



The Indian warehousing and logistics industry is gradually getting redefined to modern set-ups.

- Ramesh Babu,
Managing Director, Seashell Logistics Pvt Ltd

Five Key Market Drivers

- **India story of growth and changing demography:** The Indian economy is currently the fastest growing in the world. With growth in the economy, the aspiration of the consumer and manufacturing industry will also be increasing. This requires adoption of new technology and optimising the operational capabilities to be competitive.
- **Demand for high-end services and infrastructure:** With the emergence of new sectors like e-commerce, there's the need for high end services with transparency. Delivery of consignments in no time and replenishment of goods quickly is also required. This requires operational excellence in supply chain management.
- **Global competition and practices:** In the global village the global trade demand, requirements and practices become part of the decisive factors for supply chain management. To be competitive with the global competitors, operational excellence is a must.
- **Rising share of organised retail:** In India, a large part of supply chain management is still under the unorganised sector and this sector has very low level of adaptability for technology vis-à-vis operational excellence. The growth of organised industry sectors such as retail, automotive, manufacturing, pharmaceutical and agriculture in India, is expected to give rise to more organised integrated supply chain companies.

GST implementation: This is considered as the biggest reform in commercial taxation in India after 1947. The introduction of GST will result in the Indian manufacturing sector being globally competitive and will promote entrepreneurial initiatives and economic activity, on the whole. Most of the manufacturers have constructed regional warehouses of their own to avoid interstate taxes. But under GST, they can streamline their operations and outsource their operations to 3PLs to save up to 20 per cent.

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managing a transport network and godowns towards a more integrated supply chain management system. In order to understand the evolution of the logistics sector in India, it is better to understand the competing markets that have moved ahead in the value chain. The USA is considered to be the most evolved logistics market in the world and can be used as a benchmark to compare with the Indian market. The USA spends 9 per cent of its GDP on logistics; in comparison to it India spends nearly 13 per cent of its GDP in logistics.

India's proportionate expenditure on transportation is nearly double that of the USA's despite having only one-third of its landmass. This indicates requirement for more efficient transportation service in India. USA's logistics sector has a value of almost 10 times that of the Indian logistics sector. Yet the USA logistics sector employs only one-tenth the number of people that the Indian logistics sector does. The reason for such a difference is that the logistics sector in developed economies is highly mechanised and uses automation extensively unlike

in India where even today it is largely dependent on the labour force. There is significant scope for growth and efficiency in India's warehousing and supply chain management."

Shah concurs along similar lines, "The warehousing industry is evolving in India. In developed markets like Europe, US and other Western countries it has already been there for a long time. In India, the concept of proper warehousing started just 10 years back. So this is here to grow as every industry requires warehousing so also the storage solutions and MHE. For example, in every airport coming up there is a cargo facility attached to it. So, the storage and material handling segment can expect good growth in the coming years."

Gupta says, "Our Sales drivers are efficiency based engineered products with Value for Money proposition involving the complete product life cycle enabling customers to enjoy the cost benefits."

Conclusion

The Material Handling industry especially with relation to the Industrial Trucks is very small in size vis-à-vis markets in other countries of equivalent economic size. While the awareness for the need of mechanised handling is increasing at a faster clip than before, certain products and aspects continue to be a constraint for this industry. Lack of standards for palletisation; unsafe lifting and handling practices largely prevalent in small scale industries or unorganised sector and people expected to lift loads heavier than 25 kg which is not a practice in most well established economies worldwide, are all accepted situations impeding the growth of this sector in India.

Despite the same, the Material Handling solution providers, warehousing and intermodal logistics combine is poised in a very favourable spot and the nation as whole looking forward to witness how the industry overcomes the challenges, works around the pain points and fructifies the available opportunities, commensurate with the projections. ■

- SHANKAR SRIVASTAVA