

Interactive Seminar on

Logistics Parks

“A Key imperative to achieve excellence”

Welcoming the audience for the interactive seminar on Logistics Park, Mr. Sridhar, Vice chairman CII Institute of Logistics and the Director of Bengal Tiger Ltd, said that logistics sector in the country is in need for a better infrastructure, while the government is doing all that it can like construction of road, rail, however, much more needs to be done. Given this paucity of infrastructure in the country, Logistics Park is definitely the solution not only for the interim but also for the future as far as freight is concerned, especially in a country like India, having a vast coast line; it makes a great opportunity for Logistics Parks which are linked to ports. However, he said, the concept of logistics park in his opinion has not met with success as it should because of firstly, there are not many logistics parks that are good at value added services, and only if these parks shift from being looked at as a mere warehousing approach to value added services initiative, then definitely logistics park would be a great success in India.

The Government has come up with many incentives with the intentions to set up multi modal logistics park, small, medium and large are mostly going to be rail linked. Mr. Sridhar concluded by saying, for logistics park success in India, the approach should be take on ports to be partner of logistics parks, link a port to two or three Logistic parks. He also urged the other speakers to come up with recommendation to be made to the government regarding specific issues concerning logistics in the country.

Mr. Sanjay Upendram, CEO, Amarthi Consulting private Ltd. Begun by comparing India's yester years where the role of the private sector was limited, government policies were more socialistic, closed economy when compared to India today, which is one of the fastest growing economy, 8-9% GDP growth, promising consumer market, significant improvement in infrastructure and the all enabling policies, increase in privatization, robust banking sector to support the growth. These are the characteristics of the modern India that we see today. There is more traffic on the road today; roadways will continue to dominate the market of transportation, closely coupled with the road transport is the rail freight which is also growing at a very significant pace. But if you see the modal split between the two, the road covers about 65-70%, is it the most economical usage of energy, perhaps not. While road transports are good for short distances while rail is the best mode for medium and long distance, again the concern is whether we are using the right mix of these modes. In-continuation to this trend the next growth parameter that we see is building up of capacity across the ports. For all our EXIM we are using ports, which is also growing very significantly, however, we need to think whether we can use the waterways for transporting goods for domestic use.

Mr. Sanjay said another thing which is driving growth is containerization, where India is far behind when it comes to container volume. Compared to the global volume of containerization of 600 Million TEUs, India is only 12 million TEUs. Citing advantages of containers is the easy transportation of goods from one mode to another. He also said that air cargo in India is only 1% of the entire cargo, he also initiated whether should we consider having logistic parks located near the airport, with the rapid expansion and modernization of airports in India.

Though the above study shows significant growth, but based on the World Bank's study, India is severely lacking behind in Logistics infrastructure, i.e., minimal hinterland connectivity, no dedicated freight corridor, the same rail that takes passengers carries freight, congestion at the ports, poor customs processing and poor service levels at the customs, fragmented transportation, outdated warehousing, and minimal air cargo. Such inefficiencies of infrastructure in India, costs the country around 14% of the GDP, while in emerging countries like Korea and China due to adequate rail and port freight capacity, growing levels of containerization for domestic and EXIM cargo, established transportation along with 3PL/4PL services, and their costs is around 10% of their GDP. However in advanced countries like Europe, USA, it costs them 7- 8% of the GDP. Logistics is a strategic enabler for continued growth of India; however India's Logistics infrastructure is lagging, resulting in comparative disadvantage of \$65 Billion.

India is ranked 47th in the Logistics Performance Index (LPI) 2010 across the world, with Germany topping the rank.

However, he also said that there is some good news too, Infrastructure is being upgraded and primary and secondary hubs of manufacturing, logistics and value addition will continue to emerge. Major infrastructure have been planned namely the North south-East West Corridor, Golden quadrilateral, the major ports, the Western and Eastern dedicated Rail Freight Corridor and major international airports.

Also there are new tax laws that are emerging to the advantages of Logistics industry, NCR, Mumbai, Pune, Bangalore, Chennai, Hyderabad, and Kolkata will be as primary hubs and emerging secondary hubs of manufacturing and distribution. The primary hubs have significant demand potential to serve 30-40 million customers and are supported by strong infrastructure and industrial base. Secondary hubs have a growing demand potential to serve 5-8 million, with good connectivity, land bank and serve attractive emerging locations for logistics. Hence, we can say that Logistics Parks will continue to emerge in the primary and secondary hubs forming a hub-and-spoke network.

