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CARGO: A LEADING LIGHT amid crisis

Cyrus Katgara, President, Air Cargo Forum India

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contents

OCTOBER 2020

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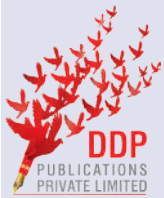
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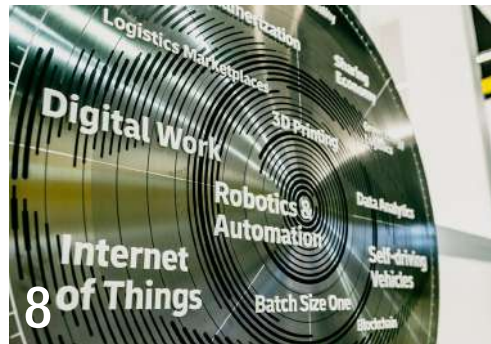
CIRCULATION MANAGER

Ashok Rana



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Pg.6 **INTERNATIONAL NEWS**
News from the industry

Pg.8 **INDUSTRY REPORT**
New tech, e-commerce & sustainability: DHL

Pg.10 **COVER STORY**
Air cargo plays a pivotal role in India

Pg.14 **AGENT TALK**
Are freight forwarders easy to replace?

Pg.20 **QUICK BYTES**
Northeast could drive growth

Pg.21 **AVIATION TALK**
Cargo, a leading light amid crisis

Pg.24 **INDUSTRY REPORT**
Report Card: Warehousing in Ahmedabad

Pg.26 **GUEST COLUMN**
COVID shrinks food supply chain



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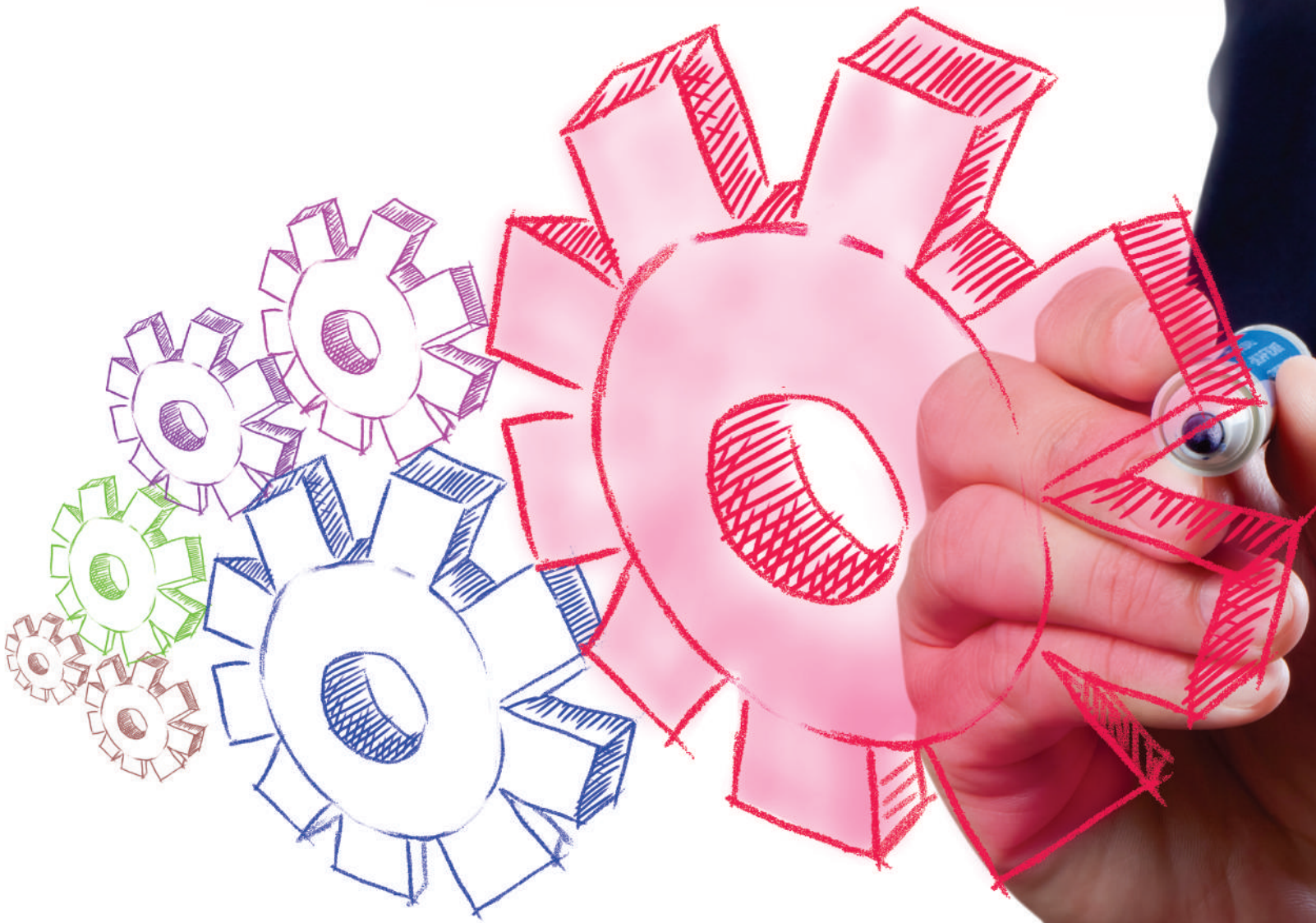
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SHIPPING GROUP CMA CGM ENTER AIR CARGO

In order to gain access to air cargo capacity, French shipping group CMA CGM has signed a Memorandum of Understanding (MoU) to acquire a 30 per cent stake in Groupe DUBREUIL Aéro. The company has injected €50m into the airline group, which owns the Air Caraïbes and French Bee companies, for its stake. This deal was approved by Groupe DUBREUIL Aéro employee representative bodies but is still subject to the approval of the competition authorities in France, French Polynesia and Austria as well as authorisation from the French Ministry of Economy and Finances. The CMA CGM Group provides its recognised logistics expertise to contribute to the development of Groupe DUBREUIL Aéro cargo activity, notably through Hi Line Cargo, a subsidiary tasked with commercial distribution of freight on Air Caraïbes and French Bee's aircraft. Air Caraïbes and French Bee operate 14 long-haul aircraft, including eight Airbus A350s and also six A330s, offering cargo capacity of between 15 and 25 tonnes of freight. The new partners said that through their cooperation, they aim at supporting and enhancing economic development in Guadeloupe, Martinique, Guyana, Reunion and Polynesia.



BOLLORÉ & ANTONOV AIRLINES MOVE AIRBUS SATELLITE FROM FRANCE TO USA

Bolloré Logistics partnered with Antonov Airlines to deliver Airbus Defence and Space's newest satellite, ANASIS-II to the USA. It was carried from Airbus Defence and Space's facility in Toulouse (France) by one of the airline's seven Antonov-124-100. The aircraft landed at Florida's Cape Canaveral Kennedy Space Center from where the SpaceX teams took the lead for the next stage. The satellite container used to deliver ANASIS-II measured 11 metres in length and weighed 18 tonnes. The operation gave Bolloré Logistics and Antonov Airlines the opportunity to trial a new lightweight, low profile loading equipment specially designed and manufactured by Antonov Airlines to transport the largest satellite container in near future.



KUEHNE+NAGEL INVESTS IN GLOBAL VACCINE DISTRIBUTION NETWORK

Kuehne+Nagel has opened airside pharmaceuticals and healthcare hubs in Brussels, Belgium and Johannesburg, South Africa. With the opening of airside facilities, the company has added two strategic elements to its global GxP-certified network of temperature-controlled facilities for the distribution of vaccines



and other pharma & healthcare products. The new premises have dedicated areas for all ranges of temperature-sensitive products: -20°C, $+2^{\circ}$ to $+8^{\circ}\text{C}$ and $+15^{\circ}$ to $+25^{\circ}\text{C}$. In addition, these facilities have the ability to change or add dry ice as required for deep frozen shipment where temperatures need to be maintained below -60°C. In Brussels, the new facility consists of 15,546 sq m of warehousing space.

GEODIS ESTABLISHES ASIA-EUROPE CORRIDOR

GEODIS has confirmed a two-way schedule of flights from China to Europe and back, through to early 2021, as part of its AirDirect service. The company originally instigated its full aircraft charter arrangements on this route in March with ad hoc flights and introduced a weekly timetable in June to meet the urgent need for air cargo capacity which had diminished due to the effects of the pandemic. Now, with both freighter and passenger belly-hold space still in short supply, the logistics provider has announced a permanent schedule reaching into next year. Weekly direct flights will depart from Shanghai (PVG) every Monday and from Amsterdam (AMS) each Sunday to service what is expected to be a post-COVID resurgence in demand during what is traditionally a fourth quarter peak season. The advent of the China-Europe-China service brings the company's total investment in GEODIS' OCN to over €70 million. More than 400 flights have been successfully completed across Asia, Europe, North and Latin America to date. Among the customers requiring such a service are, in particular, a European auto manufacturer equipping its plant in China with sub-assembly parts.



IATA alerts constraints in transporting vaccine

The International Air Transport Association (IATA) urged governments to begin careful planning with industry stakeholders to ensure full preparedness when vaccines for COVID-19 are approved and available for distribution. The association also warned of potentially severe capacity constraints in transporting vaccines by air.



CT Bureau

PREPAREDNESS

Air cargo plays a key role in the distribution of vaccines in normal times through well-established global time- and temperature-sensitive distribution systems. This capability will be crucial to the quick and efficient transport and distribution of COVID-19 vaccines when they are available, and it will not happen without careful planning, led by governments and supported by industry stakeholders.

