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A DDP Publication

Published from: ★ India ★ Middle East



ACAAI CONVENTION 2022

RESILIENT AIR CARGO POST PANDEMIC

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EDITOR
SanJeet

ASSOCIATE EDITOR
Ritika Arora Bhola
ritika.arora@ddppl.com

EDITORIAL TEAM
Bryan
bryan.thomas@ddppl.com

GENERAL MANAGER
Harshal Ashar
harshal@ddppl.com

SR. MANAGER
Abha Gupta
abha.gupta@ddppl.com

MANAGER
Jaspreet Kaur

SENIOR EXECUTIVE SALES AND MARKETING
Samantha Pereira

DESIGN
Nityanand Misra

ADVERTISEMENT DESIGNER
Nitin Kumar
Aditya Pratap Singh

PRODUCTION MANAGER
Anil Kharbanda

CIRCULATION MANAGER
Ashok Rana



is printed, published and edited by SanJeet on behalf of DDP Publications Pvt. Ltd., printed at Modest Print Pack Pvt. Ltd., C-52, DDA Sheds, Okhla Industrial Area, Phase-I, New Delhi-110020 and published at 72, Todarmal Road, New Delhi - 110 001; Tel.: +91 11 23234177; E-mail: cargotalk@ddppl.com, Website: www.cargotalk.in

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ACAAI SPECIAL 2022



Building resilient air cargo post COVID



Develop airports near firms in tier II, III cities



Dwell time, logistics cost are core focus areas



Focus on transporting temp sensitive products



India to be South Asian cargo hub by 2040

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Develop airports near firms in tier II, III cities

There is a perception of a market downtrend in the USA and Europe. We see stable volumes month on month out of India, and we believe the Asian markets are strong despite the focus on China and associated challenges therein. However, improvement in air cargo infrastructure and technology is required



Ritika Arora Bhola

M Afzal Malbarwala, President, Air Cargo Agents Association of India (ACAAI) and Managing Director, Galaxy Freight shares that global air cargo is growing slowly and will continue to grow at same pace. Lately, major shipping lines are investing heavily in aircraft, which is proof enough that air cargo industry is progressing.

How would you justify the theme of the ACAAI 46th Convention—Resilient Air Cargo-Post Pandemic?

The theme of the ACAAI Convention is symbolic of the struggling times we had

endured and how we overcame it and have emerged stronger. The journey, which began during and after the pandemic cases reduced, is still in progress and a reminder of the miles we must go further.

How important has it become for the air cargo sector to design future supply chains that are cost-effective, resilient, and meet evolving customer requirements?

The sector has since long emerged as the preferred mode for firms to sustain retailers to keep their shelves stocked. As the competitiveness increases, we need to be assured of sustaining the same, and this we believe can

be achieved only through automation and innovation.

With regional airports getting cargo complexes and new freighters being launched, do you think India has the potential to become global air cargo hub in the coming years?

The investments and focus on infrastructure are an endorsement of the potential of the industry and what the country is capable of. The results are positive, especially with India being a focus country for manufacturing build-up in Asia, and the journey towards getting to the targeted US\$ 5 trillion economy. The complementing factors are adding up—we need to ensure the

journey is good and not compromised in any manner.

How do you think the PM GatiShakti National Master Plan (PMGS) and National Logistics Policy (NLP) can transform the logistics sector and boost growth?

We believe both PMGS and NLP are what the industry is badly in need of. There is a renewed sense of direction for growth, and we are confident of the support of the government to achieve the industry's ambitions. The work undertaken by the government in rolling them out are indicative of the efforts that have been put into making these as workable projects.

As Narendra Modi, Hon'ble Prime Minister, had commented, "The industry needs a policy and the same is introduced by the authorities."

We need to make this happen and revert with findings, observations, and participation to make this successful.

What are the crucial areas of concern now?

As in every developing economy, we run the risk of losing the plot. Our fast-paced growth needs to focus on the nuances of growth to ensure it is built on foundation of strength and long-term sustainment. Growth checklists should include development at all stages and not only the cosmetic build-up. We must ensure that we do not leave anyone behind.

We run the risk of losing the story, while building up the plot. Our fast-paced growth needs focus on nuances of growth to ensure it is built for long-term sustainment

Upskilling manpower, bridging demand-supply gap, 100% capacity utilization, and need for AFSs are issues being addressed since long. Have any steps been taken to resolve them?

Some points need to be resolved as early as tomorrow morning, while some need discussions and include more stakeholders. We are happy with progresses being achieved so far without compromising on the integrity of the issue and the required solution. The issues in question involve our approach, being receptive to change as well as accepting modern methods of technology.

What is Vision 2030 for the global air cargo sector? How do you foresee the sector's future in India?



Air cargo is growing at a slow pace and the same will continue for some more time. Today, major shipping lines are investing heavily in aircraft, a proof that air cargo is progressing.

What will be the key growth drivers for air cargo in coming years?

There is a perception of a market downtrend in the USA and Europe. We see stable volumes month on month out of India, and we believe the Asian markets are strong despite the focus on China and associated challenges therein. Making enough space available at competitive rates, ability to deliver to fixed schedules remain as base growth drivers. Complementing these would be the continued focus on infrastructure buildup, accepting innovative methodologies, while retaining the fixed touch on the customer's pulse. The agenda should be to make the air freight operations more acceptable to all industry sectors.

How would you rate infrastructure in India for efficient cargo movement? Does it support airlines plans to move cargo in tier II and III cities or do you feel there is need for improvement?

We have come a long way as far as developing infrastructure is concerned. The modern airports and systemised

approach are indicative of the planned and well implemented approach. Having said that, we still have a long way to go before claiming to have a strong infrastructure. The setbacks after the pandemic outbreak have slowed down progress in certain aspects, but have expedited our journey. Indian airports need world class facilities, and this continues to be our focus area. Supporting this is an equally focused approach in developing airports closer to manufacturing bases in tier II and III cities so as to ensure there are no gaps in movement of cargo to international markets. ✈



M Afzal Malbarwala
President, Air Cargo Agents Association of India (ACAAI)

ACAAI-ALL SET TO REUNITE POST PANDEMIC

After a gap of two years, the Air Cargo Agents Association of India (ACAAI) is back with its 46th edition of Convention in Bangkok, Thailand from November 24th to 27th 2022.

Focus Points

1. Resilient Air Cargo in New Normal
2. Air Cargo Stakeholders: The New Warriors
3. Air Cargo: Leveraging the Power of the Seas
4. Women Power in Logistics
5. Benefitting from Advanced Technologies

Dwell time, logistics cost are core focus areas

We need to make our infrastructure robust to survive logistics challenges. While PM's Gati Shakti Master Plan and National Logistics Policy provide the much-needed direction, the struggle is far from over. Also, e-commerce penetration and access to multimodal network on a unified interface need immediate attention.



 Ritika Arora Bhola

CK Govil, Vice President, ACAAI says, "We have a long road ahead towards making India a supply chain superpower. Building a robust infrastructure, reducing the freight, and warehousing costs, and bridging demand-supply gap are some challenges that need attention."

How would you rate India's multimodal infrastructure for cargo movement?

Although India has taken great strides in the past 15 years regarding multimodal infrastructure, I believe

India ranks 44th in the global Logistics Performance Index even though we are the fifth largest economy in the world

we have traversed just 10 per cent of the journey. PMGS and NLP have emerged as the perfect accelerants for industrial growth. They have pulled multimodal infrastructure into the spotlight to enhance flexibility, reduce logistical costs, and move goods smoothly. Also, it reduces the chances of damage and losses.

Currently, more than 50 per cent of air freight movement within the country happens by road, which increases carbon emissions. Switching to more electric vehicles and CNG trucks for road transport can help. Especially, EVs are an excellent option for last-mile deliveries

as they are easily manoeuvrable and have less carbon footprint.

India ranks 44th in the global Logistics Performance Index even though we are the fifth largest economy in the world. We need to make our infrastructure robust enough to survive all challenges, especially those we face in the post-pandemic era. While NLP and Gati Shakti will provide the much-needed direction, the struggle is far from over. The ground reality and actual position of multimodal infrastructure for cargo movement is—costs are increasing and the dwell time earlier what used to be two to three days for a train service from hinterland to the



ports (specially from the North) is now taking four to five days. The charges have gone up by 30-35 per cent in the past two years. All the stake holders such as warehouse / truckings / rail freight/ THC / carriers charges are on the increase. The government is trying very hard to reduce the logistics costs, but with this increase by all the agencies, increasing their charges give birth to a doubt if the government would be able to reduce the logistics cost to single digit. If there is coordinated effort and will to reach the targets what has been envisaged by the PM, efforts by one and all shall need to put together to see why the charges and travel time are increasing.

What are the crucial areas of concern?

Digitisation and bringing the logistics costs down are of utmost importance right now. Also, 100 per cent e-commerce penetration in the country and access to multimodal network on a unified interface are targets that need immediate attention.

How do you think PMGS along with NLP can boost growth?

The government initiatives have been launched but finer details of the same are yet to be worked out. With the opening of airports across the country and having two or more airports in the metro cities is a sign of progress for passengers and airlines. Cargo is likely to witness growth as many airlines are going for freighters and shipping lines

have exclusive aircraft for cargo. Vocal for local and local to global are giving a thrust for indigenous products to compete with the global market thereby retaining India's economy and ethics.

What are the growth drivers for air cargo?

There are four drivers mainly: e-commerce, time-sensitive shipments such as pharma and high-value cargo, air cargo rates along with the crude oil prices, and the global trade volume and Gross Domestic Product (GDP) show where a country stands in terms of air cargo growth. However, Indian e-commerce has been put on the world map this year with a flood of unicorns. They have pushed the need for air cargo for speed and performance.

Globally, more than 80 per cent of the total e-commerce trade volume worth US\$4.8 trillion is carried by air. The Indian e-commerce market alone is expected to grow to US\$74.8 billion by this year-end, with 55 per cent demand concentrated in tier II and III cities. That is why the domestic cargo per flight has risen to 1.2 tons from 0.6 tons in the pre-pandemic times. Regarding time-sensitive cargo such as pharma, India had rocketed to the rescue during COVID and now supplies 50 per cent of the global demand for generic drugs.

What strategies are being adopted by the industry to move forward and achieve growth?



CK Govil
Vice President
ACAAI

The global centre for trade is rapidly shifting to Asia, and Indian air cargo is becoming the poster boy of the post-pandemic world. With strong inventory levels and manufacturing output, the industry has grown steadily this year, leaving behind the turmoil faced during COVID crisis. Despite the demand fluctuation due to rising fuel costs, air cargo revenues are expected to rise to US\$169 billion this year, 13 per cent more than the pre-COVID levels. India has added to the freighter capacity this year. As a result, air cargo is set to become the new normal in the Indian logistics and supply chain industry. It is a great endeavour to reduce freight and warehousing costs and reduce carbon footprints and congestion. 🐦


EXPECTATIONS

Logistical growth can happen only with combined efforts of the government and the industry stakeholders. Through ACAAI, we want to address key bottlenecks and give efficient solutions which the industry is facing since long. Our joint endeavour brought the PMGS and NLP to fruition. But that is just the beginning.... We have a long road ahead towards making India **a supply chain superpower**. Building a robust infrastructure, reducing the freight, and warehousing costs, and bridging the demand-supply gap are some challenges that we have faced for a long time. We expect to resolve the issues through efforts with the government and hope to receive due support in this regard.



Building resilient air cargo post COVID

Industry has learnt important lessons from pandemic crisis, which included adopting efficient strategies to achieve pre-COVID growth levels, reframing contingency plans to be prepared and building future supply chains—agile, resilient, and robust. The pandemic accelerated opportunities in ‘innovation’ for the trade.

 Ritika Arora Bhola

The COVID impacted the global air cargo trade more profoundly than any other recent crises, including the Russia-Ukraine war, Chinese lockdowns, or global economic recession. The pandemic disrupted the global supply chains drastically, commercial planes were grounded,

shortage of manpower, low belly capacity and high freight rates led to a widening demand-supply gap. Despite a plethora of challenges, global cargo flights seamlessly moved cargo containing pharmaceuticals, essentials, and perishables.

In fact, the pandemic accelerated opportunities in ‘innovation’ for

the trade. The industry witnessed emergence of ‘freighters’ known as converted freighters. Commercial planes were converted and utilized to transport pharma, especially COVID vaccines in 2020 when the pandemic was at its peak. The crisis forced the stakeholders to adopt 100 per cent digitalisation in order to survive. Adoption and implementation of

advanced technologies such as robotics and automation, Artificial Intelligence (AI), Internet of Things (IoT), Block Chain, and Data Science not only helped in improving the agility, resilience, and supply chain efficiency during the trying times, but also helped in providing end-to-end visibility, transparency, and clarity to customers. Air cargo emerged as the lifeline and the only source of



Despite a plethora of challenges, global cargo flights continued with the seamless movement of pharma, essentials, and perishables



IN A NUTSHELL

- e-commerce may fuel air cargo, as online shopping boosts demand for delivery services across APAC.
- India is expected to be the fastest-growing APAC air cargo market during the forecast period.
- Thailand is expected to account for 2.5 per cent market share in 2022 in the APAC air cargo market.

