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THOUGHT OF THE MONTH

"Value is more expensive than Price"

INSIDE STORY

TECH MAHINDRA LAUNCHED END TO END DIGITAL SUPPLY CHAIN (FEEDS)

This revolutionary initiative manages the food supply chain, which enables companies to transport farm grown produce and deliver it as fresh as if it were grown locally.

JK CEMENT OPTIMIZED ITS SUPPLY CHAIN THROUGH RFID

Operating in the manufacturing domain, JK Cement like most other manufacturing organization has to deal with issues and complexities around supply chain management as it causes considerable impact on the company's overall business.

TATA STEEL SPONSORS GRAPHENE RESEARCH

India's largest private sector steel company Tata Steel is looking at sponsoring research by IIT Madras scientists into graphene, a new-generation carbon material hotly pursued by corporations.

ONE PLUS TO START MANUFACTURING PLANT IN INDIA

Chinese smartphone maker OnePlus plans to look at local manufacturing of its latest device OnePlus 3 after the company saw supplies slow from its factory in China and not able to cope up with demand in India.

IOT WILL CHANGE THE SUPPLY CHAIN

The potential applications of Internet of Things (IoT) technology across any industry or sector are vast. Existing and future IoT applications promise new ways of value creation and revenue streams for businesses in a digital world.

M&M PLANNING FOR AFFORDABLE ELECTRIC SUV

Mahindra & Mahindra is geared up for manufacturing the world's most affordable electric suv which will revolutionize the industry.

Logistics sector could save $200 billion annually post Goods and Service Tax (GST)

Niraj Bind | 9th Aug, 2016

NEW DELHI: Logistics sector, which accounts for nearly 14 per cent of the GDP, could see savings to the tune of USD 200 billion annually on implementation of GST, which will ensure faster movement of goods and less idle hours, say experts. With the introduction of Goods and Services Tax, many taxation procedures will come down, nearly halving the cost of inventory as customers will not need to pile up stocks in different warehouses, say experts.

"For a USD 2-3 trillion dollar economy, this could mean a potential of USD 200 billion wasteful inventory spent being available to deploy in productive value creation and further propelling the economy's growth," said Deepak Garg, founder of logistics firm Rivigo. Describing the passage of the

GST bill in Rajya Sabha as a "positive reform", apex transporters body All India Motor Transport Congress (AIMTC), which represents 80 lakh truckers, said the new regime would create efficient ecosystem and bring down the cost. "The new regime must usher in border-less, barrier-less, seamless movement of goods and passenger so that efficiency is engendered in road transport ecosystem and transportation and logistics cost is brought down to internationally competitive level," said AIMTC former president Bal Milkat Singh. According to a transport sector expert, delays at toll plazas and extra fuel consumption result in annual loss of over Rs 1 lakh crore. IIM-Calcutta in a study earlier estimated an annual loss of Rs 87,000 crore because of delays and extra fuel consumption at toll plazas. According to Singh, while trucks in the US cover a distance of 800 kilometers in a day, in India it is barely 280 km. The government intends to roll out the GST, which will subsume central excise, services tax and various local levies from April 1, 2017.

Air Amazon: Web giant launches its own cargo plane

Pavan Meshram | 5th Aug, 2016

MUMBAI: Amazon has revealed the latest weapon in its quest to make delivery for its Prime customers even quicker - a sleek new Boeing 767-300. The online retailing giant plans to unveil its first branded cargo plane, dubbed Amazon One, to the public at the Seattle Seafair Air Show on Friday. It is the first of 40 planes that will make up the company's fleet, aimed to remove the middlemen for long distance deliveries.

The move will speed up the fulfillment of Amazon orders as the company ships an increasing number of packages worldwide. Last year an estimated one billion packages were transported by Amazon - the same number FedEx delivered three years earlier to its hundreds of thousands of customers. It is believed the company is the first retail business to create its own air cargo fleet to transports it products across the world. Amazon will hope that by taking delivery in house it will not have a repeat of reliability issues it has suf-

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- Move should speed up delivery of Amazon's products as company ships increasing number of pack-

fered in the past. Analysts say it makes sense for Amazon to use an air fleet it controls as another way to get its products to online shoppers drawn to fast, no-extra-cost delivery. Satish Jindel, president of shipping consultant ShipMatrix, said: 'They're such a big online retailer. There's so much volume that if you have to add transportation for yourself, why would you pay a retail price when you can get wholesale? It makes sense. 'The company has been furiously building distribution centers, where workers and robots pull products off shelves and package them for delivery, as well as smaller sorting plants, which arrange packages by ZIP code for faster delivery. It has a network of more than 125 fulfillment centers worldwide. Amazon recently reported a second-quarter profit of $857 million on $30 billion in revenue. The company doesn't yet have plans to carry packages for others but says it's constantly evaluating its situation. Amazon has not been shy about competing in businesses areas far-flung from its e-commerce roots. 'Once you have those planes, it certainly creates the opportunity for new products for customers,' Clark said, adding: 'Stay tuned and

(Continued on page 3)

Tech Mahindra and SAP collaborate to create fresh food supply chain management platform

Shankar Rotti | 19th May, 2016

MUMBAI: Tech Mahindra launched Fresh Produce End to End Digital Supply Chain (FEEDS) in May 2016. This revolutionary initiative manages the food supply chain, which enables companies to transport farm grown produce and deliver it as fresh as if it were grown locally. FEEDS enables business collaboration, maintains product quality and freshness while providing a 15-20% reduction in losses and wastes.

Fresh produce is characterized by high perishability, short shelf life and high demand and supply variations. Multiplicity of players, stringent regulatory compliance norms and lack of end-to-end visibility adds to the supply chain complexities; resulting in high wastage and loss of freshness by the time the produce reaches consumers. Tech Mahindra has invested in multiple industry-specific Cloud Platforms using SAP Digital & IoT stacks. FEEDS is a flagship digital offering for Retail & CPG sector. Built on "Mobile first" strategy, high emphasis has been laid on the usability standards achieved through Design Thinking. Similar offerings are being launched in other sectors to help clients bridge gaps in their Digital strategy to execution. FEEDS transforms the fragmented physical supply chain into a Connected Intelligent Digital Supply Chain with the ability to track and maintain freshness at each leg of the supply chain process.

