

# AMTOI

## NEWS

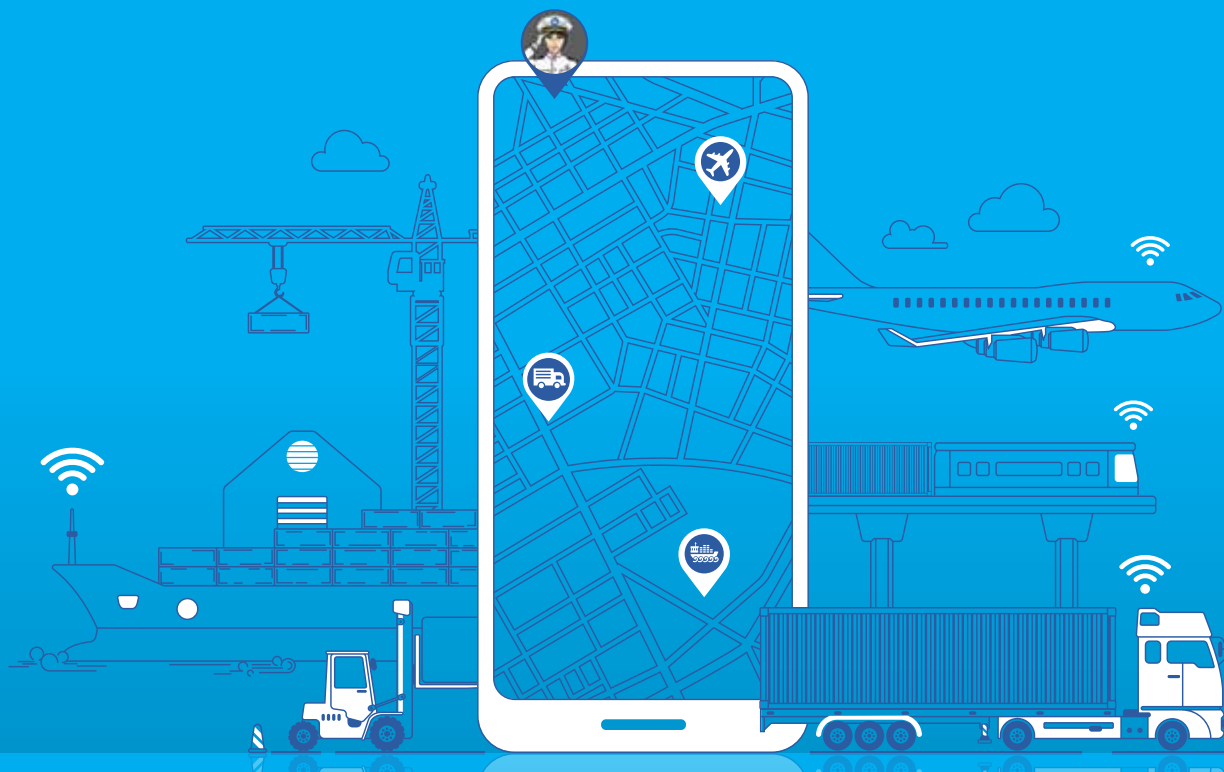
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### **FREIGHT FORWARDERS CONTRIBUTION IN MAKING INDIA A 5 TRILLION DOLLAR ECONOMY**



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## ASSOCIATION OF MULTIMODAL TRANSPORT OPERATORS OF INDIA

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# ABOUT AMTOI

AMTOI, The Association of Multimodal Transport Operators of India, was formed with the object of organizing Multimodal Transport Operators at the national level and improving the quality of their services. The members of the Association are Multimodal Transport Operators registered with the Directorate General of Shipping, Mumbai under the Multimodal Transportation of Goods Act, 1993 which also includes some associate members like CFS operators, tank container operators etc. The Association is a non-profit making body registered under the Indian Companies Act and is managed by the Managing Committee comprising of 7 members elected by the Operator members. The Committee is assisted by a Board of Advisors consisting of the representatives of Government / Public Sector Organizations. Also, it has various trade association representatives on its extended board and is thus likened to an apex body. As a unique initiative, AMTOI has set up a forum called the Grievance Redressal Forum (GRF). The objective of this Forum is to create a platform for dispute resolution and thereby addressing grievances of the members of the trade. The Association has a two-tier membership – Ordinary members who are registered as MTOs and Associate members who are not MTOs themselves but who are involved in operations connected with multimodal transport. The Associate members are not eligible for voting rights or contest in the Elections. The Association from time to time has made suggestions for the consideration of Government and in fact the suggestion for amending

the Multimodal Transportation of Goods Act and for adopting other related measures. AMTOI has been able to secure representation on Government bodies like the Standing Committee on Promotion of Exports, (SCOPE Shipping and SCOPE Air), Task Force on Multimodal Transport and various other forums of the Ministries of Shipping, Commerce & Finance of the Government of India. The Association is also a member of the International Multimodal Transport Association based in Geneva and has thus acquired international recognition. For the benefit of its members, regular training courses are conducted by it on tax issues, insurance or other such related subjects. An awaited event of the year is the MULTIMODAL DAY or an AMTOI DAY which the Association organizes as an 'Annual Day' for the last many years wherein the entire shipping fraternity of Shipping Lines, Ports CFS operators, Freight Forwarders, NVOCC's, CHA's, Airlines, Government authorities in addition to MTO's come together to network and interact with each other under one roof. Members are kept abreast of the happenings in the industry by MULTIMODAL TIMES or AMTOI Newsletter which is published as a quarterly magazine currently and we hope to graduate into a monthly publication which will attempt to capture critical issues that are close to the industry and along with opinions of the industry leaders. Lastly, keeping abreast with the advancing technologies, AMTOI continuously improvises its website and offers tools for various industry players to come together and thus endeavoring to be a leader in its class.



AMTOI News



AMTOI Knowledge Sessions

# FROM THE PRESIDENT'S DESK



**Xerrxes Master**  
President, AMTOI

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According to the IMF's World Economic Outlook the size of the Indian Economy will increase from USD 3.2 trillion in 2021- 22 to USD 3.5 trillion in 2022 – 23 and cross 5 trillion dollars in 2026 – 27.

In the decade leading up to the Covid 19 Pandemic our average annual GDP growth was 6.6% compared with 6.3% in the preceding decade. In fiscal 2023 India is seen growing at 7 % making it the fastest growing large economy. We have come out of the pandemic reasonably well but the current global meltdown will slow us down in achieving the Honourable Prime Minister's vision of a 5 trillion dollar economy. CRISIL expects India to decelerate and grow at 6 % in fiscal 2024. In short it is a marathon which India has to run to achieve its target and fructify the Honourable Prime Minister's vision.

India's rapidly expanding economy, owes much of its success to the multifaceted logistics sector. Among the key players driving this growth are freight forwarders, who facilitate the movement of goods across borders and contribute significantly to the country's economic prowess. The below points enumerate the pivotal role of freight forwarders in India's burgeoning economy, highlighting their contributions, challenges, and the broader implications of their activities.

## 1. **Enabling Global Trade:**

Freight forwarders serve as the linchpin between exporters, importers, and various transportation modes, ensuring seamless and efficient movement of goods across international borders. Their expertise lies in navigating the complexities of trade regulations, customs procedures, and documentation, which can be daunting for businesses looking to access global markets. By acting as intermediaries, freight forwarders facilitate trade by streamlining processes, reducing delays, and minimizing administrative hurdles.

## 2. **Enhancing Supply Chain Efficiency:**

In India's dynamic economic landscape, where just-in-time production and supply chain optimization are imperative, freight forwarders play a vital role in maintaining the smooth flow of goods. They leverage their extensive network of carriers, warehouses, and distribution centers to optimize routing, reduce transit times, and enhance overall supply chain efficiency. This not only benefits businesses by reducing operational costs but also contributes to the timely availability of products to consumers.

## 3. **Customized Solutions:**

Freight forwarders provide tailor-made solutions that cater to the unique requirements of different industries and products. Whether it's perishable goods, hazardous materials, oversized cargo, or time-sensitive shipments, these intermediaries offer specialized services that accommodate various logistical challenges. This flexibility and adaptability contribute to the growth of niche sectors within the economy.

## 4. **Technology Adoption:**

The digital revolution has transformed the logistics landscape, and freight forwarders are embracing technology to stay competitive. Many forwarders now offer online platforms for real-time tracking, electronic documentation, and integrated booking systems. These innovations not only enhance transparency and visibility but also contribute to the overall efficiency of supply chains.

## 5. **Employment Generation:**

The freight forwarding industry is a significant contributor to job creation in India. From operations and documentation to sales and customer service, a wide range of roles are associated



with freight forwarding companies. As the sector grows in response to increasing trade volumes, it provides employment opportunities across skill levels and regions.

#### 6. **Boosting Exports:**

India's goal of becoming a global manufacturing hub relies heavily on its ability to export goods competitively. Freight forwarders facilitate this by optimizing export processes, ensuring compliance with international standards, and providing insights into market trends and demands. Their involvement directly impacts the nation's export growth, contributing to a more favorable trade balance.

#### 7. **Foreign Direct Investment (FDI) Attraction:**

A robust logistics network, with efficient freight forwarding services, enhances a country's attractiveness to foreign investors. A well-functioning logistics sector reduces operational uncertainties and costs for businesses looking to establish a presence in India,

which, in turn, boosts FDI inflows and stimulates economic growth.

#### **Challenges Faced by Freight Forwarders:**

##### 1. **Regulatory Complexity:**

Navigating India's intricate regulatory landscape can be challenging for freight forwarders. Constant changes in customs regulations, documentation requirements, and trade policies necessitate staying up-to-date and agile.

##### 2. **Infrastructure Constraints:**

Inadequate transportation infrastructure, congested ports, and limited warehousing facilities can impede the smooth movement of goods. Freight forwarders often have to work around these challenges, finding alternative routes and solutions.

##### 3. **Skill Development:**

The logistics industry requires a skilled workforce well-versed in modern technologies and international trade practices. Developing and retaining such talent is crucial for the growth

and sustainability of the freight forwarding sector.

