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Jan 31 2019

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Interim Budget 2019: A wish list of transport & logistics industry



As the Narendra Modi-led government will present an Interim Budget on 1 February, the transport and logistics industry expects a further push to propel the industry growth.

The Union Budget 2019 will soon be followed by general elections, it makes it imperative for the current government to announce certain overhauls that would inspire faith and positivity in the economy.

The government has already taken aggressive measures to develop infrastructure and clear the bottlenecks impeding the growth of the sector. However, the industry expects allocation of funds which can lend a further momentum to the growth story. Abhishek Bhardwaj, chief marketing officer Shristi Infrastructure Development Corp Ltd, which is creating logistics hub in West Bengal says, "With the implementation of the GST, the warehousing segment has started consolidating with smaller and unorganised warehouses being clubbed up into more centralised ones. In order to attain supply chain efficiencies the government must allocate funds for dedicated freight corridors, logistics parks, railways and roadways connections, etc. Creation of support infrastructures alongside freight corridors as well as skill development for warehouse management must also be looked into. Incentives for usage of IT in warehousing will be a boon for the development of the sector."

Even start-ups are upbeat about the government initiatives and believe the steps taken for cultivating ecosystem to encourage start-ups is noteworthy. Sachin Haritash, Founder, Mavyn Digital Trucking, says, "Our request to the government for this budget would be to nominate an independent institute/entity who will be responsible for valuation of start-ups. This will result in creating a system of fair market valuation as per the standards of international market. Government validated valuation system will give confidence to international investors to invest in Indian start-ups."

Kushal Nahata, Co-Founder & CEO, FarEye, says, "The Budget 2019 should include regulations that will drive organisations to digitalise key logistics and supply chain processes. For instance, by mandating digitalisation of certain key accounting, billing and logistics processes the government can ensure greater levels of compliance (especially with regards to environmental sustainability) and tackle corruption better. Also, this year's budget should highlight the current state of eWay bill adoption."

The seamless highway is the need of the hour, to make logistics more efficient and profitable. Most companies believe that the government has been looking for solutions to reduce traffic snarls on highways; which have become a major hassle for transporters. Siddharth Jain, Co-Founder, Vaahika, an online marketplace venture focusing on intercity goods transport, says, "It is very much expected that the government should share a detailed outline or implementation vision on 'Toll-plaza free' seamless highways in this budget. It is also expected that the government will address the need of one nation - one permit in this budget; which has been suggested by the Logistics committee as well."

"Emphasis should also be placed on formulating a uniform policy for regulating the development of key logistics parks projects. Stringent policy guidelines defining key project parameters also need to be framed by the central government for states to comply," said Prakash Tulsiani, Executive Director and CEO - CFS, ICD - Allcargo Logistics.

Some players also suggested the need to simplify GST, especially with regards to the logistics industry. "Once multiple types of businesses are brought under an organised trade structure, supply chain organisations will be able to deliver better value propositions to customers and hence boost revenue collections for the government. Deploying a uniform GST rate across the country is another initiative that the government needs to talk about in this year's budget," added Nahata.

Chander Agarwal, MD, TCI Express, says, "We are expecting some more relaxations in the GST structure, as the government has been stressing on doing away with the 28 per cent slab with certain exceptions, such as the luxury goods etc. Besides, we expect the major taxation to be limited to the 18 per cent and 12 per cent slab. With the announcement, we are certainly expecting more uniformity on the existing GST slabs."

"If GST tax can be reduced a little or the allocation of resources for infrastructure are increased, the new players can occupy a secure place in the market. The efforts should be focused on reducing the transportation costs, which in turn, will put living costs and inflation under control. Moreover, clarity on the several aspects of E-Way Bill application is required," says Sahil Mittal Co-Founder, ShiftKarado.

Cold storage companies mentioned about the subsidy for CAPEX in cold storages meant for Agri business. "The government should extend this support to all cold storages, particularly the multi purpose one, as they drive agri product push in the retail markets at consumption centres. "The government should implement the OPEX subsidy that can be offered for a discounted supply of diesel and power to cold chain companies. Generally 50 per cent of the operating costs in cold storage is power cost, and in transport almost 70 per cent of the operating cost is diesel cost. Thus, in spite of the facilities being operational, it is a costly affair if you take into account the cost of fresh produce. It is important to note that most of the facilities in our country, are either not operational, or partially operational, or are operational for purposes other than what they were originally built for. This will ensure that the facilities are actually used, and not just built," suggests Sunil Nair, CEO, Snowman Logistics

Lastly, with the growth in India's ambition to fast-track progress and logistics making up for the veins and arteries for the economy, most expect infrastructural support and simplifying compliance which can lend a boost to logistics technology.

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