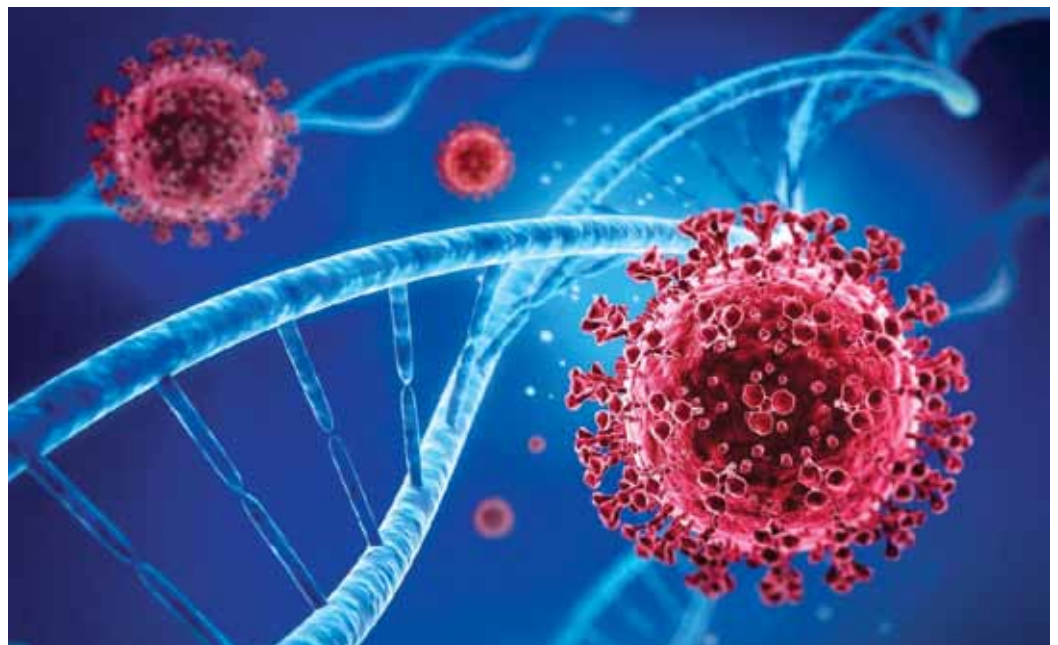
revenue for the industry. Years 2020 to 2022 saw a revolution in the air cargo sector with impressive infrastructural developments at airports such as DIAL, BIAL, MIAL and GHIAL airports deploying biodegradable solutions to run operations. Carriers opting for SAF to cut down carbon emissions, new cargo terminals, and complexes being developed at the regional airports such as Ahmedabad Airport, Cochin Airport, Udaipur Airport, Chandigarh Airport, new dedicated freighters being launched such as Pradhaan Air Express, Pehelwan and IndiGo's converted A321, which will be able to service markets between China and the Gulf, stakeholders uniting and collaborating on various fronts, heavy investment in improving multimodal connectivity, infrastructure and technology and providing special importance to 'cargo', it seems the industry is on the right track.

In the past three years, the global air cargo sector learnt various important

lessons from COVID that include underlining strategies to achieve pre-COVID levels, reframing contingency plans to be future ready and building supply chain of the future—agile, resilient, and robust. To make it even

better, the air cargo sector had the government's back. Initiatives such as PMGS, Udaan and the recent NLP aim at transforming the logistics sector by improving NHs, DFCs, enhance connectivity by integrating air, ocean, road, rail, developing MMLPs and lot more.

As per the experts, the growth drivers for air cargo in the future would be rise in e-commerce and cross border trade, digitalisation, a shift towards consumer behaviour and ever-changing preferences and improving capacity gaps. As per a latest report, the APAC air cargo market may grow from US\$38,355.21 million in 2022 to US\$59,298.21 million by 2028. The same is estimated to grow at a CAGR of 7.3 per cent from 2022 to 2028. "Online retailing attracts more prospective customers than brick and mortar-based competitors as the internet has a global reach. In addition, e-commerce market players choose from various logistics options such as surface transport and air transport to deliver packages to their customers. Thus, e-commerce is expected to fuel the air cargo industry, as online shopping boosts the demand for parcel delivery services across APAC. Air cargo can serve customers' needs and deliver goods with speed, efficiency, and reliability. The fast-growing cross-border e-commerce market and the rising domestic volumes



sent by e-retailers, large and small, are driving the APAC air cargo market growth," states a report.

It suggests India is expected to be the fastest-growing APAC air cargo market during the forecast period. Based on country, the Asia Pacific air cargo market is segmented into countries such as Australia, China, India, Japan, South Korea, and the Rest of Asia Pacific. In 2022, Japan is likely to account for the second-largest air cargo market share in the APAC. While the other nations comprise Indonesia, Singapore, Malaysia, Cambodia, Thailand, Philippines, Vietnam, Bangladesh, Sri Lanka,

Air cargo industry is growing at a brisk pace and has the potential to become an international transshipment hub considering the ongoing remarkable developments

and Pakistan. These countries have been contributing to the APAC air cargo market growth. However, they account for a lesser share than the other countries considered under the scope. For instance, according to the Asia Pacific air cargo market analysis, Thailand is expected to account for as much as 2.5 per cent market share in 2022 in the APAC air cargo market. The air cargo industry, no doubt, is growing at a brisk pace and has the potential to become an international transshipment hub considering the ongoing remarkable developments. But there are a few bottlenecks, which need attention of both public as well as the private sector. These include

shortage of skilled manpower, high freight rates, inadequate infrastructure for cargo handling and movement and multimodal connectivity issues among others.

To discuss the struggles and achievements of the international air cargo sector in the past three years, the Air Cargo Agents Association of India (ACAAI) is back with its 46th edition of Convention to be held in Bangkok, Thailand. The theme of the Convention is apt—Resilient Air Cargo-Post Pandemic.

CARGOTALK spoke to some experts about strategies to build resilient air cargo and future projections.

M Afzal Malbarwala

President, ACAAI and MD Galaxy Freight



“ The theme of the Convention is symbolic of the difficult times we had endured and the fact that we overcame the hindrances and emerged stronger. The journey, which began during and post pandemic is a grim reminder that we have miles to go further. Air cargo sector has long since emerged as the preferred mode for industries to sustain their assembly run progresses and retailers to keep their shelves stocked. As the competitiveness increases we need to ensure we are sustaining the same with enhanced efficiency and cost consciousness and this we believe is achievable by automation and innovation. Air cargo is having growth in a slow pace, which will continue. Even today major shipping lines are investing heavily on

aircraft, which is a proof the air cargo industry is progressing. There is a perception of a market down trending in Americas and Europe. We however see stable volumes month on month out of India and we believe the Asian markets are strong inspite of the tremendous focus on China and associated challenges therein. Making space available at competitive rates, ability to deliver to fixed schedules remain as base growth drivers. Complementing these would be the continued focus on infrastructure buildup, accepting innovative methodologies, while retaining the fixed touch on the customer's pulse. The agenda should be to make the air freight operations process more pleasant and acceptable to all industry sectors. ”



CK Govil

Vice President, ACAAI and MD, Activair Airfreight

“ Focus will be on building resilience in the sector after the intensity of the pandemic cases reduced. The air cargo industry has played a vital role of being the lifeline of the country delivering COVID vaccines, essential medicines, masks, and PPE kit across the globe. The passenger aircraft were converted into 'freighters' and deployed to fly the essentials required for the survival of the people during COVID.

Our emphasis would be to urge for better coordination with the government and to ensure things are streamlined for the agents, and there is relief for shippers and other players in this field. Thanks to the Open Sky Policy, things are moving forward, and we hope that the government supports the industry's needs and helps in promoting the growth of this industry. ”





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Cyrus Katgara
*Partner, Jeena & Company,
Board of Advisors, ACAA*

“ Air cargo has always been the most resilient sector in India’s economy. The Union Ministry of Civil Aviation has already given a target of 10 million tons by 2031. It is a very ambitious target and coupled with the effective implementation of NLP, it will adequately support the entire trade with superior infrastructure, reduced logistics cost and

increased logistic efficiencies. We will be going full steam ahead to achieve the target. The Union Ministry of Civil Aviation is working on establishing 33 new domestic cargo terminals by 2024-25, which will surely help the air cargo sector move up the ladder. We also need to work on ease of doing business in cargo sector by making processes paperless, adapting automation, digitalisation, which can make cargo processing swift. There is lot of positive development and improvement happening. I am extremely positive of the motion and wheels. India will succeed for sure.”



SL Sharma
*Chairman, Skyways Group,
Board of Advisors, ACAA*

“ The theme of ACAA Convention gells well with the changing times. It is in line with the changing needs of customers after the pandemic cases reduced. COVID has taught the industry some significant things to keep in mind. I feel what we learnt during those testing times how every supply chain needs to create resilient framework. The air cargo sector has stayed at

the forefront of the entire business during the pandemic and after the cases reduced. When most supply chains got disrupted, air cargo was the only surviving mode of transport. The international air cargo sector also brought to the forefront what it can do to take the business forward. Hence, the importance of the air cargo will remain intact after the intensity of the pandemic subsided, by remaining resilient. Therefore, it is very important that the international air cargo fraternity comes together and discusses this at an event such as 46th ACAA Convention so that what resilient air cargo supply chain after the pandemic cases reduce should be discussed.”



Vipin Vohra
*Chairman, Continental Carriers and Board of
Advisors, ACAA*

“ ACAA is a strong body since the beginning. It is one of the main organizations, which used to take the air cargo issues with the government. The Managing Committee of the ACAA is doing a great job in developing resilient air cargo ecosystem by coordinating with various ministries

for sorting out relevant issues such as GST. To support the NLP, the industry expected the government to extend the GST exemption notification, but this has not happened. We think that this will have a significant financial impact on the freight industry. The move will increase the freight cost and create burden on the exporter. It is unclear how this action can push the Union Commerce Ministry’s goal, which introduced NLP with the aim of reducing logistics cost and wants every district to encourage exports. Our industry is struggling to make a comeback after COVID cases reduced post pandemic and Russia-Ukraine war continuing. I wish there was no GST on export freight and freight forwarding in India, as it is in most countries.”



Samir J Shah
*Secretary General ACAA, Partner
JBS Group of Companies*

“ The lifeline during the pandemic was the aviation sector. Many new routes and new commodities were added. This sector showed resilience, adaptability, and strength. With passage of time, the initiatives and lessons learnt may get diluted and forgotten. The theme shall be a continuous reminder to all stakeholders. Many airports are expected to become functional soon. This coupled

with new airlines will increase the penetration of this across the length and breadth of the country. Many exporters, traders, commodities will have the added option of using air as a mode of transport. Newer entrepreneurs and newer commodities will get added. Time is ripe for the sector to take a leadership role here. The issue is not only cost-effective—it is available and usable as more users utilize these facilities and other benefits will fall into place. Road and rail are available for cargo movements throughout the country. I am hoping for an India, which gives a similar possibility with the air cargo also. This sector will only see growth, growth and growth. It is to be seen how much appetite the stakeholders have: the Indian entrepreneurial spirit and the desire to be the second or third largest economy in the world.”



Sushant Nigam
Executive Director, ACAA

“ The businesses has witnessed unforeseen losses during the pandemic and there is a need to get the trade back on track. Once in a lifetime pandemic made survival extremely difficult. To keep the economic wheel and the basics of survival functioning, it required logistics to sustain and the air cargo industry proved its resilience by working days and nights. The logistics players played the role of pandemic frontline

warriors. The government recognises ACAA as the mouthpiece of India’s air freight forwarders. ACAA would continue to play its role in Indian economy with the support of GoI. Key growth drivers shall be PMGS and NLP, which would not only create adequate infrastructure, standardize service levels, create dynamic coordination amongst concerned departments.”



Ahmed Sultan
*ED, Business Development for
Manufacturing, Transport and Logistics and
International Offices, Bahrain Economic
Development Board*

“ Bahrain and India share cordial relations. We have plans to enhance economic and investment relations with India. There is a trade worth billions of US Dollars taking place between Bahrain and India.

The plan is to take the same to new heights. We would like to have countries coming to Bahrain and bringing along their own ecosystem with them. We want to see more investment coming from India to Bahrain. The relationship with India is special. Currently, we import cargo from India—agriculture, chemicals, or petrochemicals. If we talk about exports, we export aluminium which goes into every industry we could think of worldwide.”

