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# FEBRUARY 2019





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# editorial



Dear Reader,

ecognising the significance of the logistics and cargo sector as one of the biggest growth-driven sectors in the country, the government has launched the new, integrated logistics and air cargo policy to bring down the cost of air logistics. It seeks to make India one of the top five air freight markets in the world by 2025. The objective of the National Integrated Logistics Policy (NILP) is to focus on increasing the capacity of storage, warehousing, and other value-added services for the industry.

With a region-wise focus, the government is leaving no stone unturned in improving infrastructure in some of India's key, yet undeveloped regions. Prime Minister Narendra Modi recently launched the country's longest rail-cum-road bridge, the Bogibeel Bridge, that will not only boost logistics in India's Northeast, but will also be a big boost to defence logistics, as it will provide swift connectivity to areas near the India-China border. It's not just the government but the private sector, too, which has extended its support to the northeastern states of India. In another recent development, the dedicated freighter service of SpiceXpress between Guwahati and Hong Kong will provide huge opportunities to the Northeast regions and allow them to expand their reach to international markets.

The government is also actively developing multimodal logistics parks in the country. The recently-opened MMLP at Jharsuguda has been built to facilitate export-import and domestic cargo, including private freight traffic, and to serve a number of key industries such as steel, cement and paper, which are located around the facility and will be benefitted from it.

Another first in the series of reforms was the maiden coastal voyage of a vessel of Container Corporation of India, from Kandla Port to Tuticorin via Mangaluru and Kochi. The combination of railways and coastal shipping will release the burden on railways and provide them greater capacity to carry other goods and facilitate the transport of more commodities such as steel and cement, as well as other general cargo through coastal trade. This will help enhance the coastal trade basket.

We do hope the industry continues to receive this much-needed impetus to help it grow further.

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# Air Cargo Policy: Big leap for India

The new air cargo policy, recently unveiled by the government, covers all categories of air cargo transport - domestic cargo to ensure efficient flow of goods across India; international cargo facilitating export and import of indigenous goods; and transit international cargo, by making India the transit cargo hub of choice to and from other parts of the globe.



The objective of NILP is to increase the capacity of storage, warehousing and value-added services

The government recently unveiled its much-awaited national air cargo policy at the Global Aviation Summit in Mumbai. The policy, aimed to bring down the cost of air cargo logistics, seeks to make India one of the top five air freight markets by 2025, besides creating air transport shipment hubs at all major airports over the next six years. It states that international cargo comprises 60 per cent of the total air cargo tonnes handled in the country, logging a growth of 15.6 per cent in the previous fiscal and domestic cargo growth by over eight per cent, which reflects the skewed modal mix in which roads account for over 60

per cent of cargo transportation as compared to the global average of 30 per cent. The policy will also encourage code sharing/inter-line agreements between foreign and Indian carriers.

The objective of the National Integrated Logistics Policy (NILP) is to focus on increasing the capacity of storage and warehousing and other value-added services. Multimodal logistics parks and integrating various transportation modes are also being developed right up to the district level.

The EXIM policy document states, logistics development and boosting trade is an integral strategy of the overall economic development vision of the government. The Foreign Trade Policy 2015-20 envisages making India a significant player in the global trade landscape by 2020, and targets doubling India's exports from 2014 levels to about US\$ 900 billion by 2020; raising India's share in world exports from two to 3.5 per cent by that year has also been spoken of.

Under air cargo research and development, a well-equipped research and development centre has been discussed for air cargo that can plan, co-ordinate, implement, and monitor air cargo traffic and support the development of appropriate solutions. The air cargo industry needs to adopt the latest technological standards to have an optimal resource utilisation and increase efficiency, which will help increase revenue for all the stakeholders. New supply chains/ commodities need to be developed to facilitate ease of doing business and promote the use of air transport as a preferred mode for outbound or inbound movement of cargo.

The ACLPB is to set up an interministerial body for planning, co-ordination, implementation and monitoring, which is a must for making the policy functional. The ACLPB, in consultation with the Department of Industrial Policy and Promotion (DIPP), will develop policies to support the growing business area of e-commerce and any other growing business areas in consultation with relevant governmental departments, as well as to support intermodal operations for effective connectivity of air with sea, road, rail, inland waterways supply chains. Multimodal freight corridors are to be developed to connect Indian suppliers and consumers with major trading centres.

As per the document, Multimodal Logistics Parks (MMLPs) will be a key initiative to improve the country's logistics sector by lowering overall freight costs, reducing vehicular pollution and congestion, and cutting warehousing costs. The Central government, through the Ministry of Road Transport & Highways (MoRTH), is developing multimodal logistics parks at select locations in the country, under its Logistics Efficiency Enhancement Program (LEEP).

To support efficient AFS, guidelines will be established to ensure smooth and viable AFS operations, including sterile corridors when security integrity has been ensured at and from the AFS. As part of the security strategy under the policy, it will address security related to physical cargo, people handling the cargo, as well as data and information related to shipments within and across all chains of custody transfers. The strategy will cover all aspects of defining, measuring, improving, and avoiding safety breaches in air cargo operations at all cargo handling areas of the airport.

The Cargo Community Infrastructure policies will include both physical and digital infrastructure that will facilitate efficient digital collaborations to ensure a smooth flow of air cargo to and from airports and off airport facilities. ACLPB will review specific policy requests emanating from trade or supply chain participants, and will make appropriate recommendations to the government.

The policy mentions that every airport with predominantly courier/ express cargo operations will have common user facilities and dedicated express cargo facilities. In case of perishable cargo, pack houses have been defined necessary to reduce wastage and help in delivery of fresh cargo at the destined location. The policy mentions the creation of dedicated digital/e-freight corridors between Indian airports and major airports globally, such as connect Chennai, Mumbai, or Delhi to any other major airport in Dubai, Miami, Frankfurt, or Singapore.

The policy document asks for streamlined customs processes to promote transhipment that is cost-effective, quick, efficient, and seamless. Transhipment permissions are to be granted 24x7, and will be automated and streamlined to ensure that they are received prior to the arrival of the flight (in case prior information is provided) and within one hour of flight arrival in case permission is sought at the time of arrival of flight.

The document also mentions that cargo movement at airports which face bottlenecks due to cumbersome administrative processes or shipment-related discrepancies will be streamlined to ensure pre-defined processes for dealing with instances such as return to shipper; unmani-

#### Short-term goals for India (as per the document):

- ✤ To be in the top five global air freight markets by 2025.
- ✤ To be in the top five for e-AWB penetration by 2025.
- Rank in the top 25 as per the Logistics Performance Index, which is an interactive benchmarking tool created by the World Bank to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance.
- ✤ Air cargo transhipment hub at all major airports by 2025.
- Region-wise warehouses and hubs linked to regional airports for e-commerce cargo, agro, perishable cargo, and any other specialised cargo to supplement the resources for effective utilisation.
- Investment in emerging cargo markets like Africa, South East Asia, etc.
- Explore potenial of new markets with long-term infrastructure creation in order to sustain cargo growth over the next 10-15 years, at least. Policies to be devised in order to execute the plans.

fested, short-landed, short-shipped, over-carried or part shipments. To promote India as a humanitarian support transit centre, special policies encouraging the establishment of regional humanitarian relief support centres will be established, preferably within the SEZ or FTZ.

The policies around technology and innovation will address the emerging next-generation practices on digital transformation, the emergence of business platforms, insightful analytics, and explosion of smart devices that facilitate cargo transport processes and refine them to Indian conditions.

The document also promotes domestic and international e-cargo by establishing dedicated digital or e-freight corridors from Indian airports to e-freight-ready airports.

The policy will also institute a framework for educating the future generation of workforce about the importance and sophistication of the air cargo industry, and develop a training methodology that attracts and retains the best talent in the Indian cargo industry.

#### Trivia

The government has taken several initiatives to cope with the burgeoning traffic of cargo and to bring the country's logistics on a par with global standards.

The Ministry of Civil Aviation undertook a dwelltime study, conducted at six major airports, to identify the reasons for higher dwell time in Indian airports and corrective action required, and acting upon its recommendations it has progressively worked to reduce import air cargo dwell time from 72 hours to about 52 hours by December 2017.

# Concor to start weekly coastal operations



The maiden coastal voyage of a vessel of Container Corporation of India (CONCOR) was flagged off by **Nitin Gadkari**, Union Minister for Shipping, Road Transport & Highways and Water Resources, River Development & Ganga Rejuvenation and **Piyush Goyal**, Union Minister for Railways and Coal, from Kandla through video link from Delhi on January 10, 2019. The vessel, SSL Mumbai, is sailing from Kandla Port to Tuticorin via Mangaluru and Kochi. This is a unique example of a multimodal logistics solution through integrated rail and coastal movement. With this, CONCOR will start coastal movement of containers as a weekly service on this route, moving about 1400 containers.

Gadkari expressed confidence that this modal shift in the logistics chain is an important beginning that would help bring down logistics costs and soon make Indian goods more competitive in the global market. Goyal said, "Railways has introduced many new reforms in the last few years. This is another first in the series of reforms. This new service, started by CONCOR, will be profitable for the freight movement to send goods to different locations in a costeffective manner and will also reduce the load on railways and roads. When we strive for worldclass logistics costs in India, joint efforts by road, rail and sea is required, only then the pace of development is accelerated." He added that the goal is that CONCOR operate from more than 100 terminals by 2020.

Gadkari added, "It's a red flag day in the history of transportation in India. The combination of railways and coastal shipping is a win-win situation, as it will release capacity for railways to carry other goods and allow more commodities to be transported through coastal trade."

# Adani Ports delivers 50 US-made GE locomotives to Indian Railways

According to a PTI report, Adani Ports and Special Economic Zone (APSEZ) has concluded the import and delivery of 50 GE locomotives from the US to Indian Railways. All the 50 locomotives were manufactured by GE in the US and had been imported to Mundra port. The dispatch was a first for Indian shipping and logistics, Adani Ports stated.

"Efficiency in logistical operations is given utmost priority at Adani Ports. Therefore, while handling the logistical operations for the Indian Railways and GE, we made sure the transportation of cargo was seamless and without any incident," said **Avinash Rai**, Chief Operating Officer, APSEZ.



# JNPT listed amongst top 30 container ports globally

As per the latest Lloyds Report, Jawaharlal Nehru Port Trust (JNPT) is the only Indian container port to be listed amongst the top 30 container ports globally. JNPT notched up five spots to be 28<sup>th</sup> on the list, compared to its previous ranking. The news was shared by **Sanjay Sethi**, Chairman, JNPT, at the quarterly interactive meeting with all stakeholders, organised recently. This was the first stakeholder interactive meeting of the year 2019, and was attended by officials and representatives of terminal operators, CFSAI, CSLA, MANSA, INSA, AMTOI, customs, and various shipping lines. Another point of adulation at the meeting was JNPT crossing the five million TEUs handling milestone in 2018.

