

# Logistics sector should get industry status, says TCI

Economic Times, New Delhi, Mar 9, 2012

The government should look at according industry status to the logistics sector which will help the transporters avail the benefits of being part of an industry, said Vineet Agarwal, Joint MD, Transport Corporation of India.

Currently India's logistics cost is among the highest in the world - estimated to be almost 13 per cent of its GDP. TCI suggested setting up a separate regulatory authority for the logistics sector in accordance to the Insurance Regulatory & or Telecom Regulatory Authority of India as it would help to coordinate between the various ministries for an integrated policy for the sector.

TCI's other pre-Budget recommendations are:

**Uniform Toll Policy:** Multiple toll points on highways reduce efficiency and adversely affect the turnaround time of trucks. Moreover, the lack of uniformity in toll charges owing to different stretches on BOT basis creates irregularities in the cost structure.

A centralized toll mechanism is needed to ensure uniformity in the toll charges paid by trucker drivers at various check points. This would lead to reduction in stoppage time and will create greater efficiency.

**Warehousing operations:** Warehousing for non agricultural commodities should be treated at par with the infrastructure projects. There is a need for long-term investment commitments from public and private players alike for developing warehousing facilities. It would also involve land reforms which will help in setting apart lands for logistics facilities.

There is a requirement of specific development control rules (DCRs) for warehousing which are very unique structures built for specific purposes.

**Reduce documentation along with Implementation of GST:** Documentation has to be computerized and minimized so that less number of forms is needed to be filled at checkpoints/offices. It will also do away with agents and unauthorized payments being made to them. The government should also implement the much awaited Goods and Service Tax in the budget.

Value Added Tax authorities are imposing unwarranted tax, penalties and fine on transporters for non-submissions of valid Transit Pass in time. We suggest that secondary documents, affidavit and confirmation of delivery from consignee party should be accepted as a proof of delivery.

**Modernization of rail freight sector:** Railways have become an important mode of transportation. The Government must expedite the development of the rail-freight corridor to give a much-needed fillip to the rail freight sector. Modernization of rail terminals and handling facilities should be commissioned for a quicker turn-around of the non-container rakes. There must be time-scheduled freight trains on all major routes. Service tax should also be there on all other railway freight transportation to make it a level playing field with other modes of transport.

**Road Safety Measures:** Another important issue that needs to be addressed is that of road safety. With the logistics boom, there is a need to develop more access-controlled expressways, as they ensure free passage for heavy vehicles as well as passenger vehicles. The sector would also benefit if an integrated road transport policy, beneficial to both the truckers and the authorities, could be devised with the coordination of the various ministries concerned.

**Amendment of Motor Vehicle Act and Marine Insurance Policy:** We suggest that the Motor Vehicle Act should be amended suitably for registration of the heavy vehicles that carries more than 40 tons and they should be issued National Permit. So, none of the state governments can impose any penalty for passing of heavy vehicles in their states in any way.

Marine Insurance Policy to the transporters should be provided by the Nationalized Insurance Company as well as non-nationalized insurance company for the consignments booked by transporters by road, rail and air for uniformity of the trade.

# **Recommendations for the Union Budget 2012-2013 by Mr Vineet Agarwal, Joint MD, Transport Corporation of India,**

Steel Guru, Sunday, 11 Mar 2012

India's leading integrated supply chain and logistics solutions provider

## **1. Industry status for the logistics sector and Integrated Policy for the logistics sector**

The government should look at according industry status to the logistics sector which will help the transporters to avail the benefits of being part of an industry. Currently India's logistics cost is among the highest in the world estimated to be almost 13% of its GDP. TCI suggests setting up a separate regulatory authority for the logistics sector in accordance to the Insurance Regulatory & Development Authority or Telecom Regulatory Authority of India as it would help to coordinate between the various ministries for an integrated policy for the sector.

## **2. Uniform Toll Policy**

Multiple toll points on highways reduce efficiency and adversely affect the turnaround time of trucks. Moreover, the lack of uniformity in toll charges owing to different stretches on BOT basis creates irregularities in the cost structure.

A centralized toll mechanism is needed to ensure uniformity in the toll charges paid by trucker drivers at various check points. This would lead to reduction in stoppage time and will create greater efficiency.

### **3. Warehousing operations**

Warehousing for non agricultural commodities should be treated at par with the infrastructure projects. There is a need for long-term investment commitments from public and private players alike for developing warehousing facilities. It would also involve land reforms which will help in setting apart lands for logistics facilities.

There is a requirement of specific development control rules (DCRs) for warehousing which are very unique structures built for specific purposes.

### **4. Reduce documentation along with Implementation of GST**

Documentation has to be computerized and minimized so that less number of forms is needed to be filled at check posts / offices. It will also do away with agents and unauthorized payments being made to them. The government should also implement the much awaited Goods and Service Tax in the budget. Value Added Tax Authorities are imposing unwarranted tax, penalties and fine on transporters for non-submissions of valid Transit Pass in time. We suggest that secondary documents, affidavit and confirmation of delivery from consignee party should be accepted as a proof of delivery.

