

# Need for our country to play greater role in global logistics



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Logistics is a buzzword in the international cargo transportation. Before this word became popular, cargo transport was taking place. But the sector was beset with practical complex problems and staggered. Logistics had a big role in finding solutions with the help of technology to the problems galore in import and export of goods and in getting data on their quality, quantity and timings.

So, it is time for us to adopt logistics, an indispensable part of economy.

## **Magical word**

French emperor Napoleon had learnt the logistic skill of handling his armies successfully – a skill no less great than that of moving coins in the game of chess. After winning the Battle of Marengo on

June 14, 1800, he declared, “This victory was possible owing to logistics.”

In fact, the word ‘logistics’ has its root in the French.

The total cost of getting turkey berry (Sundaikkai in Tamil) consists of the cost of the plant being a quarter and the cost of carrying its loads on human heads being three-quarter. This is the meaning of our Tamil rural maxim: “Sundaikkai kaal panam; sumaikkooli mukkap panam.”

The Tamil word ‘Sumaikkooli’ in fact connotes what we call today logistics – an important factor in determining the total cost of goods. So, it is manifest that our ancestors had known the spirit of the logistical features of produce and cargo.

The ‘logistics’ does not cover merely transport by ship, plane, train and road. In fact, it covers other services such as fulfilling the need for goods, quantity, storage, coordination, packing and planning to reach the goods to the targeted customers.

## **Varieties**

An important phrase in vogue in the international transportation for over 30 years is: “Directly from production to the end user.” But this course had changed at one point of time. The credit for changing its course goes to the system of containerization in logistics introduced in the U.S. in 1956.

The trading technique of third-party logistics (3PL) now popular also seems to have been introduced in the U.S. in the 1970s. It gradually penetrated into several sectors, making all stakeholders understand the need for the services and was finally accepted by all traders the world over.

The first party logistics (1PL) involves the producer carrying his own merchandise through his own transport facility to the consumers.

If someone else tells the manufacturer, “You just produce your goods. We will take care of transporting it” and a new system emerges, it is called second party logistics (2PL).

But it is the third-party logistics that has opened up new avenues in trading, linking the manufacturers and transporters, bringing the personnel’s wide experience and lots of skills to bear on the transactions.

### **An inevitable equation**

The third-party logisticians had made the manufacturers understand the futility of locking funds in procuring raw materials and keeping them ready. They oversee activities including purchasing, transportation, making inventories and warehousing, keeping the total cost of logistics under control and ensuring cost-effective domestic and global movement of goods.

Their concept which had improved businesses through packing of goods suitable to the consumers went down well with the manufacturers and traders.

New theories emerged in the international logistics, triggering more business opportunities. Though accessories and raw materials are purchased from several companies all over the world, the logisticians coordinate and bring them through a ship or a cargo carrier, depending on the needs, to the consumers. Keeping in mind the deadline for reaching the cargo to the destination, they go for multi-modal transport systems and monitor the goods movements, ensuring they reach the destinations. Thus, their services made the world of merchants and traders happy.

### **What India has to do**

The development of logistics has rubbed off on India. But as shipping, the domain of logistics too is under the control of foreigners. Whatever they dictate is law and so our entrepreneurs

are unable to compete in the global market. We have been reluctant about the shipping rights

because of the colonial era laws. The same kind of reluctance still continues in logistics too. This is the main reason why the logistic tariffs are on the higher side in India. The first-mile connectivity in export and the last-mile connectivity in import are now in unfavourable conditions.

While unveiling India's logistics policy, Prime Minister Modi said, "The logistical tariff which is less than 8 per cent globally is above 15 per cent in India." He added that the tariffs would be reduced.

The situation causing economic losses must be dealt with on a war footing. Ship container rights, an important feature of cargo transportations, must be given importance and our role in the world must be ensured. Logistical corporates with basic infrastructure must be formed and encouraged. A situation must be created wherein the Indian personnel are employed in the Indian ships themselves.

The cargo manufacturing planes 600 km away from the Indian harbours must be brought within the globally accepted radius of 200 km.

The prominent roads, railway network and cargo manufacturing planes must all be linked with the regional harbours built up with good infrastructure. The old laws must be amended and new laws on logistics enacted in line with the needs and demands of the modern times.

The personnel at harbours, toll gates, road department and in the government's shipping monitoring centres must all realize that they are also part of the international logistical network.

**Translated by V.Mariappan.**