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Content of the Volume

S. No.	Title/Author(s)	Page No.
Volume 9, Issue 1		
01	Novelties and Best Practices of On-line Banking Sector by Using Mobile Apps for Potential Customer to Avoid Risk Factors <i>E. Kalaivani and Dr.A. Lakshmi</i>	01-05
02	A Study on Artificial Intelligence <i>M. Savetha, S. Swathi, M. Rani, S. Vinoth and R. Suriya</i>	06-09
03	A Study on Time Management <i>C. Yaseenee, P. Sabareesh, Silpa Sivaraman and Pretty Marin Methew</i>	10-14
Volume 9, Issue 2		
04	A Comparative Study on Quality of Nursing Profession among the Government and private Hospitals with Special Reference to Dindigul District of Tamil Nadu <i>M. Subhapriya</i>	01-04
Volume 9, Issue 3		
05	Effect of Precipitation Hardening on Tensile, Fatigue and Fracture Toughness Behaviour of 8011 Al/ 15%SiCp Metal Matrix Composite <i>V. Vembu and G. Ganesan</i>	01-06
06	Thermal Behaviour Study of Heat Exchanger with Heat Pipes Using CuO Nano Fluid <i>P. Raveendiran, B. Chandramohan and V. Vinoth Kumar</i>	07-10
07	Numerical Simulation of Film Thickness Formation in a PFI Engine Under Motoring Conditions <i>P. Ramesh and E. James Gunasekaran</i>	11-15
08	Enhancement of Thermal Performance of Solar Parabolic Trough Concentrator-Techniques- Review <i>M.V. Bindu and Joselin Herbert</i>	16-20
09	An Overview of Organizational Commitment among the IT Employees in Chennai City <i>K. Chandru and Dr.M. Palanivel Rajan</i>	21-23
Volume 9, Issue 4		
10	Supply Chain Management Practices in MSMEs' Fast Moving Consumer Goods Industries - An Empirical Study with Special References to Mulugu District of Telangana <i>C. Rajagopal and Dr.M. Palanivel Rajan</i>	01-03

Supply Chain Management Practices in MSMEs' Fast Moving Consumer Goods Industries - An Empirical Study with Special References to Mulugu District of Telangana

C. Rajagopal and Dr.M. Palanivel Rajan

Abstract— Supply Chain Management techniques are mostly useful and relevant to the MSMEs to optimize production and distribution process of goods and services and minimize the cost of production and distribution costs at optimum level. It also very helpful to optimum utilization of scared resources But the Majority of FMCGs' MSMEs are functioning without internet facilities, lack of skilled and technical workers, lack of store rooms for inventories, lack of funds for modernization and etc. In this situation MSMEs do not able to install a separate software for Supply chain Management. The level of awareness for supply chain management is very low in traditional and rural MSMEs industries. In addition to it, Supply chain Management practices are not effectively followed by FMCGs' MSMEs. In this connection, The Quality Circles are also framed for each kind FMCGs producer to overcome the above said issues.

Keywords— Supply Chain Management, MSMEs, FMCGs, Food and Beverages.

I. INTRODUCTION

SUPPLY chain management (SCM) is the management of the flow of goods and services and includes all processes that transform raw materials into final products. It involves the active streamlining of a business's supply-side activities to maximize customer value and gain a competitive advantage in the marketplace. SCM represents an effort by suppliers to develop and implement supply chains that are as efficient and economical as possible. Supply chains cover everything from production to product development to the information systems needed to direct these undertakings.

II. ELEMENTS OF SCM

The aim of SM tries to minimize shortages and keep costs down. The job is not only about logistics and purchasing inventory but also make recommendations to improve productivity, quality, and efficiency of operations.

On the base of this mission of SCM, process of SCM consist of the following elements.

1. The determination of strategic approaches of SCM
2. The searching the sources and procurement of inventories such as raw materials and other services.
3. Operation Management processes - conversion of Raw materials into finished goods.
4. Distribution and logistics function of finished goods and
5. The returning back of defective or unwanted products.

In other words, a SCM supply chain is the connected network of individuals, organizations, resources, activities, and technologies involved in the manufacture and sale of a product or service. A supply chain starts with the delivery of raw materials from a supplier to a manufacturer and ends with the delivery of the finished product or service to the end consumer. In this connection, improvements in productivity and efficiency go straight to the bottom line of a company and have a real and lasting impact. Good supply chain management keeps companies out of the headlines and away from expensive recalls and lawsuits.

