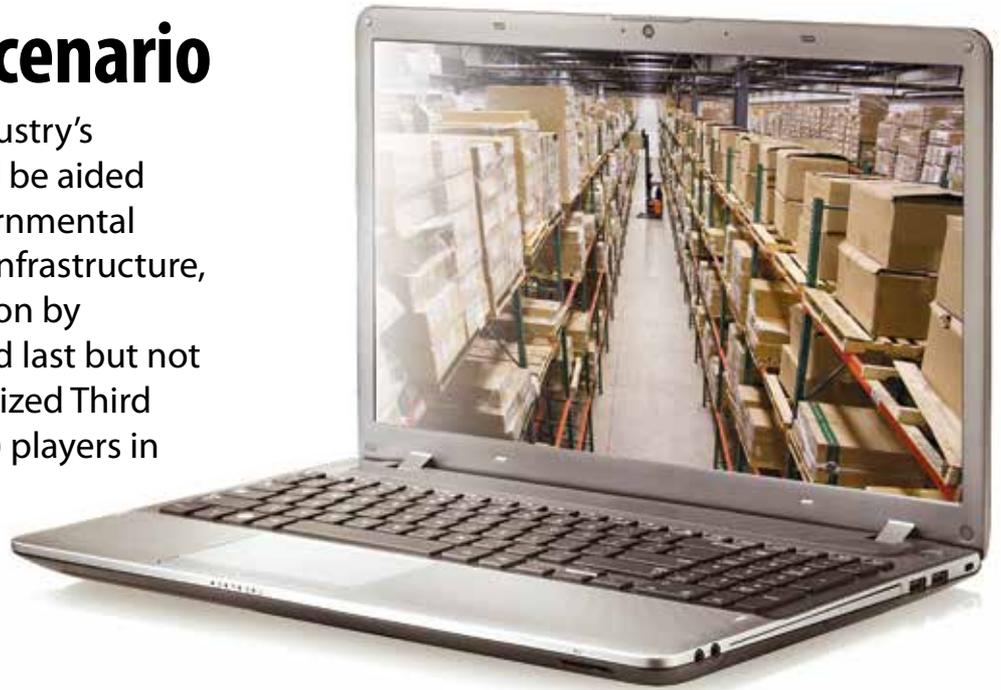




The ever-evolving scenario

Indian Logistics industry's massive growth will be aided by favourable governmental policies, improved infrastructure, enhanced digitization by logistics players, and last but not the least – by organized Third Party Logistics (3PL) players in the country.



By Prasanna Pahade

As an industry today, logistics contributes more to the Indian GDP than Agriculture. As per the Ministry of Statistics and Programme Implementation, share of Agriculture in 2017-18 stands at 12.2 percent, whereas Logistics stands at 14 percent. This is only the beginning. The economic survey for 2017-18 revealed that the logistics industry will grow from present worth of \$160 billion to \$215 billion by 2020.

This massive growth will be aided by favourable governmental policies, improved infrastructure, enhanced digitization by logistics players, and last but not the least – by organized Third Party Logistics (3PL) players in the country.

Governmental Policies

The Indian logistics sector is currently at a transformational junction due to policy changes, and huge effort towards devel-



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opment of transportation infrastructure.

The earlier introduction of policies related to GST, e-way bill, Logistics Performance Index for States, nodal department for logistics and others will alter the way this industry functions. In addition, the recent policy changes pertaining to e-commerce business rules will affect the way logistical operations are conducted.

Infrastructural Challenges

India moves more than 80 percent of its goods by road. However, the conditions of these roads need improvement. One of the major reasons for higher logistics spend in India is inadequate transportation infrastructure that leads to frequent delays, disruptions and affects delivery schedules. With transportation infrastructure development being taken-up on priority – this hurdle will be overcome in near future.

The entire nation is currently in a huge infrastructure development mode, especially pertaining to transportation infrastructure such as highways, railway lines, airports and ports. These massive transportation infrastructure works by the Government, such as Golden Quadrilateral project, Dedicated Freight Corridor, Inland water movement project and others are currently underway to be a boon for the logistics industry.

Technological Adoption

Logistics today is all about digitization and automation. In recent years, the role of logistics has increased multiple times. Earlier, the role of logistics involved merely transporting goods from one location to another. However, today with the fast-



paced e-commerce landscape, the expectations of customers have also changed drastically. The expectations range from the need to track the whereabouts of one's consignment, to the time that has been delivered.

Disruptive technologies have made hardware more accessible to drive Supply Chain improvements. Some of these technological interventions have the potential to completely reshape the Indian Logistics industry. Today's top-notch technologies include Warehouse Robotics & Automated Guided Vehicles, IoTs on Trucks, Cloud solutions and Last Mile connectivity solutions using sophisticated optimization algorithms along with big data interventions.

It is believed that there will be further growth in technological adoption since logistics players will look at new ways to overcome challenges and align themselves to change. The industry will witness enhanced automation across the logistics and supply chain industry, especially in warehousing. This technological adoption will transform the way this industry currently functions.

In near future, this rapid evolution in technology will enable driverless transportation models wherein advanced computing and technology shall drive trucks and trains without needing any human intervention. Even warehouses are moving towards reducing human intervention through introduction of robotics and mechanized unloading and movement of cargo. These technologically aided solutions don't merely reduce operational costs but also enhance efficiency across the entire network.

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Role of 3PL Companies

The massive demand for such services has given rise to third-party logistics (3PL) providers. Large companies aren't affected by logical and supply chain issues since they also possess integrated supply chains and allied facilities. But the vast majority of businesses in India are small and medium sized enterprises, with limited ability to manage such situations. Hence, the role of 3PL providers remains important in today's changing business environment.

The usage of 3PL services provide companies with bottom-line cost savings, enhanced flexibility and quicker responsiveness and higher efficiency. However, the most important benefit achieved by companies is that they can now focus on their core activities of manufacturing and operations while outsourcing allied activities such as those related to supply chain functions.

It would be pertinent to point out that Logistics is another sector that has seen a steady growth in its contribution to employment in the country. The increasing number of millennials in India, whose education is not sufficient for white-collared jobs, are being employed successfully in dignified jobs across e-commerce, warehousing and food-delivery sectors. And this is just the beginning. With these sectors growing at a massive pace, the future of young India looks bright.

The road ahead

In conclusion, the government and industry are taking initiatives to improve the logistics sector through various means.

These efforts have led to India's position jumping by 19 positions in International Logistics Performance Index (LPI) - from 54th rank in 2014 to 35th position in 2016 out of 160 countries.

In spite of these efforts, the World Bank's Doing Business (DB) report 2018 revealed that it takes more than six days to export and 13 plus days to import goods to and from India, across transportation modes. This is much higher than the average time taken in the developed world. Hence, there is need for much more effort - both regulatory and industry led. It is hoped that 2019 will witness greater movement in the logistics industry that shall support India's growing economic aspirations and propel it onto the world's commercial center stage. 

The author is Chief Strategy Officer, Mahindra Logistics Ltd.



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