“Safely delivering COVID-19 vaccines won’t happen without careful advance planning and the time for that is now. We urge governments to take the lead in facilitating cooperation across the logistics chain so that the facilities, security arrangements and border processes are ready for the mammoth and complex task ahead,” said **Alexandre de Juniac**, Director General and CEO, IATA.

FACILITIES

Vaccines must be handled and transported in line with international regulatory requirements, at controlled

temperatures and without delay to ensure the quality of the product. While there are still many unknowns such as number of doses, temperature sensitivities, manufacturing locations, etc. priorities for preparing facilities for this distribution include:

- Availability of temperature-controlled facilities and equipment – maximising the use or re-purposing of existing infrastructure and minimising temporary builds
- Availability of trained staff to handle time and temperature-sensitive vaccines
- Robust monitoring capabilities to ensure the integrity of the vaccines is maintained

SECURITY

Arrangements must be in place to ensure that shipments remain secure from tampering and theft. Processes are in place to keep cargo shipments secure, but the potential volume of vaccine shipments will need early planning to ensure that they are scalable.

BORDER PROCESSES

Working effectively with health and customs authorities will, therefore, be



Alexandre de Juniac
Director General and CEO, IATA

essential to ensure timely regulatory approvals, adequate security measures, appropriate handling and customs clearance. This could be a particular challenge given that, as part of COVID-19 prevention measures, many governments have put in place measures that increase processing times. Priorities for border processes include:

- Introducing fast-track procedures for over flight and landing permits for operations carrying the COVID-19 vaccine
- Exempting flight crew members from quarantine requirements to ensure cargo supply chains are maintained

- Supporting temporary traffic rights for operations carrying the COVID-19 vaccines where restrictions may apply
- Removing operating hour curfews for flights carrying the vaccine to facilitate the most flexible global network operations
- Granting priority on arrival of those vital shipments to prevent possible temperature excursions due to delays
- Considering tariff relief to facilitate the movement of the vaccine

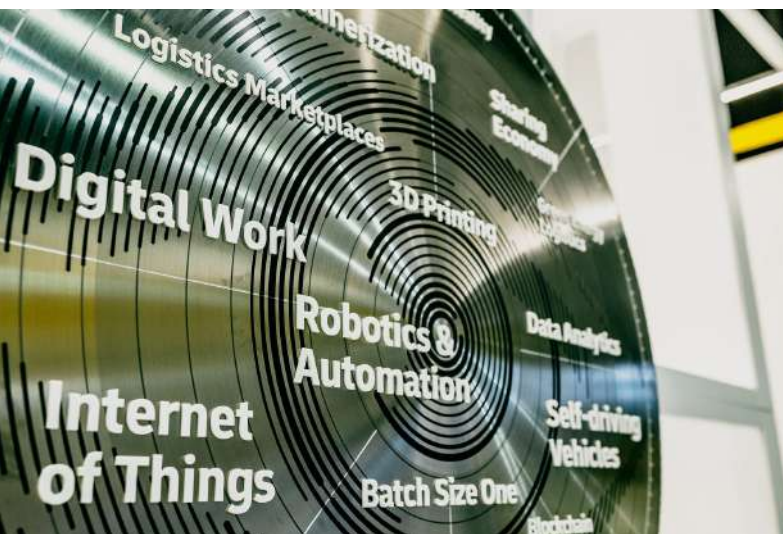
CAPACITY

Governments must also consider the current diminished cargo capacity of the global air transport industry. With the severe downturn in passenger traffic, airlines have downsized networks and put many aircraft into remote long-term storage. The global route network has been reduced dramatically from the pre-COVID 24,000 city pairs. The WHO, UNICEF and Gavi have already reported severe difficulties in maintaining their planned vaccine programmes during the COVID-19 crisis due, in part, to limited air connectivity. ↴



New tech, e-commerce & sustainability: DHL

The report indicates that with the logistics industry weathering the current global pandemic, transformation processes have been accelerated. The fifth edition of DHL Logistics Trend Radar indicates that we are experiencing an overall stabilisation of trends from the past four years.



CT Bureau

In the fifth edition of the Logistics Trend Radar, DHL has revealed 29 key trends that will impact the logistics industry in the coming years. "For us as logistics experts, it is important to forecast the challenges ahead and envision possible solutions so that we may best advise our customers. The mega trends that will continue to engage us are not unfamiliar: new technologies, growing e-commerce and sustainability," says **Katja Busch**, Chief Commercial Officer, DHL.

"The next big challenge will be future proofing the logistics workforce through training and upskilling in increasingly technologically

sophisticated operations. This will take center stage on the strategic agendas of supply chain organisations in the years to come," says **Matthias Heutger**, Senior Vice President, Global Head of Innovation & Commercial Development at DHL. "The Logistics Trend Radar serves as a seismograph for future trends. Based on data from the last seven years, we can make longer-term forecasts and thus support our partners and customers to create roadmaps for their business as well as helping to structure and catalyse further industry-leading research and innovations. In this edition, we already see the impact of COVID-19 is accelerating trends that were already well underway – big data analytics, robotics and automation, and Internet of Things (IoT), all of which are underpinned by steady progress in artificial intelligence."

TRANSFORMATION PROCESSES

COVID-19 has driven changes regarding recent logistics innovation, automation, and digital work more rapidly and has accelerated industry digitalisation by years. From Cloud computing to collaborative robotics, big data analytics, artificial intelligence, and the IoT, logistics professionals have to make sense of a vast market of novel technology.

E-COMMERCE GROWTH

E-commerce is still growing rapidly and yet represents only a fraction of global consumer retail spending. Business-to-

business e-commerce is expected to follow suit and dwarfs the consumer market size by a factor of three. The coronavirus pandemic has served to accelerate both e-commerce growth and supply chain innovation agendas. Key moves to scale and adopt new technology like intelligent physical automation, IoT-powered visibility tools, and predictive capabilities from AI will ultimately determine the ability to fulfill heightened customer demands and secure industry leadership positions in the future.

SUSTAINABILITY

With governments, cities and solution providers committing to cut down on CO2 emissions and waste, sustainability now is an imperative for the logistics industry. Indicated by the increasing demand on sustainable solutions to reduce waste, leverage new propulsion techniques and optimise facilities, it is also on top of the supply chain agendas. Today, 90+ national bans on single-use plastics exist and bulky packaging causing 40 per cent parcel void space, making a rethinking of the packaging inevitable. Sustainable logistics – optimisation of processes, materials, new propulsion techniques, and smart facilities – provide huge potential for logistics to become more environmentally friendly. Smart containerisation in transportation will also be important in developing environmentally friendly formats for delivery in congested cities. ↴

The new normal for logistics

↘ Dynamic growth in data analytics, artificial intelligence, robotics, IoT, Cloud, APIs signal a new normal for logistics.

↘ Breakthroughs in Quantum Computing, Blockchain, and Space Logistics signal new niches for logistics providers to solve large-scale problems and create new services.

PREVENTION OF COVID-19



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AIR CARGO

plays a pivotal role in India



Cyrus Katgara has recently been appointed as the President of Air Cargo Forum India (ACFI). He speaks with **CARGOTALK** about his vision for the air cargo industry and what role air cargo is playing in the country's overall growth.



Cyrus Katgara
President, Air Cargo Forum India (ACFI)
and Gallery of Legends -
India Cargo Awards 2017



Kalpana Lohumi

Q What is your vision as President of Air Cargo Forum India?

Our aim will be to create an environment of profitability and prosperity for all stakeholders. ACFI has always worked towards bringing innovations to achieve high standards in operational excellence and we will continue to seek best practices in handling, processes, and infrastructure facilities at all levels of the air cargo supply chain.

Airlines are the 'goose that lays the golden egg' and if our airlines are profitable, then from terminal operators to freight forwarders, customs brokers, associations like ACAAI, AMTOI, etc. and shippers, all will prosper.

Q What are the issues you are planning to take up in your tenure?

There are many process related and administrative points which we are taking up with respect to automation, digitalisation, single-window system, process simplification for customs. We are also taking up policy related points for development of cargo villages, air cargo hubs and skill development, to name a few.

I also want to bring to notice what air cargo has done to India. We can imagine the value of air cargo by seeing that 35 per cent of the cargo by value is carried out of India by air on a one per cent capacity. It is a trade facilitator that accounts for approximately 35 per

✈ Airlines are the 'goose that lays the golden egg' and if our airlines are profitable, then from terminal operators to freight forwarders, customs brokers, associations like ACAAI, AMTOI, etc. and shippers, all will prosper ✈

cent of world trade by value. It's a new perspective to understand what air cargo means to India.

Air cargo has always been compared to shipping and other modes of transportation and I believe comparing air cargo with shipping or rail or road means that we are on a wrong path considering that air cargo has just got one per cent of the global capacity available to make your goods reach on time. Air cargo is the speed to market and speed is so important for businesses like pharmaceuticals.

Secondly, we compare the cost of air cargo to shipping, railways and road which again is a misconception that air is expensive. There is no comparison with rail, road and sea but shippers compare it to its Freight on Board (FoB) value rather than Cost, Insurance and Freight (CIF) value. Air cargo doesn't stay in the air for more than 14 hours because there is no flight in the world that takes more than 14 hours. The inefficiencies are at the ground level, we take so much time from the factory to coming to the airport and that is more than taking cargo to London or Europe in many of the instances.

COVID-19 could be the biggest flop if air cargo was not around. The pharmaceutical industry and air cargo has been great for everybody during the pandemic and thousands of lives have been saved. On a regular basis, air cargo is supporting pharmaceuticals industry by carrying vaccines, cancer medicines, etc. Airlines have created 'envirocontainer'

for temperature-controlled cargo. They are only meant for the pharmaceuticals industry.

Q Do you have any strategy in mind to deal with these challenges?