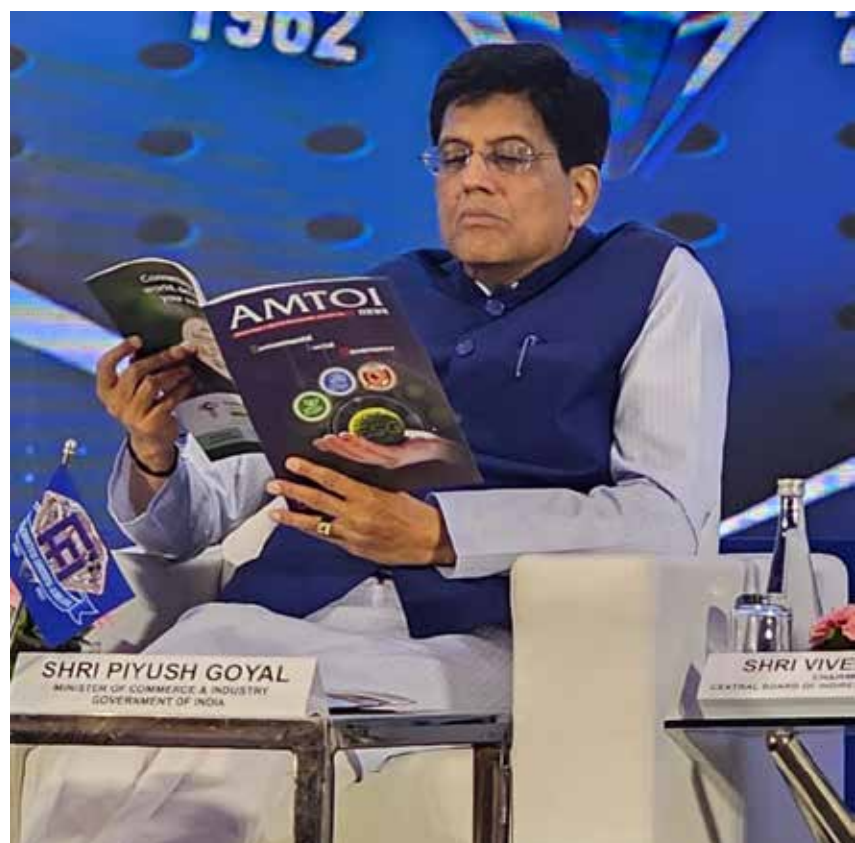
#### 4. **Competition and Consolidation:**

The industry is becoming more competitive, with larger players seeking to consolidate smaller forwarders. This consolidation trend can pose challenges for smaller players in terms of maintaining market share and negotiating power.

#### **Conclusion:**

Freight forwarders occupy a pivotal position in India's journey toward a \$5 trillion economy. Their role in enabling global trade, enhancing supply chain efficiency, and providing specialized solutions cannot be understated. By effectively tackling challenges through technology adoption, strategic partnerships, and skill development, freight forwarders continue to contribute significantly to the growth of India's economy. As the nation aims to establish itself as a global economic powerhouse, the continued success of the freight forwarding sector remains instrumental in achieving this ambitious goal.

*Honorable Minister Shri Piyush Goyal  
going through AMTOI News at FFAI  
Diamond Jubilee event*



# EDITORIAL



## Driving India towards a \$5 Trillion Economy: The Crucial Role of Exports and Logistics

**Shantanu Bhadkamkar**  
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India is on track to become a \$5 trillion economy by 2025. This is a testament to the hard work and dedication of our people. We have the potential to become a global economic powerhouse, and I am confident that we will achieve this goal.

India will be a developed country by 2047, the 100th year of Independence.

- Prime Minister Of India

India is on track to become a \$5 trillion economy by 2025. This is a major milestone for the country, and it will have a significant impact on the global economy. India is a major player in the global economy, and its growth will boost demand for goods and services from other countries. This will help to create jobs and boost economic growth around the world.

- CEO, International Monetary Fund

India's ambitious goal of becoming a \$5 trillion economy has captured the attention of economists, policymakers, and businesses alike. To achieve this monumental feat, India must leverage its potential in exports and imports, driven by a robust logistics sector.

In this article, we will delve into the crucial role of exports and imports in India's economic growth and how the logistics industry, specifically Multimodal Transport Operators (MTOs), Freight Forwarders, and Customs Brokers, play a pivotal role in achieving the export targets needed to reach the \$5 trillion GDP milestone.

**The Significance of International Trade:** India's journey towards a \$5 trillion economy hinges on harnessing the full potential of its exports and imports. The calculations in the inserted text box<sup>1</sup> will highlight the critical components

of the computation of GDP and the contribution of international trade to GDP. A flourishing export sector not only brings in foreign exchange but also fosters technological advancements and enhances the country's global standing. Simultaneously, imports fuel domestic industries with access to vital resources, scale up the competition in each sector, and create more options for alternative sourcing, making India more competitive internationally.

<sup>1</sup> In the calculation of Gross Domestic Product (GDP), the mathematical treatment given to imports and exports is as follows:

**1. GDP Expenditure Approach:** - Imports: When calculating GDP using the expenditure approach, imports are subtracted from the total

to account that the imports represent expenditures on goods and services produced in other countries. The formula is:  $GDP = Consumption + Investment + Government Spending + (Exports - Imports)$

**2. GDP Income Approach:** - Exports: When calculating GDP using the income approach, exports are added to the total. This is because exports represent income earned by producing goods and services sold to other countries. The formula is:  $GDP = Compensation of Employees + Gross Operating Surplus + Gross Mixed Income + Taxes on Production and Imports - Subsidies + (Exports -$

Imports)

In both cases, their inclusion in the calculation captures the net effect of imports and exports on GDP. Imports are treated as a negative value in the expenditure approach, representing expenditures on foreign-produced goods and services. In contrast, exports are treated as a positive value in the income approach, reflecting the income earned from selling goods and services to other countries. These calculations ensure that the impact of international trade on the overall economic activity of a country is accounted for in the GDP calculation.

**The Role of Logistics in Driving Exports:** India, Japan, and Australia launched the **Supply Chain Resilience Initiative**<sup>2</sup> in September 2020. The initiative aims to create a virtuous cycle of enhancing supply chain resilience to attain the region's strong, sustainable, balanced, and inclusive growth. For Resilient & Sustainable Supply Chains, one needs Resilient and Sustainable Logistics as the backbone of international trade, and India's logistics industry encounters challenges and opportunities. The heads of the governments of QUAD are driving the Supply Chain Resilience initiatives.

<sup>2</sup> After a series of virtual meetings between the three countries beginning in September 2020, India, Japan, and Australia's trade ministers formally launched the Supply Chain Resilience Initiative (SCRI).

Multimodal Transport Operators (MTOs), NVOCCs and Freight Forwarders are vital Logistics Service Providers (LSPs) that streamline the movement of goods across various transportation modes, enabling efficient, seamless and

cost-effective trade. LSPs, both contracting and performing parties, are crucial in ensuring smooth coordination among stakeholders throughout the supply chain.

**Customs Brokers: Facilitating Trade and Compliance:** Customs brokers liaise between importers/exporters and customs authorities, facilitating complex customs procedures and ensuring compliance with regulations. By optimising the clearance process, customs brokers help reduce delays and costs associated with international trade. ***Customs Brokers are the Force Multiplier of Trade Facilitation in the International Trade.***

**Multimodal Transport and Multimodal Transport Operators (MTOs)** are crucial in driving economic growth and boosting Gross Domestic Product (GDP) by facilitating the efficient movement of goods across various transportation modes. The importance of multimodal transport and MTOs in GDP growth cannot be overstated. By providing efficient logistics solutions, facilitating global trade, expanding export markets, and attracting investment, they contribute to economic development, job creation, and overall prosperity of a nation.

<sup>3</sup>Multimodal transport and Multimodal Transport Operators (MTOs) play a crucial role in driving economic growth and boosting Gross Domestic Product (GDP) by facilitating efficient movement of goods across various transportation modes.

**1. Efficient Logistics Movement:** Multimodal transport involves the seamless integration of different transportation modes, such as sea, air, road, and rail, to optimise the movement of goods. This results in quicker and more efficient transportation, reducing transit times and lowering costs. As goods move swiftly to market,

production processes become more efficient, increasing economic activity and higher GDP.

**2. Global Trade Facilitation:** Multimodal transport and MTOs enable countries to participate effectively in global trade by providing the infrastructure and expertise needed for seamless cross-border movement of goods. Global Trade fosters international trade relations, enhances export capacities, and increases the flow of goods, all contributing to higher GDP growth.

**3. Expansion of Export Markets:** Efficient multimodal transport allows businesses to reach distant markets more easily. This opens up opportunities for companies to expand their customer base, tap into new markets, and increase their exports. The growth in exports directly contributes to higher GDP figures for a country.

**4. Industry Integration and Specialisation:** Multimodal transport encourages industries to specialise in their core competencies while relying on integrated supply chains for seamless logistics. This fosters economies of scale, cost savings, and improved competitiveness. As specialised industries grow, they contribute significantly to a nation's GDP.

**5. Investment and Infrastructure Development:** The need for efficient multimodal transportation often leads to investments in transportation



infrastructure, such as ports, roads, railways, and intermodal terminals. These investments create jobs and enhance a country's overall economic efficiency and capacity, thereby positively impacting GDP.

**6. Attracting Foreign Investment:** A well-developed multimodal transport system and reliable MTOs can make a country more attractive to foreign investors. The ease of transporting goods in and out of the country is crucial for businesses looking to invest. Foreign investment inflows contribute directly to increased GDP.

**7. Enhanced Competitiveness:** Efficient multimodal transport improves supply chain visibility, reduces operational costs, and minimises disruptions. This allows businesses to remain competitive in both domestic and international markets, leading to increased economic growth and higher GDP.

**8. Seamless Multimodal Transport:** Multimodal transport needs to be seamless due to its significant impact on efficiency, cost-effectiveness, and the overall success of supply chains. Seamless multimodal transport minimises delays and transit times by ensuring smooth transitions between different transportation modes. A seamless system reduces the risk of disruptions and bottlenecks during mode transitions. A seamless multimodal system

simplifies the complexities of international trade. It allows goods to flow smoothly across borders, overcoming bureaucratic hurdles and customs procedures, thereby promoting increased trade volumes and economic growth. Businesses operating within a seamless multimodal transport environment can respond more effectively to market demands. Integrating different modes allows contingency planning and rerouting, ensuring supply chains remain operational even in challenging circumstances. The flexibility and agility enabled by seamless transport improve competitiveness, supporting economic growth.

**Unlocking the Potential of the Service Sector in Logistics:** India's logistics sector comprises multiple segments, and the service sector, both as LSP & Vendor for LSPs, is a key driver of its growth. The services sector includes transportation, warehousing, freight forwarding, inventory management, technical services, IT services, Planning & Inventory Management and more. These segments collectively create an efficient and seamless supply chain ecosystem, vital for achieving the \$5 trillion GDP target.