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BELIEVE IN THE POWER OF US



Jayaraman Krishnan
Board of Advisors, The Air Cargo Agents Association of India (ACAAI)

“ COVID witnessed a new dimension in the supply chains. The world had to be vaccinated and with a few countries producing and exporting the vaccines (India stood tall and unparalleled in this regard). It was air freight that provided the solution. Thus, the theme chosen is apt and underscores the

importance of air freight both in the normal times and during extraordinary events such as the pandemic. Air freight will remain a constant sought after mode. If we look back at the 20th century there was an economic boom post an economic disaster. We will see this boom during this century lasting for a few decades at least. We have seen innovation and technology collapse the effective life of a product and thus the market irrespective of the product will be the dominant note of the supply chain of the 21st century. Air freight is unparalleled in providing—speed to market. More drones will be deployed and their payloads will increase for bridging the last mile connectivity. Overall, the vision is ‘it will soar’.”



Sunil Arora
Regional Head, Air Freight-India Subcontinent, Asia Shipping-India

“ We are meeting again after a gap of two years to discuss what we have suffered during the pandemic, and how resilient we have to be to come back into action again, and getting cargo volumes, and begin to generate revenues. We shall be sharing these views and others amongst the industry captains and stakeholders and promote newer ways to do business. Indian logistics

market and air cargo world is growing at an exponential rate. We are looking forward to playing a major role in this field. With the warehousing sector facilitating growth of road transportation, new airports and cargo complexes getting built for seamless cargo movement in metropolitan cities and remote areas, including tier II and III cities, what we need is growth in cargo capacity out of the country. Though the air freight rates have rationalized, ocean freight has gone down to the level of pre-COVID era. Indian air cargo industry has a great future ahead. In the coming times, the sector will not only attract investment, but we are also seeking support from the government. We have miles to go ahead. There is no looking behind on the air cargo industry.”



G Raghu Shankar
MC Member, ACAA

“ The recent pandemic has thrown a global challenge—cutting across borders. Even when many countries across the world had restrictions and lockdowns, one of the industries that was active and was braving COVID was logistics service in general and air cargo industry in particular. Driven by a need to meet growing demands—initially of medicine and medical support to counter

the onslaught of COVID and later to cater to the production requirements of the industry—international air cargo movements did hit the target consistently. Of the many lessons learnt for the COVID was reliance on movement of cargo and its logistics support system. India is one of the few countries that could float in the rough tide of the pandemic and bounced back from the apparent slump and normalcy within a short time. This resilience is our brand irrespective of any turmoil and there can be no better occasion to show our robustness than in the first post-pandemic ACAA Convention. Hence the theme is not only appropriate but is a mark of our strength.”



Chaitaly Mehta
Director, EKF Global Logistics and Board of Advisors, ACAA

“ Air cargo industry has gone through tumultuous time, but has emerged stronger. As air cargo as an industry is responsible in keeping international supply chains working and open, but more importantly directly and indirectly helped saved millions of lives by carrying and delivering critical medical supplies, medicines, and vaccines. In 2021, air cargo revenues

reached a record US\$204 billion, which was more than double compared to 2019 and accounted for some 40 per cent of total airline revenues in 2021. In 2022, demand is expected to exceed pre-crisis (2019) levels by 13 per cent and generate US\$169 billion in revenue. Things have changed but the environment is so challenging, and the geopolitical issues do not help. Therefore, it is important to maintain the momentum and maximise to create a better sustainable industry and environment with emphasis on digitalisation, sustainability, modernisation, and safety. There could be no better topic than this because industry survived and is now on the way to thriving again.”



Dipen Lalsodagar
Dy Director, Cargo Sales, Global Aviation Services

“ Multiple factors such as high fuel prices, increased logistics cost affected household budgets, resulting in a slowdown in exports and high inventory. Many airlines and airports are also suffering due to staff shortage. This has resulted in air cargo tonnage reducing in the past six months.

But based on demand, certain segments or lanes still have demand for capacity. India has added more freighter capacity due to imports. Till this year-end, demand will continue to be less, and yield will be under pressure. With creation of new cargo complexes, cargo terminals, growth of e-commerce, infrastructural and technological developments, growth in domestic cargo is certain.”



Sanjeev Gadha
Founder & CEO, Astral Aviation

“ India is an important market for Astral Aviation. Currently, we operate charter flights to and from India using B767-200F. The charter flights comprise hospital equipment, pharmaceuticals, mobile phones, e-commerce cargo among others. The charter flights from India comprise pharma, including vaccines, destined for African continent.

With the induction of the B757-200F in September 2022, the airline company is offering additional capacity to and within India, and operating new scheduled flights to and from Israel and Kingdom of Saudi Arabia in 2022, with plans to resume operations from China to India, Middle East, and Africa.”



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How is Logi-Sys powering global forwarders?

Air cargo is critical for any country's economic development. Digital revolution has completely transformed the air cargo industry and how it operates. To this end, we are using more AI and ML to our applications for helping freight forwarders and logistics companies increase their ROI, says **Amit Maheshwari**, CEO & MD, Softlink Global.



CT Bureau

What makes Logi-Sys the most preferred ERP Platform for freight forwarders globally?

Way back in 2010, we realized that the freight forwarding industry requires Operational and Financial Controls to protect their margins which were shrinking day by day. Logi-Sys was born out of the desire to integrate all operations and link them tightly with finance to achieve the desired result. Within no time Logi-Sys became the most preferred ERP Platform which not only streamlined freight forwarders' operations but also improved their margins and cash flows.

I am proud to say that today Logi-Sys is used by more than 1,000 freight forwarders spread across over 45 countries globally. Probably it is the only Global Software Product created by Indian IT Industry which is largely dominated by service players. Logi-Sys is used by freight forwarders right from a single branch organization to multinational companies having multiple branches spread across geographies. **Logi-Sys not only streamline freight operations but also provides tracking and visibility to shippers and consignees through integrated web portals and mobile apps.**

How Logi-Sys helps forwarders grow their business?

Logi-Sys with its Workflow engine automates the operations of forwarders. Automation helps forwarders not only



Amit Maheshwari
CEO & MD
Softlink Global

Logi-Sys can be integrated with carriers and ports to get automated milestone updates. It gives alerts in case of any delays



Logi-Sys

Digital ERP Platform

eliminate manual processes but also simplify their operations. Workflow along with operations controls enhances efficiency and standardizes processes eliminating reliance on individuals. This helps forwarders not only glow their business but also make more profits.

We understand that implementing Logi-Sys which is going to impact the entire organization is a big decision. That is where our unique "Four Quadrants of Success" implementation methodology ensures that freight forwarders start getting visible improvement in operations quickly. Logi-Sys scalability helps organizations to keep on growing and adding more and more services and customers.

How Logi-Sys help forwarders provide better services to their customers?

With the rise of e-commerce and faster last-mile delivery, B2B customer expectations have also risen. They not only want goods to be delivered faster but also want to have end-to-end visibility. Logi-Sys can be integrated with carriers and ports to get automated milestone updates. It has the ability to give alerts in case of any delays before it happens giving time to do necessary course corrections. This ensures that delivery happens as planned. Integrated Online Tracking Platforms and Mobile App can give real-time visibility to customers. Logi-Sys further enhances customer satisfaction by giving Daily Status Reports and timely alerts and notifications

For the last 20 years Softlink remained the #1 choice of forwarders and customs brokers. How did you ensure that Softlink remained ahead of the competition?

Being the pioneer in digitalizing the industry, Softlink has always presented the industry with the most advanced technology. The motivation behind this is always our customers. Our relentless effort to keep our customers ahead of the competition with the latest technology has eventually helped us evolve with time and remain ahead of the competition.

Currently, we are adding more and more automation using Artificial Intelligence and Machine Learning to our applications which will help freight forwarders and logistics companies to increase their ROI. We have also launched the blockchain-powered digital collaboration platform TradeCHAIN, which will facilitate the instant sharing and exchange of data, documents, and messages securely across trading partners. **We are working on many exciting technology products that will become the backbone of the industry in the coming times.**

How does Softlink Global help the air cargo industry?

Air cargo is critical for any country's economic development. The digital revolution has completely transformed the Air cargo industry and how it operates. Air cargo operations are now moving towards becoming completely paperless. With our

product line, we were the first to digitalize the logistics industry including air cargo. Our Logi-Sys platform is designed with the goal to reduce inaccuracies, paperwork and manual data entry ensuring improved efficiency and increased productivity. The integrated cloud platform helps connect every aspect of the air cargo within the system and efficiently manages the entire cargo movement.

As a visionary, how do you see the future of technology in Logistics Industry?

The logistics and freight industry has come a long way with various stages of technological evolution. In the past few years, we have come across some terms associated with logistics like Integrated, Digital, IoT, Smart Logistics, Automation, and Big Data.

Starting with digitization, we have gone further, where freight forwarders and logistics companies are in the stages of digital transformation. We are moving towards a connected ecosystem bringing all the stakeholders under one platform and providing a seamless flow of information across various service providers. At Softlink, we are updating our products to capture deeper information from even more data points and adding more and more automation using Artificial Intelligence and Machine Learning. The goal is to provide even more insightful and detailed reports supported by hard data facts for LSPs which will help them increase their ROI.



We have launched the blockchain-powered digital collaboration platform TradeCHAIN, and working on many exciting technology products that will become the backbone of the industry in the coming times.

Softlink has a huge impact on digitalizing the Indian logistics industry. How do you think the recently announced National Logistics Policy (NLP) is going to revolutionize the logistics industry and reduce costs?

India's logistics sector is one of the key pillars of our economy, contributing to about 14.4% of India's GDP. The National Logistics Policy (NLP) will further speed up the progress to enhance the logistics infrastructure to make Indian logistics competitive in terms of global standards. The new policy is going to play an instrumental role in bringing stakeholders on a


unified platform to enhance seamless connectivity across all modes of transportation. I am hopeful the policy will help reduce a few indirect logistics costs and help bring down the logistics costs from 14-18 per cent of GDP to global best practices of 8 per cent by 2030.

Besides reducing costs, I am very much optimistic that our country's \$150-billion logistics sector is going to see a thrust with the holistic framework of the policy that will help boost manufacturing, build infrastructure, create employment opportunities and develop a skilled workforce. In alignment with the policy, Softlink is ready with a line of products that are already facilitating digitalization, enhancing sustainability and reducing costs in the Indian Logistics industry. 🐦



Logistics Policy - A platform to unite & collaborate

GST implementation of 18% on air freight and 5% on ocean freight is not best in India, especially since it is not international. There is no Goods and Service Tax or Value Added Tax on air or ocean freight and India needs to be in limelight and go with global flow. This will increase logistics cost.

 Ritika Arora Bhola

Cyrus Katgara, Partner, Jeena and Company and Board of Advisors, ACAAI shares, "with Air India taking the lead and getting back in full action with its dedicated cargo aircraft, there is a big potential for India to become a international cargo hub in the coming years."

How do you think recently launched National Logistics Policy (NLP) along with PM's Gati Shakti National Master Plan (PMGS) boost the growth of Indian logistics and air cargo sector?

The NLP will accelerate the growth of the sector in the coming years as it aims to promote seamless movement of goods

Cost-effective logistics aligned with PMGS is poised to be a game changer, and we look forward to its unfolding soon

across the country and addresses the infrastructure, procedural gaps in India's EXIM connectivity by creating efficient, reliable, and streamlined cross border trade facilitation. The plans for cost-effective logistics aligned with PMGS is poised to be a game changer, and we look forward to its unfolding in the



Cyrus Katgara,
Board of Advisors, ACAAI and
Partner, Jeena & Co

future. The NLP has provided a platform to the industry stakeholders to unite and collaborate. If it gets implemented rightfully, it would be beneficial for the trade. We look forward to seeing it implemented soon.

What would you like to comment on levy of GST from 1 October 2022. How will it impact the trade?

GST implementation of 18 per cent on air freight and 5 per cent on ocean freight is not the best in India, especially since it is not international. There is no GST or VAT taxes on air or ocean freight and India needs to go with the global flow. This will increase logistics cost. It will include cost on working capital and bank. Eighteen per cent GST on air cargo exports will create global disturbances, especially when there are no taxes levied on global air freight: Indian exporters will be at a disadvantage with other countries. India's ranking will go down on EoDB. India must be a part of the mainstream global business as

Indian economy integrates globally.


Do you think the industry is ready to become a global transshipment hub?

There is potential for India to become a global cargo hub in the coming years. At present, all the cargo is moving either via Singapore or through other countries. But now with Air India taking the lead as a fully dedicated carrier, I am sure we will be able achieve the dream of becoming a global air cargo hub.

How crucial is the role of digitalisation in air cargo?

The power of technology and digitization has ensured today that cargo can today communicate things about itself even before leaving the origin and thereby breaking information silos. The consumption of connected devices has shifted the air cargo industry into a data-driven mover. The efficiency and consistency of digital processes gives huge cost savings, and reduce risk for businesses. The industry has implemented digitalisation to enhance logistics efficiency and cost-effectiveness however it is sad to see we still use a lot of paper in India.

How do you foresee the future of Indian air cargo industry?

MoCA is working on establishing 33 new domestic cargo terminals by 2024-25 which will help the air cargo sector move up the ladder. We also need to work on EoDB in cargo sector by making processes paperless, adapting automation, digitalization which can make cargo processing swift. 