> "The initiative manages the food supply chain, which enables companies to transport farm grown produce and deliver it as fresh as if it were grown locally, and reduces losses and wastage by 15-20 per cent,"

This unified platform enables interactions and transactions between various participants of supply chain in real time. FEEDS is built on SAP HANA Cloud Platform and is well integrated with SAP's ERP system to utilize digital levers including Mobility, IoT (Internet of Things) and Big Data to provide a holistic end-to-end Digital Supply Chain transformation opportunity to fresh produce global supply chains. The platform is targeted at large retailers and food manufacturers. And more such platforms are being created. "Similar offerings are being launched in other sectors to help clients bridge gaps in their Digital strategy to execution," Krishna Kumaraswamy (KK), Senior Vice President & Global Head - SAP Practice, Tech Mahindra. Digital contributes over 10% of Tech Mahindra's revenue. This in future will indeed optimize and improve the food storage and supply.

Logistics Data Bank Set up at JNPT, Mumbai

Rachana Dhupkar | 11th Aug, 2016

The shipping ministry has set up a logistics data bank (LDB) at Jawaharlal Nehru Port Trust in Mumbai. The logistics data bank service would bring efficiency in the current Logistics & Supply Chain environment through use of information technology that would be helpful for tracking and viewing the movement of containers across the port.

"This Logistics Data Bank (LBD) Project will indeed provide visibility and transparency in EXIM (Export and Import) containers movement at JNPT and will help in reducing the overall lead time and delivery of the containers movement across the western corridor and lower the current transaction cost incurred by the shippers and consignees as a result of predictability and optimization achieved through Logistics Data Bank (LDB) services," a statement from shipping ministry said.

Snapdeal opens 6 logistics hubs to boost delivery

Neha Tandel | 2nd Aug, 2016

E-commerce major Snapdeal has set up six mega logistics hubs across Delhi-NCR and other cities to strengthen its warehousing and delivery operations ahead of the festive season. The new centers, 3 in Delhi-NCR and one each in Lucknow, Hyderabad and Kolkata, will allow Snapdeal to deliver products faster as it competes head-on against rivals like Flipkart and Amazon .

Snapdeal did not disclose investment details. With a total of 1 million sq ft warehousing space, these centers are designed as integrated facilities that combine warehousing, quality control and transportation to aid sellers, Snapdeal said in a statement. All processes -- from receipt of stocks, quality inspection, preparation for dispatch and return handling -- would be available to sellers under one roof. This will reduce costs for sellers and offer them better visibility and control of their stocks.

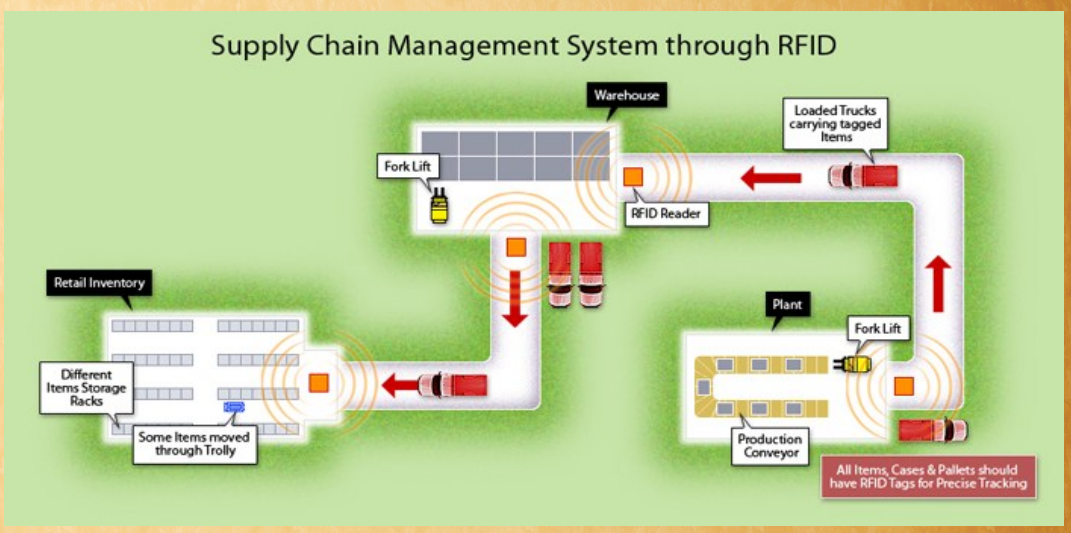
The six new centers are owned by Vulcan Express, a 100% owned subsidiary of Snapdeal . With the addition of these new centers, Vulcan now owns 10 warehouses. The other centres include those in Jaipur, Mumbai.

JK Cement optimized its supply chain through RFID

Team Operation | 14th Aug, 2016

BANGALORE: Operating in the manufacturing domain, JK Cement like most other manufacturing organization has to deal with issues and complexities around supply chain management as it causes considerable impact on the company's overall business. Time to market commonly known "timely delivery" is a very core aspect in manufacturing business and it's no different for JK Cement. While the company's plants continuously grind and produce huge volumes of cements, it often challenged with the delivery mechanism and supply chain processes involving with the movements of materials and trucks from yards to plants, loading cement bags, and order allocations to transporters, efficient production and its timely delivery and more.

"In the controllable costs, the most significant one for the industry itself is the transportation cost. Also the most significant differentiator in an industry which struggles to differentiate in spite of huge A&P investments is the customer experience for which "timely delivery" is on the top of the list," said Delhi based Ashok Cherian, Chief Information Officer (CIO) - JK Cement. Given the scenario, Cherian looked for a combination of in-house built business logic tool driving best in class RFID hardware and machine interfacing software rather than procuring costly tech solutions from vendors. "While some of the industry majors have either done it or they are in the process of doing it, JK Cement wanted to build a solution more forward looking than the peers which is scalable, and reliable at an industry best TCO," explained Cherian. Also, since the company was already leveraging SAP system, the solution needed to be fully integrated with it and so it can support other business functions like marketing and logistics besides the plant and transport management functions. Henceforth, Cherian with the help of his in-house IT team, system integrator and OEMs came up with an intelligent customizable algorithm based "queuing" engine software, which would enable the company to optimize the processes related to transport, vendor and delivery management. "It was a joint effort of in-house team, integrator and OEMs. We have established this capability in one of our plants in 7 months' time and will now be replicated across plants. The design is scalable to have a smooth and seamless growth within reduced timelines," informed Cherian. In addition, the solution leverages UHF RFID technology with hardware tags getting fitted onto the vehicles/trucks apart from fully automating weighbridges. The entire solution was integrated with the existing core SAP system, so the management that would have a single view and full control on the data flow. Since the solution is customizable and SAP integrated, today the company has a greater controller on the manageability.



M&M Gears Up for World's Most Affordable Electric SUV

Team Operation | 9th Aug, 2016

Auto major starts work on the project codenamed S107, it is also considering rolling out CNG and electric versions of its KUV model Mahindra & Mahindra is said to have begun working on what is being pegged as the most affordable electric SUV in the world through its Mahindra Electric unit, formerly known as Mahindra Reva. The compact SUV with electric powertrain has been codenamed S107, said people with knowledge of the matter. After the Verito electric version, this is the company's next major project in the space.