**Strengthening the Logistics Ecosystem<sup>4</sup>:** To realise the immense potential of the logistics sector, India must focus on strengthening the entire ecosystem. Investing in modern infrastructure, improving last-mile connectivity, and adopting cutting-edge technologies are essential to achieving this goal. Moreover, streamlining regulatory processes and reducing bureaucratic hurdles will enhance the ease of business in logistics.

<sup>4</sup>Strengthening the entire

logistics

ecosystem requires embracing seamless multimodal transport. Without this foundation, the promise of digitisation remains incomplete, hindering trade facilitation and hampering the true potential of economic growth.

**Role of Technology and Automation:** In the future, logistics service providers will heavily rely on technology and automation to streamline operations, enhance efficiency, and reduce costs. Artificial Intelligence (AI), the Internet of Things (IoT), and blockchain are transformative technologies that will drive innovation in the logistics sector. The logistics sector's adoption of digital technologies is not just about staying relevant; it's about leading the charge toward more efficient, agile, and customer-focused operations. Those who embrace this transformation will be well-positioned to thrive in an increasingly interconnected and technology-driven global landscape. Embracing new digital technologies and Change Management in the logistics sector requires combining technical skills, soft skills, adaptability, Cross-Functional Understanding, Data Literacy and a willingness to learn and lead Continually. A change in mindset, particularly Problem-Solving Mindset combined with ongoing training and development augmented with Collaboration and Communication, will enable individuals to leverage digital tools effectively and contribute to the success of the organisation's digital transformation journey.

**The Evolution of Business Models:** Future logistics service providers are likely to adopt agile and customer-

centric business models to cater to the dynamic needs of the global market. Collaborative platforms and shared resources may become more prevalent, enabling multiple stakeholders to collaborate seamlessly.

**Financial Models for Sustainable Growth:** Achieving the \$5 trillion GDP target requires sustainable growth in the logistics sector. Financial models that emphasise long-term investments, risk management,

and profitability will be essential for logistics service providers to remain competitive and sustainably contribute to India's economic growth.

As **India forges ahead on its path to becoming a \$5 trillion economy**, exports and imports will remain pivotal factors in driving economic growth. The logistics sector, with its Multimodal Transport Operators (MTOs), Freight Forwarders, and Customs Brokers, will play a pivotal

role in facilitating smooth trade operations. By embracing technology, enhancing infrastructure, and adopting customer-centric business and financial models, India's logistics industry can effectively contribute to achieving the export targets required for the nation's economic success. **A thriving logistics sector, in synergy with International Trade stakeholders, will propel India towards a prosperous future on the global stage.**

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**Seamless Multimodal Logistics flexibility ensures supply chains flex during disasters, embodying resilience at its core.**

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## GUEST EDITOR



### Exploring the Role of Freight forwarders in Making India a \$5 Trillion Economy -

**Priya Anil Thomas**  
Convenor NRC, AMTOI

I got this incredible opportunity to step into the role of Guest Editor and explore into the profound theme of the "Contribution of Freight forwarders in Making India a \$5 Trillion Economy. I find myself overflowing with gratitude for the

luminaries of our industry who generously mentored me at every juncture. Let me also take this opportunity to thank Dr Sharmila Amin, Managing Director – South Asia of Bertling Logistics, who helped in interviewing customers and bringing in the customer perspective on the Freight forwarders role. The wealth of knowledge I've amassed while perusing the articles in this edition of AMTOI News is simply overwhelming. Once again, I've fallen head over heels for my vocation. My passion for and reverence towards this industry have grown exponentially. Today, I resonate deeply with my teenage daughter, who astutely

observes that we are in the business of providing solutions to people's predicaments.

Here we stand, presenting you with a remarkable coffee magazine – The AMTOI NEWS!

Let us start by understanding that Trade is the sum of exports and imports of goods and services measured as a share of gross domestic product. India trade to GDP ratio for 2022 was 49.37%, which indicates that India is heavily reliant on international trade for its economic activity. It suggests that India is deeply integrated into the global economy,

both as an exporter and importer of goods and services. A robust trade sector can drive economic growth by creating jobs, increasing income, and fostering innovation.

In this perspective, let us understand now - Who are Freight forwarders or Logistics Service Providers (LSPs)? What crucial role they play in facilitating international trade? and how their importance is especially significant for a country like India, where trade accounts for a substantial portion of the GDP?

Freight forwarders or LSPs are experts in logistics and supply chain management. They have a deep understanding of the intricacies of global trade, including shipping routes, customs regulations, and documentation requirements. Their expertise helps streamline the movement of goods across borders, reducing delays and ensuring efficiency. International trade involves complex customs procedures and regulations. They help businesses navigate these regulations, ensuring that shipments meet all the necessary requirements. This minimizes the risk of delays, fines, or confiscated goods, promoting smooth trade operations. They can help businesses find the most cost-effective shipping solutions. They have extensive network and can negotiate favourable rates with carriers, helping companies save on transportation costs, which is critical for maintaining competitiveness in global markets. They have a global presence and connections with carriers, agents, and customs authorities worldwide. This extensive network allows businesses to expand their reach to new markets and customers, driving export growth. By managing the entire supply chain process, including transportation, warehousing, and distribution, Freight forwarders or LSPs help optimize supply chain operations. This leads to faster order fulfilment, reduced inventory costs, and improved customer satisfaction. For businesses looking to enter new international markets, Freight forwarders or LSPs can provide valuable market insights

and help with market entry strategies. They can assist in understanding local regulations, consumer preferences, and distribution channels.

In the “India Growth” perspective, it is also important to know that as per the Economic Survey of 2021, the logistics sector stands as a monumental employer in India, providing livelihoods to a staggering 22 million individuals, firmly securing its position as one of the nation's foremost employment generators. In addition, it is worth noting that Freight forwarders or LSPs likely constitute the largest Micro, Small, and Medium Enterprises (MSME) community in the country.

While we have answered the question on importance of Freight Forwarders and LSPs and their significance for a country like India, Unfortunately, they continue to face a situation where they are frequently misunderstood, underestimated, misjudged, and undervalued by many! While they offer a multifaceted role that involves intricate processes and coordination among various stakeholders, many people outside the industry may not fully comprehend the complexities and challenges involved in ensuring that products reach consumers efficiently and on time. This lack of understanding can lead to underestimation. Due to their behind-the-scenes nature of work, they often go unnoticed until something goes wrong. People may not appreciate the significant role they play in their daily lives, from the availability of goods on store shelves to the timely delivery of online purchases. This underestimation can lead to undervaluing the profession. Some may prioritize Industries like manufacturing or technology without realizing that without logistics, these sectors would struggle to function optimally. The consequences of logistical failures can be far-reaching and affect various industries.

Another common myth I am hoping will be resolved in this article and all the

articles in this Edition, is that Freight Forwarders or LSPs are mere Intermediaries and all they do is make margin that adds to the cost by that portion. It is essential to dispel this myth and recognize the substantial contributions that freight forwarders make to supply chains and businesses.

Covid-19 Pandemic, brought in a huge change in the viewpoint of people who did realise the important role played by the Freight Forwarders and LSPs or the Logistics Industry per say. They worked diligently to ensure that the flow of goods and essential supplies continued despite disruptions caused by lockdowns, travel restrictions, and other pandemic-related challenges. They helped businesses find alternative transportation routes and solutions to maintain the movement of goods. COVID-19 led to a surge in new regulations and restrictions related to international trade and transportation. Freight forwarders had to stay updated on these changes and guide their clients on compliance. This included dealing with customs procedures for essential goods and navigating health and safety regulations. Many freight forwarders accelerated their digital transformation efforts to enable remote work and reduce physical interactions. They invested in digital platforms for booking shipments, managing documentation, and providing real-time tracking information to clients. Freight forwarders collaborated with

carriers, customs authorities, and other stakeholders to find solutions to transportation challenges. Their ability to adapt and remain resilient was essential in keeping supply chains operational. Overall, freight forwarders demonstrated their flexibility, adaptability, and essential role in maintaining global trade flows during the COVID-19 pandemic. Their expertise in logistics and supply chain management was crucial in navigating the unprecedented challenges posed by the pandemic and ensuring that essential goods reached their destinations efficiently and safely.

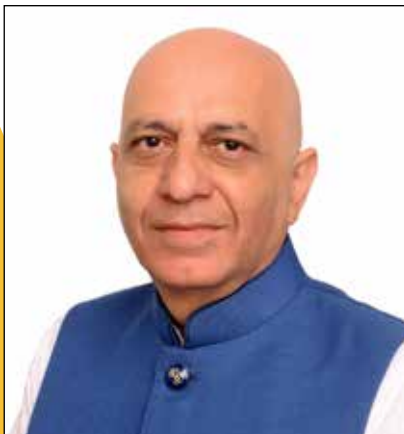
It is also important to mention here that while the industry has always felt misunderstood and ignored, it is important to acknowledge and appreciate the efforts made by the government to recognize and

support the logistics sector, especially considering its vital role in the country's economic development. During its nine-year tenure, it conferred the logistics sector with infrastructure status, established the role of Special Secretary for Logistics, unveiled PM Gati Shakti, introduced the National Logistics Policy, launched ULIP, Promoted AEO Programme, and many such developments towards achieving ease of doing business. They are also tirelessly working to nurture the domestic and international logistics sectors. These initiatives collectively indicate that the government recognizes the importance of logistics not only as a support function but as a driver of economic growth and competitiveness. By improving logistics infrastructure, reducing red tape, and fostering a favourable business environment, these measures

can contribute to a more efficient and resilient logistics sector. In the context of the 21st-century global economy, where supply chains are becoming increasingly complex and interconnected, these government efforts are timely and critical for India's ability to compete on the international stage and support the growth of domestic industries. They also help align India with global best practices in logistics and trade facilitation.

In the broader context, as India aims to achieve a \$5 trillion economy, it's clear that Freight Forwarders or LSPs will remain essential partners in this journey, driving economic growth, fostering innovation, and ensuring the efficient flow of goods in an increasingly interconnected global economy. Recognizing and valuing their contributions is vital for India's success on the international stage.

## FEATURE - 1



### Contribution of a Freight Forwarder for making India a 5 Trillion Dollar Economy

**Sailesh Bhatia**  
Managing Director  
Bhatia Shipping Pvt Ltd

**B**efore I proceed to delve on the contribution of a Forwarder to the Indian economy, I would like to first comment on who is a

Forwarder, and the difference between a Forwarder and a Multi Modal Transport Operator.

