



Students' Corner - 149

Now we will study the difference between effective and efficient supply chain.



Effectively efficient operations free the administrator free undue stress and anxiety.

If you satisfy your customers, be they that purchase your finished products or those who supply raw materials to you or even the warehousing personnel that stock your products and all those down the line at every significant phase of the business process, then you are effective. Of course within and without the company, all your stakeholders feel satisfied with your service and operations. Your stakeholders give or get what is required and when required and how much is required. To give a good example taken from the college curriculum, if you a UG student, you are considered effective if you complete your study successfully within three years ---in the West, it is said in many universities, it is a four-year course--- no matter how many times you failed and then passed within the stipulated span of time. You do right things: you complete your three-year programme in three years irrespective of failures in one or many semesters.

We have already discussed in our earlier sessions the two very important qualities required for successful supply chain management: Efficiency and Responsiveness. Absence of any one of the two will end up in failures in supply chain management. An insightful strategic balancing of the two in all the operations ensures sustainability to the supply chain.

Some experts point out that if efficient operations fail to satisfy the customer, it indicates some defect in quality of service or of the product; in such circumstances, the operations may be efficient in terms of economical management of the resources but it is considered not effective in its goal. The skill lies in the capabilities that use fewer resources—efficient--- without any compromise with quality—effective. Where efficiency and effectiveness blend into one another, there the business is guaranteed of successful continuity, of assertive sustainability.

Now let us look into the types of inventory.

Generally experts talk about the following as types of inventory: raw materials, Work-in-process (WIP), finished goods, transit inventory, buffer inventory, anticipation inventory, decoupling inventory, cycle inventory, MRO Goods inventory and theoretical inventory.

Let us see now about each type of inventory briefly beginning with raw materials.

Raw Materials: All the items that are used in manufacturing a product are raw materials. For example, wood is raw material for furniture; the manufacturer converts wood into furniture. Wood undergoes a change to reach the level of a finished product, furniture like a chair or a table. Or, if you buy chairs and sell them, for you chair may be considered raw materials for you. If you manufacture a chair, then, for you wood is the direct raw material. When you purchase some things which may be even finished products like nuts and bolts, and even engines, they are considered as raw materials for you.

Naturally occurring substances without being subject to any chemical changes are generally looked upon as Primary raw materials. Any item that you use to produce your product is essentially raw material for you.

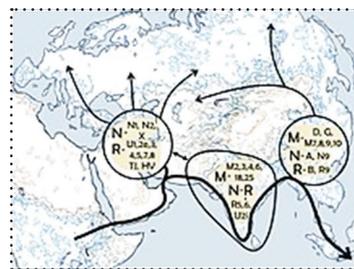
We will move on to the next type of inventory in our next session.

Blue economy - Wave 4

(Series on "Blue Economy" By Capt Gajanan Karanjikar)



The Out of Africa theory states that Homo sapiens spread from Africa into mainland Eurasia. The more recent **Southern Dispersal or Coastal hypothesis** instead advocates that modern humans spread along the coasts of the Arabic Peninsula and southern Asia. This hypothesis is supported by mtDNA (Mitochondrial DNA) research which reveals a rapid dispersal event during the Late Pleistocene (11,000 years ago). This coastal dispersal, however, began in East Africa 75,000 years ago and occurred intermittently from estuary to estuary along the northern perimeter of the Indian Ocean at rate of 0.7–4.0 km (0.43–2.49 mi) per year.



Such is the imminent history of Indian Ocean and its use in Trade and commerce, even when these terms were not coined. Now let's look at Indian Ocean as of Now, in facts and figures.

Indian Ocean Region: (IOR) Now

- The Indian Ocean region consists of 28 states, spans across three continents and covers 17.5% of global land area.
- Indian Ocean covers almost 20 per cent of the world's water. Its total area is about 68.556 million square kilo meter and it is almost 5.5 times larger than the United States.
- The ocean total area includes Andaman Sea, Arabian Sea, Bay of Bengal, Flores Sea, Great Australian Bight, Gulf

of Aden, Gulf of Oman, Java Sea, Mozambique Channel, Persian Gulf, Red Sea, Savu Sea, Strait of Malacca, Timor Sea, and other tributary water bodies

- These 28 countries include 21 members of the Indian Ocean Rim Association (Australia, Bangladesh, Comoros, India, Indonesia, Iran, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Seychelles, Singapore, Somalia, South Africa, Sri Lanka, Tanzania, Thailand, United Arab Emirates and Yemen), and Brunei, Cambodia, the Maldives, Myanmar, Pakistan, Timor-Leste and Vietnam.



- This region is home to 35.0% of the world's total population (2.6 billion people).
- The Indian Ocean holds 16.8% of the world's proven oil reserves and 27.9% of proven natural gas reserves.
- Indian Ocean economies accounted for 35.5% of global iron production and 17.8% of world gold production as in 2017.
- The region was also responsible for 28% of global fish capture in 2016.
- This has created a successful basis for export industries in a number of countries. For example, Indonesia and India accounted for around 4.5% of global frozen fish exports in 2017.
- This abundance of natural resources, among other factors, has facilitated traded growth within this region.
- The Indian Ocean is home to major sea routes connecting the Middle East, Africa and East Asia with Europe and the Americas.
 - These vital sea routes
 - facilitate maritime trade in the Indian Ocean region,
 - carry more than half of the world's sea-borne oil, and
 - host 23 of the world's top 100 container ports.



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- Container traffic through the region's ports has increased fourfold from 46 million TEUs in 2000 to 166 million TEUs in 2017.
 - According to the 2017 Lloyd's List, the top Indian Ocean container ports are Singapore (34 million TEUs), Dubai (15 million TEUs) and Port Klang in Malaysia (13 million TEUs).
- Between 2011 and 2017, the average annual growth of container traffic through the leading regional ports of Singapore and Dubai has averaged 2.6% and 3.8%, respectively.
 - Interestingly, smaller ports have experienced greater growth than larger ports in the region, such as the Port of Colombo in Sri Lanka and Mombasa in Kenya, which averaged 6.1% and 8.8%, respectively.
- Increased connectivity within the region has strengthened ties with external trading partners.
 - China has emerged as the most important trading partner of the Indian Ocean region, accounting for 16.1% of its total goods trade in 2017, up from 4.8% in 2000.
 - On the other hand, between 2000 and 2017 the share of trade has declined with other major partners such as the EU (16.8% to 12.0%), the US (13.9% to 7.9%), and Japan (14.6% to 6.5%).
- Intra-regional trade is even stronger, accounting for 27.2% of total trade in 2017.

(To be continued...)