

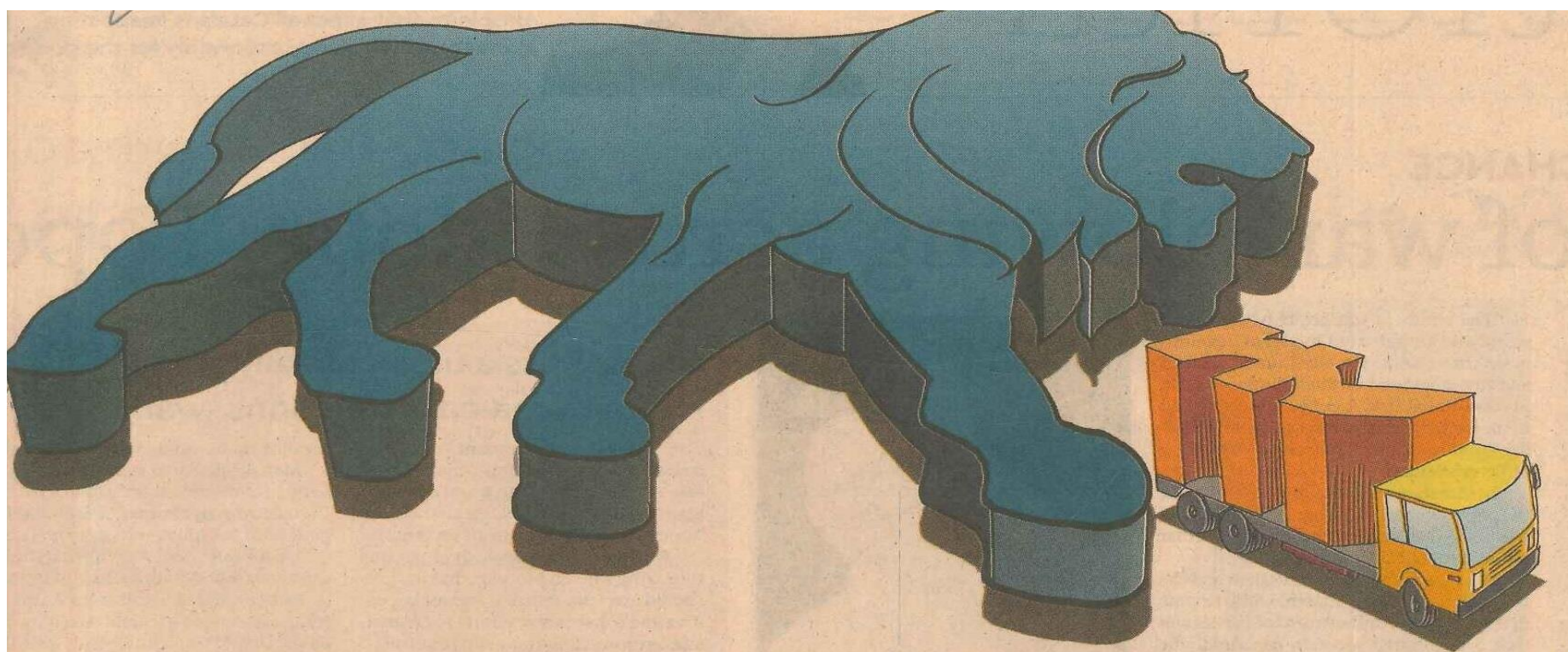


ILLUSTRATION: ROHNIT PHORE

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EASE OF DOING BUSINESS IN INDIA

Logistics has a major role to play

We need an ecosystem that enables simultaneous functioning of all container logistics processes. The industry will need to look at Multi-Modal Logistics Parks leading the operations, and eventually graduate to Integrated Logistics and Manufacturing Zones that combine railway, road and port infrastructure

INDIA IS THE FOURTH-FATEST growing major economy in the world, with an expected growth rate of above 7% in the current fiscal year, owing to rising exports and increasing government spending—according to the latest edition of the *Global Economic Prospects* report of the World Bank. India also made it to the top 100 rankings in the World Bank's Ease of Doing Business index recently. All these numbers indicate the growth potential of the country. Going forward, much more is possible with the government's focus on overall development, especially the vital role that the logistics sector can play in enabling this growth.

A number of initiatives have been and are being taken by the government to make India the manufacturing hub of the world and a lucrative investment destination. However, high logistics costs in the country is one of the significant concerns and requires a viable solution soon to support the country's growth plans.

According to a July 2017 report by the ministry of road transport and highways, logistics cost in India is about 14% of the total value of goods, compared to just 6-8% in some of the developed economies. Therefore, the need of the hour for the logistics industry is to improve efficiency in the interstate flow of goods and significant acceleration in the demand for logistics services.

Increase in cost-efficiency

Logistics costs can be brought down only when the service providers are able to reduce their operating cost without compromising on the service and customer experience. Optimisation of resources to reduce costs and bring down the turnaround time is a crucial improvement required to move in the right direction. Cargo aggregation and distribution need to be seen as one integrated process rather than two disjointed functions. Greater synergy across railway, road and maritime transport to ensure the best turnaround time, while keeping a check on the cost, is a key requirement. In addition, introduction of dedicated freight corridors, especially in the eastern and western parts of the country, is a crucial requirement to empower Indian Railways to better support the sector. Simultaneously, maximising double stack movement can be a reliable solution for better usage of the existing resources.

The goods and services tax (GST) has also helped the operators by eliminating the multiple layers and types of taxes, and consolidating them into one.

Customer value-creation

Considering the size of the industry and the rate at which it is growing, it is high time that third-party logistics (3PL) and fourth-party logistics (4PL) models become functional in the country. The idea is for the operators to grow more than just logistics

service providers and become business partners. In a 3PL or 4PL model, the entire logistics operations are outsourced along with aspects like financial planning for the same, which allows the customers to focus on their core operations.

Digitisation of processes

Inventory management and tracking of containers are processes that need solutions that can result in significant improvement and efficiency. Digitisation of these processes can be the answer that the sector is looking for. At CONCOR, for example, we have automated inventory management and introduced tools on mobile and desktop platforms for real-time container tracking. These deployments, I must say, have not only improved the efficiency of our operations, but also enhanced the customer experience by enabling watertight monitoring of containers and management of inventory without the need of any physical reach out. These have also allowed us to stay connected with our 70-plus facilities, while ensuring continuous cargo visibility, giving us complete control over the services we provide to our customers while maintaining operational quality. The mobile app, in addition, offers total transparency to our customers, as they are able to track their cargo in real-time, on the go.

Future possibilities

Our aim should be to create an ecosystem that enables simultaneous functioning of all container logistics processes. The industry will need to look at Multi-Modal Logistics Parks leading the operations, with seamlessly synergised logistics services. The sector will eventually have to graduate to operating Integrated Logistics and Manufacturing Zones (ILMZs) that combine railway, road and port infrastructure made available along with the manufacturing set-up to ensure smooth functioning of container management and movement along with the operations of the manufacturers. This will benefit not only the logistics industry, but also the entire economic zone.

Lastly, I am sure technology is going to play a significant role in the future of the sector. Technologies like Big Data Analytics, trend analysis, etc., to develop predictive analysis, and the use of robotics in warehouse management, cargo aggregation, etc., are the way forward. Artificial intelligence and machine learning will impact the way the sector functions, in the long run, to significantly improve efficiency and lead customer value-creation.

India is poised to be a commercial hub for the world in the future and container logistics is a key ingredient to ensure that it happens. While the future looks promising for the industry and the country, it is crucial that we take full advantage of the available technologies and resources to ensure that this promise becomes a reality.