As on date there is confusion in minds of Government and Logistics Service users with regards to the difference between the two.

Like all males are human beings, but all humans are not males. Similarly, all Multi Modal Transport Operators

come from the family of forwarders, but all Forwarders cannot be considered Multi Modal Transport Operators.

**To have a better understanding, I would like to reproduce as under the definition of a Freight Forwarder and Multimodal Transport Operator as under:-**

**Freight Forwarders** is a person



or an organisation who acts as an intermediary between the company who makes the shipment and the one who undertakes it. Although they do not carry out the shipment themselves, they offer different modes of transport such as sea/ocean freight, rail freight, road transport and airfreight.

**Multimodal Transport Operator** is a person or an organisation who engages in the transportation of goods using multiple modes of transportation under a **Multimodal Transport Contract**.

Still confused? To give it some more clarity, **I would like to draw a comparison to the difference between a Travel Agent and a Tour Operator, or a Contractor and an EPC Contractor.** Got it?

**A travel agent** books your ticket with a carrier and organises your travel, however, **A tour operator** not only does the above but also takes responsibility for your travel end to end. In most cases he also issues his own ticket for the tour.

**A contractor** is one who enters a contract to perform work or supplies as per requirement of client at a certain price, whereas a **EPC (Engineering Procurement Construct) contractor** is made responsible for all activities from design, procurement, construction and handover of deliverables to client.

**In very simple terms a Forwarder whilst organising transport does it issuing a transport document of the actual performing carrier, whilst a MTO issues his own document for the transportation whilst taking the legal responsibility to undertake the carriage.**

Hence a MTO like an EPC contractor, plans carriage of goods from a place at origin to a place at destination using multiple modes of transport and he also assumes legal responsibility

and liability for the carriage. **This is the major underlying difference between a Forwarder and a Multimodal Transport Operator.**

Hoping that I have been able to put to rest any confusion between the two, I will now proceed to share my views of the contribution of Forwarders to making India a 5 Trillion Dollar Economy.

In an economy, one of the drivers of the economy is Exim trade. The reason for this is that while imports give the trade an ability to source raw materials, components etc a cheaper price enabling the consumer to get products at a competitive price, or superior quality. Similarly import of cheaper raw materials, components and other substitutes help the industry to be more competitive in the international market helping to contribute to increase in exports and thereby contributing to the growth of the economy.

In percentage terms, Indian EXIM trade accounts for 48% of our GDP. In the period 2013-15 it had peaked at 55% of GDP. As on date India is the fastest growing economy, the 8th largest exporter and 10th largest importer in the Globe.

Lower logistics costs can increase exports by 5% to 8% as per a report made by FIEO. Indian logistics costs, contrary to the popular opinion that it ranges between 10%-13% would factually be around 7% to 9%. If proper studies are done this myth would be broken and reality would surface.

Coming back to the theme of the topic, A Forwarder is a key player who contributes towards getting the best costs for his client for their EXIM movements. Imagine a situation wherein you are to travel to a destination unknown to you. If you would strictly plan your trip only on

data

available on net, without properly verifying the authenticity of the data or the reliability of the destination vendors chosen, would be 100% sure of having made the best plan at the best possible rate? I am sure it would not be so. Your plan would be a hit or a miss. Whereas if you would have used the services of a good travel agent, you would be able to get the best itinerary and at the best possible rate.

**This is what Forwarders contribute to the EXIM trade by giving the benefit of their experience and study to get the best possible route, at the best possible price for their clients ensuring that they are most competitive in their EXIM business.**

With "China plus one" adopted by the developed countries and with PLI, Make in India and PM Gati Shakti initiatives of GOI results will be seen in due course of time which will make Indian GDP 5 Trillion Dollars plus by 2026 and the contribution of exports will be significant for India to become a 5 Trillion Dollar economy India.

Thanks & Regards,

**Sailesh Bhatia**  
Managing Director

## FEATURE - 2



### Self Regulation – Catalyst to India's \$5 Trillion Economy Goal

**Arun Kumar**  
Hon Secretary, AMTOI

In the context of the geopolitical situation of the world that we know today, leadership is determined through economic well-being. Alexander once famously said “My logisticians are a humorless lot. They know they are the first ones I will slay if my campaign fails.”, indicating the importance of logistics in winning a conquest.

India, today is the fifth largest economy in the world, leaving behind the United Kingdom, which once ruled and oppressed, our great nation, and the country is poised to overtake, Germany and Japan by 2028 as predicted by the International Monetary Fund.

While the projections are looking very positive and we are on the right trajectory, but can we use this momentum to make bigger gains in the future? The United States is positioned at No.1 with \$19.5 Trillion, growing annually at 2.27%, and is followed by China with \$12.25 Trillion with an annual growth rate of 6.9%, which is most likely to displace the United States soon unless its' growth rates decline.

While the United States has been in the leadership role pre the great depression of the thirties and has about a century of experience in holding its position, China's autocratic methods are unconventional, to say the least. India has to innovate and improvise if it has to attain the top spot.

#### Think out of the box!

*“Great minds discuss ideas; average minds discuss events; small minds discuss people.” - Eleanor Roosevelt.*

The role of Freight Forwarders in building a robust international supply chain is globally acknowledged as the backbone of growing economies. Besides infrastructure such as roads, terminals, ports, etc., which is the hardware side of logistics, Logistic Service Providers or freight forwarders are the software that optimizes the logistics hardware to provide meaningful results.

While India may not have the resources to deploy on the hardware to the extent our competitors can, we do have a plethora of software capabilities, which can innovate, optimize and produce results that are cost-competitive, compared to the rest of the world. We can do it if we start to think out of the box.

While the whole world, including our competitors, put their money into material resources, we can utilize our soft power to our advantage. ISRO's Mars mission is one such example of how we can use intellect and innovation to active great objectives at

a fraction of the cost.

A quick SWOT analysis of our logistics eco-system indicates that today's India has its strength in skills, knowledge, aspirations, and confidence, all of which come from our inclination towards education and upbringing. Our weakness on hard infrastructure has been mitigated to a great extent and with Gatishakti we hope this will soon jump to our strength side, however being extremely capital intensive, we need to make certain that we optimize its utility.

While the opportunities are unlimited, and the external threats come out of the blue, the pandemic being one such recent event, India should use its tried and tested, knowledge bank for overcoming the weakness and threats. The right application of indigenous independent thinking or what is crudely called “Jugaad” can make a difference.

#### Self Regulation

Now that we have overtaken our colonial rulers, it's about time we let go of our colonial mindset. Rajpath (Road of Ruler) in New Delhi is now called the Kartavyapath (Road of Duty), similarly, Viniyaman (Regulation) should now be replaced with Aatm Niyaman (Self Regulation).

The word “regulation” refers to what the actor is doing. Regulation has three components: (1) legislation, that is, defining appropriate rules; (2) enforcement, such as initiating actions against violators; and (3) adjudication,

that is, deciding whether a violation has taken place and imposing an appropriate sanction.

What the international logistics sector in India needs is “self-regulation” which means that the industry rather than the government, should regulate itself. However, it is not that government involvement should be entirely missing, rather the method should be collaborative, whereby the government uses the industry think tank to propose the legislation, rules, and regulations, to achieve the desired objective, implementation, or enforcement of the regulations and use consultative methods for conflict resolution, while the government should monitor the performance of the self-regulator.

For multimodal international logistics, AMTOI is the most eligible association to be granted the status of a Self Regulated Organisation (SRO). I shall elaborate on the merits of the same further in this article.

### **Why Self Regulation?**

There are several advantages of being in self-regulation, which creates a win-win situation for all involved. This also creates an atmosphere of mutual trust between the government, the regulators, and the regulated, thus creating a coherent atmosphere for growth and prosperity. Some of the biggest advantages are listed below.

### **Knowledge and Experience**

Albert Einstein once rightly said *“Information is not knowledge. The only source of knowledge is experience. You need experience to gain wisdom”*. The industry is the biggest source of hands-on experience, and collectively their experience could be a few thousand years if not more. The value of this experience needs no further elaboration as it is a subject of common sense.

### **Increased Efficiency**

Besides a well-made regulation, which in itself increases efficiency, there are procedural requirements such as licensing, renewals, certification, etc., which may be essential to business

continuity. Such activities can be performed by the SRO, which will bring greater efficiency to the system.

Further, international logistics is a rather complex subject, as the stakeholders need to deal with international laws and many times laws applicable in foreign countries as well, SRO is better equipped to deal with such matters in a timebound manner.

### **Wider Reach**

While the government body responsible for the implementation of the regulation can only have a limited geographical penetration; the reach of a national association such as AMTOI is far greater. Besides the members of the association have visibility of the happenings on the ground which gives the association greater intelligence, resulting in better implementation.

### **Collaboration with the Goods Industry**

Freight forwarders or logistic service providers are always dependent on the manufacturer/trader for business, therefore always conscious of protecting the interest of the source of business. There is a high degree of interdependence of goods and services in the case of logistics, and it can be safely concluded that all sane logisticians appreciate the fact that when goods grow, they grow.

While the above is a well-established fact, the government may not be able to fully appreciate this interdependence between the logistics service provider and the manufacturer/trader. LSP are enablers and understand the logistics service requirements of their customer better.

### **Subject Expertise**

While the government's affairs are managed by civil servants, they are not trained logisticians and have no hands-on experience in the domain. While they are usually intelligent people, however expecting them to understand the nuances of complex international logistics in their tenure of three to five years, is unrealistic.

There is an old saying ‘only the wearer knows where the shoe pinches’. The idea of involving SRO is not just beneficial in formulating and implementing good regulation, it will also introduce continuity in the system. The SRO can provide valuable technical information and market intelligence to the government which can help in better planning.

### **Reduced Litigations**

*“Good people do not need laws to tell them to act responsibly, while bad people will find a way around the laws.” – Plato*

Ours is a very populous country and litigations take years to settle in courts of law. In the fast-moving world that we are currently living in, one has to find an alternate conflict resolution mechanism, which is fast and effective. SRO can provide this platform, which can deal with disputes using a consultative approach and our experience in AMTOI indicates that this approach is extremely effective and quick. Besides such resolutions are also widely acceptable to the trade, as peer persuasion can lead to reconciliation. Grievance Redressal Forum (GRF) at AMTOI has a near-perfect track record of resolutions through a consultative approach.

### **Cost Effective**

SRO administered by AMTOI entails no cost to the government as the association is self-sustained and works on the voluntary contribution

of its members. The members take ownership of the association and take pride in contributing to the country and the trade. They also feel obligated to serve the community which has given them recognition and therefore the service attitude displayed is unmatched.

