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A Study on Various Factors Affecting Logistics and Transportation Services in India

Shreyash Daphle[1],Prof. Linu George[2]

[1] Student Amity Business School Amity University Mumbai
shreyashd52@gmail.com
[2] Assistant Professor Amity Business School Amity University Mumbai
lgeorge@mum.amity.edu

ABSTRACT :

This research examines the complex factors influencing logistics and transportation services in India, a vital sector for the nation's economic development. By employing both primary and secondary data, the study emphasizes key challenges such as high logistics costs, insufficient infrastructure, low levels of digital transformation, and variable policy implementation. Despite recent initiatives like the National Logistics Policy (2022), road transportation remains disproportionately predominant, while multimodal alternatives are still underutilized. Although there exists potential for the incorporation of technology and sustainable practices, their adoption is currently limited. The paper concludes with targeted recommendations aimed at improving efficiency, reducing costs, and promoting eco-friendly logistics.

Keywords: Logistics, Transportation, Infrastructure, Technology, Policy, India, Sustainability.

INTRODUCTION

The logistics and transportation system in India is crucial for fostering economic development, industrial activity, and both domestic and international trade. Despite its size and significance, the sector does not meet global standards due to inefficiencies and high operational costs. Logistics expenses account for roughly 14% of India's GDP, in contrast to the global average, which hovers around 8% to 9%. This paper investigates the structural, operational, and policy-related barriers that hinder logistics efficiency in India, proposing pragmatic reforms.

OBJECTIVES OF THE STUDY

1. To identify the key infrastructural, operational, and regulatory factors that impact logistics services in India.
2. To assess the effectiveness of government initiatives such as the National Logistics Policy (2022), Bharat Mala, and Sagar Mala.
3. To evaluate the role of technology and digital advancements in improving logistics efficiency and transparency.
4. To explore the economic challenges and cost issues faced by logistics service providers.
5. To investigate the gaps in human resources and skills within the logistics workforce.
6. To examine environmental challenges and sustainable practices in logistics operations.
7. To propose strategies for enhancing logistics performance, competitiveness, and sustainability in India.

HYPOTHESES OF THE STUDY

- H1: The condition of infrastructure significantly impacts the efficiency of logistics operations in India.
- H2: Government policies and initiatives positively influence logistics costs and performance. H3: Adoption of digital technologies improves operational efficiency for logistics providers. H4: High logistics costs are primarily driven by inefficiencies in transportation, fluctuations in fuel prices, and regulatory obstacles.
- H5: A strong correlation exists between workforce skills and the quality of logistics service delivery.
- H6: Implementing sustainable practices positively impacts brand image and reduces operational costs in the logistics sector.
- H7: The growth of urbanization and e-commerce adds to the complexity and expense of last-mile deliveries.

LITERATURE REVIEW

Researchers and policymakers agree that infrastructure is foundational to logistics. Mukherjee and Kundu (2019) argue that poor connectivity, especially in rural areas, impedes logistics efficiency. Initiatives like Bharat Mala and Sagar Mala aim to foster multimodal integration but face delays and imbalanced regional development (Sharma and Gupta, 2020). While larger companies are advancing in technological adoption (Batra and Gupta, 2021), MSMEs struggle due to financial limitations and skill shortages (Joshi and Pandey, 2021). Environmental concerns are increasingly prioritized, but the transition to more sustainable logistics is occurring slowly (Saha, 2022).