Talking on the maturity of logistics and its status in India, Mr. Sanjay said that today majority of India's logistics infrastructure are traditional warehouses, and have a long way to evolve as world class multi-modal logistics parks. He cited that in India, 80-85% are traditional warehouses and godowns with an approximate size of less than 10,000sqft used for storage with height of 3-4 meters, single user facilities with poor infrastructure, located at the center of cities close to the production/manufacturing locations, most of them are fragmented unorganized warehousing leading to high pilferage and losses which also lack in standards and specifications. Talking about modern warehouses, in India there are only about 7-8% of them with an approximate size of less than 50,000 sq ft, equipped with racking systems, palletization and standardization, these warehouses are leak proof structures, with 24 hour security, multi user facility with modern infrastructure which are located near optimal locations, who make the best usage of automation and IT leading to minimum pilferage and losses. And there are about 3-4% of Logistics Hubs, Logistics parks and Multi modal Logistics parks in India.

Mr. Sanjay reiterated that the future is large national Logistics Parks (Manufacturing and distribution hubs) that provide economies of scale and scope.

The key features of these parks will be:-

- i. They will be over 100 acres in size
- ii. Integrated systems accessible by multiple modes of transport
- iii. Container terminals
- iv. Bulk/break- Bulk cargo terminals
- v. Warehouses
- vi. 3rd Party logistics players
- vii. ICD/CFSs
- viii. Banking and Insurance
- ix. Office space
- x. Facilities for manufacturing, packaging, parking, mechanized handling, inter-modal transfers, sorting and grading.
- xi. Cold chain center
- xii. Aggregation/disaggregation to handle domestic and EXIM Freight.

The key benefits of these parks are that they are cost saving through economies of scale and growth, reduced transit time and processing time, optimal use of all modes of transport thus reducing overall cost, easy access to value added logistics services, Improved service levels, professionalism, reduction in inventory and damages.

Talking on the strategically located and seamlessly integrated Multi-modal Logistics Park, Sanjay Upendram, cited the example of the world class logistics park- RICKENBACKER Global Logistics Park situated in Ohio, USA. It encompasses 1576 acres surrounding the RICKENBACKER International Airport, and adjacent to the new Norfolk southern Intermodal terminal, it is capable of handling approximately 28 million square feet of development. Located within Pro-business environment, which offers 15- year, 100 percent real property tax abatements aimed at reducing overall costs of doing business.

Setting up of Logistics Parks at optimal locations will result in savings of US \$13-16 Billion in Logistics costs in India. Based on the learning's of successful Logistics Parks around the world, the following guiding principles can be considered:-

- a. Developing a clear value proposition of potential logistics savings for the customer.

- b. Identifying the appropriate location of the park.
- c. Conducting a detailed analysis of the catchment area and demand potential.
- d. Providing seamless multi-modal transportation solution
- e. Providing flexible options for the customer in terms of financing and space planning.
- f. Ensuring that all basic amenities are available.
- g. Providing world class service standards and a professional environment.
- h. Aggregation/disaggregation to handle domestic and EXIM freight.

Mr. Sanjay Upendram concluded his speech by recommending and urging the Logistics parks developers, End users and the government, who are the stakeholders to consider these critical questions to build successful World Class Logistics Parks in India. He said that a Logistics Parks provider should consider to think how he can move away from providing just warehousing to the fully integrated value added logistics services?, How can he achieve world class standards, how can he deliver the promised service value to the end- user?, How can he communicate the value and benefits of the logistics park to the end user beyond a warehouse?

Similarly he urged the end users to ponder over these considerations before choosing a Logistics Park, as to how does we understand the value and benefits of the logistics park?, how can we better leverage all the services of a logistics park to improve the supply chain? Will we be paying higher than the typical Rs.7/- 13sft per month for all benefits of a logistics parks.

Finally he also said that the Government should consider as to how can all the logistics and infrastructure projects be fast tracked, how can the government provide large parcels of legal land at subsidized prices at strategic location across the country, how can the government provide a single window clearance process to reduce the transit and processing time.