#### Distance Covered

AMTOI had shared the idea of SRO with the Honorable Minister of Commerce and Industry, as far back as 2019, which was well appreciated by the Honorable Minister

who instructed the Department of Logistics to study the concept in detail. AMTOI presented a detailed proposal and structure to the erstwhile Special Secretary Logistics, who too was impressed with the same, however as stated earlier, lack of continuity brings in challenges in the government. The proposal has been on the anvil ever since and has seen more than a couple of Special Secretaries come and go. Notwithstanding AMTOI continues to strive towards making this a reality and we shall persist in the hope that someday soon, this proposal will see

the light of the day.

The idea of writing this article is to bring awareness in our Multimodal logistics fraternity about this concept. Free thinking is the only way to overcome the colonial hangover. I sincerely hope that our trade, which in my view and contrary to general belief, is the most organized trade in the country, recognizes and appreciates, its potential and that the government of the day, supports the trade to be self-reliant, and self-regulated.

## FEATURE - 3



## The Road to Logistics Excellence

### Dr Pramod Sant

Industry Expert, Former Vice President, Head of Import Export and Customs, Siemens Ltd.

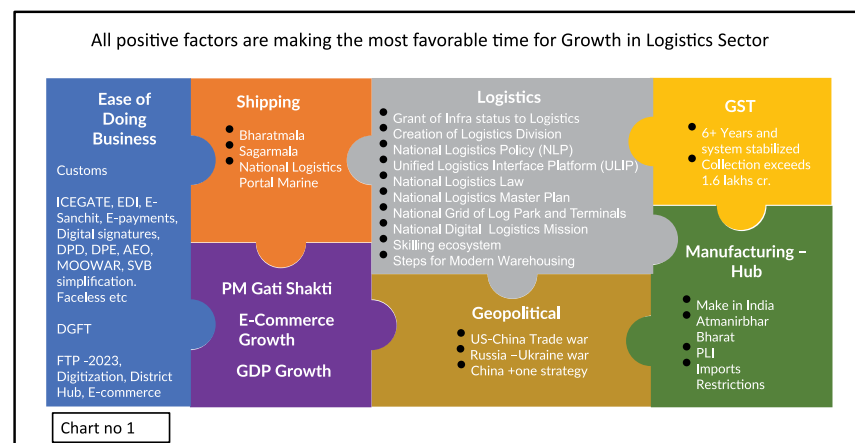
In June 2023 Indian economy reached the 3.7 trillion mark and govt. is confident of achieving 5 trillion mark before 2026-2027. Hon. Prime Minister of India Shri Narendra Modi during his speech on 15th Aug 2023 from Red Fort laid out blueprint for India as a developed nation by 2047.

While outlining the role of freight forwarders in 5 Trillion Dollar Economy we need to envisage the role of Freight forwarders in 2047 when the projected Indian economy will be around USD 26 trillion.

Firstly, it is important to make a baseline by considering the present as -is situation and factors in favour of the logistics industry

and freight forwarders. Learning experiences during COVID & various recent disruptions have helped to increase the importance of Logistics and the critical role played by logistics

players, especially freight forwarders. Chart no.1 shows how various pieces due to policy and market conditions are making the best scenario picture for Indian logistics.





## Changes & Challenges for Freight Forwarders

### Competition

Today it is difficult to predict who will be a competitor. It may be a digital startup that is offering fast and economical rates or it could be a shipping company now entering as a logistics solution provider after making cash profits in shipping last year or a port Terminal operator who has the natural advantage due to easy access to shipping, rail and road. Finally, it could be big importer exporter who is acquiring logistics companies. The competition will reach a new level, resulting in mergers and acquisitions only those who are the fittest and innovative will survive.

### Service Bundling

How can customer delight be achieved? Logistics service providers claim themselves to be 3 PL, 4 PL or even 5PL but this is always without considering customer's real needs. Now customers will be demanding more services under one roof which are uniquely designed for them. The winner will be those who understand the differentiation between uniquely designed and specially designed.

### Transparency

Customers and final end customers expect 360-degree transparency in the entire supply chain where Logistics service providers have to handle various systems, stakeholders, and authorities to provide live information.

### Technology & Automation

In an ever-fast-changing time, continuous investment in technology is a must, however, the balance between must-have and wish-to-have will be tough. In a country like ours where manpower is cheap and where ROI on automation will be always questioned. Survival will be who embrace Technology and automation.

### Talent and Skills

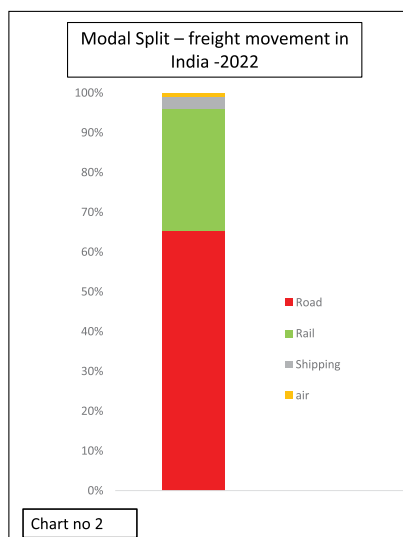
Today's domain expertise needs to be expanded to several new areas in logistics with new technology and automation. Talent and Skilled people are already in demand and hiring the

right person will be an additional challenge.

**Challenges are multifold and will continue to increase, the best way to tackle them is to become.**

- Proactive
- Agile
- Innovative
- Resilient

Vision with the right strategy and timely steps will make Freight Forwarders ready for 2027 and contribute to achieving 5 trillion economy and readiness for 2047 and be part of a 26 trillion economy.



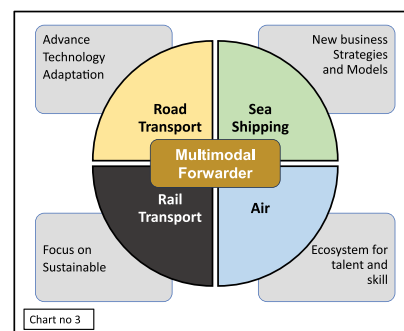
High dependence on Road transport coupled with various issues in Road transport like dominance by unorganized and small players, lower average speed, empty returns, part loads, lower fuel efficiency, higher greenhouse gas emissions, driver shortages, damages and pilferages, lack of track and trace abilities etc. affects Indian logistics.

In India, the logistics modal is skewed (Chart no 2) and cause of our high logistics costs as well as serious environmental concerns, but at the same time this is a big opportunity for Freight forwarders, especially for Multi-Modal transport

### operators

In order to address various challenges and grow to meet new India's demand in 2027 and readiness for 2047 following strategies need to be carefully studied and implemented. Chart no. 3.

1. Advance Technology adaptation
2. New Business Strategies and Models
3. Focus on Sustainable Logistics
4. Ecosystem for talent and skills



### 1. Advance Technology Adaptation

COVID-19 pandemic underlined the need for digitization & Digitalization and accelerated process of use of technology. Advanced technology adoption needs to be looked in two ways. What technologies will be suitable for Freight Forwarder's tomorrow's growth and how it can help to deliver more than customers' expectations? Chart no 4.

Another question that needs to

be answered is how to integrate with stakeholders and customer systems. Today's biggest challenge for Multi-Modal transporters is the lack of seamless systems, Shipping co, ports, terminals, road transport and Airport, airline, and airport handling systems all work on very different systems. During the changeover

not only a customer but even Multi modal forwarders are in the dark. This is the biggest hindrance to growth, investing in seamless digital systems will result in a multi-fold increase in business. The customer's first requirement is End to end visibility and traceability.

Freight Forwarders need to think big and plan to invest, acquire and grow to become global companies.

### 3. Focus on Sustainable Logistics

It actually means implementing Environmental, Social, Safety and Governance (ESSG) requirements. This implementation should not be resistance or reactive adaptation but constructive adaptation.

Use of environment-friendly packing materials, developing or converting existing facilities to eco-friendly facilities, use of less GHG emitting vehicles, efficient use of transports, reducing empty returns, educating drivers on the correct use of vehicles and equipment.

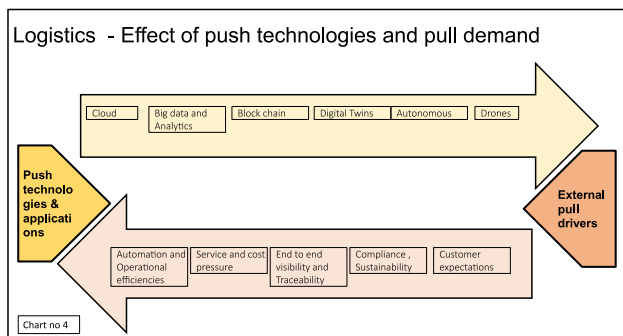
The approach to sustainability starts from awareness, understanding, measurement, and prevention and ends with protection. Forwarders need to take small steps on a short-term basis and collaborate in the long terms projects. Leadership and top management commitment is must for success.

In the future differentiator between forwarders will be only sustainability.

### 4. Ecosystem for Talent and Skills

To achieve any of the above objectives it is important to have the right organizational set up clearly defining roles and responsibilities. These responsibilities need to be carried out by people who have the right qualifications, experience, talent and skills.

Most of the people in logistics today have learned trade hard way thru experience, however now it is possible to have a professional who has done graduation, and post-graduation in different areas of Logistics. To handle various technologies talented software and business analyst people will



However, it is important to select the correct technology, implementing partners and proper cost-benefit analysis.

## 2. New Business Strategies and Models

Logistics will be always outsourced by companies to logistics service providers, Forwarders or Multimodal transporter need to understand customer business, and the pain points of the customer and not only give solutions but add value. Exports will be playing an important role as India is becoming a manufacturing hub. Exporters need support in the Logistics area where they have no expertise. Forwarders with their knowledge and experience not only can support them in India but with their network of overseas partners can support them in many areas like in destination countries. Freight forwarders should not restrict their services only to forwarding but pursue all traditional logistics services like Packing, labelling,

warehousing, road transport, and customs clearance. Route optimization, port selection, route survey, best combination of various modes to achieve cost reduction and time optimization. Advising customers on the effective use of FTWZ, and MOOWAR for exports.

It is important to establish Trust with customers in such a way that collaboration starts early stage when the customer is planning for Import or Export. Early involvement will save not only money and time but will eliminate pain points and risks. Other non-logistics related services such as handling financial /banking documentation for imports exports, certifications, PGA certifications, and handling BIS, IDPMS and EDPMS issues will help importers and exporters to focus on their core competencies.