RESEARCH METHODOLOGY

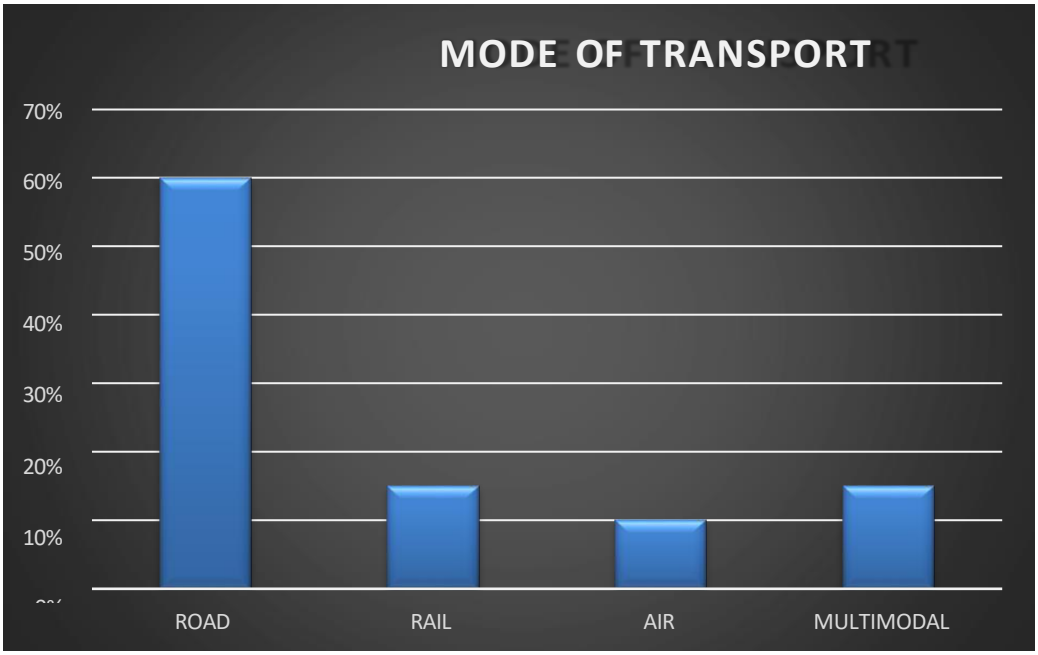
This study utilized a mixed-methods approach:

- **Primary data:** A survey was conducted with 200 logistics professionals, and in-depth interviews were performed.
- **Secondary data:** Government reports, academic studies, and industry white papers were reviewed.
- **Sampling:** Stratified sampling was employed to focus on important sub-sectors: freight, warehousing, and last-mile delivery.
- **Analysis:** Quantitative analysis was performed using descriptive and correlation statistics, while qualitative feedback was thematically categorized.

DATA ANALYSIS AND INTERPRETATION

1. What transportation method do you primarily use for your logistics operations?

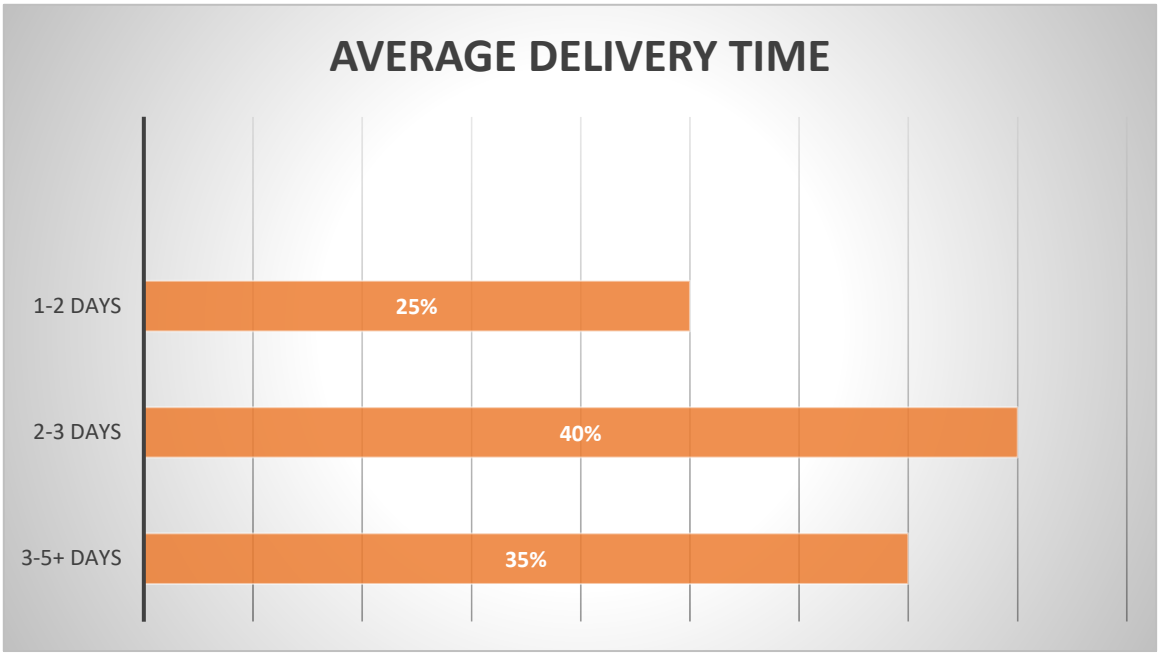
• Road- 60%
• Rail- 15%
• Air- 10%
• Multimodal- 15%



Interpretation: Road transport is the predominant option for logistics in India because of its flexibility and efficiency in reaching end destinations. However, this reliance could make the sector vulnerable to changes in fuel prices and traffic issues. The lesser utilization of rail, air, and multimodal transportation reveals an unexploited potential for more efficient and cost-effective long-distance logistics.