Yes, we have worked out solutions/recommendations on the above points and we are in discussion with Ministry of Civil Aviation (MoCA) for the same.

Q As you have said, going contactless is like a dream coming true. What role associations can play in spreading awareness to industry about saying 'no' to paper?

Associations play a larger role in driving the industry to do business with social responsibility and compassion. Going paperless has always been at the top of ACFI's agenda and we have been successful in pushing all stakeholders towards paperless transactions of business with customs and airports, with technology as an enabler. Going paperless is the first step to go contactless; we have to be paperless to go contactless. Since technology is an enabler, we should embrace technology and especially Blockchain technology like the way we have never done before.

Smart routing, less handling and cost optimisation are the next things on list in order to go contactless. We need to eliminate manual processes completely and for that e-notification and digital signature must be used extensively. With such tools in place, we do not



need custom officers or any authority for annexures or signatures. Cheque payments are so out-dated; it's time everyone should embrace e-payments, NEFT, online payments, etc. We need to continuously push our vendors, suppliers, customers and even the authority to accept e-payments

Sea freight has gone one step ahead of us with the introduction of digital Bill of Lading (BL). This should be done in the air side also. Even customs is ahead of us and has taken steps in leaps and bounds by bringing automation of customs process. We should support this with maximum utilisation of green channels for custom clearance

Q What is your opinion on the evolution of ACFI since its inception?

ACFI has evolved a lot in the past nine years and I am very thankful to my senior colleagues, board members, taskforce pillar team, secretariat and the whole ACFI family who made it a revolutionary force to reckon with. Till now, we have already completed 65 Board meetings and taken up many key issues, recommendations related to the air cargo supply chain with the government. Our members can be rest assured that ACFI will continue to be an organisation which can be trusted and relied upon. ✈

Air cargo matters

→ Air cargo is the speed to market and speed is so important for businesses like pharmaceuticals.

→ COVID-19 could be the biggest flop if air cargo was not around.

→ Air cargo is supporting pharmaceuticals industry by carrying vaccines, cancer medicines.

COVID speeds up pace of change

Despite the challenges, the airfreight sector has done well in sectors like healthcare, life science equipment, agro-food and eco commerce. Industry experts talk about the potential of air cargo industry in the recently held virtual conference organised by the PHD Chamber of Commerce and Industry.



VANDANA AGGARWAL

IES, Sr. Economic Advisor, Ministry Of Civil Aviation

During the times of pandemic, air cargo has been strong on the pillars with the help of strong infrastructure, equanimity, robust & versatile business model and innovation. With the initiatives undertaken by Indian enterprises, we can say that they are beginning to look towards the future and finding ways forward that transform their business in these times.



STEVEN POLMANS

Chairman of TIACA & Director Cargo & Logistics, Business Development, Brussels Airport Company

The past six months have been challenging, surprising, fascinating, difficult and complex. We need standardisation, digitisation, increased efficiency, advanced technology, speeding up sustainability, and collaboration of all stakeholders for curbing the challenges.



SATYAKI RAGHUNATH

Chief Strategy and Development (S&D) Officer, Bengaluru International Airport (BIAL)

COVID-19 allowed us to value cargo and logistics to the wider supply chain. Despite COVID, we have done around 1,00,000 metric tonnes of cargo between April and August and we are back to 75-80 per cent of our pre-COVID capacity in terms of tonnage.



SANJIV GUPTA

CEO, SpiceXpress

Innovation and collaborations driven by the GOI have led to swift movement in the industry. At least a few months have seen a very significant transformation across most of the industry. We need to have a system of digitalisation, ease of doing business, and use the geographical advantage of India.

‘We need to work collectively’

Everyone is waiting for the vaccine for COVID-19 to come but what about the logistics of the vaccine. **Niki Frank**, CEO, DHL Global Forwarding & **Vipul Nanda**, Sr. Regional Manager – Cargo, ISC Oman Air talk about the transportation of vaccine by air at ACFI virtual session on ‘Reset Rejig Rejuvenate - Pharma Supply Chain Opportunities in post pandemic India’.



NIKI FRANK

CEO, DHL Global Forwarding

There are lot of things that have happened way before COVID in India; not just related to infrastructure but digitalisation and many aspects related to regulations and COVID has worked as an accelerator to that. Lot of initiatives are put on a fast track to get implemented for the betterment of the country and logistics industry. This is especially relevant for pharma considering the vaccine distribution wherein we all need to work together be it manufacturers, transporters, freight forwarders, airport authorities and airlines.

The challenge can be overcome if we work collectively as an industry. The expected capacity will be needed not only from an airplane’s perspective but also from equipment and cooling perspective. There is a lot ahead of us in terms of rejuvenating and reinventing a path of the trade when it comes to pharma logistics.



VIPUL NANDA

Chairman, BAR (India) CC NR & Sr. Regional Manager – Cargo, ISC Oman Air

The large-scale manufacturing which people are envisaging in India is both a boon and bane, with airlines trying to get the required capacity to the airports to make sure that infrastructure is available to manage it. There would be challenges because the vaccine will probably require 2 to 8 degrees, while we have got a lot of facilities but the actual 2 to 8 degrees are not upgraded to that extent that would be able to manage the sort of movement people are envisaging. India also needs some work on the freight corridors that are set up specifically for the pharma movement.

Secondly, DGCA’s recent orders of restricting six airports for non-scheduled cargo operations needs to be reviewed because if we look at the capacity available in India then there isn’t a pure cargo wide-body freighter. Therefore, DGCA’s order might need a lot of reviewing because the kind of vaccine movement that we are envisaging cannot be managed by the capacity available with the Indian carriers.

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Are FREIGHT FORWARDERS easy to replace?

Believe it or not but the pandemic has forced the industry to digitise the processes; which the industry has been only talking about since decades. But can digitisation become a threat to freight forwarders as it brings airlines closer to shippers? Let us delve into what forwarders and airlines have to say about it.



Kalpana Lohumi

There is no denying the fact that COVID-19 has accelerated the digitisation in air cargo and freight forwarding industry by years; whatever practices being adopted by the industry now are the same that have been discussed two years ago. Traditional forwarders that wish to survive have no choice but to digitise. Since freight forwarder is an intermediary between the shipper and the carrier, it does not necessarily require assets such as aircraft or ships or trucks. However, with the advent of digital technologies the question on the need for freight forwarders has been frequently raised.

Commenting on the possibility of digitalisation taking the lead and replacing freight forwarders, **Saloni Agrawal Chokhani**, Head – Freight

Forwarding/BD, Nagarkot Forwarders, says, "The pace at which digitalisation is taking place in the logistics industry, there is a good possibility of agents being replaced by computers in the next five years. Logistics being a technical industry and involving many stakeholders, it may take time to completely establish a comfort zone in digitalisation, but surely there is going to be a change."

On the other hand, **Ashish Asaf**, Managing Director & CEO, SA Consultants & Forwarders, believes, "Digitisation shall bring in more transparency and efficiency between the stakeholders but not eliminate any stakeholder at least for few more years. It brings in more regulatory checks on the flow of commodities and tariffs by governments and tariff

regulators by way of analysing the data available. Digitalisation is a reality today and an unavoidable evil. But human intervention can never be wiped out or substituted in the business of freight forwarding or custom clearance. Apart from quoting rates and closing deals, it is the essence of consensus of human minds at play which governs a contract between parties."

Asking if computerisation has replaced agents, **AV Vijaykumar**, Chairman, FFFAI, says, "Digitisation is only an enabling technology that offers better efficiency and cost savings. Agents have always been at the forefront in accepting and adopting the technological changes without disruption." According to him, these assumptions are inaccurate.

Transparency

→ Digitisation shall bring in more transparency and efficiency between the stakeholders but not eliminate any stakeholder at least for few more years.

"Digital platforms for freight forwarding come up with a promise of increased efficiency, better transparency and reduced logistics cost plus guaranteed peace of mind. Supply chains that have expanded globally, interconnecting businesses across borders, have slowly become inefficient as there is so much to consider while shipping cargo from point A to point B, such as the best mode of transport, lead times, managing documents, track and trace, transparency across the logistics chain and of course the final cost. To manage all this the traditional freight forwarding involved a lot of emails, phone calls and bundles of paper work, but with digitalisation, technology solutions are now being introduced to address these inefficiencies and thus provide a more efficient, agile and customer-centric supply chain.

Traditionally, carriers and forwarders in the industry typically employ large teams of people who build sales, write quotes and do the legwork necessary to create a price point for a shipper who is looking to move cargo. While this system works, it has its limits. This is where a digital platform has the upper hand. With the ability to analyse a broad range of pricing and booking metrics almost instantaneously, shippers can get the most accurate price point and book in less time than it takes to pick up the phone," shares **Vineet Chadha**, Managing Director, Combined Logistics.

ROLE OF THE MIDDLEMAN

Huned Gandhi, Managing Director Air & Sea Logistics Indian Subcontinent, Dachser, says, "Technology, innovation and artificial intelligence can replace many tasks done by people in various industries, likewise in logistics and it's necessary in order to optimise the way companies are working and to remain competitive in future. However, every technology and every innovation has its own 'hype cycle'. Ideas and new technologies need to be checked and tested in terms of feasibility.

Furthermore, one must remember that the logistics industry is an intense service driven sector, it demands a personal touch, understanding and adaptability to totally new and unexpected situations arising from the complexity of global supply chains and a human intervention in managing these complexities plays a key role in managing, designing and optimising the supply chains. This expertise stems from years of experience, deep understanding of global markets, and customising cost-effective solutions for meeting the specific requirements of the customers and industries. Thus, the need for reliable logistics partners / freight forwarders will always remain and cannot be eliminated."

