

GUEST COLUMN

A tough code to crack?



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Sustainable or Green Supply Chain is now regarded among the key strategic enablers gearing organizations towards long-term profitability. As companies progress towards triple bottom line reporting, sustainable supply chains are gaining significance, as after manufacturing, supply chain is single largest contributor to the carbon footprint of any organization.

In US and other developed countries efforts are already being

country which accounts for 15% of the world population, India's share of the world trade at 1.5%, is still abysmally low.

Warehousing

Developing sustainable warehousing practices would mean focusing on the following areas:

1. Strategically placed Warehouses and Distribution Centers (DC)
2. Improved Warehouse Layout,

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made by companies to measure and reduce the supply chain carbon footprint. Some of the organizations like TESCO, Dell, and Marks and Spencer have taken several strides towards carbon neutrality.

However it remains a matter of great debate if Green Supply Chain will really act a success factor in an emerging economy like India where we are still struggling for success in our supply chain processes and operations. For a

Use of PEB structure with proper lighting and ventilation.

3. Use of fuel efficient machines and tools

The Indian taxation structure mandates holding a DC or warehouse in every state. All modern tools on network design come to naught when pitted against Indian Sales Tax system. It takes not less than Rs. 800 per square feet to build a new modern PEB structure warehouse. This is



compounded by the interest cost which would be at least Rs. 12 per month per square feet. Add to this the cost of land, and the rental per month almost doubles. For a country which is used to paying rentals in single digits, these costs are a complete No-No. Several analysis have shown that labor costs in India are still low as compared to costs incurred in mechanized, low manpower operations.

Sourcing

Sustainable supply chain practice suggests the following focus areas in the domain of sourcing:

1. Enable cleaner sourcing/manufacturing
2. Collaborate with suppliers for green initiatives
3. Localize sourcing for JIT. Reduce transit distances. Lower emission in transit
4. Eco friendly packaging
5. Technical Support to vendors to reduce foot print
6. Reverse Logistics to reuse or refurbish

Cleaner manufacturing would mean better technology and lesser

wastes. Indian SSI companies are at present struggling to adopt such technologies. Indian companies do try to localize their sourcing as close to factory as possible. However, it may not be possible in every case. While India boasts of manufacturing zones which are strong in different sectors, the awareness of environment friendly packaging is still minimal. Optimization measures pressurize packaging teams to do their jobs at minimum possible cost. Except for some companies in Auto or Electronics sector, reverse logistics is not a viable option in India. The cost of reverse logistics is much bigger than the value we could extract out of it.

Transportation

Making transportation operations sustainable demands focusing on the following areas:

1. Consolidation of LTL or Milk run for Inbound and outbound
2. Optimizing truck loads.
3. Rerouting fleet vehicles.
4. Use of Rail or Multi Modal model.

5. Use of back haul.
6. Reducing total volume or mass shipped.
7. Consolidated movements.

In India, Rail has been increasingly losing its share to road for distribution. Coastal and Inland waterways are still nascent, hence road transportation despite being not so emission-friendly, will continue to hold the prime position in carrying Indian freight. India freight exchange market is still not evolved here to ensure easy back haul for transporters. Our check nakas and toll booths continue to guzzle fuel, increase cost and impact agility. In addition, Indian road conditions do not allow fuel efficiencies to be built in. We are still transporting lot of freight in fuel inefficient vehicles.

Thus, while in an ideal situation green supply chain practices can lead to lesser waste, better asset utilization, lower emissions, and reduced fuel consumption, in a developing economy like India, we still have a distance to go, before we can think about strategic enablement and better bottom lines by adopting sustainable supply chain practices.