Mr. Velumani , the chief guest of the event , Chairman and Managing Director of Ennore Port Trust, in is opening address said that CII and Logistics in particular has been taking a lot of initiative for the development of industries in the country and it has been also a source of support and strength. One of the initiatives taken by the CII logistics 7 years ago which had carried out a detailed report on the feasibility of establishing a Container Terminal, inspired by this they have taken it forward later by establishing one.

Mr. Velumani said what the logistics industry in India needs is infrastructure action, we plan but what we need is a much more focused action plan with proper initiative, strategies to carry out the action plan. He said that India needs world class Logistics Parks to be integrated with the rest of the world, the dire need of the hour. He feels that Logistics parks will go a long way in having effective infrastructure and successful logistics services.

Mr. Velumani talking on the Private Public Partnership initiatives said that Government policies are now tilted toward PPP model, particularly the infrastructure sector. In fact the Ennore port is a total model on development of PPP, all the facilities, operations and maintenance are left to the private

ownership, the port trust partners with the private sector and facilitate with them. In the last four year, the Port has attracted 2500 crore of investment from the private sector, this comprises of four projects, three of them are already operational, the fourth project is in the making now.

Talking about the port capacity, which is not adequate, The Government is now supporting the private investment in the port sector also. New ports are coming in the private sector and in the existing government old ports, the facilities are being developed with the investments from the private sector, so this is a glimpse of how public private partnership in the port sector is working in this country, which is a good sign of development.

Talking about the public private partnership model, Mr. Velumani says that logistics is one area where this can be applied successfully in particular the logistics parks, the government sector should look at it with keen interest. The serious constraints is on the availability of land and the price, government should come forward so that the logistics parks will be a success if the land is available at a reasonable price. Talking about PPP model, citing his experience on the model, a lot more improvement is needed in both public and private which will have to graduate sooner or later, both have to have mutual interest in such an initiative, reasonable contribution and expectation is the key to success and we should thrive to achieve this. 'He said that what we need is the quantum jump in the growth of infrastructure without that it is very difficult to cope with the growth of the economy. He concluded by saying that logistics will do good only if infrastructure supports it, in particular the rail-road infrastructure.

Mr. Ravi Sannareddy, and the Managing Director of Sri City private limited in his opening remarks on the session, said that he is confident that using PPP model we can develop world class logistics parks in India, he also thanked Mr. Sanjay Upendram, on bringing out excellent research publication on building excellent logistics park in India. He said that he is happy to inform that Sri City has most of the suggested recommendation incorporated including large area around 500 acres, dedicated warehousing zone, and multi modal facilities. While concluding the speech he said that he definitely agrees if the right policies are put, right spirit, it is possible to achieve the desired results.

Session I- Future of logistics infrastructure: Logistics Parks

Moderator: Mr. Sunil Rallan, Managing Director, J.Matadee Free Trade Zone Private Limited.

Panelist:

Mr. C.J. Mathew Development Commissioner, Cochin Special Economic Zone

Mr. Arif A Siddiqui, Director, Coign Consulting

Mr. Abhijit Malkani, Executive Director, Realterm FCH Logistics Advisors

Mr. Sunil Rallan opening the session said that the government has announced an export target of crossing 500 billion dollars by the year 2015, which is almost a 100% increase from what it is today, also the manufacturing sector in India will increase from 13 to 14 % of the GDP to 25% of the GDP. Looking at the potential and the key challenges to increase manufacturing will be supply chain management; the key factor is logistics and infrastructure.

Mr. Arif Siddiqui said that there are three key points to dwell upon, firstly, he said that whether it be the government of India or private players or developers, fundamentally and ultimately the gambit of the entire Infrastructure and logistics business revolve around servicing the supply chain which we should not forget, Improving customer satisfaction, improving service delivery and most importantly the order fulfillment which is the core , the key issue is lying in the B to C and whereas the focus is on the B to B.

It is critical for governments, association, organizations, and local municipal authorities to start focusing on B to C sector. Citing example he said that a truck used to take 52 hours 10 years back to travel from Delhi to Mumbai, while now it takes only 42 hours, which is a significant improvement, however, when we say Delhi to Mumbai, we actually mean Gurgaon to Bhiwandi or UP border to Panvel, which are outskirts of Delhi and Mumbai respectively, while the consumers live inside Delhi & Mumbai, it takes approximately 24 hours that 50 kms distance between Gurgaon to Delhi or Bhiwandi to Mumbai. However, that infrastructure is an important piece in the entire supply chain and that infrastructure has to be super efficient because it handles huge amount of transaction. The transaction volumes become large as we go towards the Consumer which becomes larger.