The idea is to combine the strength of Mahindra's SUV expertise with that of Reva in electric cars. The company, which sells the E2O entry level electric vehicle, recently showcased the Halo sports car concept. "If anyone is preparing feverishly for a disruptive future of mobility, it is Mahindra, "group chairman Anand Mahindra had told shareholders at the 70th annual general meeting this month. Electric cars are a key element of this. While the Verito electric addresses the needs of the practical buyer, a compact electric SUV caters to those who are keen on driving as an experience. "We fully intend to be profitable participants in this new world, "Mahindra had said. Mahindra & Mahindra's chief executive for automotive Pravin Shah told ET that the company is considering electrification of its KUV model, but the plans are yet to be finalized. "We are looking at adding more SUVs as well as small commercial vehicle to our electric vehicle portfolio. The focus will be on offering more affordable electric vehicles for higher accessibility. Mahindra Reva will continue to address the range anxiety with continuous development, "Shah said. Ford India is also exploring a hybrid electric powertrain option for its all-new Eco Sport planned for 2020-21, although this is at an early stage. The company is also exploring the possibility of a CNG version of the KUV. Mahindra expects modest annual sales of 6,000 units each for the electric and CNG versions, said one of the persons cited above. The move is seen as a fresh attempt to boost Mahindra Electric, which is focusing on overseas markets and fleet operators to build scale and become viable. Maruti Suzuki, Tata Motors and Mahindra have formed a consortium to develop certain components for electric and hybrid cars and make them more affordable and accessible for the masses. Ford India dropped out of the grouping as it's exploring the Eco Sport option. Ford India is trying to focus more on petrol versions instead of jumping directly to electric vehicles.

Tata Steel sponsoring research by IIT Madras scientists into Graphene

Team Operation | 9th Aug, 2016

CHENNAI: India's largest private sector steel company Tata Steel BSE 1.32 % is looking at sponsoring research by IIT Madras scientists into graphene, a new-generation carbon material hotly pursued by corporations in search of the next building block for electronic gadgets and transform processes in the manufacturing sector. Just one-atom thick, many times stronger and lighter than steel, graphene is being tested in applications from replacing silicon in smartphones to the components of aircraft bodies in making flying more fuel-efficient.

Its use has already been experimented in making automotive lubricants and how memory devices like hard drives in computers can be made more powerful by exploiting their unique electrical properties. The likely applications for Tata Group companies involve enhancements in coating, manufacturing processes, sensors and wearable devices. Graphene, or other nano-materials, can also find their way in new photo voltaic surfaces to be used in solar panels.

While the initial investment by Tata Steel is expected to be in the range of Rs 10 crore this year, the corporate is expected to commit to a 5 year relationship with the institute. The research will be for other Tata Group companies too.

Air Amazon ....

(Continued from page 1)

we'll see what happens in the future.' Amazon has leased 40 Boeing jets from Atlas Air Worldwide Holdings

and Air Transport Services Group Inc., which will operate the air cargo network. Eleven of the planes already are delivering packages for Amazon's annual Prime loyalty program, which offers free two-day shipping and other perks. The remaining freighters will be rolled out over the next couple of years. Despite its growing fleet of aircraft, Amazon said it has plans to continue to use FedEx, UPS and other transportation.

'Because of our growth and the sheer amount of packages, we are supplementing our transportation needs,' Clark said. Amazon's senior vice president of worldwide operations, Dave Clark, explained aircraft like Amazon One allow the company to 'continue to maintain our fast delivery speeds and lower our costs as our Prime base and our Prime member growth continues.'

Restaurant Chains have heads in The Clouds

Shankar Rotti | 18th Aug, 2016

BENGALURU: Several restaurant chains in the country are shutting down outlets and shifting focus to `cloud kitchen', or kitchen-only operations with no dine-in facility, due to traditional challenges of rising costs and rentals, plus consumers increasingly preferring home delivery to eating-out.

Spring Leaf Retail, a quick service restaurant chain backed by Footprint Ventures and Helion Venture Partners, has shut down its Mast Kalandar restaurants in two of the four cities it was operating in, while SAIF Partners-backed TMA Hospitality Services, which owns Ammi's Biryani, has converted some of its outlets into cloud

kitchens in the past few months to cut costs. "In several of our outlets, we found that dine-in customers were very few while most of the customers preferred home delivery . We have converted these outlets to cloud only , while the balance outlets continue to provide dine-in as well as home delivery options," said Vishal Sood, partner at SAIF. Spring Leaf closed five Mast Kalandar restaurants in Pune and four in Chennai in recent months and has also shut several outlets in Bengaluru over the past year. The company is now pushing its online kitchen model MK Dabbawala to enter newer, more tech savvy markets such as Mumbai and the National Capital Region. Spring Leaf director Gaurav Jain told ET the company has closed "strategically ill-placed stores" and is opening satellite kitchens in these places for online delivery. Riyaaz Amlani, president of the National Restaurant Association of India (NRAI), said: "According to my estimates, about 50% of the restaurants that have opened in recent years have closed down. Seven of the top ten restaurants that opened since 2012 have shut, because they were no longer profitable.

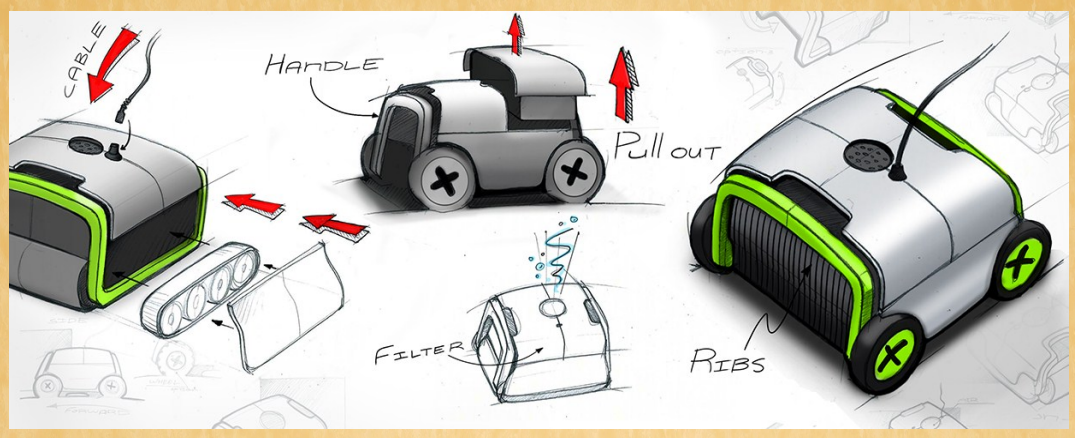
Is Your Product Design too good to be true?

