

STRATEGIC ROLE OF LOGISTICS MANAGEMENT IN PORT OPERATION

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Abstract

Purpose: *The main purpose of this paper is to examine traditional activities of port to be continuously change based on emerging trends in context of logistics management practice and strategy. The paper also likes to show the better logistics service should give high status as productivity and economic.*

Design/methodology/approach: *The paper appeals its insights and conclusions from a review of literature, an analysis of logistical issues and data concerning from the ports and Ministry of Shipping of India.*

Findings: *The paper spectacles that ports can provides diverse of logistics services within a logistical circle. They are not constrained to their traditional role of simple transshipment point for freight. But they are forced to strategically improve their logistics activities by the situation of increasing productivity. That the highest productivity is possible to stand up the economic status of port. The review primed based on the major ports operation of India.*

Research limitations/implication: *However the paper reviews the diverse activities of ports in logistics management in general, a useful next step would be to analyze specific flows and activities at/through ports within the logistical circle, thus consenting validation of a framework of strategic role of logistics management for ports in the context of various logistical trends.*

Practical Implication: *The paper highlights the potential improvements. That is still important for ports to aggregate their economic source.*

Originality/value: *The paper prominence the expandable activities of port operations as logistics management.*

Keywords: *Logistics Management, Value added service, Port operation.*

1. Introduction

Marine Transport is a decisive infrastructure for the social and economic development of a nation. It influences the velocity, composition and pattern of improvement. Around 95% of India's foreign trade by volume and 70% by value are transported through sea. Major Ports of India account for 75% of the total cargo by volume handled. This underlines the significance of sustaining the growth and improvement of the Major Ports for their involvement to the Indian economy. India is a foremost maritime country by virtue of its long coast line of around 7517 km on the western and eastern shelves of the mainland and besides the islands, bejeweled with 13 major and 176 non-major ports, strategically located on the world's shipping routes, its long tradition of oceangoing with a hefty pool of trained marine personnel, and its energetic and hurriedly globalizing economy with a enormous potential to expand its participation in trade and development,(Ministry of Shipping of India, 2011).

Development of India's ports and trade related infrastructure will continue to be decisive to protract the triumph of accelerated growth in the Indian economy. Despite record growth rates, the merchandise trade intensity of India's GDP is still below 30 per cent. This indicates that there is tranquil a bundle of untapped latent for trade growth, and accordingly the demands on the country's ports and trade infrastructure will continue to mount as trade diversifies and grows. Hence, there is a need to expand the Country's ports in a timely and efficient manner.

The Logistics Sector in India desires to develop hastily to orchestrate with the dynamic growth of the Indian Economy. The Ports infrastructure and Shipping have vital roles as partsof the logistics chain. The Ministry of Shipping has been continuously engaged in designingand implementing various projects for the development of the sector. Based on inputs received from diverse sources, it is felt that the velocity of growth has to be augmented, that the whole effectiveness of the delivery system has to be substantially improved and that the concern for theenvironment has to be stronger.

This paper aims to draw and highlights the provisions of logistics services by the major port of India, Which is strategically making the changes in logistical activities as better logistics management.

2. Literature Review

A lot of firms are preliminary to focus on the effective and efficient supply chain management. The key results expose that firms prefer agile suppliers. Also, most of the logistics

costs incurred are on transportation and warehousing. Firms that have instituted logistics departments are building an effort in raise their logistical systems and are more invasive in using technology to direct logistics as compared to firms without dignified logistics departments. Lastly, future logistics managers need to be competent in present technology and acquire logistics specific skills, (Mark Goh, Parooj Pinaikul, 1998).

The majority developed economies the costs of logistics management are progressively growing and description for an escalating proportion of the gross national product. Logistics costs have become an imperative part of the added value of products and logistics management is gradually more regarded as an significant weapon in the international competitive struggle. Hastily varying customer demands have an increasing effect on company policies. Triumphant companies will spotlight on core activities. Tricks other than core activities, but serving them, will have to be outsourced, (Dick A. van Damme, Marinus J. Ploos van Amstel, 1996). Trade and transport facilitation is a challenging area for international logistics and supply chains, (Luciano Batista, 2012). A close dry port with direct rail connection to a seaport is a potential solution for seaport terminal congestion as well as for better seaport inland access, (Violeta Roso, 2008). The continuation of this strong economic performance depends on an efficient logistics infrastructure, Mark Goh, Argus Ang, 2000).

