

Plugging into the grid

To effectively integrate the highly-fragmented warehousing market in India, a 'national warehousing grid' was purported to be announced in the Union Budget 2019. It is a model from Maharashtra, where the state government has kicked off a scheme for identifying warehouses spread across various government departments and institutions, to be then taken over and managed by one nodal agency. No mention of this scheme is a big loss to the trade and industry, veterans share the challenges that would have been overcome through this scheme.

 Kalpana Lohmi

Approximately 90 per cent of the warehousing space is controlled by unorganised players, with small warehouses of less than 10,000 sq ft area. According to National Institution for Transforming India (NITI) statistics, currently of the total warehousing space of about 180 million sq ft in the country, the industrial segment accounts for about 86 per cent and the agricultural sector the rest 14 per cent. Two-thirds of the warehousing capacity in the food storage segment is owned by the public sector. National warehousing grid is the Centre's scheme which aims at broad integration of the warehousing capacities in India. A National warehousing grid along the

national highways was supposed to be introduced in the Budget. Industry experts talk about what would the scheme mean for the industry.

Abhishek Bhardwaj, Chief Marketing Officer, Shristi Infrastructure Development Corporation, feels, "The vast Indian sub-continent has an immense untapped potential for the warehousing sector. But sadly, the country's warehousing capacity outside of the agricultural sector is majorly unorganised with most of the individual warehouses measuring less than 10,000 sq ft. It was expected that the incumbent government would announce the national warehousing grid in the



Abhishek Bhardwaj
Chief Marketing Officer, Shristi Infrastructure Development Corporation



Rajesh Jaggi
Managing Partner - Real Estate
The Everstone Group

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Union Budget 2019. It would have given a major boost in the growth of the warehousing sector especially in Tier-I and Tier-II cities and would have given great impetus to creating warehousing facilities for the retail and FMCG sectors.”

According to **Rajesh Jaggi**, Managing Partner - Real Estate, The Everstone Group, "The central government's aim to integrate the fragmented warehousing capacities in India through a national warehousing grid will be a massive step towards modernising the logistics network of our country."

Echoing Jaggi's sentiments, **Ankur Minda**, General Manager -

Action plan

■ An action plan has already been approved by the Centre on sectoral basis for the construction of steel silos with a capacity of 100 lakh metric tonnes in PPP mode for modernising storage infrastructure and improving shelf life of stored food grains





Ankur Minda
General Manager – Business Development
Allcargo Logistics & Industrial Parks



Gopi G
Regional Business Manager -South
Snowman Logistics

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Business Development, Allcargo Logistics & Industrial Parks, says, “. The aim of the scheme will be to effectively integrate the highly fragment-

ed warehousing market in India. It is likely to be similar to Maharashtra where the government has kicked off a scheme for identifying warehouses spread across various government departments and institutions to be then taken over and managed by one nodal agency.”

“Broad integration of the warehousing capacities in India will be the primary goal of the scheme introduced by the Centre. National warehousing grid would have been a boon to the industry and would have also structured the unorganised warehousing sector,” explains **Gopi G**, Regional Business Manager -South, Snowman Logistics.

Piyush Kumar, Industry Expert – Logistics & SCM Sector, explains that the push for the scheme comes at a time when India’s warehousing capacity, apart from conventional storing services, is increasingly being used to offer value-added services such as the consolidation and breaking up of cargo, packaging, labelling, barcoding and reverse logistics. He says, “The prime beneficiaries of the new wave of growth in warehousing include peripheral locations of Tier-I and Tier-II cities, and much of the fresh investments would go into creating storage facilities for retail and consumer goods.”

Why National Warehousing Grid?

Jaggi explains the need of a national warehousing grid, “This will streamline the logistics and warehousing industry and change it from an unorganised sector to an organised one. This will increase the supply chain efficiency and investments in development of Grade A warehousing in Tier II and III markets. As India continues to grow, the next phase of consumption is expected to come from these markets, hence, it will positively impact the industry as the country will need an efficient and vast network of warehouses & logistics facilities.”

While logistics cost in India accounts for 13-17 per cent of the Gross Domestic Product (GDP) the logistics cost to GDP ratio in developed countries such as the US, Hong Kong and France is almost 6-9 per cent. As Kumar informs, “Much of the higher cost could be attributed to absence of efficient intermodal and multi-modal transport systems. The Centre’s scheme aims at broad integration of the warehousing capacities in India. An action plan has already been approved by the Centre on sectoral basis for the construction of steel silos with a capacity of 100 lakh metric tonnes in PPP mode for modernising storage infrastructure and improving shelf-life of stored food grains.”

Beneficiaries

■ The prime beneficiaries of the new wave of growth in warehousing include peripheral locations of Tier 1 and Tier 2 cities, and much of the fresh investments would go into creating storage facilities for retail and consumer goods