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Eliminate bottlenecks to make India cargo hub

Industry is struggling to make a comeback following COVID and ongoing Russia-Ukraine war. Levy of GST will increase freight cost and create burden on exporters. It is not yet clear how this action can push government's goal, which introduced National Logistics Policy with an aim of reducing logistics cost.

 Ritika Arora Bhola

Vipin Vohra, Chairman, Continental Carriers Private Limited says, "What is happening in our logistic trade is that there has been an excessive increase

With NLP in place, things will be better and pave the way for Make in India in the coming years

of skill development in our sector. Previously, not many people joined this field."

How do you think the recently introduced NLP along with PMGS will boost growth?

The NLP and PMGS will help the logistic trade in a big way. Till now, there was not even one ministry we could go to with our problems. With the NLP being introduced, there is a consortium of ministers, secretaries, everybody meeting together and helping to solve out the issues. Previously, we had to go to each ministry separately and then it used to take a lot of time to get the things clarified. With NLP in place, things will be better and pave the way for Make in India in the coming years.

Do you think India has the potential to become air cargo hub in the coming years?

Yes. But for that a few policies need to be changed such as uniformity in the present policies of the customs at each airport, the airport policies, the security policies, the issue of the transit cargo needs to be X rayed at every airport or only at the origin airport. Once these bottlenecks are eliminated by the




Vipin Vohra
Chairman
Continental Carriers Private Limited

ministry, I am hopeful that very soon India will become one of the major hubs for transit cargo due to its geographical location between east and west.

Upskilling manpower is one of the major concerns now. How would you address that?

I agree there is a lot of skill development required today. What is happening in our logistic trade is that there has been an excessive increase in our sector. Previously, not many people joined this work field. Following the introduction of NLP, the skill development council is exploring these concerns, and for businesses like ours, we also keep training to staff. It is very important to keep them informed about new laws and regulations that affect the industry as well as how to handle cargo.

How do you think levy of GST on air freight will impact the trade?

To support the NLP, the industry expected the government to extend the GST exemption, but this has not happened. We think that this will have a financial impact on the freight industry. The move will increase the freight cost and create burden on the exporters. It is unclear how this action can push the Commerce Ministry's goal, which introduced NLP with the aim of reducing logistics cost and wants every district to encourage exports. Our industry is struggling to make a comeback after COVID cases reduced post-pandemic and ongoing Russia-Ukraine war. 



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Implementation of PMGS, NLP essential for growth

Narendra Modi, Hon'ble Prime Minister, launched Gati Shakti Master Plan to reduce logistics cost and propel Indian economy. It has been proposed to set up 100 cargo terminals, freight corridors, expressways, and multimodal connectivity platforms. Challenges need to be resolved to keep the cost-components under control.



Ritika Arora Bhola

Sushant Nigam, ED, Air Cargo Agents Association of India (ACAAI) stressed upon govt's decision not to extend GST extension from 30 September 2022. The move will make Indian exports uncompetitive. The trader community, including ACAAI, has been urging the government to reduce taxation burden on exporters.

How do you think PMGS and NLP can transform the sector and boost growth?

Many good projects failed to see light of the day due to lack of cross-sectoral coordination among all concerned government agencies. The PMGS has been launched as an infrastructure plan. It provides panacea for the perennial issue of ineffective coordination amongst concerned ministries by entwining them to keep a tab on progress of the project and completing it without any hurdles within deadline. The six pillars—comprehensiveness, prioritisation, optimisation, synchronisation, analytical



Sushant Nigam
Executive Director
Air Cargo Agents Association of India (ACAAI)

and dynamic—have been introduced to provide activity-based support to complete all infrastructural projects in time. One of the initiatives to utilize PMGS is the provision of 100 numbers of cargo terminals alongside newly built freight corridors and expressways, and MMLPs among others. Such a step is bound to reduce the logistics cost and propel the economy on local basis as well as international basis.

What are the crucial areas of concerns?

While the government has launched trade-friendly policies and schemes, however, the concern is to see the implementation of important aspects of NLP and PMGS through targeted goals, government-trade consultations, strict monitoring, dynamic coordination and the like. The government's decision not to extend the sunset clause of GST w.e.f. 1 October 2022 may affect air freight and make Indian exports uncompetitive. The trader community, including ACAAI, has been urging the government to reconsider and reduce the taxation burden on exporters.

Can you suggest solutions to resolve these bottlenecks?

The government has set up sector-specific skill development councils, one of such is for logistics. The logistics training institutions have been making the trainees job ready, and the qualified candidates are given job placements.

How do you foresee the future of air cargo industry?

Growth drivers are the recently announced government initiatives such as PMGS and NLP. They would create adequate infrastructure, bring coordination amongst central and state government departments, developers, service providers, and users. The unified interactive channels and the overall

An initiative of PMGS is the provision of 100 cargo terminals alongside freight corridors and MMLPs

supervision at top government level is going to take India to newer heights in the international market.

Comment on the present infrastructure in tier II and III cities for movement of cargo?

As I said earlier, the PMGS and NLP have released the guidelines and defined the interactive and monitoring mechanisms for development of infrastructure. Setting up cold storages and providing refrigerated trucks to carry perishables such as pharma, fruits, and vegetables, to and fro gateways, from tier II and III cities needs to improve. Major gateway airports already have cold zones and equipment to handle such shipments professionally. Some of them are CEIV certified too. 🐦





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GST move not in line to reduce logistics cost

Interstate highway network in USA and physical logistics ecosystem in China or Autobahn of Germany have catalysed and spurred faster economic growth. Similarly, India needs similar vision, commitment, and action to meet its tryst with the US\$5 trillion economic superpower status.



Ritika Arora Bhola

Jayaraman Krishnan, Board of Advisors, The Air Cargo Agents Association of India (ACAAI) pinpoints about the recent withdrawal of the exemption of international export freight. Stating that it is an obstacle, he said it is not in consonance with the accelerated impetus to bring down the total logistics cost in India. This exemption or even more effective 'zero rate' regime for international freight must be assured.

How vital has it become for air cargo to esign supply chains that are and not able to meet evolving customer needs?

COVID witnessed a new dimension in supply chains. The world had to be vaccinated and with a few nations produced and exported the vaccines it was airfreight that provided the solution. Thus, the Convention's theme is apt in this context and underscores the importance of air freight in normal times as well as during crisis such as the



Jayaraman Krishnan
Board of Advisors, The Air Cargo Agents Association of India (ACAAI)

pandemic. Air freight will continue to remain a sought-after mode.

Will PMGS with NLP transform the logistics sector and boost growth?

These initiatives seek to lay the foundation for an economically dominant nation in 21st century. The building of the interstate highway network in the USA, the physical logistics ecosystem developed in China and the Autobahn of Germany—all have catalysed and spurred faster economic growth. India needs such vision and action to meet its tryst with the economic superpower status.

Do you think India has the potential of becoming a global air cargo hub soon?

Air cargo hubs as they exist today are mainly centres with little homegrown freight, but accept and despatch third country freight. If viewed by this yardstick, we can say India has lost its chance to nimble-footed competitors. If home grown freight is distributed in India, regional hubs will emerge, especially after the multimodal legislation gets enacted thereby ensuring seamless transfer for Indian consumers. The spillover will witness global cargo using Indian airports.

What are the crucial areas of concern?

The recent withdrawal of the GST exemption of international export freight is a speed breaker and it is not in consonance with the accelerated impetus to bring down the total logistics

cost in India. This exemption or even more effective 'zero rate' regime for international freight must be assured.

What are the steps being taken to resolve issues such as bridging demand-supply gaps, 100% capacity utilisation, Air Freight Stations among others?

- Logistics skill council has done groundwork in this regard, and it needs to be translated into sustained implementation PAN India. 'Train the Trainer' is a priority.

At present, air cargo hubs accept and despatch third country freight. Even here, we can say India has lost its chance to competitors

- 100 per cent capacity utilisation cannot be achieved but what needs to be worked is achieving optimum capacity utilisation. In this connection, the country stands tall as the gap between inbound and outbound air freight is small.

- AFS' remained a still born child and the reason behind this lost initiative is not too difficult to fathom. A holistic vision of the government/terminal operators'/air cargo security.



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Managing Director
Mahesh Trikha



Email: mahesh.trikha@aargusglobal.com
Mob./WhatsApp: +91-9810036509
Email: saurabh.trikha@aargusglobal.com
Mob./WhatsApp: +91-9810036508
Email: shaktyadav@aargusglobal.com
Mob./WhatsApp: +91-9910405477
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Saurabh Trikha
Director



Email: saurabh.trikha@aargusglobal.com
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NLP will support seamless movement of goods

PMGS will have greater impact on our economic development by integrated development and bringing important ministries together under single monitoring platform, so that infrastructure and policy matters gain fast clearances, says **SL Sharma**, Chairman, Skyways Group and Board of Advisors, ACAA.

 Ritika Arora Bhola

You have been serving the industry since decades, how has the air cargo industry changed since the time you stepped in?

My journey of over five decades in the logistics industry has been enriching and enthralling. I started my professional journey as a documentation officer in an era where multiple documents were prepared manually. Later, the transition happened to typewriters and now we

are living in a contactless (digital) era. What I feel is that we cannot remain untouched by technology that has been evolving since the early 2,000s.

It is significant in this digital age to adopt new and better technology, else it is difficult to survive in the long term. The new age logisticians and budding entrepreneurs are open to adopting new technology such as API integration, digital tracking of cargo, creating centralized control tower for supply chains, ERP solutions and

robotics to name a few. Another critical change that I have witnessed is the number of young people from different sectors entering the logistics industry—talented and trained workforce are attracted towards our industry. During COVID, scores of people lost their jobs, but the industry embraced them.

How do you think PMGS and recently introduced NLP can transform the logistics sector and boost growth?

The various modes of transportation within logistics sector have been

working in silos. The trucking, rail and road transport have been set up individually over the past decades. The PMGS will bring all these together so that they can create a truly multimodal logistics ecosystem. PMGS will have an impact on our economic development through integrated development and bringing important ministries together under single monitoring platform, so that infra and policy matters gain fast clearances. The PM's Gati Shakti Master Plan aims to create a comprehensive and integrated planning approach



SL Sharma
 Chairman
 Skyways Group and Board of Advisors, ACAA

Delhi, Mumbai, Bengaluru airports have done well by improving their infrastructure, but a lot must be done for better movement of cargo

and execution of projects. It will help reducing the logistics cost and lead to economic viability for end consumers, farmers, and businesses. It will provide linkage to economic zones and increase job avenues and faster movement of goods so that we become a US\$5 trillion economy by 2025. The NLP will enable seamless movement of goods and increase competitiveness of Indian goods in domestic and global markets. "To quote Narendra Modi, Hon'ble Prime Minister, 'we want our logistics to move at the speed of a cheetah. We are living in a fast paced-world and have to adapt to the changing times. Hence, the logistics frameworks in India have to be built at par with advanced economies of the world."

With regional airports getting cargo complexes, new freighters being launched, do you think India has the potential of becoming global air cargo hub soon?

The country sits well in terms of its geographical location, and it can become a gateway to nations having less facilities in terms of capacities related to airlines and shipping lines.

Bangladesh, Bhutan, Nepal, Sri Lanka among other Southeast Asian markets can use India as a gateway.

However, the government did some regulatory changes to ensure that there is ease of doing transshipment from India and these will benefit us as a nation. The government is positive and has been engaged with stakeholders to form an air cargo hub model. There are procedural issues on transshipment protocols and FTAs, which cause impediment to the stakeholders by unequal norms that need more clarity.

What are the crucial areas of concern at the moment?

There are couple of challenges, which concern all the stakeholders such as availability of regular freight volumes, standard ground handling procedures at different airports of our country, adequate space and connectivity between maximum city pairs.

Any steps being taken on upskilling manpower, bridging demand supply gaps, 100% capacity utilisation and Air Force Stations?

The air freight industry and logistics sector at large have gradually evolved with the ever-changing consumer mindset. Hence, there is a need for more skilled workforce who could be inducted into the new age as well as tech-driven logistics world, offering a plethora of career opportunities to people. So, manpower must be trained to cater to the pressure-driven turnaround time (TAT) of jobs and need to address the issue of joblessness within the country. There is need to spread awareness about logistics or supply chain as a potential career for the new generation. Additionally, we must come forward and provide youngsters the right training to become job ready for the industry. The advent of COVID drew more people towards the sector because of job cuts and redundancies in other sectors.

Bridging demand-supply gaps and 100 per cent capacity utilization challenges are legacy issues that get into play during various time cycles. In 3-4 years, one sees substantial inroads being made to scale up on these counts. Air Force Stations is one of the facilitators for the industry and air cargo can benefit from the creation of Air Force Stations, especially those in the hinterland for bringing in the industry and the customers closer—whether they are exporters or importers, along with bringing ease for them in terms of using the major gateway airports.

What is your vision 2030 for global air cargo sector. What are the sector's key growth drivers in the years ahead?