The management information system (MIS) intended to support logistics. The results suggest that the adoption of computer software, the use of specific informational control devices and some aspects of logistics organization have an effect in both smaller and larger firms, (Cornelia Dröge, Richard Germain, 1991). Logistics costs (i.e. transport, storage and handling) are shown to represent a significant proportion of total delivered cost in biomass supply. Careful supply chain planning and logistics management will be of central importance to the success of the biomass industry, J. Allen, M. Browne, A. Hunter, J. Boyd, H. Palmer, 1998). While comparatively much knowledge on innovation management by LSPs does already exist, it is hardly integrated. More comprehensive studies of LSPs' innovation processes and systems are required, (Christian Busse, Carl Marcus Wallenburg, 2011).

A major determinant of business performance is the task of the logistics operation in ensuring the soft flow of materials, products and information throughout the company's supply chains. To compete effectively, companies must recognize the strategic importance of the logistics function, (Chee-Chuong Sum, Chew-Been Teo, Kwan-Kee Ng, 2001). With logistics increasingly adopting a

strategic orientation in many firms, senior-level logisticians must possess certain skills in order to successfully manage the logistics function, (Paul R. Murphy, Richard F. Poist, 1998). Added value is poised to develop into a major success factor in the future, based on what customers need. The logistics role will take part in this, and will be helped by progress in the field of electronic information management, (R. Graeme Willersdorf, 1991). Third party logistics services have a significant role to play in the current trend of outsourcing of the logistics function. From the third party logistics service provider's perspective, the provider must seek to manage itself strategically in order to win an increasing share of the outsourcing pie, (Sin Hoon Hum, 2000).

3. *Logistical Operations of Port*

Logistics is movement of goods from one point to another point. The ports are a major intermediary for export and import of goods. That it is playing a significant role in foreign trade which is influencing in trade volume of every country. In India, major ports are provides diverse of services to port users. Which is a giant benefits to increase trade productivity. That, being cargo handling is a major activity than the other activities of port. Some valuable services has provides by the port to manage the rapidly economic growth. Those important services are shows in figure 1.1

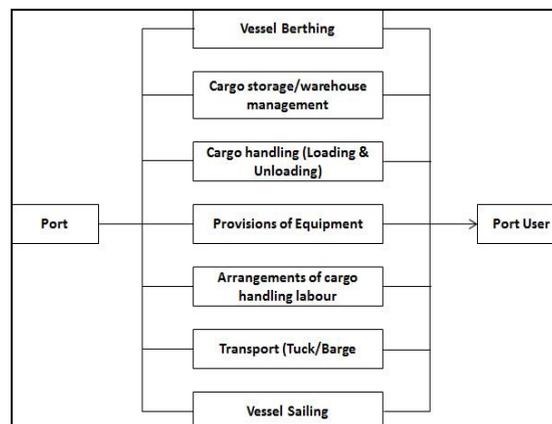


Figure.1.1. *Logistics Services of Port*

4. *Strategic issues of Logistics management*

Every port has operating as a logistic management to handle rapidly changing trade requirements. The major factors are service capability and capacity to influencing in port

productivity. That logistics management moves in port operation at strategic way, which is decide to maximum productivity or not. In India, ports are tried to increase productivity by better logistics management capabilities.

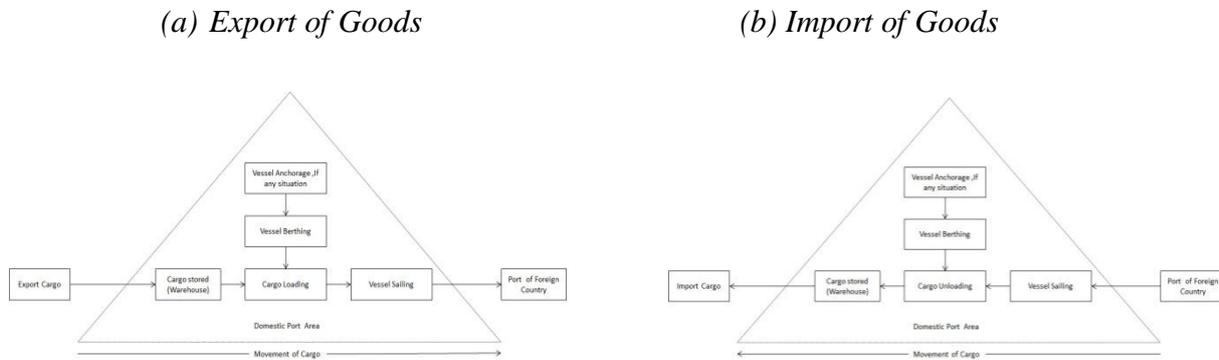


Figure. 1.2 Model of Logistics Management in Port

The figure 1.2 is effectively shows the model of logistics management in port, which explain movement of goods through port both export and import.