Sharing his views on digitalisation bringing airlines closer to shippers and eliminating the role of the middleman, Vijaykumar emphasises, "Unlike a passenger, cargo needs to be made ready for carriage prior despatch. Hence this function needs to be performed and is a physical activity; the role of the agents cannot be dispensed with. Consolidations can happen only when there are consolidations and break bulk agents and the majority of air/sea cargoes use consolidation services to save costs."

Echoing Vijaykumar's views, Asaf explains, "Digitisation shall bring all key stakeholders closer in terms of transparency and efficiency but not eliminate any stakeholder. As we are talking about international airfreight, many geographies and countries are involved in this domain, where the appetite to embrace the technology is not equal. Hence it may take more than another decade to have a global seamless digital platform or network, which may result in the redundancy of certain stakeholder roles and responsibilities. To a large extent, the proposition can be in the affirmative, and there is no doubt, it will bring system interfaces of two large corporations closer, but there are aspects to freight forwarding and



Saloni Agrawal Chokhani
Head – Freight Forwarding/BD
Nagarkot Forwarders

🔥 **The pace at which digitalisation is taking place in the logistics industry, there is a good possibility of agents being replaced by computers in the next five years** 🔥

custom clearance which cannot be done away with, like the role of a customs broker, etc."

Similarly, according to Chadha, "The freight forwarding industry is one of the crucial components for the world economy as they sit right on the driver's seat in the business of moving goods from one point on the globe to another. A freight forwarder not only



Ashish Asaf
Managing Director & CEO, SA Consultants & Forwarders and Face of the Future - India Cargo Awards 2018

🔥 **Human intervention can never be substituted. It is the essence of consensus of human minds at play which governs a contract between parties** 🔥





helps the shipper with the movement of goods but also with customs clearance, export & import documentation, insurance, packing, warehousing and switching between different modes. So, it's not easy to eliminate the role of the middleman."

However, Chokhani believes that digitalisation can eliminate the role of the middleman. She says, "Though, it will take some time as middlemen also act as a safety cushion for the airlines when it comes to customer credibility. The airlines will need to deploy additional resources to do a KYC and establish a profile for every customer.



AV Vijaykumar
Chairman
FFFAI

Digitisation is only an enabling technology that offers better efficiency and cost savings. Agents have always been at the forefront in accepting and adopting the technological changes without disruption



Vineet Chadha
Managing Director, Combined Logistics and
and India Cargo Awards Winner 2018

With the ability to analyse pricing and booking metrics instantaneously, shippers can get the most accurate price point and book in less time than it takes to pick up the phone

The middlemen also are able to provide personalised services to every customer of theirs; if the airlines can establish that personalisation they can come closer to the shippers. Looking at the current scenario this will take a while as airlines are facing a severe cash crunch due to COVID and it may take some time for them to recover."

HUMAN FACTOR IS IMPORTANT

Ever since the technology has come into play, the significance of freight forwarder gets questioned quite often. Stressing on the importance of human factor and experience, Chokhani says, "One cannot completely disregard the human factor in airfreight business. Customer service is the essence of any industry, especially when someone is dealing with bulk quantities. Every customer wants to feel special and wants a better rate for their volume of business. Moreover, they want an assurance that in case something goes wrong they can talk to a human. An IVR or a computer in that case will only respond with pre-fed answers which may not help in this business where every day is a new day."

Explaining how and why global seamless digital platform can be a decade away, Asaf says, "The overall commercial aviation boom in Asia & Africa has been stalled due to the grip on travel caused by the current pandemic, which in turn has affected the cash flow and also profitability or viability of many global carriers. Without surplus funds from the basic operations, an investment on the technology front shall take some

more years. Human factor cannot be completely ruled out even after a decade or more. It is always important to build human relations; there is no substitute for it."

Vijaykumar says, "Technology is only an enabler and not a solution by itself. Technology needs to be harnessed by humans for achieving the desired results, especially in an activity involving physical movement of goods from across the globe."

"Technology is transforming freight forwarding in multiple ways; from robotics and automated systems to augmented reality, drones, and the use of big data and artificial intelligence. All of these, if used correctly and cohesively, have the potential to make air freight forwarding cheaper, safer and easier. While technology is generally seen as a good thing, it also has the potential to be highly disruptive – especially to airfreight forwarders who run their systems traditionally. Technology will change the whole way that the industry is run, and if companies do not adapt, they may well be left out in the cold," Chadha adds.

WHAT AIRLINES HAVE TO SAY

Digitalisation could bring shippers close but wouldn't eliminate the role of forwarders. **Tigist Eshetu**, Regional Director – Indian Subcontinent, Ethiopian Airlines lists reasons why forwarders need to stay in between:

- Shippers are only at one end of the transaction, they almost always need freight forwarders to bridge with their

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10
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buyers. One of such requirements is management of all stakeholders involved end to end up to delivery

- Knowledge related to customs clearance, transport planning and freight rate reduction via consolidation, end to end planning remains the core competence for the freight forwarders; digitalisation at the airline side wouldn't change these
- Shippers which usually operate via banks and with letter of credit still rely on forwarders to pull their cargo out of the expensive carrier warehouses till cash against document cycles are finalised

Rajesh Menon, Regional Head Cargo – South Asia, Middle East and Africa at Cathay Pacific Airways, says, "Digitalisation is an ongoing process for the cargo industry as a whole. At Cathay Pacific, we continue to develop and enhance our digitalisation initiatives that strengthen the overall productivity and efficiency for us and our trade partners. Over the last few years, we have introduced a number of digital enhancements including 100 per cent E-Airway bill, a digital payment platform that accepts a range of payment options like net wallets, NEFT, RTGS, RuPay debit cards and more. In the current circumstances of COVID-19, the digital payment options have been vital to eliminate the possibility of any human and surface virus transmissions. This option has been well received and supported by our trade community."

He adds, "Our freight forwarding partners have always played a crucial role in supporting our business with their expertise in handling shipments, managing logistics, custom clearances, etc. and we believe these initiatives will further help us work more efficiently together. In fact, we have also developed digital platforms for our forwarders that make their booking and allotment process a lot faster and convenient. The advent of technology and digitalisation is to not eliminate any roles, but to

further simplify and improve our daily business operations.

At Cathay Pacific, our teams work very closely with our freight forwarding partners to provide end to end customised solutions to the shippers. As a freighter service with a core value to progress using technology, we have always encouraged and will continue to embrace automation in the cargo sector. Adapting to the changing technology is crucial in improving processes. However, the experience, skills and solutions offered by freight forwarders cannot be replaced by digitalisation. Our partners will continue to be instrumental to the success of our business."

Commenting on how important a freight forwarder is to an airline, Eshetu points out, "Airlines are more reliant on forwarders especially on those who own and operate consolidation stations. Carriers these days give out ULDs to forwarders which implies that the cargo management alongside space maximisation per ULD level is becoming an expert spot for forwarders rather than airlines. Airlines on the other end focus on route improvements on businesses where huge forwarders reside along with their big clients."

LIQUIDITY CRUNCH

Agents have faced liquidity crunch in the beginning of the pandemic and decided to handle shipment against



Huned Gandhi
Managing Director Air & Sea Logistics Indian Subcontinent, Dachser



Tigist Eshetu
Regional Director – Indian Subcontinent Ethiopian Airlines

🔥 **The pandemic has definitely caused enormous stress for companies. The economy is expected to contract, this is the first time in decades that we are faced with challenges of this magnitude** 🔥

100 per cent advance payments by customers for six months. The six months are coming to an end. Commenting on whether the industry will go back to the earlier practice or it is going to stay for long, Asaf informs, "Cash is King, however the fraternity forgets the past easily. Hence credit is back in the market. A greater level of caution in extending the credit terms and credit quantum is the positive side from the pandemic driven crisis. The pandemic is here to stay unless

🔥 **Shippers are only at one end of the transaction, they almost always need freight forwarders to bridge with their buyers. One of such requirements is management of all stakeholders involved end to end up to delivery** 🔥





there is a vaccine. Hence, recovery is going to get tougher because IBC stands suspended for any claim below 1 crore, normal courts are closed for any sort of adjudication and few of the civil courts have resumed citing urgency. COVID-19 has changed lot of things including doling out credit."

The pandemic has already negatively impacted the global economy as a whole. Chadha says, "Logistics agents will continue to handle shipment against advance payments by their customers."

"The industry has been facing the issue of credit since years. Previously, CHAs used to act like bankers and offer credit for the custom duty as well. Things changed and

collectively they decided to support each other and today most CHAs don't offer credit on duty," enlightens Chokhani. She ponders if the agents collectively and consciously take the decision it can become an industry trend, but only time will tell how this will turn out.

"The pandemic has definitely caused enormous stress for companies and almost everyone has been adversely impacted. The economy is expected to contract, this is the first time in decades that we are faced with challenges of this magnitude. There is no denying that airlines, shipping lines, logistics players have all suffered loss of business due to the slowdown in trade and this has led to a massive

strain on the cash flow which forced many players to withdraw or reduce their exposure in the markets.

At Dachser, we continued with our credit agreements with customers regardless of the market situation. We are constantly guided by our Dachser values and have always worked very closely with our customers to overcome the challenges in business as committed business partners. Our leadership teams even proposed to extend faster payment settlements to our small and medium sized suppliers to help them overcome the financial challenges and maintain quality and sustainability. This approach has helped in building greater partnerships with all our stakeholders and we are confident of successfully overcoming the challenges emerging out of this global pandemic," concludes Gandhi. 🦋



Rajesh Menon
Regional Head Cargo – South Asia
Middle East and Africa, Cathay Pacific Airways

🦋 **The experience, skills and solutions offered by freight forwarders cannot be replaced by digitalisation. Our partners will continue to be instrumental to the success of our business** 🦋

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Northeast could drive growth

Northeast has not been given its due importance for its role and its abundant natural produce of agri and agro products. ASSOCHAM & SCLA jointly organised a virtual conference focusing on the potential of Northeast region and discussed the way forward.