New business strategies and models may require investment in Infrastructure, manpower, technology faster decisions and a proactive approach.

Today there are only a handful of Indian logistics companies that are operating globally and can be called global companies. Indian

be a basic requirement.

In order to ensure continuity, it is important to develop a backup for each process and activity, Plan B is a must to ensure smooth operations continue, hence there is a need to develop ecosystems which will ensure talent and skills are available continuously and performance will not get affected due to attrition or few people leaving the organization. To develop an ecosystem following are the main steps.

1. Creating nurturing culture.
2. Provide a robust development ecosystem.

3. Going beyond traditional training methods.
4. Alignment of Current culture and Next generation values -
5. Create opportunities for talent.
6. increase diversity.
7. Leadership opportunities -.
8. Mentorship
9. Good Trainer
10. Listen to ideas, insight, and perspective.

To realise the full potential of growth in the logistics sector, it is important that Freight forwarders actively work with all stakeholders, shippers, carriers,

consignees,

policymakers, Govt. and reach new heights of excellence.

## FEATURE - 4



### Contribution Of Freight Forwarders in the 5 Trillion Economy

**Sandeep Kale**  
Vice President – Praj Industries Ltd

As India is moving towards becoming a 5 trillion dollar economy with an increasing cross boundary trade, Freight Forwarders (FFs as they are usually called) will be playing a crucial role in contributing to the growth and success of the nation's economy. Having a global network of partners & agents, Freight forwarders play an important role in supply chain management facilitating the movement of goods from manufacturers to end consumers. Due to the comprehensive coverage, FFs enable the efficient movement of goods, promoting exports and imports, and contributing to the

export revenue essential for economic growth of the country.

As a growing economy, India will have expanded trade volumes and will demand high level of logistics infrastructure development which will encourage investments in Ports, roads, airports, and railways. A strong logistics and transportation network, having strong freight forwarders, attracts foreign investors seeking reliable and efficient supply chains. This will additionally create employment opportunities in Freight forwarding industry for logistics, customs clearance, and so on.

Freight forwarders act as the link between the shipper and carrier and further optimize supply chains by having access to a wide range of transportation options, including air, sea, road, and rail. They add value to their customers while selecting the best mode of transport, due to established relationships with various carriers, shipping lines, airlines, and inland transport companies based on the factors of cost, transit time, and nature of goods being shipped. Freight forwarders can consolidate smaller individual shipments into large shipments making it more cost-effective. This leads to operational

efficiency and favorable freight pricing optimizing logistics cost for the shipper. They provide value-added services such as warehousing and packaging which helps the shipper to be competitive in the global market.

We have had multiple experiences wherein the FFs have gone beyond their boundaries & extended their value-added support in turn helping us. Just to cite an example, we had a shipment of 1000 CBM super ODC cargo for one of our US based customer with the constraint of a restricted time frame for the delivery. We were looking for an earlier break bulk vessel on inducement call for LIFO basis through our regular panel of forwarders. One of the forwarders suggested we execute the shipment on a container vessel instead of a break bulk given our delivery urgency. On his advice, we executed the shipment within a week with a saving of 40% on Ocean freight costs without hampering the delivery schedule.

There are multiple incidences where our Forwarders have added value to our overall Supply Chain.

During the Pandemic situation, Freight forwarders played an important role in maintaining the flow of essential goods contributing to the nation. Freight forwarders helped in coordinating with their Origin and Destination office/agent for priority cargo loading in Import and Export shipments and further also assisted to get concessions on various Handling charges during the Covid-19 pandemic.

Freight forwarders help to mitigate risks associated with transportation, such as cargo damage, loss, or theft to high-risk countries. They do offer risk mitigation options on the movement of goods during transit thus safeguarding the interest of the shipper.

Freight forwarders handle the

preparation of international shipping documents and are involved with the shipping lines documentation and special permissions. They ensure timely submission and accurate filing with the authorities. This saves a substantial amount of manpower and costs for the companies helping them to focus on their core competencies and strategies.

Freight forwarders have specialized knowledge of shipping regulations, customs formalities, and documentation requirements at ports of loading and discharge thus playing a vital role in ensuring compliance with international trade regulations and customs procedures.

Going ahead, as India is moving to a 5 Trillion Dollar economy, the Supply chain will play a pivotal, crucial, and simultaneously important role to achieve the goal & FFs will continue to remain as an important & integral part of the Supply Chain.

## FEATURE - 5



### Freight Forwarders Contribution for making India a 5 Trillion Dollar Economy

**S.L. Sharma**  
Chairman - Skyways Group

**F**reight forwarders play a significant role in helping

economies and global supply chains work efficiently. Even in India the forwarders can help India achieve its goal of becoming a 5 trillion-dollar economy in a big way. Freight forwarders are a link between all stakeholders and thus have a bird eye view as well as a microscopic view of the entire chain. These views

are ably translated into suggestions to all stakeholders for any possible improvements.

Looking at the growth of some of the advanced economies of the world I would like to share a few touch points that freight forwarders do to accelerate the business activity and



help supply chains to accelerate and help the economies to grow and can also help India reach the 5 Trillion Economy goal in quick time.

**Efficient Logistics and Supply Chain Management:** Freight forwarders are experts in optimizing supply chains, ensuring that goods move seamlessly from manufacturers to consumers. By streamlining the logistics process, they can reduce transit times, minimize bottlenecks, and improve overall efficiency, which in turn can lead to cost savings and increased trade volumes.

**Trade Facilitation and Ease of Doing Business:** Freight forwarders are well-versed in customs regulations, documentation requirements, and international trade laws. Their expertise can help businesses navigate complex regulatory environments, reduce trade barriers, and improve the ease of doing business, thus attracting more foreign investments and trade partnerships.

**Global Connectivity:** Freight forwarders have a vast network of contacts and partners across the globe, enabling them to provide businesses with access to new markets and trade routes. This expanded connectivity can open doors to new opportunities and markets, contributing to increased export and import volumes.

**Technology Adoption:** Embracing modern technology and digital solutions can enhance the efficiency of freight forwarding operations. From real-time tracking and predictive analytics to digital documentation and online booking systems, technology


can optimize processes, reduce paperwork, and improve the overall customer experience.

**Customized Solutions:** Freight forwarders can tailor their services to meet the specific needs of different industries and businesses. By offering customized solutions, they can address challenges unique to various sectors, fostering growth and expanding trade opportunities.

**Multimodal Transportation:** Utilizing various modes of transportation (such as air, sea, road, and rail) can lead to cost savings and faster delivery times. Freight forwarders can help businesses choose the most appropriate transportation methods for their goods, optimizing routes and reducing overall logistics expenses.

**Risk Management:** Freight forwarders are well-versed in managing risks associated with international trade, including factors such as political instability, natural disasters, and currency fluctuations. By providing risk mitigation strategies and insurance options, they can enhance the confidence of businesses engaging in cross-border trade.

In all fairness, Indian freight forwarders can contribute significantly to making India a 5 trillion-dollar economy by playing a pivotal role in optimizing logistics, facilitating trade, embracing technology, and fostering global connectivity. Our expertise and efforts can help businesses thrive in the international marketplace, ultimately contributing to India's



economic growth. The enormous investment being made by top Logistics Companies in expanding their infra, warehousing, cold chain, reefer trucks, upskilling manpower etc will further help to provide best in class services of global standards to the exporters and the importers that will further boost our economy in the coming times.

Skyways Group has been performing multiple logistics activities over the past 40 years, constantly innovating and developing a certain level of expertise in the Logistics Industry. We have always believed that what we gain, must be shared, so our entire business model has been functioning in line with this vision. We are committed to playing an active role in not just growing the organisation but the industry and most importantly the Indian economy to 5 Trillion and beyond in years ahead.

Wishing all fellow logisticians, a very productive journey ahead.

## FEATURE - 6



### Freight Forwarders – The Unsung Heroes of the Logistics Industry

**Keku Bomi Guzder**

**Managing Director & Chief Executive Officer  
Aviapro Logistic Services Pvt Ltd**

It took the Indian economy eight years to double to \$2 trillion in 2014 and another seven to grow to just under \$3 trillion in 2022. India will become the world's third-largest economy by the end of the decade, according to the Centre for Economics and Business Research (CEBR), a UK-based economic think-tank.

In the journey towards becoming a \$5 trillion economy, freight forwarders stand as key enablers of India's growth story. The India Freight and Logistics Market size is estimated at USD 279.04 billion in 2023, and is expected to reach USD 406.23 billion by 2029, growing at a CAGR of 6.46% during the forecast period (2023-2029).

As the nation strives to enhance its global economic presence, certain key sectors have emerged as pivotal contributors to this growth. Among these, the logistics and freight industry stand out, acting as a linchpin that connects producers and consumers across borders. Effective supply chain management is pivotal to economic growth.

Leveraging their expertise and

insights, Freight forwarders are instrumental in propelling India towards its economic milestone while solidifying the nation's position in the global market. As India continues to invest in this crucial sector, it can harness the full potential of freight forwarders to build a resilient and thriving economy.

Freight forwarders are the linchpins of international trade, streamlining the movement of goods across borders. They assist businesses in navigating complex customs regulations, documentation, and transportation challenges. By ensuring the seamless movement of goods, these professionals contribute to the expansion of India's export and import markets, driving economic growth.

Freight forwarders play an indispensable role in facilitating international trade, reducing bottlenecks, and optimizing supply chain efficiency, drive exports, enhance connectivity, reduce costs, and foster sustainability.

They optimize the supply chain by coordinating various aspects, including transportation, warehousing, and distribution. By employing advanced logistics technologies and techniques, these experts minimize transit times, reduce costs, and enhance overall efficiency, thereby boosting India's competitiveness in the global market.

A significant portion of India's economic growth relies on expanding

its export capabilities. Freight forwarders play a crucial role in this endeavour by assisting businesses in navigating international markets. They provide valuable insights into market trends, demand patterns, and regulatory changes, helping Indian exporters tailor their strategies to global preferences.

India's geographical diversity poses connectivity challenges that can hinder economic growth. Freight forwarders bridge these gaps by selecting the most efficient transportation modes, routes, and carriers. This improved connectivity enables smoother trade flows, faster delivery times, and increased access to global markets. With logistics costs at almost 10 % of the value of the goods, it is their finesse that gives manufacturers the best, cost effective and optimum solutions to their transportations needs be it door to door, or airport to airport.

