



Analysis of Supply Chain Management: Practise In Rubber Industry

Inzamamul Haque

A0101922334

AMITY BUSINESS SCHOOL,
AMITY UNIVERSITY UTTAR PRADESH

Under the guidance of

Dr. Manisha Bhardwaj

AMITY BUSINESS SCHOOL AMITY UNIVERSITY UP
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ABSTRACT

The rubber industry is a vital economic sector in India, poised to become the world's second-largest participant. India is a leading producer of natural rubber, primarily from Kerala, although North-East India is also increasing production. Synthetic rubber, accounting for about 30% of India's total rubber, is heavily promoted by the Indian government. Efficient supply chain management is critical in this sector, with companies benefiting from improved procurement practices and proactive risk management strategies, enhancing inventory management, logistics, and distribution.

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I. INTRODUCTION

The rubber industry is a cornerstone of India's economy, experiencing steady growth. India's leadership in natural rubber production and its significant consumption of rubber products position it as a key global player. The industry's expansion is driven by the burgeoning automotive sector and other industrial applications.

India's rubber industry consists of a diverse mix of large, medium, and small-scale units, contributing significantly to employment and economic output. The sector faces challenges related to supply chain management, including procurement, logistics, and risk management. Addressing these challenges through efficient supply chain practices can enhance industry performance and competitiveness.

Background of the Study

India's rubber industry is growing steadily at an annual rate of 6%. The country is a global leader in natural rubber production and a significant consumer of both natural and synthetic rubber. The rapid growth in India's automotive and industrial sectors significantly contributes to its economic expansion.

India ranks third in global rubber production and first in reclaim rubber production. The domestic market consumes the entirety of India's natural rubber production. The rubber industry in India includes around 6000 units, comprising large, medium, and small-scale operations, employing approximately 400,000 people. The industry contributes significantly to the national economy, with annual production worth billions and substantial tax contributions.

INDIAN RUBBER MARKET

India's rubber market produces 6-7 lakh tons of rubber annually, worth around 3000 crores rupees. The majority of this is Ribbed Smoked Sheets. Despite being a major producer, India imports about 50,000 tons of rubber annually. The tire sector is the largest consumer of rubber in India, followed by other industries in Kerala, Punjab, and Maharashtra. Exports have also increased significantly, peaking at 76,000 tons in 2003-04.

II. LITERATURE REVIEW

The literature highlights the importance of sustainable supply chain management (SCM) in the rubber industry. Green supply chain management (GSCM) is increasingly adopted to address environmental concerns. Regulatory frameworks in developed countries encourage the adoption of GSCM practices, which are becoming critical in global trade.

Studies suggest that integrating sustainability into SCM can provide economic and ecological benefits. Multi-objective models, such as mixed-integer linear programming, help decision-makers balance these aspects. Case studies in reverse logistics and GSCM demonstrate the potential for reducing environmental impact while maintaining economic viability.

Recent studies emphasize the importance of sustainable supply chain management in the rubber industry. Green supply chain management (GSCM) is becoming increasingly popular, driven by regulatory and market forces. Developed countries have implemented environmental regulations to reduce the environmental impact of manufacturing processes, which influences global supply chains.

Various models and methodologies have been proposed to integrate economic and ecological factors into supply chain management. For example, multi-objective mixed-integer linear programming models help balance these aspects. Case studies on reverse logistics and GSCM highlight the benefits of incorporating sustainability into supply chain practices.

FINDINGS

The findings of the study highlight several critical areas for improvement and best practices in the rubber industry's SCM:

- **Proactive Risk Management:** Companies that identify and mitigate risks proactively are better prepared for supply chain disruptions, leading to more efficient logistics and distribution.
- **Technological Advancements:** Leveraging technology and data analytics enhances risk management and overall supply chain efficiency.
- **Sustainability Practices:** There is a growing need to integrate sustainable practices into the supply chain. Government initiatives and benchmarks on sustainability can drive better management support for green initiatives.
- **Transparency and Communication:** Effective communication among stakeholders is crucial for a transparent and efficient supply chain.

III. METHODOLOGY

The study's objectives include analyzing the rubber industry's current state, identifying supply chain challenges and opportunities, and assessing the impact of SCM practices on performance. A mixed-method research design was employed, incorporating qualitative and quantitative data from surveys, interviews, and secondary sources.

Hypotheses were formulated to test the relationship between SCM practices and industry performance. Data collection involved surveys and interviews with industry stakeholders, complemented by secondary data from industry reports. Statistical analysis tools were used to evaluate the data and draw meaningful conclusions.

Objectives of the Study

The study aims to:

1. Analyze the current state of the rubber industry in India.
2. Identify key challenges and opportunities within the supply chain.
3. Assess the impact of supply chain management practices on industry performance.