5. Value Added Service

Value added service is important one than other services of logistics, which is new trend in logistics management. Now, all the logistics firms and industries have using this service to achieve their business. Also, ports took the steps to provide those services to satisfy their users and increase the shipments. That it is a way to increase port’s economic source. Generally, if something one gives to people as additional of the something one, that people like to return back and make the relation for long time. From this, productivity and turnover should be high. Major ports of India continuously improve and provide that service for economic development. The significant value added services of ports are clearly drawn in figure 1.3. From those services, reverse logistics is a fundamental tool to pulls the port user, which is means to retain the goods from end point.

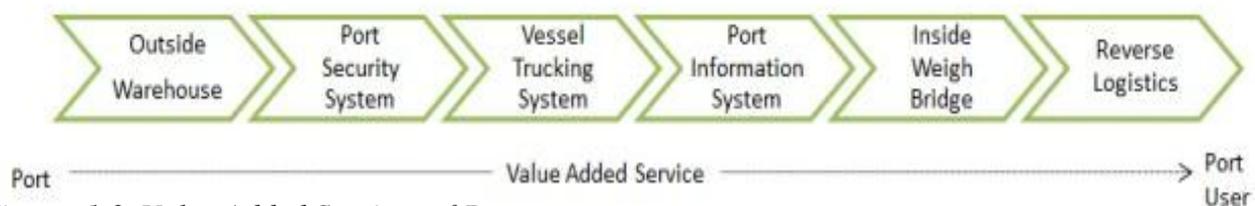


Figure. 1.3. Value Added Services of Port

6. Economic Status of Port

The Indian economy has been growing consistently more than 9% in recent past. It is imperative to make substantial investments in ports and shipping sector in order to sustain the high growth rate in the years to come, (G. K. Vasan, Union Minister of Shipping of India, 2012) Any firms or nations likes to emerging economic standards and sustain developments. Trade has been major influencing factor of national economy and world economy. In that, port is a supportive industry for doing well trade. When one port should perform well by their productivity, that also increase port economic performance is leads to national economic development as a term of national GDP. These are done through strategic services of port

The table 1.1 shows traffic handled of major ports of India from the period of 2006-2007 to 2010-2011. And charts 1.1 represent those period data, which is gradually increased. It is takes as shows the development of port economic status through strategic logistics service provisions. The Indian tonnage as piece of worldwide shipping stood at 10 million GT about a year ago. The Indian tonnage has lately crossed the 11 million GT mark, (G.K. Vasan, Union Minister of Shipping of India, 2012).

SI.NO.	YEAR	TONNAGE (in millions)
1.	2006-2007	463.75
2.	2007-2008	521.47
3.	2008-2009	532.53
4.	2009-2010	562.74
5.	2010-2011	569.90

(Source: Indian Port Association)

