



new year with too many negative trends and I hope, this must force the Government think tank to sit down, take a stock of situation, indulge in some introspection and take corrective measure before it becomes too late for them to react.

But as we know that there is always sunlight after a dark night, similarly the hopes for a better

tomorrow have not completely diminished. I am somewhat confident that FDI in retail will see the light of the day. Similarly GST is again too important for Indian economy to grow further and this may finally become a reality. From Express Industry perspective also, GST will ease the state border clearances, which otherwise is a nightmarish experience.

New Postal Bill is very important not only for us but for overall economy of India. Any retrograde step will not only kill this industry but globally also it will be viewed as non-progressive in nature. I am hopeful that concerned Ministry will ensure the availability of full draft copy to its stake holders before it is sent for cabinet approval. We cannot ignore larger picture that industry have too many players and any price multiple linking to EMS Speed Post tariff will not only kill the small and medium size players but will also be totally anti-consumer.

I hope things will fall in place soon and not only 2012 but many coming years will usher in favourable growth climate to make India what it truly deserves- THE FUTRE ECONOMIC POWER HOUSE.

## A testing year

Harry Lagad, VP (South & South East Asia), Toll Logistics



Watching the TV news channel last night, I saw the year 2011 reflected in all its entirety, in the eyes of Anna Hazare. The tiredness, the defeat, the dejection and the misery of a cause, that could and should have put India firmly on the tracks of reform.

As is the case with anything of an Indian touch, 2011 started

off with a big bang. The euphoria of the market, the sentiments portrayed by the pundits, screamed loudly about the buoyed economy. The bullish outlook for the Indian markets swooned investors, who flocked in droves and India smiled!

But the under-lying currents of lethargic reforms, bungled politics and weak signals of change, soon started dampening the nation. The economic outlook of Europe and US, further tightened the noose and a wave of uncertainty soon gripped the nation. As we near the final bell ring out the year, India stands amidst a bleak out-look on its economic front, the much touted talks of FDI in retail, the GST and the development of the infrastructure projects almost stalled and slowed to a snail's pace.

India is a market that can drive its own economic growth. Its own consumption power is enough to sustain continued growth of its GDP. 2012 will be the test of a market that has the potential to beat even that of China. Politics should be played with an eye on the overall benefit of the nation, swift reforms and measures should be brought in, and the sheer amount of wasted energy and wealth, due to the poor foundations of infrastructure and bearuacacy should be stemmed and ploughed back to add at least 2 percent points on India's overall GDP.

I see little changing for India in the year ahead, much as I would like to see the above reforms, and feel that its time, the Indian literate community of both professionals and businessmen, should boldly step out seeking change. Otherwise, sadly, I foresee an exodus of both professionals and businesses to relatively better structured and open markets outside of India.

## Not just consumption Mecca

Pawanexh Kohli, Senior VP, Arshiya International



2011 was the year where circumstances worked against hope and forced many to reevaluate business strategies. The global stirrup in the previous year has had an immediate and mid-term impact; evidenced by various indices having dipped. Yet, my belief is that this actually sets a platform favourable for the emergence of India as a

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manufacturing hub. Pressure on the currency coupled with fuel costs has actually contributed a strong relook at localised manufacturing vis-a-vis trade arbitrage between producers and consumers. The exposure to global sourcing opportunities will refine further to truly bring about 'right-cost country optimisation', quite the contrary to right-cost finished product sourcing – so expect more component and service out-sourcing for close to market fabrication or product assembling. India will not be seen as merely the new consumption mecca but also as the hubbing location of choice.

The ever improving Indian logistics infrastructure will further contribute to the emergence of India as a manufacturing hub. The last year saw the emergence of Free Trade Zones in India and fast adaption of the concept. These free trade and warehousing zones present the perfect opportunity for businesses to realign their cost of doing business and extracting value even whilst the globe contemplates recession. Our government's focus on developing such FTWZ has luckily witnessed a most opportune timing, given this global downturn.

Global trade by its very nature enforces global standards including those related to cargo handling; hence unitisation (palletisation and containerisation) which leads inevitably to multi-modal transportation; and multi-modality allows service integration and economy through scale. I would hazard to say that such exposure will lead to greater unitisation of domestic loads in 2012, largely driven through the logistics industry.

In the supply chain world, the year 2012 will initiate a renewed trend towards integration of services, integrated visibility and integrated value. This will be enforced due to increasing dispersal of the consumer market. The receiving consumer and the sourcing buyer have a larger and ever widening footprint, dispersed from across rural India to modern cities and from Latin America to China.

Logistics can no longer be mere movers of goods but must get into the box, understand the cargo and positively contribute to the value chain. Free trade zones and domestic distribution parks are the ready pre-cursors to this new trend and allow for an even grander scale to dispersed nature of global trade. This would be derived through partnering in the trade rather than only servicing as need fulfillers.

Integrated logistics is the strongest play today and the future. It can allow for scale which in turn fetches an associated economy; it allows for a model based on shared resources through multi-tenanted infrastructure across all modes and segments. So, no

single vertical but a business model that pans and controls judiciously planned enabling assets; one that stretches across the value chain and not just a cost to supply, such a total offering will strengthen the logistics sector. Such obvious need will see users realising and demanding cross functional integration, moving from segment cost to total value realisation.

Forethought in vision and speed in strategic uptake are the differentiators in the modern world. Impatience is almost a virtue, and the quick changing logistics landscape feeding hungry ambition of this almost developed nation will of course sift agendas and perceptions.

These circumstances invariably lead to innovation and new technologies. Mergers and acquisitions also become the probable follow through. Strategic alliances will initiate this trend initially. 2012 will see yet more acquisitions aimed at services integration.

## Fixing policy paralysis

Pranil Vadgama, President, CHEP India



“Policy Paralysis” has been the buzz word to describe the Indian economic scenario in 2011. We had various issue on corruption, scams and agitations-debated, dissected and marketed for TRP by various discussion forums across newsrooms, social media and all forms of interactive groups. What is the outcome of all these wasted hours of

precious resources? More Debates!

So let us not debate on what has already been debated and look at what need to happen and when. The focus of the government in 2012 should be brought right back to the core issues of infrastructure development and stimulating manufacturing activities. This will be the defining theme to sustain the growth momentum in the economy. The logistic industry is so very dependent on infrastructure that the various forums, bodies and industry confederations must work towards pushing the government in infusing momentum towards this goal.

One more path breaking decision that would have massive implications for the logistics industry was the 51percent FDI into retail. This decision taken in 2011 was ill timed and lacked conviction. There was no preparation in building consensus,

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