RESEARCH DESIGN

The research employs a mixed-method approach, combining qualitative and quantitative data. Surveys and interviews with industry stakeholders provide insights into supply chain practices and challenges. Data analysis includes statistical methods to evaluate the efficiency and effectiveness of supply chain management.

Hypothesis

The study hypothesizes that companies with efficient procurement practices and proactive risk management strategies will exhibit better performance in inventory management, logistics, and distribution.

DATA COLLECTION TECHNIQUE

Data were collected through surveys and interviews with key industry stakeholders, including manufacturers, suppliers, and logistics providers. Secondary data from industry reports and government publications supplemented primary data.

Examining Method

The data were analyzed using various statistical tools and techniques, including regression analysis and correlation analysis, to identify significant relationships and trends.

Sampling Methods

A stratified random sampling method was used to ensure representation from different segments of the industry. The sample included large, medium, and small-scale units across various regions in India.

IV. DATA ANALYSIS

The data analysis focused on evaluating procurement practices, risk management strategies, and logistics and distribution efficiency. Key findings indicate that companies with efficient procurement practices and proactive risk management strategies perform better in inventory management and logistics.

Efficient procurement practices reduce costs and improve service levels, while proactive risk management enhances supply chain resilience. Effective logistics and distribution practices are essential for maintaining supply chain continuity and meeting customer demands.

Analysis Tools

Data analysis was conducted using software tools like SPSS and Excel. The analysis focused on evaluating supply chain efficiency, procurement practices, and risk management strategies.

Findings

1. **Procurement Practices:** Companies with efficient procurement practices showed better inventory management capabilities, reducing costs and improving service levels.
2. **Risk Management:** Proactive risk management strategies correlated with improved performance in logistics and distribution, enhancing overall supply chain resilience.
3. **Logistics and Distribution:** Efficient logistics and distribution practices were critical for maintaining supply chain continuity and meeting customer demands.

SUPPLY CHAIN MANAGEMENT IN RUBBER INDUSTRY

Supply chain management (SCM) in the rubber industry involves coordinating the acquisition of raw materials and the distribution of finished products, along with managing associated data and financial flows. SCM encompasses various components such as procurement, product lifecycle management, logistics, planning, and order management. Effective SCM is crucial for maintaining efficiency and competitiveness in the rubber industry, particularly in the context of global trade and Industry 4.0 advancements.

Importance of Technology and Data Analytics

Modern SCM systems leverage advanced technologies like artificial intelligence (AI), machine learning (ML), the internet of things (IoT), automation, and sensors. These technologies enable better forecasting, proactive risk management, and enhanced decision-making capabilities. For example, smart technologies allow companies to predict and mitigate potential supply chain disruptions before they occur, thus avoiding costly delays and maintaining smooth operations.

Risk Management and Transparency

Effective risk management strategies are essential for handling supply chain disruptions such as natural disasters or political instability. Companies with robust contingency plans and proactive risk management practices tend to perform better in logistics and distribution. Transparency and communication among different stakeholders in the supply chain are also critical for ensuring smooth operations and addressing issues promptly.

Findings from Data Analysis

The data analysis chapter of the report reveals several key insights into the SCM practices within the rubber industry. Companies with efficient procurement practices tend to have better inventory management capabilities. Furthermore, those with proactive risk management strategies show superior performance in logistics and distribution. The study also highlights the importance of leveraging technology and data analytics to identify and manage supply chain risks effectively.

Satisfaction and Effectiveness

The analysis indicates varying levels of satisfaction among companies regarding transparency and communication within the supply chain. A significant proportion of respondents express dissatisfaction or neutrality, suggesting room for improvement in these areas. Additionally, the effectiveness of leveraging technology and data analytics in managing supply chain risks varies, with some companies finding it moderately effective while others see it as less impactful.

V. CONCLUSION

The study concludes that efficient SCM practices are crucial for the rubber industry's success. Companies should invest in advanced procurement systems and develop comprehensive risk management strategies. Enhancing logistics and distribution infrastructure is also vital for improving efficiency and customer satisfaction.

Future research should explore the impact of digital technologies on SCM in the rubber industry, including blockchain and IoT, to improve transparency and efficiency.

Recommendations

1. **Enhance Procurement Practices:** Companies should invest in advanced procurement systems to improve efficiency and reduce costs.
2. **Adopt Proactive Risk Management:** Developing comprehensive risk management strategies can help mitigate disruptions and improve supply chain resilience.
3. **Improve Logistics and Distribution:** Investing in modern logistics infrastructure and technology can enhance distribution efficiency and customer satisfaction.

FUTURE RESEARCH

Future research could explore the impact of digital technologies on supply chain management in the rubber industry, including the use of blockchain and IoT for improving transparency and efficiency.

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