The functional element of the supply chain, the demand it creates to infrastructure and the functionality of the infrastructure is so critical. Talking about the government side of the infrastructure, we are talking about the roads, toll markers, congestion on the roads, entry restrictions period, which is a big barrier in the efficiency of a supply chain leading to TAT being effected, money value gets affected leading to the delay in overall service. To speed up the time to market, and move products seamlessly through in and reduce the overall turn around time, the focus on B to C is critical and that is where the focus is required.

Answering a question raised by Sunil Rallan on “ Since the industry is at the emerging stages, is it time to set standards for logistics park, or Multi Modal logistics, warehousing”, Mr. Arif Siddiqui said that there is no one solution to all, there are customers while there are no good warehouses, there are land owners but not all can become solution provider, and not all building can be warehouses or logistics parks, there are standards which are written , there are standards that are still required by the regulatory authority related to building specifications, related to ability of the developer, process standards all should be

revolving around material , design, processes, skills and locations. Standards to be developed by the government, that are acceptable which can be improvised with time, the standards has to be scalable, evolutionary and process oriented. He said that a building can be later designed but first the functionality and specifications are set, rather than trying to fit a process into a bad design. Hence standardization is extremely important.

Mr. Abhijit Malkani, adding to the point said that in the recent days there is change in the customer requirements, speaking of standards, it will take time to come up to the industry standards. Talking about China, typical Chinese traditional warehouses existed, which is current situation in India, however suddenly 7 to 8 years back millions of modern warehouses started emerging and then much later the standards did get developed. For any infrastructure player it is very important for any standard to come.

Answering a question raised whether to have rating system to define standards?, which will not only help the developers to set their business models but also the users to clearly understand what is being offered to them. Answering this question, Mr. C.J. Mathews said that point about standardization is definitely relevant but considering the state of logistics industry in India, there are few issues to be addressed, firstly it is highly fragmented industry hence there is no unified body to set the standards which become acceptable. Secondly, with standardization and certification there will be increase in cost, so the question is how to put cost without putting a burden on the ultimate consumer and thirdly and most importantly, for such certifications, standardizations to occur, we need very large players, which means consolidation not only in terms of quantity but also consolidation in terms of entities.

Mr. Abhijit Malkani said that the challenge is definitely there, especially while maintaining 3 such large parks and every day speaking to the customer day in and day out. He said that if you use the right specifications and make the right use of the warehouse, then we will be spending less. The challenge is as to how to get the message to the customer, but the good news is that the people have come to realize based on the international standards and customer requirements that it is time that the change happens.

Answering an audience question as to if there are any international standards for building a warehouse, in terms of construction, Mr. Arif said that there are standard of efficiencies, as however there is no one jacket fit all, but you could categorize requirements . There are standards of efficiencies that will help to deriving for instance how many doors will you need in a warehouse, those are based on TAT related deficiencies, inventory related deficiencies , order fill rate performances, service levels these are things that will drive . The warehouse should be build keeping in mind the functionality of the warehouse, to the user it brings in money for the number of transactions because of the efficiency and to the developer it brings in money in terms of rentals by providing efficiency.

Mr. C.J.Mathews answering to one of audience who raised a question that can a representation made to the railway government as there are lot of land available and this can be used for building and construction of warehouse at strategic places, agreed that there are unchartered quantities of land available not only with railways but with other bodies of government, however the government should take a policy decision on this, and once this is taken then they can be used for the infrastructure of the country , but also there are interdepartmental turf war, for instance, Defence would claim that land belongs to them or railways would claim that the land belongs , these are the practical issues that we have to grapple with everyday.

However, it is very important to educate the government about the land available which will be ultimately put to the use of public at large in India. Mr. Mathews said talking about the reclamation land, said though there will be dispute; however the cost will be prohibitive.

Mr. Malkani, adding to this point said they have already many representations to multiple state governments, however, found it to be an uphill task, and requested CII to make a representation in the interest of the industry.