JAIDEEP RAHA

President – North East, SCLA

Northeast is constantly evolving and standing on the verge of a trillion-dollar business opportunity. The region has been neglected for so long and now is the time to focus on the tremendous potential of the region as it could become the new growth engine for the country. Cross border supply chain is important because e-commerce didn't stop in this pandemic. Hence, modernisation of cross-border supply chains should be done jointly by state and Union governments to unlock value and create business opportunities.

However, in order to do that we need to develop the logistics infrastructure; the basic infrastructure is already there, a little bit of touch up is required with focus on e-commerce supply chain, connectivity and border logistics infrastructure.

Presently, airlines connect Northeast region with the rest of India. Guwahati is directly connected by air with major Indian cities, Dhaka, Paris and Bangkok for passengers and Hong Kong for freight. The region's other airports are behind Guwahati in connecting with other countries. Imphal, Guwahati and Bagdogra airports should be expanded to accommodate international flights. Other Northeast region airports such as Agartala, Aizawl, Shillong also need capacity addition and more domestic and international flights.



N SIVASAILAM

Former Special Secretary (Logistics), Ministry of Commerce & Finance, Government of India

Iwould like to request Ministry of Civil Aviation (MoCA) to work on the Agartala Airport expansion because it will involve Bangladesh. The airport expansion at Agartala would go into Bangladesh territory and therefore this expansion would necessarily need international cooperation with our neighbour Bangladesh. With just a sheer expansion in Agartala Airport, Bangladesh will also get another airport which will remove congestion from Dhaka. This move will establish the cooperation once and for all. There are many examples internationally like French, Germans and Swiss sharing an airport and people of different countries are going through different exits. It's a low-cost proposal and it will be a trendsetter in this region because of the huge impact it will make.



KEKU BOMI GAZDER


CEO, AAICLAS and India Cargo Awards Winner 2019

Currently, we are constructing a domestic terminal at the airport in Agartala which is about 1,100 sq m with a handling capacity close to 40,000 metric tonnes per annum. We are already doing close to 5,000 tonnes and the expected date of completion of the domestic terminal in Agartala is June 2021. Northeast region covers nine airports; Guwahati, Agartala, Imphal, Lilabari, Dibrugarh, Silchar, Dimapur, Jorhat and Tezpur and Bagdogra and Kolkata can be added because they are connected to Northeast region. We are looking at a total area of over 52,300 sq m of terminal capacity at these 11 airports of which Calcutta is about 43,000 sq m and the rest would be close to 9,000 sq m. We currently have a capacity of over 3,23,000 MT in the nine airports of Northeast.

Cargo, a leading light amid crisis

Cargo has always been a successful but small part of IndiGo's business. IndiGo operated over 1,700 cargo charters, transporting more than 14,300 MT of supplies since April 18, 2020 till September 7, 2020. **Willy Boulter**, Chief Commercial Officer, IndiGo, talks about cargo operations of the airline during the pandemic.

 Kalpana Lohumi

 *What are your thoughts on air cargo and its critical role in dealing with the COVID-19 pandemic and how do you plan your cargo operations in the current pandemic?*

This is an unprecedented situation in airline business and like everyone IndiGo has been affected too. Through this period, cargo has been a leading light; we have started operating cargo in cabin freighters. Cargo has always been a successful but small part of IndiGo's business, yet, it has provided some welcome revenue to us over the past five months and recently we have been operating 500 cargo charters in a month.

In line with our mission to support the nation, IndiGo operated over 1,700 cargo charters, transporting more than 14,300 MT of supplies since April 18, 2020 till September 7, 2020. The cargo charter flights operated across 21 destinations within India and internationally, including new stations like Bishkek in Kyrgyzstan, Cairo in Egypt, Almaty in Kazakhstan and Tashkent in Uzbekistan.

We have earned marginally higher revenue over the last five months as compared to the earnings over the last financial year. Furthermore, at only 32 per cent of operations in August 2020, IndiGo successfully managed to generate the highest ever




Willy Boulter
Chief Commercial Officer
IndiGo

monthly net revenue with January being the last top earning month.

 *Any possibility of coming up with cargo only flights?*


With 250 aircrafts; A321, A320 and ATRs, we create sufficient amount of belly space on a daily basis and hence we haven't felt the need to introduce freighter aircraft. We are already the largest domestic cargo operator in India in terms of tonnage. Presently, we have 10 cargo in cabin aircraft and we will maintain these aircraft as the market develops after things return to normal.

 *The airline has recently transported blood plasma from Bengaluru to Srinagar. Please elaborate. Were the challenges*



different from transporting other temperature sensitive products?

We are very pleased to take part in the movement of blood plasma. Since it's not the first time that we have been involved in flying urgent medical supplies or cargo related to health, we have not faced any particular challenge and we look forward to carrying urgent medical supplies in the same way.

There are two ways, in cargo business, of providing cold chain or temperature-controlled environment; cold active and cold passive. At the moment, we rely on the passive angle where if medical supplies of pharmaceuticals require lower temperature then we deliver it through working with the shipper and make sure that the packaging done by the shipper is capable of maintaining the lower temperature. Later, we will invest in the active cold chain in which containers will have their own air conditioning facility. 

 **At only 32 per cent of operations in August 2020, IndiGo successfully managed to generate the highest ever monthly net revenue with January being the last top earning month** 

Traffic statistics (Domestic Freight)

S. No.	Airport	Freight (in tonnes)					
		For the Month			For the period April to August		
		Aug 2020	Aug 2019	% Change	2020-2021	2019-2020	% Change

(A) 19 International Airports

1	Chennai	4,495	6,953	-35.4	15,597	35,348	-55.9
2	Kolkata	4,943	9,206	-46.3	20,132	36,106	-44.2
3	Ahmedabad	3,171	5,026	-36.9	9,253	24,820	-62.7
4	Goa	226	402	-43.8	538	1,697	-68.3
5	Guwahati	1,323	1,764	-25.0	3,654	9,027	-59.5
6	Lucknow	757	1,042	-27.4	2,175	4,796	-54.6
7	Jaipur	1,045	1,413	-26.0	2,501	6,014	-58.4
8	Trivandrum	67	160	-58.1	189	994	-81.0
9	Bhubaneswar	561	858	-34.6	1,488	3,918	-62.0
10	Calicut	5	84	-94.0	274	473	-42.1
11	Varanasi	271	369	-26.6	559	1,442	-61.2
12	Coimbatore	444	886	-49.9	1,076	4,075	-73.6
13	Srinagar	611	213	186.9	1,256	4,508	-72.1
14	Amritsar	55	69	-20.3	144	665	-78.3
15	Mangalore	170	0	-	574	24	-
16	Portblair	134	496	-73.0	1,255	2,644	-52.5
17	Trichy	0	0	-	0	2	-
18	Imphal	228	729	-68.7	678	3,248	-79.1
19	Vijayawada	109	204	-46.6	637	1,069	-40.4
Total		18,615	29,874	-37.7	61,980	140,870	-56.0

(B) 6 JV International Airports

20	Delhi (DIAL)	22,956	31,894	-28.0	67,681	152,073	-55.5
21	Mumbai (MIAL)	10,872	25,688	-57.7	33,598	117,325	-71.4
22	Bangalore (BIAL)	10,612	14,320	-25.9	30,292	63,493	-52.3
23	Hyderabad (GHIAL)	4,544	5,293	-14.2	12,242	25,215	-51.4
24	Cochin (CIAL)	693	1,197	-42.1	2,386	5,931	-59.8
25	Nagpur (MIPL)	605	509	18.9	909	3,914	-76.8
Total		50,282	78,901	-36.3	147,108	367,951	-60.0

(C) 9 Custom Airports

26	Pune	2,248	3,151	-28.7	4,706	14,898	-68.4
27	Patna	1,321	1,174	12.5	3,299	5,262	-37.3
28	Bagdogra	324	652	-50.3	1,145	3,213	-64.4

S. No.	Airport	Freight (in tonnes)					
		For the Month			For the period April to August		
		Aug 2020	Aug 2019	% Change	2020-2021	2019-2020	% Change

29	Indore	415	912	-54.5	997	4,212	-76.3
30	Visakhapatnam	243	353	-31.2	1,169	2,480	-52.9
31	Chandigarh	566	644	-12.1	1,429	4,116	-65.3
32	Surat	189	308	-38.6	1,459	1,856	-21.4
33	Madurai	125	187	-33.2	287	563	-49.0
34	Aurangabad	25	36	-30.6	40	305	-86.9
Total		5,456	7,417	-26.4	14,531	36,905	-60.6

(D) 20 Domestic Airports

35	Ranchi	454	451	0.7	1,182	2,431	-51.4
36	Raipur	358	509	-29.7	1,032	2,443	-57.8
37	Agartala	146	321	-54.5	395	1,987	-80.1
38	Jammu	73	117	-37.6	186	624	-70.2
39	Bhopal	90	99	-9.1	238	513	-53.6
40	Dehradun	0	19	-	8	64	-87.5
41	Udaipur	0	0	-	0	2	-
42	Vadodara	48	231	-79.2	156	1,388	-88.8
43	Leh	106	126	-15.9	280	886	-68.4
44	Jodhpur	0	0	-	0	1	-
45	Dibrugarh	51	75	-32.0	171	391	-56.3
46	Hubli	0	9	-	45	48	-6.3
47	Silchar	40	78	-48.7	170	368	-53.8
48	Tuticorin	0	4	-	0	27	-
49	Kanpur(Chakeri)	0	22	-	0	71	-
50	Rajkot	0	3	-	0	11	-
51	Jharsuguda	3	5	-40.0	4	12	-66.7
52	Dimapur	14	18	-22.2	61	121	-49.6
53	Juhu	12	36	-66.7	35	155	-77.4
54	Agatti	0	4	-	0	19	-
Total		1,395	2,127	-34.4	3,963	11,562	-65.7