Vision 2030 of reaching 10 MT tonnage of air freight at Indian airports is the right step for Union of Ministry of Civil Aviation. This golden dream is significant for the Indian skies. Unless we push our potential to a bigger target, our growth will be modest and slow. Indian cargo stands at 3.1 million metric tonnage today. The players need to focus on transportation of smaller cargo loads from tier II and III cities to metropolitan cities, which can be achieved by acquiring smaller size aircraft. We must look at how linkage from these cities is done to major gateway airports, so that we can 10 million metric tons in cargo. ↘

FACTFILE

- Young and talented workforce from different sectors are getting attracted to logistics industry.
- Indian cargo stands at 3.1 million metric tons. The players need to focus on transportation of smaller cargo loads from tier II and III cities.

Focus on transporting temp-sensitive products

PMGS is a master plan to increase logistics efficiency, link various government stakeholders and bring down inter-ministerial silos. Policy will connect and integrate different modes of transport, including aviation, ports, railways, and roads. NLP aims to reduce logistics cost despite highly fragmented nature of logistics industry.

 Ritika Arora Bhola

Siddharth Jairaj, CEO, TVS SCS Global Freight Solutions and Member, ACAAI says, "Road, rail, port, and airport infrastructure have improved significantly over the years, but there is still a long way to go for us to meet international standards. There is a need to improve connectivity for the multimodal operations."

How do you think PMGS along with NLP can improve logistics performance?

The PMGS is the master plan to increase logistics efficiency and link all the various government stakeholders and bring down the inter-ministerial silos. The plan will connect and integrate different modes of transport such as aviation, ports, railways and, roads. Essentially, a digital platform has been created for integrated planning and coordinated implementation of infrastructure connectivity projects. The NLP is part of overall plan to



Siddharth Jairaj
CEO, TVS SCS Global Freight Solutions
and Member, ACAAI

reduce cost, improve ease of doing business and efficiencies. NLP aims to lower logistics cost from its current 14 per cent of GDP to less than 10 per cent despite the highly fragmented nature of India's logistics industry. The policy aims to make Indian goods competitive, while promoting economic growth and expanding job possibilities. The policy sets up a broad, multi-jurisdictional, cross-sectoral framework for growth of entire logistics ecosystem to address concerns of high-cost and inefficiency.


How would you rate India's multimodal infrastructure for cargo movement? Do you feel there is need for improvement?

India's infrastructure is a vital component that impacts the economy. While air, ocean, railway, and road infrastructure have improved over the years, there is still long way to go to meet global standards. Estimates are, India is set to become the third largest aviation market in 2024, after the

USA and China. The country has 132 airports—29 international, 92 domestic and 10 customs. With the Udan Scheme, this is set to grow to 200 airports in 4-5 years. India's maritime sector is the 16th largest in the world. The country has 12 major ports and 200 minor ports with JNPT and Mundra being the largest. There is an acute need to improve connectivity for the multimodal operation and remove the present bottlenecks.

There is an acute need to improve connectivity for multimodal operation and remove the present bottlenecks

How would you describe the air cargo industry in the new normal? What efficient strategies are being adopted by the industry to move forward?

Today, the economies around the globe drive air cargo. The need of the hour is a focused approach to specific commodities such as pharma, temp-controlled rooms, transport, handling, among others are important. Recently, the Bengaluru airport became the leader in handling perishable cargo in India. A similar focused approach is required where customised product-based solutions are provided. 





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'Govt-industry unity must for reaching goals'

Objective is to transform logistics sector and boost growth. Study of PMGS and NLP shows that given good implementation, purpose will be served fully. Government should partner with industry stakeholders to ensure proper and timely execution of the two initiatives.



Ritika Arora Bhola

Samir J Shah, Secretary General, ACAA and Partner, JBS Group of Companies says, "Considering the present logistical developments, it seems the country is ready to become global cargo hub in the coming years, but there is a need to relook at the AFS policy to benefit the users from wide range of services."

How vital has it become for the air cargo sector to design future supply chains?

Many airports are likely to become functional soon. This coupled with new airlines will increase its penetration all over the country. Commodities of many exporters and traders will have the added option of using air as a mode of transport. New entrepreneurs and commodities will get added. Time is ripe for the sector to take a leadership role here. The issue is not only cost-effective, but it is also available. As more users



Samir J Shah
Secretary General, ACAA and
Partner, JBS Group of Companies

utilize these facilities, the other benefits will naturally fall into place.

How do you think PMGS and NLP transform logistics sector?

The purpose is to transform the logistics sector and boost growth. A study shows that if implemented properly, the initiatives will serve their purpose. It is time for us to join forces with the government to ensure the proper implementation of the PMGS and NLP to achieve the desired objectives.

Do you think India has the potential of becoming a global air cargo hub?

India has the potential to become a global cargo hub in the coming years. The infrastructure and the regulations need to be tweaked and industry needs to do introspection. Technology can open many closed doors. The government is not shying away from taking path breaking decisions and using technology effectively.

What are the crucial areas of concern now?

What we need is government-private sector partnership, removal of redundant regulations, and an all-round trust regime. The industry must attract youth at all levels. Also, a new thinking must emerge by engaging all stakeholders.

What are steps being taken to resolve bottlenecks?

The efforts of the National Skill Development Council and Logistics and Aviation Sector Skill Councils are noteworthy. They have made progress in

designing and making training available. It is up to the stakeholders to discipline themselves and train themselves and their personnel. The AFSs are of great value to all stakeholders.

A liberal regulation is needed for the same. There is a need to relook at the AFS Policy. Every container freight station in the country must be converted into an AFS and controlled through technology. Multiple facilities across India will help users of this sector.

The government is not shying away from taking path breaking decisions and using technology effectively

What is your Vision 2030 for the global air cargo sector?

Cargo can be moved via various modes of transportation across the country. I am hoping for an India, which gives a similar possibility with air cargo. This sector may see growth in the coming years. It is to be seen how much appetite the stakeholders have.

What will be the growth drivers of air cargo in the coming years?

The Indian entrepreneurial spirit and the desire to become the second or third largest economy in the world. 🐦



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Enhance coastal & rail routes to ferry cargo

Ongoing Russia-Ukraine war has changed priorities of buyers in European regions and with winter season around the corner, it may affect further. Ease of Doing Business and single window concept must be implemented fully. Extraordinarily high ocean freight is also driving air cargo towards growth.

 CT Bureau

Mahesh Trikha, MD, Aargus Global Logistics says the country's road, air and ocean cargo are among the best, though, we still need to explore and improve the coastal and rail routes for cost-efficient results.

How do you think PMGS and NLP will enhance the performance of the Indian logistics and air cargo sector?

The logistics industry is growing at a rapid pace. India has seen growth in manufacturing and service industries in the past couple of years. The NLP

India is becoming a manufacturing hub for large industries such as pharma, automotive parts, express shipments among others

has been put in place at the right time. It gives requires direction and vision. PMGS aims to create world class infrastructure and ensure efficiency, speed, and connectivity among various industrial zones in India with ports and airports. We have been witnessing infrastructure development across highways and expressways. Air cargo has its own significance and industries



Mahesh Trikha
MD
Aargus Global Logistics

such as pharma, auto, mobile phones and express shipments will continue to move through air only. With India steadily becoming a hub of varied commodities, air cargo will have an automatic boost. However, the major concern is the ongoing Russia-Ukraine war has changed the priorities of the consumers, especially in Europe, and may temporarily affect this segment.

How would you rate India's multimodal infrastructure for cargo movement? Do you feel there is need for improvement?

Multimodal means various modes of transportation such as air, road, rail, and ocean, requiring a common document for cargo movement. The business environment has still not adopted the concept of issuing just one multimodal transport document (MTD) for shipment from hinterlands to move by gateways airports/ports. The areas of concern could be insurance coverage and acceptance by banks/buyers of MTD. We need to educate ourselves on this to take it to the next level. India's road, air and ocean cargo services are among the best, though, we still need to improve

upon the coastal and rail routes for effective and cost-efficient results.


What are the crucial areas of concern?

The ongoing Russia-Ukraine war is a pain; it has started to dampen the spirit of the buyers in Europe and with winter season around the corner, it may affect even more. EoDB must be implemented in letter and spirit and lot needs to be done on single window concept. There is a need to address the issues related to banking reforms and legal matters if we wish to stand up to economies of China and the USA, which are five and nine times, respectively, ahead of India's Gross Domestic Product.

What are the key growth drivers for air cargo?

India is steadily becoming a manufacturing hub for large industries such as pharma, automotive parts, express shipments among others would drive air cargo in the times to come. The extraordinarily high ocean freight is also driving the air cargo towards growth.

Describe air cargo in the new normal? What strategies is the sector adopting to move forward?

I am sure the situation in the future will be pro-business with competitive pricing. Indian exports are on the rise and so are the imports. The digitization of the air cargo and logistics industry is making the sector competitive. It has highlighted the business of high-speed mode with digitization of air cargo and logistics. 





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Integrate logistics to increase exports

Logistics industry in India is growing rapidly and Indian economy is expanding at a rapid pace. The sector is likely to grow at a compound annual growth rate of 15.5 per cent between FY2019 and FY2024. Modernising the infrastructure, implementation of PMGS and the GST are some of the drivers of the sector.



Ritika Arora Bhola

Chaitaly Mehta, Board of Advisors, ACAAI and Director, EKF Global Logistics says, "Costly aviation fuel, not enough freighters and passenger travel not reaching up to 2019 levels, reluctance to establish India as a transshipment hub thereby losing revenue and creation of jobs in the industry and country, high port charges, shortage of skilled manpower, cross-border trade and issues in handling these shipments, overworked and overloaded infrastructure are some of the bottlenecks hampering growth of logistics."



Chaitaly Mehta
Board of Advisors, ACAAI and
Director, EKF Global Logistics Pvt Ltd

How is the industry gearing up for growth in the new normal?

The industry performed well during the pandemic and now that COVID cases have reduced substantially, many stakeholders felt 2022 has been a good year. The importance of digitalisation has never been seen, felt, or experienced as much as it has been in the pandemic. The focus is now on technology implementation, and people

management with emphasis on their well-being. Technology has proven to be the industry's best friend for every stakeholder, which instead of reducing people has helped fine tune how to intelligently use the manpower and make it work with technology.

What are the key growth drivers for logistics?

The logistics industry in India is growing rapidly and India's economy is expanding at a rapid pace. The sector is likely to grow at a CAGR of 15.5 per cent between FY2019 and FY2024, states various market research. The government is focusing on infrastructure development and FDI reforms. Modernising the infrastructure, implementation of PMGS and the GST are some of the drivers of the sector. The Make in India and Digital India may boost the sector.

How do you think the NLP and PMGS can boost the logistics sector?

The announcement of PMGS has brought a lot of enthusiasm in the industry, but it has slowly ebbed out. It is not easy working in logistics industry per se and in India there are so many issues at all levels. PMGS stresses on boosting economic growth through infra building. India has come a long way from how our imports and exports are being handled and though we are systematic and skilled, our infrastructure lets us down many a time. With PMGS, if our airports, railways, roadways, and waterways can be integrated and modernized, then Indian exports will grow even more. The

PMGS will enhance the country's global competitiveness through NextGen infrastructure and seamless multimodal connectivity to ensure seamless movement of goods and improve EoDB.

Do you think the boom in freighters and 'freighters' will survive?

With travel picking up, cargo is being offloaded from passenger flights. But it is doubtful if freighters will take off every week. Some destinations require freighters all the year round every week. But I could be

The focus of the industry is now on technology implementation and people management with emphasis on their well-being

wrong. Until hectic passenger travel is stopped, cargo will continue to be offloaded. As markets and airports have fully opened as travel curbs have been lifted, there is belly space for cargo. As per a recent report by Boeing, the cargo market will grow at an annual rate of 4 per cent over the next 20 years, resulting in requirement for a freighter fleet, 60 per cent more than what we have today. Majority of deliveries will be conversions, with buoyant activity in the B737/A321-size market. With a rise in imports, passenger flights resumed to almost 2019 levels, while freighters would require more time. 🐦



Customers intent on time-bound deliveries

Dileepa BM, Chief Executive Officer, Bonded Trucking, Shreeji Translogistics highlights Bonded Trucking was introduced to reduce cost of moving transshipment cargo from one airport to another. Presently, handling charges paid to custodians are transportation cost and there is need to simplify processes.

 CT Bureau

What are the trends to watch out for in road transport and warehousing industry?

We all have come across with the COVID and learnt how to conduct business. It gave us way to think beyond the box. Logistics industry is the only sector, which survived during the COVID backlash. Indian transport and warehousing in these years have set many trends. These are as follows:

- Compulsory GSP tracking to trucks and CCTVs in warehousing.
- Digitalization and Cloud Based System Adoption to get accurate information. It supports efficiencies across all business activities such as financing and marketing also in cost savings.
- Delivery by drones have also started.

How do you think PM's Gati Shakti Master Plan and National Logistics Policy will drive growth in this sector?