Talking on the subject of Seamless movement of goods and materials between states in India, outside India, or transiting India, Mr. C.J. Mathews said that while we talk about logistics we talk about warehousing , however there are two ends to it, one is a producer and the other is the consumer. As a service producer, we would be serving to either of the end, and what has to be taken into account is least cost and highest quality. With globalization, we are not servicing or supplying to the domestic market but also the international market, we are joining the international trading community without leaving the shores of India which is an accepted fact. Given that, we will have to evaluate the scope of India. India has a merchandise trade of half a trillion dollars, which is 1/5th of merchandise trade of China does. We have a huge logistics industry potential, the reason for this is because of the transition from the traditional commercial warehousing, the growth has been substantial as we always were service oriented. In order to make it applicable to all, there is a need to bring in manufacturing industry in a large scale, there is also imperative in this because we are now in a position to compete with China because of rising cost in China. Therefore the government policies are all aimed at creating manufacturing bases and necessarily they have to be always from the maritime hubs of the country, because of land availability, cost of land and other factors. So when we talk of warehouse facilities or logistics parks, we should not forget that they are part of the chain and one of the important policies of the government in export zone is the SEZ, is not only focused on export promotion, but they are also focused on development of large cities, development of infrastructure, to increase employment opportunities, and also aimed to ensure that we have world class manufacturing. Hence this is where the policies of the government is moving and that is where logistics becomes important because we have moved from shipping to the three level movement that is transshipment terminals to gateway terminals to the clearance hubs.

What happens in the process is that the cost involved in delays due to rail and road connectivity , the lack of standard infrastructure, the cost on account of regulatory transactions are the issues that need addressing, for the moment SEZ provide the solution, but not in the long term. They are short term solution to show that this can be done, but ultimately this has to move out.

SEZs are more like a laboratory where the testing can be done; there are provisions with a set of rules that permit you not just to act as an exporter but also as a service provider. A service provider who not only handles import export but also handles all details, there are provisions, unfortunately even today SEZs are looked upon as EPZs- Export processing Zones, we think about it as manufacturing units or factories , they are not looked upon as service provider which can be rendered from them. This requires a change in the mindset of the various regularities are concerned, where the commerce ministry necessarily plays a role.

Mr. Arif Siddiqui said that the logistics industry is a fragmented industry, in fact it is looked upon as an alternative source of income by farmers, who are no longer happy with the revenue from farming, but the question, which industry does logistics belong to Commerce or trade? Is logistics recognized as an industry? Warehouse rent is considered as house rent.

EXIM trade to a very large extent has been streamlined by the government, more and more government officials and officials at the power positions now understand the importance of that leg in the supply chain. Hence the fragmentation can be tackled by getting the organized sectors in it that is phenomenal in development of logistics parks.

Session II- Changing Role of Traditional Logistics Infrastructure to gain competitive advantage

Moderated By Mr. Sanjay Upendram CEO Amarthi Consulting

Mr. Ramesh Subramaniam, President, Sri City (P) Ltd.

Mr. AM Viswanathan, Vice President, Godrej Boyce Mfg. Co. Ltd

Mr. V Anand, GM Sales Logistics, Hyundai Motors

Mr. Ramesh Subramaniam began by stating that it is possible to reduce the cost of logistics by 50% by moving into logistics park, if the user and developer sat together it is possible, illustrating with an example he said that in the conventional system there would be restriction on the space vis a vis the larger park where you have an option of Pay as you use, open space storage, availability of containers on hire/ rent etc which in turn redefines the vision and upgrading the quality of logistics that exists.

In the present scenario the option of upgraded engineering in terms of facility design, specifications, optimization, with reduced cost is possible. Mr. Ramesh further elaborated on the changing role of logistics business conditions which have changed from the traditional model of transporting to current of collection, storage, packing, transport, warehousing, redistribution, delivery and also payment collection, thus the scope of logistics has evolved overtime which again is only 20% compared to the more developed market like Japan where it has reached the individual traveler who has his baggage delivered to his hotel while he travels with basic essentials. The manufacturing industry too has evolved from the traditional component, manufacturing, assembly to finished goods, storage and transporting to the current core competency of engineering, component assembly to finished goods while all other activity is outsourced with change in economies being the main drivers. Mr. Ramesh said in the current scenario the enablers of business has been technology, large warehouse, inbound and out bound logistics which means the reduced cost of transportation.