(E) 2 St Govt./ Pvt Airports

55	Lengpui (Aizwal)	27	34	-20.6	92	169	-45.6
56	Nasik (Hal Ozar)	0	0	-	0	7	-
Total		27	34	-20.6	92	176	-47.7

Grand Total (A+B+C+D+E)		75,775	118,353	-36.0	227,674	557,464	-59.2
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Traffic statistics (International Freight)

* Estimated

		Freight (in tonnes)					
		For the Month			For the period April to August		
S. No.	Airport	Aug 2020	Aug 2019	% Change	2020-2021	2019-2020	% Change

(A) 15 International Airports

1	Chennai	18,959	23,262	-18.5	61,342	120,092	-48.9
2	Kolkata	2,894	4,793	-39.6	10,023	25,478	-60.7
3	Ahmedabad	941	3,782	-75.1	6,697	21,590	-69.0
4	Goa	8	93	-91.4	13	567	-97.7
5	Guwahati	0	0	-	18	0	-
6	Lucknow	109	216	-49.5	398	1,595	-75.0
7	Jaipur	44	183	-76.0	44	975	-95.5
8	Trivandrum	2,023	2,398	-15.6	6,504	11,253	-42.2
9	Bhubaneswar	0	4	-	18	4	350.0
10	Calicut	1,238	2,501	-50.5	3,839	12,116	-68.3
11	Varanasi	0	0	-	0	5	-
12	Coimbatore	104	225	-53.8	323	1,126	-71.3
13	Amritsar	16	82	-80.5	52	604	-91.4
14	Mangalore	109	204	-46.6	292	1,056	-72.3
15	Trichy	168	809	-79.2	621	3,462	-82.1
Total		26,613	38,552	-31.0	90,184	199,923	-54.9

		Freight (in tonnes)					
		For the Month			For the period April to August		
S. No.	Airport	Aug 2020	Aug 2019	% Change	2020-2021	2019-2020	% Change

(B) 6 JV International Airports

16	Delhi (DIAL)	42,530	51,847	-18.0	142,892	259,091	-44.8
17	Mumbai (MIAL)	33,084	47,938	-31.0	135,295	246,845	-45.2
18	Bangalore (BIAL)	17,139	18,312	-6.4	68,867	95,980	-28.2
19	Hyderabad (GHIAL)	5,277	6,659	-20.8	22,810	35,828	-36.3
20	Cochin (CIAL)	3,824	7,488	-48.9	14,643	29,187	-49.8
21	Nagpur (MIPL)	0	65	-	0	597	-
Total		101,854	132,309	-23.0	384,507	667,528	-42.4

(C) 4 Custom Airports

22	Pune	0	21	-	0	41	-
23	Indore	4	28	-85.7	16	449	-96.4
24	Visakhapatnam	1	43	-97.7	1	175	-99.4
25	Madurai	0	166	-	5	682	-99.3
Total		5	258	-98.1	22	1,347	-98.4

Grand Total (A+B+C)	128,472	171,119	-24.9	474,713	868,798	-45.4
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(Source: AAI)

POLICY

DGCA limits foreign freighter to 6 airports

As per the AIC issued and approved by Ministry of Civil Aviation (MoCA) (vide letter no. AV.14027/07/2020-A-MoCA dated 15.09.2020), the open sky policy for foreign cargo carriers promulgated with AIC 18/1992 has been reviewed by the government to ensure fair and equal opportunity in the air cargo capacity offered by Indian registered airlines and airlines registered elsewhere. The operations of foreign ad hoc and pure non-schedule freighter charter service flights shall be restricted to six airports namely Bengaluru, Chennai, Delhi, Kolkata, Hyderabad and Mumbai. Foreign carriers may submit application/proposal to the Director General of Civil Aviation for

getting clearances for such flights as per procedure specified for the purpose. However, DGCA reserves the right to deny permission for operating cargo flights.

Notwithstanding the aforesaid provisions, the all-cargo flights

operated under humanitarian and emergency needs through the UN and other multilateral bodies of which India is a member, and also all-cargo flights hired by or carrying cargo belonging to any Ministry/Department of Government of India or a State/

UT Government may be permitted to operate with requisite priority to/from any airport in India where customs/immigration facilities are available.

Operators are required to meet the operational and safety requirements while operating such ad hoc/non-scheduled cargo flights. According to the AIC, Indian operators facing any systematic and non-systematic discriminatory and restrictive practices and/or regulatory impediments in operating international cargo flights in any of the foreign countries may bring such issues to the knowledge of DGCA for further suitable actions in this regard.



Report card: Warehousing in Ahmedabad

According to the Knight Frank research, Ahmedabad warehousing market has witnessed leasing volume of 5.1 mn square feet in FY 2020 with a 4.6% year-on-year growth over FY 2019. The growth was led by manufacturing and e-commerce segment; manufacturing led demand is expected to remain low & demand from e-commerce and 3PL is likely to make up for it.



The warehousing demand in Ahmedabad has been predominantly driven by the industrial and manufacturing segments followed by retail demand. However, in recent years the rapid growth of e-commerce has made it one of the important occupier segments.

There are four major warehousing clusters in Ahmedabad which are Aslali-Kheda, Changodar-Bagodara, Sanand-Viramgam and Kadi-Vithalapur-Becharaji belt. Aslali-Kheda, Changodar-Bagodara belts are bigger and established clusters. The Sanand-

Viramgam and Kadi-Vithalapur-Becharaji belt have started gaining prominence after the emergence of automobile hubs in each of these regions.

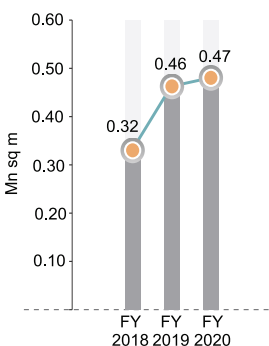
The Aslali-Kheda, Changodar-Bagodara belt located along the 3x3 lane Mumbai-Ahmedabad highway is one of the oldest warehousing clusters of the city. The demand from the rail/consumption segment is the major driver of warehousing demand in this belt. High land prices and the expansion of Ahmedabad municipal limits have made it unviable to

start a new warehouse in the Aslali-Jetalpur belt. The warehouses in this region are over 15 to 20 years old and lack modern offerings; besides, most of the supply is controlled by local landowners. Better quality warehouses can be seen in the Bareja-Kheda belt and the land prices along this route are lower compared to Aslali-Jetalpur belt.

The Changodar-Bagodara belt is an industrial region with a large part of the warehousing demand coming from the manufacturing sector followed by e-commerce. This belt has good quality 3x3 lane roads with dividers separation. Expansion of Ahmedabad municipal limits to Changodar and the subsequent increase in land rates has made it unviable to start a new warehousing facility. The land rates from Bavla to Bagodara are lower and supportive of developing a new warehousing facility.

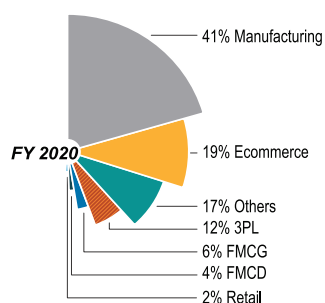
Many pharmaceutical companies and several large industries have their manufacturing facilities in

Warehousing market leasing volume



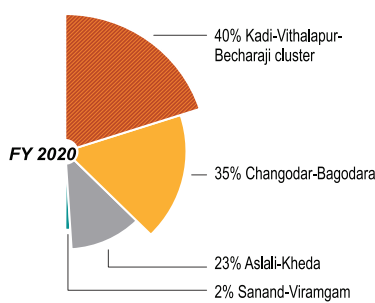
Source: Knight Frank Research

Industry-split of transaction volume



Source: Knight Frank Research

Cluster-split of transaction volume



Source: Knight Frank Research

Land rate and rents

Warehouse cluster	Loation	Land rate (INR mn/acre)	Grade A Rent in INR/sq m/month (INR/sq ft/month)	Grade B Rent in INR/sq m/month (INR/sq ft/month)
Aslali-Kheda	Aslali	20 – 25	215 – 258 (20 – 24)	151 – 172 (14 – 16)
	Bareja	15 – 20	172 – 215 (16 – 18)	140 – 151 (13 – 14)
	Kanera	15 – 20	172 – 215 (16 – 18)	129 – 172 (12 – 14)
	Gobhlaj	12 – 15	161 – 172 (15 – 16)	129 – 172 (12 – 14)
	Kheda	10 – 15	151 – 172 (14 – 16)	108 – 140 (10 – 13)
Changodar – Bagodora	Changodar	20 – 25	194 – 237 (18 – 22)	151 – 172 (14 – 16)
	Bavla	12 – 16	172 – 215 (16 – 18)	140 – 151 (13 – 14)
	Bhayala	8 – 12	172 – 215 (16 – 18)	118 – 140 (11 – 13)
	Bagodara	8 – 9	140 – 172 (13 – 16)	108 – 118 (9 – 11)
Sanand – Viramgam	Sanand	20 – 25	194 – 215 (18 – 20)	151 – 161 (14 – 15)
	Sachana	10 – 15	161 – 172 (15 – 16)	129 – 151 (12 – 14)
Vithalapur - Becharaji	Kadi	12 – 15	172 – 194 (16 – 18)	129 – 151 (12 – 14)
	Vithalapur	8 – 10	161 – 172 (15 – 16)	129 – 151 (12 – 14)
	Becharaji	9 – 13	161 – 172 (15 – 16)	118 – 151 (11 – 14)

Source: Knight Frank Research

the Changodar-Bagodara belt. And, the region offers a well developed ecosystem as required by manufacturing companies. Many logistics and warehousing park developers are active in this region and the early movers have already built a full operational modern warehousing facility here.

