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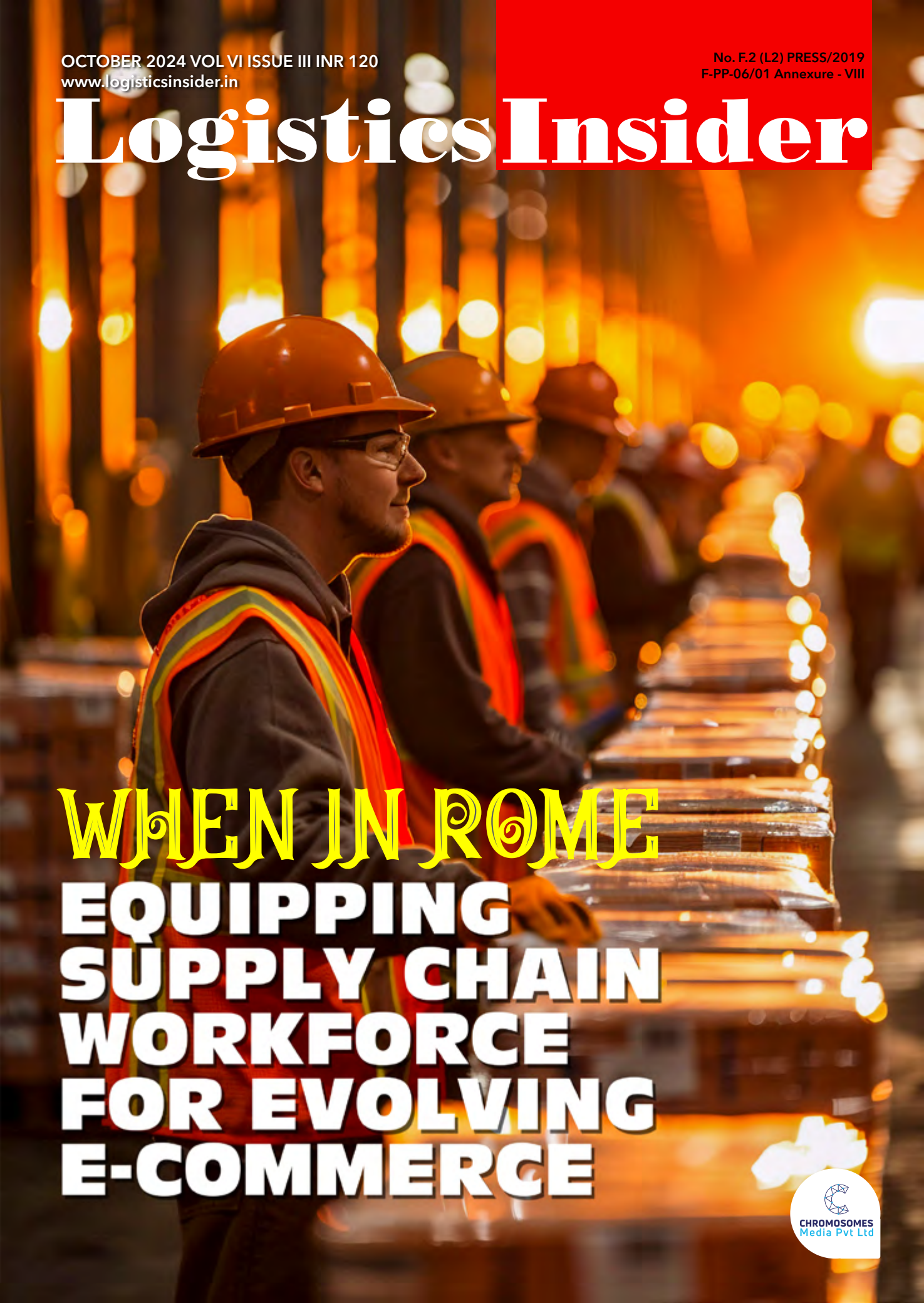

WHEN IN ROME

EQUIPPING SUPPLY CHAIN WORKFORCE FOR EVOLVING E-COMMERCE

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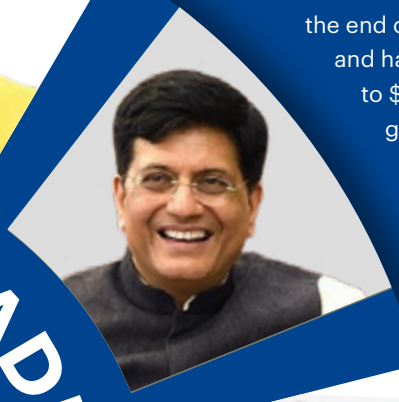
"The semiconductor is the basis of the Digital Age and the day is not far when the semiconductor industry will be the bedrock for even our basic necessities. India has the capability to become a trusted partner in a diversified semiconductor supply chain globally and the government will follow a predictable and stable policy regime."

Prime Minister Narendra Modi chairing the Semiconductor Executives' Roundtable at his residence in the national capital on the eve of the three-day 'Semicon India 2024' event

LEADERS SPEAK

"With increased focus on local manufacturing, India's auto component sector should target to boost its exports five-fold to $100 billion by the end of the decade. Your [component makers] skills, talents, and hardwork will certainly help take this industry's export to $100 billion by 2030, making it one of the largest job generators in the country."

Minister of Commerce and Industry Piyush Goyal, while speaking at the annual conference of the Automotive Component Manufacturers Association of India.



"India is making significant growth in aviation infrastructure, with the number of operational airports doubled from 74 in 2014 to 159 in 2024. Delhi Airport now manages 109 million passengers annually, making it the second-largest airport globally in terms of capacity. In the next decade, India will not only have one but at least three international hubs. In the next decade, India will not only have one but at least three international hubs."

Union Minister for Communications and Development, Jyotiraditya Scindia, speaking at the 51st National Management Convention in New Delhi

"Efforts are on to make India a global aviation hub as well as to start manufacturing aircraft in the country. My ministry is working with the vision of establishing a seamless aviation landscape in the country, integrating helicopters and seaplane operations alongside wide-body aircraft under the regional connectivity scheme UDAN. The number of operational airports has grown from 74 in 2014 to 157, we have an ambitious plan of scaling this up to 350-400 airports by 2047."

Minister of Civil Aviation K Rammohan Naidu, speaking at the second Asia Pacific Ministerial Conference on Civil Aviation in the national capital

"The Indian economy is poised to remain the fastest growing in the current financial year with a growth rate of 6.5-7% on a steady state basis. This is a very good achievement in the current global context. Post-COVID recovery in India is cemented due to prudent macro-economic management which laid the foundation of economic growth with stability."

Chief Economic Advisor (CEA) to the government V Anantha Nageswaran, speaking virtually at an event organised by the Bengal Chamber of Commerce and Industry (BCCI)

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EDITOR'S NOTE

Dear Readers,

As we launch the October issue of Logistics Insider, we find ourselves at the crossroads of an unprecedented shift in the global supply chain landscape. E-commerce, already a dominant force in retail, has rapidly accelerated over the past few years, spurred by changing consumer behavior and advancements in technology. While this transformation brings incredible opportunities, it also presents new challenges that require immediate attention. The most pressing among them: equipping our workforce with the skills needed to meet the demands of today's fast-paced, technology-driven logistics environment

Our cover story this month delves into the profound impact that the e-commerce boom is having on supply chain operations. With the rise of same-day and next-day deliveries, the pressure on logistics networks to operate efficiently and at lightning speed has never been greater. This shift requires more than just operational upgrades – it calls for a radical rethink of how we train and empower professionals at every level of the supply chain.

The narrative is clear: accelerated delivery cycles demand a workforce that is not only highly skilled but also adaptable to the rapid technological changes sweeping through the industry. The need for targeted skilling and training programs has never been more urgent. From warehouse automation to last-mile delivery innovations, professionals must be equipped with both the technical know-how and the strategic mindset to thrive in this evolving landscape.

As we explore these critical developments, I invite you to reflect on the ways in which your organization is preparing for this e-commerce-driven future. Are we investing enough in our people? Are we creating learning environments that foster innovation and agility?

Let this issue serve as both a guide and a call to action – as the e-commerce surge continues to transform the supply chain, the time to act is now.

Happy reading!

Tariq Ahmed

Editor

For suggestions and feedback, please email the editor at tariq@logisticsinsider.in

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LOGISTICS MIRROR

Early 19th Century: The Dawn of Rail Freight (1820s–1840s)

1825: The World's First Freight Railway (Stockton and Darlington Railway, UK)
The birth of railway freight can be traced back to 1825 with the opening of the Stockton and Darlington Railway in England. Designed primarily to transport coal from mines in County Durham to the port of Stockton, this marked the beginning of rail freight's role in industrial growth. While it also carried passengers, the movement of heavy goods, particularly coal, was its main purpose, making it the first instance of industrial rail freight.

1830: The Expansion of Freight (Liverpool and Manchester Railway, UK)
The Liverpool and Manchester Railway, inaugurated in 1830, was the first fully operational passenger and freight railway. Its dual functionality demonstrated the potential of railways for mass cargo transportation, particularly for industrial raw materials like cotton and coal, which powered the British Industrial Revolution.

Mid-19th Century: Railways Fuel Industrialization (1850s–1870s)

1850s: Railways Spread Across Europe and North America
By the 1850s, railways had expanded significantly across Europe and North America, enhancing the speed, scale, and reliability of freight movement. In the United States, railroads became vital for transporting agricultural products, timber, and minerals, which were crucial for westward expansion. Freight trains were key players in the emerging global trade network, connecting raw materials with industrial centers.

1869: Completion of the Transcontinental Railroad (USA)

The completion of the Transcontinental Railroad in the United States in 1869 revolutionized freight transport across North America. Goods could now travel from coast to coast, linking eastern industries with western markets, and reducing the reliance on costly and time-consuming sea routes. This expansion led to the rapid industrialization of the West.

Late 19th Century: Technological Advances and Standardization (1880s–1900s)

1880s: Introduction of Refrigerated Rail Cars

The invention of refrigerated rail cars in the late 19th century opened new avenues for transporting perishable goods like meat, dairy, and fresh produce. This innovation transformed agricultural supply chains by extending the reach of food products from rural areas to distant urban markets, minimizing spoilage and enabling longer trade routes.

1890s: Standardization of Rail Gauges

The standardization of rail gauges, particularly in the U.S. and Europe, was a key development in increasing the efficiency of freight transport. Uniform rail sizes allowed trains to move seamlessly across regions without the need for unloading and reloading cargo, improving delivery times and cutting costs.

Early 20th Century: Electrification and Specialization (1900s–1950s)

1920s: Electrification of Railways

The electrification of railways in the early 20th century, particularly in Europe and the U.S., led to faster, more efficient, and cleaner freight operations. Electric trains could haul heavier loads over longer distances with less fuel compared to steam engitnes, boosting the rail freight industry's productivity.

1940s: Rail Freight During World War II

The Second World War was a pivotal period for rail freight, as railways became the lifeblood of war logistics. Trains carried vast quantities of military supplies, equipment, and troops. Post-war reconstruction efforts across Europe and Asia also relied heavily on rail freight to transport building materials and machinery.

Mid-20th Century: The Rise of Road and Air Freight (1950s–1970s)

1950s: Competition with Road and Air Freight

By the mid-20th century, rail freight began facing competition from road and air transport. Trucks offered flexible door-to-door delivery, while air transport was faster for long-distance and high-value goods. Railways were forced to innovate by focusing on bulk cargo, such as coal, steel, and grain, where they still maintained a cost advantage.

1960s: Containerization Revolution

The introduction of containerization in the 1960s marked a paradigm shift in rail freight. Standardized containers allowed goods to be moved easily between ships, trucks, and trains, reducing handling times and costs. Railways became a critical link in intermodal transport, and container trains became a hallmark of modern freight.

Late 20th Century: Computerization and Efficiency (1980s–1990s)

1980s: Computerization and Automation

The rise of computers and automation in the 1980s led to significant improvements in the management of rail freight logistics. Computerized systems optimized train scheduling, reduced delays, and improved load management. Railways also embraced new technologies to streamline freight terminals and integrate more closely with other modes of transport.

1990s: Rail Freight Privatization and Deregulation

In many countries, the 1990s saw the privatization or deregulation of national railway companies. This shift often led to greater competition and efficiency within the rail freight sector, as private companies aimed to improve service levels, reduce costs, and boost profitability by investing in modern technology and infrastructure.

21st Century: Sustainability and High-Tech Innovations (2000s–Present)

2000s: Focus on Sustainability

As concerns about climate change grew, rail freight gained prominence as one of the most environmentally friendly modes of cargo transport, emitting far fewer greenhouse gases than road or air freight. Governments and industries began to invest heavily in rail freight infrastructure to reduce their carbon footprints.

2010s: High-Speed Freight Trains and Automation

With the rise of e-commerce and just-in-time manufacturing, there was a growing demand for faster and more efficient freight solutions. High-speed freight trains emerged in some parts of the world, such as China and Europe, to meet the increasing demands of rapid delivery. Autonomous and semi-autonomous trains also began to be tested, with advancements in artificial intelligence and robotics improving cargo handling and route optimization.

2020s: Digitalization and Electrification of Freight Trains

In recent years, digitalization has transformed rail freight operations. Internet of Things (IoT) sensors, GPS tracking, and blockchain technology are being employed to enhance cargo security and provide real-time tracking. Meanwhile, governments worldwide are investing in the electrification of rail lines to reduce reliance on fossil fuels, with the goal of making freight trains entirely carbon-neutral in the near future.

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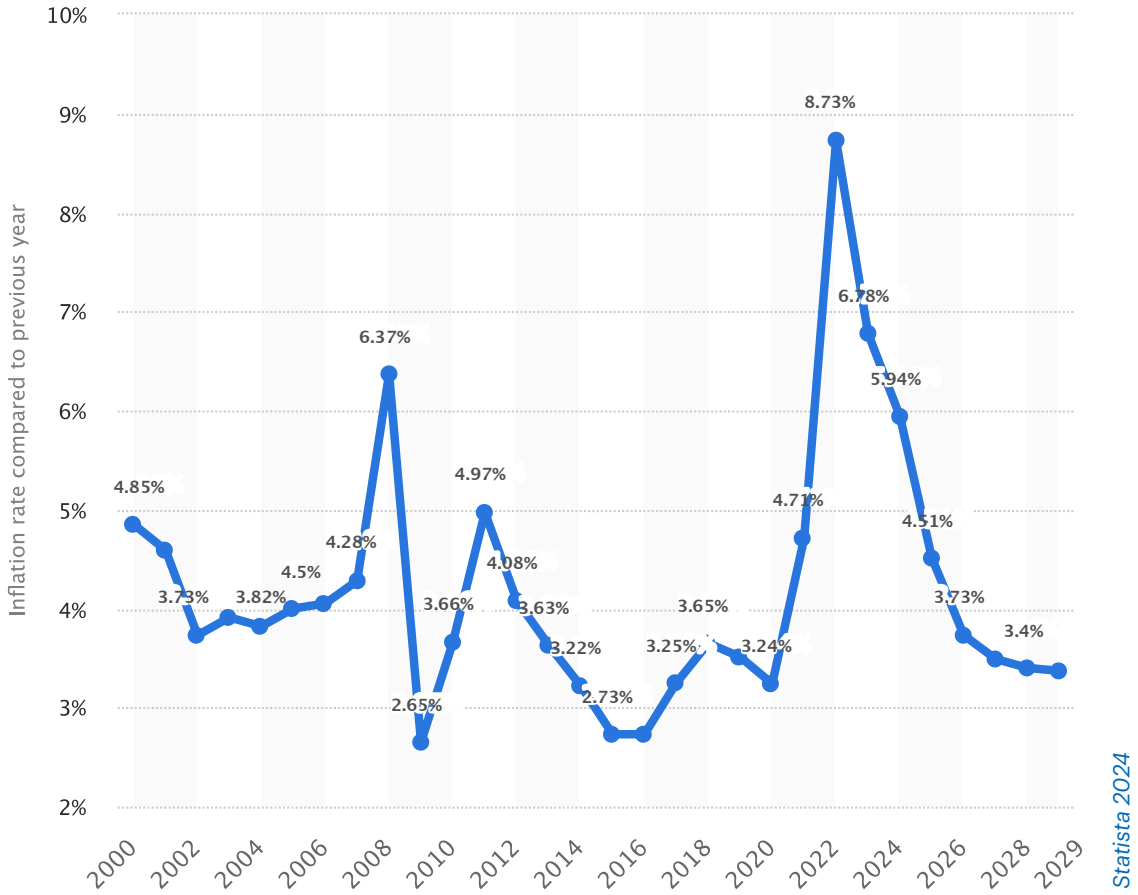
THE INTERPLAY OF SUPPLY CHAIN AND INFLATION: A 2024 STORY

In the face of ongoing economic challenges, supply chain management is undergoing a transformative shift. As inflationary pressures persist, businesses are reevaluating their strategies to build more resilient and adaptable supply chains. In this special feature, we explore the multifaceted approaches companies are adopting to navigate these turbulent times. We dive into the evolving relationship between inflation and supply chain resilience and walk through the importance of agility and innovation in maintaining competitiveness. As companies prepare for the future, understanding these dynamics will be crucial for sustaining growth and ensuring stability in an ever-changing economic environment.

Karvi Rana

Often not apparent, inflation and supply chains are deeply interconnected, with fluctuations in one often influencing the other. Over the past couple of years, global inflationary pressures have had profound effects on supply chains, contributing to disruptions and raising costs.



According to the World Bank, global inflation in 2023 averaged around 6.9%, with emerging markets experiencing rates as high as 10%. This inflationary trend, driven by factors such as rising energy prices, geopolitical tensions, and supply chain bottlenecks, created ripple effects across industries. At the same time, supply chain constraints exacerbated inflationary pressures.

Inflation, particularly in 2024, continues to influence global supply chains as many businesses face rising input costs for raw materials, transportation, and labor.

According to the International Monetary Fund (IMF), global inflation was projected to moderate to 5.1% in 2024, but these figures remained above pre-pandemic levels. Energy prices, which had surged in 2023, began to stabilize, yet fuel costs for shipping and freight remained high. Additionally, supply chains have still been recovering from post-pandemic shocks and geopolitical tensions, particularly in regions like Eastern Europe, which has led to higher costs for commodities such as wheat, metals, and oil.

