



Clip: 1 of 1

Rlys Enter Fast-Growing End-To-End Logistics Biz

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Mumbai: Rail Minister Suresh Prabhu's proposal to set up Transport Logistics Corporation of India (TRANSLOC) will be Indian Railways entry into the fast-growing logistics sector, as the struggling public sector firm tries to reinvent itself to keep pace with changing industry needs.

Prabhu said TRANSLOC will develop common user facilities with handling and value-added services to facilitate end-to-end logistics services at select terminals. The new services will be offered through PPP. The new public sector enterprise will come in direct competition with private players like Gateway Rail and Transport Corp of India (TCI).

Prabhu went on to say that in the initial period, Indian Railways will upgrade 10 existing goods sheds and develop 30 small multimodal logistic parks where it has surplus land. The ministry is also developing its air cargo sector to integrate the movement of air cargo between Inland Container Depots (ICDs) and the gateway airports.

Railways will also introduce bar coded tracking of parcels and freight wagons, automated parcel warehouses, customer relationship management system, in an attempt to upgrade its outdated facilities.

"It shows that railways is transforming from an infrastructure company to a service company. There is an intent to raise service standards," said

Arvind Mahajan, head of Infrastructure and Government services, KPMG in India. "Indian Railways lost out to private players in transportation of smaller parcel but high value goods, which it is trying to regain." Mahajan said Indian Railways can capture market share in transportation of consumer

goods, white goods, pharmaceuticals and so on. There is hardly any competition in transportation of commodities like coal, iron ore, coke, where the ministry increased

rates. The new corporate structure will bring in economic and operational efficiency in Railways. However, this has triggered concern about conflict of interest among private players like Gateway Rail, who also operate private freight terminals and ICDs. "There is likely to be a conflict of interest. I am awaiting clarity on the tariff and traffic regulations. A role of a regulatory authority is going to be great importance so that we don't have discrimination against the investors," said Gateway Rail CEO Sachin Bhanushal, who is also General Secretary for Association of Container Train Operators.

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New Entity to Lead Railways' Foray into End-to-End Logistics

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Prabhu went on to say that in the initial period, Indian Railways will upgrade 10 existing goods sheds and develop 30 small multimodal logistic parks where it has surplus land. The ministry is also developing its air cargo sector to integrate the movement of air cargo between Inland Container Depots and the gateway airports. Indian Railways will also introduce bar-coded tracking of parcels and freight wagons, automated parcel warehouses and customer relationship management system in an attempt to upgrade its outdated facilities.

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Logistically Speaking

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