**A COMPREHENSIVE ANALYSIS OF THE IMPACT OF CONTAINER INVENTORY IMBALANCE ON THE SHIPPING INDUSTRY IN INDIA**

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**ABSTRACT:**

The container inventory imbalance has emerged as a critical concern within the shipping industry, particularly in India. This paper presents a comprehensive analysis of the impact of container inventory imbalance on the shipping sector in India. Through empirical research and data analysis, it examines the causes, consequences, and potential solutions to address this imbalance. Key factors contributing to the imbalance, such as trade fluctuations, port infrastructure limitations, and supply chain disruptions, are identified and analyzed. The repercussions of container inventory imbalances on shipping companies, port operations, and overall trade efficiency are discussed. Furthermore, this paper explores strategies and policies to mitigate the effects of container inventory imbalances, including capacity optimization, demand forecasting, and collaboration among stakeholders. By shedding light on this pressing issue, this study aims to provide insights for policymakers, industry professionals, and researchers to devise effective measures for achieving a more balanced container inventory management system in the Indian shipping industry.

**Keywords:** Container Inventory Imbalance, Shipping Industry, India, Port Operations, Trade Efficiency, Supply Chain Disruptions, Capacity Optimization.

**INTRODUCTION:**

Container shipping has become the backbone of global trade, connecting distant markets and enabling the swift movement of goods. It has significantly impacted global trade, supply chain logistics, and the overall dynamics of the shipping industry. Containers come in various sizes, with the most common being the twenty-foot equivalent unit (TEU) and the forty-foot equivalent unit (FEU). Their standardized dimensions allow seamless integration with different modes of transportation, fostering an intermodal transport system that accelerates cargo handling and reduces the need for manual labor. The most widely used type of container is the standardized intermodal container, which allows for easy transfer between different modes of transportation without the need to unload and reload the cargo. Digitalization and market research play crucial roles in addressing the uneven distribution of shipping containers globally.

The history of the container supply chain is a story of innovation and transformation that revolutionized global trade. It began with American entrepreneur Malcom McLean's 1956 invention of containerization. Standardization and intermodalism in the 1960s allowed for seamless transfer between different modes of transportation. The integration of advanced technologies in the 1990s and 2000s further enhanced efficiency. However, challenges such as port congestion and environmental sustainability remain.

**PROBLEM OF THE STUDY**

The container inventory imbalance in the Indian shipping industry poses a critical challenge, affecting operational efficiency and economic sustainability. This study aims to comprehensively analyse the Consequences of this imbalance, investigating its origins and consequences on shipping companies and overall trade dynamics. The unequal distribution of containers creates bottlenecks, delays, and additional costs, hindering the industry's ability to meet global demands seamlessly. The study will explore the root causes of the imbalance, such as trade fluctuations, inadequate infrastructure, and logistical inefficiencies. By understanding these challenges, the research intends to propose effective strategies and policies for mitigating the impact of container inventory imbalance, fostering a more resilient and competitive shipping sector in India.

**NEED FOR THE STUDY**

To Identifying the impact of these imbalances on shipping companies can lead to improved financial performance and customer satisfaction. Analyzing the influence of these imbalances on the efficiency and competitiveness of India's shipping sector is essential for developing strategies to enhance its global standing and economic contribution.

This study is to develop effective strategies for reducing excess inventory levels to align with the actual inventory capacity. By investigating the causes of inventory exceeding its intended capacity and implementing appropriate corrective measures, this study aims to optimize inventory management practices and enhance overall operational efficiency. Through analysis, aim to reduce the surplus of containers and shipping equipment, as these factors directly influence international trade costs and timelines.

**OBJECTIVE OF THE STUDY**

**Primary Objective**

* To understand the root causes of container inventory imbalance in shipping industry.

**Secondary Objective**

* To identify the impact of container inventory imbalances on the shipping company.
* To Analyse the influence of container inventory imbalances on the efficiency and competitiveness of India's shipping sector.

**SCOPE OF THE STUDY**

1.This study is to investigate the factors contributing to container inventory imbalances in the shipping industry.

2.To assesses the financial and operational impact of these imbalances on shipping companies.

3.To analyze the effects of container inventory imbalances on the efficiency of India's shipping sector.

4.To evaluate the competitiveness of India's shipping industry in relation to container inventory management.

5.This study Provide recommendations for improving container inventory management practices and enhancing the efficiency and competitiveness of India's shipping sector.

**LITERATUTRE REVIEW**

Song, Dongping (2021): This article provides an overview of the container shipping supply chain (CSSC) from a logistics perspective, covering all major value-adding elements such freight, container, vessel, port/terminal, and inland transit logistics. The main planning concerns and research areas in each logistics industry are analysed and investigated in order to stimulate further research. In addition, a detailed description and discussion of the two main issues associated with CSSC, namely digitization and decarbonization, are given. We highlight the extreme CSSC fragmentation leading to inefficient procedures. Stakeholders in the supply chain are advised to change their interactions and behaviors in addition to implementing digital technology into a range of business operations across five logistics segments in order to digitalize container shipping.