Impact of Inflation on Supply Chain Operations (2023-2024)

Persistent inflation in 2024 has had significant ramifications on supply chain

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"Inflation in supply chain had been talk of the town in the last few years, basically due to a series of disruptions viz. COVID-19, the Suez Canal issue, the Red Sea issue, and the geopolitical conditions arising out of the Russia-Ukraine war & Israel-Philistine war. But the supply chain is no longer considered to be only a cost centre. Rather, it has transitioned well from a cost centre image to an enabler."

MAYUR CHHABRA, Head - Supply Chain, (White & Paints Business), JKCement

operations. India in particular, like many other economies, experienced significant inflationary pressures in 2024, which have had a pronounced impact on its supply chains across various sectors.

As per data, the Consumer Price Index (CPI) in India remained elevated, hovering around 6% in early 2024, above the Reserve Bank of India's (RBI) target of 4%. Several factors contributed to inflation.

Mayur Chhabra, Head - Supply Chain (White & Paints Business), JKCement, spotlighting that the discussion around inflation has evolved, says, "Inflation in Supply chain had been talk of the town in the last few years, basically due to a series of disruptions viz. COVID-19, the Suez Canal issue, the Red Sea issue, and the geopolitical conditions arising out of the Russia-Ukraine war & Israel-Philistine war. But the supply chain is no longer considered to be only a cost centre. Rather, it has transitioned well from a cost centre image to an enabler."

These inflationary trends rippled through India's supply chains, causing delays, increased costs, and operational challenges.

Examples of Inflation Impacting Supply Chains in 2024

1. Rising Energy and Fuel Costs

   Energy prices, particularly those for fuel, had a direct impact on India's transportation and logistics sector. India is heavily reliant on imports for crude oil, and any fluctuations

in global oil prices can significantly affect domestic fuel costs. In 2024, the cost of petrol and diesel remained elevated due to high international crude prices, which increased by 8-10% compared to the previous year. This had a cascading effect on transportation costs across the country, with logistics firms reporting up to a 12-15% increase in freight charges. As a result, the cost of moving goods—whether agricultural products, manufactured goods, or consumer products—rose significantly.

2. Higher Food and Agricultural Prices

The agricultural sector, a major part of India's economy, was hit hard by inflation. Rising input costs such as fertilizers, fuel, and transportation caused food inflation to soar. According to the Ministry of Agriculture, costs for key fertilizers like urea and DAP increased by nearly 15% in 2024.

Dr Sandiip Kathaari, Chief Technology Officer (CTO), Speciality Group says., "Inflation in The high food inflation is partly attributed to adverse weather conditions, such as heatwaves and uneven monsoon distribution, which have affected crop yields and led to supply shortages. The supply chain for food products has faced disruptions due to transportation constraints, labor shortages, and logistical challenges. These disruptions have decreased the availability of food products, further driving up prices. Additionally, the lack of efficient storage facilities has led to wastage of perishable items like vegetables."

"INDIA IN PARTICULAR, LIKE MANY OTHER ECONOMIES, EXPERIENCED SIGNIFICANT INFLATIONARY PRESSURES IN 2024, WHICH HAVE HAD A PRONOUNCED IMPACT ON ITS SUPPLY CHAINS ACROSS VARIOUS SECTORS."

the food supply chain saw wholesale prices of vegetables spike by 20-25% in various parts of the country, adding pressure to retail food prices and consumer budgets.

3. Labor Shortages and Wage Inflation

Labor shortages and wage inflation were significant challenges for Indian supply chains in 2024. Many industries, including warehousing, logistics, and manufacturing, faced difficulties in sourcing skilled labor, leading to wage hikes. The wage inflation in the logistics and e-commerce sectors rose by 7-9%, making it more expensive for businesses to manage and operate supply chain functions. This was especially notable in Tier-1 cities like Mumbai, Delhi, and Bangalore, where competition for skilled workers drove wages upward.

4. Infrastructure and Construction Sector

Inflation also hit India's infrastructure and construction sector, with rising costs of key materials like cement and steel. Cement prices increased by about 6-8%, and steel prices surged by around 10-12%, causing cost overruns in various public and private infrastructure projects. This impacted supply chains for construction, housing, and related industries, with many companies revising project timelines and budgets due to rising input costs.

5. Shipping Delays and Increased Freight Costs

Inflation-driven disruptions were also evident in international shipping. Port congestion in major hubs like Los Angeles, Rotterdam, and

"Technology has been a cornerstone of our strategy to enhance supply chain resilience at DACHSER India. We have invested in proprietary in-house software systems designed to manage complex logistical processes with precision and efficiency. These systems enable seamless integration across our global operations, ensuring real-time visibility and control over the entire supply chain."

HUNED GANDHI, Managing Director of Air & Sea Logistics - Indian Subcontinent, DACHSER

Shanghai continued into 2024, contributing to higher container freight rates. According to Drewry Shipping Consultants, the cost of shipping a 40-foot container from China to the U.S. West Coast was up by 18% in early 2024. These increased freight costs, coupled with longer lead times due to capacity constraints, caused delays in global supply chains, affecting industries from apparel to automotive. "Global supply chain disruptions have led to increased shipping costs, as demand for shipping services outpaces supply. This has been compounded by fuel price hikes, further inflating the cost of transporting goods across regions," Kothaari said.

6. Pharmaceutical Supply Chain Challenges

In the pharmaceutical industry, inflation impacted the cost of key ingredients and packaging materials, such as glass vials and cold chain logistics. According to a report from McKinsey, pharmaceutical companies faced a 6-8% rise in production costs in 2024, driven by inflationary pressures on raw materials, energy, and specialized transportation. This was especially critical for vaccine manufacturers and companies dealing with biologics, where cold chain logistics played a key role, and inflation in energy prices directly increased the cost of maintaining cold storage and transportation.

To combat these inflationary pressures, businesses adopted various strategies. **Huned Gandhi, Managing Director of Air & Sea Logistics - Indian Subcontinent, Dachser,** highlighted the necessity of adaptation in the face of inflation, stating, "Globally, inflation has undoubtedly posed significant challenges to supply chain operations over the past year. Rising costs of raw materials, transportation, and labor have all contributed to an increase in overall supply chain expenses. Fluctuations in freight rates and fuel costs have also directly impacted logistics and distribution strategies. In addition to inflation, global uncertainties, geopolitical tensions, fluctuating exchange rates, and supply chain disruptions due to unforeseen events have further compounded these challenges."

Now, companies are looking at various ways to mitigate these effects.

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"Inflation in the high food inflation is partly attributed to adverse weather conditions, such as heatwaves and uneven monsoon distribution, which have affected crop yields and led to supply shortages. The supply chain for food products has faced disruptions due to transportation constraints, labor shortages, and logistical challenges. These disruptions have decreased the availability of food products, further driving up prices. Additionally, the lack of efficient storage facilities has led to wastage of perishable items like vegetables."

SANDIIP KOTHAARI, Chief Technology Officer, Speciality Group

Mitigating the Effects of Inflation

As inflationary pressures continue to challenge global supply chains, businesses are increasingly adopting strategies to mitigate their impact. Rising costs for raw materials, transportation, and labor have forced companies to rethink their supply chain operations to maintain profitability and meet customer demands.

Chhabra highlights the importance of these adjustments, calling them a "Life Saver Drug for the fraternity," adding, "There have been a series of disruptions in the industry not only to curtail cost pressures but also to ensure 'on time in full' initiatives."

Diversifying Supplier Bases

One key approach to building resilience has been diversifying supplier bases. Kothaari outlines his method:

1. Evaluating Current Sourcing: "We began by assessing our current suppliers to understand their strengths and weaknesses, identifying critical commodities and manufacturing inputs. This evaluation helped us recognize which commodities were most vulnerable to disruptions and where diversification was most needed."
2. Developing a Diversification Strategy: "Based on this evaluation, we formulated a strategy considering the uniqueness of inputs, critical commodities, and potential supply chain disruptions."
3. Identifying Potential Suppliers: "We researched and identified suppliers that fit our diversification strategy, including those in different regions to reduce location-based risks."

By working with multiple suppliers, companies can reduce dependency on any one source, minimizing the risk of supply shortages or price spikes due to geopolitical tensions or market disruptions.

Locking in Long-Term Contracts

Another important tactic is securing long-term contracts with suppliers. This strategy helps stabilize prices for key materials, allowing companies to better manage their cost structures. In tandem with this, automation and digitalization across warehouses and distribution centers have helped businesses

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Optimizing Logistics

To further combat inflationary challenges, companies are optimizing their logistics operations. As transportation costs surge due to rising fuel prices, businesses are leveraging advanced technologies to enhance supply chain efficiency.

Gandhi explains, "Technology has been a cornerstone of our strategy to enhance supply chain resilience at DACHSER India. We have invested in proprietary in-house software systems designed to manage complex logistical processes with precision and efficiency. These systems enable seamless integration across our global operations, ensuring real-time visibility and control over the entire supply chain."

Kothaari also emphasizes the importance of technology, noting, "Technology has played a crucial role in enhancing supply chain resilience by providing tools and systems that improve our visibility, efficiency, and adaptability." Key technologies include:

- Data Analytics: Provides valuable insights into supply chain performance, enabling proactive measures.
- Cloud Computing: Offers scalable infrastructure for optimizing supply chain operations and real-time collaboration among stakeholders.
- Robotic Process Automation (RPA): Automates repetitive tasks, minimizing human errors and reducing operational costs.
- Artificial Intelligence (AI) and Machine Learning (ML): Analyzes supply chain data to improve demand forecasting, risk management, and supplier evaluation.

These technological adoptions have allowed businesses to maintain a high degree of resilience in the face of inflation, ensuring smoother operations and better decision-making.

Nearshoring and Innovations

To further bolster resilience, many businesses are investing in nearshoring—shifting production closer to their markets to minimize long-distance shipping costs and reduce exposure to international disruptions. Chhabra also highlights innovations such as:

1. HUB & SPOKE Module
2. Increasing Rail Transport (Containers)
3. Using Waterways for Inland & International Transport
4. Multimodal & Intermodal Logistics
5. Building Agile, Resilient, and Responsive Supply Chains with an aim to be closer to customers and immediately respond to market demand.

By adopting these approaches, companies are not only mitigating the effects of inflation but also creating more agile and resilient supply chains capable of navigating future challenges.

In The Future

To address the long-term impact of inflation on supply chains, businesses are focusing on strategic investments, diversification,

and operational efficiency. There is an increasing emphasis on building resilience, shifting from a "just-in-time" to a "just-in-case" approach. This strategy involves maintaining higher inventory levels to buffer against disruptions and price volatility, with strategic planning becoming essential for synchronizing all components of the supply chain.

Building stronger supplier relationships and diversifying supplier bases are also crucial strategies to mitigate reliance on single sources for critical materials. Chhabra explains that they are overhauling their supply chain operations by capturing micro-level details and implementing long-term strategies.

"We are in the process of a complete overhaul of our Supply Chain operations wherein we are capturing even the micro-level details. Some of the long-term strategies include backward integration for our new business, getting new railway terminals on board to increase the rail coefficient as a percentage of total dispatches, setting up a Greenfield plant based on geographic heat mapping of our demand patterns, optimizing the entire value chain through the use of AI & ML, transitioning from S&OP to IBP, and implementing a Supply Chain Control Tower," he shared.

Automation plays a vital role in reducing labor costs and mitigating wage inflation. Gandhi emphasizes the importance of investing in automation and digitization to enhance efficiency while exploring long-term contracts and strategic partnerships for stable supply chains.

"We are also exploring long-term contracts and strategic partnerships with suppliers and key stakeholders to ensure stable and reliable supply chains. As a family-owned company, DACHSER is committed to a long-term and sustainable corporate policy because sustainable action is the only way to ensure a secure and economically stable future," Gandhi said.

Green and sustainable practices are gaining traction, focusing on energy-efficient solutions that reduce fuel dependency and achieve long-term cost savings.

Kothaari concludes that collaboration and partnerships will be key to resilience. "Strengthening partnerships across the supply chain will enhance connectivity and flexibility, allowing businesses to respond more effectively to inflation-driven challenges," he said.

The evolving relationship between inflation and supply chain resilience suggests a future where companies prioritize agility and adaptability. While inflationary pressures will continue to affect material, labor, and transportation costs, resilient supply chains will increasingly rely on technology, strategic partnerships, and flexible logistics solutions to absorb shocks. Proactive investment in adaptive supply chain ecosystems will enable businesses to pivot quickly in response to price fluctuations and global disruptions, thereby maintaining competitiveness in a challenging economic landscape.

WHEN IN ROME

EQUIPPING SUPPLY CHAIN WORKFORCE FOR EVOLVING E-COMMERCE

In a broader sense, e-commerce is not just about the ease of ordering and receiving products and services via the Internet. Rather, it translates further into connecting people, supporting small businesses, and weaving a web of community that brings us all a bit closer in this digital era. This article will explore how the rapid expansion of e-commerce is transforming supply chain operations and creating an urgent need for targeted skilling and training programs to equip professionals for the demands of accelerated delivery cycles.

Rachayita Sidharth

With a wider penetration of smartphones and access to increasingly affordable data, e-commerce has touched households in even the remote areas of the vast landscape that India is. In fact, tier-2 and tier-3 cities are the source of more than 60% of transactions and orders in India. The fact that these cities now make up almost half of all shoppers and contribute three of every five orders for leading e-retail platforms, proves that e-commerce is gaining major popularity.

Termed as the fastest-growing e-commerce market in the world, the Indian e-commerce industry has been on an upward growth trajectory. The Indian Brand Equity Foundation (IBEF) shares that the Indian e-commerce industry is projected to reach USD 325 billion and the Business-to-Business (B2B) online marketplace will be a USD 200 billion opportunity, both by 2030.

DID YOU KNOW?

UPI is the most favoured mode of payment for e-commerce transactions in India. With over 950 million users, we are the 2nd largest internet market in the world with 131.16 Lakh Crore UPI transactions in FY 2023-24.

India's e-commerce platforms achieved a significant milestone, hitting a GMV of USD 60 billion in fiscal year 2023, marking a 22% increase from the previous year. Moreover, third-party logistics providers are anticipated

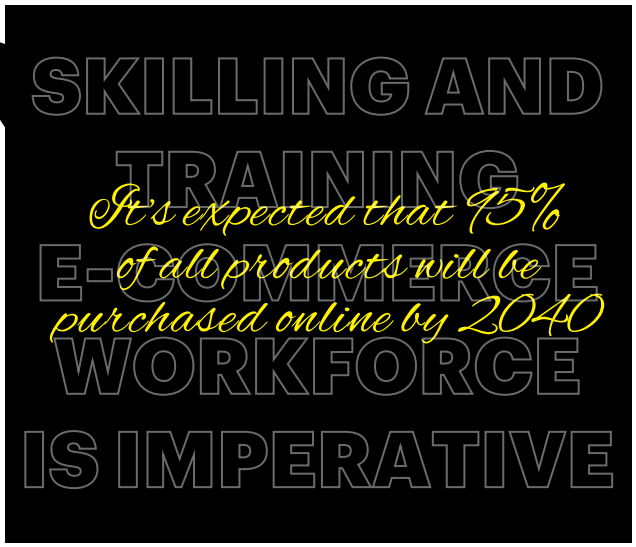
to manage approximately 17 billion shipments within the next seven years.

Amid this ongoing e-commerce boom, the only way to survive competition, sustain and ace the game is to have an impeccable supply chain ecosystem at an industry level. With the never-before increase in the number of deliveries across diverse terrains of the country, there is constant pressure on e-commerce companies and 3rd party logistics providers to scale up operations to meet the demand.

"Consumer demand for faster, more convenient shopping has forced logistics networks to adapt swiftly," **shares Dipanjan Banerjee (Chief Commercial Officer, Blue Dart)**.

The following factors have reshaped modern e-commerce supply chain operations:

- Faster delivery expectations
- Warehousing innovations
- Automation
- Real-time tracking
- Smart lockers and pickup points
- Crowdsourced delivery
- Electric vehicles



Logistics managers have taken the help of modern technology to meet these demands and maintain efficiency. Companies are investing in technologies like last-mile delivery tracking, warehouse management systems, and inventory management software to streamline operations and improve efficiency.

These solutions range from managing warehouses to last-mile deliveries and include RFID tagging, AI/Generative AI, Blockchain, Robotics, etc.

According to **Mani Bhushan (Chief Business Officer, eKart)**, "In warehousing, smart warehousing solutions driven by AI and IoT have transformed inventory management, allowing for real-time tracking, predictive analytics, and automated picking and sorting systems. This is helping e-commerce companies scale efficiently while minimizing errors and delays. Robotic process automation (RPA) and mobile robots are also becoming more common in large warehouses to streamline labour-intensive processes, ensuring the supply chain can keep up with the rapid pace of e-commerce demand."

Talking about last-mile delivery, **Ashutosh Mishra (Head of Logistics, Bisleri International Pvt. Ltd.)** says, "There is an increased use of advanced technologies such as drones, autonomous vehicles, and crowd-sourced delivery platforms to enhance efficiency and reduce delivery times."

Importance Of Digital Literacy

Using digital technology is a feature of everyday life in modern times and digital literacy empowers you to learn, change and adapt to the digital global environment. Promoting the development of creative and analytical uses of technology, these skills take the user from passive consumers to active and confident ones capable of full and professional engagement in the online world.

In the context of supply chain management, digital literacy has become crucial due to the increasing integration of technology at every stage of the process. Professionals with digital literacy can leverage technology solutions to streamline operations, automate repetitive tasks, and improve overall efficiency, leading to faster and more accurate decision-making.

Mishra says, "It is essential to have digital literacy at all levels within the supply chain function, from ground-level team performing routine transactions to top-level teams involved in planning and decision-making."

"Digital literacy is no longer a desired skill but an essential one. At the absolute bare minimum level, frontline workers need to understand and operate systems on mobile devices. At the extreme other end, ML/AI tools drive decisions that bring in efficiencies in supply chains," says **Suraj Saharan (Co-Founder & Chief Peoples Officer, Delhivery).**

Dr Aditya Gupta (Chief Operating Officer - Supply Chain Management Center, IIM Bengaluru) further explains, "Digital literacy is crucial for blue-collar and gig workers in modern supply chain management, as it enhances their ability to operate digital tools and equipment (e.g., barcode scanners, inventory management software), access training materials and instructional videos, communicate effectively with colleagues and management through digital platforms, track work assignments, schedules, and performance metrics, participate in quality control and error reporting, navigate GPS-enabled routes for efficient logistics, process payments and manage financial transactions digitally and provide real-time updates on delivery status."

