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**T**he term logistics is broad in nature and includes various facets such as 3PL Logistics, Last Mile Delivery, FTL/LTL movement, Containerised Cargo/Export Containers, Rail/Air Cargo, Warehousing and many more sub-categories within each of these broad categories.

The logistics sector in India has today become a key performance indicator of the economy. One of the primary reasons for it is those years of high growth in the Indian economy has resulted in a significant rise in the volume of freight traffic moved. This large volume of traffic has opened up new growth opportunities in all facets of logistics including transportation, warehousing, freight forwarding, express cargo delivery, container services, shipping services, etc. On a yearly basis, India moves about 1325 billion ton-km of goods and the number is expected to double by 2025.

Various estimates put the total market size of the logistics sector in India to be between USD 90-125 billion. Sources also estimate that the logistics sector employs over 45 million people in India.

Logistics cost is 14-16 per cent of India's GDP in comparison to 11 per cent in Europe and 9 per cent in the U.S. There is no doubt that in India an increasing demand is being placed on the logistics sector to provide solutions, which is

# 5 key areas Logistics Businesses should focus for Growth

required to support future growth.

In the years to come, the Indian economy will be driven by sectors like manufacturing and retail (offline and ecommerce). So, for these sectors to contribute effectively to the economy, the logistics industry in India will have to improve upon its gaps and deliver value-enabling solutions. To achieve this, the logistics industry needs to focus on the following fronts:

**EXPAND DISTRIBUTION CHANNELS AND INCREASE CONSUMER REACH-** Although the delivery and distribution channels have seen a major expansion due to increase in demand and consumption, we are yet to reach a lot of key geographies across India. A good solution would be to tie up with local retailers/post-offices and make them as order pickup/drop points to reduce the last mile costs.

**LEVERAGE TECHNOLOGY TO REDUCE OPERATIONAL COST-** It's a no brainer that a flurry of tech driven start-ups have come in this space and are trying to come up with solutions to improve the day-to-day operations of logistics companies. It might be aggregators, vehicle tracking solutions, sales force/delivery boy tracking, and workflow automation. Believe it or not technology is the way forward and businesses embracing the power of technology will see a significant drop in their operational costs.

**OVERCOME INFRASTRUCTURE BOTTLENECKS-** Infrastructure remains a key element that drives the growth of logistics and keeps the profits in-tact. The government has been pushing several programs to improve the condition of roads, introducing multi-lane highways and educating the drivers about the benefits of plying vehicles on toll roads. The government

of India has introduced dedicated freight corridors and is working on leveraging multi modal transportation via inland waterways which will bring sustainable transportation and reduce the operational costs significantly. The early movers who utilise these distribution channels will definitely be in an advantageous position in the future.

**WAREHOUSING-** With the introduction of a single tax window, GST, all of a sudden warehousing has become a key focus of majority of Manufacturing and Logistics Company. Gone are the days when manufacturers needed a presence in a state to leverage taxation benefits, with a single tax window, a lot of industries will need good warehousing solutions and this is where logistics players can identify the hot zones where a warehouse can be hosted so that distribution can be less cumbersome and the last mile delivery is easier.

**PROCESS AUTOMATION-** The logistics business drives on quick service and fast turnaround times. Yet, there is a lot that goes on in the background before a shipment or a truck is in transit. The reality is that a lot of these processes are manual and eat up a lot of time, which adds to the overall TAT. It is imperative that ongoing investment is made in automating process that allows one to expand without increasing other oversight expenses

As mentioned earlier the logistics industry is witnessing a continuous growth. Although, there are multiple challenges that exist in this industry, the growth of logistics is going to be a key indicator in the performance of our economy.

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