Team Operation | 9th Aug, 2016

Earlier this summer, 27-year old actor Anton Yelchin was crushed to death when his Jeep Grand Cherokee rolled downhill, pinning him against the security gate in front of his Los Angeles home. No one will ever know exactly what happened in the moments before the accident. But we know that his car is one of more than 1.1 million Jeep and Dodge vehicles that are part of a recall by Fiat Chrysler. The problem? Flawed design.

Specifically, it's the unintuitive automatic shifter, which can make drivers think they've put the car in park when they haven't. If a driver were to exit the car with the engine not in park, all 5,000 pounds (about 2,270 kg) of the vehicle could roll away, crashing into any objects (or people) in its path.

Here's the issue. Traditional automatic-transmission shifters slide to a certain position and stay there, giving you tangible and visual clues about what gear the car is in. The "monostable shifter" in some Chrysler cars, on the other hand, moves and then returns to the center position, no matter what gear it's in. Besides some subtle clicks as you switch gears, there is nothing beside



the tiny letters on dashboard or on the shifter itself to show you what gear you're in. That said, if you do try to get out of the car when it's not in park, warning chimes will go off and alert messages appear on the dashboard. According to Chrysler, "investigation suggested these measures may be insufficient to deter some drivers from exiting their vehicles." This flawed shifter "is not intuitive and provides poor tactile and visual feedback to the driver, increasing the potential for unintended gear selection", the National Highway Traffic Safety Administration wrote in a report issued earlier this year. Problems with the shifter have been implicated in over 100 crashes and dozens of serious injuries, including three cases of a fractured pelvis, a ruptured bladder, a fractured kneecap, broken ribs, a broken nose, and facial lacerations requiring stitches, sprained knees, severe bruising, and trauma to legs. If the confusing shifter did contribute to Anton Yelchin's fatal accident, it would be the first known death attributed to it. His family has filed suit against Fiat Chrysler, claiming that the vehicle and gear shift were "defective in design "and "dangerous to life and limb. "

Yelchin's death is tragic. But it's not the first time -nor the last -that bad design has proven dangerous to life and limb. Many of these design problems are easily fixed, which can make them all the more maddening.

LOOKS THAT DECEIVE

I'm not sure who thought it was a good idea to make a concoction of toxic chemicals look like a refreshingly delicious beverage, but they do exist. And sometimes they're even sold side-by-side. The colourfully packaged multipurpose cleaner Fabuloso has a record of mistaken identity. In 2006, researchers looked at about four months of data from the Texas Poison Center Network and found 94 cases of people accidentally ingesting the household cleaner. An actually case where the six long -distance mountain bikers in Norway drank laundry detergent thinking it was an energy drink.

How the IoT will Change the Supply Chain?

Nakul Lunia | 9th Aug, 2016

The potential applications of Internet of Things (IoT) technology across any industry or sector are vast. Existing and future IoT applications promise new ways of value creation and revenue streams for businesses in a digital world. For supply chains, IoT technologies allow creation of a broad framework within which rapid evolution in an increasingly complex environment can be visualized and implemented. This evolution is based on the possibility of being able to integrate all relevant information in any value chain, understand the interdependencies amongst those pieces of information almost instantaneously, and leverage advanced analytics to arrive at more optimized decisions.

An IoT enabled supply chain can be visualized as an intelligent interconnected network that binds together multiple tiers of suppliers, contract manufacturers, service providers, distributors and customers, physically located across different regions of the world. Information created, processed and interpreted by distributed smart objects and systems in this intelligent network eliminates visibility gaps, and injects enormous flexibility into the network. Systems and smart objects with embedded intelligence will be able to make certain decisions and adjust automatically to complex situations, with managers focused on optimizing global capabilities through orchestration of the supply chain. Business processes in supply chains that are currently based around static data analysis and data structures will need to evolve so that they can adjust in near real-time in pursuit of new value creation. IoT's ability to monitor continuously, sense constraints and respond almost instantaneously under guidance of an autonomous system or an intelligent network, will create significant opportunities for cross-enterprise process optimization and innovation. In turn, this would concurrently drive cost containment, as well as improve time to market. Decision making capability of smart machines in an IoT enabled supply chain would also impact the supply chain organization structure. Conventional supply chain tasks in planning, procurement, supplier management and logistics would be better addressed by data driven intelligent systems in a collaborative cross-enterprise environment. Skill sets for supply chain professionals will need to go through a transformation, and their primary role would focus on designing inter-enterprise collaboration, network and capability optimization, risk and disruption management, and supply chain orchestration in order to create differentiation and competitive advantages. The first schematic shows a typical high-tech OEM's value chain with a multi-region supply network, global manufacturing sites, multi-region distribution network, along with third party service providers and a global customer base. The second schematic shows some of the dimen-

> ***In a global supply chain, deployment of IoT technologies can improve customer service, revenue growth, profitability, working capital, asset utilization, time to market, waste reduction, sustainability, equipment product uptime, security, agility and risk mitigation.***

(Continued on page 5)

Snapdeal shuts Exclusively.com

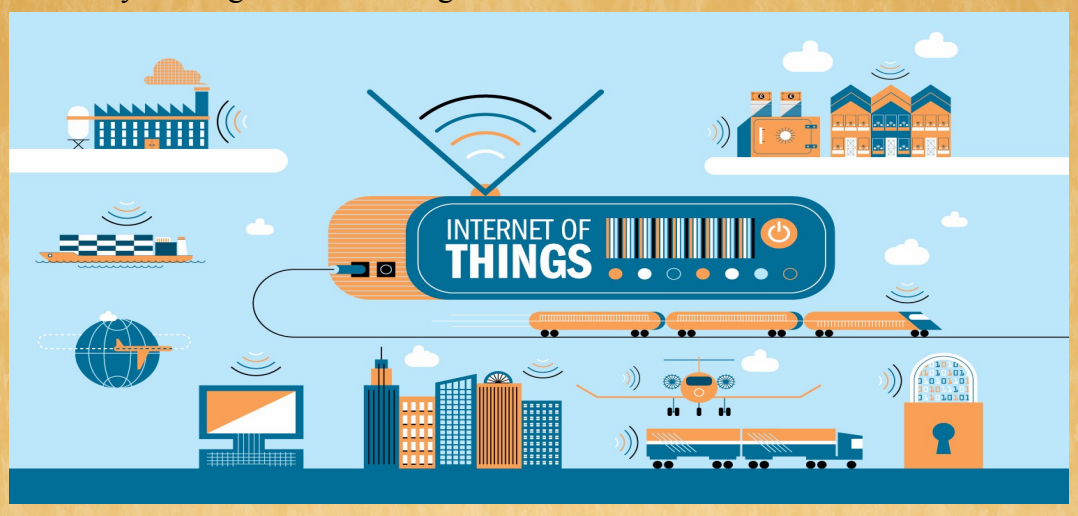
Ameya Shirsat | 17th Aug, 2016

Online marketplace Snapdealhas shut down Exclusively.com, the premium and luxury portal it acquired last year, and is also believed to be in the process of undertaking a strategic review of its investments made by it over the last two years.

