

## Future Gateway of Logistics in India

DR V. K. Arora\*

### Abstract

Role of logistics is extremely crucial in today's business scenario. The domain of logistics starts just after operations and goes on perpetually till it reaches the final consumer. In the global competitive environment, many firms desire to outsource their logistics requirements to a partner with similar vision. Depending upon the requirement, the options are available as first to fifth party logistics providers. In India, the concept of 3PL is getting established, the 4PL agencies are just coming up, and 5PLs are on the horizon. This paper discusses how to select, proceed, and control over outsourced logistics along with challenges related.

**Keywords** – Focal firm, Multi-tier complexity, Logistics provider, 3PL, 4PL, 5PL, Challenges in logistics

### Introduction

Supply chain (and its management) is very important for any industry and/or firm. And especially for a firm in manufacturing, supply chain is the soul of the complete process without which manufacturing cannot happen and so business. Therefore, to manage the supply chain, supply chain management is also equally important. Here we need to comprehend what exactly the supply chain is?

For any firm, from availability of ultimate raw materials and making them available to the ultimate customer is the Supply Chain, and the best arrangement and management of the same is known as Supply Chain Management. We must note here that we are not merely talking about the materials of any kind but actually it is about the flow of three attributes.

First attribute is the Materials, i.e. the movement of materials, second is the fund, whereas the third and the last one is the flow of information. That means supply chain executes the management and coordination of materials, fund, and information. As shown in the figure below, the flow of materials is from the ultimate supplier to the ultimate buyer as shown by the first arrow, information is bi-directional as shown by the second arrow, and in the last, fund moves from the ultimate buyer to the ultimate supplier as shown by the third arrow. In between the process, there is a manufacturing (or processing) company which is called as Focal Firm. If there are more than one Manufacturing firms, then the firm we are interested to study will be called as the Focal Firm.

---

\* DR V. K. Arora

Professor – Department of Management Studies, ITS Mohan Nagar Ghaziabad – 201007

Mail: [arora\\_vk@yahoo.com](mailto:arora_vk@yahoo.com); Date of Acceptance: 15.02.2014