2. What is the average delivery time for logistics activities in your region?

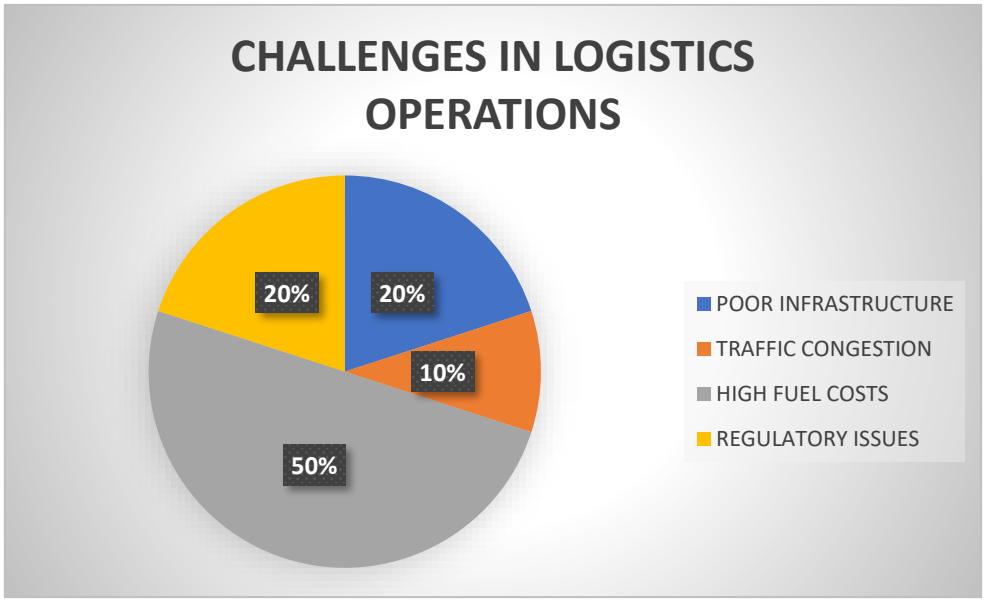
• 1-2 days (Urban)- 35%
• 2-3 days (Semi-Urban)- 40%
• 3-5+ days (Rural)- 25%



Interpretation: Semi-urban areas have the longest delivery times, indicating a fairly developed logistics framework. Urban areas demonstrate efficiency, while rural zones still face delays, underscoring the need for improved investment in rural logistics infrastructure.

3. What major challenges do you face in your logistics operations?

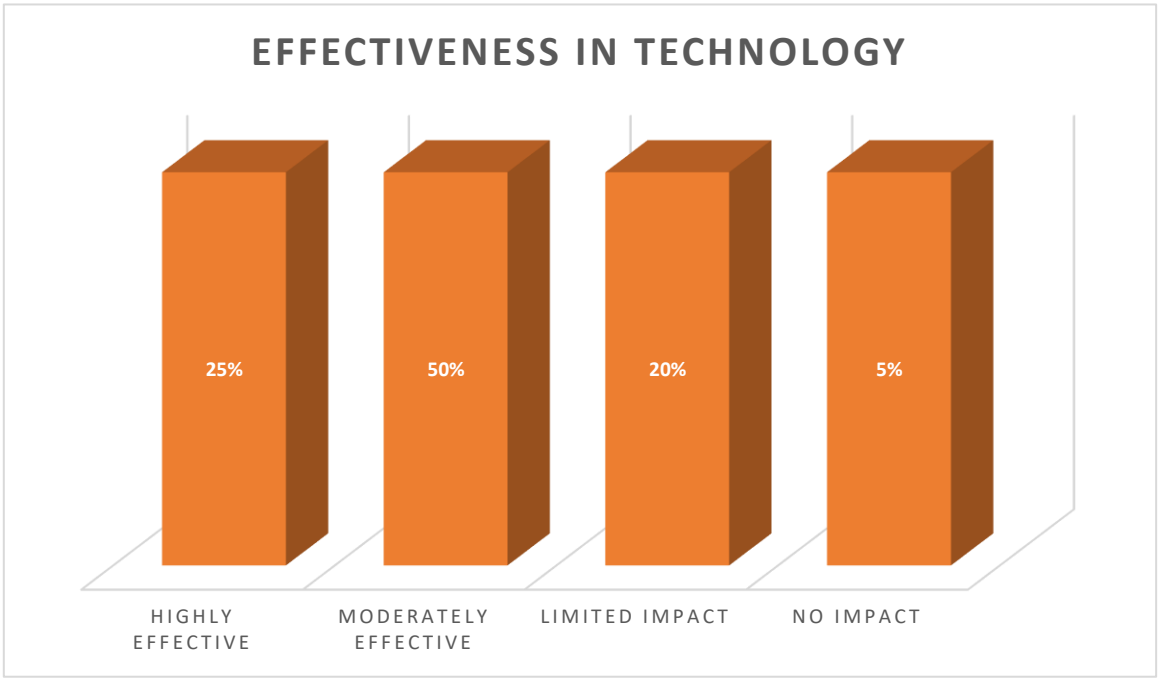
• Poor infrastructure- 20%
• Traffic congestion- 10%
• High fuel costs- 50%
• Regulatory issues- 20%



