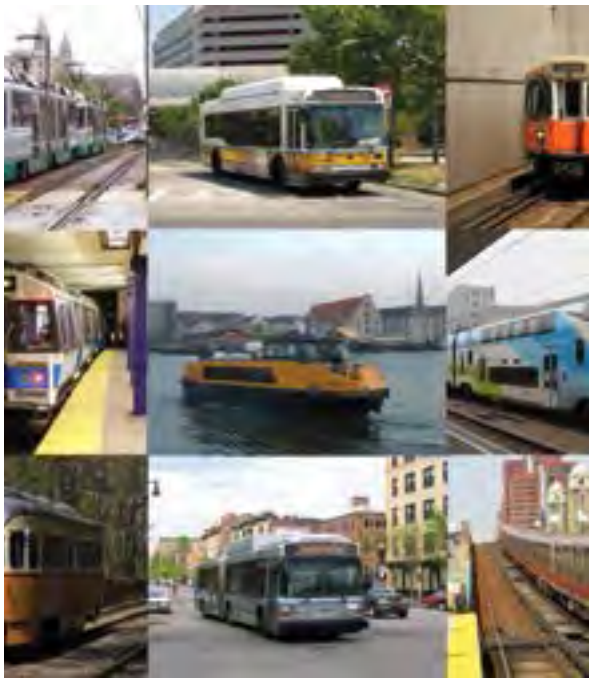
FROM THE EDITOR'S DESK

Greetings!

Infrastructure is a major sector that enhances overall development of the Indian economy. India's focus on infrastructure over the last decade made the country the second fastest growing economy in the world. Planning commission of India has projected an investment of US$ 1 trillion for the infrastructure sector during the 12th Five Year Plan. The Secretariat for Infrastructure in the Planning Commission is involved in initiating policies that would ensure time-bound creation of world class infrastructure in the country. This section focuses on power, bridges, dams, roads and urban infrastructure development.



Transport has deep linkages with the economic development and social integration of the country. To maintain a sustainable development in economy India's focus is essential to strengthen transportation infrastructure facility such as airport, rail, and road connecting the domestic economy effectively and improving overall competitiveness. Good physical connectivity in the urban and rural areas is essential for economic growth. Since the early 1990s, India's growing economy has witnessed a rise in demand for transport infrastructure and services.

Transportation cost can be analyzed from two point of view: (i) Cost to the operator and (ii) User cost. Cost to operator consists of cost of operation, repair and maintenance cost, overheads, replacement costs, depreciation and investment cost in up-gradation of the system. User cost varies with mode of transport. In the case of Road Transport, user cost includes cost of ingress and egress in the nature of local travel and portage fee at the terminals at either end. In the case of goods transport by Rail, transport cost consists of packing of goods, cartage (local transit) from consignor's godown to loading terminal at origin and from unloading terminal to consignee's godown at destination, handling of goods at either end, transit losses, rail siding and transit inventory costs. Cost elements are similar in the case of Coastal Shipping and Airways except that rail siding cost gets excluded. Sum of the two cost components i.e. operator and user cost reflects the total cost of transport of a tonne of goods or a passenger by a particular mode for an identified distance slab.

Further, transportation cost again can be defined into two other aspects. These are financial costs and economic or resource costs. Financial cost includes total expenditure actually incurred by an operator or user including tax and duties. There are also modal variations in cost inputs like the cost of way. On the other hand economic or resource costs include all kind of social cost such as pollution cost, accident cost etc.

Various approaches to cost and performance monitoring for logistics and distribution operations can be linked wherever possible to actual company practice. The need for monitoring and control procedures to measure the effectiveness of actual distribution performance against a prescribed distribution plan has been identified within the context of the framework of a planning and control cycle. These include:

- the balanced scorecard;
- the SCOR model (Supply Chain Operations Reference model);
- an integrated supply chain model;
- an operational approach;

This issue presents a good number of articles by distinguished experts and authors on the 'Strategic Cost Management in Transport and Logistics', the cover story theme of this issue. A new section, 'Letters to the Editor' that started a few issues ago, continues. We look forward to constructive feedback from our readers on the articles and overall development of the journal under this section. Please send your mails at editor@icmai.in. We thank all the contributors to this important issue and hope our readers enjoy the articles.