

# Hopes pinned on a positive budget

With government initiatives like GST, e-way bill, infrastructure status to the industry, there is a wave of optimism in the sector from Union Budget 2018-19. **CARGOTALK** talks to industry veterans to know their wish list.



KALPANA LOHUMI

**Chander Agarwal**  
*Managing Director*  
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The government has brought some great potential for the economic upliftment of the country by setting up a dedicated logistics division under the Ministry of Commerce & Industry and granting an 'infrastructure status'. Last year, about ₹39.61 lakh crore was announced for investment in infrastructure development.

We look forward for more emphasis on improving the infrastructure this year not only for express delivery players, but for many industries carving a niche globally. Secondly, we expect efforts from the government on offering a seamless, transparent digital platform ensuring easy movement of goods and vehicles across the country. Lastly, we look forward for more schemes focused on fiscal incentives



encouraging investments in SEZ, allowing the private sector to contribute, consolidate and expand.

**Brijesh Lohia**  
*Managing Director*  
*Global Ocean Group*

With the e-way bill coming into effect from February 1, 2018, we are expecting the government to announce initiatives to boost the growth of the logistics sector, which is reeling under tremendous pressure after demonetisation and GST. Sometime back, **Nitin Gadkari**, Minister of Road Transport, Government of India, had announced initiatives to increase the

capacity of the ports which was a positive step towards the revitalisation of the logistic sector. Initiatives taken by the government towards increasing the roadways by adding 40 kms per day will also give a major push to the logistics sector and stimulate economic growth.



The recent announcement of Foreign Direct Investment in retail is also something to be cheered about as it will bring more business to the logistics sector. We further

request the government to expedite the work on existing projects such as inland waterways and Sagarmala project to infuse growth into the sector.

**Aneel Gambhir**  
*Chief Financial Officer*  
*Blue Dart*

Post the implementation of Goods and Services Tax (GST) in July 2017 and the industry being accorded with an infrastructure status in November 2017, this will be the first Union Budget and therefore we're expecting to see high relevance and more sector specific policies. Though interstate movement of goods will become easier with reduced procedures and restrictions at state borders, there is a lot of clarity needed to ensure a smooth process. With the dismantling of check posts at state borders and the implementation of e-way bill in the next few weeks, we are expecting that it will bring about a positive impact on transit times and relief from the complex state-based tax structures. We are hoping that the government considers Aviation Turbine Fuel (ATF) under the ambit of GST. For now, excise/VAT paid on these products are not available as input credit. Under the Service Tax regime, input credit was available for the excise paid on ATF. This had a negative impact on logistics costs.

on manufacturing. But it also has a large presence of unorganised service providers. Economic reforms, trade co-operation, improved transportation infrastructure and industrial growth is ushering opportunities for the logistics service providers (LSPs) in India.



However, India lacks the availability of world-class cargo transit hubs, which has resulted in business shifting to other neighbouring countries. Development of dedicated freight corridors for both rail and road transport, which can provide better multi-modal transport (connecting airports) is yet to be conceptualised in the country. This should be partially addressed by the recently announced infrastructure project - Bharatmala, connecting 550 districts to the National

Highway and Sagarmala that aims to de-congest major ports as well as commission at least six new mega ports.

The industry anticipates more schemes under 'Make in India', 'Skill India', and 'Digital India' initiatives, which would help in the boost of the upstream and downstream economic activities. According to a report by Morgan Stanley, India's economy is expected to grow by more than 10 per cent annually and touch US\$6 trillion by 2026-27.

**Mayur Gandhi**  
*Chief Financial Officer*  
*Schenker India*

Infrastructure status to the logistics sector will enable the sector to avail medium and long-term debts at beneficial terms. With the anticipated growth of the economy, the logistics sector will be key to bring down the logistics cost from about 13 to 14 per cent of GDP to a lower level. Tax holidays from direct tax for warehouses set up in rural area outside 50 kilometers of the specified city limits can be considered as an option in the budget as this will generate employment in the rural area and also will make it possible to create larger warehouses which will bring down the overall cost of logistics. The budget can also consider higher rates of depreciation being allowed

on various warehousing infrastructure and handling equipment. In the upcoming budget, the government could consider allocating funds to augment the capacity and infrastructure at the dry ports in India. This will support the ambitious Sagarmala project to be more effectively connected with the industrial town within India. There will be a need to monitor the growth and achieve efficiency of these ports. Post implementation of GST, it should be possible to reduce the number of dry ports.



The budget should allocate the funds to develop inland waterways for freight movement in a phased manner. There is a need to develop skill sets for the effective management of future supply chains in the growing economy of India.

Therefore, we would like the budget to allocate funds for education and skills development in the area of logistics and supply chain.

The government could set up a committee to review the various maritime laws currently applicable in India. These laws were framed several decades back and needs to be updated and aligned to meet the changing business scenarios in a growth market like India.

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In 2017-18, the government initiated several public-private infrastructure projects with major players, which have led to faster execution, creation of a stable ecosystem, a boost to the job market and the economy. Presently, the Indian express industry is witnessing development and expansion of its existing infrastructure, emergence of e-commerce specific logistics solutions, has a strong focus