On the opportunity he said that the industry would grow multifold with improved infrastructure facility, cutting inefficiency and transactional cost. The key issues are a lack of integrated approach holistically. Lack of land parcels, hassles to reach the place, Traffic speed with improved road structure and design, adapting Technology. The key feature of an integrated approach are common facility at site by developer

like cranes, forklifts etc on pay per use with price advantages, manufacturing methodologies. Value addition by way Common amenities like banks, post offices , Drivers housing , consolidation of exports, Availability of containers without detention of main line shipping containers, better material handling equipments. The advantages to the customer are Redistribution and packaging, multiple handling avoided, reduced processing, consolidation, etc.

Answering a question, on whether manufacturers are willing to outsource logistics functions, Mr. Ramesh said that today's manufactures do not want to do anything other than manufacturing; this is new change that has happened recently, Adding to this Mr. Vishwanathan, said that are studies that show that logistics service provider have to no longer be located near hubs or ports rather they move interior where there is demand and consumption.

Agreeing to this, Mr. Anand said in the changing scenario logistics parks need not be located near the manufacturing clusters or raw material warehouses, rather the shift would be to the end customers.

SESSION III: Role of Public Private Partnership

Moderated By Mr. C.J Mathew, Development Commissioner, Cochin Special Economic Zone

Mr. Ennarasu Karunesan, CEO, Chennai Container Terminal Private

Mr. S. Ravindra, Assistant Vice President, ILFS

Mr. Arif A. Siddiqui, Director, Coign Consulting

Mr. Ennarasu Karunesan, speaking on the subject said that today EXIM trade in India and Chennai has seen lot of benefits that are not just in terms of tangible values but building the confidence to the trade and industry in Chennai and south India. He said he would like to speak about how Chennai was transformed from a feeder port to a hub port. This transformation has taken lot of efforts with several issues which were mitigated and addressed. He said that across the globe 20 Million containers were handled in 1980 and in 2010 it handled 560 Million containers, and in 2020 it is expected to handle 1 billion Containers. Hence having such an exponent growth in containers, global logistics has also seen such exponential growth. The global logistics is expected to grow from 3.5 trillion to 6 trillion dollars in 2020. This is a phenomenal growth, and Indian trade growth will have a severe impact. As per the World Bank Rating, India stands at 47th rank in logistics performance index rated on quality of service , timeliness, transactional cost and other factors and china is at 27th rank. At the Asian level, Singapore handled 28 million containers, Hongkong handled 24 million containers while India handled only 9.4 million containers, compared to the developed and developing nation who have 80% containerization, India is only at 20% containerization.

Talking about the supporting systems to the Indian Logistics, India has 130 Container freight stations(CFS) and 61 Inland container depots(ICD), there is a big question whether they are sufficient enough with 10 Million TEUs, where as in China 150 million TEUs with 3000 ICDs and CFS. In India,

with only 20% containerization, there is lot of potential to develop logistics parks, CFS and ICDs. South India container volume is growing in an exponential rate, it is 26% of India's total containerization and South India's container volume is 2.4 million TEUs out of India's 9.4 Million TEUs. South India has around 50 CFS and 13 ICDs. Talking about Tamilnadu's industrial growth, Mr. Ennarasu said Chennai EXIM Trade revenue is about Rs. 300,000 crores per annum. Tamilnadu is in the top 3 fastest growing states and in the top 3 FDI destinations of India. Chennai is considered to be the "Detroit of India" being in the World's top 10 auto clusters, and there are rows of projects like the metro rail, ports and airport expansion happening all estimated around 35,000 crores.

Mr. Ennarasu Karunesan concluding his speech said that the need of the hour is a national policy on Logistics. Also there is a pressing need for logistics infrastructure like connectivity of road, rail to ports and airports. Logistics Parks to be developed at "B" cities like Coimbatore, Bangalore, Cochin, Hyderabad, Nagpur and Gurgaon'. Government should bring in policy and provision for providing large land parcel with sufficient available of power, water and fuel.