Mohamed Salah El Din, Dr. Masengu Reason, Melisa Ncube (2021): In particular, the product supply chain has been negatively impacted by the Covid-19 outbreak on international trade. There is now an inverse balance in international trade as a result of a bullwhip effect on the container fleet when nations start manufacturing again. Because of this, there is currently a discussion on the nature and implications of the worldwide container scarcity crisis. Because of Covid-19 restrictions and regional constraints, post-Covid efforts to lessen this effect are described using theme analysis. The problems caused by the pandemic and the requirement for post-Covid measures are addressed through the application of theme analysis.

Zhihong Jin: (2018): The main cause of container inventory imbalances, which result in significant indirect shipping costs, is imbalances in global trade. As such, in order to address the CII challenges, carriers must implement very effective and efficient container inventory management systems. Developing practical CIM guidelines that minimize CII expenditures is the goal of this project. Based on the experts' assessment ratings for 22 popular CIM techniques, which are then subjected to a conventional filtration procedure, the 3F model's constituent parts are selected. In the end, it consists of six strategies: service agreements, synchronized budget, agile inventory, export priority, diminished import freight, and diminished export freight. The freight, forecasting, and flexibility dimensions constitute the foundation of these variables. This research offers a method to determine the proportionate contribution made by each component.

Lalith (2017): In liner shipping, container inventory management is essential to preventing imbalances brought on by international trade. To regulate these variables, there isn't a conventional, foolproof CIM system. High detention costs, growing stocks, vessel misses, and load times are some of the issues that affect CIM decisions. The growing intricacy of industrial and transportation networks poses difficulties, resulting in inefficiencies within the supply chain. For container management, new business corporation models are necessary. Optimizing container utility requires finding the ideal balance between container supply and client demand. The following are the six CIM strategies: Agile Inventory, Budget Synchronization, Service Agreements, Freight Drop for Import, and Freight Drop for Export. This research focuses on the multidimensional CIM index and attempts to construct an index to assess carrier competency in CIM.

Basarici, A. S., & Satir, T (2019): The purpose of this research is to provide light on the nature and extent of empty container movements (ECM), also known as extra empty container movements (AECM) in this context. These movements of empty containers are unrelated to trade imbalances. According to the research, the objectives have been broadened to include explaining the reasons, drawing a judgment about the fundamental causes, and outlining the consequences and mitigation recommendations. In order to separate trade imbalance from AECM and develop a practical strategy for effective container transportation, we must minimize needless ECM. We have classified the causes of ECM, proposed a model, and provided a mathematical formula to measure the amount of AECM. The unique formula derived from the proposed model has been applied.

**RESEARCH METHODOLOGY**

The arrangement of gathering information for research ventures is known as research system. The information might be gathered for either hypothetical or down to earth look into for instance the board research might be deliberately conceptualized alongside operational arranging strategies and change Management.

**METHOD OF DATA COLLECTION**

The Data collection is the activity of gathering facts of information about a subject in a research study there are two types of data

* Primary data
* Secondary data

**SECONDARY DATA**

The information that has already been collected and published by someone else, such as government agencies, research institutions, or commercial organizations. It includes data gathered from sources like academic journals, reports, databases, and official records. Researchers use secondary data to complement or validate their own findings, saving time and resources compared to collecting primary data. However, limitations may arise regarding data accuracy, relevance, and availability, requiring careful evaluation before use in research projects. Overall, secondary data serves as a valuable resource for conducting comprehensive analyses and gaining insights across various disciplines.

**RESEARCH DESIGN**

Research design is the specification of the method and procedure for acquiring the information needed to solve the problem by following statistical tools

* Data Analysis

**DATA ANALYSIS**

Data analysis is a critical component in the research design process, providing the means to interpret and draw meaningful conclusions from collected data. It involves the systematic examination of data to identify patterns, relationships, and trends that can address the research objectives or hypotheses. Various statistical and analytical techniques are employed to organize, summarize, and interpret the data, ensuring its reliability and validity. The choice of analytical methods depends on the nature of the data and the research questions being addressed. Proper data analysis not only validates the research findings but also enhances the overall credibility and quality of the research study.

