Nehru Port in Mumbai by means of Ahmedabad, Palanpur, Phulera and Rewari to Dadri in Uttar Pradesh, near New Delhi. This will deal with the quickly developing compartment activity between the ports of Gujarat and Maharashtra and the hinterland in northern India, cutting the Mumbai - Delhi time from 60 to around 36 h. There will be a feeder course to serve the holder warehouse at Tughlakabad.
- The 819 km twofold track eastern passage amongst Sonnagar and Khurja runs parallel to the current Howrah - Delhi fundamental line by means of Mughalsarai, Fatehpur and Etawah. Detours are arranged around the urban territories at Allahabad, Kanpur, Tundla, Hathras and Aligarh, and the hall will be review isolated from crossing branch lines.
- A solitary track expansion of the eastern passageway will rushed to Ludhiana in Punjab by means of Khurja, Meerut, Saharanpur and Ambala. Experts are presently looking at the specialized and monetary plausibility of extending the course to Gomoh and the ports in western Bengal.
- The western passageway will likewise have a feeder course to Dandarikalan compartment station close Ludhiana, running through Rewari, Hissar and Jakhal.
- another line is to be worked amongst Rewari and Dadri to sidestep the congested Delhi metropolitan zone.

2.5 Double Stacked Containers

The ports in India handle around 5 MTEUs in 2005-06. The quantity of trains required will go up from 25 to 137 every day expecting a 30 % rail share. By going for a 50 % rail share, 225 trains/day will be required. This size can't be taken care of with the normal practice. For expanding the rail share, the haulage cost ought to descend. The twofold stacked compartments can likewise coordinate throughput for bigger boats, in this manner prompting lower turnaround time for the vessels. The table demonstrating the reserve funds accomplished because of twofold stacked holders is given underneath this page.

A near table between the railroads in India, Australia, USA, and Europe is as on the following page.

It can be seen from Table 3 that Indian Railway conveys 450 kg of wagons dead weight for each 1000 kg of cargo conveyed, contrasted with just 170 kg in the US.

	2005-06	2007-08	2009-10	2014-15
Projected TEUs	200.959*	326.671	483.557	1.239.285
No of trains with SSC	6.5	10.5	15.6	39.9
No of trains With DSC	3.4	5.6	8.3	21.2
Saving in rakes 17 % extra transit time for DSC trains	7.4	12.0	17.8	45.6

Saving in cost of rakes (Rs. In Crs.)	88.7	144.1	213.3	546.7
Saving in locos assuming 17 % extra transit time	2.5	4.0	5.9	15.1
Saving in expenditure on loco account in Rs Crs.) / annually	1.20	1.95	2.88	7.39
Saving on account of maint of rakes in Rs Crs. / annually	4.43	7.21	10.67	27.34
Saving in fuel in Crs of Rs	9.1	14.8	22.0	56.3
Saving in crew in Crs.of Rs.	2.4	3.8	5.7	14.6
Total saving in revenue Expenditure	17.13	27.85	41.22	105.65
*Actual figure is Nil because no movement started till February 2006. There was negligible movement in March 2006.				

Table 2: Savings achieved due to double stacked containers

COUNTRIES	INDIA	AUSTRALIA/EUROPE/US
AVG SPEED (kmph)	23.3	100
CAPACITY (TEUs)	90	150
AXLE LOAD OF WAGONS (TONS)	22	30
LOAD CAPACITY PER WAGON (TON)	88	120
PAY LOAD: TARE WEIGHT OF WAGON	2-2.6	4.5-5.5
	Thus Indian Railway carries 450 kg of wagons dead weight for every 1000 kg of freight carried compared to only 170 kg in the US.	

Table 3: Comparison of load capacities in various countries

2.6 Scheme of private sector participation in the railways

In this plan of private segment investment in the railroads which has been reported in February 2006 by the Indian government, the Indian Railways will give the track, train, flag, prepare team for running holder trains. The prepare administrator is to secure wagons and his own particular terminal. He can likewise utilize different terminals. The path for the terminal will likewise be made accessible. The upkeep of the wagons will be finished by the railroads. Railroads will gather the prepare haulage charges. Prepare administrators should likewise be allowed to charge their own particular duty from the client. Despite the fact that the rail co-ordinations segment is opened for the private division, taking after difficulties should be met by this area:

- Procurement of the wagons, ICD, prepared labor, observing apparatus for development of trains on the way, separation of wagons, trade of data with railroads.

- This might promptly prompt acceleration of land cost, costlier wagons, costlier taking care of gear and costlier labor.
- Long term difficulties to be confronted might be departure, as greater vessels release bigger volumes.
- Port rail terminal limit will likewise challenge the new administrator. There should be unevenness between the import and fare.
- The end cost will likewise must be monitored. The center point and talked model of operation might need to be enhanced. This might likewise prompt solidification of hinterland volumes. In the present Indian market, the Exim exchange is searching for unwavering quality and consistency of administrations, hinterland infiltration and ability of expenses. As respects the new private players in the rail transport coordinations part, they ought to team up and collaborate with existing players, dodging wearing down, duplication of auxiliary framework and cooperating to achieve diminishment in coordinations taken a toll for clients. This might just be conceivable with change of the procedure, trading of data however much as could be expected and sharing each other's structures and wagons.

3. SEA LOGISTICS

Transportation via ocean is more affordable than transportation by street or railroads. The optional port advancement requires less foundation. Terminal advancement can without much of a stretch be taken care of by private administrators. An arrangement supporting ocean transportation in the nation, needs to consider the accompanying issues:

- i) Developing optional doors alongside the drift; hinterland to be urged to utilize the closest drift; creating SEZ in the prompt region of these ports. Feeder freight ought to be sent to the closest fundamental line port. As the load begins traveling through the auxiliary ports, the volumes will increment and optional ports will gradually graduate to end up noticeably the primary line ports.
- ii) Size and development rate of the Indian coordinations industry is shifting from USD 15 billion to USD 50 billion, with 7 % to 8 % development for every annum.
- iii) As respects the coordinations specialist co-ops, quality foundation support is not generally accessible on time, because of the high pace of monetary advancement. This incorporates airplane terminal foundation, seaports, parkways and express ways.
- iv) Cumbersome methods prompt an absence of concentrate with respect to arrangement producers. The calculated expenses in the Indian economy are higher than in different nations, because of foundation bottlenecks.
- v) The cost of fuel powers the clients to move from street transport to option transport modes. Just a little and set number of coordinations specialist organizations are giving end-to-end

coordinations chain in a genuine sense. Countless specialist organizations try to cover all administrations. Be that as it may, an incorporated approach is inadequate.

SUMMARY

The paper investigations the movement development in India and its subsequent impact on the methods of transport, for example, rail, street and ocean. This paper likewise examinations the SWOT of the different methods of transport, with figures and tables. An investigation is likewise made of the different measures being taken by the Indian Railways to improve the rail co-ordinations in the nation as twofold stacked holders, formation of committed cargo halls interfacing the hinterland to the ports, and furthermore the private cooperation conspire, declared by the railroads while welcoming private players to the matter of compartment dealing with.

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