

# Editorial

India is facing a peculiar problem. While the rest of the world grapples with the spectre of deflation, Indian policy makers are fighting a tough battle against the menace of inflation. In fact leading economists have identified a major structural weakness of Indian economy, namely the tendency of the economy to overheat at very early stages of its growth cycle.

One important reason behind this phenomenon is supply side constraints namely the limits placed on growth due to infrastructural bottlenecks. Thus when growth places demand on resources, the unavailability of resources puts a brake on the growth process and thereby feeds inflation. Hence it is felt that if India is to grow by double digits, one of the prerequisites is to increase the absorptive capacity of the economy through improvement in the infrastructural sector.

Transport and logistics is the backbone of the infrastructure of any economy. Poor transport facility and weak supply chain delays completion of projects, results in time and cost overruns, makes coordination more difficult, raises prices increases wastages and reduces profitability. Hence transport and logistics is an important cog in the wheels of growth.

Broadly, transport and logistics management is the management of a network of interconnected businesses involved in the ultimate provision of product and service packages required by end customers. It spans all movement and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption.

Transport and logistics can be integrated with business development through : (a) **customer service management process** (provides the customer with real-time information on scheduling and product avail-

ability through interfaces with the company's production and distribution operations); (b) **procurement process** (activities related to obtaining products and materials from outside suppliers involve resource planning, supply sourcing, negotiation, order placement, inbound transportation, storage, handling and quality assurance many of which include the responsibility to coordinate with suppliers on matters of scheduling, supply continuity, hedging, and research into new sources or programs); (c) **product development and commercialization** (coordinate with customer relationship management to identify customer-articulated needs, select materials and suppliers in conjunction with procurement, and develop production technology in manufacturing flow to manufacture and integrate into the best supply chain flow for the product/market combination); (d) **manufacturing flow management process** (concerns activities related to planning, scheduling and supporting manufacturing operations, such as work-in-process storage, handling, transportation, and time phasing of components, inventory at manufacturing sites and maximum flexibility in the coordination of geographic and final assemblies postponement of physical distribution operations); (e) **physical distribution** (this concerns movement of a finished product/service to customers); (f) **outsourcing/partnerships** (managing and controlling this network of partners and suppliers requires a blend of both central and local involvement) and (g) **performance measurement** (on parameters of cost, customer service, productivity measures, asset measurement and quality).

In this issue, we have compiled articles regarding how Cost and Management Accountants can contribute their knowledge and expertise to the development of this crucial transport & logistics sector. □