The NLP was needed to ensure quick last mile delivery, end transport-related challenges, prevent wastage of the agro-products, save time and manufacturer money among a host of others. PMGS will be support the NLP, huge data of the various infra projects of state governments. For the products manufactured in India, it is crucial to have a strong support system. The logistics policy will help in modernising this support system. The policy has immense potential for the development of infrastructure, expansion of business and increasing employment opportunities.



Dileepa BM
CEO, Bonded Trucking
Shreeji Translogistics

Each company must have its own technology to bring efficiency in their activities

How do you foresee future of the transport industry?

The development of NHs, Fast Tags, road infrastructure and dedicated corridors not only save transit time, but also help us to deliver the goods faster. But still roads must be developed in NHs, including in Ahmedabad to Mumbai, Kolkata to Delhi, which is an important highway. Also, despite having fast tags, still during peak time, one can come across huge traffic jams near toll plazas.


Despite developments, what are the areas of concern that need immediate attention?

As we are into Customs Bonded Trucking, we can focus on crucial areas in the Bonded Trucking. Simplification of the process is a must. Even though policies are similar for all airports, but the practices are different. Bonded Trucking was introduced to reduce cost of moving transshipment cargo from one airport to another airport, but, presently, handling charges paid to custodians are more than the transportation cost.

As an LSP/ transportation company, what are the most important metrics that track your services' success, while serving a particular customer?

As a Bonded Trucking Operator, the most important factor for our success is time bound delivery. Customers are ready to pay bit more if the delivery will be time-bound. They are not concerned about the issues such as traffic jams, road accidents, truck breakdown mechanical issues, jams at toll plazas, RTO or police checking, roads blocked due to VIP movements among others Also, nowadays customer needs transparency of their cargo moving. They need like tracking of their cargo moving. These are the factors to be maintained to retain valued customers.

How crucial is the role of technology in transportation sector to improve logistics efficiency. Also, do you have trained drivers and skilled labour to facilitate the same?

Technology plays an important role in transportation sector. Each company must have its own technology to improve efficiency in their activities. With these technologies, we can ascertain all data within a fraction of seconds. In our software, we can find out the details of trucks such as number of km, truck insurance expiry dates, repairs and maintenance details, each truck billing, and expenses among others. We see that all truck drivers are imparted training and told about the importance of cargo, which they are carrying, and the need to deliver products within deadline. 



PMGS, NLP to alter air cargo, logistics

Existing multimodal infrastructure for cargo movement needs well thought of and strategically driven steps as presently cargo movement from warehouses to respective ports does not have adequate infrastructure and connectivity, says **Sunil Kohli**, MD, Rahat Cargo.



How do you think PMGS along with NLP can boost the logistics and air cargo sector in the coming years?

PMGS is the central government's policy initiative focused at improving logistics sector by reducing overall freight costs and time, cutting warehousing costs and improving the tracking and traceability of consignments through infrastructural, procedural, and technological interventions since the plan envisages an active involvement of seven engines namely railways, roads, ports, waterways, airports, mass transport, logistics infrastructure.

These functional steps are likely to gradually push the cargo sector into a seamless and faster accomplishment to yield a fruitful outcome to the satisfaction of all stakeholders.

How would you rate India's multimodal infra for cargo movement. Do you feel there is need for improvement?

The existing multimodal infrastructure for cargo movement needs well-thought and strategically driven steps as presently, the cargo movement from the warehouses to the respective ports does not have a comforting and time saving travel by road, a mode used by the shippers. The desirability of smooth roads and seamless travel remains all over.



Sunil Kohli
Managing Director
Rahat Cargo

The government must extend assistance to exporters by way of providing attractive incentives to them, to increase exports



What are the crucial areas of concern?

The critical areas of concern at present, which need to be addressed by the related agencies include government regulations, environmental regulations, technological barriers, materials handling, transport, supply management and logistics, information and control, distribution and material movement and production logistics and management.

What according to you are the key growth drivers for air cargo?

With a view to ensure growth of export, the government needs to extend all possible assistance to the exporters by way of providing attractive incentives to them apart from establishing airport complexes at the convenient locations, which should be equipped with state of the art facilities.

How would you describe the air cargo industry in the new normal? What strategies are being adopted by the air cargo industry to move forward and achieve growth?

The entire cargo handling should be turned into paperless mode and be replaced with digitization processes to save time and the related cost towards manpower. The airports must have a cargo friendly environment to facilitate its handling. The airlines too should also have an enhanced ULD management system in place apart from ensuring to have the ULDs in a perfect condition to achieve optimal loadability.

Throw light on your current projects and offerings in Indian and the global market?

We, as a freight forwarders, are in close touch for several years with the eminent and established exporters of fruits and vegetables persuading them to explore newer destinations abroad. We have partially succeeded in our endeavour. All possible assistance is rendered to the shippers by way of offering the best airfreights and by working out the best routing. Our relentless efforts in this regard continue unabated.

What are the projects in the pipeline?


Encouraged and assisted by the government's several incentive schemes, we propose to promote solar energy products on a massive footing and the efforts are on to have an extensive research in the trade. Subsequently a strategic marketing plan is also planned to develop towards targeting the productive areas of sales. It's also in the pipeline to build a recognizable brand. 🐦



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Technology plays key role in logistics sector

Newly developed National Highways, roads, DFCs show India's new face, says **Manoj Jain**, Chief Commercial Officer, Leostar Logistics. They will help manufacture competitive and low-cost products, give room to develop new industries, and help compete with neighbouring countries, he adds.

CT Bureau

What are the key trends to watch out for in the logistics industry ahead?

After COVID, Indian logistics industry innovatively worked in many segments, especially in the below mentioned major areas:

1. Technology infrastructure base work, strong networking for globalization.
2. Artificial Intelligence, self-driven work such as drones.
3. Digital work development such as paperless.

How do you think National Logistics Policy combined with PM's Gati Shakti initiative will drive growth in this sector?

1. PMGS, the name itself gives power to movement. Narendra Modi, Hon'ble Prime Minister, is focused to develop and improve last mile delivery akin to cheetah to save time and money. In short, prevent delay and wastage.



Manoj Jain
Chief Commercial Officer
Leostar Logistics

2. Logistics industry is backbone of any industry as well as the nation. The industry came to limelight and began to be noticed by other industries after the NLP was introduced by the Indian government.
3. Helps to improve and increase capacity of Indian ports.
4. PMGS like NLP (Gyan + Vigyan) – theoretic data & practical application.

- Domestic Movements for EXIM.
- Development on Ports.

As an LSP/ transportation company, what are the most important metrics that track your services' success, while serving a particular customer?

We work for as a customized platform for the customers.

How crucial is the role of technology in the transportation sector to improve logistics efficiency. Do we have trained drivers and skilled labours to facilitate the same?

Technology plays a critical role in the sector. Smartphones help drivers to navigate, give e-way bill, online documents identification and the like. This is bad luck for this industry, still this industry is being operated by maximum unskilled labour such as drivers and helpers, who have no skills whatsoever and are illiterate. If they are imparted training and take education in the proper channel, the efficiency of their work and the motive of work will automatically improve.

Could you elaborate on the strategies you are devising to ramp up the company's operations for efficiency in business and network enhancement?

Association, what type of association you create near you is the most important and helping each other to develop and motivate with one common goal.

Tech plays a critical role. Mobiles help drivers to navigate, give e-way bills, online documents identification and the like

The government's recent initiatives to develop NHs, logistics and road infra, dedicated freight have garnered appreciation. How do you foresee future of the industry?

Nitin Gadkari, Union Minister of Transport and Highways, has done remarkable work. The look of new NHs, Roads, DFCs shows the face of New India, which surely helps in manufacturing low-cost products. We can give room to develop new industries as well and compete with neighbouring countries.

Despite developments, what are the crucial areas of concern that need immediate attention?





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Intelligent logistics with Dachser India

Company believes advantages of digital technologies, which can support people in decision-making process and relieve them of routine tasks, increases their motivation and frees them up for more demanding work. Due to many improvements in execution of logistical processes, it is considered trailblazer in logistics industry.

The supply chain management technology landscape is changing rapidly and hence the capacity for technology and innovation are necessary to optimize the way companies are working and to remain competitive in the future—a fact that Dachser was quick to recognize. Already in the 1980s, the logistics service provider was one of the first in the logistics sector to start establishing new digital channels for the data flows that accompany the flows of goods. This spawned a host of innovations and an entirely new understanding of networks and how to manage them.

With rising demands to move the products across the globe, customer desire for full transparency, tracking and insights into the global impact of every move. Finding the right use of tools to assure that technology impacts business positively and maintaining the right balance of innovation, providing real-time data is one key to enhance and improve customers' experiences. Thus, data has become a decisive economic factor to make the logistics work easier, more efficient, and less prone to disruption along the entire supply chain.

Today, Dachser offers integrated digital concepts that are designed to keep raising the bar for quality and productivity—either by automating processes, or by enhancing usability and transparency.

Not least thanks to numerous improvements in the execution and optimization of logistical processes in the digital field, the logistics service provider is considered a driver and trailblazer in the logistics industry. Dachser continuously observes and evaluates all important trends and technologies to promote ideas and innovations are relevant for DACHSER and its customers. The family company believes that the main advantages of digital technologies are that they can support people in the decision-making process and relieve them of routine tasks. That increases their motivation and frees them up for more demanding work.

Dachser for example uses machine learning applications to process data from day-to-day operations to better forecast inbound volumes. This can be done up to 25 weeks in advance and is a valuable aid to decision-making when it comes to seasonal capacity and resource planning. Also, Dachser has an advantage here because of its uniform system landscape in European Logistics and Air & Sea Logistics and because of its



network maturity, which has grown over decades

The focus is to create flawless supply chain connectivity & collaboration—both within our network and with our customers and service partners. The overriding aim is to achieve optimum control of logistics processes. The logistics service provider employs

state-of-the-art technologies, including web services, APIs, and open source. Dachser's worldwide transport management system Othello sets new standards in terms of offering integration and visibility. With the Othello transport management system, the company can fully integrate logistics processes worldwide and control global supply chains. That is also one of the many possibilities offered by digitization.

At Dachser to understand the customers' needs and provide the services of the highest possible standards to its clientele, is the topmost priority to always strive to exceed expectations and to set new standards in digitalization in logistics. Committed to innovation and the constant improvement of our products and processes that will allow us to make our services even better and more efficient.





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Perishables, express cargo are growth areas

Prabodh Tipnis, Group Managing Director, Global Aviation India in an exclusive chat with **CARGOTALK** says more dedicated freighters will emerge in the coming years along with Air Freight Stations (AFS) to seamlessly connect 'manufacturing to uplift' chain of logistics. He also emphasises on upgrading IT and infrastructure.



 Ritika Arora Bhola

What are the key trends to watch out for in the global aviation industry in this year and beyond?

Digitalisation is widely accepted and growing robustly. Additionally, automation is being developed and enhanced on a day to day basis. Whether it is the airport, passenger services, engineering, catering, or freight services, it brings a high level of efficiency to processes. Warehouse management systems have adopted integrated systems that offer

To cope with growth opportunities, airports and warehouses have undertaken massive infrastructure upgrade projects

standardized platforms and seamless connectivity to third-party service providers. To cope with unprecedented growth opportunities, airports and warehouses have undertaken massive infrastructure upgrade projects. Besides, speeding up the processes, it has proved to be a driver for creating employment opportunities. Self-service platforms are being developed to engage third-party companies to submit data and ensure quick and error-free actions prior to the on-site process. AI and predictive analytics are used to improve airline revenue management systems.

As a GSA, what are the most important metrics that track your services' success while serving a particular airline?

Meeting airline or customer objectives is our primary target. The main goals are to maximize revenues and optimize yields. All airlines have gone through tough times during the COVID, unless airlines become profitable on routes to/from India, we may not have the opportunity to provide services to such flight operations; so, we must make it count as far as airline expectations go. The load factor is important, but so is being profitable, it is a fine balance

between the two. The utilisation of capacity is important too as the old adage that says, 'an airline seat/ULD is the most perishable commodity.' While doing this, it is crucial to maintain airline standards and reputation. Making an airline product the most preferred from your region is a dream most of us look to achieve.

Please elaborate on your role as a GSA, when it comes to distributing pharmaceuticals. How are you assisting airlines as it is a crucial time for them considering readiness and preparation post pandemic?

During the pandemic, there was a huge demand to move medical supplies, medicines, bulk drugs, vaccines, and equipment. The Indian government was quick in taking steps to formalise new country-specific agreements to operate EVAC or cargo-only flights. The decision to allow cargo in the passenger cabin and permit P2C operation conveys the seriousness of our administrators in creating a conducive business atmosphere for our entrepreneurs. Considering these actions, we as GSAs were quick on the uptake to inform our principal airlines and commence operations. We also mobilize procurement of envirotainers and conclude agreements with third-party service providers for seamless logistical support. The pharma industry

is seeking logistic solutions and our seat on their 'think team' is crucial in understanding their needs. We helped build a bridge between the pharma production and logistics team and the airline business development team in quickly coming up with a solution for moving goods by air.