Freight forwarders have a keen understanding of cost-saving opportunities within the supply chain. By optimizing routes, consolidating shipments, and negotiating favourable freight rates, these professionals contribute to reducing transportation costs for businesses. These savings ultimately translate into higher profit margins and increased investment potential. The growth of e-commerce has significantly altered consumer behaviour and market dynamics. Freight forwarders play a pivotal role in facilitating cross-border e-commerce transactions. Their

expertise in navigating international regulations, customs procedures, and last-mile delivery challenges ensures a seamless shopping experience for global consumers, driving the growth of India's digital economy.

Freight forwarders possess extensive knowledge of international trade regulations, tariff structures, and compliance requirements. This expertise allows Indian businesses to navigate the complexities of global trade, reducing the risk of non-compliance and associated penalties. Their guidance empowers businesses to expand their operations internationally with confidence. As India pursues sustainable economic growth, freight forwarders are also contributing by promoting environmentally friendly practices. It is also their responsibility to explore innovative transportation solutions that minimize carbon emissions and

reduce the environmental impact of logistics operations. By aligning with global sustainability goals, these professionals ensure that India's growth is both economically and ecologically responsible.

Freight Forwarders in India have a long history of supporting the trade. Available information shows that as far back as 1873, Customs clearance had started in India at Bombay while even the Customs Act was enacted only in 1878. Today the Forwarding industry employs over 10,00,000 directly and indirectly. During the Covid times, it was this community that was at the forefront of supporting the expeditious clearance of the various PPE kits, equipment's and more importantly took part in the export of vaccines to over 60 countries in the world.

You can call them Logistics Advisors, fire-fighters, crisis managers, alternative solution providers or simply your go to friend at 2 AM, they will always remain your trusted partner in the Logistics arena.

## FEATURE - 7



**Sushil Gupta**  
Managing Director,  
Atlas Shipping Services Pvt Ltd

**M**ultimodal Transport Operators, Freight forwarders and other stakeholders in the Logistics space bring in innovation in the market, customised service based on the local requirement and provide various value added services for which only a local player has the requisite competence. Therefore, the Freight Forwarders in this space are the real market makers and enhancers. These Freight

Forwarders, including the ones in the SME and MSME space create job, pay tax and bring the highest level of customer comfort by their ready availability and accessibility to the trade of all size and profile.

Refer information sourced from standard media from Kenya, Recently, President William Ruto of Kenya banned international firms from

engaging in clearing and forwarding business. He categorically mentioned that major operating land-based logistics services denying small firms in Kenya an opportunity to do business because of their financial muscle. He said the ban of foreign shipping lines from clearing and forwarding business in the country will create many jobs for Kenyans who have been denied such opportunities. For years,

local firms decried that multinational firms that have opened One-stop logistics centres in Mombasa had elbowed them out of business because of their financial muscle. Ruto's move will reduce the dominance of foreign firms in local logistics and strengthen

local firms.

The decision is highly relevant in Indian context too and it would be interesting to know what would be the Union Government's stand to protect the interests of the domestic players

in India rather than the multinational big players so that the domestic Freight Forwarding industry is not only secured but also remains poised for growth.

## FEATURE - 8



### Freight Forwarders & Multimodal Transport Operators (MTO's) – what do they bring to the table?

**Muthu Jagannath**  
Director, NAU Pte Ltd, Singapore

1. **I**ndia is making inroads to transform to a bigger manufacturing economy. However, this will not lead to a reduction in the services section given that the market is itself huge and that a host of services are required for the manufacturing and for the marketing of goods both domestically and internationally. In any event, when an economy grows, it generally transforms more from a manufacturing to a service-based economy. As this article is being published in AMTOI's newsletter, we will focus on the aspects of International Trade.

2. **F**or International

Transportation of goods, other than the actual/performing carrier, there are a host of parties, such as Freight Forwarders ("FF") and Multimodal Transport Operators ("MTO"). Both the FF's and MTO's bring value to the table in allowing for the seamless movement of goods, keeping in mind the requirements of the trade. The unfortunate fact is that the benefits associated with the use of FF's and MTO's is often not understood or downplayed with the focus being purely on the increase in costs such that they may face a regulatory sanction by the various government bodies. The purpose of this article is to throw some light on the benefits the trade receives and with some suggestions for improvements.

3. **Freight Forwarder<sup>i</sup>:**

a. The world, although has become much smaller with the advent of technology, is still complicated in that prior to movement of cargoes from

one nation to another, many regulatory processes would have to be accomplished. The development of a FF, in our view, came on the basis of "make or buy"? While an exporter/importer can certainly choose to perform these functions by themselves (co-ordination with various government agencies and performing carriers), it would generally make economic sense to engage a third party given that they (FF) would not only have economies of scale (as they are being engaged by others) but the knowledge they bring to the table. Even if the exporter/importer have substantial volumes, they may prefer to use a FF as they may choose to focus on their core competencies and leave it to specialists, including FF's to deal with other functions.

b. There are many advantages in engaging a FF including



economies of scale, market information, knowledge of best practices, guidance, etc. Whether a customer derives maximum benefit would often depend on whether they have been able to nurture and develop a relationship with the FF instead of being only focused on the price and which may indeed limit the value derived.

framework in India, by way of the Multimodal Transport of Goods Act 1993, for the provision of services by a MTO and therefore the interest of the trade is protected. Additionally, the MTD's issued by Indian MTO generally incorporate the model wordings suggested under the act.

#### 4. MTO's<sup>ii</sup>:

- a. With the development of transport infrastructure, goods are often exported using a combination of various modes. While it is certainly possible for one to work with a series of carriers in different modes of transport, especially for finished goods, this would result in cost and time inefficiencies. This led to development of a Multimodal Transport Operator ("MTO") and who took it on themselves to navigate between various modes of transport ensuring movement of cargo seamlessly. The MTO, in turn, would either operate or make contracts with other carriers to perform the carriage.
- b. The advantage of this development is that cargo interests had only to look to one person and who is responsible for the complete carriage. If the letter of credit permits Multimodal Transport Documents ("MTD") (and which is invariably the practice), the exporter can immediately discount the MTD for payment once the shipment has been handed over to the MTO and the MTD issued. In this way, the exporter is able to realize funds a few days earlier than if they were to rely on say a Shipped Bill of Lading and which is issued once the goods have been Shipped out of India.
- c. There also remains a regulatory

#### 5. Some suggestions for improvement:

- a. Standard Trading Conditions: We have been advocating the use of Standard Trading Conditions ("STC") by all service providers so that all parties including cargo interests are aware of their roles and manage their risks by taking appropriate cargo insurance. In this regard, we note that FFFAI does have a model STC, and which could be amended to incorporate a limitation of liability to not only cap the FF's exposure but also assist in their members seeking liability insurance. While AMTOI members trade on the MTD Terms and Conditions, we would still recommend incorporation of STC's to cater for the "before and after" problem i.e., prior and after the shipment and for which the MTD's issued would not apply to.
- b. Dispute Resolution Clause: We understand that there is huge pendency in the Indian Courts and therefore the delays in the court system will affect any resolution of disputes. Arbitration, if properly, used could ensure that disputes are dealt both expeditiously and with reduced costs. While the model MTD wordings suggested in the MTGA 1993 does permit for Arbitration, we have not sighted any MTD's providing for the same. The FFFAI STC on the other hand does provide for arbitration to

deal with

disputes. This being the case, there is an opportunity for interested industry bodies such as FFFAI, AMTOI and Indian Shippers' Council, etc. to jointly work on an arbitration process to deal with disputes and which would be of benefit to all.

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<sup>i</sup> The Federation of Freight Forwarders Association of India is an association of Indian Forwarders – further details can be viewed at their website at [www.fffai.org](http://www.fffai.org)

<sup>ii</sup>The Association of Multimodal Transport Operators of India ("AMTOI") is an association of MTO's based in India and works to promote and develop this trade further

#### M Jagannath

Director, NAU Pte Ltd, Singapore Specialist - Shipping & Chartering practice, NVOCC/Freight Forwarding & Consolidation, Shipping Agency, Liner activities, H&M Adjustment including Collision (RDC), P&I claims control, Defence and Adjustment Freight Demurrage & Disputes (FD&D), Transport Liability Insurance (Intermediary) including Marine Professional Indemnity, Ports & Terminal Claims, Cargo damage and Intermodal claims defence Lecturing/Seminar Presentations on Shipping Practice

## FEATURE - 9



### Freight Forwarders Contribution for making India a 5 Trillion Dollar Economy

**Umesh Grover**  
Secretary CFSAI

In 2019, India's vision to grow into a 5 Trillion Economy from 2.7 T \$ to 5 T \$ appeared to be a rather tall claim and extremely difficult to achieve. From 2014 to 2019, India's impressive economic growth itself was unprecedented from 1.7 T USD to 2.7 T USD. However, despite a severe setback, decline in global trade and pushback during pandemic causing global slow down, India has been a star performer and as on date its Economy stands at 3.75 TUSD. Thanks to continued reforms, extensive digitalization of processes, developments of Ports Terminals, Highways, DFC corridor etc., coupled by positive outlook and "ease of doing business" initiatives, there are now clear indicators that India is marching swiftly towards becoming a 5 T \$ economy by 2026-27.

EXIM trade historically is one of the key drivers of all major economies across the globe. With several multinational manufacturers and global conglomerates relocating their production units, India is swiftly turning to be a global

manufacturing hub. To ensure a seamless international trade, various Infra provides stakeholders like Shipping Lines, Port terminals, train Operators, CFSs ICDs warehouses have augmented the state-of-the-art Maritime Infra and get recognized for their contribution.

However one of the key stakeholder & a knowledgeable partner of the trade who understands all the needs of exporters and importer and literally handles entire EXIM movement efficiently by getting involved from conceptual stage till shipment, delivery and through his extensive networking and associates monitors and manages the complete supply chain logistics in a cost effective manner is a **Freight Forwarder**. Many large Freight Forwarding firms are global conglomerates who offer a plethora of services and are literally "One Stop Shop" for the large Import / export houses.

