

volume pressure, the end user industry needs carpenters who can design and mould that basic wood into designs (read solutions) which suit the business needs. The most critical need of the day, therefore, is that LSPs give a facelift to their approach and operations, not only to deliver quantity but better quality. "Keep killing me on the cost, and keep cheating me on service" – the strong

feeling underlining the prevailing mistrust has to go and subtly substituted by mere supplier to partnership relationship. From LSPs standpoint, specialization in regard to intellectual capital and expertise has to come up. The writing on the wall is clear: the days of those mundane mathematical cost effective solutions are over and its time to make breakthrough in efficient solutions. Those who would understand

this need and take pro-active steps in the near run would be better geared up to take up the challenges in the future. I do firmly believe that in 2011, LSPs would tend to fill in the gaps in their operational structure in a more serious manner. There would be more focus on sharpening of skill-sets and adoption of advanced IT processes would certainly be on the top of their agenda.

Right time for infrastructure investment



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As we are moving into the new year and given the projections, the economy seems to be firing on all cylinders. Quite obviously,

this bodes well for logistics and allied industries. However, I feel that to make the most of the robust economic environment, GST should have been implemented in 2010 itself. The rationale is simple: at least it would take one year after GST implementation for the players in the industry to adjust to new business environment. There could be positive or negative fallouts in the immediate context when it comes to the adjustment issue. And on these issues, the regulatory authorities would have to pitch in again. That time span of one year becomes important. So if we are talking about fiscal 2011-12 with a projection of around double-digit GDP growth, then we need to really hurry up with the GST so that initial pangs or adjustments can be taken care of as expeditiously as possible.

Another important issue is that of infrastructure. The government certainly has drawn a bigger picture in terms of better ports connectivity and highways or even multi-modal hubs, but all of that would take four-five years in actual realization. But whatever has been refurbished or opened up till now and every bit of infrastructure which would be adding up in the coming years, will result in providing impetus to economic

activities in those pockets. Herein lies new opportunity for us and we should be agile in spotting those opportunities. In a way if you have to map the growth out, then you have to map out which projects are on and which are hitting completion and what effect they will have. A small example is Kundli-Manesar-Palwal (KMP) expressway project. The project has been delayed but the moment it



becomes operational, it would integrate the regional economy. It will be a big impetus to places like Manesar which is overcrowded today. That is what we have to see as how many such projects are going to become operational in the country in 2011 and accordingly make our business plans.

One debate doing the rounds is given the kind of economic growth environment, would there be more impetus in creating better structured facilities like logistics parks which are so crucial for our business? My response is: its proverbial chicken and egg story. Look at the base

rental scenario of the warehouse today. We had seen a major hike in 2006 and 2007 which was primarily triggered by retail boom expectations. And a lot of capacity was added, some of them even without considering the issues like right locations. The organized retail players were in an equally bullish mood and signed agreements. And suddenly there was this bubble burst in 2008. And so 2008-09 were very bad years particularly for rentals. But in 2010, the capacity which was added in 2007 has more or less been gobbled up.

The ones which are not doing well are those which were thoughtless investments and primarily suffer from locational disadvantage. A good location warehouse is today difficult to find.

I strongly feel that if you believe in the medium and long term India story, then this is the time to put investment. If you do not put investment in this year, then it would be very difficult to grow.

Another interesting trend which I am expecting during the course of the year is further consolidation by way of mergers and acquisition in our industry. The process gained significant momentum last year and it would certainly intensify. But more than anything else, the key point of attention in 2011 would be GST.

It would be the major disappointment if it does not happen in the new year for the simple reason that it would defer a lot of expansion plans which logistics companies would like to undertake to take their operational scale to the next level.