

A Study on Operational Challenges in Logistics in the Indian Scenario with Reference to Mahindra & Mahindra Ltd, Ernakulam

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Abstract: *Supply chain management (SCM) is the oversight of materials, information, and finance as they move in a process from supplier to manufacturer to wholesaler to retailer to consumer. Supply chain management involves coordinating and integrating these flows both within and among companies. It is said that the ultimate goal of any effective supply chain management system is to reduce inventory. The study on the logistics practices in Mahindra & Mahindra Ltd critically examines the “operational challenges in logistics in the company.” Objectives of the study are to identify the challenges faced by Mahindra & Mahindra in handling their logistics and to study the efficiency of the supply chain. The researcher has identified the challenges being faced in Mahindra & Mahindra Ltd through observation and discussions with company officials. The data for analysis was collected through a questionnaire supplied to selected dealers of the company. Also, the reasons for the operational challenges in logistics were identified as well. This study provides suggestions to the company to practise an effective supply chain management in order to address the challenges faced by the company and to maintain good relation with their customers.*

Introduction

The Indian automotive industry, comprising vehicle and component manufacturers, has grown steadily over the years. The arrival of major global auto companies has galvanized the domestic sector into adopting supply chain best practices. This has enhanced competitiveness leading to a quantum growth in exports. However, the Indian automotive industry has to operate in a unique environment further posing challenges to the already complex automobile supply chain. Therefore, a need is felt to continually study supply chain practices in this sector from a contemporary, practitioner’s viewpoint in order to identify key factors of differentiation which would ultimately provide competitive advantage.

This project seeks to understand the present status, complexities and challenges in supply chain facing the Indian automobile sector. It examines trends such as visibility and innovation, collaboration and supply networks and evolving leadership roles impacting supply chain effectiveness. Strategies for overcoming challenges are presented as also a framework for further study and analysis. The automotive industry has been accepted as a major driver of growth of a nation’s economy and is a significant contributor to the global economy.

However, sub-optimal usage of supply chain management practices pose challenges to automakers in their quest for achieving competitive advantage, especially in emerging markets like India. Therefore there is a need to examine various aspects of automobile supply chains in

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an emerging market which has its own peculiarities. Logistics activities of automotive products pose a big challenge because of its characteristics. It is in this context that discussions in this paper seek to bring out challenges and complexities in automobile supply chains, presenting emerging trends from the global automotive industry and its applicability in Indian context.

Statement of the Problem

There is an increasing concern for the automobile companies to improve the efficiency of their supply chain management to compete with the emerging automobile market in India. The non-availability of the demanded products at the earliest makes people to choose products from competitors.

Objectives

Primary Objective

To identify the hidden problems in the present supply chain of Mahindra & Mahindra to generate solutions which makes the supply chain capable to deliver the customer demand at the minimum cycle time.

Secondary Objective

- To identify the challenges faced by Mahindra & Mahindra in handling their logistics
- To study the efficiency of the supply chain

Scope of the Study

As the research topic would suggest, it is essentially focused on the supply chain efficiency in Mahindra & Mahindra Ltd. This study is mainly based on the problems in the current supply chain and improvements which can be adopted in the supply chain. The study explores as to know whether there are problems in the supply chain process which can be solved strategically to improve the supply chain efficiency.

Limitations of the Study

- Time constraint: Time was a major constraint to the study, as many of the top managers and functional managers were busy with their own routine.
- Lack of actual response: The dealers try to rate Mahindra supply chain management as average in all cases.
- Wide respondent area: As the study is conducted in all Kerala basis, the respondents are spread in different locations in Kerala.

Research Approach:

The research approach adopted in this study is descriptive method and through questionnaire. This includes collection of data using observational checklist from different distribution dealers in Kerala.

Collection of Data

- Primary Data: Observation method, Interview method and using questionnaire
- Secondary Data: Published material, Company website etc.

Inclusion and Exclusion Data

Data has been collected from the sub-dealers which all are coming under the main four dealers in Kerala. The 30 sub-dealers under these four dealers were the respondents. Data has been collected from the 14 district of Kerala to enhance the accuracy of findings.

Sample size

The sample size of the study is thirty sub dealers of the main four dealers which cover all over Kerala.