Sethi said, "This is a validation to all the efforts and strategic initiatives being implemented at JNPT in order to enhance our overall port efficiency. Various new processes activated under the 'ease of doing business' initiative have not only helped in overall growth of the port business, but also allowed the EXIM trade to save time and cost which in return accentuated the growth story. Gaining operational efficiency is an ongoing process and we are always looking for solutions to better our services so that the EXIM trade community benefits from it."





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# **PM inaugurates Multimodal Logistics Park in Odisha**

Prime Minister **Narendra Modi** inaugurated the Multimodal Logistics Park (MMLP) in Jharsuguda, Odisha. The Park has been built at a cost of ₹100 crore and will facilitate export-import and domestic cargo including private freight traffic. MMLP is located adjacent to the Howrah-Mumbai highway, which is just five kilometres from Jharsuguda Railway Station. Many important industries like steel, cement, paper, etc., are located around the facility and will be benefitted from it.

The Multimodal Logistics Park will establish Jharsuguda as a prime logistics hub in Odisha and boost ease of doing business in the state. The new 15 kilometre-long Balangir-Bichupali railway line would connect coastal Odisha with western Odisha, synchronising development across the state. It will also reduce travel time from Bhubaneswar and Puri to major cities like New Delhi and Mumbai.

# Saurashtra Freight plans to invest ₹3500 million over the next three years

Consolidating its position in the logistics ecosystem, Saurashtra Freight is looking for strategic acquisitions with a vision to unlock the business potential of the logistics industry in India, as well as grow and expand its organisation's value, assets, and presence. The company plans to invest an amount ranging from ₹50 million to ₹1000 million in companies in the field of logistics, warehousing, transportation, and other relevant sectors associated with the freight industry. The organisation aims to invest up to ₹3500 million in the next three years to fuel its growth in the industry.





### CED and JBS Academy partner in skill development activities at Dhrangadhra and Ahmedabad

The Centre for Entrepreneurship Development (CED), a Government of Gujarat organisation, and JBS Academy (JBSAPL) have partnered for creating awareness on skill development activities for the budding youth of Dhrangadhra and Ahmedabad, focusing on youth that desires to be employed in the logistics and other employable education sectors through skill development. It will also provide them gainful employment in the sector.

With the financial support of CED, the Academy conducted two 'awareness' seminars at Dhrangadhra and Ahmedabad on December 26 and 31, respectively.



# Efforts on to double exports from \$321 billion, says Suresh Prabhu

"New policies of the government will ensure the doubling of exports currently pegged at US\$321 billion, in a few years," said **Suresh Prabhu**, Minister of Commerce & Industry and Civil Aviation, Government of India, at the inauguration ceremony of a new office and laboratory complex of the Export Inspection Agency at Margao in South Goa. "It is our endeavour to increase India's exports from the current US\$321 billion to almost double in a few years. One of the principal potential areas for export is fisheries, especially at a time when for the first time, the country has come out with an agricultural policy," he said.

He said the policy focuses on five key elements, namely agriculture, horticulture, plantation, fisheries, and meat. "All these are going to be exported. From the current US\$30 billion, we want to take it to US\$100 billion. Fisheries can create several jobs in the country," he added. The Air Cargo Policy will boost fish exports, and the Centre and Goa governments would tie-up to form clusters to make value-added products. Vegetables, fruits, cashew, fish can be exported from Goa. For that, a marine export development agency has already been created.

# **Çelebi Aviation wins ground** handling licence for Hyderabad International Airport

Ground handling services provider, Celebi Aviation Holding, has won the ground handling licence for Hyderabad's Rajiv Gandhi International Airport (RGIA) for 10 years through an international competitive bid process. This is the third win for Celebi since last year, after winning the licence for the Bengaluru and Kannur airports. The company plans to make an investment of US\$5-6 million at the airport.



Murali Ramachandran, Chief Executive Officer, Çelebi Aviation Holding India

**Murali Ramachandran**, Chief Executive Officer, Çelebi Aviation Holding India, said, "Our partnership with RGIA is an important benchmark in our decade-long journey as it sets another milestone towards our efforts of strengthening our presence and commitment in the Indian aviation market. India is a key market for us. With our focused and strategic expansion plans, we stand committed to contribute, support, and play a meaningful role in catalysing the growth story of the Indian aviation sector."

# **SpiceXpress begins dedicated freighter service between Guwahati and Hong Kong**



SpiceXpress has announced the launch of its dedicated freighter services between Guwahati and Hong Kong. To begin with, SpiceXpress, the dedicated air cargo arm of SpiceJet, will operate a weekly flight between Guwahati and Hong Kong.

The company has deployed its Boeing 737 freighter on the route with an approximate carrying capacity of 18 tonnes. SpiceXpress sees a huge potential for exports from North East India and plans to add connecting weekly flights each from Silchar and Imphal to Hong Kong, thereby taking the total tally to three flights per week between the regions. Besides fresh fruits and vegetables, SpiceXpress also plans to start export of exotic tea and kiwi wines from Arunachal Pradesh.

# American Airlines Cargo starts DUB-DFW route

Starting this summer, American Airlines will offer a new non-stop flight from Dublin (DUB) to Dallas Fort Worth (DFW). The seasonal flight will operate June 7, 2019, through September 28, 2019, and will be flown on the cargo-friendly, fuel-efficient Boeing 787-9 aircraft. The new flight is a welcome addition for



the cargo community wishing to serve Texas, the second largest importing state in the US, where the manufacturing sector is projected to continue growing in the coming years. Customers with a diverse range of commodities are already expressing their interest in the flight. The potential commodities include computer parts, medical devices, machinery, oil industry equipment, aviation parts, and pharmaceuticals.

"This first direct, scheduled service from Ireland to Texas will open up a number of new markets for both Irish and multinational exporters with freight destined for Dallas and beyond," said **Andy Cornwell**, Regional Manager – Northern Europe, American Airlines Cargo. In addition to American's new DUB flight to DFW, the airline also offers flights from DUB to Charlotte (CLT), Chicago O'Hare (ORD) and Philadelphia (PHL), as well as seasonal service from Shannon (SNN) to PHL.

### **B&H Worldwide establishes** second 24x7 control tower in Singapore to cater to expanding business

B&H Worldwide has established a second control tower at its climate-controlled facility in Singapore. The tower leverages Singapore's position as one of the fastest growing aerospace markets in the world, with connectivity across the Far East and Oceania. Its strategic location within the ALPS Free Trade Zone at Changi Airport provides an innovative and integrated information hub that will enable team members to proactively monitor customer shipments 24 hours a day, 365 days a year, and at the same time provide updates and full visibility to them.

Recent business growth around the world has prompted the launch of the second 24x7 control tower to ensure that B&H's standards for operational excellence are maintained. Operationally effective since mid-January at the Changi Airport facility, it utilises the newly designed, next generation, FirstTrac computer system to manage shipments. A successor to the unique, market-leading OnTrack, both time-critical and AOG consignments can be managed through FirstTrac.

"This new initiative is an exciting start to 2019 and will give customers operating across multiple time-zones even greater confidence in our services. All our global solutions are underpinned by cutting-edge Information Technology (IT) and state-of-the-art facilities, and the new control tower will enable our highly trained teams to maintain robust operating procedures," said **Stuart Allen**, Chief Executive Officer, B&H Worldwide Group.

# Lufthansa Cargo adds additional freighters to AeroLogic fleet

Four brand-new Boeing 777Fs are to be operated by Lufthansa Cargo and AeroLogic in 2019. The airline will take delivery of a fourth brand-new freighter in the current calendar year. The 777F freighter will be leased from Boeing and operated by AeroLogic (3S) at Leipzig/Halle Airport (LEJ). This will take the AeroLogic fleet to 12 aircraft this year. The new jet is expected to arrive in fall.



Peter Gerber CEO and Chairman of the Executive Board, Lufthansa Cargo

"We are delighted to be in a position to

put four brand-new freighters into operation this year. This will effectively modernise our own fleet at our Frankfurt Airport base and further boost our efficiency and reliability. At the same time, we are focusing as a shareholder on growing AeroLogic, our 50-50 joint venture with DHL Express at Leipzig Airport," said **Peter Gerber**, CEO and Chairman of the Executive Board, Lufthansa Cargo.

The new AeroLogic aircraft will be given the registrations D-AALK and D-AALL. Lufthansa Cargo will market all the capacity of these two freighters.





# Air Cargo Global launches direct OSL-TSN route for seafood

Air Cargo Globl has launched its new direct route connecting Norway's Avinor Oslo Airport (OSL) and China's Tianjin Binhai International Airport (TSN). The route will support Norway's export market as China's demand for seafood grows. Initially, the airline will operate the OSL-TSN route twice weekly on Thursday and Saturday, which will leave Oslo at 7:15 am, aboard a Boeing 747-400F. The route will serve Air Cargo's agreement with Fish Forever, a major Chinese trading company that specialises in fish, to import fresh Norwegian seafood directly to China to serve the increasing demand for high quality, fresh fish. The airline plans to increase the service to operate three times weekly from March onward, should the market respond well to the increased capacity.

"A direct route to China is extremely positive for the export of fresh Norwegian seafood to the quickly-expanding Chinese market. Fresh fish has a short shelf-life, and faster transport times will help ensure the product's quality," said **Martin Langaas**, Director – Cargo at OSL.

# DHL Express invests in hub at Copenhagen Airport

DHL Express has invested in a regional hub at Copenhagen Airport. The facility will feature state-of-the-art automated systems and be able to handle 37,000 packages per hour, 24 hours a day in a 26,172 sqm building, which will be ready in 2023. Packages to and from Denmark usually travel via hubs in Leipzig, Germany or East Midlands in the UK, but once the Copenhagen hub is open, aircraft will reach their destinations directly and without additional stops along the way. **John Pearson**, Global CEO, DHL Express, says, "Our international hubs are the backbone of our global network which connects business from all industries and private customers alike, and enables them to benefit from the ongoing e-commerce growth."

**Atli Einarsson**, Managing Director, DHL Express Denmark, says, "The company is experiencing enormous cross-border online trade and is also preparing for growth in the pharmaceutical and fashion industries. This massive upgrade of our facility will turn it into one of the most modern of our 19 regional hubs worldwide. This demonstrates the importance of our country's role in the network."

**Thomas Woldbye**, CEO, Copenhagen Airport Group, says, "We consider expansion a key target in our strategy, and we are grateful that DHL has chosen Copenhagen for their new hub. We can see growing demand for high-quality air freight facilities to handle the increasing volume of freight to and from places like China."





# WFS gets CEIV-Pharma certification at AMS

Worldwide Flight Services (WFS) gained its CEIV certification from IATA for pharmaceuticals handling at Amsterdam Airport Schiphol (AMS), where the ground handler provides temperature-controlled storage for pharma clients who require environments that must stay within the range of 2-8°C and 15-25°C. AMS serves as a critical link in the trans-European pharma cold chain for many shippers.

