

Press Release

National highways must have efficiency boost: TCI-IIM-C report

--Report suggests series of measures to overhaul performance of logistics sector--

New Delhi, 17 November: Transport Corporation of India Limited (TCI), India's leading integrated logistics solutions provider, in association with IIM-Calcutta, today unveiled a study report on '**Operational Efficiency of National Highways for Freight Transportation in India**'. The report was unveiled by Mr. Brahm Dutt, Secretary, Ministry of Shipping, Road Transport and Highways, in the presence of Mr. D.P. Agarwal, VCMD, TCI, Mr. Vineet Agarwal, Executive Director, TCI, and Professor Subrata Mitra from IIM-C, who is the author of the report.

The research report was commissioned by TCI to assess the operational efficiency of freight transportation by road vis-à-vis investments made in national highways. Under the study, data from ten major routes of India was analysed and weighed against key freight transportation statistics of international countries.

Unveiling the report, Mr. Brahm Dutt said, "Logistics and supply chain forms the backbone of Indian economy and the sector's efficiency depends on the condition of roads and highways to a large extent. The Ministry of Road Transport and Highways is aggressively working towards removing bottlenecks and implementing efficient procedures for highway construction. We are optimistic that this will provide the much needed support to the logistics sector, which is poised to grow leaps and bounces in next years."

The report finds that road freight volume is projected to grow to 1,200 BTKM and goods vehicles requirement will increase to six million in 2011-2012. It has been estimated that approximately Rs. 2,25,000 crore (\$45 billion) would be required as financial outlays for developing and maintaining national and state highways during the 11th Five Year Plan (2007-2012). The report also suggests that construction of more logistics parks, and transportation hubs will create common shared facilities for logistics providers, ensuring safety and security of people, assets and cargo.

Speaking to the media, Prof. Subrata Mitra said, "In India, we should adopt a system similar to the TIR Carnet system prevailing in Europe that requires no checking of sealed consignments at interstate check posts to facilitate the smooth flow. In developed countries there are no checkpoints on highways and vehicles move freely across state borders. The taxes are collected either at the origin or the destination and not en-route which saves a lot of time for passage of high value items. The same system can be adopted at

interstate borders in India doing away with checkpoints and saving all that delay time for time-sensitive shipments.”

Highlighting the demand-supply mismatch, Mr. D.P Agarwal said, “Between 1950-51/2007-08, road freight volumes increased at a CAGR 9.06 % , vehicular fleet has increased at 10.13%, whereas the National Highway network has grown only at a CAGR 3.77 % . Due to inadequate road infrastructure, which results in lower average trucking speed, commercial vehicles in India average 250-300 per day, whereas the counterparts in developed nations travel more than double the speed. This highlights the need for government’s initiatives and investments towards extending, widening and upgradation of highway network. Road transportation should be given an industry status so that the transporters can avail the benefits of being part of an industry. Construction of more transportation and logistics hubs should be initiated to create more common, shared facilities for logistics companies.”

The TCI-IIMC joint study report highlights the problems faced by the transportation sector and suggests recommendations for transporters and the Government as to how to mitigate the problems and contribute to the economic growth of India.

About Group TCI: Group TCI, with revenues of over Rs.1500 crores, (apprx \$316 mn USD) is India's largest integrated supply chain and logistics solutions provider. TCI group has an extensive network of over 1200 company owned offices, with expertise developed over 5 decades and a team of 6500 trained employees. With its customer-centric approach, world class resources, State-of-Art technology and professional management, the group follows strong corporate governance and is committed to value creation for its stakeholders and social responsibilities.. Its product offering includes:

TCI Freight: India's leading surface transport entity. This division is fully equipped to provide total transport solutions for cargo of any dimension or product segment. It transports cargo on FTL (Full truck load) / LTL (Less than truck load) / Small packages and consignments/ Over Dimensional cargo.

TCI XPS: A leading express distribution specialist, it offers a single window door-to-door & time definite solution for customers' express requirements. It services 13000 locations in India and 200 countries abroad.

TCI Supply Chain Solutions: TCI SCS is a single window enabler of integrated supply chain solutions right from conceptualization and designing the logistics network to actual implementation. The core service offerings are Supply Chain Consultancy, Inbound Logistics, Warehousing/ Distribution Centre Management & Outbound Logistics.

TCI Global: The global business division of TCI provides end-to-end logistics solutions across boundaries. TCI Global has set up offices in Singapore, Hong Kong, Indonesia, Thailand, China, Germany, Mauritius, and Netherlands. It is planning to expand its horizon of services to other parts of the world as well. TCI Global offers freight forwarding & customs clearance activities from all its domestic and international offices. TCI Global caters to specific industry verticals such as Pharma & Temp control, Commodity (Agri & Non Agri) Retail & FMCG, Auto & Project Cargo.

TCI Seaways: TCI Seaways has well equipped ships in its fleet and caters to the coastal cargo requirements for transporting container and bulk cargo.

TCI Foundation: As the group's social arm, TCIF fulfils corporate social responsibility and runs charitable hospitals and schools for the under-privileged in the rural areas. It has also collaborated with the Bill & Melinda Gates Foundation & National Aids Control Organization to run programs on AIDS interventions and education among the vulnerable trucking community

ANNEXURE- I

Findings of the study:

- For the period 1950-51/2007-08, road freight volumes increased at CAGR 9.06 percent and number of vehicles (all types) increased at CAGR 10.13 percent. However, the total length of roads increased only at CAGR 3.77 percent for the same period.
- Fuel worth Rs. 100-150 billion is wasted on highways and check-posts annually due to interstate and intrastate check-post delays, stringent document etc.
- Indian average freight rate per tonne is one of the lowest in the world.
- The average speed of trucks on Indian roads is about 20kmph. A truck can cover only 250-400km per day compared to 700-800km in developed countries like US and Europe; the reason being poor roads and check-post delays and which in turn increases truck operating costs.
- An investment of Rs. 200-300 billion is immediately required to provide qualitative changes to high traffic density routes by creating related infrastructure such as proper entry and exits, flyovers, weigh bridges etc.
- Lack of industry status makes it difficult for transporters to raise capital and debt through organised banking and financial channels.
- Summary Statistics for findings of Delhi and Bangalore route:
The survey reveals from the data for the Delhi – Bangalore route as below mentioned

Parameter	Unit	Minimum	Maximum
Distance	Km	2,060	2,322
Journey time	Hours	80	166
Average Speed	Km/hour	12.98	29.03
Mileage	Km/Lt	3	4.11
Loading/documentation time	Hours	1	5.5
No. of stops	--	18	38
Stoppage delay	Hours	2.75	8.78

Recommendations:

- Government should invest in extending the highway network and upgrading and widening the existing ones especially in the high traffic density sectors.
- Highways should be access-controlled with proper barriers and crossings for uninterrupted and faster traffic flow.
- A system similar to TIR Carnet system used in European Union that requires no checking of consignments, sealed at the origin, at interstate check-posts may be adopted to facilitate smooth flow of high-value, perishable and time-sensitive items.
- Introduction of uniform documentation and electronic check-posts will reduce paperwork and delays.
- Construction of more logistics parks and transportation hubs will create common shared facilities for logistics providers ensuring safety and security of people, assets and cargo.
- Uniform integrated tolling systems can be introduced where vehicles need to only slow down rather than completely stop and wait in queues for collection of toll at toll gates.

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