LOOKING BACK LOOKING AHEAD

In circa 2013, economy recieved serious drubbing on several paramters. But going by the verdict of noted economic pundits and leading figures of India Inc., 2014 could well offer better prospects. In comprative terms at least if not exactly promisng a complete turnaround. Do leaders of the logistics and supply chain industry also share this guarded optimism? Logistics Times finds out...

Malcolm Monteiro
SVP & Area Director
DHL Express South Asia

Near stagflation marked the Indian economy in 2013, and the sliding rupee added to the woes faced by industry. Industry is definitely hoping for a better 2014, with improving global macro-economic conditions which will keep driving up export growth. Exports have shown signs of recovery since 2013 due to a weaker rupee and improved conditions in key markets.

I think a big lesson from 2013 was that despite the government trying to introduce a host of traditional and innovative measures, economic growth remained elusive. The moral here is that sustained growth and investment in India cannot be achieved by stop-gap measures, but require comprehensive reforms on several fronts such as infrastructure, regulatory reform, and reduction in transaction costs.

The big challenge that emerged in 2013 was the management of the burgeoning Current Account Deficit (CAD), and the only sustainable solution to that is India's competitive participation in global production networks. We in the logistics industry have a big role to play in connecting India with such global production networks, and we look forward to a positive and strong engagement with government to make this happen.

In a recent forecast, IMF lowered the growth projection to 3.75% in 2013 from 5.7% estimated earlier. The forecast for 2014 is about 5% and we expect that the boost exports have got in the second half of 2013 will lead for a faster growth. A stable government will hopefully lead to policy formulations conducive to business growth in the latter half of 2014, leading for faster growth.

Vineet Agarwal
Managing Director
TCI

The sector witnessed slow but sustained growth in the movements of goods across sectors like auto, commercial vehicles, heavy engineering and capital goods. Steady implementation of large infrastructure projects despite tight credit situation and fewer policy reforms also contributed to sector growth.

The sector has benefitted from the newly formed regulatory authority to hasten road projects, creation of infrastructure debt fund for large infrastructure projects, allotment of Rs. 5000 crore to NABARD for

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agri-storage facilities. It, however, eagerly awaits GST implementation to enable creation of the common market and permit free and unimpeded movement of goods and services across the country.

Despite slow recovery of the economy, TCI has delivered stable performance and managed to hold on to market share with improved margins. Our strategy to reduce exposure to high-credit freight business and compensate it with the Express, and SCM business benefitted us. However, low pass through of frequent hike in diesel price to customers impacted our margins .

In 2014, TCI will continue to focus on express and supply chain business and service high growth verticals like pharmaceuticals, retail, auto, etc. We expect non-conducive policy environment like indirect tax regime, widespread industry fragmentation, high credit cost and lack of adequate and robust infrastructure to remain key challenges in the coming year too. The sector will also remain dependent to a large extent on the improvement in transport infrastructure due to lack of warehousing and cold chain infrastructure.

Anil Kanna
MD, Blue Dart

At the onset of 2014, the logistics industry is still reeling from a phase of low growth due to the economic situation. The strong headwinds faced by the Indian economy such as slowing GDP, spiraling WPI and CPI indexes, falling investor confidence in domestic and FII, consistently high inflation rate coupled with high interest rates for commercial borrowings, widening trade deficit, cost escalations like increase in diesel and petrol prices and minimum wages, dollar appreciation and the rupee depreciation leading to high operational costs have greatly impacted the sector.

India's GDP that hovered around 8% in 2010-11, fell below 5% in 2013 and is expected to decrease further down to 4%. The express industry growth is largely dependent on