Any intention of adding more airlines or projects that may soon come to fruition?

It has been our constant endeavour to grow at a reasonable pace, both in terms of business verticals, customer base, and service offerings. As such, there are always a few customer proposals and projects in the pipeline, it is an ongoing project. We are quite excited by the fact that we have been growing at a steady rate, and at the same time, be able to satisfy the demands of such expansion by creating support teams and SOPs for good business governance.

How do you foresee future of the air cargo industry?

The global air freight market is expected to reach US \$ 376 billion by 2027. Major growth areas are in perishables, e-commerce, and express cargo. More freighter operators will emerge in the freight forwarders community. The government is encouraging launching more Air Freight Stations (AFSs) to



Prabodh Tipnis
Group Managing Director
Global Aviation India

seamlessly connect 'manufacturing to uplift' chain of logistics ecosystem. Air freight of pharmaceuticals cannot be ignored in the present scenario where drugs, medications, and medical equipment are being distributed worldwide.

Could you elaborate on the strategies you are planning to devise to perk up the company's operations for efficiency in business and network enhancement?

We were living in a luxurious world till COVID taught us a lesson. Tweaking processes and resource availability is an ongoing task. Optimizing revenues and yield is of primary importance for operational sustainability. To some extent, multitasking is essential in lowering costs and maximising revenues.

Senior management too plays an important role in shedding black suits and donning work overhauls to be with the workforce. We strive to hire talented, experienced, and energized personnel with frequent upgradation of skills. Upgrading IT technology and infrastructure is an area not to be ignored. Insofar as network enhancement goes, it is pertinent to expect rural connectivity and networking between airports, warehouses, seaports and ICDS. 🇮🇳

FACTFILE

- ➔ Optimising revenues and yield is of primary importance for operational sustainability.
- ➔ The government is encouraging launching more Air Freight Stations (AFSs) to seamlessly connect 'manufacturing to uplift' chain of logistics ecosystem.



Ramp up infrastructure for cargo movement, storage

Growth in development of NHs, rural and urban road infra and DFCs will lead to industry's development and penetration in countries with potential in rural markets. Improving road infra coupled with launch of Bharatmala and Sagarmala will upgrade and improve connectivity, says **Mahendra Shah**, CMD, V-Trans (India) Ltd.



Ritika Arora Bhola

What are the key trends to watch out for in the Indian road transport and warehousing industry this year and beyond?

The key trends to watch out for in the road transport and warehousing industry this year and beyond include:

Rise of e-commerce and last mile delivery: The e-commerce sector has been booming in India in recent years. This is expected to continue in the coming years. This will lead to an increase in demand for last mile delivery services, which in turn will drive growth in road transport and warehousing industries.

Focus on infrastructure development: The government has been investing heavily in infrastructure in recent years. This is likely to continue in the coming years, which will provide a

boost to logistics and warehousing. The PMGS and NLP initiatives will transform the logistics industry and will be an important thing to watch out for.

Warehousing industries: This is expected to continue in the coming years, which will lead to further efficiency and productivity gains.

Automation: With the growing use of technology and fuelled further by the pandemic, automation in warehousing has seen significant growth. Fully automated warehouses, equipped with robots, will be a key thing to watch out for.

How do you think National Logistics Policy and the PM Gati Shakti National Master Plan drive growth in this sector?

The government has provided a fillip to the logistics sector with the launch of the NLP. This policy aims at reducing logistics cost as a percentage of GDP

from 14 per cent to below 10 per cent. It will also give an impetus to the sector. The policy has identified 12 areas for interventions and proposed a portal to provide an integrated view of logistics services, infrastructure, and related information. The policy aims at improving coordination between various stakeholders and promoting PPP models for developing logistics infra. PMGS will also help in driving growth in the sector. This initiative aims at modernizing the logistics sector and making it more efficient. It also aims at providing job opportunities to the youth in the sector. The initiative will help in reducing logistics cost and make the sector more competitive. Both initiatives are an indication of the government's commitment and foresighted approach toward the logistics sector. The two initiatives will give an impetus to the sector and help in bringing global competitiveness to the manufacturing industry by bringing the costs down. It

FACTFILE

→ Boom in e-commerce sector may continue in the coming years, leading to a rise in demand, which will spur growth.

→ The PMGS and NLP initiatives will transform the logistics industry and will be an important thing to watch out for.

also aims at addressing the perishable agro products that are wasted each year, accordingly it will also help in improving the gross production.

Government's initiatives to develop NHs, road infra, and dedicated freight corridors have garnered appreciation. How do you foresee the industry's future?

We are expecting growth in the development of National Highways, road infra, and dedicated freight corridors. We also see the government taking initiatives to develop rural road network. This will lead to development of the industry and penetration in the countries with potential in rural markets. However, we feel there is some scope for speed of the projects but considering the vast landscape and the complexities it can be understood.

The initiatives taken by the Government to develop the National Highways and dedicated freight corridors are a welcome step. This will go a long way in reducing the cost of transportation of goods and will also help in reducing the transit time and in balancing the modal mix of road rail share, as compared with the other developed countries. The Government's focus on improving road infrastructure and the launch of mega projects such as Bharatmala and Sagarmala will result in substantial upgrade and connectivity of the overall infrastructure.

What are the areas of concern that need immediate attention?

One of the most important is the need for improved infra for storage and distribution of goods. These include physical infrastructure such as

warehouses and distribution centres, and information infrastructure such as inventory management system, and interoperability of different links of the supply chain for more accurate information. Another concern is the need for improved transportation infrastructure, including rail network. There is a need for better coordination and collaboration between various stakeholders in the logistics sector, including government agencies, private companies, and global organizations. Some areas undertaken in the NLP are critical such as ULIP, eLogs, and MMLPs at strategic locations.

As an LSP/ transportation firm, what are the important metrics that track your services' success, while serving a particular customer?

According to us, the most important metrics for any logistics firm, is on-time and damage-free delivery and customer satisfaction throughout the journey.

How crucial is technology in transportation sector to improve logistical efficiency. Do we have enough trained drivers/ skilled labour to facilitate the same?

Technology plays a vital role in transportation sector to improve logistics efficiency. In fact, tech has literally transformed the sector. It has made the process of booking, tracking, and managing shipments simpler and easier, efficient, and has made it possible to provide real-time updates to customers about the status of their shipments. This is not all, technology has helped with the data analytics and AI and ML has provided insights and forecasts for better decision-



Mahendra Shah
CMD
V-Trans (India)

We see the government taking initiatives to develop rural road network. This will lead to development of the industry and penetration of the rural markets

making and automating the processes. We are overcoming the constraint by imparting training in technology to our labour. In fact, knowing the importance of the best in class technology for today and for years to come, we have taken a giant leap and will be launching our new ERP Vijayant, powered with Oracle and Shipex.

Elaborate on the strategies you are devising to perk up the company's logistics operations for efficiency in business and network enhancement?

There are many strategies that can be implemented to perk up efficiency of a logistics company's operations. Firstly, it is important to streamline and optimize internal processes and procedures. This can be achieved by process mapping and process improvement tools such as Lean and Six Sigma. Department-wise training and upskilling also supports greatly as we set our standards higher and higher. Secondly, it is important to invest in the latest technology and software solutions to automate and improve the efficiency of operations. Our new ERP Vijayant system will help us in multiple ways:


1. It will save a lot of time by automating the process of logistics management, thereby reducing the need for manual input.
2. It will improve the accuracy of logistics data thereby reducing the chance of errors.
3. It will improve the efficiency of logistics operations backed with data science thereby reducing the overall cost.
4. It will improve customer satisfaction by providing them with timely and accurate information.

It is vital to develop strong bond with suppliers and customers to ensure smooth and efficient operations. Finally, it is important to train and develop employees so that they can carry out their roles and responsibilities. Expanding the network and upgrading the infrastructure is non-negotiable in logistics. We are increasing our network across the country and in the focused SAARC nations. We are also upgrading our infra with shop floor automation and putting 100 per cent MHEs at work. 🐦



Industry needs growth in capacity out of India

With warehousing sector facilitating growth of road transportation, new airports and cargo complexes are coming up for seamless movement of cargo in metro cities, tier II and III cities, including the hinterlands. What we need is cargo capacity growth out of India.

 Ritika Arora Bhola

Sunil Arora, Immediate Past President and Board of Advisors, ACAAI and Regional Head, Air Freight-India Subcontinent, Asia Shipping-India supports the concept of air freight stations (AFSs) and says they act like a catalyst and the industry needs more of them to facilitate growth.

How do you think the recently launched NLP will boost the growth of Indian logistics and air cargo sector?

At present, the NLP is at a nascent stage. It is yet to be understood by the sector, but the concept behind it relates to the PMGS. The policy covers factors such as global cargo movement via railway, road, air, and sea. It has laid emphasis on warehouse development too. EoDB is another factor which directly concerns the freight forwarding. Integration of various service providers has been a key concern for ACAAI members.



Sunil Arora
Immediate Past President and Board of Advisors, ACAAI and Regional Head, Air Freight-India Subcontinent, Asia Shipping-India

How would levy of GST on airfreight will impact the growth of the sector?

Export freight was exempted through a notification since 2017. The Union Ministry of Finance dwelled upon logical reasons and gave extension till 30 September 2022. Levy of Goods and Service Tax (GST) on export freight will be a deterrent for Indian international economic scenario. Initiatives such as PMGS, NLP, and EoDB will be taking a reverse step. GST on export freight will make the export commodities anti-competitive in the world market. India has survived the COVID setback, and instead of supporting our cash flow issues, exporters and freight forwarding fraternity will again suffer a setback.

Firstly, subjecting freight to GST and then acknowledging refunds is not a wise workable financial module. We seek permanent zero rating on global freight, thus giving us a level playing arena in the global trade. None of our major competitor nations have GST or VAT on export air and ocean freight. It will add to the cost of the product. Our products will become unmarketable in the world. They will become unviable. NLP has been launched to increase countries exports and imports in a way that it helps and benefits everyone.

How do you foresee the future of Indian air cargo industry?

Logistics market and air cargo is growing at an exponential rate. We are looking forward to a great presence in this field. With the warehousing sector facilitating

growth of road transportation, new airports and cargo complexes getting built for seamless cargo movement in metro and remote areas, including tier II and III cities. The air freight rates have rationalized, while ocean freight rates have gone down. The sector has a great

PMGS, NLP, and EoDB will be taking a reverse step. GST on export freight will make the export commodities anti-competitive

future. In coming times, it will attract investment. We are seeking support from the government in the form of initiatives.

How vital are AFSs for the growth of air cargo sector?

I support the AFSs, the policy was lost a decade ago. They act as a catalyst to the industry. The industry needs more AFSs. Hong Kong, Singapore and Dubai are getting 95 per cent of cargo through AFSs. The bottlenecks need to be resolved swiftly before they get operational. Tariffs, I feel, will always be supplemented. But the burning issue is integration of various agencies under one platform thus making our working easy on the taxation front. 





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ACAAI Symposium on Logistics Policy

Air Cargo Agents Association of India (ACAAI) held a Symposium in New Delhi recently. Amrit Lal Meena, Special Secretary (Logistics), Dept of Commerce was the chief guest. ACAAI members, Afzal Malbarwala, President, CK Govil, VP, Sushant Nigam ED, Praveen Menon, Honorary Treasurer Sunil Arora, Immediate Past President among others attended.





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ACAAI 52nd AGM elects new committee

Members were elected to various positions during Air Cargo Agents Association of India's AGM organized in Mumbai. Before business commenced, they observed silence as a mark of respect for the demise of **Bharat Thakkar**, former President and Board of Advisor in May.

The 52nd Annual General Meet of Air Cargo Agents Association of India (ACAAI) was held in Mumbai wherein the following members were elected unopposed:

Samir J Shah, Honorary Secretary from Star Freight, Ahmedabad

Praveen Menon, Honorary Treasurer from Interfreight Services, Chennai.

Mahesh Trikha, Member Managing Committee from Aargus Global Logistics Ltd, Delhi

Ronald Goveas, Member Managing Committee from Skylink Freight, Mumbai

Vikram Kumar, Member Managing Committee from CTC Air Carriers, Delhi

Chaitaly Mehta, Member Managing Committee from EKF Global Logistics, Mumbai



The outgoing Honorary Treasurer Anil Vazirani of Robinson Cargo and Logistics Pvt Ltd has co-opted as the Member of Managing Committee. M Afzal Malbarwala and CK Govil will continue as the President and Vice President, respectively. The AGM was attended by the ACAAI members, Regional Chairman and Board of Advisors, including Sam Katgara,

Partner, Jeena and Company, Keshav Tanna, Links Forwarders Private Limited., Vipin Vohra, Chairman, Continental Carriers and TA Varghese, Aroscan Cargo Trade.