**Stéphane Scholving**, Managing Director in Amsterdam, WFS, said, "The certification will allow us to develop closer partnerships with our airline customers in support of their own shipper and forwarder clients, who trust them to protect the quality of their pharmaceutical shipments throughout the transportation process."

WFS has been investing in its temperature-sensitive cargo clientele over that last couple of years. In December 2017, it added a temperature-controlled facility in Copenhagen, and secured its first CEIV-Pharma-certified cargo station in Europe at Brussels (BRU) in the same month.

# Biggibee Bridge The 4.94 the states of A only be of st defence fo through the A boon for Northeast India

The 4.94 km-long bridge that connects the states of Assam and Arunachal will not only be of strategic significance to India's defence forces but will also boost trade through better and faster connectivity.



Cripting history in Northeast India, Prime Minister Narendra Modi has inaugurated the country's Iongest rail-cum-road bridge in Assam that improves road and rail connectivity in the region, especially to Arunachal Pradesh. The bridge is part of the infrastructure projects planned by India to improve logistics along the border in Arunachal Pradesh. This includes the construction of a trans-Arunachal highway on the north bank of the Brahmaputra, and new road and rail links over the mighty river and its major tributaries such as the Dibang, Lohit, Subansiri, and Kameng. India and China share a nearly 4,000 km border, with almost 75 per cent in Arunachal Pradesh. Before the opening of this bridge, the rail and road link to Arunachal was through three Assam bridges -- Jogighopa in Bongaigaon district, Saraighat near Guwahati, and Kolia-Bhomora between Sonitpur and Nagaon. This means that cargo from Dibrugarh in the north-eastern corner of Assam had to take over a 600 km detour merely to cross the Brahmaputra. The Northeast part of the country possesses tremendous economic growth potential and it is high time we leveraged that potential to position India as a regional and global logistics power. Finding the logistics connect to the Bogibeel Bridge, CARCONNE tries to explore how this bridge will boost logistics in India's Northeast. **Ravinder Kaul**, Head – W&D (India), Pantos Logistics India, says, "The bridge and other new infrastructure projects planned by the government will not only benefit the logistics industry but also help other industries to set up plants or units in Arunachal Pradesh."

**Vivek Kele**, Director, Teamglobal, says that the bridge will be a big boost for the Indian

rail-road connectivity. This bridge is a boon to the logistics sector and provides connectivity to the lesser-developed districts of Assam and Arunachal Pradesh. The bridge has led to a reduction in travel time by rail from Delhi to Dibrugarh from the earlier duration of 37 hours to 34 hours, and the road distance has been reduced from Dibrugarh to Itanagar by 150 kms. This will allow the goods to reach their location faster."



logistics sector. He says, "Indeed, it is a big boost to trade and the defence sector; it will greatly aid the Indian armed forces for movement of men and material, so not only the logistics of the civil sector but also of the defence sector will see improvement."

Talking about how the country's longest rail-cum-road bridge is going to benefit logistics, **Mahendra K Shah**, Managing Director, V-Trans (India), says, "The Bogibeel Bridge is the country's longest rail-cum-road bridge built by Indian Railways over River Brahmaputra and provides crucial According to Debarata Satpathy, Regional Business Manager - East, Snowman Logistics, "In larger metropolitan cities like Kolkata, Patna, Guwahati, Ranchi, Siliguri and Bubaneswar, road connectivity is not a major issue. However, in other regions like Meghalaya, Sikkim, Arunachal Pradesh and Tripura, road connectivity becomes an issue due to the rough terrain, and it becomes difficult for vehicles to deliver to those areas. Thus, in the Northeastern states, it is necessary for roads and railways to be better developed, to boost trade relations with Myanmar, Bangladesh and



**Ravinder Kaul** Head – W&D (India) Pantos Logistics India



Nepal. This will in turn improve the logistics in these states, adding to the existing transactions taking place between India, Bangladesh, and Myanmar."

"We have also noticed that people residing in these states consume a larger quantity of fish. This is especially true in the West Bengal, Assam and Bangladesh belt, where a larger quantity of frozen fish is consumed, as opposed to fresh fish (Hilsa and Basa) being the leaders in this regard. Thus, construction of better roadways is going to boost the logistics in the region," he continues.



Vivek Kele Director Teamglobal



overnight boom as the market size is small, but it will certainly pave the way for development



#### Piyush Kumar Singh, Industry Expert – Logistics & SCM Sector, shares, "Bogibeel Bridge will usher a new era of progress and development for India, with enhanced connectivity that will spur economic growth." He adds, "Built over the Brahmaputra river and connecting the Dhemaji district and Dibrugarh district located in the Northeastern state of Assam, the bridge reduces travel time from Assam to Arunachal Pradesh by four hours and will cut out a detour of over 170 km via Tinsukia. The bridge will play an important role in defence of the country by facilitating ease of mobility to the India-China border in Arunachal Pradesh. It will also reduce the train travel time between Delhi and Dibrugarh by about three hours."

N Ramakrishna, Vice President (Sales & Marketing), Kribhco Infrastructure, says, "Bogibeel Bridge in India's Northeast is the country's longest rail-cum-road bridge. Apart from the obvious fame linked to being the longest railroad bridge, the bridge is special for several other reasons. For one, it has been built by Indian Railways over River Brahmaputra and provides crucial rail-road connectivity to the lesser developed districts of Assam and Arunachal Pradesh."

"Since this bridge is part of infrastructure projects planned to improve logistics along the border in Arunachal Pradesh, other than bringing better connectivity and facilitating guicker movement of vehicles and easy access for the people of Dhemaji to major hospitals, education institutes and the Dibrugarh airport, this bridge will also serve the strategic interest of India. Infrastructure projects planned in the region include the new road and rail links over the river and its major tributaries," informs Shah.

"With Sikkim, Meghalaya, and Arunachal Pradesh being popular tourist destinations, the connectivity provided by the bridge will be a major boon. It will help connect those states which do not have any major ice cream or frozen food manufacturing industries, like Assam and Arunachal Pradesh, with the rest of India, thus making these products available in these regions. It will also act as an incentive to attract investors, while simultaneously boosting QSR. Several companies in the F&B industry are looking to invest in Arunachal Pradesh to set up their own plants; the completion of this bridge will hopefully benefit the connectivity and such plans can be taken forward to boost development here," says Satpathy.

"The import and export relations between China and India are also likely to improve after the completion of this bridge. With China procuring large amounts of raw materials from India – like shrimp from Odisha and West





Mahendra K Shah Managing Director V-Trans (India)



A new option with both rail and road will hold better value, depending on the goods being transported Bengal – the export connections will be greatly benefited thanks to the road connectivity the bridge is likely to provide. Additionally, even small-time importers will have access to Chinese products, which will help boost development in the concerned areas," he continues.

#### NORTH EAST: DIVERSIFYING GROWTH OPPORTUNITIES

The Northeast is one of the regions that has played a pivotal role in terms of logistics connectiv-

ity with the international and national corridors of India. Believing it to be a boon for Northeastern states, Singh says, "Enhanced connectivity in the Northeast will lead to two benefits. One, along with connectivity the level of economic activity is bound to increase. One reason why even fiscal concession in these states failed to attract significant industrial investment is that they were not enough to offset the logistical cost of moving merchandise to high-consumption regions. In this context, better



connectivity provides a booster shot to economic activity, including tourism."

Explaining how the logistics in the Northeast is going to surge, Shah says, "The bridge is 20 kilometres from the Assam-Arunachal Pradesh border and connects Dibrugarh in Assam to Kulajan in Dhemaji district, making commuting to Pasighat in Arunachal Pradesh and other locations easier. This reduces the transaction time to the Northeastern states, which benefits logistics companies, manufacturers, business, and the end consumer. Companies now might also want to set up larger warehouses in these regions to cater to smaller towns and cities more effectively."

"This infrastructure project is really a boon for the Northeast states. It will reduce the travel time between Assam and Arunachal Pradesh and the rest of India. Surely it will boost India's 'Act East' policy. This bridge is among the various infrastructure projects planned by the Indian government to improve the logistics along the Arunachal border, hence providing defence security as well," says Ramakrishna.

"Bogibeel Bridge, with double-track and three-lane roads, will be the lifeline of the Northeastern part of India and will facilitate connectivity between north and south banks (starting from Chalkhowa station and Moranhat station at south bank and joining in between Sisibargaon station and Siripani station of Rangiya-Murkongselek section at north bank through the Bogibeel Bridge) of the Brahmaputra river in the eastern region of Assam and Arunachal Pradesh. The bridge will not only connect the Dibrugarh and Dhemaji districts of Assam but will also reduce the distance for over five million people living in Assam and Arunachal Pradesh.



Debarata Satpathy Regional Business Manager - East Snowman Logistics

The combination of road and rail transport will act as a major boon for the logistics sector

### Trivia

The bridge, which is the second longest in Asia, has three lane roads on top and double line rail below.

The bridge is 32 metres above the water level of the Brahmaputra and is fashioned on a bridge that links Sweden and Denmark.



Piyush Kumar Singh Industry Expert – Logistics & SCM Sector



Bogibeel Bridge will usher a new era of progress and development for India, with enhanced connectivity



**N Ramakrishna** Vice President (Sales & Marketing) Kribhco Infrastructure



This project is a boon for the Northeast; it will reduce the travel time between Assam and Arunachal, and the rest of India



It will provide better rail-road connectivity to the lesser-developed areas in both the states, which will help in removing the logistical challenges the service providers were facing by moving goods from Assam to Arunachal. The rail-cumroad bridge across Brahmaputra River in Assam is an important step in improving connectivity in Northeast India," stresses Kaul.

Satpathy adds, "In the near future, we can hope to see major changes in the logistics industry, with warehouses being built in large numbers in the Northeastern states."

Providing a different point of view, Kele says, "It will not be an overnight boom as the market size is relatively small, however, it will certainly pave the way for economic development in the region."

#### **DUAL CONNECTIVITY**

India has a remarkable network of bridges, from river bridges to sea or rail and road bridges. Railroad bridges of India are the major part of Indian road and rail network, connecting every city. Commenting on the combination of both modes of transport working well for the logistics sector, Kaul says, "Connectivity through both rail and road in this region was lagging compared to most other parts of India on account of the terrain. With the completion of Bogibeel, the distance of the train journey between Assam and Arunachal Pradesh has been reduced by 80 per cent. The travel time in the region will continue to shorten as five more connectivity projects are under construction.

The enhanced connectivity in the Northeast will improve the economic activity in this region, and not only improve the timelines but also improve the growth of logistics which had to go through a lot of challenges all these years. Even fiscal concessions in these states failed to attract significant industrial investments because they were not enough to offset the logistics costs of moving merchandise to high-consumption regions. The new development in connectivity will provide a boost to improve activity in this part of India apart from being beneficial from a strategic standpoint for military logistics."