The Sanad-Viramgam belt and Kadi-Vithalapur-Becharaji belt are the upcoming automobile hubs in India. Some of the largest automobile companies along with their ancillaries have their manufacturing facilities in these hubs. Much of the warehousing demand in this cluster comes from the automobile companies. Some

of the warehouses in this belt also cater to agriculture related demand. The Kadi-Vithalapur-Becharaji cluster had garnered 40 per cent share of warehousing transactions in financial year 2020.

Ahmedabad warehousing market witnessed leasing volume of 5.1 MN sq ft (0.47 MN sq m) in FY 2020, a 4.6 per cent year-on-year growth over FY 2019. This growth was led by manufacturing and e-commerce segment.

Rents have largely remained stable and we do not expect any rental growth due to the current ships in existing warehouse space usage and

future demand trends. Going forward, the manufacturing led demand is expected to remain low on account of the COVID-19 impact; however, the rise in demand from e-commerce and 3PL is likely to make up for it.



Automobile hubs

→ The Sanad-Viramgam belt and Kadi-Vithalapur-Becharaji belt are the upcoming automobile hubs in India. Some of the largest automobile companies along with their ancillaries have their manufacturing facilities in these hubs.

COVID shrinks food supply chain

The hiccups experienced by the food storage and supply chain due to the pandemic are raising concerns on the food security of India. **Manoj Pant**, Regional Business Manager West, Snowman Logistics, highlights the need for a robust cold chain infrastructure to strengthen the supply and storage of perishables to suffice India's population.

The outbreak of coronavirus has brought global turmoil causing businesses to come up with disruptive models, owing to the changing customer emotions and buying preferences. As the demand for buying essentials surges, the cold chain supply in India plays a pivotal role in the storage of food perishables. As India is taking baby steps for unlocking business activities, here are a few growth pointers that will lead to growth of the cold chain industry post-COVID 19.

❖ **Government initiatives for expanding the cold chain supply** – To boost the food processing infrastructure and streamline the agricultural supply chain, 27 cold chain projects are approved for integrated cold chain and value infrastructure under PM Kisan Sampada Yojana (PMKSY). India's report card

on food wastage has always seen red marks. Even though the farm output has been setting new records year after year, a high proportion of the agricultural produce never reaches the consumers. According to the World Economic Forum, food worth \$8.3 billion or nearly 40 per cent of the total value of annual produce is wasted. The wastage of perishables can be largely attributed to the absence of modern food distribution chains, too few cold-storage centres and refrigerated trucks, poor transportation facilities, and erratic electricity supply.

The cold chain projects will aid in establishing an integrated and seamless network of robust chain supply for the uninterrupted transfer of perishables, right from its production to consumption. The fisheries and seafood industry has experienced a halt in exports due to the pandemic, that led to an accumulation of surplus fisheries

and seafood inventory. Fisheries and seafood being highly perishable in nature added with inadequate meat storage facilities meant huge losses. To address such production and supply chain gaps in the fisheries sector, government has announced a ₹20,000-crore scheme under Pradhan Mantri Matsya Sampada Yojana. Out of this ₹9,000 crore is allocated to build infrastructure, like fishing harbours and cold chain, which will lead to a growth in meat cold chain storage.

❖ **E-commerce boom** – Cold chain warehousing is an integral part of food e-commerce companies. With apprehension amongst the people to venture out for grocery shopping, buying essentials and grocery from e-commerce food platforms has seen a spurt during the pandemic. It is speculated that post-COVID might bring a behavioural change where the consumers might adapt to buying of groceries and daily essentials online. With people avoiding buying physically from the shops, many small and mid-sized shops are partnering with food e-commerce companies like Swiggy, Zomato, and non-food e-commerce companies like No Broker and Meesho to strengthen their home delivery infrastructure. The farm to fork model of the businesses requires fresh fruits, vegetables, and meat to be delivered to the consumers.

🔥 **A high proportion of the agricultural produce never reaches the consumers. According to the World Economic Forum, food worth \$8.3 billion or nearly 40 per cent of the total value of annual produce is wasted** 🔥



FactFile

→ 27 cold chain projects are approved for integrated cold chain and value infrastructure under PM Kisan Sampada Yojana (PMKSY).

→ To address such production and supply chain gaps in the fisheries sector, government has announced a 20,000-crore scheme.

❖ Rise of online pharmaceuticals retail and vaccine storage

— Efforts to maximise social distancing has led to many e-commerce companies to enter the online pharmaceuticals retail in India. Owing to shorter shelf-life and stricter temperature requirements for storing, cold chain storage for online pharma is of paramount concern. According to Frost and Sullivan, e-pharmacies in India are estimated to grow at a CAGR of 63 per cent to reach US \$3,657 million (₹25,000 crore) by 2022. Cold chain storage facilities for pharmaceuticals are still at a nascent stage in India. But with the emergence of the pandemic, vaccine production, trials, storage, and distribution has pressed the need for developing cold chain storage for the pharmaceuticals. An efficient cold chain warehousing will reduce transportation costs since one-third of the revenue generated is spent on its logistics.

❖ Rise of agri-tech companies and startups

— Agri-tech startups use technology and innovation to enhance the efficiency and output of agriculture. India is home to 535 agri-tech startups that use technology to bolster agricultural productivity. Food security in India has been immensely impacted by the pandemic in four main aspects – availability, accessibility, stability, and utilisation of food. Disruption in supply chains and a decline in demand have caused a loss of production and income to the farmers and traders. Closure of mandis and QSRs due to the lockdown led to a surplus accumulation of perishables. Since post-harvest losses are highest in the fruit and vegetable sector, agri-tech startups can bridge the gap with demand-driven cold chains, warehouse monitoring solutions, and market linkages that can significantly boost farmer income. With innovations in technology like storage monitoring

based on the Internet of Things (IoT), image sensing for quality grading and digitisation of mandis will prevent the wastage of perishables.

❖ Organised meat and seafood retail

— Online buying of meat and seafood has seen a spurt in the lockdown with benefits of last-mile delivery and contactless retail. People were apprehensive buying from the local butchers due to heightened concerns of hygiene and to maintain social distancing. As per an analysis of the national health data by IndiaSpend and FactChecker, 70 per cent of Indian women and 80 per cent of men consume non-vegetarian food. The Indian meat industry is currently at US\$31 billion and is expected to reach US\$65 billion by 2022 at a CAGR of 20 per cent. The factors driving the online meat category are the rising disposable income, hectic schedule, and shift towards hygienic food urban consumers.



Manoj Pant
Regional Business Manager West
Snowman Logistics

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

Bengaluru Airport is on expansion mode

To meet demands of customers for re-export & long-term storage of bonded cargo at minimal logistics cost, Bangalore International Airport (BIAL) has opened India's first on-Airport Public Bonded Warehouse. Operated by Cargo Service Center (CSC), the 10,000 sq ft warehouse facility will be under the jurisdiction of the City Commissionerate,

Bengaluru Customs. This facility will reduce supply chain costs and facilitate trade at India's IT hub and surrounding regions. The Public Bonded Warehouse will help re-export of goods, long-term storage of bonded cargo, assist in partial clearances and allow value-added services such as labeling, packing and repacking services.

The airport has processed 180,745 kgs of pomegranates from April to August 2020, to emerge as the leading airport for pomegranate exports from India. According to the data available from the Agricultural and Processed Food Products Export Development Authority (APEDA) and the Directorate General of Commercial Intelligence and Statistics (DGCIIS), the airport also

accounted for 99 per cent of the total pomegranate exports from Karnataka. The fruit was exported to 12 international destinations by nine global freight carriers.

Recording a 92 per cent growth in cargo air traffic movements, BLR Airport processed 99,154 MT of cargo in the first five months between April and August 2020.



FACELESS ASSESSMENT OF CUSTOMS FOR ALL IMPORTS BY OCT 31: CBIC

Under the Turant Customs programme, the Central Board of Excise and Customs (CBIC) have announced the roll out of faceless assessment at an all-India level in all ports of import and for all imported goods by October 31. The key elements of the Turant Customs programme are faceless, contactless and paperless customs clearance processes.

This includes faceless or anonymised assessment, self-registration of goods by importers, automated clearances of bills of entry, digitisation of customs documents. The phased launch of the Turant Customs programme in select ports of import was aimed at testing in a real-life environment, the IT capabilities as well as the responsiveness of the trade and customs officers to the various initiatives. "The results have been reviewed and these have confirmed that the stated objectives are being met. The stage is now set for extending the Turant Customs programme across all Customs ports pan India.



INDIA LAUNCHES FIRST-EVER CARGO FERRY SERVICE WITH MALDIVES

India and the Maldives launched a cargo ferry service connecting Tuticorin and Cochin ports with Male to cut costs and time taken to transport goods between the two countries. The vessel is carrying garments, food items, kitchen equipment, coir pith, machinery tools, etc. for the Maldives on its maiden voyage.



The service shall have a round voyage of 14 days connecting Cochin, Tuticorin and Kuldhuffushi Male with a container cum break bulk vessel having a capacity to carry about 200 TEUs and 3,000 metric tonnes of cargo. This vessel provides direct cargo connectivity between India and the Maldives on a predictable and affordable basis for the first time and will lower costs and times for traders in both countries.

The maiden voyage of the ferry service was launched during a virtual ceremony by Mansukh Mandaviya, Minister of State for Shipping, Government of India and Aishath Nahula, Minister of Transport and Civil Aviation, Maldives.