Interpretation: Increasing fuel prices and insufficient infrastructure are the primary challenges, signaling a need for extensive reforms. Traffic congestion and regulatory hurdles also present significant obstacles. Additional concerns, such as labor shortages and vendor dependability, indicate operational inefficiencies that need addressing.

4. How effective do you find technology in improving logistics operations (e.g., tracking, planning, and delivery)?

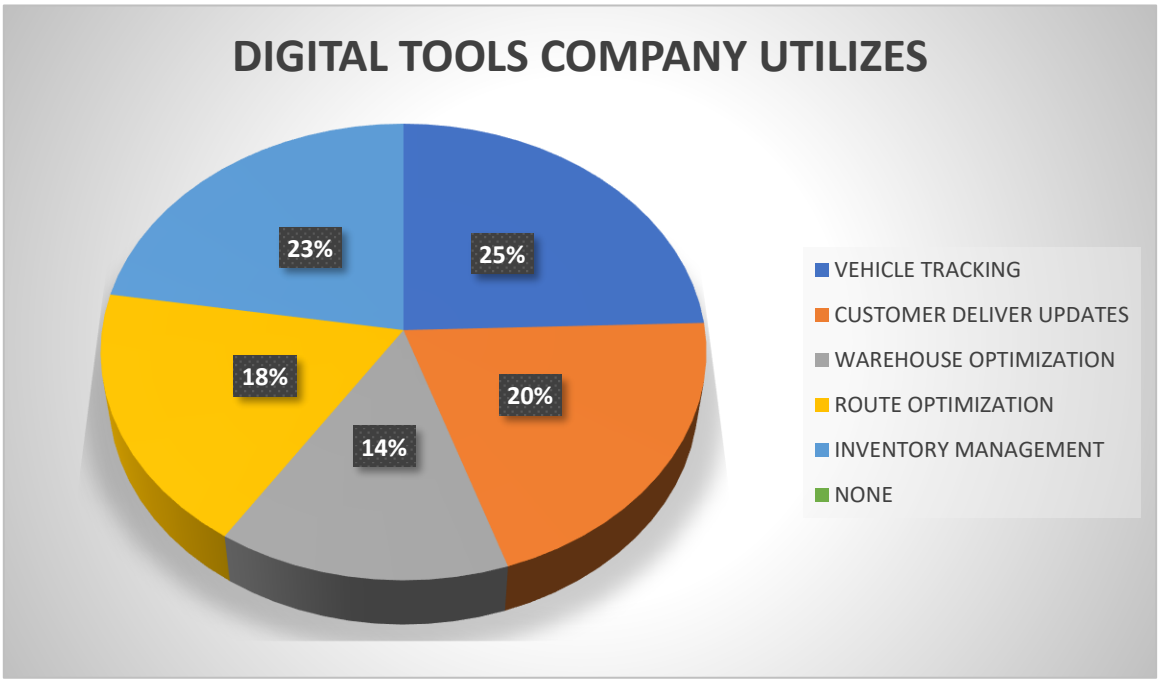
• Highly effective- 25%
• Moderately effective- 50%
• Limited impact- 20%
• No impact- 5%



Interpretation: Most respondents perceive technology as moderately to highly effective, reflecting advancements in digital adoption. However, a notable segment reporting minimal or no impact suggests possible challenges with technology integration or accessibility, especially for smaller firms.

