



INTERVIEW

Need For Developing Multimodal Logistics

Building multimodal logistics parks seems to be on the rise in India. But the question is whether they are designed to meet the overall requirements of the industry.

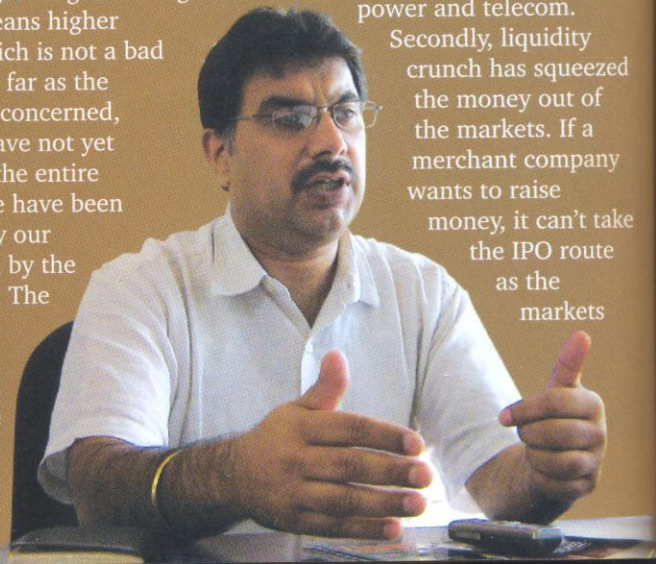
But are they built with that holistic purpose? **Jasjit Sethi**, CEO, TCI Supply Chain Solutions, speaks to **Maritime Gateway** on this, the slowdown effect and the need to utilise coastal shipping to reduce the transportation costs.

Q: How do you think the global economic slowdown will affect the logistics industry?

A: I think growing fuel price is something we can deal with. The economy is growing and a higher fuel price means higher demand, which is not a bad thing. But as far as the downturn is concerned, I think we have not yet understood the entire impact as we have been cushioned by our industry and by the government. The government says we are not affected. But I believe

we are also affected. We have lot of companies in IT and BPO who get their dollars from the US. And there are companies where FIIs and other foreign investors have invested – mostly in the infrastructure like power and telecom.

Secondly, liquidity crunch has squeezed the money out of the markets. If a merchant company wants to raise money, it can't take the IPO route as the markets



Providing Optimised Solutions

Efficient supply chain management and TCI Supply Chain Solutions can be looked at as synonymous phrases as this company strives to provide the optimum solutions within the given framework of requirements.

TCI Supply Chain Solutions is the supply chain arm of TCI providing third-party logistics services (3PL) to companies across different industry segments. Known for its expertise in designing supply chains, TCI SCS offers integrated supply chain solutions through a mix of road, sea and air transports. Optimised freight management, mode management (air, road, sea and rail), vendor management, route optimisation, inbound and outbound freight synergies, web-based shipment trace and tracking are some of the value-added services that are offered at TCI SCS.

Its primary offerings include:

- Supply chain design and re-engineering
- Lead logistics provider
- Specialised logistics
- Warehouse management

are fluctuating. The investment banks and other private equity investors are shying off due to the insecurity that is looming large. Most important, the interest rates have shot up in the recent times. They have doubled in the last two years. So, many companies in this industry are taking a wait and watch stand, see how 2009 would go and then decide on the future course of action. That means that the logistics industry would look at the next six months to one year for pure survival trying to keep their costs low, trying to improve their processes (efficiencies). With the two shocks – oil shock and interest rate shock – it will be prudent for every company, be it a manufacturing company or a logistics company, to look at their own house and set it in order first.

Q: As a logistics company, what measures do you expect from the government towards reducing the logistics costs?

A: In India, we have different ministries for different industries within logistics – aviation, shipping, commerce. These ministries do not sit together to develop the logistics plan. Multimodal logistics is very important for a country. It is known fact that lowest cost is incurred in sea, then rail, then road and then air. But we use more of road than sea. We are blessed with 7000 kms of coastline. We need to develop multimodal logistics parks which can help in targeting sea-to-road or road-to-rail movement very quickly with having intermediate losses. For that we need to move towards

containerisation of cargo. Domestic containerisation in India is absolutely low. So first we need to build logistics parks first and containerise the cargo. Hence, the government has to show them the way to invest and people will certainly follow.

The second thing I expect from the government is to provide clarity on whether warehousing land comes under commercial or agriculture or other type of land as far as the procurement is concerned. Further if people buy land for warehousing and find that they don't have transport nearby, then again the costs would go up. So, nominated locations for warehousing in an industrial belt should be mandatory. If you identify 1000 acres for manufacturing, allocate 50 acres for logistics.

(continued on next page)