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## Budget should create a roadmap for sustainable growth for express logistics



An efficient logistics eco-system will play a pivotal role in helping companies realise the growth potential and put the economy firmly on the growth path (Photo: Bloomberg)

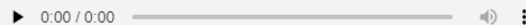
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**Pirojshaw Sarkari**

The Union Budget 2022-23 can propose capital subsidies for logistics companies for constructing grade A warehouses in smaller towns so that express logistics can have a long runway for nationwide expansion



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The express logistics sector has emerged as one of the fastest-growing logistics segments with a revenue CAGR of 15% for the past five years and the sector is expected to grow at a more rapid pace over the next five years. The proliferation of e-commerce, growing integration with the global supply chains and rising demand from small and medium enterprises (SMEs) and the business-to-business (B2B) segments will drive the demand growth, going forward. The overall sentiment is positive despite the recent surge in infections as the India growth story remains intact on the back of sustainable recovery of the economy and higher vaccination rates.

An efficient logistics eco-system will play a pivotal role in helping companies realise the growth potential and put the economy firmly on the growth path. An supremely agile, responsive, streamlined and highly optimizable express distribution network enhances cost and market competitiveness of companies across sectors. The rise of e-commerce has made speed and delivery efficiency the key parameters to evaluate service competencies of the logistics.

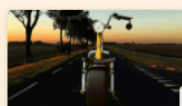
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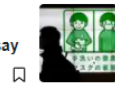
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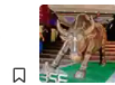
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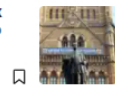
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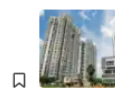
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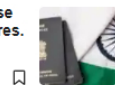
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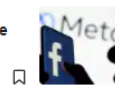
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### Long Story



Therefore, the Union Budget 2022-23 needs to propose measures to promote digital technology adoption so that processes become simplified and enhanced speed and visibility leads to better decision making. The adoption of new-age technologies such as artificial intelligence (AI), blockchain, machine learning, etc. are gaining momentum in the industry. The government can offer subsidies or incentives to encourage companies to adopt digital technology to optimize resources and capabilities and build effective coordination among transport networks, warehousing and distribution facilities.

Continued infrastructure development is another crucial aspect which will drive growth for express logistics in India. In a growing economy like India, there is an urgent need to bring underserved regions under the network of organised logistics services. Therefore, the government needs to maintain the pace of infrastructure development through initiatives like *PM Gati Shakti - National Master Plan* for Multi-modal Connectivity. In addition, the budget can propose capital subsidies for logistics companies for constructing grade A warehouses in smaller towns so that express logistics can have a long runway for nationwide expansion. The country will make rapid progress towards becoming *atma nirbhar* or self-reliant and fuel entrepreneurial ambitions if the express distribution network becomes robust, efficient and cost-effective. In fact, the government can offer tax reliefs and subsidies to the private sector for developing logistics infrastructure.

The express logistics sector is witnessing a structural and operational transformation as the demand for technology-enabled logistics networks is growing. The participation of the private players will only accelerate the transformation. Therefore, upholding the spirit of ease of doing business, the government needs to develop a favourable policy framework which will boost collaborations with the private sector and attract both domestic and foreign investments for logistics infrastructure development. As the demand for end-to-end logistics services is rising, a robust logistics infrastructure can ensure seamless integration with the global supply chain. In the upcoming budget, the government can announce the excise duty cut on CV fuel which will boost the logistics transportation. Reduced excise duty on fuel will not only make logistics operations cost-efficient but also increase economic activity.

However, the infrastructure growth needs to be sustainable without any adverse impact on the environment. The budget needs to propose incentives for promoting the adoption of green energy and environmentally sustainable practices.

*Pirojshaw Sarkari, Chief Executive Officer, Gati Limited*

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