Ultimately, it leads to increased efficiency and productivity, improved accuracy and reduced errors, enhanced communication and collaboration and better decision-making through data analysis.

The rapid growth of e-commerce has significantly reshaped supply chain operations, placing a strong emphasis on speed, efficiency, and flexibility. Last-mile delivery has emerged as a critical area, as consumers demand faster and more precise delivery times. Companies are adopting innovations like micro-fulfilment centers, which are strategically located closer to customers to reduce delivery times.

MANI BHUSHAN
Chief Business Officer
eKart

Digital literacy also enables professionals to implement and monitor sustainable practices in the supply chain. For example, digital platforms can track carbon footprints, optimize energy use, and reduce waste through better planning and execution.

Moreover, as supply chains become increasingly digitized, they are also more vulnerable to cyberattacks. Digital literacy allows supply

The pandemic has accelerated the growth of e-commerce, leading to a surge in online shopping and at-home delivery. With Q-Com becoming more into focus, the evolution is becoming rapid. This has also resulted in increased investments in technological interventions solving order management systems (OMS), customer databases, and automated customer ordering utilities to improve online experiences.

ASHUTOSH MISHRA
Head of Logistics
Bisleri International

chain managers to understand and implement cybersecurity measures, protecting sensitive data and minimizing risks associated with cyber threats.

Key Skills and Competencies Required

Trailing the discussion on digital literacy, Bhushan mentions that it is now indispensable in modern supply chain management. As supply chains become more interconnected and reliant on technology, professionals must be adept at using various digital tools and platforms for inventory tracking, demand forecasting, and real-time communication across global networks.

From the academia perspective, Dr Gupta enlists the following key skills required to manage modern e-commerce supply chains:

- Technical skills like data analysis and interpretation, and skills to manage ERP, warehouse and transportation management systems
- Soft skills like problem-solving and adaptability, team management, time management and prioritization, communication and collaboration and customer-centric mindset
- Supply chain-specific competencies like inventory optimization and management, logistics and transportation management, warehouse management and operations, supply chain visibility and tracking and reverse logistics and returns management
- Emerging skills like analytics and data science, Artificial Intelligence (AI) and Machine Learning (ML), cyber security and data protection, and sustainability and environmental management

Additionally, the e-commerce environment is dynamic, with unpredictable shifts in consumer demand, seasonal spikes, and disruptions like pandemics or natural disasters. Your workforce must be able to quickly adapt to changes, scale operations, and pivot strategies to maintain seamless supply chain performance.

Successful Skilling Or Upskilling Programs

Today, skilling and upskilling programs have become essential tools for companies to

bridge the talent gap, foster innovation, and drive operational efficiency in supply chain management. These programs are highly effective for enhancing employee capabilities and improving overall business outcomes.

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ASHISH ASAF
Group Managing Director & CEO
S.A. Consultants & Forwarders

eKart's Digital Training Initiative:

eKart has taken significant strides in addressing the talent gap by launching a comprehensive digital training initiative. Their program focuses on equipping supply chain professionals with advanced data analytics and AI-driven decision-making tools. The initiative combines virtual classrooms, on-the-job training, and mentorship to enhance employees' skills in real-time tracking, inventory management, and performance optimization. As a result, employees are more confident in managing the complexities of e-commerce supply chains, leading to greater operational efficiency and reduced downtime. The impact of eKart's training program extends beyond immediate operational improvements, as it also fosters job satisfaction and retention by providing employees with the tools they need to navigate the increasingly data-driven supply chain landscape.

Bisleri's Change Management Approach:

At Bisleri International, the focus has been on driving digital transformation through skilling initiatives that facilitate the adoption of new IT tools for order management, transport management, and fleet management systems. A key feature of Bisleri's program is the early involvement of change agents—key users selected from different regions—who played a pivotal role in guiding the project from inception to execution. These agents not only acted as trainers but also ensured the smooth implementation of the new systems across various locations. By aligning stakeholders from the beginning and conducting multiple user acceptance tests (UAT), Bisleri ensured that employees were well-prepared to embrace the digital tools. The phased implementation and continuous handholding of teams allowed for easy adoption of these systems, ultimately improving operational efficiency and streamlining processes. This collaborative, transparent approach to skilling has been instrumental in Bisleri's successful digital transformation.

Delhivery Academy's Structured Training Programs:

Delhivery, a leading logistics and supply chain company, has institutionalized its workforce development efforts through the Delhivery Academy, launched in 2018. The Academy

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RAMESH VENKAT
Vice President - Industry Partnerships
Tamil Nadu Skill Development Corporation

offers a range of training programs tailored to different employee needs, from essential training for new hires to leadership development programs for future leaders. Notably, the company offers managerial effectiveness and team leadership training, along with specialized metrics awareness programs for operations supervisory teams. Delhivery's collaboration with a reputed management institute to deliver leadership training has led to a more skilled workforce capable of expanding their roles within the company, fostering a positive work environment, increasing job satisfaction, and improving retention rates.

BlueDart Express' Holistic Development Programs:

BlueDart Express, a major player in the logistics sector, has adopted a holistic approach to skilling and upskilling through its e-learning platforms like My Talent World and Blue Connect. These platforms provide employees with access to a wide array of training resources, allowing them to pursue personal and professional growth at their own pace. Noteworthy initiatives such as the Certified E-Commerce Champion Program and the Certified E-Commerce Manager (CEM) Program are key components of BlueDart's workforce development strategy, aligned with DHL Group's Strategy 2025. These programs not only enhance leadership capabilities but also foster innovation by equipping employees with the skills needed to navigate the complexities of modern supply chain management. By cultivating a digitally literate workforce, BlueDart ensures that its employees are well-prepared to meet the evolving demands of the e-commerce industry while delivering exceptional value to customers.

Tamil Nadu Skill Development Corporation's Sector-Agnostic Approach

The Tamil Nadu Skill Development Corporation (TNSDC), a government-led initiative, takes a broader, sector-agnostic approach to skilling, reskilling, and upskilling. As a public undertaking, TNSDC facilitates the development of skills in various sectors, including logistics, by sponsoring and subsidizing training programs that align with the specific needs of industries. TNSDC's programs have been particularly effective in sectors like last-mile delivery, where gig workforce roles have emerged rapidly in the wake of the pandemic. The organization's Recruit-

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DIPANJAN BANERJEE
Chief Commercial Officer
Blue Dart

Train-Deploy (RTD) model has been widely adopted by service and manufacturing sectors alike, proving instrumental in bridging the talent gap. Additionally, TNSDC has played a key role in upskilling employees for the transition to new technologies, such as electric vehicles (EVs) and advanced automation tools like AI and blockchain. The Corporation's initiatives are an excellent example of how public-private partnerships can address skilling challenges on a large scale, enabling industries to remain competitive in an era of rapid technological advancement.

How to Train and Skill/Upskill?

Training and skilling the current and future supply chain workforce demands a multifaceted and adaptable approach. The convergence of public and private educational institutions, corporate training programs, and innovative learning methodologies is crucial in preparing employees to navigate the increasingly complex and technology-driven supply chain landscape.

One of the most effective methods is corporate training, which offers specialized, role-specific development. As Bhushan notes, "Corporate training programs ensure professionals stay up-to-date with the latest technologies and practices, focusing on digital tools, automation, and advanced logistics strategies." These training programs are key in bridging knowledge gaps and aligning employees with the latest industry requirements.

For instance, at Delhivery, Saharan highlights how "corporate training prepares employees for specific job requirements through practical, on-the-job learning and continuous development programs," making it essential for immediate, hands-on application.

Equally important is the role of educational institutions. Public institutes such as Gati Shakti University and private ones like the Indian

School of Business, according to Saharan, offer foundational logistics education that covers key concepts and digital tools. However, private institutes, often in collaboration with industry, provide more specialized, cutting-edge training to tackle modern logistics challenges.

Bhushan reinforces this point, advocating for partnerships between companies and educational institutions to design curricula and certification programs that are closely aligned with industry needs.

The evolving nature of supply chain operations requires continuous learning, and innovative methods such as e-learning platforms, gamification, and virtual simulations have gained prominence.

Banerjee emphasizes the importance of blending traditional learning methods with digital training to address the rapid technological changes in the field. "Continuous upskilling and reskilling are critical in an era of automation, AI, and data analytics," he says. Digital tools allow professionals to learn at their own pace while staying updated on industry trends and practices.

Moreover, hands-on experiences such as internships, apprenticeships, and on-the-job training are invaluable. As Mishra suggests, internal workshops led by experts within the company enable employees to learn from practical experiences, while external workshops, exhibitions, and industry symposiums help them stay connected to broader trends across industries. These experiences offer a rich blend of theoretical knowledge and practical insight, fostering a culture of adaptability and problem-solving.

Venkat adds a critical dimension by underscoring the importance of government-supported initiatives, advocating for partnerships between industry, academia, and government agencies. He highlights the role of bodies such as the National Skill Development Corporation (NSDC) and Sector Skill Councils (SSCs) in driving reskilling and upskilling programs tailored to the industry's evolving needs. Venkat further emphasizes that these programs are not just limited to technical skills but include a range of offerings, from hackathons to gender diversity and inclusivity training, addressing both entry-level and senior positions.

"It is time that industries reach out to both academia and the government's nodal agencies. These are meant to aid, support, and facilitate the industry's productivity and boost performance. There are massive funding and skilling subsidies available at the national and state levels for sector agnostic reskilling, upskilling short-term

One challenge faced by 3PLs in recruiting a skilled supply chain workforce is navigating through the niche pool of talent and candidates. The dynamic nature of technology in the supply chain sector necessitates continuous learning and hence, recruiting individuals with both technical expertise and operational experience can be difficult, especially in emerging markets.

SURAJ SAHARAN
Co-Founder & Chief People Officer
Delhivery

programs like RPL – Recognition of Prior Learning for short-term skilling with assessments and certifications, NAPS & NATS apart from various Regional Skilling initiatives for Gender Diversity, Inclusivity, for Green Jobs for Circularity," shares Venkat.

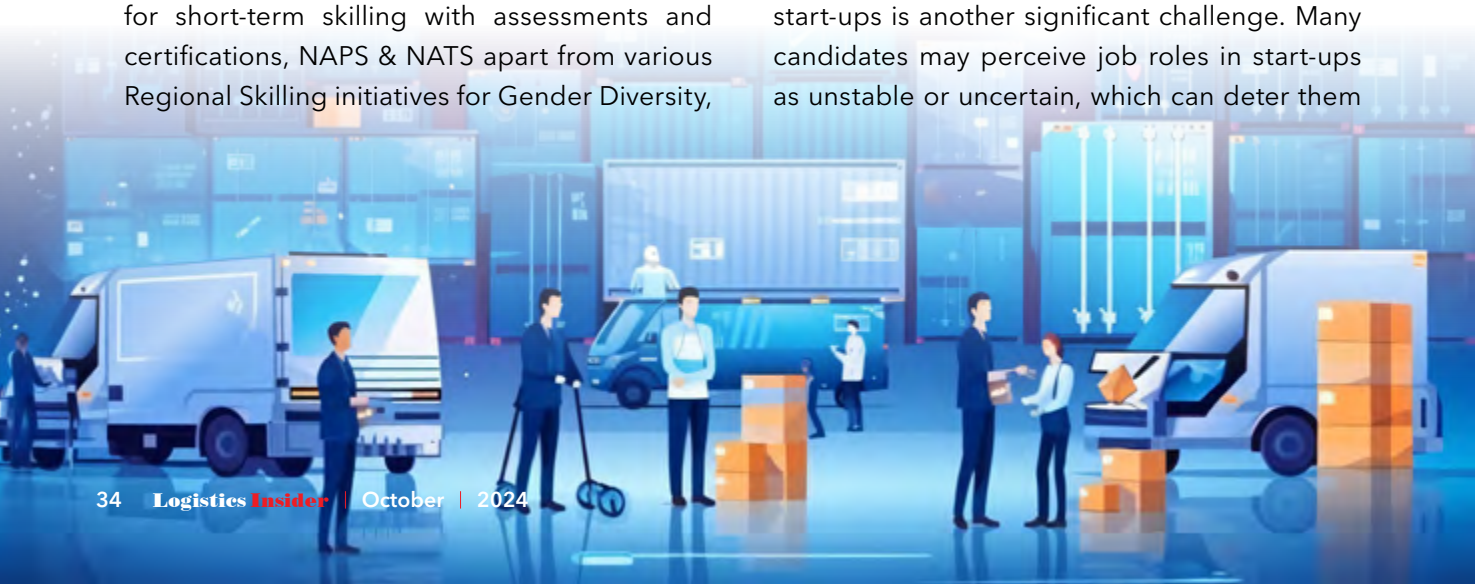
Challenges Still Exist

While there has been a lot of effort from multiple stakeholders in the e-commerce supply chain industry to improve overall performance and efficiency, there are still some challenges that logisticians face when it comes to recruiting and retaining a skilled supply chain workforce.

Dr Gupta tracks down the major challenges vis-a-vis the lack of specialized talent (in areas such as supply chain analytics, e-commerce logistics, and digital supply chain technologies), attrition and retention issues, intense competition amid e-commerce employers, lack of clear career paths and the cost of talent acquisition. Banerjee and Bhushan agree.

Mishra highlights another challenge i.e. higher pay bands required to attract and retain top talent. E-commerce companies often have to offer competitive salaries and benefits to attract skilled candidates However, smaller e-commerce companies & startups may struggle to match the salary expectations of skilled candidates, making it difficult for them to compete with larger companies.

He further explains, "The perception of uncertainty around job roles by applicants in start-ups is another significant challenge. Many candidates may perceive job roles in start-ups as unstable or uncertain, which can deter them



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Public and private institutes, along with corporate training programs, play complementary roles in developing a skilled supply chain workforce. All three entities, with the respective roles they play, can collaborate through industry partnerships, joint research initiatives, and customized training programs, ensuring alignment with business objectives and industry needs.

DR ADITYA GUPTA
Chief Operating Officer - Supply Chain Management Center
IIM Bengaluru

from applying for positions in e-commerce companies. This perception can be particularly challenging for start-ups that are trying to build a skilled workforce from scratch.

Demanding working conditions in the e-commerce industry can also be a deterrent for potential candidates. The fast-paced and dynamic nature of e-commerce operations often requires employees to work long hours and handle high-pressure situations. This can lead to burnout and high turnover rates, making it difficult for companies to retain skilled employees."

In Short

As e-commerce continues to reshape supply chain dynamics, the need for well-trained, digitally literate professionals is more pressing than ever. The rapid acceleration of delivery demands, fueled by evolving consumer expectations and technological advancements, has placed unprecedented pressure on logistics networks. It is clear that only those companies investing in skilling, upskilling, and innovation will thrive in this fast-paced environment.

By embracing a multifaceted approach to workforce development, organizations can ensure their teams are equipped with the technical know-how and adaptability required to meet the challenges of today's digital economy.

To remain competitive in this era of e-commerce expansion, it's crucial for companies and supply chain professionals alike to prioritize continuous learning and digital literacy. Invest in skilling initiatives, leverage new technologies, and ensure that your workforce is ready for the future. Join the conversation and stay ahead by exploring the latest in supply chain innovation and training solutions tailored to the evolving demands of the industry.

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CSafe Launches New Passive Cold Chain Facility in Hyderabad, Strengthening Pharma Cold Chain Solutions

CSafe, the leading provider of thermal shipping solutions for pharmaceutical cold chain needs, inaugurated its latest facility near Hyderabad Airport during Cold Chain Unbroken 2024. The facility was inaugurated by *Mr D. Sridhar Babu, Hon'ble Minister for Industries and IT, Telangana and Mr Tom Weir, Chief Operating Officer, CSafe, along with Mr Seth Hertel, Chief Commercial Officer, CSafe, Mr Dharmesh Chauhan, Vice-President - Global Sales Passive Solutions, CSafe, Ms Neha Singh, Sr. Director Sales - APAC Passive Solutions, CSafe and other dignitaries.*

This state-of-the-art passive cold chain facility marks CSafe's first greenfield project in Hyderabad and represents a significant expansion of the company's global footprint, enhancing its ability to serve India's growing pharmaceutical manufacturing sector.

The facility features advanced temperature-controlled environments, including four types of ambient settings at -40°C, -20°C, and +15°C to +25°C. These diverse temperature controls are designed to meet the specific needs of a wide range of cold chain shipping requirements, ensuring that sensitive pharmaceutical products are maintained at optimal conditions throughout the transportation process. The facility also offers CSafe's Advanced Pallet Shippers (APS) for bulk shipments, along with solutions for conditioning coolants like phase change materials (PCM) and water gel packs.

CSafe's latest facility is equipped to deliver a comprehensive range of cold chain services under one roof, providing active and passive products, data loggers, and conditioning solutions.

Tom Weir, Chief Operating Officer at CSafe, emphasized the importance of this new facility during the launch event, stating, "CSafe is humbled by the trust that our partners and customers place in us. Through a commitment to outstanding products, relentless quality, and exceptional customer service, we are proud to open this important facility in Hyderabad. India is a top manufacturer of many products that we serve globally, and this site further strengthens our commitment to this vital region."

Weir also expressed gratitude to the local leadership team for their efforts in setting up the facility and encouraged attendees to explore CSafe's offerings and future plans.

Hon'ble Minister D Sridhar Babu speaking on behalf of the Government of Telangana, commended CSafe's decision to expand in Hyderabad and highlighted the state's focus on cold chain infrastructure. "Telangana currently contributes 30-40% to India's pharmaceutical output, and we have positioned ourself as the pharmaceutical capital of India. We are also coming up with a 'Pharma City' soon," the minister said.

"We are committed to supporting companies like CSafe as we aim to establish our state as a leader in cold chain and supply chain management," he added.

The opening of the Hyderabad facility reflects CSafe's ongoing commitment to providing reliable, innovative cold chain solutions worldwide, and it marks a significant step in supporting India's burgeoning pharmaceutical and agri-based industries.