Mr. Ravindra, while explaining briefing what Cluster project initiative is, he said that it is an infrastructure financing institution to actually promote infrastructure under commercial format. They call themselves as cluster project initiative to provide commercially sustainable integrated business and institutional framework and to provide solutions for development of common infrastructure in industry clusters on PPP basis that would enable the industry to become globally competitive.

Talking about the industry constraints, Mr. Ravindra, said they are few namely, decentralization of industry, small and fragmented with no economies of scale. Most of them are out dated technology which has inability to comply with standards and compliances, with inadequate infrastructure. In this context, he explained the advantages of Cluster projects, which are on the contrary, need based and customized infrastructure. They follow vertical integration units in value chain at a single location reduce the lead/turnaround time. Because of the ownership and participation by the user through PPP model, this ensures sustainability of the initiative. These projects meet regulatory and trade compliances more effectively and also enables to meet the economies of scale.

Talking on the holistic approach on cluster development he said considerations like standards & compliances, infrastructure, Plant & Machinery, Skill development, technology linkages and Market linkage are taken into account.

Mr. Ravindra giving a lot of insight into the PPP framework and talking on the Government of India's scheme under PPP basis, he said that Govt. has adopted PPP framework for development of infrastructure facilities in Greenfield and Brownfield industrial clusters. As part of such initiative and to encourage investment and competitiveness in Textiles, Leather, Food Processing, Engineering , AYUSH sectors, specific schemes have been formulated to develop green field infrastructure facilities in the country with 40-50% of the project cost provided as grant by Govt. of India. Industrial Clusters having export potential are also provided grant support to the tune of 75% of the project cost for upgrading the infrastructure facilities.

Talking on the approach of cluster of logistics Parks, Mr. Ravindra said to have Logistics park in the vicinity of existing cluster or closer to a port, with reasonably self-sufficient clusters, with the Public-private partnership-SPV owned by entrepreneurs, by thus making the units bankable, and providing critical mass for customization of services.

He pointed out the various attributes of a cluster based logistics park;

- Focus on the enterprises and their needs
- Owned and managed by user enterprises
- Pre-marketed
- Customized infrastructure
- Reasonably sized optimizing the per unit cost of common infrastructure
- Supply chain within the park leading to economies of scale
- Shared infrastructure
- Pro-active support for external infrastructure and clearances
- Robust O&M framework

Concluding his speech, Mr. Ravindra said the way forward is Clustering in the sector to make an impact on the policy front and urged Industry and CII to take up the issue of government support for the sector.

Mr. Arif Siddiqui speaking on leveraging regulatory framework to optimize growth Opportunity for the sector said that infrastructure, process and IT and people skill is important for logistics delivery.

Mr. Arif said that currently the logistics has no industry status, being a fragmented industry, because of which there are many fallouts because of Inability to raise funds from organized financial institutions, Inadequate deployment of quality vehicles, Substandard Storage / Warehouses and finally unable to think inclusively.

Talking about regulatory constraints like license to operate, the need for statutory compliance, like certification for infrastructure, process, facility and quality, and benchmark performance index, service levels, operation process, skills and resources.

He also said that there are Macro economic factors like Tax laws, transportation documentation and warehouse rent considered to be house income.

Currently the key focus in the EXIM Cargo is on B2B movement like developing SEZ, FTWZ, and ICD/CFS, Rail- EXIM Container traffic, Air cargo terminal and national highways. But the required focus should be on B2C like the last mile roads where the road conditions have to be improved and traffic congestions to be reduced. Also the B2C focus should aim at providing world class warehouse, like

formation of clusters, Zoning – keeping in mind service levels, development control regulations, improved facilities and services and connectivity to regional, national, air, rail and sea.

Talking about the function and efficiency of logistics infrastructure, Mr. Arif said that state warehouses are being built for agricultural commodity storage, while the buildings are new, but the design is old, because sanctioned cost does not allow modern design and efficiency is lacking in the structures.

He further added that Infrastructure master plan should be designed keeping the following things in mind one is the domestic customer and the global customer. Production, regional/national warehouse and city distribution center should be planned around domestic customer, while SEZ/FTWZ, CFS/ICD; Port should be planned around a global customer. Any wrong planning in this will lead to increased TAT, increase cost of service, reduced service levels, remote area disadvantages.

Mr. Arif Siddiqui concluded session by saying focus should be on B2C infrastructure as it deals with product at its highest level in the value chain in terms of value and value addition.