"The movement of commodities like grains, cement, steel, oil, etc., will become cheaper. This will lead to cheaper input costs and lead to growth of manufacturing leading to increase in movement of finished goods as well. This in turn will see better utilisation of the infrastructure built for both modes of transport - rail and road," emphasises Kele.

Shah states, "For any logistics company, both rail and roadways play a key role. Transport is the single biggest cost for any logistics firm and better connectivity allows the logistics company to optimise cost of service. With the construction of the longest rail-cum-road bridge, the transport infrastructure will improve, and that in turn will add to the speed and efficiency of the goods being delivered. Good physical connectivity in the urban and rural areas is also an essential element for overall economic growth."

"Also, as the Northeast part of our country is still not fully connected, a new option with both rail and road will hold better value, depending on the category of goods being transported, time available, and distance involved. The client or logistics service provider can opt for a suitable mode or a combination, and can optimise operations," Shah adds.

Satpathy says, "Apart from rail transportation, road is the only option, as air transport becomes really expensive and sea isn't really an option. Thus, the combination of road and rail transport will act as a major boon for the logistics sector."

"This will be the fifth longest bridge in India and the longest combined rail and road bridge in India with a total length of 4.94 kilometres (3.07 miles). Due to its location, the bridge will be of strategic importance to India as it will significantly enhance India's ability to transport troops and supplies to its border with Tibet in Arunachal Pradesh," concludes Singh.



Steel Authority of India (SAIL) has supplied around 35,400 metric tonnes of steel for the construction of Bogibeel road-cum-rail bridge on River Brahmaputra.

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# Reverse logistics & the return on returns

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According to market updates, 30 per cent of products sold on e-commerce platforms are returned, and this is what has been driving the cargo segment in the country. CARGOTALK explores the pros and cons of reverse logistics.

Kalpana Lohumi

ith the Indian e-commerce market growing four-fold to US\$150 billion by 2022 fuelled by rising incomes and a surge in internet users, reverse logistics has a bright future. Reverse logistics refers to the process of return of a product to the manufacturer or company. To make the customer's experience count, e-commerce sites are going the extra mile by ensuring they have a good return-and-replace

policy. The rising consumer demand for free and fast product delivery correlates to a surge in product returns.

Fulfilment and returns go hand in hand and represent the two halves of the supply chain. While fulfilment means bringing products to the market, returns take the product back into the supply chain. In this feature, industry experts talk about the growing relevance of reverse logistics in India.

Kushal Nahata, CEO &

Co-founder, FarEye, says, "Most supply chains will stop measuring the success of their goods once the product is shipped and delivered on time. While this can be an accurate measurement of customer satisfaction and profit, it doesn't account for all cases. It is interesting to note that as much as 30 per cent of all orders placed online are returned compared to only 8.89 per cent when purchased from brick-and-mortar shops. This





is what is driving the segment in India. Until a few years back, the reverse logistics market was mostly unorganised, with small truckers facilitating the movement of goods. Hence, e-commerce majors were finding it difficult and preferred organised players. Cashing in on the opportunity are an increased number of reverse logistics firms. However, players who look at reverse supply chain holistically to provide an end-to-end solution are few and far between."

He feels that reverse logistics that directly impact supply chains the most are the return of products from the end consumer to the manufacturer. "In the past few years, reverse logistics volumes have turned out to be higher for e-tailers. Consequently, they're welcoming players who can offer efficient solutions and are willing to pay the cost, " he continues.

Sharing a consumer perspective, Nahata adds, "Reverse logistics is extremely crucial as well. Just like after ordering customers expect a seamless delivery experience, the same goes with returns. In fact, it can be more challenging as a customer is unhappy with what he received in the first place. Hence, a seamless execution of reverse logistics can go a long way when it comes to retaining customers."

Ajay Khosla, General Manager [NORO], Scorpion Express, says, "Reverse logistics is the latest game changer. These days, when we talk about supply chain management of e-commerce, it is not limited to the logistics of getting the goods delivered to the customer but a complicated process that continues even after last-mile deliveries."

He adds, "Few years ago, the reverse logistics market was mostly unorganised, but today it is a demanding and high-yield segment as every e-commerce operator or other industrial sector is focusing on consumer satisfaction. Today's SCM does not end at delivery of the good but various aspects come into the big picture, including return, repairing, refund, and reselling. Today, e-commerce companies use reverse logistics as their biggest USP. It is considered a key component to get repeat orders and so, the growth of an e-commerce company is associated with the robustness of its reverse logistics network."

Echoing a similar view, **Sandeep Sharma**, Founder & CEO, Cogent Transware Solutions, adds, "India is a growing economy and reverse logistics can play an important role in fuelling its growth. Whenever a consignment is rejected, a loss is borne by the manufacturer as well as the end customer, but reverse logistics can surely help evade the crisis. Where recycling of the products and packaging material is the first thing that comes to mind, value recovery of product, component, and material is the new focus of companies. This concept of returning, recycling, and reusing in logistics is popularised by market players because it helps them in asset recovery.

Instead of completely discarding the product, it can be restocked and re-used in similar or new markets, thereby recovering some of the losses. Besides these, increased competitiveness, economic benefits, and environment concerns increase the relevance of reverse logistics in India. Globally, as companies continue focusing on carbon credits, reverse logistics can help in creating green supply chains for almost every company."

#### Prateek Sharma, CEO &

Co-founder, Courierhome, says, "Reverse logistics is positively correlated to the growth of the e-commerce industry, the reason being that 30 per cent of products sold online are returned, which are carried under reverse logistics."

According to **Abhik Mitra**, Managing Director & CEO, Spoton Logistics, "Reverse logistics is growing rapidly as the consumption of electronic goods, high-end apparel, high-end lifestyle goods, etc., has increased."

Providing his opinion, **Sushil Rathi**, COO, Mahindra Logistics, says, "The e-commerce industry, which witnesses an average of 19 lakh shipments a day, has given



Kushal Nahata CEO & Co-founder FarEve

Most supply chains stop measuring the success of their goods once the product is shipped

and delivered on time

### Trends

Increasing customer demands and the need to reduce the carbon footprint are important factors that are making reverse logistics relevant today.

As reverse logistics matures, more specialised techniques and tools are being developed to help those in this industry do their jobs better and faster.



Ajay Khosla General Manager [NORO] Scorpion Express



can sometimes be tedious and expensive for a seller, but results in customer satisfaction



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Sandeep Sharma Founder & CEO Cogent Transware Solutions



By connecting with e-commerce players, manufacturers can capitalise on product returns rise to reverse logistics. Customers look for a no-hassle return policy and the marketplaces have provided that option. As a result, return shipments constitute 15-25 per cent of the total shipment. The goods that are returned are cycled back into the inventory, restocked and relisted, or sent back to sellers. Similar challenges are also faced by the conventional retail industry."

According to market experts and reverse logistics players, the segment offers better margins than freight forwarding does. The question then is, are reverse logistics disrupting the US\$160 billion Indian logistics industry or is this the secret to their success?

Nahata says, "Large volumes of returns can put unprecedented pressure on supply chain processes, especially in terms of logistics expenses. Poorly planned reverse logistics can cost a business up to US\$260 billion. Optimising reverse logistics can not only save logistics costs but also help manage inventory better and increase an organisation's ability to retain customers. I completely agree that reverse logistics is indeed the secret to e-commerce success. According to a nationwide survey conducted in the US, 66 per cent of customers switch companies due to poor service and 73 per cent of consumers say friendly customer service representatives can make them fall in love with a brand. Therefore, companies like Amazon and Flipkart are finding it increasingly relevant to have a customer-friendly reverse logistics infrastructure."

He feels that a business can align supplier and carrier data of a returned product with a reason behind the return. This can help the business understand what exactly is causing the return and keep the same from recurring.

"Today's logistics will play an increasingly crucial role in the

Return

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success of any e-commerce venture. LSPs are serving many other components such as warehousing, inventory management, billing, packaging, labelling, shipping, cash on delivery, payment, product return and exchange, and many other services. The process of reverse logistics can sometimes be tedious and expensive for a seller, but results in customer satisfaction which further leads policies. Nowadays, we also see the 30-day return policy on products available online from the manufacturers themselves, which clearly indicates the deal is based on mutual benefits," says Sandeep.

On the contrary, Prateek believes, "There is one advantage and one disadvantage to reverse logistics. The advantage is that it is building volumes in the logistics



to happier customers, retaining them, and increasing market share," remarks Khosla.

"In the current changing landscape, more and more business are identifying the value and potential of reverse logistics. Presently, it is at a nascent stage, but it is expected to be on the boom soon. The e-commerce business thrives on the agenda of selling in large numbers, as guick as possible, and at the best price in the market. To an extent we can say that the e-commerce industry owes its success to reverse logistics. By connecting with e-commerce players, manufacturers can capitalise on product returns. People throng to e-commerce because of its flexible return

industry and employing more human resources to fulfil the demand. The disadvantage is that for e-commerce players, reverse logistics is a huge cost and impacts their profitability by at least ₹70 per order (calculated on an average for 500 gm)."

Mitra says, "Reverse logistics is not disrupting the Indian logistics industry, but is creating an additional growth lever. Incidentally, reverse logistics has always been around, it is just that now it is growing faster than earlier."

Rathi feels that reverse logistics has definitely become a critical cog in the wheel of the logistics industry, as it directly impacts the bottom-line of the brands.



Prateek Sharma CEO & Co-founder Courierhome



hat for e-commerce players, reverse logistics is a huge cost and impacts their profitability

"As e-commerce companies start focusing on bottom-lines instead of just Gross Merchandise Value (GMV), reverse logistics will play an important role in their profitability," he comments.

## CONSTRAINTS & CHALLENGES

Though the concept of reverse logistics has recently started gaining momentum, it is not accepted and implemented on a large scale due to several barriers.

Nahata says, "Door-to-door delivery is as old as commerce itself, what is new is the expectation of faster deliveries from the point of purchase. For companies looking to make a quick buck, reverse logistics is left in the shadows, but for companies on



Abhik Mitra Managing Director & CEO Spoton Logistics



Reverse logistics has always been around, it is just that now it is growing faster than earlier







### Trends

The introduction of automated vehicles is also expected to increase efficiency in the sector by leaps and bounds.

Unlike forward logistics, reverse logistics require a detailed plan of action considering all economical and technical aspects such as warehouse and transportation management, restocking, and recycling.

It has led to the development of software and technology to collect and process data to effectively manage the reverse logistics process.

**REVERSE** LOGISTICS the long haul, robust reverse logistics is a necessary evil. Such companies now understand the complexities of reverse logistics in India. While conventional logistics deal with the processes and events used in bringing a product or resource to the customer, reverse logistics takes at least one backward step in the supply chain. The cost of reverse pick-ups poses a big challenge for e-commerce players."

"While one aspect is the logistics cost which gets added up for each returned product, the other issue is what eventually happens to the returned product. Manufacturers and distributors have set up certain policies to not take back beyond a specific percentage of the returned goods. This implies that e-commerce companies will have to take back inventory for these returned items and will later have to auction the products at a discounted rate.