Table.1.1. Traffic Handled Performance 2006-2007 to 2010-2011

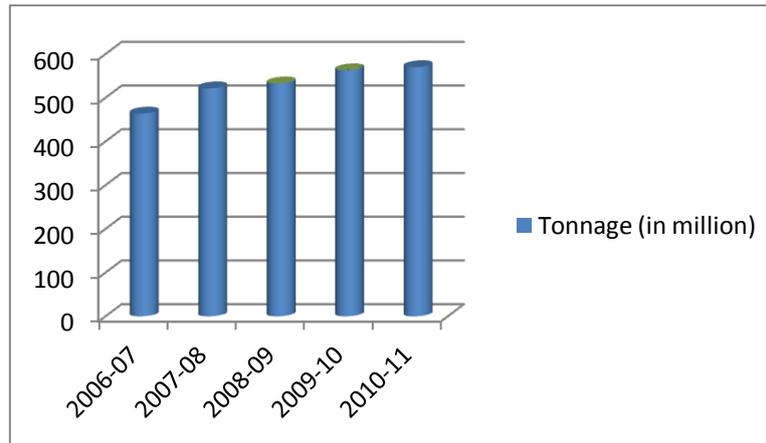


Chart. 1.1. Traffic Handled Performance 2006-2007 to 2010-2011

7. Continuous Improvements of Logistics Service

The ministry of shipping of India has prepared plan to creation of port capacity of about 3200 MMT to handle the expected traffic of about 2500 MMT by 2020 and bringing our ports on a par with the best international ports in terms of performance and capacity. In order to attain the desirable goal of transforming Indian Ports into world class facilities matched to the requirements of the prospect economy of India, the Ministry of Shipping, Government of India has initiated a lot of path-breaking actions which will assist enhanced private investment, get better the service quality and endorse competitiveness, apart from achieving the expansion of capacities in the country. Such actions include formulation of marine policy, review of various operational policies, groundwork of perspective Plans for the major ports, commissioning of two other major ports one each on the East Coast & the West Coast, overture of Port Community System (PCS), paperless regime, (Department of Shipping of India, 2012).

Globalization has its impact on the developments of ports in India. There is a apparent trend towards the universal ownership and management of port terminals as witnessed by the ingress of P&O Lines, Dubai Ports, Maersk Lines and PSA in definite Major Ports. It also means port operators responding to incise gorge competition. This has resulted in transfer of a range of port related activities from mainly publicly owned toprivately owned undertakings. Changes in the global economy, shifts in composition, magnitude and way of international trade, innovations in shipping, advancements in goods handling technology, superior need for multi-modal transport, elevated

capital strength and gigantic private sector participation have been rapidly transforming the competitive scenario in the port sector.

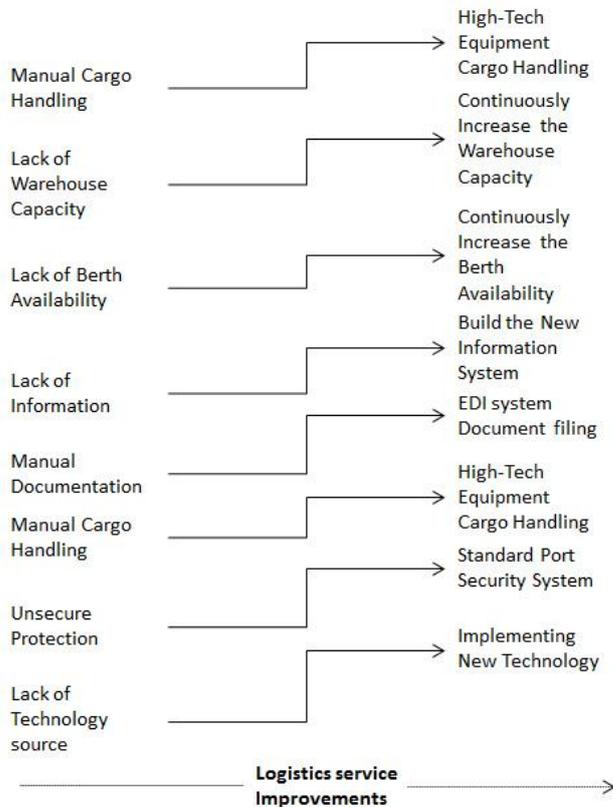


Figure.1.4. Continuous Improvement of Logistics Services of Port

Usually productivity is defined as metrics and measures of yield from production processes per unit of input. Depending on how a terminal’s performance. Automation, training, service and support, crane information management systems, preventive maintenance and integration are examples of some areas are of center of attention which is to be looked into in the prospect. Port and terminal operators will have to execute greatest practice and cost-cutting initiatives, lean organizations and lean operation processes are better equipped for longer periods of lessening volumes and rates than the ones that have not adapted.

The significant logistics services of port have been changed by the new trends of logistics management. That should be increase the productivity. It will be explained in figure 1.4. When take the continuous improvements in services, the productivity goes to high. That high productivity should give good economic status. It will be cleared in figure 1.5.



Figure.1.5. Economic Status Model

8. Conclusion

The paper designed to emphasis and elaborates the provisions of port's logistics service. That port has been operating as logistics management. By provides logistics services at strategic way, it will goes to more productivity. Whenport gives high productivity, it should have attainedmaximum economic level. So, good economic status of port must place in national economic development at possible.The review primed based on the major ports operation ofIndia. Logistics services should make change in technical way by the period of time. There are high productivity and continuously improvements in service. However, some technologies must need to available for sustainable economic.

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