5. What digital solutions does your organization utilize?

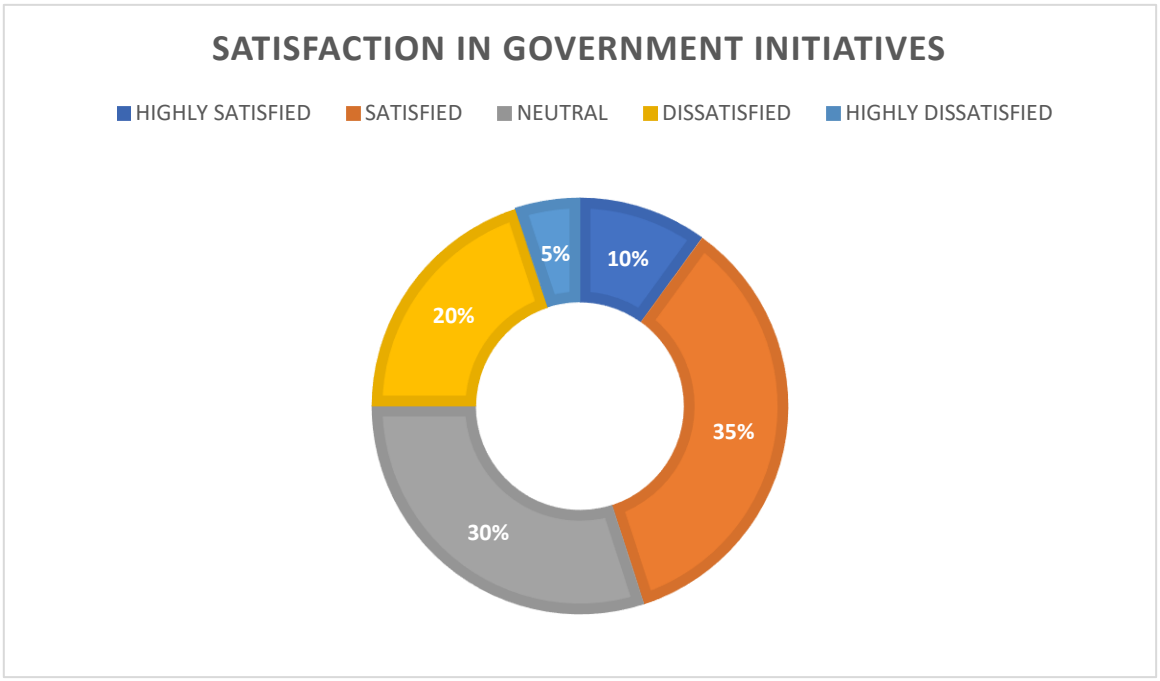
• Vehicle tracking- 24%
• Customer delivery updates- 20%
• Warehouse optimization- 14%
• Route optimization- 18%
• Inventory management- 22%
• None- 2%



Interpretation: Core tools like vehicle tracking and customer delivery updates are commonly implemented, highlighting a focus on transparency and customer satisfaction. The moderate uptake of warehouse, route, and inventory management tools indicates opportunities for further automation and digital enhancements across the supply chain.

6. What are your thoughts on existing government initiatives in logistics, including GST and the Bharat mala project?

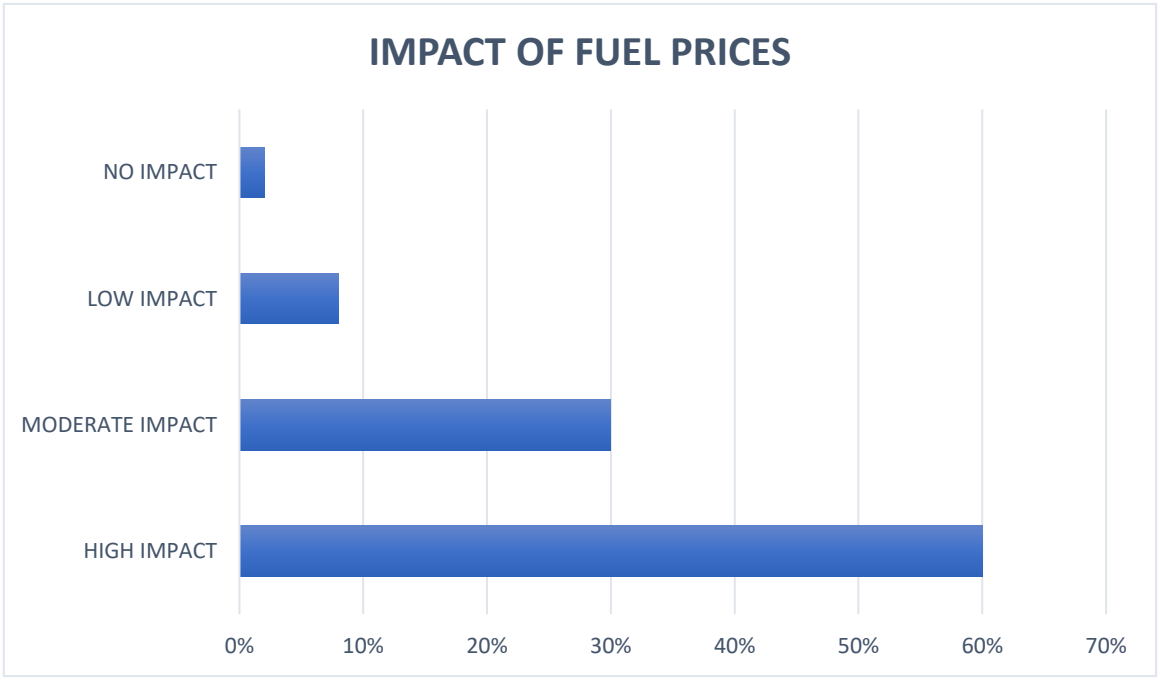
• Highly satisfied- 10%
• Satisfied- 35%
• Neutral- 30%
• Dissatisfied- 20%
• Highly dissatisfied- 5%



