



ASSOCIATION OF MULTIMODAL TRANSPORT OPERATORS OF INDIA

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Logistics all set to become the largest infrastructure jobs engine for India

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The IT Ministry is giving finishing touches to a package of measures to boost electronics exports as early as June this year, it is understood.

These set of measures, that are expected to precede the new overarching national electronics policy that is being currently drafted, will aim to improve ease of doing business and remove impediments faced by companies in exporting to overseas markets.

The Electronics and Computer Software Export Promotion Council (ESC) has prepared a strategy paper for augmenting software exports to \$ 178 billion by 2022. Releasing the paper here recently, the Union Commerce and Industry and Civil Aviation Minister, Mr Suresh Prabhu, praised the efforts of ESC for taking this initiative to prepare a strategy for boosting India's computer software and ITeS and electronics export. He added that the government of India will extend all possible support to the industry for boosting exports to traditional markets as well as to make forays into alternate markets like Africa, Latin America and Commonwealth of Independent States (CIS). He said the government is taking proactive steps to make ICT exports more vibrant and to motivate more units to focus on exports.

The strategy paper highlights the need for some policy-level changes, such as resolving visa problems with the US, greater access of professionals to European countries, early signing of Totalisation Agreement with the US and setting up of incubation centres and language proficiency facilities in major IT hubs. The current business model for export of software and ITeS is relevant for outsourcing work. For the emerging markets like Africa and Middle East, a different model is required since India mostly offers product solutions. Although the potential for export of software and ITeS in the US and Europe is high, the smaller companies are grossly underperforming because of innovation and technology leadership gaps. The paper also spells out specific policy prescriptions, market destinations and other enabling inputs that can bring about transformational changes in the Indian software and services exports. Specific suggestions include judiciously blending software and hardware, creating newer export outlets, fiscal incentives, and country-specific software export promotion measures, said a release.

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Catalysing Multimodalism

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Infrastructure investment and GST implementation will help the logistics industry grow at 10.5% CAGR, says a TeamLease report titled '**Indian Logistics Revolution - Big Bets, Big Jobs**'. According to the report, public investment coupled with consumption and industry evolution will drive the growth of the Rs 14,19,000 crore logistics sector. The impact of each of these factors on the seven sub-sectors 1) Road Freight 2) Rail Freight 3) Warehousing 4) Waterways 5) Air Freight 6) Packaging and 7) Courier Services is likely to result in 3 million new jobs, upping the employment numbers in the sector from 10.9 million (current) to 13.9 million by 2022.

As per the 2018 budget, public investment of Rs 6 lakh crore has been promised to infrastructure, of which 50% i.e. Rs 3 lakh crore will go into building world class roads, rail freight, waterways infrastructure and state-of-the-art multimodal logistics parks. This large scale investment is aimed at bringing down the logistics costs from 14.4% of GDP by about 2% over the next 4 years, hence, stimulating the creation of more jobs in logistics sector.

Economic growth, evolving regulation, rising outsourcing and high infrastructure investment are expected to create 1.89 million incremental jobs in road freight whereas the rail freight sub-sectors will create 40K incremental jobs over the next four years (2018 through 2022). The report also highlighted the fact that air freight will create 400K incremental jobs and waterways will create 450K incremental jobs due to growth of cargo in ports and ease of doing business which is making India a leading emerging market.

IT adoption coupled with packaging innovation, urbanisation, multimode transportation model and fast growing customer segments and incomes will change the packaging, warehousing and courier sub-sector. The warehousing sub-sector will create 120K incremental jobs while the packaging sub-sector is set to create 40K incremental jobs. The courier services sub-sector will see a growth of 60K incremental jobs over the next 4 years (2018 through 2022).

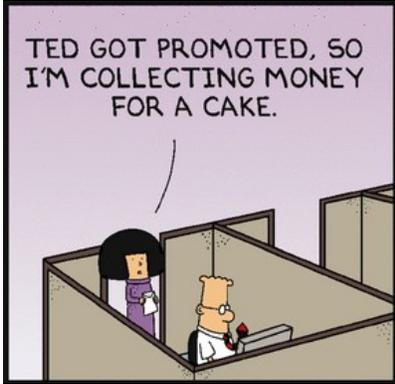
Commenting on the report, Ms Rituparna Chakraborty, Co-founder and EVP, TeamLease Services, said, "Logistics sector is going through an exciting phase with a number of public investments in line. There will be an enormous shift in demand management between transportation modes - the overburdened road network is set to share significant oncoming demand with dedicated railway freight corridors that have superior freight handling capacity. New national waterways being built, a plethora of sophisticated 3PL and 4PL players revolutionising the warehousing sub-sector, increasing consumption and consumer maturity is providing a big fillip to the packaging sub-sector. All of these changes alongside the interplay of sector demand - from manufacturing, FMCG / FMCD retail and e-commerce - and technology will not only create innumerable jobs but also metamorphose the skills landscape for logistics."

Mr Pranay Prakash, Senior Director, Human Resources, Delhivery elaborated, "It is exciting times ahead for the logistics industry. With the policy initiatives that the government is driving, including according infrastructure status to the industry, implementation of GST and e-Waybills etc, it has opened up the entire sector - both from investment as well as job creation perspective. While this provides for an immense business potential, it also poses the challenge of availability of skilled manpower across warehousing, trucking and allied service. A PPP model on creating the required infrastructure, the State's investment on upskilling people and the private sector's investment on technology are going to be the key drivers of this growth story."

Key government initiatives like Bharatmala Pariyojana and National Highway Development Project (NHDP) will not only focus on optimising efficiency of freight across the country but will prove to be the catalyst in creating the maximum number of jobs across road freight. Initiatives like Sagarmala Pariyojna and New National Waterways, conceptualised by the government of India, aim to promote port-led development in the country and will be the key factors in creating jobs in water freight. Multimodal logistics parks, logistics clusters, DMIC and DFC are other initiatives taken by the government to create incremental job growth across the seven sub-sectors in logistics. In fact, e-commerce, which has not been awarded infrastructure status, is also aiding in the formalisation of logistics sector.

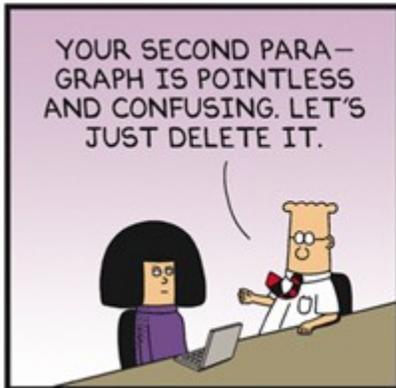
Mumbai, Delhi-NCR, Pune and Ahmedabad are a few regions that will be benefitted the maximum through these initiatives, thereby creating the maximum number of jobs in road freight, while Allahabad, Ahmedabad, Chennai and Guwahati will create the maximum jobs in waterways.

"E-commerce B2C has been a sunshine segment for India for over 5 years. With GST taking shape and some large consolidation, the e-commerce industry is poised for new matured growth by 35%-40% year on-year from here on. Opportunities in tier 3, tier 4 cities would outbeat the growth in tier 1 and tier 2 cities basis the smartphone and data leverage. Grocery, B2B, e-commerce is the next big thing and would drive the markets ahead, creating bundles of opportunities for new employment and logistics players," added Mr Dilip Sharma, Senior Vice-President and Country Head - Operations, Ecom Express.



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