While the company did not explicitly state that it had shut down the premium and luxury portal, in a statement issued on Wednesday, it said it has "completed the integration of Exclusively.com," and the entire catalogue of the luxury and premium fashion portal was now available on Snapdeal, and will be fulfilled through the ecommerce marketplace's logistics network. "This integration will ensure a wider access for the fashion and lifestyle products available on Exclusively, as now all Snapdeal users will have access to the same. This move comes as Snapdeal adds more depth and brands to the fashion category which would ultimately help the company to tap into the market and increase the market share by allowing them to diversify" the company-issued statement said.

(Continued from page 4)

sions that need to be factored into decision making in global supply chain processes. IoT-enabled supply chains will cede decision making on some of these dimensions to smart objects and systems. The following paragraphs provide a glimpse into some of the benefits that would accrue due to distributed and near real time sensing and decision making. Ability to track products (raw material or finished) and associated attributes like type, count and geo data using IoT technologies through their entire life cycle journey from a tier-n supplier to the end customer will impact sourcing strategies, inventory management and logistics costs. As an example, inability of a supplier to deliver on time could lead the connected intelligent system to launch an automatic search for the product in the distributed raw material inventory pool, or could result in a procurement trigger to an alternate supplier. This would ensure that there is no negative impact on production schedules, revenue streams and customer service. Consider another example where production constraints at a proprietary product supplier delays raw material delivery by 2 days. The intelligent system would sense the impending delay and readjust the material delivery dates for other suppliers. In turn, these suppliers would possibly be able to route this material to other customers, thus not just it optimises working capital and revenue stream for the network but also reduces the lead time.



Six government initiatives that have major impact on Indian logistics sector

Amruta Bhagat | 16th July, 2016

Businesses in India have been no different in their delayed realisation to the virtues of logistics optimisation. While corporates have woken up to the potential of logistics delivering an extraordinary competitive advantage to a supply chain, credit must also go to recent government initiatives, which have provided, or will soon provide, immense potential to bring logistics in the front-and-centre of business operations.

Given below is the list of six key government-led initiatives which have changed the prominence of logistics completely:

DIESEL DE-REGULATION

It is a known fact that our fiscal dependence on fuel import is very high. But it is diesel, which has remained one of the biggest laggards for India in the past. Couple of years ago, political compulsions were kept aside for once to deregulate diesel and today we reap its benefits. Breaking the shackles of fuel subsidy has changed our perspective completely. No longer do we see any threats of strikes or bandh with each Rupees' change in diesel price. As a result, logistics costs have become more accurate, with diesel prices moving in tandem with international fuel prices. This forces us to be competitive globally.

BIG THRUST ON HIGHWAYS BUILD-UP

In the first decade of this century, we saw highways and infrastructure become focus sectors. Highways, which are the backbone to goods transportation, got a major boost. Many schemes later, our connectivity to major production and consumption centres across India has improved, even if not world class. Road freight, carrying 60 percent of all goods transport in India, got a major leg up. Truck turn-around times have improved, transit times have got upgraded, vehicle down times have reduced, productivity is better and this has resulted in improvement in inventory related costs - reduction in transit claims, reduced cost of inventory on road and such. With focus returning on highways build-up of this current government, there are even more long-term gains around the corner.

CARRIAGE OF GOODS BY ROAD ACT, 2007

The road transportation of goods is a desperate need for India. With lack of political will, little has been done yet to start implementation a portion of the act where it demands 'registration' of all goods transporters. Registration of transport service providers will bring order to a largely scattered sector with hundreds of thousands of operators.

When the Carrier's Act 1865 was repealed – along with it went the outdated liability clauses for the goods in transit, which were not keeping up with the complex reps-and-warranties in bilateral agreements of the modern day commerce. With appropriate caveats in place in the new Act, there will be far more accurate apportionment of responsibilities and liabilities. This will also have an effect on subrogation clauses with the underwriters and hence also on insurance costs.

DEDICATED FREIGHT CORRIDOR

For merely recognising freight as a crucial and indispensable component of Indian economic activity we have already won a small battle. If and when implemented the freight corridor will deliver an ecologically and economically sensitive edge in the business of freight that we need. On high intensity corridors, there is a possibility of transitioning loads from road to rail, especially by way of dedicated freight corridor.

GOODS AND SERVICES TAX

The discussions on Goods and Services Tax (GST) have taken-over the collective imagination of many. Besides the advantages from the tax point -of-view, there will be a major impact on logistics sector once GST is in place.

Majority of Indian corporates today organise their supply chain with an eye on the indirect-tax cost. After GST is implemented, the determining factors of planning logistics will be the fundamental principles of logistics - demand, supply, near-to-customer, sourcing, transportation costs and inventory costs. This will ensure a major shift and/or consolidation in warehousing locations, transportation costs and will also impact the trends of certain commercial vehicle classes.

MAKE IN INDIA

The shift in India's economy from a large agriculture economy to a large services economy was akin to a missed opportunity for logistics because manufacturing got bypassed. With attention being redirected, in no small way, India is now attracting some big ticket manufacturing investments. Make in India over the next five years will add more than $ 20 billion to the Indian logistics sector.

Sagarmala project may lead to savings in huge logistics cost

Team Operation | 9th Aug, 2016

NEW DELHI: A Shipping ministry study has claimed that the ambitious Sagarmala project could lead to an annual saving of Rs 40,000 crore by optimizing logistics.

"The study estimates the potential to save around Rs 35,000-40,000 crore per annum by optimizing logistics flows for key commodities by 2025. Some of the key drivers identified for this are promoting coastal shipping of bulk commodities like coal, setting-up coastal clusters for bulk commodities like cement & steel and and providing last-mile connectivity of ports with national highways and railway network," a government statement said.

Sagarmala envisages port led development of the country that would include establishing new transshipment port, creating dedicated coastal berths ports for coastal shipping, setting up storage capacities at origin-destination ports to shorten turnaround time and developing adequate ship-repair facilities in the maritime states.