The unprecedented rise in the number of internet users from beyond the big cities is fuelling the growth of digital industries in India, including e-commerce. However, with 70 per cent of the Indian population living in rural areas, infrastructure issues pose massive challenges for logistics management (forward and reverse) in the country. Despite all the shortcomings, one thing seems certain: by paying proper attention to asset recovery and reverse logistics, companies can cope better with issues such as growing customer expectations, shrinking product lifecycles, intensifying cost pressures, regulatory compliance, and heightened environmental awareness," he continues.

Sandeep says, "Lack of clarity on taxation and documentation poses a great challenge in reverse logistics. Cost management is a big issue because its implementation requires allocation of additional funds and resources than required in the forward flow of goods. For tracking and tracing the returned products, remanufacturing, recycling, and reusing, the IT and technological systems are required through all stages of the product lifecycle, that are quite expensive and may incur extra costs.

The cost-efficient reverse supply chains are, often, not fast and quick because of the lengthy procedure of remanufacturing and reusing. As the returned product keeps on taking time, the economic value of it keeps on dipping low."

Prateek says, "It's very hard to execute and implement the operation from a single point for a pick-up. The process also involves huge costs for e-commerce players as well as courier partners. Also, the high level of dependency on the customer at the time of pick-up is a big challenge."

Seconding the opinion, Mitra adds, "The primary challenge is managing pick-up, particularly because returns are small in volume and fragmented in nature. Usage of technology



Sushil Rathi Chief Operating Officer Mahindra Logistics



Considering it is at a nascent stage, the main challenge remains educating the clients on the benefits



and processes in the system is critical to achieve excellence in this area."

Rathi concludes, "Considering it is at a nascent stage, the main challenge remains educating the clients on the benefits. The realisation of true value of these goods, inconsistent supply, and finding the right customers for these returned goods without cannibalising the fresh stock are some of the pain points the industry faces today.

In addition to these, some of the other challenges faced are also those faced in forward logistics and include geographical constraints, infrastructure issues, and documentation among others."



At the recently-held Maritime CEO Conclave in New Delhi, challenges pertaining to the Delhi-NCR region were discussed. Panellists also deliberated on how initiatives taken by the government need to now be carried forward by the industry.

🕈 Kalpana Lohumi

Highlighting the two major changes that happened last year in the NCR region, Jasjit Sethi, CEO, Transport Corporation of India - Supply Chain Solutions, said," Earlier, NCR used to be quite a diffused area. The Kundli-Manesar-Palwal stretch and the eastern periphery expressway were built last year. The expressway has a combined length of 270 km. Earlier, ICD in Panipat, Loni, Fatuha or Patli used to have their own catchment area, and it was not viable to take trucks to these ICDs from the other side. This ring road has become a great leveller. It will change the way ICDs are based around NCR. Also, the government raised axle rates on trucks by 12-14 per cent in July last year. This has made roads more reliable. The norms were last updated in 1988. Lot of movement towards ports happens via road and this will propagate further."

Labelling NCR as a 'shining region', **Sanjay Swarup**, Director - International Marketing & Operations, Container Corporation of India, said, "Almost 60 per cent of the container traffic is between gateway ports and North India. Most importantly, NCR has already got almost 12-13 ICD terminals and we do not need more because customers have an ample number of choices. However, though NCR is well-connected to the western coast ports, container movement is not that good from the eastern sector."

Speaking from the perspective of shipping lines, Tarun Kalra, VP - North, MSC Agency India, said, "The share of exports from North India or NCR to the overall massif of exports and imports of the country has been receding. I would also like to throw some light on the aspect of fragmentation of business and unnecessary ICDs. I believe that fragmentation can be countered and it just requires a friendly sentiment. Fragmentation can be removed through collaborations and promoting the hub-and-spoke model to bring down cost."

Commenting on why roadways are a more attractive mode for movement of cargo, Swarup said, "In our country, for distances more than 700 kms, rail becomes more competitive as compared to road. The customer basically looks for transit time and low cost. On double stack, we are able to attract traffic from road to rail, but the real breakthrough will come after DFC gets commissioned, which will bring a lot of cargo from road to rail."

Talking about the relevance of NCR ex-im, Vinita Venkatesh, Director, Navayuga Container Terminal, said, "Delhi is the nerve centre of everything. What is also to be noted is that though we have a 7000 km-long coastline, we don't have a developed maritime industry. We always point fingers at our government for non-development of the maritime sector. In the last five years, everything has undergone massive change, starting from GST, which has facilitated logistics in a big way. Now, the ball is in our court to see if we are going to respond to these initiatives of the government. Are we going to still stay territorial in our minds? Are we collectively going to look at India as a whole and are we prepared to take a decision that involves disruption of thinking?"

"We have a huge infrastructure created by the government and it is now upto all of us to emerge as a massive logistics industry," concluded Venkatesh.

# Highlights

NCR already has 12-13 ICD terminals. Though it is well-connected to the western coast ports, container movement is not that good from the eastern sector.

In the last five years, everything has undergone massive change, starting from GST, which has facilitated logistics in a big way.

# Can governments ald better alliances?

Discussions have often been held to highlight the importance of collaborations between Indian logistics service providers and international players. However, not much is said about the government's participation here. We get experts to list areas where the government can pitch in with regulatory changes.

🕇 CT Bureau



#### Vaibhav Vohra

Managing Director, Continental Carriers & Face of the Future (India Cargo Awards 2017, West & South)

Innovative governments are making it easier for citizens to access public services and the most forward-thinking governments are starting to master the shift from simply administering services to regularly engaging and empowering citizens, involving them in the design (in some cases even the delivery) of these services. This

shift is not just about increasing options and well-being, but also about boosting government productivity with the help of technology and the use of open data. Under the ease of doing business, the government has opened more avenues and streamlined the process and procedure to procure. The government provides efficient and reliable Logistics Service Providers (LSP) benefits in terms of time and cost, which can be passed down to the ultimate consumer.

Regarding global trade, the Indian government is signing free trade agreements with various countries on long-term basis. The reduced rate of duties on either

side have boosted international trade in a big way. More than 25 export markets have opened up and imports are being treated with a reduced rate of duty, though conditions do apply (such as authentication of Country of Origin certificate from partner country). The HSN codes have also been standardised across countries under the aegis of World Customs Organisation (WCO). The government has implemented a lot of policies for easing operations for LSPs and include initiatives such as e-Sanchit and the GST.

The number of documents or the number of interactions with the authorities has been minimised. The policy initiatives are driven in such a way that the process has become paperless and more importantly, faceless. In the logistics sector, the ease of doing business initiative has bettered the World Bank ranking for the industry and today, India's premier port, JNPT, is ranked in the top 50, a jump from the 87<sup>th</sup> position in the past. The dwell-time has reduced and so have costs. The government has partnered/collaborated with the trade and understood the pain areas, offering various incentive-based programmes while keeping a check that the revenue of the government is not hampered. In view of the above, the regulatory affairs are eased, however, there is more room to increase efficiencies while simultaneously keeping a check on compliance. The Indian government is signing free trade agreements with various countries on a long-term basis.





#### Samir J Shah

Partner, JBS Group of Companies & DDP Trailblazer (India Cargo Awards, 2017)

The government is trying to become a "Regulofacilitator". The effort to balance regulator and facilitator roles is noteworthy. Movement across borders is impossible without government intervention and not advisable either. An active dialogue and participation are necessary. Both sides must use all possible mechanisms to understand each other for the common good of the nation.

Neither can achieve results through a stand-alone approach. A transition is seen towards trusting based/post facto checking through a strong Risk Management System. Regulations ensure safety, security, and sovereignty. A change within these parameters only is possible. Many issues have been addressed in recent times; such dilution is welcome.



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#### Capt. Sanjeev Kumar

Vice President, Global Supply Chain Group

Supply chain is all about seamless operations of all aspects of business. One of the most encumbering roles in supply chain is that of the government, as they connect the ends which are beyond the scope of any individual organisation. Countries where governments have taken initiatives to innovate ways to ensure a smooth flow of goods have reaped huge benefits by way of their companies being globally competitive.

Our government has taken a major step by way of GST implementation, which has made state borders seamless. Though business is still facing hurdles, in due course it should be a smooth run. But there is still lot of ground to cover as we are yet to see stability in policies regarding warehousing, reduction in tariffs concerning logistics, customs framework and development of infrastructure at ports, inland transportation and logistics parks. Besides infrastructure and policy framework, the government can collaborate on G2G basis to ensure smooth flow of raw materials, technology, and finished goods.



The government of every country formulates rules and regulations to protect the interests of its economy. Having knowledge of other country's regulatory norms for every stage of the supply chain may not be easy for an LSP to comprehend and fulfil. Consequently, the LSP can alone not ensure completely legal and uninterrupted supply chain in the trans-boundary movements, unless it has a presence in other countries through own

resources or collaborations with trusted partners to be represented for completing the entire movement. Alternatively, the government could also play such a role to some extent by making trade-friendly rules. Complexity of few regulatory compliances require regular update/simplification actions for removing bottlenecks, which keep on erupting with the passage of time, to facilitate EXIM trade.

Ease/efficiency in doing business is the outcome of government involvement and support. The Indian government has been extending its valuable support on a proactive basis through various ministries like civil aviation, finance, commerce, etc., under the overall monitoring of PMO. Many forums, coordination meetings, events, etc., are provided for ensuring fruitful stakeholder consultations on various international business-facilitating initiatives. The stakeholders and the government should understand each other's interests and difficulties, and collaborate their efforts for a win-win situation.

# Highlights

- The government provides efficient and reliable Logistics Service Providers (LSP) benefits in terms of time and cost, which can be passed down to the ultimate consumer.
- The government is signing free trade agreements with various countries on long-term basis. More than 25 export markets have opened up and imports are being treated with a reduced duty.
- The government is trying to become a "Regulofacilitator". The effort to balance regulator and facilitator roles is noteworthy.
- Besides infrastructure and policy framework, the government can collaborate on G2G basis to ensure smooth flow of raw materials, technology, and finished goods.
- The government could make trade-friendly rules. Complexity of few regulatory compliances require regular update/simplification actions for removing bottlenecks, to facilitate EXIM trade.



# Multimodal hubs

The Multimodal Transportation Conclave 2019 gave the industry a chance to identify gaps in implementation of relevant policies and good practices in business, while sharing lessons learnt in working towards the common objective of growth.



We need to not only look at multimodality of freight movement but also at what we are proposing to tranship within the country and export to other countries

ndia has firmed up the contours of its ambitious multimodal programme to reduce logistics costs and make the economy competitive. To work towards the development of an integrated multimodal transport infrastructure in the country, PHD Chamber of Commerce & Industry organised the Multimodal Transportation Conclave 2019 in the capital. Ashish Wig, Chairman, Road, Ports & Other Infrastructure Committee, PHD Chamber, said, "Keeping in mind an integrated multimodal transport in the country is the need of the hour. It is not necessary for road to be the most engaged mode of transport, or only Sagarmala to suffice. What is important is last-mile connectivity and for

this, all the segments of the industry have to come together."