Interpretation: The varying degrees of satisfaction suggest that although policies like GST and Bharat mala have been recognized, their implementation is inconsistent. Many businesses may not fully appreciate the benefits or may have difficulty accessing them, indicating a need for better communication and consistent execution.

7. How do changes in fuel prices affect your logistics costs?

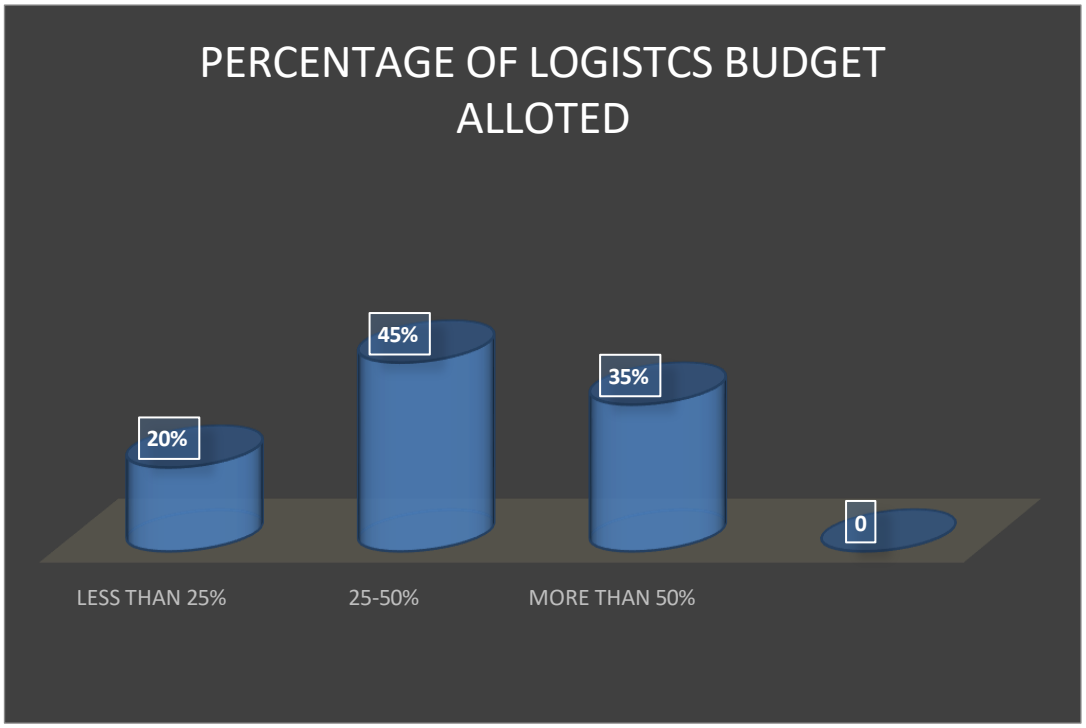
• High impact- 60%
• Moderate impact- 30%
• Low impact- 8%
• No impact- 2%



Interpretation: Fluctuations in fuel prices have a significant effect on logistics expenses, especially for those reliant on road transport. This emphasize the urgent need to explore energy-efficient alternatives and improve the efficiency of transport networks to mitigate these challenges.