The government has prepared a Rs 5 lakh crore plan, including private investment, to implement the Sagarmala project. Globally, maritime nations such as China, South Korea and Japan have effectively used their coastline for port-led development. "The programme aims to change the way logistics evacuation happens in India, save logistics costs nationwide for cargo handled and evacuated through seaports, boost overall economic development through ports and empower coastal communities helping communities tap the infrastructure and facilities enabling them to save costs and increase profitability."

OnePlus to start manufacturing OnePlus 3 in India by year end

Omkar Dalvi | 13th Aug, 2016

Chinese smartphone maker OnePlus plans to look at local manufacturing of its latest device OnePlus 3 after the company saw supplies slow from its factory in China and not able to cope up with demand in India. Last month, OnePlus had to suspend local production of its OnePlus X smartphone within nine months after its launch due to lukewarm response. But the demand for its latest model OnePlus 3 is outstripping supply, forcing the Chinese company to look at making the phone in India. "We are facing a supply crunch in India. Since we have dropped the invite only approach, the demand is much higher than expected," said Vikas Agarwal, General Manager, India at OnePlus. "Right now we are importing our products from China, but we are looking to start assembling in India by the end of this year. Currently we are searching for component supplier for OnePlus 3." Agarwal sees demand for the premium priced OnePlus 3 not just in India, but globally. "We ceased the production of OnePlus X, which we were manufacturing for India market recently," said Vikas Agarwal, General Manager, India at OnePlus. "Though there was a demand, but the demand was not so

much as to justify the production. Based on the users' reviews and feedback, which mainly pointed that they wanted premium devices, we decided to phase out OnePlus X." According to a CMR report published in June, OnePlus became one of the top five players in high end smartphone segment, with 6.1 percent market share for the year 2015.

The high end market typically entails smartphones priced above Rs 20,000 and accounts for 5 percent of overall smartphone market in the country, according to industry estimates. While Samsung dominated the premium aka high-end smartphone segment with 44 percent market share in 2015, Apple's market share stood at 27.3 percent. Sony Mobile and HTC had 8.3 percent and 7.6 percent market shares respectively. "Top 5 dominated by established players with OnePlus being only exception to the rule," noted the CMR report. India is now one among the top three markets for the company, which operates in more than 35 countries at present.

"When we launched OnePlus One in the Indian market, we did not have high hopes, because our product was in premium category and India was supposed to be a price conscious market. But after getting a good response, we figured out India as a value conscious market, which goes for good product at effective prices," said Agarwal. "India, North America and Europe are three top markets for the company. Even though America and Europe are much more saturated and mature markets than India, we are still getting the almost the same numbers from these market."

Petainer Innopac opens new manufacturing facility near Mumbai

Rajas Deshmukh | 19th Aug, 2016

MUMBAI: Petainer Innopac Packaging, a joint venture between Petainer UK Holdings and Innopac Containers, today opened its new facility near the city to manufacture plastic packaging solutions.

The plants has been designed such as to provide its customer with PET/ plastics packaging solutions using Petainer's advanced polymer engineering technology which they recently developed. Among others, the plant house world-class blow molding equipment to manufacture the 20 liter bulk water cooler jar, as well as a fully equipped on-site design studio, laboratory services and warehousing. Petainer had recently introduce the PetainerKeg-a one-way 20 or 30 liter keg for the beer, wine and other beverage segments. "More equipment and products will be brought online in the coming months", the company said in a statement. Petainer CEO Nigel Pritchard said: "India presents an exciting and dynamic market opportunity for our innovative packaging solutions."

Future Group turns to e-tailors for shoppers

Omkar Dalvi | 13th Aug, 2016

After complaining for long at e-commerce entities for selling below cost price, Kishore Biyani's Future Group is increasingly getting entrenched in the online play, through tie-ups with prominent players such as Paytm and Snapdeal. Earlier, it had

partnered Amazon, too. The idea is to reach more shoppers. On Friday, the group said its hypermarket chain, Big Bazaar, had tied up with online marketplace Snapdeal. With this, Big Bazaar's five-day 'Maha Bachat' sale, from Saturday to Wednesday, would be available on Snapdeal.

Snapdeal is also holding a discounted 'Wish for India sale' separately on its site. Future Group recently tied up with payments and commerce platform Paytm, on which Big Bazaar became an anchor store. This allows Paytm users to make online purchases at Big Bazaar. "The partnership between Snapdeal, and Big Bazaar leverages the massive reach of Snapdeal and the wide assortment that Big Bazaar offers through its hypermarkets," Big Bazaar said. Asked why Big Bazaar chose to go with Snapdeal when it had a tie-up with Paytm, Rajan Malhotra, said: "The Paytm association is a long-term one; the Snapdeal tie-up was only for Maha Bachat. Besides, the talks with Snapdeal were work-in-progress, which fructified now." Upon asked about tie up with Amazon for its marketing fashion, Biyani said recently. "We are not against e-commerce firms. We are only against heavy subsidising of products to gain market share. It is a great medium to reach a new set of customers and new geographies," Malhotra said. Asked if Future was tying up with many e-commerce entities as its omni-channel strategy was not progressing as expected, Malhotra said this wasn't so. "Many aspects of our omni-channel strategy are operational and some are yet to be operational," he said.

Government allows 100% FDI in e-commerce market place

Team Operation | 13th Aug, 2016

NEW DELHI: The government has given the green light to 100% FDI in the marketplace format of e-commerce retailing with a view to attract more foreign investments. As per the guidelines issued by the Department of Industrial Policy and Promotion (DIPP) on FDI in e-commerce, foreign direct investment (FDI) has not been allowed in inventory-based model of e-commerce. At present, global e-tail giants like Amazon and eBay are operating online marketplaces in India, while homegrown players like Flipkart and Snapdeal have foreign investments even as there were no clear FDI guidelines on various online retail models.At present, global e-tail giants like Amazon and eBay are operating online marketplaces in India, while homegrown players like Flipkart and Snapdeal have foreign investments even as there were no clear FDI guidelines on various online retail models. To bring clarity, the DIPP has also come out with the definition of 'e-commerce', 'inventory-based model' and 'marketplace model' which would further help to bring in more clarity.

Tata steel, JSW to Outperform Regional Peers on Profitability

Ankita Jadhav | 18th Aug, 2016

KOLKATA: Indian steel companies such as Tata steel and JSW will outperform regional peers on profitability due to rising domestic demand and the government's protectionist measures, Moody's investors services said. In addition, the expected ramp-up of Tata steel's green field kalinga nagar operations and JSW's brown field expansion will help raise their earnings in 2016, the global ratings firm said in a report on Asian steelmakers, 'steel- Asia: lower earnings keep outlook negative'. While the Asia outlook is negative, steel demand in India will outpace the regional average, it said as GDP growth of around 7.5% in 2016 and 2017 with the country's reforms and policy support for infrastructure and manufacturing as well as increasing urbanization, driving consumption. In India and Southeast Asia, moody's said it expects year-on-year steel demand to increase by a mid-to high-single-digit percentage in 2016 and 2017. But that won't be enough to offset the aggregate effect from the decline in china who is trying to export steel at a cheap rate.