### **5. Issue: Modernization of Rail freight sector**

Railways have become an important mode of transportation. The Government must expedite the development of the rail-freight corridor to give a much-needed fillip to the rail freight sector. Modernization of rail terminals and handling facilities should be commissioned for a quicker turn-around of the non-container rakes. There must be time-scheduled freight trains on all major routes. Service tax should also be there on all other railway freight transportation to make it a level playing field with other modes of transport.

### **6. Road Safety Measures**

Another important issue that needs to be addressed is that of road safety. With the logistics boom, there is a need to develop more access-controlled expressways, as they ensure free passage for heavy vehicles as well as passenger vehicles. The sector would also benefit if an integrated road transport policy, beneficial to both the truckers and the authorities, could be devised with the coordination of the various ministries concerned.

## **7. Amendment of Motor Vehicle Act & Marine Insurance Policy**

We suggest that the Motor Vehicle Act should be amended suitably for registration of the heavy vehicles that carries more than 40 tons and they should be issued National Permit. So, none of the State Government can impose any penalty for passing of heavy vehicles in their states in any way. Marine Insurance Policy to the transporters should be provided by the Nationalized Insurance Company as well as Non-Nationalized Insurance Company for the consignments booked by transporters by road, rail and air for uniformity of the trade.

### **Check out top recommendations**

Money Control, Sat, Mar 10, 2012



**By Vineet Agarwal, Joint MD, Transport Corporation of India**

Recommendations for Railway Budget 2012:

#### **1. Investment through PPP**

Railways should invite industry to invest through PPP model in creating more rolling stock assets, through customized wagons to cater to industry's

needs. For

the success of PPP model, the policy framework must be transparent, wherein the investors' interests are safeguarded.

#### **2. Infrastructure Creation**

The current rail network in India is not adequate as compared to the burgeoning rail freight business. Railways need to invest in decongesting the highly saturated routes, like the coal & iron-ore belt, besides trunk routes to create more line capacity.

Speedy electrification & doubling of identified routes, creation of 3rd & 4th lines on bottleneck terminals is urgently required through automated

signaling system. Introduction of automatic signaling territories on main lines can reduce congestion & augment line capacity with less investment.

Creating multi-modal logistics parks along the DFC can go a long way in increasing railways share of cargo. This way it can also use its surplus land & earn incremental revenue from its dormant resources.

Railways must also keep investing in customized wagons based on the feedback of the industry. Specially designed heavy haul wagons & advanced locomotives with increased haulage capacity can contribute to speedier transportation.

### **3. Time Bound Delivery**

The Budget should also focus on the need for timely delivery of goods; railways should run the freight trains like passenger trains i.e. time-scheduled freight trains in all-major routes to ensure better customer service. Like Rajdhani rakes on Delhi- JNPT circuit. Railways must also introduce time bound services on other routes to gain industry's trust.

### **4. Facilities At The Terminal**

Facilities at all rake handling terminals should be upgraded to ensure speedy releasing of rakes. As Railways insist on improving turnaround time for rakes, it must also ensure world class facilities at all terminals to improve handling facilities. It can also outsource such services to ensure better results.

**Disclaimer:** The views and investment tips expressed by investment experts/broking houses/rating agencies on moneycontrol.com are their own, and not that of the website or its management. Moneycontrol.com advises users to check with certified experts before taking any investment decisions.

## **Logistics sector should get industry status, says TCI**

Trans Reporter 10 March 2012

The government should look at according industry status to the logistics sector which will help the transporters avail the benefits of being part of an industry, said Mr. Vineet Agarwal, Joint Managing Director (MD), Transport Corporation of India (TCI).

Currently India's logistics cost is among the highest in the world estimated to be almost 13% of its Gross domestic product (GDP). TCI suggested setting up a separate regulatory authority for the logistics sector in accordance to the Insurance Regulatory & Development Authority or Telecom Regulatory Authority of India as it would help to coordinate between the various ministries for an integrated policy for the sector.

Multiple toll points on highways reduce efficiency and adversely affect the turnaround time of trucks. Moreover, the lack of uniformity in toll charges owing to different stretches on Build-operate-transfer (BOT) basis creates irregularities in the cost structure.

A centralized toll mechanism is needed to ensure uniformity in the toll charges paid by trucker drivers at various check points. This would lead to reduction in stoppage time and will create greater efficiency.

Warehousing for non agricultural commodities should be treated at par with the infrastructure projects. There is a need for long-term investment commitments from public and private players alike for developing warehousing facilities. It would also involve land reforms which will help in setting apart lands for logistics facilities.

There is a requirement of specific development control rules (DCR) for warehousing which are very unique structures built for specific purposes.

Reduce documentation along with Implementation of Goods and Services Tax (GST) Documentation has to be computerized and minimized so that less number of forms is needed to be filled at checkpoints/offices. It will also do away with agents and unauthorized payments being made to them. The government should also implement the much awaited Goods and Service Tax in the budget. Value Added Tax authorities are imposing unwarranted tax,

penalties and fine on transporters for non-submissions of valid Transit Pass in time. We suggest that secondary documents, affidavit and confirmation of delivery from consignee party should be accepted as a proof of delivery.