Tools used for analysis

Averages and percentages are the main tools used for the analysis

Findings

- Mahindra and Mahindra is maintaining strong business relations which has promoted dealers' loyalty, retention and more collaboration between businesses in the supply chain.
- All of the Mahindra dealers are satisfied and have trust in Mahindra's concern about the business. This is one of the reasons behind Mahindra keeping their market leadership in this dynamic market.
- Most of the dealers are happy with the service quality rendered by M&M. It is clear that the company is maintaining a constant relationship with its dealers.
- 80% of the dealers prefer container mode of transportation and only 20% go for road driven type especially in Palakkad areas as the warehouse is located nearby.
- 80% of the dealers are happy with the usage of present mode of transportation and the company is able to meet the dealers' demand on time.
- M&M collects no extra charges from their dealers to meet their necessary demands even if it is without prior notification. The company is more focused on retaining its customers by meeting their demand and thereby making them loyal rather than making extra profit.
- The company is more focused on maintaining quality, be responsible and flexible to the customer they deal with.
- About 60% of the dealers have rated excellent the way M & M are handling their complaints
- Most of the customers are satisfied with the service provided by the company
- About 75% of the customers find M&M as exceptionally performing well and is different in every way when compared to the competitors.
- All the dealers are happy with the responsibilities and the flexibility in the services of M&M, but they lack in meeting the demands of spare parts which is an essential part especially as dealers have service units too.
- The most demanded product is Bolero among all the small commercial vehicles. M&M is clear about the various demand curves of their vehicles, they always ensure to meet the demands by sustainable sourcing thereby avoiding dealers facing major delays, at the same time maintain the quality and cost at the same level.
- M&M always ensures to manage volatile demand efficiently in a demand driven environment by comprehensive supply chain strategies

- About 75% of the dealers find that they get good value for cost with M&M than when selling its competitors' products.
- 85% of the dealers believe M&M has adopted the latest technology platform in their business process which is necessary at this era to reach out to the dealers.
- M&M has an excellent ERP system to manage all their dealers which is Dealers Management System (DMS). 80% of the dealers are satisfied with it and the way they can quickly and efficiently trace their orders back through the supply chain.
- 40% of the respondents experience unavailability in certain highly demanded products.
- Mahindra small commercial vehicle management does not have the same pace in adoption of innovative technologies unlike their passenger vehicle management.

Suggestions

- As many of the customers are getting damaged products when they receive products by road driven, the company has to identify the causes, as well as, the actions needed to avoid such damages, including better infrastructure, manpower, training for better delivery ideas etc.
- The company should maintain present customer service and service quality to continue business relationship with the dealers.
- Mahindra should maintain the current competitive advantages vis-a-vis its competitors.
- The major service issue Mahindra facing now is unavailability of required spare parts to the pre-owners. This may reduce Mahindra's market share. The company should make the availability of spare parts through a single-simple window at reasonable rate.
- Delivery of Mahindra's most demanded product Bolero may be delayed due to the unavailability of the product in demanded quantity. This important situation has to be properly addressed by the company.
- Mahindra shall maintain the cost benefit to the dealers than its competitors.
- Mahindra small commercial vehicle supply chain is not really adaptive compared to its own passenger vehicle supply chain in the area of technological adoptions.
- Mahindra should take necessary steps to overcome the unavailability of highly demanded products, variants, colours etc.
- Mahindra small commercial management should follow their passenger vehicle management to adopt most innovative and new technologies.

Conclusion

The study conducted at Mahindra & Mahindra Ltd on the topic "A study on the logistics practices in Mahindra & Mahindra Ltd," critically examines "Operational Challenges in Logistics". This has helped to understand the process of Logistics management and challenges faced by the company in logistics.

The study tries to identify the problems and challenges faced by the company in logistics. The study provides suggestions to the company to address the challenges and appeal to the company that they shall try to maintain good customer service and quality service. From this study it is clear that Mahindra & Mahindra has well experienced dealers' wing, which care their customers very efficiently. In some areas they are facing some issues which can be easily solved through necessary steps. Apart from these, Mahindra & Mahindra supply chain is excellent rated. From the study it can be concluded that the management should take necessary steps to avoid the

A Study on Operational Challenges in Logistics in the Indian Scenario with Reference to problems occurring in the logistics, so that the company can achieve higher level of customer satisfaction in its services.

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