Safe










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POWERING PROGRESS: COLLABORATIVE ECOSYSTEMS DRIVING EV ADOPTION IN INDIA'S SUPPLY CHAINS

As India embarks on an ambitious journey toward sustainable development, the integration of electric vehicles (EVs) into supply chains emerges as a pivotal strategy for reducing carbon emissions and meeting environmental targets. The collaboration between logistics providers, manufacturers, and technology partners is essential for building a robust EV ecosystem that can support this transition. By fostering innovative partnerships, stakeholders can develop the necessary infrastructure, address logistical challenges, and enhance operational efficiencies. In this article we explore how the transition, particularly in two-wheelers and commercial vehicles necessitates profound changes within supply chains, how collaborative ecosystems are powering the future, and ultimately shaping a greener, more sustainable economy.

Karvi Rana

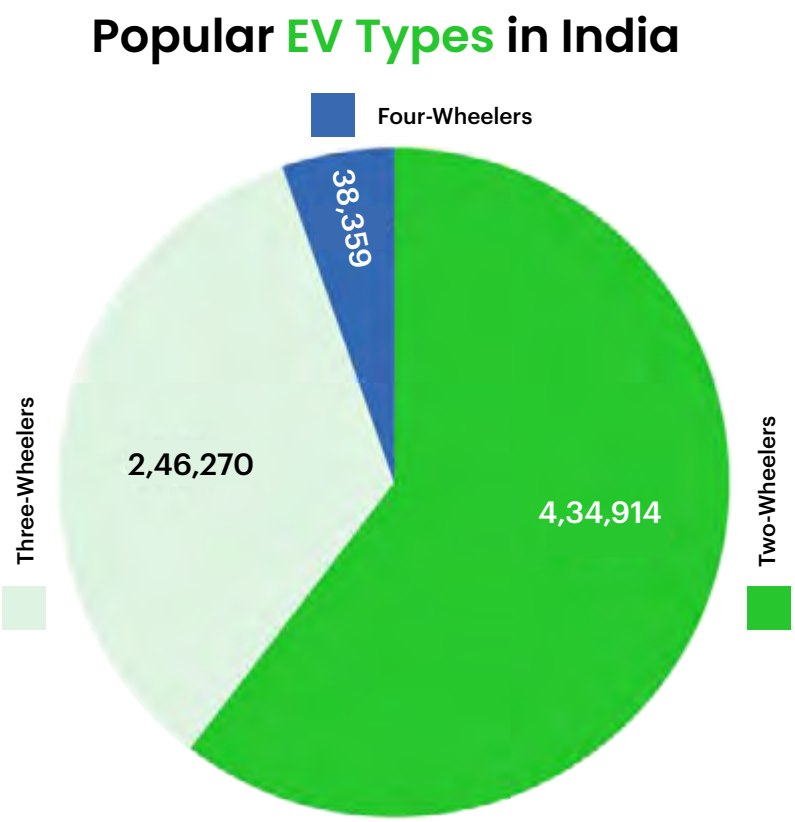
The future will either be green or not at all - this realization is rapidly gaining momentum, positioning electric vehicles (EVs) as a transformational force in supply chain logistics. Driven by environmental concerns, regulatory mandates, and technological advancements, companies are rethinking traditional logistics practices and embracing electrification to meet sustainability goals.

At COP26, India committed to ambitious decarbonization targets, including a 50% reduction in carbon emissions and 500 gigawatt of renewable energy capacity by 2030, while joining the global EV30@30 campaign.

Given that transportation is a major contributor to greenhouse gas emissions, integrating EVs into logistics is a key solution to reducing carbon footprints and meeting India's global commitments. The adoption of electric trucks and delivery vehicles is expected to significantly cut emissions, aligning with both climate goals and consumer demands for eco-friendly operations.

Bearing the torch of sustainability, Indian companies are actively adopting EVs across operations. By 2030, electric two-wheelers are projected to represent 40-45% of all EVs sold in India, with electric passenger vehicles making up 15-20%, according to Bain & Co. The Indian government is also aiming for 80% EV adoption for two-wheelers and 70% for commercial vehicles by that time.

Looking at current figures, in the first half of 2023, 721,971 EVs were purchased. This represents almost 73% of the total EV sales in 2022. The primary contributors to this number were two- and three-wheelers, with 434,914 and 246,270 units sold, respectively.



However, the shift from internal combustion engine (ICE) vehicles to EVs requires profound changes across the supply chain. Currently, traditional automotive supply chains are being disrupted as new players emerge and existing suppliers adapt to the growing demand for EV-specific components like batteries and semiconductors.

This transition calls for redefined partnerships, logistics strategies, and operational frameworks tailored to EV production and distribution. As a result, building collaborative ecosystems is essential for driving the integration of EVs across India's supply chains.

> **"At Mahindra Logistics, we are proud to be at the forefront of this green transition, operating the largest electric vehicle fleet in last-mile delivery. As part of our Green Logistics ecosystem – Edel, we have deployed over 1,600 EVs across more than 20 cities along with 70+ charging infrastructures in the last-mile delivery segment."**

RAMPRAVEEN SWAMINATHAN
Managing Director and CEO, **Mahindra Logistics Ltd.**

Driving EV Integration Across India

The complexities of adopting EVs as fleet vehicles are too vast for any single entity to tackle independently; therefore, collaboration is essential to drive their integration.

One of the major hurdles is the high upfront cost of electric vehicles, encompassing vehicle acquisition, battery production, and the establishment of charging infrastructure. While EVs promise long-term savings in fuel and maintenance, the initial financial burden can be overwhelming for many businesses. Moreover, the lack of widespread charging infrastructure, especially in rural or semi-urban areas, poses logistical challenges that hinder the transition to EV fleets.

Technological gaps, such as limited battery life, slow charging times, and the underdevelopment of battery-swapping networks, add to the complexity of EV adoption.

This makes multi-stakeholder involvement critical.

Government bodies play a central role by providing policy frameworks, financial incentives, and subsidies that can mitigate the high initial costs. They also drive the development of charging infrastructure and manage regulatory approvals essential for EV deployment.

EV manufacturers contribute by designing and producing vehicles that meet the unique demands of supply chains, offering longer ranges, higher load capacities, and faster charging solutions.

Tech startups are instrumental in advancing charging solutions and creating digital platforms that connect fleet operators with real-time tracking and route optimization tools, addressing operational inefficiencies.

Meanwhile, brands and logistics providers bring in-depth knowledge of supply chain needs, helping to shape the demand for greener fleets and ensuring that operations align with sustainability goals.

By leveraging these unique contributions, stakeholders can collectively overcome the barriers to EV adoption, fostering the creation of a sustainable and scalable EV ecosystem that benefits both businesses and the environment.

Let's now take a closer look at the efforts of each stakeholder involved in integrating the EV ecosystem and driving businesses toward environmentally friendly operations.

POV: Government As A Catalyst

Working as a catalyst, the Government of India is achieving its ambitious 2030 targets through several significant steps. The government's policy support is encouraging players to invest in the EV ecosystem, fostering the development of a competitive EV industry in India, and accelerating consumer EV adoption through subsidies and end-user incentives.

The FAME India Scheme (Faster Adoption and Manufacturing of Hybrid and Electric Vehicles) is a key initiative, with Phase I (2015-2019) focused on demand creation through subsidies for EV purchases and support for charging infrastructure. Phase II (2019-2024) expands these incentives to public transport, commercial vehicles, and charging stations, promoting the use of electric buses, three-wheelers, and two-wheelers.

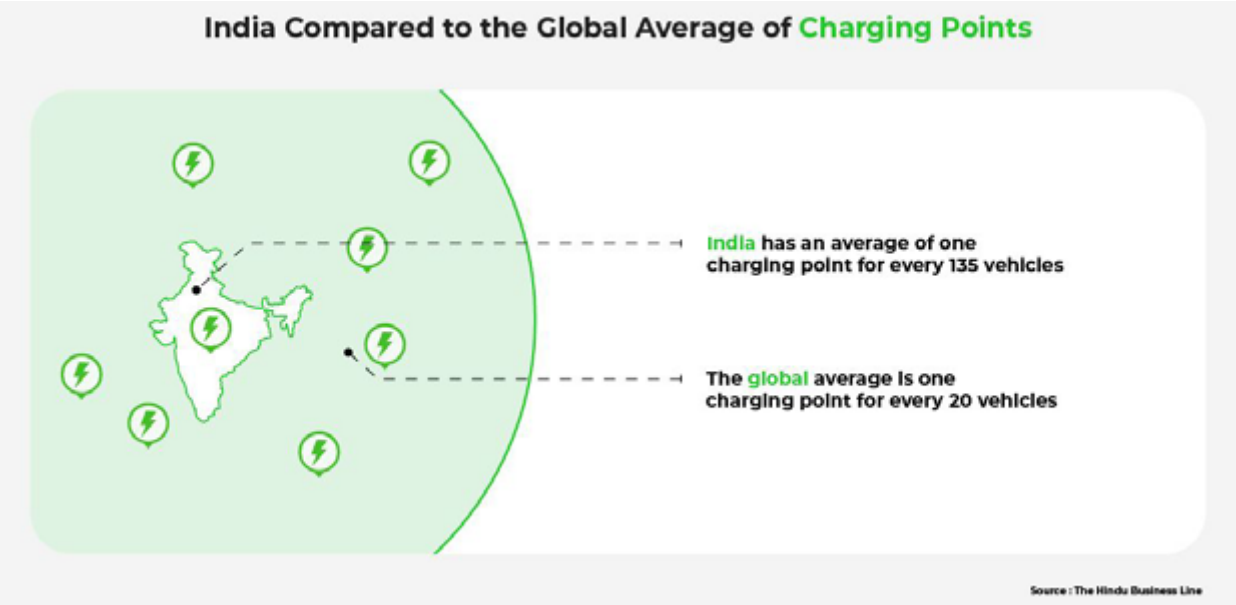
Additionally, the Production-Linked Incentive (PLI) Scheme for Advanced Chemistry Cell (ACC) Batteries launched in September 2021, with an outlay of USD 2.1 billion is designed to boost domestic battery manufacturing, reducing dependence on imports and ensuring a stable supply.

Financial incentives, such as reduced GST rates (5% for EVs and chargers) and income tax deductions under Section 80 EEB for EV loan interest, further support adoption. Many states are also offering road tax and registration fee waivers alongside purchase subsidies, especially for public transport and last-mile delivery.

Green energy policies are also complementing these efforts by ensuring that EVs run on renewable energy, enhancing the overall sustainability of India's transport electrification journey.

However, the government's role extends beyond policy creation - it is also actively facilitating collaboration between diverse stakeholders to ensure the smooth integration of EVs into the country's supply chains.

The National Electric Mobility Mission Plan (NEMMP) encourages auto makers, battery



manufacturers, energy providers, and state governments to work together through joint ventures. These partnerships aim to establish robust charging infrastructure, promote local manufacturing, and enhance research and development for EV technologies.

Looking at the insufficient state of charging stations in India (an average of one station for every 135 vehicles) the government has been actively promoting collaborations between public utilities like NTPC and PowerGrid, municipalities, and private companies such as Tata Power and Indian Oil to support the expansion of EV charging infrastructure. These partnerships simplify regulatory approvals, allocate land for charging stations, and ensure affordable tariffs, removing a key barrier to EV adoption.

The Smart City Mission further integrates EV infrastructure into urban planning, with cities like Delhi, Bengaluru, and Pune leading the way in public-private collaborations that develop charging networks and electric bus fleets.

Additionally, state governments like Telangana and Tamil Nadu are offering subsidized land to manufacturers and fostering innovation through partnerships with tech startups.

India's policies and incentives are building a collaborative environment where auto makers, technology startups, utilities, and municipalities can come together to shape the future of electric mobility. By aligning national decarbonization goals with industry-driven innovation, the government is laying the groundwork for an electric vehicle ecosystem that is sustainable, scalable, and crucial to the evolution of India's supply chains.

POV: Brands and Logistics Players

Logistics service providers and brands play a pivotal role in fostering a collaborative electric vehicle (EV) ecosystem, leveraging their unique strengths to accelerate the transition to sustainable transportation. As consumers become more environmentally conscious, brands increasingly prioritize sustainable practices. By adopting electric vehicles, they respond to customer demand for greener supply chains, enhancing their brand image and building loyalty.

Nishant Gupta, Head of Sustainability at Flipkart, emphasizes the transformational nature of EV integration: “At Flipkart, integrating electric vehicles into our delivery fleet is a transformative step towards redefining sustainability in logistics. Being India's home-grown e-commerce organization, we have a responsibility to drive meaningful change by embedding sustainable practices at the core of our operations. Our focus on deploying EVs is central to this effort, enabling us to reduce emissions and foster cleaner, quieter cities while enhancing operational efficiency.”

He adds, "In alignment with the EV100 initiative, we are set on achieving 100% electric mobility in our last-mile deliveries by 2030. Our grocery delivery fleet has seen 140% year-on-year growth in EV adoption, with more than 50% of our grocery deliveries now being made through electric vehicles.” This commitment to sustainability reflects a broader trend among brands aiming to leverage electric vehicles to enhance operational efficiencies while contributing to environmental goals.

Logistics providers also play a critical role by offering eco-friendly delivery options and demonstrating the feasibility of electric fleets. This collaboration meets consumer expectations and positions both logistics providers and brands as leaders in sustainability within their industries.

> **"In alignment with the EV100 initiative, we are set on achieving 100% electric mobility in our last mile deliveries by 2030. Our grocery delivery fleet has seen 140% year-on-year growth in EV adoption, with more than 50% of our grocery deliveries now being made through electric vehicles."**

NISHANT GUPTA
Head of Sustainability, **Flipkart**

As **Rampraveen Swaminathan, Managing Director and CEO of Mahindra Logistics Ltd.**, states, "At Mahindra Logistics, we are proud to be at the forefront of this green transition, operating the largest electric vehicle fleet in last-mile delivery. As part of our Green Logistics ecosystem—Edel—we have deployed over 1,600 EVs across more than 20 cities, along with 70+ charging infrastructures in the last-mile delivery segment."

By aligning their goals around sustainability and operational efficiency, logistics service providers and brands can share valuable insights and best practices to inform their strategies for integrating electric fleets. Logistics providers can offer brands detailed analytics on delivery patterns and customer demand, enabling optimization of product distribution strategies while minimizing carbon footprints. This collaboration ensures both parties move toward common objectives, such as reducing emissions and improving overall supply chain efficiency.

In the words of Swaminathan, "In the people and enterprise mobility space, we are witnessing and supporting a rapid increase in EV adoption, particularly in metropolitan areas. We have launched fully electric sites in the enterprise mobility segment for our clients while continuing to expand our electric fleet for airport taxi services."

A significant contribution of logistics service providers and brands to the collaborative EV ecosystem is the co-development of tailored electric vehicle solutions. Logistics companies often have unique operational needs that standard vehicles may not meet. By partnering with EV manufacturers, they can develop vehicles designed for their requirements, such as enhanced battery life, increased load capacity, and extended range for last-mile deliveries. This ensures that the vehicles meet industry standards and are optimized for the specific challenges of logistics operations.

Swaminathan further emphasizes the importance of charging infrastucture, noting, "As part of our commitment to sustainability, we are investing INR 360 million in additional EVs and charging infrastructure. To achieve true electrification, collaboration between industry players and the government is essential to accelerate the development of an interoperable fast-charging network, thereby driving larger EV adoption."

Gupta also acknowledges the need for robust charging infrastructure, stating, "While advancing this initiative, we recognize the importance of developing a robust charging infrastructure.

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We are actively collaborating with partners to establish dedicated charging hubs, though further public infrastructure enhancements are essential for scaling up EV operations effectively."

In today's digital age, integrating technology is essential for optimizing EV operations. Logistics service providers and brands leverage advanced technologies—such as telematics, fleet management systems, and real-time tracking solutions—to streamline their EV operations.

Gupta adds, "We are also cognizant of aspects such as range limitations, which we address by optimizing delivery routes through geo-coding and address intelligence. This AI-powered tool improves route planning, ensuring efficient deliveries."

Logistics providers can utilize route optimization software that incorporates charging station locations and battery range, enabling efficient planning of delivery routes. Brands can leverage these insights to enhance customer service and meet consumer expectations for timely deliveries.

The collaborative EV ecosystem is dynamic and requires continuous learning and adaptation. Logistics service providers and brands are committed to sharing knowledge, insights, and experiences to refine their EV strategies continually.

Gupta notes, "Our experience has shown that EVs offer greater reliability and require less maintenance compared to traditional internal combustion engine vehicles, leading to notable operational and cost advantages. Looking at the future, e-commerce logistics will increasingly rely on sustainable, smart technologies. At Flipkart, we are dedicated to driving this evolution and creating a future where logistics and sustainability go hand in hand."

Through their collaborative efforts, logistics service providers and brands are significantly contributing to the development of a sustainable EV ecosystem. By aligning their objectives, co-developing tailored solutions, advocating for infrastructure, integrating technology, and responding to consumer demand, they are addressing the challenges of EV adoption while laying the groundwork for a cleaner, more efficient transportation future.

POV: Tech Innovators Fuelling EV integration

Startups and tech innovators are playing a pivotal role in accelerating the integration of electric vehicles (EVs) into supply chains by developing cutting-edge enabling technologies. As businesses transition towards greener operations, these innovators are bridging the gaps that traditional players might struggle to address.

One major area of innovation is telematics and fleet management systems. Startups are developing advanced platforms that allow fleet operators to monitor vehicle performance, optimize routes, and track energy consumption in real time. This helps businesses maximize the efficiency of their EV fleets, minimize downtime, and extend battery life through predictive maintenance.

Startups like ChargePoint, Sun Mobility, and Yulu are leading the charge, offering solutions that address the operational challenges of electric fleets

Telematics systems provide crucial data insights, enabling companies to make informed decisions about fleet operations while ensuring that EVs are seamlessly integrated into their logistical processes.

In 2023, India saw over 1 million electric vehicles on the road, with demand projected to increase by 68% annually through 2030. This surge has pushed startups to accelerate their innovations. Sun Mobility, for example, has set up over 150 battery-swapping stations across major cities, allowing EV drivers to replace depleted batteries in under two minutes. Similarly, Tata Power has committed to installing 25,000 EV charging points by 2025, focusing on both urban and semi-urban regions.

In tandem with telematics, smart charging networks are another game-changing innovation. Companies like Sun Mobility and Fortum India are working on building battery-swapping stations and fast-charging networks, eliminating range anxiety and significantly reducing vehicle downtime.

