

Integrated Information Approach to Inbound Logistics in Indian Steel Sector

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Abstract : Globalization and free trade has forced the organizations to continuously rethink and rework on the increasing cost of logistics. World wide, it is visualized that on one side the steel sector is witnessing rapid growth and on the other side it is facing huge challenges in terms of availability of raw materials for uninterrupted production. Inbound logistics also gains significant importance for ensuring the timely availability of raw materials. It is seen that in Indian steel sector logistic cost is still very large and challenging. Effectively managing the inbound logistics in steel decides the profitability and serviceability of the organization. Effective management of inbound logistics also has a major role on the inventory of the organization. Since, the logistics for the steel industry in India is evolving rapidly and it is the interplay of infrastructure, technology and new types of service providers that will define whether the industry is able to help its customers to reduce their logistics costs. Integration of Logistics has been treated as one of the most potential area for the companies to provide a base for cost reduction. In spite of the proven area for benefits for the industry, it is very surprising that none of the researchers have explored this area. Although, many researchers explored the subject of logistics in steel industry, but their perspective varied from exploring and understanding the associated cost and finding out the relations between them. Visualizing a potential gap, the present research is under taken to explore the integration opportunities in inbound logistics for steel sector. Typically in Indian steel sector where in most of the manufacturers depend on imported materials for processing the logistics is very challenging and accounts for transactions at supplier - who is situated in different country, shipper- who is transporting the material to the host country, regulators in both countries-that include customs and various clearing agents, local logistics service providers and local transporters/handlers. It is seen that In bound logistics cost in the steel sector is very high and accounts for about 15-16% of the turn over, integration of information across different channels provides and opportunity for improvements and growth of the organization. In the present paper, a case of leading steel manufacturer has been taken and the potentials for integration of information across various partners have been identified. The paper provides the identification of grey area in steel sector for major improvements in cycle time and lowering the inventories by integration of information. Finally, based on integration of information, the paper presents a business information framework for steel sector.

Keywords : integration, steel sectors, suppliers, shippers, customs and cargo agents, transporters

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