

From the Desk of the Director General

"Institute of Management Studies" has been endeavoring to fulfill the vision of its founder since 1990. It becomes famous in short span of time and is now ranked as one of the best management institutes in India having strong academic faculty and close relationship with industry.

The maiden issue of 'Journal of IMS Group' published in 2004 was received by academics and experts with great enthusiasm. The popularity of the journal grew very fast increasing readership tremendously. The journal is known worldwide having been listed in Cabell's Management Directory USA in 2007. One of the aims of IMS group is to provide environment for developing doctoral candidates into renowned scholars internationally recognized.

The evolution of Supply Chain Management articulates the theoretical and practical developments in the SCM domain. The new insight is believed to stimulate further thought and deliberation among academic researchers and associated professionals to move in new direction. Globalisation, customer demand complexity in business environment and the availability of information technology all are making companies to embrace supply chain. Understanding the significance of logistics salience would help determine the potential benefits and value of investments in logistics technology. With the Indian economy growing at just less than 8% annually and manufacturing in double digits, the logistics sector in the country is at a point of inflection. The current economic growth enablers include INR (Indian Rupees) 14 trillion worth of infrastructure development, introduction of VAT (value-added tax), and development of organized retail and agricultural processing activities.

Significant foreign direct investments (FDI) in electronics, automotive and automotive component manufacturing are expected to lead to improved market opportunities in India. In addition with increased competition, and companies focusing on improving efficiencies and better product distribution and reach, the trend towards outsourcing the logistics function globally has been on the rise. The global logistics industry is estimated at USD3.5 trillion and logistics costs typically range between 9% and 20% of gross domestic product (GDP). In India the logistics market is estimated to account for 13% of the GDP and is expected to continue to grow to 20%.

The key enablers and growth drivers of India's logistics industry are:

- Strong economic and market growth; Fortunes of the logistics industry are inextricably linked to economic and market growth.
- Infrastructure development and regulatory changes.
- INR 14 trillion have been spent on infrastructure improvement across various sectors, with the introduction of VAT (value added tax), and companies are now beginning to move up from a smaller state level. Before the implementation of VAT, the tax system in India was very complicated and every state had its own set of rules, which represented a hurdle for operating in the most cost effective manner and prevented defining

Contd.....

From the Desk of the Director General

warehouse footprint thus violating the application of the all important logistics "least distance" principle.

- Increased FDI in agribusiness and retail sectors: India's global acceptance as an emerging outsourcing location for manufacturing and service industries as well as its fast growing domestic market have stimulated FDI in consumer durables, electronics, and automotive and automotive components. Significant expansion has been taking place in domestic retail businesses and agribusiness, which is driven mainly by the push towards organized retail activities and export opportunities. These sectors face very complex supply chain related problems and therefore are the largest users of supply chain solutions and outsourced logistics services, and thus will likely be the driving force for the growth of the Indian logistics sector. In order to meet the growing demand for logistics solutions in transportation (inbound and outbound), warehousing, CFS (container freight station)/ICD (inland container depot), RFID tagging, XPS (express cargo), and ERP (enterprise resource planning), providers of integrated logistics and supply chain solution tools will flourish at an accelerated rate. Concepts of third party logistics (3PL), 4PL and then 7PL are expected to become common place in the not-too-far distant future in India.
- Lower cost of ownership to drive organized logistics business: With enhanced competition, companies are now looking to third party outsourcing in an effort to improve efficiencies and have better product distribution and reach. Logistics companies are established due to visible investments in fleet enhancements, IT systems, warehouses, and overall supply chain systems. Most organized businesses such as express cargo, supply chain management (SCM) and 3PL are expected to achieve a CAGR of 20 to 25% over the next five years. New sectors like warehousing are likely to grow at a CAGR of over 40%.

Among these key enablers the increased FDI in agribusiness and retail sectors has played a particularly prominent role in changing the face of Indian logistics & supply chain practices. Present market trends, involving SCM, outsourcing, ERP (Enterprise resource planning), RFID and recently launched SCOR are changing the way logistics is practiced and taught.

The current volume of special theme based on SCM and Logistics is another step forward for excellence. This issue includes research papers on both concept and practice of SCM and appreciation of SCM in improving business effectiveness.

We have received numerous contributions of papers from academicians and experts. I thank the authors from the depth of my heart. I take the opportunity to thank Editor-in-Chief and Guest Editors for their hard work for making the special issue a reality.



Dr. R. K. Bharadwaj
Director General & Patron