

# Ignore us at your own peril!

I have been a part and parcel of the Warehousing / contract Logistics / 3PL industry for nearly two decades, in which I have spent the last decade running in and out of conferences, meetings, PPP discussions etc organized by industry bodies, media houses, consulting majors and State or Central Government Departments. From the first day the question which keeps on ringing in my mind and still remains unanswered is— Where do we stand in the eyes of the Government?

The Shipping Ministry looks after Ports and related issues of all cargo that moves by sea, The Ministry of Road Transport does the same for the movement of Cargo by road, The Ministry of Railways for the rail cargo, private rail operators etc, The Ministry of Finance does its bit for shoring up and securing the Central Government's revenue by levying Service Tax, controlling Customs and Excise related parameters for movement

and storage of goods, The state and other local authorities also do dip in to collect the sales tax and local levies like Octroi (yes it still exists!). However I am still to come across a Ministry or a Department which regulates, controls, plans for or helps the Warehousing / contract Logistics / 3PL Industry, (The Warehousing bill only focuses and regulates the agricultural produce and commodities).

We as service providers have to unload every truck that comes overloaded, handle cargo that gets crumpled on the way, check and correct documentation, fill up the ever changing state and central sales tax forms to perfection, deliver rail cargo within time despite railways always having a passenger preference, get penalized for transit time delays for international cargo because of inadequate port infrastructure and related connectivity.

The heart of any 3PL operation is the warehouse and today the biggest challenge is to have a good warehouse at a suitable location. The boom in real estate has affected land availability and prices in every accessible piece of land, PPP initiatives in warehousing take years on the table and fizzle out due to change of direction from the government side or when the private player loses interest due to the inordinate delays. If you manage to get a piece and try and develop it yourselves then every state has typical land and building laws, most of them are oblivious to any guidelines or recognition or existence of a structure called warehouse. In spite of all these limitations, the industry strives to deliver

raw materials to manufacturing and finished goods to consumption within the stipulated time lines. Yet we do not have a window where we can voice our grievances, leave alone hope for redressal.

In the absence of any focused initiative from the government, the industry has to work with the tenets of "Somehow" management. The biggest casualty is our productivity as a service provider, and this has two cascading effects on the economy- the first that our cost per transaction or movement increases and adds on to the cost of the product. Second and more importantly, it chokes on the flow of goods. We are a growing economy, the growth is primarily fuelled by the rise in purchasing power of our middle class which increases consumption of goods and services.

The telecom and internet revolution has been a big enabler for growth in services, but for the consumption of goods to grow in tandem with the demand logistics is the biggest enabler.

It might sound too farfetched right now if I say that



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## Identity Crisis



if we do not pay adequate attention to remove these choke points in the flow of manufactured goods both on the regulation and infrastructure side, we might end up slowing the growth of our economy. But if this comes true and our growth numbers start slipping, it might be too late to recover.▼