Before any commencing business, the members stood in silence as a mark of respect for Bharat Thakkar, former association president President and

Board of Advisor. He passed away in May this year. He shall be remembered for his selfless services to ACAAI. Radharamana Panicker of Deputy General Manager (DGM) India, who was a special invitee, enlightened the ACAAI members regarding the new competence-based training for hazardous goods, which shall be enforced from 1 January 2023.

IICS 2022 set to kick off in Mumbai

IICS Exhibition 2022 is all set to kickstart from 30 November at Jio World Convention Centre, Mumbai. It is India's first cargo and logistic expo to cover air, ocean and surface logistics under one roof.

The exhibition will showcase 150 participating brands and 15,000 expected visitors. The exhibition is a must-visit expo for freight forwarders, agents, brokers, consolidators, custom house agents, manufacturers, exporters, and importers.

Key highlights:

- Spread across 50,000 square feet of exhibition space
- Concurrent conference program
- Largest showcase of cargo and logistics solutions
- Must-visit for cargo and logistic fraternity professionals, manufacturers, exporters and importers



Remembering ACAAI veteran, Bharat Thakkar

The Indian logistics veteran and ACAAI member Bharat Jamnadas Thakkar left for his heavenly



abode on 27 May 2022. He was aged 66 years. He was the past president of ACAAI. He passed away after a prolonged illness, his family members said. The deceased was the Co-founder and Joint Managing Director, Zeus Air Services Pvt. Ltd. He spent more than four decades serving the Indian logistics and air cargo industry and contributed immensely to ACAAI. In fact, Bharat bhai, as he was ardently addressed, called all stakeholders to support reform in air cargo handling. The industry and ACAAI team are grieving the death of a visionary and veteran logistician.



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India to be South Asian cargo hub by 2040

IndiGo's first dedicated freighter, a converted A321, will service markets between China and the Gulf. It will be used for domestic and global missions by ferrying valuables, express shipments, perishables, general cargo, documents, and couriers, says **Mahesh Malik**, Chief Commercial Officer, Cargo, IndiGo.



IndiGo has added its first dedicated freighter to its fleet. Explain the new freighter specifications, reach and viability?

Our partnership with Airbus for freighter programme will help strengthen our cargo business and act as an engine of economic growth for the country. We have received our first converted A321 freighter aircraft; it is an efficient narrow-bodied freighter available, offering 24 container positions and supporting a payload of up to 27 tons. These have been converted through a programme involving ST Engineering and Airbus with their joint venture, Elbe FlugzeugWerke (EFW). The aircraft is capable using IndiGo's current vast

IndiGo carried out 8,600 cargo-only charter flights in the past two years. On an average, we have been lifting 800-1,000 tons of cargo daily

pool of A320 family pilots, and able to service markets between China in the east and the Gulf in the west. IndiGo leased the aircraft from funds serviced by Castlelake Aviation Holdings (Ireland) Limited, part of a global alternative investment firm.

How efficient is the new freighter in carrying bulk/oversized cargo and pharma, domestically and globally?

The A321 freighter will be used for both domestic and international missions by ferrying valuables, express shipments, perishables, general cargo, documents, and couriers among others. Seeing the growth in the importance of proper medical and pharmaceutical equipment during the pandemic, we are focussing on operating freighters

for ferrying bulk cargo across different destinations soon.

As per experts, cargo is left unattended in tier 2, 3 cities. How soon does India need dedicated freighters to meet demand?

Air cargo is an important industry. This pandemic reminded us of that. Then, it was a lifeline of the society, delivering medical supplies and vaccines across the globe and keeping global supply chains open. And for many airlines, cargo became a source of revenue when passenger flights were grounded. IndiGo carried out 8,600 cargo-only charter flights in the past two years. On an average, we have been lifting 800-1,000 tons of cargo daily. At a time when the passenger flights were

restricted or limited, cargo revenue was a critical input for the business and helped maintain the cashflow. IndiGo is proud to have contributed to the vaccination transportation program, by carrying one billion vaccines within India during the pandemic, amounting to 60 per cent of the total vaccines transported. During the pandemic, the belly capacity of flights was limited because of flight curbs, and hence there was a high demand of freighters. But as the belly capacity is coming back to its full potential, the need for freighters is less. When the economy revives and expands, the demand for freighters will return.

Do you think PMGS and NLP can boost this logistics growth further?

The government has been forthcoming in addressing the requirements of the logistics sector, especially air cargo. PMGS was launched with the aim of providing multimodal connectivity infrastructure to various economic zones. The launch of the NLP is a step to make India globally competitive in the logistics space. It will ensure quick last mile delivery, end transport-related challenges, save time and money of the manufacturers, prevent wastage of agro-products. The policy constitutes planning, coordination, storing and movement of resources—people, raw materials, inventory, equipment—from one location to another, from production to consumption, distribution, or other upstream production points. The policy has proposed some key targets to be achieved such as reduction in logistics

cost from the current 14-18 per cent of the country's GDP to the global best of 8 per cent by 2030. India is setting big export targets and is also fulfilling them, strengthening the perception that India is emerging as a leading global manufacturing hub.

Do you think India has the potential of becoming global air cargo hub in near future?

In today's India, we have seen rapid enhancement of airport cargo infra, digital infrastructure for cargo handling, and development of collaborative partnership models wherein all stakeholders manage cargo multilaterally. The future of the industry will be driven by digitization and utilization of emergent technologies, leading to superior efficiency, reduced dwell time, and lower total cost. Digitization would lead to seamless vertical integration of the entire supply chain. The government is working to make India one of the world's major aviation hubs by 2040 that may see major changes in tax structure, fleet size, privatisation, number of airports, automation, and indigenous aircraft manufacturing capacity. Initiatives such as Nabh Nirman (to augment airport capacity), Digi Yatra (for paperless travel) and AirSewa (for online grievance redressal) are bringing in radical changes, as per recent FICCI-KPMG report 'Vision 2040 for the Civil Aviation industry in India'.

What are the crucial areas of concern now?



Mahesh Malik
Chief Commercial Officer
Cargo, IndiGo

FACTFILE

→ The future of industry will be driven by digitization and utilization of emergent technologies.

→ In FY 2040, it is expected air cargo capacity will increase fourfold to 17 million tons.

- Ground handling and airport operations will be highly automated and driven by electric ground support equipment. Check-in, bag drop, immigration clearance, retail shopping among others will have minimal human intervention.

- Indian airports will invest heavily in cloud computing capabilities, enabling integration of different safety and security data sets such as security camera feeds, facial recognition, luggage scans and security incident reports. This is evident with the launch of DigiYatra program to facilitate paperless travel and avoid multiple identity checks at the airport thereby enabling seamless and hassle-free travel. Beta versions of the app have already been launched in Bengaluru, Delhi, and Hyderabad. Infra for aviation education and skill development will undergo improvement. Students from across the world will be drawn to its economical and excellent aviation education system.

- In FY 2040, it is expected air cargo capacity will increase fourfold to 17 million tons. The entire handling process will be paperless, with dwell times slashed from one to two hours. With the rise of e-commerce, India's freighter fleet is projected to multiply, and the country will turn into a transshipment hub for South Asia.

Are any steps being taken to resolve issues such as upskilling manpower, bridging demand-supply gap, need for AFSs and the like?

The unskilled manpower has been a concern of the industry for a long time. IndiGo has recognized this long ago and started imparting training within the system. The training included basic cargo, DGR, communication skills and basic CLC. As safety is a prime concern with IndiGo, it also imparted some basic safety training for the industry free of cost. There are some other academies as well who are imparting focused cargo training. These include Bird Group, GMR, MLG Gurukul Logistics, basic IATA, and DGR. They are mainly involved in basic cargo training. And then there is BCAS who





is the official authority for screening certification. This apart, all airlines have trained their employees.

What is your vision 2030 for global air cargo sector. What will be the key growth drivers of air cargo? After COVID cases started subsiding, cargo volumes, while tracking below the exceptional performance of 2021, have been stable in the face of economic uncertainties and geopolitical conflicts. Market signals remain mixed. August presented several indicators with upside potential: oil prices stabilized, inflation slowed down and there was a slight expansion in goods traded internationally. The outcome of the Russia-Ukraine war can determine the future of the global air sector. The airspace curbs brought about by the conflict have affected in about 30 countries. Flight times between Europe-Asia and Asia-North America are being increased as air cargo flights are rerouted. This can aggravate the current air cargo capacity curbs as capacity is taken out of the market. Passenger configurations have, therefore, lost favour thereby making this an appealing moment to purchase aircraft for "P2F" conversion at reasonable rates.

The introduction of new capacity to the market, has been slowed down by the lengthy waiting periods associated with P2F conversion programs. It is no coincidence COVID and the sector's

India's dedicated freighter fleet has seen a dramatic rise in numbers—from five to 28 aircraft. The number is set to rise further as airlines are looking to add more aircraft

biggest growth since 1999 occurred at the same time. Air freight rates continued to be inflated as passenger aircraft belly cargo capacity remained restricted, and the introduction of new aircraft into the market is slow. Sentiment in the air cargo industry indicated rates may continue to rise in the near term, but surcharges from cargo carriers are likely to disrupt network and surge fuel prices because of the Russia-Ukraine conflict.

How would you rate infra in India for cargo movement? Does it support plans to move cargo in tier 2 and 3 cities.

At present, there are 50 Airports Authority of India-managed airports with dedicated facilities, of which there are 35 cargo terminals and cargo through passenger terminals are available at 15 additional locations. The total built-up area is 0.16 million square metres with dedicated annual handling capacity of 3.5 million metric tons. In addition, allied services such as in-line hold baggage screening are performed for cargo at airports managed by the authority. MMLPs aimed at improving the freight logistics sector by lowering overall freight cost and time, cutting warehousing cost, reducing vehicular pollution and congestion, and improving tracking and traceability of consignments through infra and tech interventions. The facility of intermodal connectivity will allow the movement of commercial vehicles

and connectivity to an airport or a seaport. As the cities continue to be the economic growth centres, improving mobility must meet the growing demand. The focus will be on tier II and III cities. There is a thrust on increasing speed of public transport as well. The provision for tri-modal connectivity—road, rail, and mass transport—has been envisaged in all cities with more than five lakh population.

Share with us IndiGo's expansion plans?

IndiGo inducted its first dedicated cargo aircraft in September and will induct the next two by October 2022 and another two next year. We have initiated a proper freighter program after using our passenger aircraft for cargo operations during the pandemic. We are in the process of converting four A321CEO to freighters with a capacity of 25-27 tons by 2023. Indian airlines are increasing their cargo capacity, with the segment emerging as a critical and promising revenue stream in the last two years. India's dedicated freighter fleet has seen a dramatic rise in numbers—from five to 28 aircraft. The number is set to rise further as airlines are looking to add aircraft for cargo operations, as it fared better than the passenger segment during the pandemic. The dedicated freighter fleet of India has seen a rise to 28 aircraft from five over the past few years. 📈

Air cargo demand softens in September

Demand for international exports remained weak. New export orders continued to shrink on a global level in September, when Germany saw the largest contraction since the pandemic outbreak. Air cargo continues to track near 2019 levels, while volumes remain below 2021's performance.



CT Bureau

International Air Transport Association (IATA) released data for September 2022 global air cargo markets showing that air cargo demand softened. Global demand, measured in cargo tonne-kilometers (CTKs), fell 10.6% compared to September 2021 (—10.6% also for international operations), but continued to track at near pre-pandemic levels (—3.6%).

Capacity was 2.4 per cent above September 2021 (+5.0 per cent for international operations) but still 7.4 per cent below September 2019 levels (—8.1 per cent for international operations).

Several factors in the operating environment should be noted:

- Following contractions across major economies, the global Purchasing Managers Index (PMI) for new export

orders also contracted (for a third month in a row) to its lowest level in two years

- Latest global goods trade figures showed a 5.2 per cent expansion in September, a positive sign for the global economy. This is expected to benefit maritime cargo, with a slight boost to air cargo as well

- Oil prices remained stable in September and the jet fuel crack spread fell from a peak in June

- The Consumer Price Index stabilized in G7 countries in September, but at a decades high level of 7.7 per cent. Inflation in producer (input) prices slowed to 13.7 per cent in August

"While air cargo's activity continues to track near to 2019 levels, volumes remain below 2021's exceptional performance as the industry faces some headwinds. At the consumer level, with travel restrictions lifting post-pandemic, people are likely to spend more on vacation travel and less on e-commerce. And at the macro-level, increasing recession warnings are likely to have a negative impact on the global flows of goods and services, balanced slightly by a stabilization of oil prices.

Against this backdrop, air cargo is bearing up well. And a strategic slow-down in capacity growth from 6.3 per cent in August to 2.4 per cent in September demonstrates the flexibility the industry has in adjusting to economic developments," said Willie Walsh, Director General, IATA.



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Corporate Office: G-A, PIL Court, 111 Maharshi Karve Road, Churchgate, Mumbai 400 020, INDIA
+91 22 26620 5800 | info@globalaviationindia.com | www.globalaviationindia.com