**Dr Ranjeet Mehta**, Principal Director, PHD Chamber of Commerce, said, "The focus of Government of India, in recent times, has been to reduce the logistics cost to make the economy globally competitive. The government has a plan to create 35 multimodal logistics hubs and around 50 economic corridors."

Talking about how agricultural logistics can be integrated with the multimodal transportation system, **Pawanexh Kohli**, CEO, NCCD, said, "Like 'Make in India', there is also 'Produce of India'. Agriculture is the world's first solar power factory, an enterprise that takes raw material, oil, resources and converts them into value by utilising solar power. Whenever we talk about 'Make in India', we must not forget that agriculture provides 1.1 billion tonnes of produce every year, and that produce has to be handled through logistics. When we speak of 'Start-up India', we cannot ignore that the bulk of India is rural. We also have to incorporate 'Start-up Rural India' and when we say that, we have to make sure we have the necessary connectivity systems to see what rural India has to offer to us. We tend to measure the system in terms of yield, as an output per unit of effort or land in the agriculture. There has to be a change in the mindset by not looking at how much you produce but how much has got converted into economic value, which is known as the game of productivity."

# al Transportation nclave-2019

y 2019 | PHD House, New Delhi

# to bridge all gaps

"Post the World War, industrialised relations and industries have the capacity to absorb manpower. Industries, Artificial Intelligence, modernisation and equipment are not going to bring full employment if you are going to ignore agriculture. There is no 'Smart City', no developed country in the world without having links with agriculture. No industrialised world can survive without agriculture," added Kohli.

"If you actually analyse the way goods move around the world, you will find that on an average, 60-80 per cent movement around the world is on agricultural produce. Even in India we have the world's largest population density of vegetarians. There was also a mindset earlier that as the country develops, it moves more into processed food but it's really the opposite that's true. Agricultural produce is the most important sector till date across the world, but cold chain needs to be maintained if we want to bring the produce from farm

to fork. The government offers a subsidy of up to 35 per cent for reefer vans. The reefer vans are also getting loans of up to 90 per cent of the cost, but somehow the industry is not able to take advantage of this particular initiative," he highlighted.

Leena Nandan, IAS, Additional Secretary, Ministry of Road Transport & Highways, Government of India, said, "We need to not only look at multimodality of freight movement but also at what we are proposing to tranship within the country and export to various other countries." She informed that the government of Assam had already provisioned a landscape of 200 acres to make for a logistics hub at Jogighopa, that would facilitate the transport of agriculture and horticulture produce of the entire Northeast to the mainstream, and also for export purposes. The groundwork to making this one of the critical logistics hubs is progressing on a fast pace.

She also added, "We are working with the railways and Inland Waterways Authority of India to develop this MMLP in Jogigopha as a hub for cold chain for agriculture products of the Northeast, for movement within India as well as exports within the critical locations of Bangladesh and Chittagong."

"How we have visualised it is, cold chain facilities will come up in the initial stages because currently, we have excellent but perishable commodities that are produced in the Northeast, but there is no reason why we are not able to take them to the rest of the country or the rest of the world. We believe that Jogigopha can serve as a connecting point for all these products," she stated.

She also said that the Ministry was carrying out development of MMLPs in the country in partnership with infrastructure ministries like shipping and railways.

## Highlights

The government has a plan to create 35 multimodal logistics hubs and around 50 economic corridors. PHD

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Keeping in mind an integrated multimodal transport in the country is the need of the hour. What is important is last-mile connectivity and for this, all the segments of the industry have to come together.

# A bridge called Tech

E-commerce in India has grown leaps and bounds over the past years. More players are added every day and existing ones continue to foray into new markets. Our esteemed award winners share their opinion on how technology acts as a bond between e-commerce and its logistics.





#### ► Leading Freight Forwarding Company - Pharma (ICA 2018): Magnum Cargo

#### Survival of the fastest with technology

Manish T Shah, Managing Director, Magnum Cargo, says, "Logistics activities have become a very important part of e-commerce. Technologies in logistics have changed the dynamics of e-commerce operations. It has huge untapped potential for improving the e-commerce landscape. The logistics industry, unlike before, is trying hard to deliver goods fastest with the help of technology. In e-commerce, going forward, it will be survival of the fastest, and logistics technology will play a crucial role in making that happen.

It would not be wrong to say that technology has become the backbone of the e-commerce and logistics industries, bridging the gap between a product and its delivery. Logistics providers usually focus a majority of their resources in developing the most cost-effective solutions, for which they will need to increase their technology investment to push beyond the current capacity."

# Best Logistics Service Provider - Surface (ICA 2018): HGR Logistics Full potential is yet to be tapped

e-commerce sales and activity."

**Moral Agarwal**, Director, HGR Logistics, says, "Logistics technologies have huge untapped potential for improving the e-commerce landscape. By nature, logistics service providers have, over the years, focused the majority of their resources on developing the most cost-effective solutions for their clients. As a result, they are perfectly poised to provide the services needed as the world's economies come together to increase





# Emerging Freight Forwarding Company (ICA 2018) : AWOT Global Logistics (India)

### Technology opens new doors

**Martin Chen**, Head - Operations, AWOT Global Logistics (India), says, "Technology is ever-evolving and with technology serving as a link between e-commerce and logistics, it enables logistics providers to serve customers in the comfort of their rooms, which was earlier not imaginable. Customers are benefitting from technology advancement serving as a bridge between e-commerce and the logistics sector." He says that it also adds to the scope of employment by providing new avenues for start-ups and entrepreneurship to the people of the country.

# TRAFFIC STATISTICS

		Freight (in tonnes)											
			For the Mor		F	or the perioc ril to Noveml							
S. No.	Airport	Nov 2018	Nov 2017	% Change	2018- 2019	2017- 2018	% Change						
(A) 19 International Airports													
1	Chennai	6975	8603	-18.9	66140	71126	-7.0						
2	Kolkata	7657	8370	-8.5	66975	70015	-4.3						
3	Ahmedabad	4299	4065	5.8	38288	33992	12.6						
4	Goa	223	268	-16.8	1766	2056	-14.1						
5	Jaipur	1282	1076	19.1	10391	8093	28.4						
6	Lucknow	507	252	101.2	2779	2376	17.0						
7	Guwahati	1983	2094	-5.3	15530	15439	0.6						
8	Trivandrum	140	89	57.3	1033	782	32.1						
9	Bhubaneswar	786	569	38.1	6128	5336	14.8						
10	Calicut	41	41	0.0	404	711	-43.2						
11	Srinagar	588	581	1.2	5650	5101	10.8						
12	Coimbatore	718	766	-6.3	7372	6017	22.5						
13	Amritsar	60	19	215.8	665	455	46.2						
14	Mangalore	36	40	-10.0	274	335	-18.2						
15	Varanasi	285	93	206.5	1666	816	104.2						
16	Portblair	621	513	21.1	3660	3473	5.4						
17	Trichy	0	0	-	7	1	-						
18	Imphal	507	339	49.6	4128	2906	42.1						
19	Vijayawada	91	0	-	382	0	-						
••••••	Total	26799	27778	-3.5	233238	229030	1.8						
(B	) 6 JV Interna	ationa	l Airpo	rts									
20	Delhi (DIAL)	33811	26317	28.5	250639	208523	20.2						
21	Mumbai (MIAL)	25182	21196	18.8	191063	171636	11.3						
22	Bangalore (BIAL)	11357	10621	6.9	100424	85445	17.5						
23	Hyderabad (GHIAL)	4848	4528	7.1	40325	36516	10.4						
24	Cochin (CIAL)	1041	966	7.8	9369	7476	25.3						
25	Nagpur (MIPL)	689	640	7.7	5904	4728	24.9						
Total 76928 64268 19.7 597724 514324													
(C) 7 Custom Airports													
26	Pune	3321	4141	-19.8	35043	27119	29.2						
27	Patna	872	403	116.4	7760	5019	54.6						
28	Visakhapatnam	325	263	23.6	3513	3016	16.5						
29	Bagdogra	476	421	13.1	4406	3569	23.5						
30	Chandigarh	448	476	-5.9	3747	4514	-17.0						

		Freight (in tonnes)										
			For the Mor		For the period April to November							
S. No.	Airport	Nov 2018	Nov 2017	% Change	2018- 2019	2017- 2018	% Change					
31	Madurai	291	249	16.9	2421	1538	57.4					
32	Aurangabad	162	190	-14.7	1508	1272	18.6					
	Total	5895	6143	-4.0	58398	46047	26.8					
(D	) 24 Domesti	c Airp	orts									
33	Indore	920	951	-3.3	8172	7302	11.9					
34	Ranchi	356	328	8.5	3769	3182	18.4					
35	Raipur	422	333	26.7	3200	2718	17.7					
36	Jammu	205	149	37.6	1334	1232	8.3					
37	Agartala	432	426	1.4	3663	3674	-0.3					
38	Udaipur	0 20	1	-	2	6	-66.7					
39	Dehradun		21	-4.8	137	170	-19.4					
40	Vadodara	124	211	-41.2	1628	1383	17.7					
 11	Bhopal	189	112	68.8	1169	776	50.6					
12	Leh	236	74	218.9	941	885	6.3					
13	Surat	107	31	245.2	660	212	211.3					
14	Jodhpur	0	2	-	5	6	-16.7					
15	Silchar	94	34	176.5	560	384	45.8					
16	Rajkot	20	21	-4.8	177	200	-11.5					
 17	Dibrugarh	82	64	28.1	583	435	34.0					
18	Rajahmundry	6	4	50.0	47	5	-					
19	Jabalpur	0	5	-	1	38	-97.4					
50	Dimapur	60	58	3.4	349	410	-14.9					
51	Bhuj	3	2	50.0	22	20	10.0					
52	Juhu	26	33	-21.2	228	262	-13.0					
53	Tuticorin	4	5	-20.0	26	10	160.0					
54	Jorhat	4	4	0.0	30	36	-16.7					
 55	Jamnagar	1	1	0.0	3	3	0.0					
56	Agatti	2	1	100.0	18	9	100.0					
	Total	3313	2871	15.4	26724	23362	14.4					
<b>(E</b> )	) 2 St Govt./ F	Pvt Aiı	ports									
57	Lengpui (AIZWAL)	45	55	-18.2	351	569	-38.3					
58	Nasik (HAL OZAR)	30	0	-	129	0	-					
	Total	75	55	36.4	480	569	-15.6					
	and Total -B+C+D+E)	70365	64535	9.0	402377	399186	0.8					