ALLCARGO LOGISTICS AUGMENTS GROWTH IN AFRICA BY EMBARKING COMPLEX PROJECTS

To accelerate growth across Africa's vast logistics ecosystem, Allcargo is leveraging its global expertise to undertake trans-country movement of big project cargoes in the world's second-largest continent. Building close collaborations with partners, customers and stakeholders within Africa, the company has exuded a spirit of innovation while tackling complex projects like ODC transportation, water pipelines and power transmission lines.



Rahul Rai
Business Head – Projects & Engineering Division, Allcargo Logistics

"It is this futuristic approach that has led the company to create a niche in Africa. Committing to the highest standards of safety and zero compromise on compliance, Allcargo is set to

prove its mettle as a trusted logistics partner in helping Africa scale new heights of growth," said **Rahul Rai**, Business Head – Projects & Engineering Division, Allcargo Logistics, on the sidelines of the 15th CII Exim Bank Digital Conclave on India-Africa Project Partnership.

Expertise

- Allcargo is set to prove its mettle as a trusted logistics partner

CII-IGBC LAUNCHES GREEN LOGISTICS PARKS & WAREHOUSES RATING SYSTEM

To address a variety of storage facilities for both new and existing typologies such as logistics parks, warehouses, cold storages and other storage spaces, CII-Indian Green Building Council (IGBC) has digitally launched the IGBC Green Logistics Parks & Warehouses Rating System. It is developed aligning the requirements with



the UN Sustainable Development Goals. By adopting the rating tool, the projects would achieve various tangible and intangible benefits including energy & water savings and health & well-being of occupants.

According to **A M Visvanathan**, Chair – IGBC Green Logistics Parks & Warehouses, "The objective of the rating system is to drive and facilitate a holistic approach for developing world-class green logistics facilities in the country.

SPICEJET LAUNCHES 14 DEDICATED CARGO FLIGHTS TO NORTHEAST



Using its Bombardier Q400 freighters, SpiceJet has launched 14 new cargo flights to and from Northeastern India ensuring unparalleled connectivity with the rest of the country. The airline will operate daily cargo flights on Kolkata-Guwahati, Guwahati-Kolkata, Kolkata-Imphal and Imphal-Kolkata sectors. SpiceJet has also

introduced cargo flights between Kolkata and Guwahati via Aizawl and Dimapur which will operate twice-a-week. The airline will also operate cargo flights on the Kolkata-Agartala and Agartala-Guwahati sectors thrice-a-week and twice-a-week on Kolkata-Silchar and Silchar-Guwahati routes.

SpiceJet connects Guwahati with key cities across the country including Delhi, Mumbai, Bengaluru, Kolkata, Chennai, Patna, Hyderabad, Jaipur, Amritsar and has been transporting cargo both to and from the capital of Assam using the belly space of its passenger aircraft. The dedicated cargo flights will help transport fresh fruits, vegetables, flowers, perishables, fish seeds, fresh fish, pharmaceuticals, medical equipment, express cargo and other general cargo.

SHIPSY LAUNCHES 'NETWORK MODULE' FOR INDIAN MSMEs/SMEs

Shipsy has announced to extend its platform free of cost to the SMEs/MSMEs in India under its 'Network Module' and get access to competitive rates as well as much better service levels due to these vendors being verified by Shipsy. The platform offers a bouquet of services like price procurement, documentations handling and container tracking to improve on-time delivery of goods.

Soham Chokshi, Co-Founder & CEO at Shipsy, said, "The MSME/SME segment has perhaps been the hardest hit segment in COVID-19, and the segment is in desperate



Soham Chokshi
Co-Founder & CEO
Shipsy

need to expand their business by going international.

We have on-boarded more than 5,000 small enterprises for this. We aim to expand the offering pan India and plan to cover more than 20,000 enterprises by the end of this fiscal. Our offering is aligned with 'Atmanirbhar Bharat' and 'Make in India' initiatives"

Services

- The platform offers a bouquet of services like price procurement, documentations handling and container tracking to improve on-time delivery of goods



AMAZON OPENS THIRD FULFILMENT CENTRE IN AHMEDABAD, GUJARAT

Spread over more than 2 lakh square feet area, Amazon has launched its third fulfilment centre (FC) in Ahmedabad. The expansion in Gujarat is a part of the company's plans announced in July to add 10 new fulfilment centres and expand seven existing sites, across India. With this infrastructure expansion, Amazon now offers a storage capacity of more than 1.5 million cubic feet across three fulfilment centres to its more than 80,000 sellers in Gujarat. Amazon recently launched a new sort centre and expanded the capacity of an existing sort centre to ensure faster and reliable deliveries for customer orders in Gujarat.

Prakash Kumar Dutta, Director of Fulfilment Centres & Supply Chain, Amazon India, said, "Gujarat is an important market for Amazon India and we are delighted to further invest and expand our infrastructure in the State. With this expansion, SMBs in Gujarat will benefit both in terms of economic growth and reach to a wider customer base."

DB SCHENKER OPENS 25,000 SQ M WAREHOUSE IN GURGAON



With a plan to strengthen its local footprint in India over the next few years, Schenker India opened its largest warehousing hub in the country. The first phase of the warehouse spans over a space of 25,000 sq m located in Badli, Gurgaon which is close to the KMP (Kundli Manesar Palwal) expressway and strategically located for effective and efficient supply chain management within NCR and North India. **Vishal Sharma**, CEO of Cluster India & Indian Sub-Continent, DB Schenker, said, "It is a strong testament to DB Schenker's long-term commitment to India as it is one of its most strategically important markets in the global network and is projected to grow over 100% by 2025."

Equipped with digital technologies, this state-of-the-art warehouse is fully radio frequency-enabled, equipped with 100% consignment scanning feature, conveyor for operation movement.

‘Logistics sector will grow exponentially’

For the logistics industry to flourish special emphasis has to be on building world-class road networks, integrated rail corridors, modern cargo facilities at airports and creation of logistics parks which need to be given a status equivalent to Special Economic Zones, says **V. Raju**, Senior Vice President CL – Chemical, Pharma & Food Sector, Awashya CCI Logistcs (All Cargo Group).

The sector is full of potential, but we are still lacking optimal utilisation of resources. However, we can see a rapid hike in demand and awareness of the sector of late. We can see a lot of startups entering the sector offering services like never before.

The sector is evolving at a fast pace and infrastructure, and technologies are paving new paths towards growth. It is estimated that the Indian logistics industry will continue to show robust growth of 10-15 per cent annually, leading the pace of growth of the economy at large.

LOGISTICS MEGATRENDS

A large part of opportunities in logistics will be powered by technology and associated innovation. With technological enhancements, this number will go down significantly in the future. Automation, in terms of material handling, information exchange, and telecommunications will play a large role to serve this purpose.

It is estimated that the Indian logistics industry will continue to show robust growth of 10-15 per cent annually, leading the pace of growth of the economy at large

More and more companies are shifting towards outsourcing operations to third-party logistics (3PLs). This development is creating room for vertical focused 3PLs. Moreover, 4PL will graduate from being a mere coordinator to actual integrator. New players will emerge in order to integrated multiple 3PL players seamlessly to offer one-stop solutions for the end customer. With more frequent replenishments, traditional supply chains will move from case level to piece level replenishment. It will also pave the way to bring more speed and efficiency to the system.

SUPPLY CHAIN DIGITISATION

Done right, global supply chain digitisation enables three critical business functions, viz.:

Collaboration – ensure every member of your supply chain, beginning with the raw materials supplier, is on the same page

Automation – scale up, reduce errors, and calculate landed cost immediately

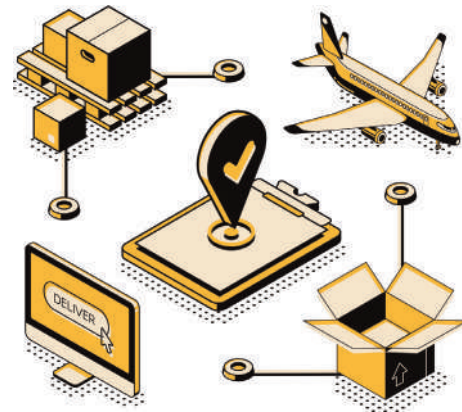
Analytics – take a structured look at your data to create an audit trail and generate game-changing reports

Some sector-specific digitisation or technology needs exist to ensure that supply chain logistics is a success. Cloud and mobile technology, sensors, and next-generation business intelligence will bring about a new

wave of automation in business processes — that is, real time responsiveness though streamlined, automated work flows with few handovers and end-to-end, real-time transparency on progress, costs, and business value.

FUTURE OF INDIAN LOGISTICS INDUSTRY: 2020-2025

The government’s ambitious plan to bring down logistics cost from the present 14 per cent of gross domestic product (GDP) to less than 10 per cent by 2022 poses a big challenge. Of course with fingers crossed, basis the growth being witnessed in this supply chain logistics and warehousing sector, one can safely forecast that the sector will witness an unprecedented growth in the coming years in all cities like the tier-1, tier-2 and tier-3, riding on the backs of GST revolution, National Logistics Policy being rolled out, e-way implementation by the govt., granting of industry status, big time investments into warehousing sector by MNCs, leveraging of disruptive tendencies that need to be faced boldly with advanced readiness by all trading establishments, and with tighter safety and security measures being adopted across globally in the logistics sector, we can safely predict that this sector will grow exponentially in the years to come.



V. Raju
Senior Vice President CL –
Chemical, Pharma & Food Sector
Awashya CCI Logistcs (All Cargo Group)

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



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MAJOR HIGHLIGHTS



8 km
Mumbai-Pune Expressway



45 km
JNPT



16 km
Khopoli Railway Station



45 km
Navi Mumbai International Airport (Proposed)



18 km
City Centre Khopoli



77 km
CSMT Mumbai International Airport

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