

Logistics industry set to touch \$90b revenues in 2011

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THE Indian logistics industry is likely to continue its growth momentum in 2011 as in the previous year and the sector is forecast to witness a consolidation wave in the coming months in view of the reviving fortunes of the sector with booming end-user industries.

“The Indian logistics sector reported revenues of about \$82.10 billion in 2010, witnessing a growth of about 9.2 percent over the previous year, driven by strong growth of key manufacturing industry sectors,” according to VG Ramakrishnan, senior director of transportation (South Asia, West Asia and north Africa), Frost and Sullivan said in his report.

The growth trend will continue in 2011 also as in 2010 and the total revenue is expected to reach \$90 billion. For the period 2010-2020, the Indian logistics market is likely to witness consistent annual growth of around 8-9 per cent and reach to the revenue level of about \$190-200 billion by 2020. This will be fuelled by the consistent growth of the economy and key industries such as automotive, engineering, pharmaceuticals, and food processing, among others.

With India being one of the five fastest-growing economies in the world as of 2010, and likely to remain so for few more years, the logistics sector in the country has immense growth potential in fulfilling the rapidly-rising needs of industries for both domestic distribution as well

On growth path

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- In 2010-2020, Indian logistics market may see a consistent annual growth of around 8-9%
- The growth will be fuelled by the consistent growth of key industries like automotive

as to reach out to the targeted international markets.

Private equity and venture capital firms are eyeing a slice of the logistics sector, which saw testing times for the last 12-16 months.

The year 2010 saw a few notable acquisitions in the logistics industry like FedEx's acquisition of AFL Logistics, and Transport Corporation of India's (TCI) 51 per cent equity stake buy in Infinite Logistics Solutions. Besides, firms such as Toll Global Logistics, Allcargo Global Logistics, and FH Bertling have been actively looking to expand their size in India through the inorganic way.

In addition, private equity firms and leading finance organisations such as International Finance Corporation have been actively investing in Indian logistics companies.

The total Logistics spend in India represents about 6.2 per cent of the country's total GDP. However, it represents around 11.6 per cent of services GDP (contribution of the services sector in the total GDP), the report said.

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