



**TRANSPORT & LOGISTICS**

# ‘Indian logistics sector will gather steam again’

The Indian logistics industry is facing a tough time since the last financial year and is not showing any strong growth due to slowdown in the global economy. However, there is no reason why the industry should not gather steam again, notes **Milind Shahane**, Chief Executive officer, DIESL (Drive India Enterprise Solutions Ltd), a Tata Group company.

The impact of the economic slowdown is visible in several ways. High inflation is driving up product and services costs, giving a negative impact on household savings and slowing down the demand for fast moving consumer goods. The effect of inflation is also vis-

ible in industrial sector where increase in fuel cost and raw material cost is impacting the logistics costs; industrial users hesitating to outsource due to high freight and transportation rates.

The impact of the slowdown is also evident in the warehousing business. Most LSPs offer their

customers 'built to suit' facilities and they take warehouse facilities on lease for several years, if needed. The basic challenge, which was commonly faced by the LSPs in last one year, was that customers were not using or increasing their warehousing space which was already booked by them earlier. This impacted vari-

ous LSPs during their cost recovery as the space was not utilised properly.

Moreover, whatever the shape of the economy, customers demand efficient, standardised, stable and cost-effective operations irrespective of seasonality, month-end peaks or people attrition. It is certainly challenging for any organi-

sation to scale up or down their resources at short notice.

On the positive side, if we look at the Logistics Performance Index of 2012, India ranks 46 out of 155 countries and scores 3.08 out of 5 on parameters like efficiency of clearing and customs, quality of trade and transport infrastructure,

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# 'Indian logistics sector will gather steam again'

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ease of arranging competitively priced shipments and competence, quality of logistics services, ability to track and trace consignments, and timelines of shipments/deliveries. Domestic and multinational companies have shown faith in LSPs which is evident from the y-o-y increase in outsourcing figures in India. Therefore, the impact of slowdown is there in logistics sector and reflects in stagnant industry figures, but at the same time there is a definite intent to outsource logistics in India.

Also, this year the GDP is estimated to be around 6.2 per cent as compared to last year's GDP which was 5.2 per cent; that 1 per



cent growth rate, if achieved, translates into huge growth for the logistics industry. In addition to this, the Indian economy is expected to surge as recent decline in commodities prices, such as oil and gold, will assist in

its recovery.

FDI in India has opened new opportunities for logistics players since the multinational companies have huge demand of outsourcing their supply chain function. Due to this sourcing is show-

ing an uptrend and 3PL players have started implementing advanced levels of technology like track and trace, warehouse management system, and transportation management system etc., to deliver timely information to their customer. Material that is picked up and delivered on-time without error reduces cost and satisfies customers. Hence, if we have to consider current market scenario then yes, we have economic slowdown but at the same time logistics companies are getting business opportunity.

Good investments have been put in place for some major infrastructure projects like Delhi-Mumbai Freight Corridor, new railway set up, better road net-

works and airports, which will enhance the infrastructure in the coming years. And once we have better infrastructure in place, it will automatically have a positive impact on Indian logistics operations and its SLAs.

In short, we can say that while economic slowdown has affected the trading pattern of various countries (including many developed nations) especially in Europe, India is still on a relatively smoother track due to its burgeoning middle-income consumer class. If we are able to give quality, expertise, value and cost benefits in supply chain services to the enterprise industry, there is no reason why the Indian logistics industry should not gain steam again. ●

## 'Wind power will see steady growth'

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since fuel is free with no storage and transportation and it is not affected by mining, imports or strikes and, more so, with the ever increasing cost of fossil fuel based electricity.

Product pricing will be competitive with increasing local content in mostly used foreign designs manufactured in India.

### Q What are the latest trends in wind power technology in India?

India has the latest global technologies already in place. Only the wind turbines are smaller in size than the global ones. ●

## The ripple effect of water crisis

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With lesser sources to rely on due to drying natural water bodies, rainwater has some hopes by rainwater harvesting. Along with rainwater harvesting, reusing treated sewage water can also cut water consumption by 50-60 per cent. On an average, an individual consumes at least 100 litres of water a day, so in a residential complex that works out to 500,000 litres of water a day. About 80 per cent of the water generated is waste; a solution to this would be using a reverse osmosis system and ultra-violet filters. This treated water can be used for all purposes, other than cooking.

Similarly, experts point at better policy framework and using efficiently advanced technologies by governing bodies to mitigate the water crisis in terms of and enhance its transportation, treatment and testing.

With advanced technologies in water solutions, water can be treated making it potable and transporting it to where it is needed the most and testing and cleaning it after its many uses. These innovative technologies can facilitate from water collection and distribution to reuse and return to nature using less energy reducing lifecycle costs promoting sustainability. ●



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