8. What percentage of your logistics budget is allocated to transportation?

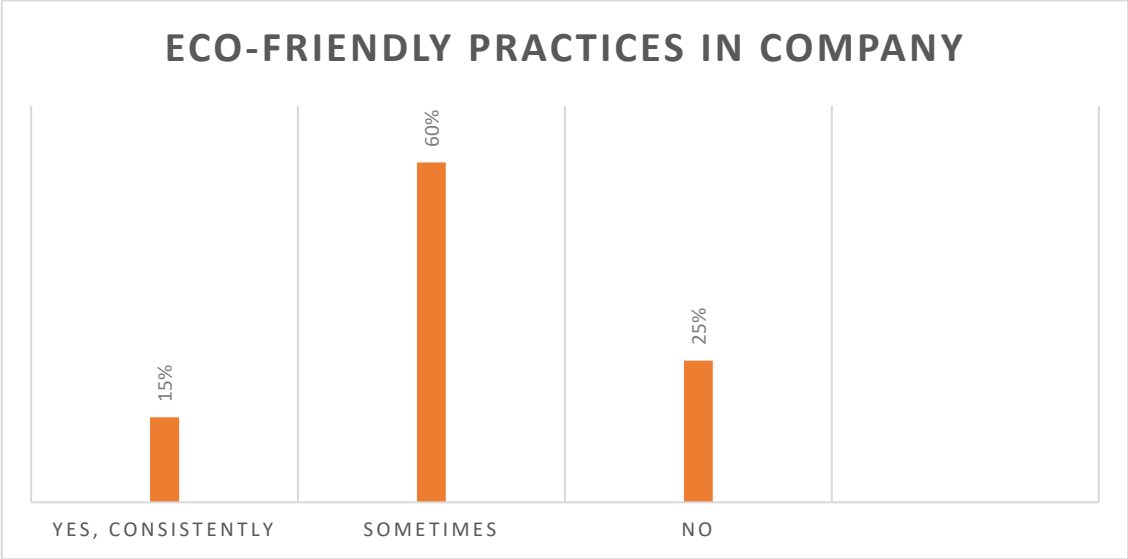
• Less than 25% - 20%
• 25-50%- 45%
• More than 50%- 35%



Interpretation: A substantial portion of logistics expenditure is dedicated to transportation. With nearly half indicating that over 50% is spent on transportation, it is crucial to optimize transport operations and evaluate the cost benefits of alternative transportation methods.

9. Are any environmentally sustainable logistics strategies employed by your company?

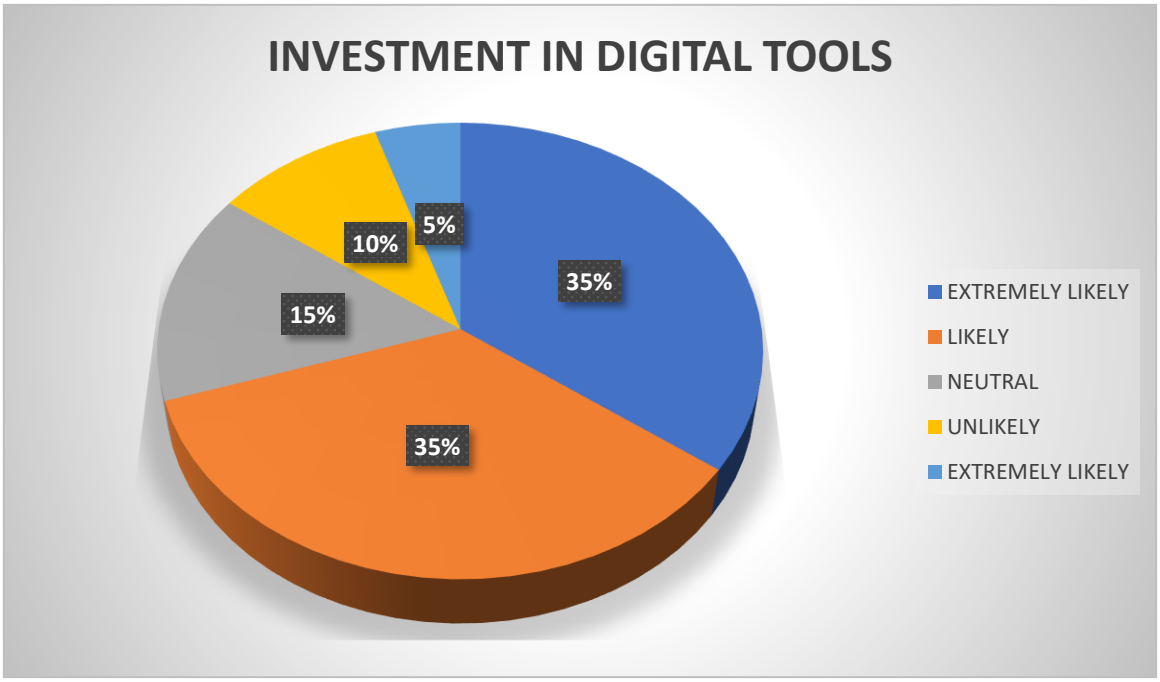
• Consistently implemented- 15%
• Occasionally implemented- 60%
• Not implemented- 25%



Interpretation: The low proportion of companies that regularly engage in eco-friendly logistics highlights a considerable need for enhancement in sustainable practices. The irregular application, along with a potential lack of awareness or motivation, presents challenges that require prompt attention from both government and industry leaders.