# TRAFFIC STATISTICS

															* Estimate
					t (in tonnes)					Freight (in tonnes)					
		F	For the Month			For the period April to November				For the Month			For the period April to November		
S. No.	Airport	Nov 2018	Nov 2017	% Change	2018- 2019	2017- 2018	% Change	S. No.	Airport	Nov 2018	Nov 2017	% Change	2018- 2019	2017- 2018	% Change
(A)	) 15 Interna	tional A	irports	;				17	Mumbai (MIAL)	56398	56683	-0.5	456084	420819	8.4
1	Chennai	24247	25976	-6.7	218300	210297	3.8	18	Bangalore (BIAL)	18201	18358	-0.9	164654	145437	13.2
2	Kolkata*	5253	5542	-5.2	41426	42131	-1.7		Hyderabad (GHIAL)	6530	6014	8.6	56377	52238	7.9
3	Ahmedabad	5128	3446	48.8	31623	28154	12.3	20	Cochin (CIAL)	4815	5135	-6.2	35938	44493	-19.2
4	Goa	129	121	6.6	1356	1187	14.2	20							
5	Jaipur	213	298	-28.5	1687	2216	-23.9	21	Nagpur (MIPL)	126	130	-3.1	647	502	28.9
6	Lucknow	207	240	-13.8	1969	2071	-4.9		Total 1	37924	140954	-2.1	1159969	1104414	5.0
7	Guwahati	1	0	-	19	2	-	(C)	02 Custom A	Airpor	ts				
8	Trivandrum	1716	1938	-11.5	15028	19255	-22.0					50.0	24	40	
9	Bhubaneswar	3	0	-	18	0	-	22	Pune	12	8	50.0	34	18	88.9
10	Calicut	1375	1344	2.3	9535	12261	-22.2	23	Madurai	140	1	-	1085	7	-
11	Srinagar	0	0	-	0	11	-	••••••	Total	152	9	-	1119	25	-
12	Coimbatore	203	136	49.3	1456	870	67.4								
13	Amritsar	66	28	135.7	469	778	-39.7	(D)	Total 60 Domesti	с 0	0	-	0	90	-
14	Mangalore	186	134	38.8	2212	1489	48.6		Airports		Ŭ		, in the second s	50	
15	Trichy	521	491	6.1	4438	4285	3.6	<b>/Г</b> \	Total 7 St Govt./	0	0		12	0	
	Total	39248	39694	-1.1	329536	325007	1.4	(E)	Pvt Airports	U	U	-	12	U	-
(B)	6 JV Intern	ational	Airpor	ts											
16	Delhi (DIAL)	51854	54634	-5.1	446269	440925	1.2		Grand Total (A+B+C+D+E)	177324	180657	-1.8	1490636	1429536	4.3

(Source: AAI)

\* Ectimator

#### INDUSTRY NEWS

### E-way bill to soon be integrated with NHAI's FASTag to track GST evasion

To check Goods & Services Tax (GST) evasion, the government is planning to integrate the GST e-way bill system with the National Highways Authority of India's (NHAI's) FASTag mechanism, from April. The revenue department has set up an officers' committee to integrate the e-way bill, FASTag, and DMIC's Logistics Data Bank (LDB) services, after consultation with transporters. "It has come to our notice that some transporters are doing multiple trips by generating a single e-way bill. Integration of the e-way bill with FASTag would help find the location of the vehicle, and when and how many times it has crossed NHAI's toll plazas," an official told PTI.

Karnataka is implementing an integrated system on a pilot basis, and integration at a national level would be highly beneficial in terms of tracking of goods and ensuring that e-way bill has been generated for the correct duration of travel. "The officers'



committee would explain the benefits to all stakeholders," the official said, adding that the move would also improve operational efficiencies across the country's logistics landscape. Currently, lack of harmonisation under the 'track and trace' mechanism in terms of sharing information among different agencies is affecting the ease of doing business. Besides, it is leading to misuse of e-way bill. This would also help in preventing GST evasion by traders who take advantage of the loopholes in the supply chain.

# IndoSpace to invest big in logistics infrastructure

Seeing the growth potential of the Indian logistics sector, IndoSpace, a company backed by Everstone Group, plans to invest well beyond US\$ 3.2 billion in India. **Rajesh Jaggi**, Managing Partner - Real Estate, Everstone Group, shares his thoughts.

#### CT Bureau

Realty players are entering speedily into \$260 billion Indian logistics sector after the introduction of GST and companies are looking for consolidation of warehousing space. What is your comment on this?

GST has created a single national market and uniformity in taxes, as well as led to the removal of interstate checkpoints. The Indian warehousing industry is largely unorganised, but as a result of GST, there will be more organised players as demand increases. This is leading to consolidation of warehouses into bigger spaces and greater overall efficiency, especially among larger and modern firms. The overall trend is to have large-format, modern industrial and logistics infrastructure spread across key warehousing hubs. The focus is on developing centralised Grade A warehouses.



**Rajesh Jaggi** Managing Partner - Real Estate Everstone Group

IndoSpace, being the largest and most modern player in industrial real estate in India, has a headstart in providing modern, large and best-in-class warehouses, at strategic locations and population centres. We see potential in this sector; there is a continuous demand for high-quality modern logistics and warehousing.

#### IndoSpace has also raised \$1.2 billion to develop and acquire logistics parks. What is your exact plan?

IndoSpace recently announced the closure of its third fund, ILP III, with a post-leverage corpus of more than \$1.2 billion to develop and acquire industrial and logistics-related real estate in India. IndoSpace will use the capital to strengthen its market leadership.

With a total commitment of over \$3.2 billion, IndoSpace plans to build a pipeline of 120 million square feet (11.15mn sqm) of Grade A industrial and logistics infrastructure to support the growth and modernisation of India's supply chain.



#### IndoSpace at a glance:

- IndoSpace recently announced the closure of its third fund, ILP III, with a post-leverage corpus of more than \$1.2 billion to develop and acquire industrial and logistics-related real estate in India.
- In September 2018, GLP established a strategic joint venture with IndoSpace, marking its entry into India. The partnership enables IndoSpace to leverage GLP's fund management, development and operational expertise and resources, as well as GLP's extensive global customer network, to further strengthen IndoSpace's leadership position in India.

#### What was the idea behind partnering with GLP?

With \$60 billion assets under management, in the US, Europe, China, Japan, and Brazil, GLP is a global leader in logistics infrastructure business. They have 2,900 completed properties in 1,200 logistics parks globally covering 720 million sqft (66.9mn sqm) in area. In September 2018, GLP established a strategic joint venture with IndoSpace, marking its entry into India. The partnership enables IndoSpace to leverage GLP's fund management, development and operational expertise and resources, as well as GLP's extensive global customer network, to further strengthen IndoSpace's leadership position in India.

#### What is your current presence across the country?

IndoSpace has a portfolio of around 33 million square feet (3.06mn sqm) across developed and underconstruction projects comprising 31 industrial and logistics parks in nine cities. All parks are located in key manufacturing hubs, from the National Capital Region in the north to Chennai in the south, making IndoSpace the only national network in India.

#### Any expansion plans?

In January 2019, IndoSpace announced its foray into Gujarat with its park near Bavla, Ahmedabad. The cutting-edge industrial and logistics park on the Ahmedabad-Rajkot national highway is spread across 47 acres. It is located close to the industrial hubs of Sanand and Changodar and has easy access to Kandla and Mundra ports. Indo-Space also plans to build two more logistics parks in Gujarat as well as across other newer geographies while also expanding presence in the current markets.

# **BASF partners with Adani to evaluate investment in acrylics value chain in Mundra**

BASF and Adani Group signed a Memorandum of Understanding (MoU) on the eve of the Vibrant Gujarat Global Summit 2019, to evaluate a major joint investment in the acrylics value chain. This would be BASF's largest investment in India to date. According to the MoU, BASF and Adani want to establish a joint venture with an investment totalling about€2 billion (approximately ₹16,000 crore), in which BASF will hold the majority. The potential investment comprises the development, construction, and operation of production plants, including propane dehydrogenation (PDH), oxo C4 complex (butanols and 2-ethylhexanol), glacial acrylic acid (GAA), butyl acrylate (BA), and potentially other downstream products. The products, predominantly for the Indian

market, will serve a wide range of local industries, including construction, automotive, and coatings. The designated site would be located at Mundra port in Gujarat and a feasibility study will be completed by the end of 2019.

Speaking on this occasion, **Gautam Adani**, Chairman of the Adani Group, said, "India continues to be a very large importer of petrochemicals given the rapid expansion of the middle class, and this leads to a significant outflow of precious foreign exchange. Our partnership with BASF is a big step forward in enabling our country's 'Make in India'



programme, as this partnership will allow us to produce in Mundra several of the chemicals along the C3 chemical value chain. Mundra's infrastructure is ideally suited to enable chemical production, and our ability to deliver renewable power makes this a unique partnership on several fronts."


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## **AMTOI's Cricket Tournament**



AMTOI's first-ever 'AMTOI Cricket Tournament' (ACT) was launched on December 2, 2018 with 32 member teams confirming participation. **Pravin Amre**, Former Test Cricketer, was the chief guest. The tournament was inaugurated by lighting the lamp. Triton Logistics took home the gleaming and coveted ACT Trophy.















## **Maritime CEO Conclave**

The fifth annual Maritime CEO Conclave was held in the capital recently, to deliberate on the future of the Indian logistics and supply chain industry. The summit saw an august presence of shipping and logistics industry leaders.





















### Mission Possible 2030: SA Consultants & Forwarders

SA Consultants & Forwarders marked yet another milestone by celebrating their grand annual event at ITC Mughal, Agra. The gala rendezvous brought the SA team from around India to the city. The highlight of the event was the video presentation that evidently envisaged their vision 2030 in this technologically and strategically advancing phase of the logistics industry.



















### **Multimodal Transportation Conclave 2019**

PHD Chamber of Commerce & Industry recently organised the Multimodal Transportation Conclave 2019 in New Delhi. **Leena Nandan**, IAS, Additional Secretary, Ministry of Road Transport & Highways, Government of India, was the chief guest at the event, which saw good participation from the ministry and the industry as well.



# Technology can ease last-mile exercise

Last-mile connectivity is usually the shortest segment in the overall journey, but in India's case, it is also one of the most exorbitantly priced. **Prasanna Pahade**, Chief Strategy Officer, Mahindra Logistics, explains why.

Sanjay Bhoyar, a farmer in Kotgal, a small village in Maharashtra's Gadchiroli district, looks towards the sky and detects dark monsoon clouds. While most would celebrate the respite from sweltering summer heat, Bhoyar frowns in anxiety. His mid-sized 10-acre paddy field is yet to be ploughed. The main stumbling block is that Sanjay's tractor requires a crucial component and the nearby service centre has requested for some time to get it delivered from the manufacturer's warehouse in Pune. With monsoon showers few days away, Bhoyar has no option but to request the dealer to speed up the process.