Furthermore, digital platforms are emerging as a key enabler of collaboration between various stakeholders in the EV ecosystem. These platforms connect fleet operators with charging stations, maintenance services, and route optimization tools, offering a one-stop solution for managing EV fleets. This holistic approach not only addresses operational challenges but also ensures that businesses can scale their EV adoption efficiently.

By providing these solutions, tech innovators are fuelling the rapid adoption of EVs, ensuring that the transition is not only smoother but also more cost-effective and sustainable.

POV: EV Manufacturers

EV manufacturers are increasingly collaborating with brands and logistics companies to co-develop vehicles that meet specific operational needs, thus enhancing the efficiency and feasibility of electric fleets. These partnerships are vital in addressing critical issues such as battery life, load capacity, and range—factors that significantly influence the viability of EVs in logistics.

For instance, companies like Tata Motors and Mahindra Electric are working closely with logistics firms to design electric trucks and vans tailored for last-mile delivery. These vehicles are being engineered with enhanced load capacities, allowing them to handle the demands of heavy cargo while ensuring compliance with weight regulations.

Additionally, EV manufacturers are investing in advanced battery technologies that extend the operational range of these vehicles. Collaborations with companies like LG Chem and Ather Energy are driving innovations in battery chemistry, resulting in improved energy density and faster charging times.

In 2023, Tata Motors announced a partnership with logistics giant Blue Dart to co-develop electric delivery vehicles specifically designed for urban environments. This initiative aims to produce vehicles with a range of over 200 km on a single charge, addressing the range anxiety faced by logistics operators. Similarly, Mahindra's collaboration with e-commerce platforms aims to create electric vehicles capable of navigating urban delivery routes efficiently, ensuring timely deliveries while minimizing environmental impact.

The role of EV manufacturers extends beyond vehicle production; they are also crucial players in the broader EV ecosystem. Their cooperation with tech startups and government bodies is essential for scaling EV operations. Startups often bring innovative solutions in areas like telematics and fleet management systems, which can enhance operational efficiency and reduce costs for logistics providers.

Moreover, collaboration with government bodies is critical for addressing the regulatory and infrastructure challenges that hinder EV adoption. Manufacturers can work with governments to establish favorable policies and incentives, ensuring a supportive environment for both producers and consumers. This multifaceted cooperation is key to developing a sustainable EV ecosystem capable of meeting the growing demands of the logistics sector.

As these collaborations continue to flourish, they are paving the way for a more sustainable and efficient logistics ecosystem. By aligning the strengths of EV manufacturers with the practical needs of logistics providers, the industry is not only enhancing vehicle performance but also accelerating the adoption of electric mobility solutions.

The Road Ahead

For an EV ecosystem to truly thrive, it must be designed to fulfill the needs of all stakeholders involved. This includes providing reliable infrastructure, affordable financing options, and continuous technological innovation. A collaborative approach that aligns the interests of government, manufacturers, tech companies, and consumers will be essential in building a cohesive and efficient EV ecosystem.

By fostering collaboration, these entities can work together to overcome existing challenges and create a sustainable EV environment.

The promotion of electric vehicle (EV) adoption involves various stakeholders and strategies. Governments can enact policies and offer financial incentives, while public-private partnerships can expand charging infrastructure. EV manufacturers should innovate and collaborate with logistics companies, and tech startups can develop supporting technologies. Ultimately, consumer demand for EVs drives businesses and logistics providers toward eco-friendly practices.

Therefore, as the industry moves forward, the focus should be on establishing a framework that facilitates resource sharing, knowledge transfer, and mutual support. This collaborative environment will not only help address the current challenges but also pave the way for a sustainable and scalable electric mobility future. By working together, stakeholders can ensure that the EV ecosystem evolves to meet the demands of the present while preparing for the challenges of tomorrow.

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FUTURE MARKET EVENTS

Industry Champions Modern Tech and Packaging at Cold Chain Unbroken 2024

The Cold Chain Unbroken (CCUB-2024) conference and exhibition was held at the Novotel, Hyderabad, attracting industry leaders from across the globe to discuss critical advancements and challenges in temperature-controlled logistics. The two-day event brought together Indian and international speakers and delegates from the government, airports, airlines, shipping lines, freight forwarders, and trucking companies intending to address key issues impacting the cold chain logistics sector. Discussions and deliberations revolved around the theme of the year 'Sustainable Innovations and Resilience in Cold Chain Management'.

CCUB 2024 was inaugurated with much flair by Mr Sundeep Prakash (IRS), Chief Commissioner of GST & Customs Zone, Hyderabad, Ms V Sangeetha (IRS), Principal Commissioner of Customs, Hyderabad, Mr AVPS Chakravarthi (Managing Director of the World Packaging Association), Mr Pradeep Panicker (CEO of GMR Hyderabad International Airport), and Mr Satish Lakkaraju (CEO of Nexgen Logistics and Chairman of CCUB).

Mr Sundeep Prakash underscored India's position as a global pharmaceutical hub, considering that at least half of the world's vaccines are produced in India. "An unbroken cold chain is vital for sustaining our exports, especially in pharmaceuticals. Over 60% of exports from Hyderabad air cargo complex are pharma-related," he said, pledging Customs' support for easing trade through initiatives like Electronic Data Interchange (EDI) and self-assessment procedures.

Sharing that the Government of India aims to grow pharmaceutical exports by 7.5% in the next 23 years, he said, "We cannot do this alone. The Customs needs support from all stakeholders of the pharmaceutical supply chain industry."

The event Chief Guest Mr D. Sridhar Babu, Hon'ble Minister for Industries and IT, Telangana along with Special Guest Dr E Vishnu Vardhan Reddy (IRS), Special Secretary, Industries and Commerce, Govt. of Telangana also graced the CCUB stage on the first day. They visited and inaugurated the new facility of C-Safe, a modern cold chain containers and solutions provider, as a part of the event.

Dr. Sridhar Babu highlighted the importance of cold chain logistics for pharma and other industries in boosting the state's economy and Telangana government's efforts to support the anticipated boom.

Both, Mr D. Sridhar Babu and Dr E Vishnu Vardhan Reddy, lauded the efforts made by Mr Satish Lakkaraju to improve the cold chain logistics industry in India by the means of CCUB. They also talked about the future of cold chain infrastructure in Telangana, from agri to pharma.

Continuing the streak, CCUB 2024 brought an intriguing agenda to the participants this year, covering a range of deliberation points that need the most attention. Business sessions included discussions and debates around topics like cold chain and air cargo, investment landscape in the cold chain industry, smart and sustainable warehousing, mobility in the cold chain, cold chains for dangerous and hazardous materials, technological advancements in the cold chain, moving perishables, advanced cold chain packaging and ocean and rail as modes of cold chain movement.

Bringing more than 300 national and international speakers and delegates to a single platform, CCUB-2024 showcased the latest advancements in cold chain technology and reaffirmed the industry's commitment to sustainability.


COLD CHAIN UNBROKEN







COLD CHAIN UNBROKEN
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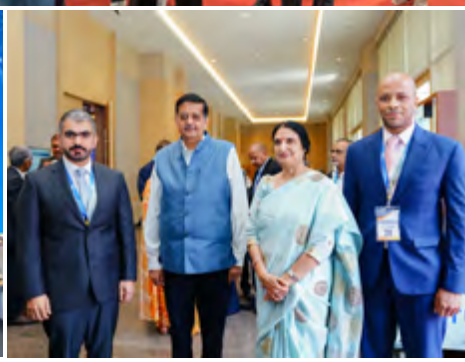


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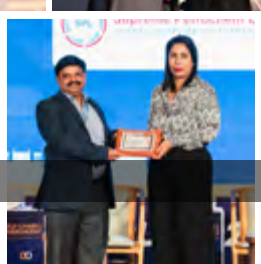

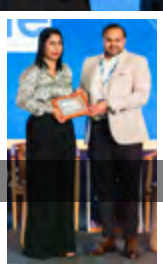
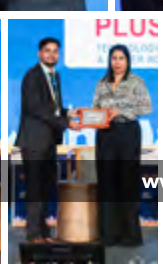

LOAY MASHABI
Managing Director of Saudia Cargo

DRIVING CHANGE: SAUDIA CARGO'S ROLE IN DIGITAL TRANSFORMATION AND SUSTAINABLE INNOVATION IN AIR CARGO

Digital transformation and sustainable innovation are redefining the air cargo industry, driving greater efficiency, transparency, and environmental responsibility. By embracing advanced technologies companies can optimize operations, reduce emissions, and enhance customer experiences. This dual focus on digital transformation and sustainability positions the air cargo industry to meet evolving global demands while minimizing its environmental impact.

In this exclusive interview with **Loay Mashabi, Managing Director of Saudia Cargo**, we delve into how Saudia Cargo is spearheading digital transformation within the air cargo industry. With a strong emphasis on technological innovation, the company has made significant strides in adopting advanced data analytics, AI, and IoT technologies to enhance operational efficiency, customer satisfaction, and sustainability. Saudia Cargo's commitment to these investments not only optimizes current operations but also sets a benchmark for the industry's future, aligning with the global push towards a more resilient and digitally advanced air cargo sector.

Karvi Rana

What specific infrastructure investments are crucial for companies in the air cargo industry to advance digital transformation?

To keep pace with digital transformation it's crucial for companies to invest in advanced data analytics, artificial intelligence, and IoT technologies. These investments enable predictive demand analysis, optimized routing, and efficient resource management.

Saudia Cargo has showcased its commitment to these technologies through the successful implementation of E-AWBs, with an impressive 88% adoption rate. Furthermore, the digitization of 96% of our Unit Load Devices (ULDs) in collaboration with Unilode Aviation Solutions, using Bluetooth readers in 45 strategic locations across our networks, and the e-ULD mobile app, highlights our dedication to real-time tracking and improved visibility. Such investments are critical for scalable business operations, enhancing customer satisfaction, and improving efficiency, ultimately leading to reduced costs and a stronger, more resilient digital infrastructure.

Daily, we prioritize innovation and technology to meet the demands of a rapidly evolving world and a sophisticated customer base. As mentioned, we leverage tech-powered greener ULDs, robust online sales channels, and APIs. Our digital capabilities span from electronic bookings to real-time tracking, custom charter flights, and a comprehensive information center, ensuring a seamless experience for our customers in today's digital age.

Most importantly, we continue to uphold best-practice communication standards across our network, connecting all key players in the supply chain to optimize capacity. Our resilience, agility, and flexibility ensure that life and business remain uninterrupted, reflecting our core mission to serve people, industries, and communities by meeting their needs. This is the essence of our existence at Saudia Cargo.

What challenges might the air cargo industry face in adopting future technologies, and how is Saudia Cargo addressing these challenges?

Adopting future technologies in the air cargo industry presents several challenges. Ensuring regulatory compliance with various international standards is complex and time-consuming. Integrating new technologies with existing systems and achieving synchronization across different platforms and stakeholders also poses significant challenges. What is even more significant here is a need for a skilled workforce capable of managing and operating advanced technological systems. To this end, we recently announced the launch of the Succession Planning Program in collaboration with the Saudi Logistics Academy. This 12-month initiative is designed to empower 300 national talents to gain the skills and knowledge to drive innovation and success in the Kingdom's cargo sector, fulfilling the ambitions of Saudi Vision 2030.

In parallel, as we increase our reliance on digital systems, ensuring the security of data and systems becomes even more critical. One example of our digitization efforts is the implementation of automated processes and predictive analytics, which has improved efficiency and reduced operational costs. Despite these challenges, Saudia Cargo's robust technological infrastructure and successful digitization projects position us well to navigate these hurdles.

How can technology providers and policymakers support the digital transformation of the air cargo industry?

Technology providers and policymakers are crucial in driving digital transformation in the air cargo industry. Technology providers should focus on developing scalable, interoperable, and secure solutions tailored to the specific needs of the air cargo sector. Continuous innovation and robust support services are essential for the successful implementation of these technologies. Policymakers, on the other hand, need to create a supportive regulatory environment that encourages innovation while ensuring safety and compliance. They can also facilitate collaboration among stakeholders and provide incentives for adopting new technologies.

Saudia Cargo's partnerships with major e-commerce players, such as Cainiao, the logistics arm of Alibaba, and Worldwide Flight Services (WFS), exemplify how collaborative efforts can enhance operational excellence and meet growing demands. This initiative addresses the rising need for high-quality logistics operations in the cross-border e-commerce sector, particularly in the Middle East and European markets. Through this partnership and the integration of advanced technology solutions, including AGVs, advanced PDAs, digital dashboards, and live tracking systems, together we are supporting a new generation of cargo management systems that utilize IoT technologies to drive efficient and sustainable e-commerce handling.

How is Saudia Cargo leveraging digital transformation to enhance sustainability in its operations?

Digital transformation can significantly enhance the sustainability of air cargo operations.

Technologies like AI and data analytics optimize flight routes and schedules, reducing fuel consumption and emissions. Automation in warehouses and logistics increases efficiency and minimizes waste, while IoT and real-time monitoring enable predictive maintenance, saving resources by preventing unnecessary repairs. The implementation of electronic airway bills (E-AWBs) and other digital documents reduces paper usage and streamlines processes. Additionally, investing in fuel-efficient aircraft and sustainable technologies can further decrease the environmental impact.

Saudia Cargo's commitment to technological innovation is evident in our successful digitization projects and the implementation of predictive analytics, ensuring we are at the forefront of promoting sustainable practices in the air cargo industry. Embracing technology and investing in digitization have played pivotal roles in reducing fuel consumption and CO2 emissions. For instance, the conversion of our trucking fleet to electric vehicles significantly contribute to our sustainability efforts.

The success of Saudia Cargo's digitization efforts is evident in several key performance indicators. Since the inception of these projects, the unreported rate for our ULD fleet has decreased by over 6%. This reduction highlights the effectiveness of the digital solutions implemented, leading to better asset management, sustainability, and substantial cost savings, as fewer ULDs need to be replaced or repaired, and overall utilization is optimized. Real-time tracking and improved visibility have not only streamlined operations but also enhanced the overall efficiency of the supply chain.

Customer feedback has also been overwhelmingly positive. Freight forwarders and ramp handling agents have reported significant improvements in their operations, citing enhanced visibility and real-time tracking capabilities as major benefits. Our e-ULD app, in particular, has been praised for its user-friendly interface and ability to reduce manual work and streamline processes.

How do you envision the air cargo industry in the next decade? Considering Saudia Cargo's ongoing investments in technology and successful digitization projects, how do you see these efforts shaping the air cargo industry over the next decade?

In the next decade, digital technologies will transform the air cargo industry, leading to enhanced efficiency, greater transparency, and more sustainable practices. Automation and AI will streamline operations, reducing costs and improving service delivery. Real-time tracking and data analytics will provide greater visibility into the supply chain, enhancing decision-making processes. Adoption of green technologies and optimized operations will lead to more sustainable practices. Digital platforms will enhance customer engagement and satisfaction through better service and communication. Enhanced interoperability and integration with global logistics networks will foster greater collaboration and efficiency across the industry.

Saudia Cargo's ongoing commitment to technological innovation, as evidenced by our successful digitization initiatives and partnerships with leading technology providers, ensures that we will continue to lead the way in this transformative journey, continually enhancing our operations and customer experiences through cutting-edge digital solutions.

Harish Singh
Head of Supply Chain, Burgerama

BEHIND THE BITE: KEEPING UP WITH THE FAST-PACED QSR INDUSTRY

In this fast-paced world, Quick Service Restaurants (QSRs) have become a part of our everyday life. Whether it's grabbing a quick-burger during the bustling workday or satisfying a mid-night craving QSRs have revolutionized the way we eat. But, what many don't realize is what goes behind that perfectly assembled burger. From sourcing fresh ingredients to ensuring the timely delivery of every item on the menu, the supply chain of a QSR is a finely-tuned machine.

In conversation with **Harish Singh (Head of Supply Chain, Burgerama)** - a seasoned professional who has extensive experience working with some of the biggest names in the industry, we dive into the inner workings of this fast-paced industry. Mr. Singh talks to us about how QSR's tackle challenges, ensure consistency across a growing number of locations, keep up with the rapid evolution of the supply chain, emerging trends that are shaping the future of the industry and much more.

Karvi Rana

What unique challenges do you encounter in managing the supply chain for a Quick Service Restaurant (QSR) compared to other sectors within the food and beverage industry?

Managing the supply chain for a QSR like Burgerama involves unique challenges such as rapid inventory turnover and delivery, ensuring consistent quality and availability, adapting to variable customer demand, controlling tight profit margins, coordinating with multiple suppliers, and adhering to food safety regulations.

How do you ensure consistency in product quality and service across multiple locations, especially given the complexities of a rapidly growing supply chain in the QSR space?

To ensure consistency in product quality and service across multiple locations, especially with a rapidly growing supply chain, we focus on implementing standardized procedures and training, working closely with suppliers to maintain quality, conducting regular audits at both supplier and store levels, utilizing technology for real-time monitoring and inventory management, and collecting feedback from customers and staff to address issues promptly.

Can you share insights on how the QSR food supply chain has evolved over the years and what key innovations or changes have had the biggest impact?

Over the years, the QSR food supply chain has evolved significantly with key innovations and changes, including advanced technology integration such as AI for demand forecasting, IoT for real-time monitoring, and automation in inventory management. Enhanced data analytics have improved decision-making by providing better insights into customer preferences and inventory levels. A growing focus on sustainability, including eco-friendly packaging and waste reduction, has become prominent. Improved supplier collaboration through digital platforms has streamlined processes, and the rise of direct-to-consumer channels like online ordering and delivery services has reshaped logistics, demanding faster and more flexible responses. These innovations have collectively boosted efficiency, reduced costs, and enhanced the overall customer experience.

In your view, what is the key to balancing cost optimization with maintaining high product quality in such a highly competitive market?

The key to balancing cost optimization with maintaining high product quality in a competitive QSR market lies in strategic sourcing and continuous improvement. Strategic sourcing involves partnering with reliable suppliers who offer both quality and cost efficiency and negotiating terms that align with quality standards and cost objectives. Continuous improvement focuses on regularly assessing and refining processes to eliminate waste and enhance efficiency without compromising quality, implementing quality control measures, and using feedback loops to make informed adjustments. This approach ensures that cost reductions do not negatively impact product quality, thereby maintaining customer satisfaction and a competitive edge.