**ANALYSIS & INTERPRETATION**

**TABLE 1: Trade Flows & Variations of Chennai Port From 2018 To 2023**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| YEARS | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 |
| IMPORT | 873673 | 718420 | 663694 | 748110 | 696809 |
| EXPORT | 448528 | 407424 | 474857 | 565513 | 447803 |
| VARIATION | 425145 | 310996 | 188837 | 182597 | 249006 |

**OBSERVATION:**

* 2018-2019 was characterized by the highest import volume, a substantial export volume, and the largest variation between import and export volumes.
* 2019-2020 saw a significant decline in both import and export volumes, indicating a slowdown in trade activities.
* 2020-2021 showed a recovery in export volume despite a continued decrease in import volume, leading to a more balanced trade flow.
* 2021-2022 witnessed a recovery in both import and export volumes, with exports reaching the highest level over the five-year period.
* 2022-2023 experienced a decrease in both import and export volumes, with a notable drop in export volume, leading to an increased variation between import and export volumes.

**TABLE 2: Empty Container Movements of Chennai Port From 2018 To 2023**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Empty container movement (TEUs) | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 |
| Imports | 44258 | 49016 | 67140 | 86468 | 77963 |
| Exports | 247332 | 204625 | 175137 | 193908 | 240710 |
| Total | 291580 | 253641 | 242277 | 280376 | 318673 |

**OBSERVATION:**

* 2018-2019 witnessed the highest total empty container movement, primarily driven by the high export of empty containers.
* 2019-2020 saw an increase in the import of empty containers but a decrease in exports, leading to a reduction in the total empty container movement.
* 2020-2021 showed growth in both import and export of empty containers but experienced a slight decrease in total empty container movement compared to the previous year.
* 2021-2022 witnessed the highest import of empty containers over the five-year period, with a significant increase in both imports and exports of empty containers.
* 2022-2023 experienced a decrease in import of empty containers but saw a substantial increase in exports, leading to the highest total empty container movement over the five-year period.
* **IMPORTS AND EXPORTS OF STUFFED AND EMPTY CONTAINERS IS SHOWN BELOW:**
* **Imports Of Stuffed and Empty Containers**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| IMPORTS (TEUs) | 2018 - 2019 | 2019 - 2020 | 2020 -2021 | 2021 - 2022 | 2022 - 2023 |
| Stuffed | 873673 | 718420 | 663693 | 748110 | 696809 |
| Empty | 44258 | 49016 | 67140 | 86468 | 77963 |
| Variation | 829415 | 669404 | 596553 | 661642 | 618846 |

* **Exports Of Stuffed and Empty Containers**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| EXPORTS (TEUs) | 2018 - 2019 | 2019 - 2020 | 2020 -2021 | 2021 - 2022 | 2022 - 2023 |
| Stuffed | 448528 | 407424 | 474857 | 565513 | 447803 |
| Empty | 247332 | 204625 | 175137 | 193908 | 240710 |
| Variation | 201196 | 202799 | 299720 | 371605 | 207093 |

**OBSERVATION:**

* The imports of stuffed containers have generally decreased, while the exports remained relatively stable.
* The imports of empty containers have consistently increased, whereas the exports showed fluctuations but ended with an overall increase.
* Both imports and exports of variation containers decreased over the five-year period, with imports showing a steeper decline compared to exports.
* 2018-2019 was the peak year for imports of all container types, whereas 2021-2022 was the peak year for exports of stuffed containers.
* The balance between imports and exports suggests a higher demand for stuffed containers in export activities compared to empty containers.

**FINDINGS:**

The trade imbalance at Chennai Port increased from 425,145 TEUs in 2018-2019 to 249,006 TEUs in 2022-2023, showing a growing gap between imports and exports.

Imports at Chennai Port dropped from 873,673 TEUs in 2018-2019 to 696,809 TEUs in 2022-2023, showing a decrease in import activities over five years.

Exports at Chennai Port decreased from 565,513 TEUs in 2021-2022 to 447,803 TEUs in 2022-2023, showing instability in export volumes.

The imports of empty containers at Chennai Port increased from 44,258 TEUs in 2018-2019 to 77,963 TEUs in 2022-2023

The exports of empty containers at Chennai Port had mixed trends but overall increased from 247,332 TEUs in 2018-2019 to 240,710 TEUs in 2022-2023.

Chennai Port has a 2,621 TEUs deficit because empty container exports were higher than filled container exports.

**SUGGESTIONS:**

The company plans to launch marketing campaigns to increase awareness of shipping routes and services in coastal areas of Mundra, Vizag, and Kolkata. They plan to optimize routes and schedules for more frequent and reliable services, start a pilot program with zero freight charges, and provide volume-based incentives to boost shipping volumes. They will also collaborate with local industries to promote these services. They plan to expand operations in Singapore and Chennai to boost business volume and revenue.

**CONCLUSION:**

The Indian shipping industry, particularly Chennai Port, faces a trade imbalance due to inefficiencies in container management and repositioning. To improve efficiency and competitiveness, strategic interventions like promotional campaigns, route optimization, incentives, dynamic repositioning, and expansion to new markets like Singapore are recommended.

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