III. SCM FUNCTIONS IN FAST MOVING CONSUMER GOODS' (FMCGs) MSMEs

On a broader level, supply chain management of FMCG' MSMEs consists of these four major functions and key element components, such as:

3.1. Integration

This forms the crux of the supply chain and is meant to coordinate communications to produce effective and timely results.

3.2. Operations

This involves management of day to day operations with keeping an eye on the inventory or coming up with marketing approaches.

3.3. Purchasing

This deals with the purchasing decisions and management, such as purchasing raw materials, source materials and so on.

3.4. Distribution

This deals with the management of logistics across wholesalers, retailers, and customers.

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This may mean keeping an eye on the shipment, and other details.

In addition to these, there are also some subsidiary functions that an effective supply chain management process fulfills, such as:

1. Aligning distribution flows
2. Integrating the functions from manufacture to delivery
3. Designing complex and advanced systems
4. Managing and coordinating resources.

IV. FORMATION OF RESEARCH PROBLEM

The FMCG industries as MSMEs are always having the lot of problems in all functional areas of management such as Operations, Marketing, and Finance and Staff management. But Supply Chain Management techniques are mostly useful and relevant to the MSMEs to optimize production and distribution process of goods and services and minimize the cost of production and distribution costs at optimum level. It also very helpful to optimum utilization of scarce resources. But the Majority of FMCGs' MSMEs are functioning without internet facilities, lack of skilled and technical workers, lack of store rooms for inventories, lack of funds for modernization and etc, In this situation MSMEs do not able to install a separate software for Supply chain Management. The level of awareness for supply chain management is very low in traditional and rural MSMEs industries. In addition to it, Supply chain Management practices are not effectively followed by FMCGs' MSMEs. So a study has been undertaken in order to analyze the possibilities to improve the quality of supply chain management practices as entitled on **Supply Chain Management Practices in MSMEs' Fast Moving Consumer Goods industries - An empirical study with special references to Mulugu District of Telangana.**

V. SCOPE AND LIMITATIONS OF THE STUDY

The study has confined with its scope to analyze the overall SCM practices of FMCGs MSMEs Mulugu District of Telangana state. The study has also the over viewing hurdles in implementation of SCM practices in FMCGs' MSMEs in study area. The study is also confined with its scope of area of study as Mulugu District of Telangana state only. The period of study is from 2017-18 to 2018-19.

VI. OBJECTIVES OF THE STUDY

1. To analysis the nature and working pattern of the sample FMCGs' MSMEs in Mulugu District of Telangana state.
2. To analysis the nature and performance of Supply Chain Management Practices of sample FMCGs' MSMEs in Mulugu District of Telangana state.
3. To assess the usages in implementation of Supply Chain Management Practices of sample FMCGs' MSMEs in Mulugu District of Telangana state.
4. To suggest the implementable recommendation to increase the level of performance of Supply Chain Management Practices of sample FMCGs' MSMEs in Mulugu District of Telangana state.

VII. RESEARCH METHODOLOGY

It is descriptive study. The FMCGs' MEMEs are considered as respondents in order to evaluate the SCM Practices in Mulugu District of Telangana state which is a smallest district in New Telangana state. The FMCGs in this district are mostly as MSMEs. Both primary and Secondary data were used. The primary data were collected from different category of MSMEs, such as Micro Entrepreneurs, Small Entrepreneurs and Medium Entrepreneurs through well structure interview schedule. 80 sample MSMEs entrepreneurs were selected on random basis by using lottery method and primary data has been collected from this sample respondents. The Secondary data were collected from Government policy notes, steering committee reports, and Annual reports of FMCGs' MSMEs. The collected data has been properly coded, tabulated and analyzed by using statistical tools such as simple percentage, average, mean and ANNOVA test