What strategies have you implemented to improve efficiency in last-mile delivery while ensuring that product quality is never compromised?

To improve efficiency in last-mile delivery while maintaining product quality, I have implemented several strategies: optimized routing to reduce delivery times and fuel consumption, real-time tracking for better visibility and quick issue resolution, temperature-controlled delivery solutions for perishable items, training delivery personnel on best practices to prevent damage, and enhancing communication with customers about delivery times and status to improve satisfaction and manage expectations.

How does data analytics factor into optimizing supply chains, particularly in areas like demand forecasting and inventory management?

Data analytics is essential in optimizing the supply chain, particularly for demand forecasting and inventory management. It enhances forecasting through predictive analytics by using historical sales data and trends to adjust inventory levels and prevent stockouts or overstock situations. Real-time data analysis allows for dynamic adjustments in inventory and operations, improving responsiveness to market changes. Inventory optimization helps identify optimal stock levels, reorder points, and safety stock requirements, reducing carrying costs while ensuring product availability. Trend analysis reveals patterns in consumer behavior, seasonal fluctuations, and market dynamics, aiding in informed decision-making. Additionally, evaluating supplier performance through data analytics ensures timely deliveries and high-quality supplies, boosting overall supply chain efficiency.

What future trends do you see emerging in the QSR industry's supply chain?

Future trends in the QSR industry's supply chain are set to focus on several key areas. Increased automation will enhance efficiency and reduce labor costs through robotics and automated systems in warehousing and logistics. Advanced analytics will offer more precise predictive insights and real-time optimization for better demand forecasting. Sustainability will become a major priority, with an emphasis on eco-friendly packaging and reducing waste. Digital integration will improve transparency and traceability with technologies like blockchain. AI and machine learning will streamline operations and personalize customer experiences. Additionally, omnichannel logistics will advance to support faster delivery and better integration with online ordering systems.

What approach do you take to stay ahead of industry trends and continuously improve your supply chain operations?

To stay ahead of industry trends and continuously enhance supply chain operations, I focus on several key strategies. I conduct regular industry research by reviewing reports, attending conferences, and participating in webinars to keep abreast of emerging trends and best practices. Embracing cutting-edge technologies such as advanced analytics, AI, and automation is crucial for improving efficiency and accuracy. Continuous training ensures that my team remains proficient with the latest tools and methodologies, fostering a culture of learning and adaptability. Benchmarking against industry leaders helps identify areas for improvement and adopt best practices. Establishing robust feedback loops with customers, suppliers, and internal teams allows for ongoing process refinement. Finally, promoting an innovation culture encourages team members to propose and test new ideas to enhance supply chain performance.

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INTERVIEW

BALANCING FRESHNESS, SUSTAINABILITY, AND INNOVATION

Key to Staying Ahead in Food Supply Chain Management

When we think about the food on our plates, we rarely consider the complex supply chain behind it, ensuring that each ingredient arrives fresh, safe, and on time. Managing a food supply chain isn't just about logistics – it's about balancing quality, sustainability, and innovation while adapting to fluctuating demand. **Rajni Gupta, Assistant Vice President - Manufacturing & Supply Chain/SCC - Head, Jubilant Foodworks** joins us to share her insights into how this intricate system operates.

In this conversation, we explore the unique challenges in managing a global food supply chain and how to use cutting-edge solutions like AI-powered supplier rating systems and dynamic pricing models to stay ahead. She also walks us through recent innovations like predictive maintenance for cold storage facilities, the integration of blockchain and IoT for improved traceability, and her strategies for reducing the environmental impact of food supply chains.

Karvi Rana

What are the biggest challenges in managing a food supply chain, and how do you address them through innovative solutions?

Managing the food supply chain is complex, especially in the current scenario. One of the most pressing issues is maintaining consistent quality across a vast network of suppliers while simultaneously keeping costs under control. This is particularly challenging given the perishable nature of ingredients and the varying agricultural conditions across different regions.

Rajni Gupta
Assistant VP - Manufacturing & Supply Chain/SCC - Head, Jubilant Foodworks

To address this, many supply chain companies have implemented a novel AI-powered supplier rating system that goes beyond traditional metrics. This system analyzes subtle patterns in delivery times, product consistency, and even social media sentiment about suppliers. By incorporating machine learning algorithms, it can predict potential quality issues before they occur.

For instance, a recent example from a well-known brand flagged a tomato supplier who had consistently delivered products just within the acceptable quality range. By analyzing weather patterns and soil quality reports from their region, AI predicted a high likelihood of subpar crops in the coming month. This allowed companies to proactively work with the supplier to implement corrective measures, avoiding any disruption to the supply chain.

Another significant challenge is demand volatility, especially in the fast-food sector. To tackle this, a dynamic pricing model was developed that adjusts in real-time based on factors like local events, weather conditions, and social media trends. This has not only helped manage inventory more effectively but has also improved profit margins by optimizing pricing during peak demand periods.

Can you provide an example of a recent innovation in food supply chain management that significantly improved efficiency or product quality?

One of the most impactful recent innovations has been the implementation of a predictive maintenance program for cold storage facilities using advanced machine learning algorithms. This system analyzes data from IoT sensors placed on refrigeration units, monitoring factors like temperature fluctuations, power consumption, and compressor performance.

By processing this data through AI models, equipment failures can now be predicted up to two weeks in advance. This has dramatically impacted operations, reducing downtime by 37% and significantly improving overall cold chain integrity.

Moreover, this predictive system allows the optimization of maintenance schedules. Instead of following a fixed schedule, maintenance is now performed based on actual equipment conditions, reducing unnecessary interventions and extending the lifespan of cold storage infrastructure.

Many food supply chain companies have also integrated this system with inventory management software. When a potential equipment issue is detected, the system automatically adjusts inventory levels and reroutes supplies to ensure uninterrupted service. This holistic approach has not only improved operational efficiency but has also enhanced the ability to consistently deliver high-quality products to customers.

How do you approach integrating new technologies, such as blockchain or IoT, into the food supply chain to enhance traceability and safety?

Food supply chain industries are taking a phased approach to integrating blockchain technology into their supply chains. They started with premium ingredients, creating a blockchain-based traceability system that allows customers to scan a QR code and see the entire journey of key components in their meal.

This system records every touchpoint in the supply chain, including transportation conditions and quality checks. It's not just a marketing gimmick; it's helping to identify inefficiencies in the supply chain and provides leverage to ensure suppliers maintain the highest standards.

Most companies are working on expanding this system to cover more ingredients. One challenge is making the blockchain data meaningful to consumers without overwhelming them with information. Companies are experimenting with simplified visualizations and "story" formats that highlight key points in the ingredient's journey.

For IoT integration, companies are focusing heavily on last-mile delivery. Delivery vehicles are now equipped with smart containers that adjust temperature and humidity based on real-time traffic conditions, ensuring optimal food quality upon delivery. These containers are linked to a central system, allowing companies to monitor the condition of food in transit and even reroute deliveries if necessary.

They are also implementing IoT sensors in kitchens to monitor critical control points for food safety. These sensors continuously track factors like cooker temperatures, refrigerator performance, and even handwashing station usage. This data feeds into a central dashboard, allowing the quality control team to monitor multiple locations simultaneously and intervene proactively if any issues are detected.

Looking ahead, companies are evaluating the use of autonomous drones for short-distance deliveries in urban areas. This could significantly reduce delivery times and costs while also decreasing the carbon footprint.

What strategies do you employ to ensure sustainability and reduce environmental impact within the food supply chain?

Sustainability is a core focus in food supply chains, and companies are adopting several strategies to reduce environmental impact, going beyond just ticking boxes for corporate social responsibility.

One of the most successful initiatives has been the "circular packaging" program. Companies have partnered with local recycling firms to collect and reuse packaging materials. They've taken this a step further by using recycled materials to create uniforms for staff and even furniture for restaurants. This not only reduces waste but also provides employment opportunities in local communities and visibly demonstrates a commitment to sustainability for customers.

Many industries are experimenting with hydroponic farming for certain herbs and vegetables near urban locations. They've set up vertical farms on the rooftops of larger restaurants, which now supply fresh basil, lettuce, and cherry tomatoes. This initiative has significantly reduced transportation emissions and water usage, and it allows them to offer "hyper-local" menu items, which have been a hit with environmentally conscious customers.

In terms of energy usage, companies have implemented comprehensive energy management systems across restaurants. This includes smart lighting and HVAC systems that adjust based on occupancy and time of day. They've also installed solar panels at many locations, and in some cases,

they're generating more electricity than they use, feeding the excess back into the local grid.

In your opinion, how can data analytics be used to optimize food supply chain operations and drive decision-making?

Data analytics has become central to food supply chains. The industry has developed a custom "demand sensing" algorithm that combines traditional sales data with unconventional sources like local event calendars, weather forecasts, and social media trends. This allows for predicting demand spikes with surprising accuracy, reducing both stockouts and waste.

For example, one food supply chain giant's system recently predicted a 40% increase in demand for vegetarian options in a particular city, based on a combination of a local religious festival and a trending social media challenge. This allowed the company to adjust inventory and staffing accordingly, resulting in smooth operations during what could have been a challenging period.

Data analytics has also been leveraged to personalize customer experiences. The app now uses machine learning to predict customer preferences and make personalized recommendations. This has not only increased the average order value but has also improved customer satisfaction by helping customers discover menu items they love.

Predictive analytics has also been applied to equipment maintenance and supply chain optimization. The system can now predict potential supply disruptions based on factors like weather patterns, political events, and economic indicators, allowing companies to proactively adjust sourcing strategies.

How do you foresee the future of food supply chains evolving with advancements in technology and changing consumer expectations?

We are on the cusp of a major transformation in food supply chains, driven by both technological advancements and evolving consumer expectations.

One trend that is emerging is the move toward a more decentralized and flexible supply chain model. With advancements in 3D food printing and cellular agriculture, we may see "microfactories" capable of producing customized food items on-demand, closer to the point of consumption. This could revolutionize personalization in the food industry. Imagine ordering a pizza with a crust perfectly tailored to your nutritional needs, printed fresh at a local microfactory.

I also expect augmented reality (AR) to play a significant role in quality control and employee training.

Another area of innovation to watch closely is smart packaging. Packaging that can actively monitor food freshness and adjust its properties to extend shelf life could be a game-changer in reducing food waste throughout the supply chain.

As consumers become more conscious about their carbon footprint, I foresee the rise of "climate-positive" supply chains. These won't just aim for carbon neutrality but will actively sequester more carbon than they emit, possibly through innovative partnerships with regenerative agriculture projects.

Lastly, I believe blockchain technology will become ubiquitous in food supply chains, providing end-to-end traceability and unprecedented levels of transparency. This will not only address food safety concerns but also allow consumers to make more informed choices based on the entire lifecycle of their food.

The future of food supply chains is exciting.

25 EDITION CELEBRATING EXIM VIDYA

PRAMOD SANT
Former Vice President - Head of Import Export and Customs, Siemens Ltd

OPTIMIZING GLOBAL TRADE OPERATIONS

The Power of Data and IT Systems

International trade is a complex domain that spans multiple areas, including import-export operations, customs procedures, international logistics, foreign trade policies, and export incentives. It also intersects with accounting functions, such as vendor invoice management and processing in these areas, as well as banking transactions like foreign inward and outward remittances and BRC (Bank Realization Certificate) management. Additionally, international trade is closely linked with both indirect taxes, like GST, and direct taxes, along with associated litigation.

International Trade Ecosystem

The global ecosystem is intricate and multifaceted, encompassing various international organizations, government agencies, service providers, institutions, and a wide array of stakeholders. Refer to Chart 1 for further details.

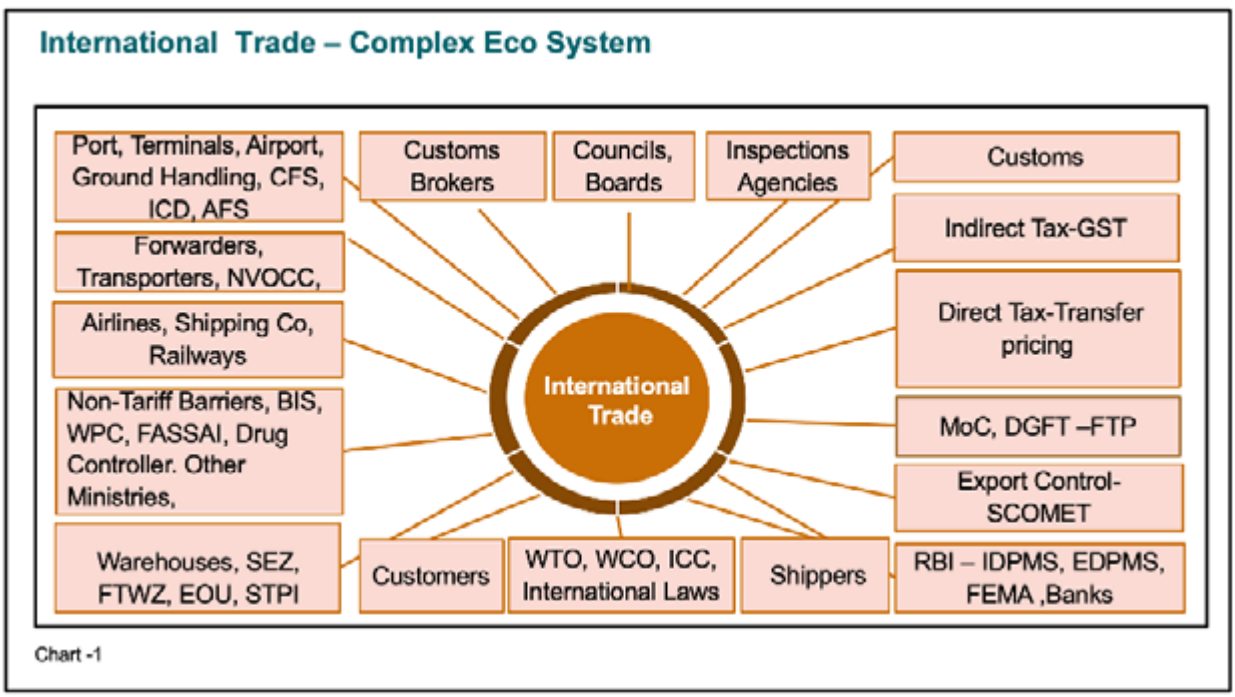
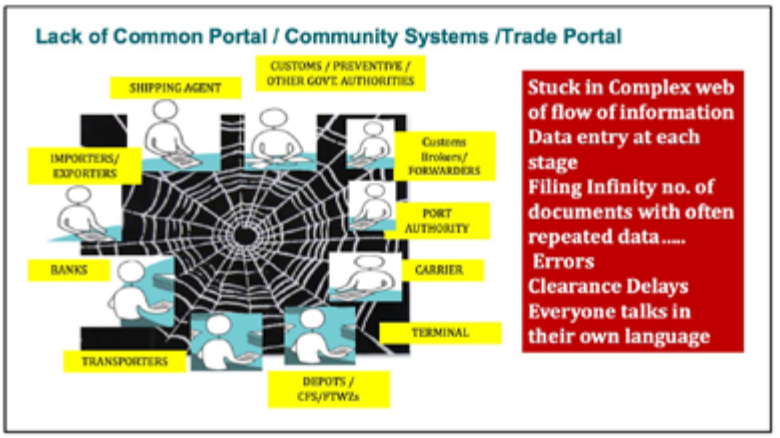
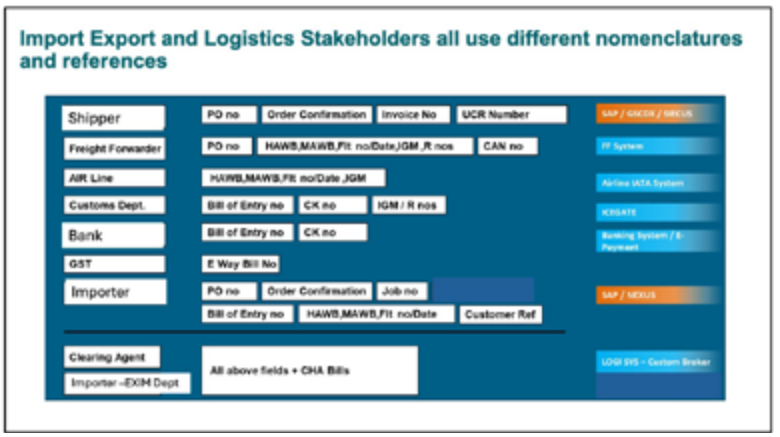
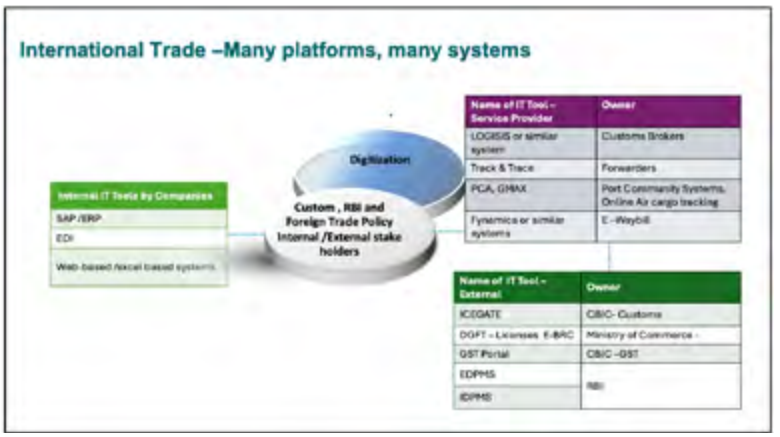


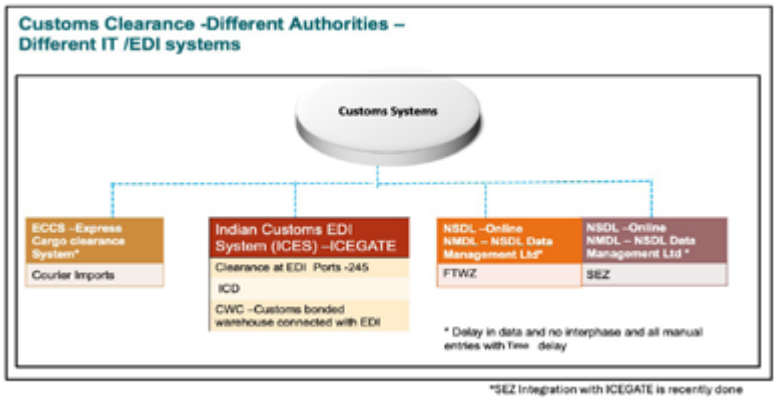
Chart -1

One of the main factors contributing to the complexity of international trade is the use of separate IT systems by various stakeholders. There is currently no unified portal that connects all these agencies to provide a comprehensive solution. For instance, airlines, forwarders, and airport authorities each operate their own independent systems. While in some cases airport and customs systems may be integrated, or forwarders and airport systems may work together, a fully unified system remains a distant goal. Refer to Chart 2 for details on the lack of a common portal, community systems, or trade portal.