From Pune to Nagpur, the component travels without a hassle due to excellent and broad highways. The road network from Nagpur to Kotgal is nearly non-existent due to inadequate investment and other uncontrollable circumstances. While the 715 km journey from Pune to Nagpur can be undertaken within 24 hours, the mere 170 km journey from Nagpur to Kotgal remains challenging and requires more time. This short but challenging segment of the total journey is termed as last-mile connectivity in logistics and supply chain parlance. This is the part which impacts one of the important Ps of the four Ps of marketing – the 'Place'.

Decades of neglect coupled with opposition to land acquisition has led to the current pitiable situation



### **THE PROBLEM**

The total length of all roads nationwide is about 3.3 million km, but national highways comprise barely 96,260 km. In addition, a large proportion comprises single-lane highways that urgently need widening and improvement. If highways are in this pitiable condition, one can only shudder to think about the condition of state and locally administered roads that form the bulk of India's road network. The government is making all efforts to improve and widen highways across India.

In FY17-18 alone, NHAI awarded 150 road projects of 7,400 km worth ₹122,000 crore. In the last five years, the average length of road projects awarded by NHAI was 2,860 km with 4,335 km awarded in the last financial year. But decades of neglect and tough geographical terrain, coupled with opposition to land acquisition, has led to the current pitiable situation.

Logistics companies transporting goods have to face multiple hurdles such as unfavourable weather and inhospitable terrain, but the non-existence of roads is the most painful since it aggravates the situation multifold, creating further problems.

### THE SOLUTION

Many logistics companies are trying to overcome these challenges by adoption of technological solutions such as a control tower to provide seamless information on supply chain status across geographic locations and diverse transportation modes. Few other technological aids include Automated Storage and Retrieval Systems (ASRS) in warehouse and transportation, RFID in place of bar codes, and GPS for real-time tracking. With the industry fast adopting technological solutions to overcome transportation infrastructure inadequacies, we can expect the auto component dealer to safely predict the number and type of spares required well in advance. This will enable the auto component dealer to place orders in advance, so that farmers such as Bhoyar don't have to wait for long durations for tractor components.

(The views expressed are solely of the author. The publication may or may not subscribe to the same.)



Prasanna Pahade Chief Strategy Officer Mahindra Logistics

# **BREXIT** & its impact on your logistics strategy

Brexit will soon be a reality and there's no escaping its impact. Logistics companies, however, can prepare in advance and reduce the ill-effects. **Ruchi Dogra**, Co-founder and Director, FreightCrate Technologies, explains.

The UK leaving the European Union (EU) is not an uncertainty anymore. Come March 2019 and the impact of the unknown will be felt on the business world across the globe.

Brexit, unlike fads, is a reality that business around the world will have to face and prepare for whether you are:

- Exporting to the UK, directly or indirectly
- Doing multinational trade via the UK
- Importing into the UK, directly or indirectly
- Manufacturing and configuring for exports in the UK

In all the above cases, Brexit will impact your business operations, both in terms of cost and timelines, and can be an opportunity or threat depending on how a business is prepared to handle it.

While specific mechanics of how Brexit separation will work remain unclear, what is certain is that there will be:

- Impact on the movement of labour across EU and the UK, impacting logistics workers
- Regulatory issues will bring in new standards/norms for production, packaging, and distribution
- Potential trade tariffs that will impact the bottom line due to taxes and duties

 Challenges to the free movement of goods, along with demand and supply issues

Furthermore, potential areas where we will see an impact are

- Tariffs on finished, raw materials or intermediate goods, based on what is negotiated between the EU and the UK
- Forex currency any depreciation of the Pound will, on the one hand, create more opportunity for exports from the UK and on the other, increase import costs
- Supply chain delays due to the imposition of new customs requirements and additional documentation, which may cause delays in clearances
- Taxation the UK could reduce corporate taxation to maintain and grow its share in trading activity, leading to enhanced logistics needs

These are just a few of the many significant challenges that supply chain professionals need to understand. They need to begin working through potential scenarios and plan how they will save their positions and make most of the opportunities that Brexit provides.

What to do? The answer is, change business practices, review business operations, analyse suppliers, renegotiate contracts or improve parts of supply chain activities, etc. A business should:

- Revive their business supply chain and future goals
- Get data on all aspects in a standardised manner
- Assess and model scenarios and how to manage them
- Carry out a risk assessment
- Run pilot projects and review the results

So, what are some of the big ideas to mitigate the impact?

- Faster digitisation: It's time to implement internal, external, and intra-company digitisation and standardisation of processes to bring in transparency, documentation handling, and price discovery.
- Market platform: Multimode capability handling e-commerce platforms are the norm of the future. They help optimise on cost and find models for benefitting from the opportunities created by Brexit.

Talk to your new-age logistics platform suppliers. Their consultants can help re-engineer your business supply chain network to evaluate the affects of potential strategies during and post Brexit. A business can find creative ways of reducing the liability and risk with a well-designed logistics strategy and reap the benefits. (The views expressed are solely of the author. The publication may or may not subscribe to the same.)



Ruchi Dogra Co-founder and Director FreightCrate Technologies



FEBRUARY 2019

International		
Cargo Logistics Canada Expo & Conference	Vancouver, Canada	5-7
Industrial Warehousing and Logistics Conference	London, UK	7
Logistics Day	The Netherlands	7
Air Cargo 2019	Las Vegas, USA	10-12
World Cargo Symposium	Singapore	12-14
Trans-Log	Kalkar, Germany	19-20
LogiMAT	Messe Stuttgart	19-21

### **MARCH 2019**

#### International

Logistics CIO Forum	Amsterdam, Netherlands	5-6
Multimodal West Africa	Lagos, Nigeria	12-14
Logistic Summit & Expo	Mexico	13-14
Logistics & Supply Chain Conference	London, UK	19-20
Intermodal South America	Sao Paulo, Brazil	19-21
SITL Europe	Paris, France	26-28
Asia Warehousing Show	Bangkok, Thailand	27-29
Logistics Trade Fair	Parma	28-30

### **APRIL 2019**

International		
National Logistics Forum	Tampa, USA	10-11
TransRussia	Moscow, Russia	15-17
LogiMAT China	Shanghai, China	15-17

### EVENT



## Global delegation from 36 countries visits JNPT

Jawaharlal Nehru Port Trust (JNPT) organised a port study-tour for the largest global congregation ever to visit any port in India. The congregation included 38 government officials from 36 countries, who are part of the Global Strategic Growth Leadership & Sustainable Development programme initiated by ITEC with the support of the Ministry of External Affairs (MEA). **Neeraj Bansal**, Deputy Chairman, JNPT, said, "India is a significant contributor to the global container cargo business and JNPT has been the driving force behind this growth, accounting for around 53 per cent of the total containerised cargo volume across the major ports of India. We are delighted to have government officials from so many countries coming together here, to understand our role in the global perspective. Such collaborative efforts help in promotion of trade between India and the rest of the world, which will give a fillip to the Indian economy."

The delegates represented a host of nations, including Trinidad & Tobago, Cuba, Iraq, Sri Lanka, Nigeria, Colombia, South Africa, Egypt, Guinea, Peru, Kenya, and Vietnam. As part of the programme, the delegates first took a tour of the port, followed by a visit to the international APEC training centre which has been built via a collaboration between JNPT and Port Antwerp, to provide regular port-related skill development courses. This was followed by a group discussion, where the delegation was apprised about JNPT's overall operations, especially new initiatives implemented to promote 'ease of doing business'.

> JNPT is popularising Direct Port Delivery (DPD) and Direct Port Entry (DPE) to reduce congestion and save time and cost for EXIM trade. In addition, JNPT is also setting up four new dry ports and a state-of-the-art SEZ to facilitate faster trade. While dry ports will result in movement of cargo from the hinterlands to the ports on a planned basis, setting up of SEZ will attract global investments to turn India into a manufacturing hub.

Neeraj Bansal, Deputy Chairman, JNPT



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# movements



#### ★JNPT Mumbai

Sanjay Sethi has taken over as the Chairman of JNPT. Sethi is an IAS Officer of Maharashtra cadre of the 1992 batch, and was the Additional Municipal Commissioner (Projects) for MCGM (Municipal Corporation of Greater Mumbai) prior to this appointment. He brings 26 years of experience at senior levels in Government of Maharashtra and Government of India. Some of the other key portfolios served are, CEO - Maharashtra Industrial Development Corporation (MIDC), Additional Metropolitan Commissioner - MMRDA, and Secretary and Development Commissioner – Industries in the Government of Maharashtra.



#### **★IATA India** Mumbai

**Ritam Saha** has been appointed as Manager, IATA India. He is a Post Graduate in Business Management from University of Calcutta. His last assignment was with Qatar Airways as Commercial Manager (20011-2018). Prior to that, he was Area Manager – Sales for Jet Airways. He has held key leadership roles in Kingfisher Airlines in India and overseas. His current assignment with International Air Transport Association (IATA) will be to oversee financial and distribution services in India, which include passenger and cargo stakeholder management, governance, and credit management.

#### ★Blue Dart Express Mumbai

Blue Dart Express has named **Balfour Manuel** as CEO with immediate effect to chart the company's next chapter of growth. Manuel, a Blue Dart veteran of over 35 years, has been instrumental in the success of Blue Dart from the very beginning of the company's inception. A long-time employee of the company, Manuel's latest position was as Senior Vice President in charge of Blue Dart's businessto-business customers, a cornerstone of Blue Dart's customer base. Prior to this, he also held a key general management position.



#### **DHL Express** Bonn

John Pearson became an official Board Member for DHL Express on January 1, 2019. Pearson was instrumental in DHL Express' decade-long success story and expects growth figures to continue in 2019 and beyond for the Express division of the group. He took over from Ken Allen who became Chief Executive Officer of the newly established DHL eCommerce Solutions division. Pearson is expecting continued positive developments for the global express market and the company.





#### ★Imperial Logistics International Zurich

Imperial Logistics International has appointed **Sandro Knecht** to the newly-created post of Chief Commercial Officer. Based at the company's new office in Zurich and reporting to recently-appointed CEO Hakan Bicil, Knecht will be responsible for leading and managing business development, marketing and CRM, as well as the overall solutions offerings of Imperial Logistics International. Knecht joins Imperial from Ceva Logistics, where he spent seven years in senior management positions, most recently as Executive VP - Global Supply Chain Solutions, and a member of the Global Business Development Board.



#### ★Crane Worldwide Logistics Dubai

Crane Worldwide Logistics has appointed **Ivan Liso** to Director Projects, EPC & Marine EMEIA (Europe, Middle East, India and Africa) and will lead the Global Specialized Solutions group for the EMEIA region. Liso will report to Joshua van Altena, Director of Operations, EMEIA, with functional alignment under Chris Mitchell, VP, Global Specialized Solutions. Liso has worked in freight forwarding since 1995 and has held the sales and divisions manager position as part of the Pacorini Forwarding Project Cargo division, which was acquired by Crane Worldwide Logistics in 2017, developing the Crane footprint in EMEIA, specifically in Italy.

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