VIII. DISTRIBUTION OF SAMPLE FMCGS-MSMEs

Table 1: Distribution of Sample FMCGs' MSMEs and its SCM Cost

Sl no	Nature of FM CGs	Business of MSMEs	No's of Respondents	Percentage of average cost of SCM				
				Strategic Cost	Procurement of inventory	Operational Cost	Distribution & Logistics	Total
1	House hold FM CGs	Home furnishing apparel MSMEs	07	04	54	37	05	100
		Wooden Designers	13	06	45	51	04	100
2	Personal Care FM CGs	Men Care Centre	06	05	40	53	02	100
		Beauty Parlor	14	07	38	54	01	100
3	Food and Beverage s	Restaurant	15	10	27	40	23	100
		Departmental Stores	05	06	57	29	08	100
4	Health Care FM CGs	Hospital	06	03	35	60	02	100
		Pharmacy Producers	06	05	40	50	05	100
		Pharmacy	08	04	50	40	06	100
Total			80					

(Source: Compiled from primary data)

The of FMCGs' MSMEs are broadly classified in to four segments in which each segment contents a lot of products and services. The nature of MSMEs are private sector or partnership companies.

They are suffering for sustainability due to High GST tax and international competitions (Table no.1)

IX. SCM PRACTICES OF SAMPLE FMCGS' MSMEs IN MULUGU DISTRICT OF TELANGANA STATE

The perceptions on the SCM Practices of sample FMCGs' MSMEs to the various functions of SCM practices are

Table 2: Perception on the SCM Practices of Sample FMCGs' MSMEs in Mulugu District of Telangana State

Sl. No	SCM practices	Mean Score of perceptions				F Ratio	F Probability
		House hold FMCGs	Personal Care FMCGs	Food and Beverages	Health Care FMCGs		
1	Strategic Planning	3.4026	3.6605	3.5455	3.6555	0.1009	0.8322
2	Procurement of inventories	2.8830	3.0012	3.0992	3.5909	0.5333	0.5663
3	Operation management processes	3.9370	3.8004	3.6537	3.7554	1.9223	0.1476
4	Distribution and logistics function	3.5533	3.5220	3.5152	3.5241	0.2669	0.8091
5	Returning back of defective or unwanted products	3.1144	2.3438	3.1399	2.5418	0.5007	0.5627

(Source: Compiled from primary data. Significant level: 5 percent level)

X. THE USAGES IN IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT PRACTICES OF SAMPLE FMCGS' MSMEs IN MULUGU DISTRICT OF TELANGANA STATE

The perceptions on Usages in implementation of Supply Chain Management Practices of various kinds of FMCGs'

tabulated and subjected to ANNOVA test. The Operation management processes have been perceived by the all kinds of FMCGs' MSMEs (.3.9370, 3.8004 and 3.7554) as best one. Strategic Planning has been perceived by the all kinds of FMCGs' MSMEs (.3.4026,3.6605, 3.5455and 3.6555) as next to above said practices. (Table no-2)

MSMEs are tabulated and subjected to ANNOVA test. The Boost Customer Service have been perceived by the all kinds of FMCGs' MSMEs (.3.2299, 3.5331, 2.6667and 3.3341) as best one. Protect Cultural Freedom and Development has been perceived by the all kinds of FMCGs' MSMEs (.3.4128, 2.0021, 3.5176and 3.9376) as next to above said practices. (Table no-3).

Table 3: Perception on Usages in Implementation of Supply Chain Management Practices of sample FMCGs' MSMEs in Mulugu District of Telangana State

Sl. No	SCM practices	Mean Score of perceptions				F Ratio	F Probability
		House hold FMCGs	Personal Care FMCGs	Food and Beverages	Health Care FMCGs		
1	Boost Customer Service	3.2299	3.5331	2.6667	3.3341	2.024	0.024
2	Reduce Operating Costs	3.1149	2.2012	2.8704	3.0992	1.022	0.179
3	Improve Financial Position	3.0805	2.4534	2.7593	3.3633	1.012	0.169
4	Ensure Human Survival	2.9768	2.5322	2.7405	3.4134	0.082	0.348
5	Improve Quality of Life	3.7921	2.1317	3.6471	3.1975	0.074	0.465
6	Protect Cultural Freedom and Development	3.4128	2.0021	3.5176	3.9376	2.001	0.022

(Source: Compiled from primary data. Significant level: 5 percent level)

XI. SUGGESTIONS AND CONCLUSION

The major problem faced by FMCGs' MSMEs are from the side of Taxation authority. The GST results the slowdown of the all the activities including the Supply Chain Management practices in this study area. The tax authorizes should boost up the SCM activities. The Quality Circles are also framed for each kind FMCGs producers in this district.

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