Moreover, each stakeholder in the supply chain uses different nomenclature. For example, a customer or importer may have their own order or contract number, while the shipper will use an order confirmation or invoice number. Airlines will refer to a MAWB (Master Air Waybill), and forwarders will use a HAWB (House Air Waybill). Shipping companies or forwarders will work with a Bill of Lading, while customs will use a Bill of Entry or Shipping Bill number. Banks issue a BRC (Bank Realization Certificate), and DGFT provides an advance license or EPCG license. Additionally, customs brokers may assign their own job number, and each stakeholder will also have their own accounting invoice number.

When interacting with different stakeholders, you can only

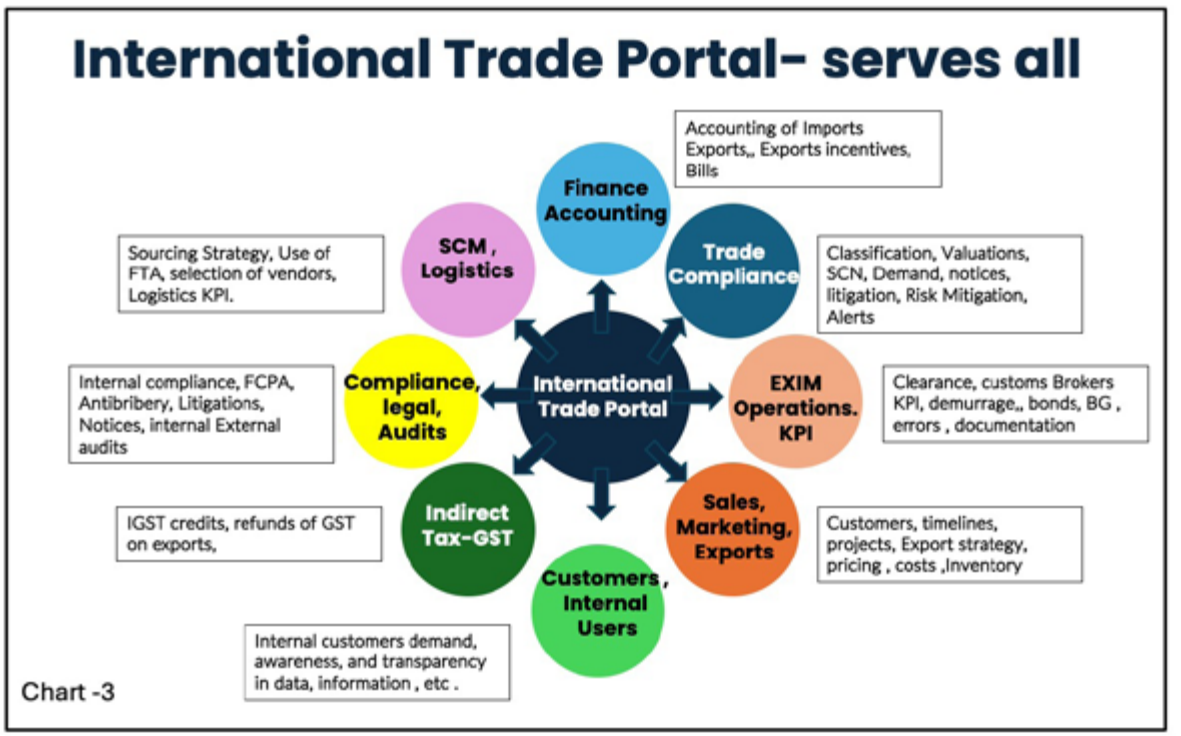
expect feedback if you provide their specific reference number. Refer to Chart 2 for an illustration of how import-export and logistics stakeholders use different nomenclature and references. There is a pressing need to establish a correlation between all these reference numbers for smoother operations.

The third and fourth sections of Chart 2 provide an overview of the various IT platforms and systems used by different stakeholders. Each party operates on a distinct system, making integration between these systems a significant challenge.

Need for a Comprehensive System

In any organization, functions such as supply chain management, strategic procurement, operational procurement, logistics, import-export, accounting, finance, treasury, factory operations, warehousing, sales and marketing, compliance, and legal are independently managed by specialists in their respective fields. Each department requires access to specific parts of international trade data to ensure accurate and timely decision-making, efficient operations, and strategic planning. This includes both long-term and short-term planning, cost breakdowns, and proper accounting and financial forecasting.

Departments like compliance, legal, and internal audit rely on this data to ensure there are no legal violations. Having live data with minimal time lag and full transparency is essential for effective operations and ensuring legal and regulatory compliance. Refer to Chart 3 for further details.



It is important to understand each function and how a comprehensive system can help each function.

EXIM and Customs Operational Efficiency & KPI

The most crucial aspect of customs clearance is time. Accurately recording and monitoring clearance

times, and taking steps to reduce them, relies heavily on the quality of the clearance data. Key factors include the availability of import documents, the arrival time of the shipment, advance filing of the Bill of Entry (BE), assessment of the BE, payment of customs duties, examination of goods, out-of-charge approval, and loading onto vehicles. Each of these stages must be recorded precisely to effectively measure clearance time. This not only helps to reduce clearance delays and avoid additional costs like demurrage but also enhances the reliability of the clearance process. In essence, the success of implementing clearance KPIs depends on how well the system is designed and managed.

LSP Performance Measurement and KPI

Often, the logistics department operates separately from the import-export department, with its primary focus on rates, costs, and, to some extent, time and efficiency. However, it is crucial to also measure the performance of airlines, shipping companies, freight forwarders, as well as ground handling agencies and terminal operators. Monitoring these metrics ensures a comprehensive evaluation of service quality, operational efficiency, and overall performance in the logistics chain.

In international trade, mistakes or lapses in service by airlines, shipping companies, or freight forwarders can lead to delays in customs clearance. These issues may include incomplete or erroneous documentation, partial shipments, IGM/EGM errors, excess packages, and discrepancies in documents, package counts, or weights. Such problems inevitably cause delays in the clearance process. It is essential to address these issues with logistics service providers to enhance performance, increase efficiency, and minimize costs.

Trade Compliance and Risk Mitigations

Adhering to the Customs Act, ensuring accurate classification of goods, correct valuation, and payment of customs duties in accordance with the customs tariff are essential compliance requirements. A comprehensive international trade system should have built-in features for proper classification, valuation, data analysis, and alerts to ensure compliance and streamline operations through the IT system.

FTP and Export Benefits and Incentives

Import and export systems should include modules that cover Foreign Trade Policy (FTP) topics such as Advance Authorization, EPCG authorizations, Drawback, and RoDTEP. It is essential to link the import and export modules by correlating Advance Authorization with FTP schemes. The system should also track the closure of export obligations, the issuance of OEDC, and the cancellation of bonds and bank guarantees to ensure smooth compliance and monitoring.

The monitoring of Drawback and RoDTEP for each item in an export shipment must be accurately recorded in the organization's accounting system and regularly tracked to ensure timely receipt. This helps prevent any loss of export benefits or incentives, ensuring the organization maximizes its entitled returns.

SCM for Sourcing Strategy

Supply Chain Management (SCM) develops sourcing strategies based on factors such as pricing, logistics and transportation costs, Free Trade Agreements (FTA), and non-tariff barriers. A comprehensive portal that provides the total landed cost enables SCM to make informed sourcing decisions, considering all relevant factors.

Marketing and Export strategy

Collaboration between the sales and marketing department and import-export operations is crucial. Accurate information on lead times, timeline reliability, product availability for both domestic and export customers, and inventory decisions all depend on timely and accurate data. A well-designed system that integrates this information allows for better decision-making in sales and marketing, ultimately improving efficiency and customer satisfaction.

Access to comprehensive data on total costs, export incentives, and FTP schemes is essential for developing an effective export strategy.

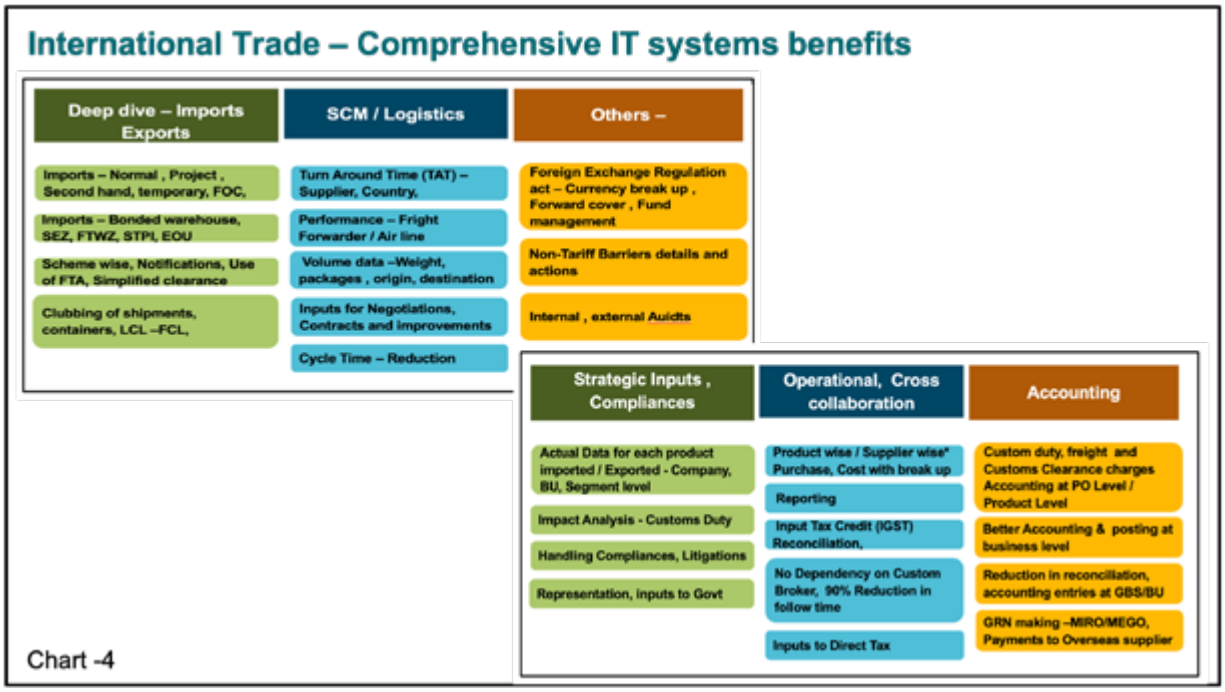
Finance and Accounting

International trade involves multiple costs at various stages, and it is crucial to capture all these costs to ensure an accurate calculation of landed cost. The total cost should be broken down by each cost element and at each stage. This allows for monitoring against budgeted costs, identifying any additional expenses, and developing action plans to reduce them effectively.

Similarly, compliance with FEMA requirements is critical in accounting. This includes timely payments to overseas suppliers, receipt of export proceeds, foreign exchange monitoring, hedging, and ensuring the timely availability of BRCs. Additionally, the closure of IDPMS and EDPMS must be carefully tracked to ensure smooth financial operations and compliance. Comprehensive IT Systems for International trade must address and support these issues.

Record Keeping

In international trade, maintaining accurate records and documents remains crucial. Customs notices, litigation, DGFT requirements, license closures, and export obligations make record-keeping essential. A comprehensive IT system can simplify this process by storing data and documents (in scanned form), ensuring easy traceability and access to critical information when needed.



Other Benefits

In addition, a comprehensive IT system can assist in building an effective Risk Management framework, including mitigation plans, through timely alerts. These alerts can be especially valuable when there are changes in customs duties or new policies, as the system enables accurate impact analysis based on correct data.

Such a system also supports representation to the government or policy advocacy by providing data-backed insights. It can monitor GST input credits, ensure proper correlation, and aid in GST assessments. Furthermore, it can assist with direct tax queries, such as those related to capital goods, overseas service payments, and separating import data (e.g., normal imports, second-hand capital goods imports, returns for repair, export returns, bonded imports, ex-bonding, and SEZ, FTWZ, EOU records if applicable).

Having detailed data on airlines, forwarders, origins, destinations, weight, and volume also helps in planning a more effective logistics strategy. Additionally, the system can support non-tariff barrier management and assist with both internal and external audits, making the entire process more efficient and transparent Refer to Chart 4.

Conclusion

In conclusion, a comprehensive IT system is essential for managing the complexities of international trade. It ensures accurate data collection, supports compliance and enhances decision-making in sourcing, logistics, and risk management. By integrating all aspects of trade operations, such a system reduces costs, improves efficiency, and enables better strategic planning and policy advocacy.

Building such a system is always big task. We will cover the same in next month's issue.

OPINION

Logistics Parks Act as a Catalyst for Cross Border Commerce

As international trade continues to surge, the demand for efficient and scalable industrial and logistics parks has never been greater. India, with its strategic location, burgeoning infrastructure, and robust policy framework, is rapidly emerging as the backbone of this global trade network. As per the data shared by Ministry of Commerce, over the last 25 years, Indian exports have increased by 17 times, and imports by 19 times, reflecting the country's growing importance in international commerce. India's emphasis on enhancing its logistics and warehousing capabilities is positioning it as a critical player in the global supply chain, enabling smoother, faster, and more cost-effective cross-border transactions. With initiatives like "Make in India" and significant investments in infrastructure, India is becoming a pivotal driver, ensuring that goods flow seamlessly from one corner of the world to another.

At the heart of this transformation lies a critical component: warehousing. Once viewed as simple storage facilities, warehouses have evolved into new-age logistics hubs that play a pivotal role in facilitating and accelerating cross-border commerce. These 'global standard' warehouses serve as vital nodes in international supply chains, enabling efficient inventory management, order fulfillment, and customs processing across international borders. Their strategic positioning and advanced technologies have become instrumental in reducing turnaround time and facilitating compliance related to global trade. This has given businesses an edge by allowing them to expand their reach and access a wider variety of products from around the world.

Role of E-commerce in Global Marketplace

The growth of cross-border e-commerce has been a primary driver in the evolution of warehousing. Online marketplaces and platforms have made it easier than ever for businesses of all sizes to reach international customers. Directorate General of Foreign Trade (DGFT) chief, Mr. Santosh Kumar Sarangi suggests that India's e-commerce exports, currently standing at $1 billion per year, is projected to soar to $400 billion within the next six to seven years. As a result, India is planning to build 50 e-commerce export hubs in the next five years. This rapid growth is reshaping supply chains and creating new demands for efficient, flexible, and technologically advanced warehousing solutions.

How Warehouses Are Adapting to Meet the Cross-border Demand

With ongoing trade pacts with countries like Australia, Russia, and other fast growing economies, demand for modern and strategically located Grade-A warehouses will further skyrocket. Warehouses facilities near international borders and major transportation

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EXECUTIVE DIRECTOR
TVS ILP

hubs offer distinct advantages for cross-border commerce. Cities such as Siliguri and Guwahati exemplify this, with their proximity to borders allowing for quicker customs clearance and reduced transit times. Siliguri connects mainland India with its northeastern states and neighboring countries like Nepal, Bhutan, and Bangladesh, while Guwahati's access to Bhutan, Bangladesh, and Myanmar makes it a key logistics hub.

Grade-A warehouses are also equipped to handle the complexities of customs and compliance, offering dedicated spaces for inspections and ensuring goods meet international regulations. Additionally, flexible inventory systems enable real-time tracking and stock reallocation to meet varying demand across different countries, optimizing efficiency and enhancing customer satisfaction. As security concerns grow with increased cross-border commerce, leading warehouses are investing in advanced security measures like 24/7 surveillance, biometric access controls, and real-time tracking of goods.

Advanced technologies such as automation, robotics, and AI-driven systems are further streamlining warehouse operations, right from inventory management to safety monitoring and order fulfillment. These facilities are also leveraging business intelligence tools to predict demand trends, optimize operations, and make informed decisions regarding stock levels and distribution. Furthermore, economies of scale allow warehouses to achieve cost efficiencies as they expand, lowering per-unit costs for storage, handling, and transportation, ultimately helping businesses remain competitive in the cross-border trade environment.

Navigating Challenges & Solutions

Warehousing companies facilitating cross-border commerce face a myriad of challenges in today's complex global trade environment. One of the primary hurdles is navigating the diverse and often changing regulatory landscapes across different countries, including customs regulations and tax laws. To address this, firms are investing in advanced software solutions that automate compliance processes and stay updated with regulatory changes. Additionally, the need for faster delivery times is pushing companies to optimize their warehouse layouts and adopt automation technologies like robotics and autonomous guided vehicles.

Overall, warehouses are enabling businesses to navigate the complexities of international trade with greater ease and efficiency. As India aspires to become an international trade hub, and global commerce continues to expand, the role of warehousing in facilitating seamless cross-border transactions is set to become even more crucial. The future will be shaped by innovations in this vital sector, promising exciting opportunities for businesses and consumers alike in the international marketplace.

(Disclaimer: All views are personal and do not necessarily reflect those of Logistics Insider.)

OPINION

Challenges in Collaborating from both 3PL & Customers' point of view

The unique experience of mine on being both sides of the table put me in a unique position to write this piece. I wonder that as a customer while evaluating/selecting 3PL, some very important parameters take a back seat & as a 3PL while doing go/no go to a tender, it is largely based on revenue & growth consideration while compatibility with customer's organisation is ignored. Here the seed of discontent in the future relationship is sown.

Cultural differences between the two organisations joining hands can create conflicts making collaboration less effective & thus 3PL operations do not reflect extended arm feeling for the customer. 3PL employees don't live the value system of the customer & right so because they are not trained for that & it does affect ownership feeling in the operations.