10. How likely are you to invest in digital solutions and automation in the upcoming two years?

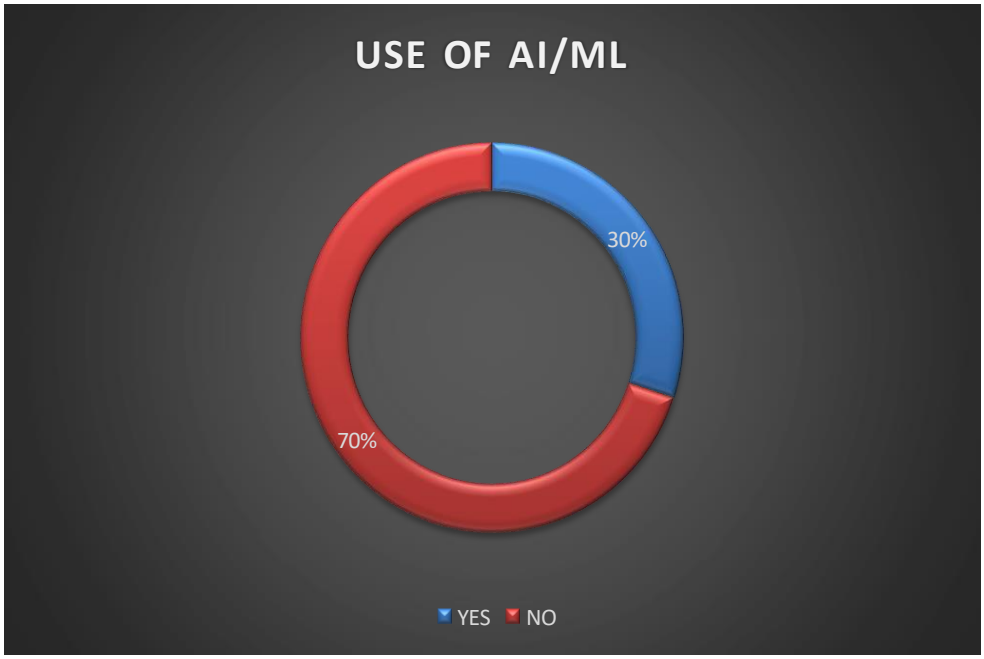
• Extremely likely- 35%
• Likely- 35%
• Neutral- 15%
• Unlikely- 10%
• Extremely unlikely- 5%



Interpretation: With over two-thirds of respondents planning to invest in digital solutions, it is clear that technology is viewed as a vital component for advancement. This pattern indicates a growing acknowledgment of the benefits associated with automation, data analysis, and enhanced logistics management.

11. Are you using advanced technologies (AI/ML, etc.) to forecast demand and optimize supply chains?

• Yes- 30%
• No- 70%



Interpretation: The limited adoption of sophisticated technologies like AI and ML reveals a significant gap in tech integration. Many companies may lack either the resources or the expertise to implement these innovations. Promoting the development of digital skills and providing financial incentives could assist in bridging this gap.

CONCLUSIONS

India's logistics industry is at a crucial juncture. Despite signs of progress in policies, technologies, and investments, there are ongoing systemic issues. The reliance on road transport, inconsistent regulations, cost-related inefficiencies, and the underuse of technology need urgent attention.

RECOMMENDATIONS

- Multimodal Enhancement: Invest in improving rail and waterway infrastructure to expand freight options.
- Technology Integration: Offer subsidies to MSMEs for the adoption of systems such as WMS, TMS, and AI-driven forecasting.
- Cost Efficiency: Promote the use of fuel-efficient vehicles, electric transportation, and effective route optimization.
- Regulatory Alignment: Standardize logistics regulations at the state level and improve digital record management.
- Sustainability Initiatives: Encourage green practices through tax benefits and certification programs.
- Workforce Training: Improve skills through programs offered by the Logistics Skill Council.

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