

Union Budget wish-list from Mahindra Logistics Limited

Yogesh Patel, CFO, Mahindra Logistics Limited

“At Mahindra Logistics, we are very happy to see the attention the industry is getting from the Government and also for creation of the National Logistics Policy. We appreciate that the Union Minister for Commerce and Industry & Railways, recently advised the four ministries – Ministry of Railways, Ministry of Road Transport and Highways, Ministry of Shipping and Ministry of Civil Aviation - to help in maximizing logistics capacity utilization and thereby reduce costs.

- We wish that the Finance Minister ensures **adequate allocation of resources for successful implementation of the National Logistics Policy**, which will then help in reducing the cost of logistics and also improve India’s position in the Logistics Performance Index (LPI) globally.
- Optimisation of tax rate remains the ask and has been in the past acknowledged as directional goal too. There should be **uniform corporate tax rate of 25% thus**.
- At present the Transportation Revenue, for an entity above a very low threshold, is subject to TDS @ 2%. This rate of TDS ends up being much higher than the actual tax liability the operators are required to pay on their profits. This puts huge pressure on cash flow. Though there is a provision for obtaining certificate of reduced rate of tax deduction, it takes lot of time and administrative burden asking for it.
- Government needs to **realign GST norms**. While the changes made in the indirect tax laws are surely appreciated, there is also requirement to iron out the issues that have remained post implementation. These include:
 - Currently, there is an option for a transporter to either pay GST under Reverse Charge Mechanism (RCM) under which ultimate recipient of services pay the applicable GST, or under Forward Charge Mechanism (FCM). Using FCM would be an advantage for the service provider (as it entitles it to claim the input tax credit for all the inputs), and hence should be made mandatory for all.
 - Currently GST Return forms 2 and 3 do not provide functionality for credit matching and the proposed tech solution is not available too. In such situation, till there is functionality available, the provisions related to GST credit matching should be removed / suspended.
 - GST Return filing needs to be simplified - only One (1) Return should be filed per month.
 - Re introduction of Form – A1 and A2 for exemption from levy of GST for supplies to SEZ units.
 - Manual GST Refunds (e.g. Refund of accumulated Input credit) should be processed online by updating GST portal or it needs to be simplified & processed in time bound manner.
 - All goods (except the basic necessary goods) should be brought within the preview of GST in order to avail the Input Credit of GST on input services.
- As logistics service provider, we end up creating / utilizing infrastructure across the country. There should be **identified geographies, where promoting employment, hiring for skilled / semi-skilled manpower is incentivized**.
- MLL is working with CII National Council for Logistics and Department of Logistics for issues of standardization in the logistics industry. This **standardization process should be taken on priority by the government**

We hope that addressing the above will help smoothen the MOVE in INDIA which in turn supports the growth of MAKE in INDIA, much better”.

About Mahindra Logistics

Mahindra Logistics Limited (MLL) is a portfolio company of Mahindra Partners, the USD 1 billion private equity division of the USD 20.7 billion Mahindra Group. MLL is an integrated third-party logistics (3PL) service provider, specializing in supply chain management and people transport solutions. Founded more than a decade ago, MLL serves over 350 corporate customers across various industries like Automobile, Engineering, Consumer Goods and E-commerce. The Company pursues an “asset-light” business model, providing customised and technology enabled solutions that span across the supply chain and people transport operations.

For more information, visit www.mahindralogistics.com

About Mahindra Partners

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About Mahindra

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