Scalability is another challenge where dynamic logistics needs of the customer over a period becomes way beyond the capability of 3PL in terms of technology, skill set because majority of 3PL does not invest into people & technology because of cost reasons. Available space also falls short because growth projections prove wrong & then the scatter operation does not remain efficient.

If I go one level down to be more specific, then from the customer's point of view Cost is another challenge. Although 3PL services are considered to be cheap as compared to self-run operations by the customer, but sometimes it proves more costly because of inefficiencies of 3PL operations, hidden charges & tendency of 3PL to seek additional revenue generation activities. This results in higher cost of operations & undesirable service levels. Loss of Control by sharing a part of the supply chain with a third party also results in less control over operations as operations are driven by agreed KPIs and 3PL does not like interference in day-to-day affairs.

From the 3PL point of view, **Under Selling** to win business in cutthroat competition is the most dire problem where 3PL business development teams acquire business at unsustainable price & then cost management becomes problematic. 3PLs under cost pressure cuts even essential costs which results in operational issues & customer dissatisfaction. Another challenge is **Acceptance of Unachievable KPI threshold** by 3PLs with much thinking to acquire the business. Non-achievement of KPIs results in financial penalties & relationship issues with principal companies which results in lowering the management attention of 3PLs & motivation of operational staff of 3PL.

There is a need to work on strategies from

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both the sides to overcome challenges & make the partnership a win-win situation for both the parties because both need each other as the logistics outsourcing is the only way forward for effective & efficient supply chains. Some of the suggestions I would recommend 3PLs to work on are: Stay in line with technology to quickly adjust & adapt with ever changing industry demands, invest in technology because growing complexities of operations cannot be managed in traditional ways. Fostering a **collaborative culture** brings a lot of transparency & trust, providing customers transparent & real time communication as pushing issues under the carpet are detrimental to the strong partnership bond. **SMART SLA Management** is key to the strong partnership as they leave nothing to subjective interpretation & give a clear understanding of the deliverables. **Continuous Evolvement** by adding value by way of looking for cost savings solutions without compromising on service quality like better routing of vehicles, consolidation of shipments, pooling etc. **Demonstrate Competence** to gain trust, reliability, develop new services that meet customer needs, create differentiators as unique selling propositions. Ensure Business **Continuity** and share disaster recovery plans, do through risk assessment and share probable mitigation strategies with customers to give them confidence that their operations are in safe hands.

Demonstrate Resilience of your processes and ways to keep customers data safe, ensure privacy of the customer information is addressed through IT security measures, invest in data integration tools.

To conclude, I would say that 3PL & customer collaboration is like a marriage which demands fair play, setting right expectations, right commitment, logical terms & commercials are necessary for successful partnership. Afterall 3PL are extended arms of customers in the customer delivery supply chain. Many clients at XRE ask me for right definitions & measures for 3PL, Customer Supply Chain KPIs to support them drafting fair contracts with logistics & supply chain partners so that it culminates in to long term stress free & responsive partnerships and I suggest them to follow strategies stipulated above.

(Disclaimer: All views are personal and do not necessarily reflect those of Logistics Insider.)

GUEST COLUMN

SUMAN PAL
Assistant Professor - Logistics & Supply Chain
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ROLE OF MICRO FULFILMENT CENTRES IN REDUCING DELIVERY TIMES

In recent years, the rapid growth of e-commerce and the increasing consumer demand for quick delivery have significantly transformed the logistics and supply chain landscape. Traditional large-scale distribution centres, while effective, are often unable to meet the urgent delivery expectations of modern consumers, especially in densely populated urban areas. This challenge has given rise to the concept of micro fulfilment centres (MFCs), small-scale storage and distribution facilities located closer to end consumers.

By strategically positioning these centres within urban and suburban areas, companies aim to shorten the last-mile delivery process, enhance customer satisfaction, and improve overall supply chain efficiency.

MFCs are becoming increasingly popular as retailers and logistics companies look to reduce delivery times and improve operational efficiency.

Here's a breakdown of the impact of MFCs on delivery times based on various studies and industry reports:

1. Faster Delivery Times

- Reduction in Last-Mile Delivery Time: MFCs are typically located close to urban centers, which significantly reduces the distance for last-mile delivery. This proximity can cut delivery times from several hours to as little as 30 minutes to 2 hours for same-day deliveries.
- Improved Order Fulfillment Speed: With inventory stored closer to the customer, picking and packing processes are faster. Studies show that MFCs can reduce order fulfillment times by 30-50% compared to traditional fulfillment centers.

2. Increased Efficiency

- Optimized Inventory Management: MFCs use advanced technology for inventory management, which improves stock accuracy and reduces the time spent on inventory-related tasks. This can decrease the time from order placement to delivery.
- Enhanced Automation: Many MFCs utilize robotics and automated systems for picking and packing, which speeds up these processes and reduces human error, further accelerating delivery times.

3. Customer Satisfaction

- Higher On-Time Delivery Rates: With faster and more reliable delivery options, customer satisfaction often improves. Faster delivery times can lead to a significant increase in repeat business and customer loyalty.

- Better Order Accuracy: Automated systems in MFCs also contribute to higher order accuracy, reducing the likelihood of incorrect items being delivered, which contributes to overall customer satisfaction.

4. Economic Impact

- Cost Efficiency: While the initial investment in MFCs can be high, the increased efficiency and reduced delivery costs can lead to long-term savings. This is particularly true when considering the reduction in transportation costs and the optimization of supply chain operations.
- Scalability and Flexibility: MFCs can be scaled up or down depending on demand, allowing companies to adapt quickly to changing market conditions and seasonal fluctuations.

Future of Micro Fulfilment Centers in India

Over the next decade, MFCs are likely to become increasingly integral to India's retail and logistics sectors. What we can expect:

1. Expansion of Urban MFCs: As e-commerce continues to grow, especially in urban areas with high population density, we can anticipate a rise in MFCs. These centers will be strategically placed within cities to shorten delivery times and improve service efficiency.
2. Technology Integration: MFCs will leverage advanced technologies such as robotics, AI, and machine learning for inventory management, order picking, and packaging. Automation will streamline operations and reduce costs, making MFCs more efficient.
3. Rise of Omnichannel Retailing: Retailers will use MFCs to support omnichannel strategies, enabling seamless integration between online and offline channels. This means MFCs will handle orders from various sources—online, in-store pickups, and even BOPIS.
4. Enhanced Customer Experience: MFCs will enable faster delivery times, often within hours, improving customer satisfaction. Real-time tracking and accurate delivery windows will become the norm, driven by advancements in logistics technology.
5. Growth in Tier 2 and Tier 3 Cities: While initial MFC growth is likely to be concentrated in major cities, there's significant potential for expansion into smaller cities and towns. This will help bridge the gap between urban and rural areas in terms of e-commerce accessibility.
6. Regulatory Developments: The Indian government may introduce regulations specific to MFCs, focusing on safety standards, labor laws, and data protection. Adapting to these regulations will be crucial for MFC operators.
7. Rise of 3PL Providers: Third-Party Logistics (3PL) providers will increasingly adopt MFC models to offer scalable solutions to a variety of clients, from large retailers to small businesses.
8. Economic and Market Factors: Economic fluctuations, such as changes in consumer spending and logistics costs, will impact the growth and profitability of MFCs. Companies will need to remain adaptable and innovative to navigate these challenges.

Challenges and Considerations

- Space and Real Estate Costs: Urban real estate can be expensive, and finding suitable locations for MFCs can be a challenge. However, the benefits in delivery speed often outweigh these costs.
- Integration with Existing Systems: Successfully integrating MFCs with existing supply chain and logistics systems requires careful planning and investment in technology.

Conclusion on MFCs in India

MFCs are rapidly emerging as a critical component of India's e-commerce and logistics infrastructure. The trend toward MFCs reflects the need for faster, more efficient order fulfillment in an increasingly digital and consumer-driven market. Here's a data-driven conclusion on the current state and future outlook for MFCs in India:

1. Market Growth and Potential

- E-Commerce Growth: India's e-commerce market is projected to reach $200 billion by

2027, growing at a CAGR of 19.4% from $84 billion in 2023. This growth is driving demand for faster and more efficient fulfillment solutions.

- MFC Adoption: As of 2024, MFCs are primarily concentrated in major metropolitan areas like Delhi, Mumbai, Bangalore, and Hyderabad. However, there is a noticeable shift toward expanding these centers into tier 2 and tier 3 cities, driven by increasing e-commerce penetration in these regions.

2. Technological Integration

- Automation Trends: A 2023 report by McKinsey indicates that 30% of large Indian e-commerce players have begun integrating automation technologies into their fulfillment processes. The adoption of robotics and AI in MFCs is expected to increase as technology costs decrease and efficiency benefits become more apparent.
- Investment in Tech: Companies like Amazon and Flipkart are investing heavily in technology to streamline operations. Amazon, for example, has committed $1 billion to enhance its supply chain capabilities in India, including MFCs.

3. Infrastructure and Logistics

- Infrastructure Challenges: According to a 2023 study by CII, approximately 40% of Indian logistics companies report issues with inadequate infrastructure, affecting delivery speeds and costs. MFCs are seen as a solution to mitigate these challenges.
- Logistics Efficiency: MFCs help address last-mile delivery issues by reducing the distance between fulfillment centers and consumers. This is crucial in India, where last-mile delivery can be challenging due to traffic congestion and diverse geographic conditions.

4. Consumer Expectations and Market Dynamics

- Delivery Speed: A survey by PwC in 2023 found that 72% of Indian online shoppers expect same-day or next-day delivery. MFCs are critical for meeting these expectations by providing rapid fulfillment and reducing delivery times.
- Price Sensitivity: The Indian market is characterized by high price sensitivity, with 68% of consumers prioritizing cost over delivery speed, according to a report by Nielsen. MFCs must balance cost efficiency with speed to cater to this consumer behavior.

5. Regulatory Environment

- Evolving Regulations: The regulatory landscape in India is evolving, with new guidelines on data protection and labor laws affecting MFC operations. The implementation of the Digital Personal Data Protection Act (DPDPA) in 2024 will require MFCs to enhance data security practices.
- Compliance Costs: Compliance with evolving regulations adds to operational costs. A 2024 study by Deloitte estimates that regulatory compliance could increase MFC operational costs by 5-7% in the short term, but it's essential for long-term sustainability.

6. Investment and Funding

- Funding Trends: Investment in logistics technology and MFCs is on the rise. According to a 2024 report by EY, funding for logistics startups, including those focusing on MFCs, has increased by 25% year-over-year, indicating strong investor confidence in the sector.
- Government Support: The Indian government is promoting investments in logistics infrastructure through initiatives like the PM Gati Shakti National Master Plan. This support is likely to facilitate the growth of MFCs.

MFCs in India represent a significant opportunity for enhancing the efficiency and speed of e-commerce fulfillment. With the e-commerce market expanding rapidly, increasing consumer expectations for faster deliveries, and ongoing investments in technology, MFCs are well-positioned to become a central part of India's logistics infrastructure.

Major Ports Outpace Non-Major Ports in Cargo Traffic Growth for 2024-25

In a significant shift, central government-owned ports, also referred to as major ports, have surpassed private and state-government-operated ports in cargo traffic growth for the 2024-25 financial year. Data from the Ministry of Ports, Shipping, and Waterways reveals a 5% increase in cargo handled by major ports, reaching 348.06 million tonnes (MT). This growth is primarily driven by a 4.9% rise in overseas cargo and a 5.2% uptick in coastal cargo, marking a strong recovery after the disruptions caused by the COVID-19 pandemic.

In contrast, private and state-government ports, or non-major ports, recorded a modest 2.8% increase in overall cargo. While non-major ports posted a competitive 4.29% growth in overseas cargo, a steep decline in coastal cargo hindered their performance. A senior government official emphasized that major ports have been strategically reducing tariffs to attract more cargo, allowing them to outpace their private counterparts. "Tariff adjustments, combined with an emphasis on operational efficiency and infrastructure enhancements, have made major ports more attractive to importers and exporters, particularly for overseas cargo," the official explained.

The combination of strategic tariff reductions, improved infrastructure, and operational efficiency has enabled major ports to outpace their private and state-owned counterparts in cargo traffic growth. With a strong recovery underway, central government-owned ports are poised to maintain their competitive edge, while non-major ports may need to address challenges in coastal cargo and crude oil shipments to regain momentum in the coming months.

Amazon, India Post Sign MoU to Boost Nationwide Delivery Capabilities

Amazon Transportation Services Private Limited (Amazon India) and the Department of Posts (India Post) recently announced a strategic Memorandum of Understanding to fortify their nationwide logistics partnership. By combining Amazon's customer-centricity and technological prowess with India Post's vast last-mile delivery network and decades of expertise, the collaboration aims to redefine benchmarks in e-commerce logistics.

Under the MoU, the two will closely synchronize operations through seamless integration and knowledge exchange to maximize efficiencies, optimize resource utilization, and explore capacity sharing across their logistics networks. The alliance will drive mutual growth while elevating the delivery experience for Amazon customers, especially in remote and rural parts of India.

Abhinav Singh, VP Operations, Amazon India said, “Our relationship with India Post has been a pivotal part of Amazon’s growth story in India and has contributed to making e-commerce a nationwide phenomenon. By joining forces with this iconic institution that has served India for decades, we have been able to create new benchmarks in logistics and customer service. This aligns seamlessly with the government's vision to modernize and augment India Post's services and reach using cutting-edge technology and processes. As we elevate this alliance to the next level through the MoU signed today, I am confident that the best is yet to come."

NEWS THAT MATTERS

UPS Launches Temperature Controlled Facility in Hydera-bad for Pharma Industry

UPS has launched its specialized healthcare-focused cross-docking facility in Hyderabad. Designed to keep Indian pharma customers and their needs at the core, this pharma-grade facility comes with global freight forwarding capabilities. It is equipped with advanced temperature control capabilities, ensuring that sensitive products are always stored and transported within their required temperature ranges – preserving their efficacy and safety.

Providing an additional layer of security for temperature-controlled pharmaceutical shipments, it has a capacity to hold or sort 15 pallets from +15°C to +25°C, 7 Pallets from +2 to +8°C and 50 pallets under uncontrolled ambient conditions. This enables pharma companies to distribute their products more efficiently, eliminating the need for prolonged warehouse storage. The facility also serves as a safety net for critical shipments. It ensures that even in contingency situations, these vital shipments remain protected.

"With India at the forefront of the healthcare industry, we're committed to simplifying logistics for our customers," said Grégory Goba-Blé, Head of UPS India. "When it comes to the future of healthcare, it's all about innovations in biologics, speciality pharmaceuticals and personalized medicine. We're here to back up these innovations with precision logistics that fit like a glove."

U.S. Ports Reopen After Dockworkers Strike: Tentative Deal Reached

US importers and exporters are breathing a sigh of relief as dockworkers at U.S. container ports have agreed to return to work after a three-day strike. The International Longshoremen's Association (ILA) and the U.S. Maritime Alliance (USMX) announced a temporary agreement recently.

In a joint statement, the ILA and USMX revealed they had reached a tentative deal on wages and agreed to extend the Master Contract until January 15, 2025, giving them time to address remaining issues. Effective immediately, all job actions will stop, and work covered by the Master Contract will resume.

While there remains a possibility of future strikes in 2025 if a full agreement is not reached, any disruption would likely occur during the quieter winter months, sparing the peak season for ocean shipping.

However, supply chains still face challenges. For every day a port is closed, it may take five days for operations to return to normal, with backlogs of cargo and delays in shipping schedules.

Despite these concerns, the news of a deal was welcomed by U.S. retailers. National Retail Federation (NRF) President Matthew Shay called the reopening of the East and Gulf coast ports a positive development for the economy, urging both parties to work quickly toward a final agreement. Ahead of the October 1 contract expiration, some companies had begun exploring alternative transport options, including air freight.

Indian Road Logistics Sector Poised for Festive Season Growth: ICRA

The Indian road logistics industry is gearing up for a period of growth, spurred by the upcoming festive season and a resurgence in consumer demand. A new report from ICRA projects moderate revenue growth of 6-9% year-on-year (YoY) in FY2025. This comes after a somewhat turbulent start to the year, marked by disruptions due to the General Elections in Q1. However, the sector is now expected to benefit from rising manufacturing output, restocking activities, and a surge in consumer spending, particularly in the e-commerce space.

The festive season, traditionally a high-demand period for logistics, is seen as a crucial driver of this growth. A favourable monsoon, combined with continued government support for capital formation, is also expected to boost logistics demand across various sectors, including e-commerce, FMCG, retail, pharmaceuticals, and industrial goods. ICRA's outlook for the sector remains 'Stable,' reflecting the strong demand fundamentals and the government's pro-logistics policies.

Organized players in the logistics industry are expected to maintain their pricing premium despite inflationary pressures, supporting profitability in FY2025. However, operating profits are likely to stay range-bound, with margins expected to remain between 11-12%, trailing the peak levels seen in FY2023.

In terms of trade activity, e-way bill volumes have shown consistent growth, exceeding 100 million per month in recent months, with August 2024 reaching an all-time high of 105 million.

Southern Railway's Freight Concession Losses Highlight Operational Oversights

Southern Railway recently reported significant financial losses, as highlighted by the CAG of India's audit report for the fiscal year ending March 2022. One of the critical areas that contributed to these losses was the granting of an ineligible concession on freight charges for the transportation of motor vehicles.

The audit revealed that Southern Railway had erroneously extended a 6% freight concession to a firm transporting vehicles to northeastern states. These vehicles were moved using specially designed BCACBM rakes, rather than the Newly Modified Goods (NMG) rakes for which the incentive was originally intended. This concession, meant only for NMG rakes, led to a loss of INR 9.25 crore for Southern Railway.

The Ministry of Railways initially introduced these freight concessions to incentivize transportation to the northeastern states, thereby boosting economic activity in these regions. However, the extension of this concession to BCACBM rakes, which was not covered under the incentive scheme, underscored a misapplication of policy, leading to a significant financial hit.

The Southern Railway's experience serves as a cautionary tale for other railway zones and freight operators. As India seeks to modernize its logistics infrastructure and expand freight capabilities, particularly in underserved regions, ensuring that automated systems are error-free becomes crucial. Any misstep, such as this concession error, not only results in financial losses but also raises concerns over the operational efficiency of automated systems like FOIS, which are at the heart of India's freight modernization initiatives.

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