



Students' Corner - 150



'Types of Inventory' is the focus for this session. While dealing with components of logistics, we have already seen the basics of inventory. We shall see now the types of inventory.

Traditionally, it is said that there are four types of Inventory and they are Raw materials, Work in progress, Finished goods and MRO goods.

Raw Materials

If you are a manufacturer, all things you need to manufacture a product are basically raw materials for you. You convert those raw materials into the product of your company. Supposing you partially assemble some part of a product, say a wheel for some two or three wheelers,

this subassembly is your raw material. Your subassembly becomes a part of a finished product. Your subassembly is the component of the finished product. Generally a part that is used in making another product or even a part is known as component and the part that is taken into a finished product is called its parent.

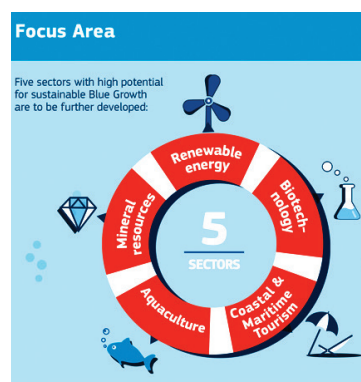
The sole aim of the inventory is to keep the product available to meet the demand from a customer. A dissatisfied customer may prove an 'exit' customer for the company and the company loses revenue to the extent it faces exit customers.

Material Requirements Planning system, Manufacturing Resource Planning and Product

Structure Tree are other popular and necessary aspects being discussed under inventory generally. All these concepts underscore one fact as earlier said: Things must be kept or managed in such a way that the customer's need is met in the right time, in the right way and in the right place. At the same time, in order to make things available to the customer in time, overstocking materials, as much as under stocking, is not a right business strategy. Money spent in excess to the need is money wasted. Right business does not waste money at all; it cannot afford. We will move on to the next type of inventory: Work in progress (WIP) in our next session.

Blue economy - Wave 5

(Series on "Blue Economy" By Capt Gajanan Karanjikar)



4. Piracy- Horn of Africa and Malacca strait.
5. Management of diminishing resources.
6. Fisheries
7. Substantial armed forces
8. China's aggressions - soft power diplomacy.

The deep understanding of these issues is important for the Indian Blue Economy. India, China, and the United States each view the region through their own geostrategic frameworks, ensuring intense jostling at best or conflict at worst. India has the "Security and Growth for all the Region" (SAGAR) framework, a combination of its Act (or Look) East and the Think West policies. China has the Maritime Silk Road, which is half of the Belt and Road Initiative. The United States has the Indo-Pacific Strategy (also known as the Free and Open Indo Pacific), a natural successor to the Asia-Pacific rebalance.

Indian Ocean region will continue to be buffeted by tri-polar competition between New Delhi, Beijing, and Washington. Three significant divergences in the three countries' frameworks are their perspectives on the Middle East, Pakistan's regional role, and the balance between military and non-military foreign policy tools.

India, sitting in the middle of the Indian Ocean, defines the region as extending from the African littoral to Southeast Asia. In 2015, Indian Prime Minister Narendra Modi put forward "Security and Growth for All in the Region," or SAGAR, as an



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early, high-level articulation of the Indian vision.

India's focus on the Indian Ocean area is relatively new, dating back only to the 1990s. For most of the period since it gained independence in 1947, India has been preoccupied with land border threats posed by Pakistan and China, and has apparently lacked the ambition and capacity to exert influence beyond its immediate neighbours.

Hence the blue economy is not only about the trade and commerce, but it is about the use of oceanic resources to their optimum levels and exploration of oceanic resources in more sustainable manner, which is without causing short term or long term harm to oceanic ecosystem and Marine environment.

Blue economy is the sum of the economic activities of ocean-based industries, and the assets, goods, and services of marine ecosystems (OECD 2016). Note that this definition does not imply any measure of the sustainability of these activities. A specific

area or group of industries in the ocean economy also includes groups of ecosystem services for which markets do not exist and that are not reflected in measures of other industries or ecosystem services.

This definition is based on characterizations of the concept as:

"A sustainable ocean economy, where economic activity is in balance with the long-term capacity of ocean ecosystems to support this activity and remain resilient and healthy" (Economist Intelligence Unit 2015); and "comprising the range of economic sectors and related policies that together determine whether the use of oceanic resources is sustainable" (World Bank and UN DESA 2017).

Therefore we need to understand the Theory and practice of these ecosystems which are supportive to the blue economy.

Maritime and Riverine economy:

As said in the beginning in the Indian context the blue economy will not only be dependent on trade and commerce and the importance in International arena of The Indian Ocean but also the Riverine economy which has the large potential to contribute to renewable energy as well as the other sectors of transport, shipping, river mining and tourism.

Looking at these aspects let's look at the drivers of the Maritime sector and blue economy in India:

- The geography of a nation and its adjacent seas, including its access to the seas, proximity to ISLs and the share of these ISLs in transportation of global trade.
- The will of the government, the people and other departments of the state.

- Seafarers and its enterprise, including merchant marine, fishing, off-shore commercial activities, naval forces etc.
- The Marine Industry- shipbuilding capability, technological ability and industrial support infrastructure.
- Ports and infrastructure. (cargo handling capacity and number of Major/ Minor Ports)
- The size, age and condition of the merchant fleet – both coastal and oceangoing.
- The percentage of imports and exports being carried in national flagged vessels. Technological advancement of the coastal and deep-sea fishing fleets, their geographic spread and fish catch.
- Indian navy, border security and prowess of Indian Naval fleet.

Since Blue Economy was patronised by Small Island Developing States (SIDS), the narrative was hijacked by the oceans, as these states do not have the inland resources of large countries like India. India is the 7th largest country in the world in terms of area with the 2nd largest population. Therefore, her dependence on the seas is immense for food security, transportation, energy and tourism. Fortunately, India also has a large coastline that is able to partly meet these necessities. But India's geography has also endowed her with fresh water resources like rivers, lakes, dams, reservoirs, tanks and ponds that share the responsibilities of fulfilling India's necessities in equal measure. These too contribute to the Blue Economy.

(To be continued...)

Indian Ocean- Is it all about trade and commerce?

We have seen in the past articles that oceanic economy is a frontier economy when it comes to the contribution. The size of the ocean, blue economy is 2.5 Trillion dollars per year. Certainly in Indian context, when we include all Riverine economy into the blue economy by adding up services delivered by Rivers, lakes, inland waterways, estuaries, creeks and other parts of the water systems like canals and manmade dams etc, it would be very huge.

Back to Indian Ocean's importance in Blue economy:

But is it about only trade and commerce? Not at all. The importance of Indian Ocean and its strategic location is not so because it contributes to trade and commerce. There are many political issues in the area too which makes it more important region in the world.

Following are the main issues in Indian Ocean:

1. Arms conflict
2. Strategic development
3. Terrorism