

Logistics Performance in International Trade: India Vs Global

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Abstract:

Logistics can be defined as having the right product or a service, at a right time, at right place and in right condition. The international logistics sector has grown leaps and bounds and logistics has become a significant element of the global economic system in recent years. Logistics and the supply chain management plays an important role in trade relations internationally. In this context, Logistics Performance Index (LPI) has been used as a measure to assess the level of logistics performance of various countries globally with respect to the infrastructure logistics quality, international shipments, and competence and tracing and tracking finally timeliness. The paper aims at studying the logistics performance of India, in respect of its international trade, based on the LPI. It also examines the effect that each of the concerned indicators has on the trade relations in select countries globally vis-a-vis India. The results are envisaged to indicate the areas of improvements in the components of the LPI for India which would increase the growth of India's trade flows.

Keywords: Logistics, International trade, Logistics Performance Index, Global Economy

Introduction:

International trade of goods is advanced by a system of various global logistics contributors that take care of a number of activities in the international supply chains such as air freight, ocean shipping, third party logistics, warehousing and land transport. The significance of the efficient logistics for the growth and trade is recognized globally.

Various studies indicate that the better performance in logistics is related to the trade expansion, diversification of exports, economic growth and also the ability to attract the foreign direct investments. Some of the challenges that present to international trade include transportation, storage of products, low quality of the services and high logistics costs.

Logistics Performance Index:

The Logistics Performance Index (LPI) is published by the World Bank since 2007 to help in understanding the various challenges the partners of trade face in making of their national logistics function efficiently. It summarizes the various countries performance in six categories which include customs, international shipments, infrastructure, tracing and tracking, competence, and logistics quality and timeliness. These are described below.

Customs index takes into account the various procedures in customs clearance involving different services provided by import and export agencies. These procedures consume lots of time for the imports and exports and their effectiveness depends on the service providers and the agencies who are involved in the process.

International shipments index is based on the management issues concerning the movement of goods with regard to the organizing of shipments efficiently in terms of costs and deliveries.

Infrastructure index measures the efficiency of transport infrastructure and communication technology. It reflects the various challenges about the environment of the physical transport.

Logistics management covers the phases from origin to destination and it is a very significant activity to reduce the time of transit. To gain competitive advantage it is necessary to adapt to changes in the route, and arrival or departure date of shipments. Tracking and tracing index which stresses on the quality of the information technology to reach efficiency in transport system.

The third-party logistics service providers and custom brokers have a significant responsibility to work in unity to fulfil the requirements of the customer with an elevated performance. The logistics quality and the competence index are the relevant measure in this regard.

Non-reliability and lack of time in the international trade can reduce the performance of logistics. They can prohibit the trade through rising costs and reducing competitiveness.

Timeliness index is the yardstick used in the gamut of measuring the performance of logistics.