ABC CLASSIFICATION

A method for prioritizing items based on the product of the annual demand and the unit cost. The high "annual dollar volume" items are classified as "A" item. The low annual dollar volume items are classified as "C" items. Based on Pareto's Law, the ABC classification system drives us to manage "A" items more carefully. This means that these item should be ordered more often, counted more often, located closer to the door, and be forecasted more carefully. Conversely, "C" items are not very important from an investment point of view, and therefore should be ordered rarely and not counted often. Some firms use other methods for defining the ABC classification -- such as the stockout cost or the medical criticality of the item. This has nothing to do with Activity Based Costing.,

BACKFLUSHING

A means of reducing the number of inventory transactions by relieving (reducing) the inventory count for parts only when the final product is shipped. For example, instead of counting the number of letter "A"s that issued to assembly, we simply count the number of keyboards that we ship and reduce the letter "A" inventory count accordingly. Backflushing gives us an imprecise inventory count because of the delay -- but it can reduce the transaction cost significantly. A concept of measurement used to periodically explode an end item's BOM to calculate how many of each part went into the final product(s). This eliminates much of the shop-floor data collection activity, which is required if each part must be tracked and accounted for during production.

CAPACITY PLANNING

The process of determining the production capacity needed by an organization to meet changing demands for its products. Different types of capacity exist. For example, design capacity is the maximum amount of work that an organization is capable of completing in a given period; effective capacity is the maximum amount of work that an organization is capable of completing in a given period due to constraints such as quality problems, delays, and material management.

DUPONT ANALYSIS

An economic analysis that can be used to show the return on investment as a function of many other variables. Operations managers sometimes use this analysis to show that a small reduction in inventory can reduce cost, increase sales, and reduce investment -- and if you increase the numerator and decrease denominator of ratio at the same time, the ratio gets much larger.

EFFICIENCY

Performing activities at the lowest possible cost.

ENTERPRISE RESOURCE PLANNING (ERP)

Large, sophisticated software systems used for identifying and planning the enterprise-wide resources needed to coordinate all activities involved in producing and delivering products.

FORECASTING

The process of predicting future events, including product demand.

JUST-IN-TIME

A philosophy designed to achieve high -volume production through elimination of waste and continuous improvement.

LEAN SYSTEMS

Sometimes synonymous with just-in-time, it is a philosophy that takes a total system approach to creating efficient operations through the elimination of waste.

MASS CUSTOMIZATION

The ability of a firm to highly customize its goods and services at high volumes through its operations management function.

OPERATIONS MANAGEMENT

The business function that refers to the transformation process of converting raw materials into finished goods and services; OM used to be called production and operations management (P&OM) or just production. As the field evolved from being primarily tactical (e.g., making inventory and scheduling decisions on the manufacturing floor) to being strategic (today there are many CEOs from the OM field), the term moved to focus on the broad notion of operations rather than mere production.

PRODUCT DESIGN

The process of deciding on the unique and specific features of a product.

PROCESS SELECTION

The process of identifying the unique features of the production process that will give the product its unique characteristics. Process selection typically goes hand in hand with product design, as we need to create a process that gives rise to the particular product design desired. An excellent product design is worthless if a process for its creation cannot be developed.

PRODUCTIVITY

A measure of how efficiently an organization converts inputs into outputs. It is usually measured by a ratio of output divided by input. Productivity is essentially a scorecard of how efficiently resources are used and a measure of competitiveness. Productivity is measured on many organizational levels--from measuring labor and machine productivity to measuring the productivity of an entire organization or even a nation. As a result it is of interest to a wide range of people.

QUALITY MANAGEMENT

The process used to ensure the quality of a product, including measuring quality and identifying quality problems.

BUSINESS PROCESS RE-ENGINEERING (BPR)

A radical change in the way that an organization operates. Business Process Re-engineering involves a fundamental re-thinking of the business systems. BPR typically includes eliminating non-value added steps, automating some steps, changing organization charts, and restructuring reward systems. It often includes job enlargement, which reduces the number of queues, and gives the customer a single point of contact. In many firms, BPR has a bad reputation because it is associated with downsizing.

SCHEDULING

The process of deciding on the timing and use of resources within an operation; it addresses questions such as who will work on what work schedule and in what sequence jobs will be processed.

TOTAL QUALITY MANAGEMENT (TQM)

A philosophy that seeks to improve quality by eliminating causes of product defects and by making quality the responsibility of everyone in the organization. With TQM everyone in the company is responsible for quality. Practiced by some companies in the 1980s, TQM became pervasive in the 1990s and is an area of operations management that no competitive company has been able to ignore.

VALUE ADDED

A term used to describe the net increase created during the transformation of inputs into outputs. The OM function seeks to create value added in the transformation process.

MATERIAL REQUIREMENTS PLANNING (MRP)

The authorized MPS is a critical input into material requirements planning (MRP), the next plan below the MPS. MRP is a plan that uses the MPS, bill of material data, and inventory records to calculate specific requirements for materials. The MPS tells the MRP system what the company plans to build and when. The MRP system then calculates the materials needed to build the products in the schedule and plan for the necessary materials. Notice that as we move from the business plan through the production plan, MPS, and then MRP we progressively become more specific and detailed.

ROUGH CUT CAPACITY PLANNING (RCCP)

This is the process of converting the MPS into specific capacity requirements for key resources such as direct labor and machine time. This process calculates a rough estimate of the workload placed on critical resources by the proposed MPS. This workload is compared against demonstrated capacity for each critical resource. This comparison enables the master scheduler to develop a feasible MPS.

