

TIR Carnet System should prevail in India

Time and again poor infrastructure, complex taxation and regulations prove to be major obstacles to the growth of Indian road logistics industry. In an exclusive interview with *INDIAN TRANSPORT & LOGISTICS NEWS*, Mr. Chander Agarwal, Executive Director, Transport Corporation of India (TCI), shows the way ahead. Excerpts:



CHANDER AGARWAL
Executive Director
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The Indian trucking industry has played a major role in the development of commerce and trade in India. In your analysis, what is the current trend of this industry's growth and what is the growth projection for the coming five years?

The road transport mode serves as one of the key factors in the developmental process of any economy. India's transport sector is large and diverse and the truck carry almost 65% freight. The Indian trucking sector contributes about 4.5 – 5 per cent of the GDP and accounts for 70 per cent of the contribution made by the transportation sector to GDP. The Indian trucking industry has been witnessing buoyant growth and will continue this growth momentum in years to come.

With lot of infrastructure projects being carried out in India, where do you think the demand for Project cargo is headed in India?

Project cargo involves movement of large volume sized machinery and material that cannot fit into any standard cargo container. The movement of Project cargo is rising in industries like power, oil and gas, mining etc. It offers integrated

logistics project management and transportation services to ensure the freight reaches its destination according to plan. Government's decision to attain self-sufficiency in power generation has resulted in the sanction of power plants to be set up across the country. There are only a few dedicated project cargo movers in the country. With growing demand for Over Dimensional Cargo Movements, logistics services providers dealing with container and bulk cargo have entered this domain to attain the benefits.

What are the challenges that you face in the Indian trucking industry and what immediate initiatives do you suggest addressing the issues?

The Indian trucking industry is growing at a phenomenal rate and is contributing immensely to the development of the Indian economy. However there are several challenges the industry is facing which are related to the poor quality of infrastructure, unrealistic taxes and levies at different levels, shortage of skilled manpower to service the industry, and last but not the least, issues related with technology. A Joint Study Report by TCI & IIMC shows that one

of the biggest impediments has been delays at check posts and on-road for filling in forms required by various govt. departments, checking & scrutiny of documents and physical checking of the vehicles, drivers and consignment by RTO and Traffic police, and collecting highway toll and taxes. Also, the transportation industry is fragmented and largely unorganized. There is an unholy nexus between truck drivers and police/government officials, who allow trucks without proper documentation and being overloaded in exchange of payments.

The government needs to invest heavily on the extension and up gradation of the highway network and allocate adequate funds for road maintenance. Construction of more transportation hubs and logistics SEZs should be initiated to create common, shared facilities for transporters. The Joint Study Report by TCI & IIMC also recommends adoption of a system similar to the TIR Carnet System prevailing in the European countries should be adopted in India. This would save a lot of time especially for high value, perishable and time sensitive goods.

Electronic tolling systems may be introduced; documentation should be computerized and made easier. In addition to this, a unified tax system such as GST will enable the creation of a common market thus permitting free and unimpeded movements of goods and services

across the country. At the same time, emphasis should be given for the integration of IT enabled technology in the sector. With the latest technology, logistics service providers will no longer be restricted to the geographical boundaries but can expand their business to any location. Technology will allow them to operate from anywhere and at the same time maintain visibility and control.

Do you think the implementation of GST could be the solution to the octroi problems faced by transport providers in India?

The proposed implementation of GST would be of great benefit to the sector players. GST will help enable the creation of a common market thus permitting free and unobstructed movement of goods and services across the country. This will significantly reduce the vertical imbalance between the Central and the States by enhancing tax base of the states. Introduction of GST will also reduce the number of warehouses required to be maintained in different states, thereby resulting in a substantial increase in demand for integrated logistics solutions. It is likely to bring in transparency in the taxation system prevalent in India. One of the key benefits expected from the implementation of GST is the abolishing of various forms and quotas at the state entry points. This will save a lot of administrative

work and lead times for the logistics companies.

How do you think Information technology can play a key role in driving efficiency in the road logistics industry in India?

Indian logistics players are increasingly investing in IT and it is playing a vital role in modernizing and organizing the logistics sector in India. With the adoption of the latest technology logistics service providers are no longer restricted to the geographical boundaries and they can expand their business to any location across the globe and maintain visibility and control. IT solutions are currently being used for all supply chain management functions. It is expected that this would help in consolidation and thus reduction in costs of transport.

The uses of Global Positioning System (GPS), RFID, scanning and web based solutions are aiding logistics firms to improve their productivity. RFID Devices monitors and tracks your shipment in real time. Besides, holograms and 2D barcodes, Laser authentication and Molecular markers, which is used in pharma logistics, BPR (Business Process Re-engineering) provides a powerful link between the entire value chains extending from the customers to the suppliers. The need of the hour is the right integration of IT enabled technology to streamline the business process. ■