CROSS-DOCKING

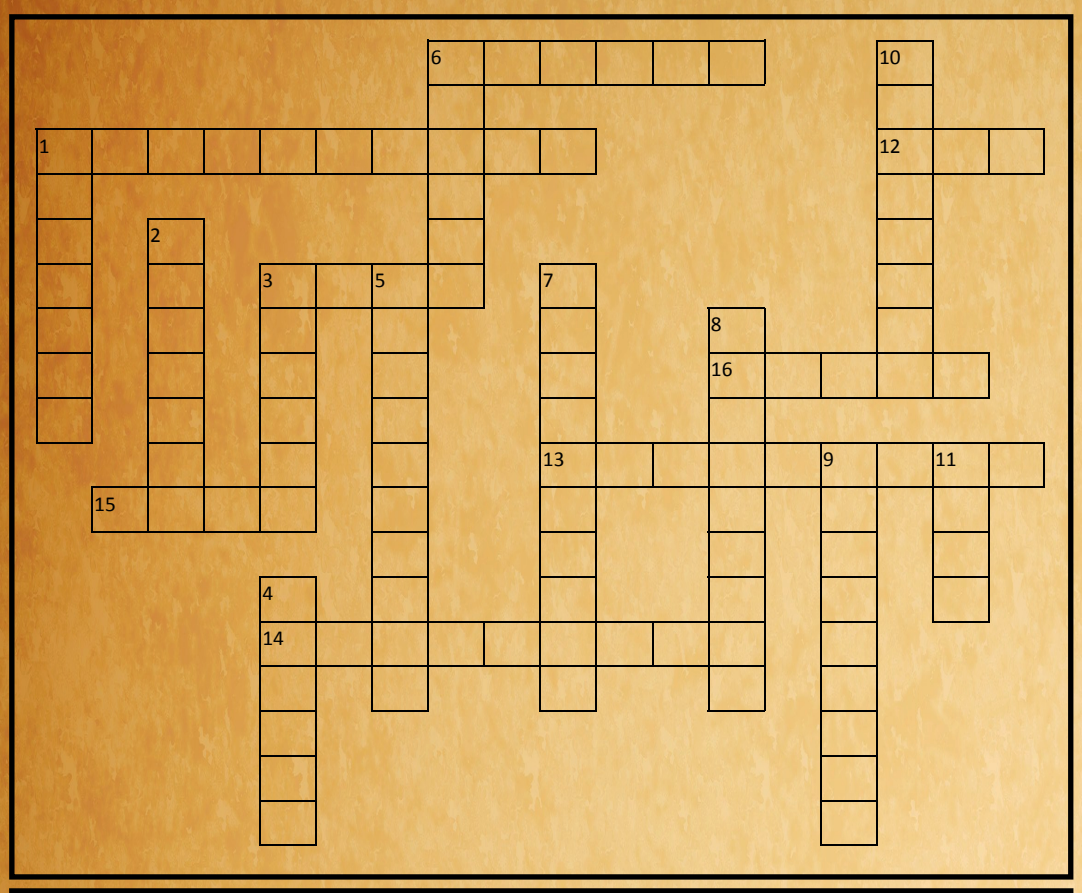
It is a practice in logistics of unloading materials from an incoming semi-trailer truck or railroad car and loading these materials directly into outbound trucks, trailers, or rail cars, with little or no storage in between. This may be done to change the type of conveyance, to sort material intended for different destinations, or to combine material from different origins into transport vehicles (or containers) with the same destination or similar destinations.

INVENTORY TURNOVER

This is the cost of goods sold divided by the average inventory investment (in dollars). The inverse of the inventory turnover ratio is an estimate of the cycle time.

LEADTIME

The term has many meanings related to the time to produce something. The planned lead time is a time parameter used in a planning and control system to determine the release date i.e. start date for an order. It should be as small as possible, for quick delivery of the products.



ACROSS

1. The action of making or manufacturing from components or raw materials.
6. Materials requirement planning technique developed by Toyota Corporation.
12. Total Quality Management
13. A complete list of items such as property, goods in stock.
14. Benefits of producing on large scale
15. Method to analyze the involved tasks in completing a given project, especially the time needed to complete each task, and to identify the minimum time needed to complete the total project.
16. Ability to move quickly and easily

DOWN

1. A series of actions or steps taken in order to achieve a particular end
2. The action of helping or doing work for someone.
3. Physical arrangement of plants and machines.
4. A person or company offering something for sale, especially a trader in the street.
5. The use or introduction of automatic equipment in a manufacturing or other process or facility
6. Philosophy of continuous improvement of working practices, personal efficiency.
7. A methodology aimed primarily at reducing flow times within production as well as response times from suppliers and to customers
8. A large building where raw materials or manufactured goods may be stored prior to their distribution for sale.
9. Take or carry (people or goods) from one place to another by means of a vehicle, aircraft, or ship.
10. The matter from which a thing is or can be made.
11. A framework, typically with rails, bars, hooks, or pegs, for holding or storing

Dilbert

Riddles & Puzzles

1) Last two letters are conjunction, I am the person who supplies goods and services to the company, and who am I?
2) My first three letters mean battle, last five letters mean structure which provides shelter, I am used for of raw materials, who am I?
3) It is the activity required for transporting the goods, what is it?
4) Last five letters represents darbies, it is the sequence of processes involved in production and distribution of a company.
5) First five letters mean creation, I am an itemized catalogue or list of tangible goods or the intangible attributes, who am I?
6) My first three letters mean current, last word mean evolution, I am the process in which an commodity is brought in the market, who am I?
7) Who am I? Without me, you will either produce in surplus or will face stock out situation. You can judge me from my past.
8) I am form Japan. I believe in being lean. My gestures will hint you to refill the parts or materials. Who am I?

Riddle Answers:
1)Vendor, 2) Warehouse, 3) Logistics, 4) Supply Chain, 5) Inventory, 6) New Product Development, 7) Forecasting/Planning, 8) Kanban.

Cross-word Answers:
Across: 1) Production, 6) Kanban, 12) TQM, 13) Inventory, 14) Economies, 15) PERT, 16) Agile, Down: 1) Process 2) Service 3) Layout, 4) Vendor, 5) Automation, 6) Kaizen, 7) Just-In-Time 8) Warehouse, 9) Transport, 10) Material, 11) Rack

Upcoming Events

Frontiers in Optimization: Theory & Applications (FOTA-2016)

The conference aims to provide a forum for scientists, researchers, software developers, and practitioners to exchange ideas and approaches, to present research findings and state-of-the-art solutions, to share their experience on potentials and limits, and to open new avenues of research and development, on all issues and topics related to optimization and its applications.

Date: 24th – 26th November, 2016

Registration:

Till September 30, 2016 – INR 5,000
After September 30, 2016 – INR 6,000

Venue: Heritage Institute of Technology, Kolkata, India
Website: http://www.heritageit.edu/fota2016.aspx

International Conference on Analytics in OR (ORSI- 2016)

The objectives of the society are promotion and propagation of knowledge in Operational Research, publication of a journal with original, high quality and state-of-the-art papers on Operational Research and allied disciplines, and conducting courses/ examinations to propagate knowledge in Operational Research.

Date: 12th – 14th December, 2016

Registration:

Till November 21, 2016 – INR 2,000
After November 21, 2016 – INR 2,500

Venue: Birla Institute of Management Technology, Noida, India
Website: http://orsibimtech.assoftwaregroup.com/Default.aspx

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