Let us examine the role and responsibility of a Freight Forwarder. There are various definitions of the "Freight Forwarder" and what role he can play in making India a 5 T \$ economy. The best definition that defines him and encompasses his skill sets and domain knowledge is :

*"The freight forwarders are the group of enterprising and dynamic group of people who manage and plan the trade step by step with rationale, logic and algorithms step systematically, handle exports & imports, makes sure there is no interruption in the trading process.*

*Finally, in few occasions as and when any interruption and disruption does happen, they quickly plan alternates, re-do the steps to ensure that supply chain woes are minimal".*

The reputed Freight Forwarder companies normally get involved in their clients business to have a clear understanding of the product , what sort of care and packaging it needs for transportation, urgency of the shipment and thus assist in proper planning and after a assessment offer the most cost efficient, safe and secured multi modal transportation solution. **Extensive use of digitalization for all process and real time information flow is an absolute must for a freight forwarder to survive in this competitive market.**

Needless to add, a pre-requisite for being a Freight forwarder is to have a complete and **thorough knowledge of Custom Law, regulations, documentation, customs duty structure.** In fact CBA's & Freight Forwarders are the "eyes & ears" and an extended arm of the respective Custom Commissionerate and provide tremendous support in smooth functioning of custom Houses. They also assist in selection of good Logistics service provider by assessing the competitive strength & weaknesses of various Terminals, CTO, ICD, CFS, AFS, & also transporters in their jurisdiction.

For the CFS Industry, a freight forwarder is one of his biggest client who utilizes their state-of-the-art

facility for handling all EXIM cargo related activities including safe handling, documentation, Customs examination, storage and delivery from CFS to the importers premises. Under “Ease of doing Business” and custom reforms, since 2016, the customs have given the option to a consignee to choose the CFS he wishes to basis competitiveness, service and comfort levels. It is the Freight Forwarder, who on behalf of the Importers / Exporters plays the key role in deciding the choice of CFS for servicing of the cargo.

With India as the fastest growing economy and emerging as a large manufacturing hub, EXIM trade is projected to grow in line with economic growth. The robust Freight forwarder community consisting of over 9000 + small and big entrepreneurs with their domain expertise will continue to provide a great service to EXIM trade and assist the importers and exporters to handle their cargoes efficiently in a cost effective manner. Thus they in their own way will contribute a great deal in India's march to 5 T \$ economy by 2026-27.

## FEATURE - 10



### The Indispensable Role of Freight Forwarders: A Perspective from AITWA

**Ashok Gupta**  
CMD – IRC Group

In the intricate web of international trade and logistics, freight forwarders stand as vital connectors bridging the gap between clients, shipping lines, and airlines. Some voices in the industry propose that exporters and importers deal directly with carriers, thus eliminating what they see as the “middleman”. However, such a view neglects the multifaceted and indispensable role that freight forwarders play.

As the voice of the road transporters in India, AITWA would like to highlight the critical contributions of freight forwarders and why they are an essential link in the value chain:

In the absence of freight forwarders, clients would have to grapple with the manifold complexities of international shipping themselves. This not only includes the logistical planning and coordination but also involves navigating through multifarious regulatory compliances, customs procedures, documentation requirements, and risk management strategies. The expertise and specialized knowledge required to handle these intricate tasks are not typically within the purview of most exporters and importers.

Moreover, without the competition and multiple options that freight forwarders bring to the table, clients

may find themselves at the mercy of carriers. The bargaining power and economies of scale that freight forwarders achieve by consolidating various shipments can often lead to more favourable terms and rates. Without these advantages, carriers may have an upper hand, and clients might be taken for a ride in terms of costs, service quality, and flexibility.

In an environment where shipping lines have a monopoly, the absence of freight forwarders could exacerbate the already prevalent high-handedness of these carriers. From unilateral changes in freight rates to imposing unjustifiable surcharges and fees, shipping lines can have the

upper hand in controlling the trade narrative. Freight forwarders serve as a check against such practices, using their collective bargaining power to negotiate fairer terms and protect the interests of their clients.

This scenario underscores the vital role that freight forwarders play in not only simplifying the logistics process but also acting as advocates and partners for their clients. Their presence ensures a competitive and client-centred environment that enhances efficiency, reduces costs, and adds significant value to the overall shipping experience.

Freight forwarders are masters of logistics, coordinating the smooth and efficient movement of goods across road, sea, and air. Their proficiency ensures seamless connections and optimal routing, crucial for the growth of the transport industry. Each shipment presents its unique challenges. Freight forwarders provide tailored solutions, guaranteeing efficiency, compliance, and satisfaction of specific client needs. Navigating the maze of international trade laws and shipping protocols, freight forwarders mitigate risks and guarantee smooth sailing through complex regulatory waters.

Acting as a central hub for communication, freight forwarders simplify coordination between the myriad stakeholders involved in transportation, enhancing efficiency. Beyond mere shipping,

freight forwarders offer comprehensive services like warehousing, packaging, and documentation, contributing to a streamlined and value-added process.

Through consolidating shipments and capitalizing on bulk transportation opportunities, freight forwarders negotiate favourable rates, driving cost-effective solutions for businesses of all sizes. Employing cutting-edge technology such as real-time tracking and monitoring, freight forwarders bring transparency and control to the shipping experience.

Truck drivers, often the unsung heroes in the logistics chain, would face heightened difficulties without the support and coordination provided by freight forwarders. From complicated route planning to obtaining permits and adhering to strict delivery timelines, the challenges would be manifold. Freight forwarders often serve as the orchestrators, providing drivers with detailed instructions, support in case of contingencies, and a line of communication that helps in tackling unforeseen roadblocks—literally and metaphorically.

Our collaboration with freight forwarders enhances the ability of road transporters to serve clients with excellence and agility. Their expertise allows us to focus on our essential functions, secure in the knowledge that the broader logistics demands are competently managed.

One of the critical roles that freight forwarders perform is that of a consolidator and negotiator. By

consolidating shipments from various clients, they bring a considerable amount of business to the carriers, which not only gives them the power to negotiate better rates but also provides the carriers with consistent and streamlined business. In this sense, freight forwarders act as market-makers, creating a win-win situation for both carriers and clients, ensuring cost-effectiveness, and reliability in services.

As India marches towards the goal of becoming a 5 trillion dollar economy, the role of freight forwarders will only grow in importance. Their continued collaboration and unique value proposition are vital in realizing this ambitious vision.

AITWA proudly stands with freight forwarders in recognizing and promoting their essential role in the industry. We hope this perspective enlightens all stakeholders about the complex and invaluable contributions freight forwarders make to our economy.

AITWA recognizes that the portrayal of freight forwarders as mere intermediaries overlooks the multifaceted value they inject into the logistics chain. From planning and execution to risk management and sustainability, their contributions are integral to the seamless movement of goods both nationally and internationally. The potential problems and complexities faced by clients in their absence further accentuate their indispensable role.



## FEATURE - 11



### Freight Forwarders Contribution for making India a 5 Trillion Dollar Economy

**Yashpal Sharma**  
President-ACFI

Achieving the goal of making India a 5 trillion-dollar economy requires a comprehensive and multi-faceted approach across various sectors backed by strong policies that are measurable and flexible.

The forwarders make the transport and logistics system more visible because their core competences are closely linked to the global transport chains and because their efficiency depends on their ability to coordinate the global production and distribution systems with the global transport system. They would be, typically controlling upstream and middle parts of the chains. Characteristic of the forwarders is that they often derive their strength from serving more than one chain, typically geographically differentiated supply chains servicing various commodities. Being at the centre of the chain they are able to view the key shortcomings in the entire process and thus can help the air cargo industry to formulate submissions for key policy changes, streamline customs procedures, and reduce regulatory barriers.

The forwarders in India would need to look inside apart from looking at improvements in other stakeholders and regulatory aspects. Few key aspects for them to improve would be:

**Infrastructure Development:** Staying asset light is at the core of forwarders

but to play a pivotal role in the entire supply chain they must build up their infrastructure that can help them to do a 3-5X of business. Futuristic warehousing and vehicles must be part of the plan which not just help them to reduce costs but also help to improve internal and external efficiencies.

**Skill Development and Training:**

This will be a key to their growth. A more skilled and capable workforce that can handle the complexities of the air cargo industry, resulting in improved service quality and increased productivity has to be constantly worked upon. A young and vibrant workforce can be a tremendous asset for economic development. Leveraging the potential of a young population requires a comprehensive approach. Upskilling the current workforce and emphasizing the importance of lifelong learning will ensure the human assets remain relevant in years ahead.

**Market Research and Data driven:**

The world today is data driven. Forwarders must be able to convert their entire workflow into a data driven organisation. Efficient flow of data internally and externally will be the key. Hardware and software capabilities backed by the people capability must be given a solid push.

**Sustainability and Green Initiatives:**

As sustainability becomes a key

focus globally, freight forwarders can contribute by promoting greener transportation options and practices. This can include optimizing cargo loads, using more energy-efficient modes of transportation, and adopting eco-friendly packaging solutions.

In summary, a forwarder can act as a catalyst for growth in the air cargo industry by advocating for favourable policies, fostering collaboration, promoting innovation, and addressing industry challenges. By supporting the growth of the air cargo sector, they contribute to the overall economic development of India through increased trade, job creation, and improved connectivity. Forwarders can harness the energy, creativity, and potential of their workforce to drive economic development, innovation, and prosperity which will be a great propellor for the country to push faster towards the 5 Million mark.

A trade body like the Air Cargo Forum India is playing a significant role in contributing to the economic growth of India by facilitating and promoting the air cargo industry. The body is actively engaging with all stakeholders including forwarders and pushing for the growth of Air Cargo and the country's GDP.

# CUSTOMER SPEAKS !



**Mr. Saroj Panda**

*Category Manager – Supply Chain*  
**Linxon India Pvt Ltd**, Bangalore, India

**Q1** How important is the efficient movement of goods in your manufacturing process, and how does it impact your overall operations?

The consignment was important to get on time and in project business, on time delivery adds on good service credit to the freight forwarder.

**Q2** Can you share a success story or a memorable experience that highlights the partnership between your company and the freight forwarder?

For two consignment it was uploaded in Sri Lankan port hub and there was halting charges which was resolved by the freight forwarders intervention, together with us in the best way possible.

**Q3** Communication and Collaboration: How does a freight forwarder facilitate communication between various stakeholders in the supply chain, such as manufacturers, shippers, carriers, and customs authorities?

Clear and real Communication is a vital tool for better bonding and good business relationship. Freight forwarder helps in being a conduit for us to deal with all stakeholders.

**Q4** Do you see the freight forwarder as an integral part of your business strategy, and how do you envision your collaboration evolving in the future?

Yes, Freight forwarder is the lifeline of for a customer. They are made for each other, mutually know

the hardship and facilitate each other to promote smooth business.

**Q5** Have there been instances where the freight forwarder's expertise has led to cost savings or optimization of your supply chain processes?

Yes, many cases Freight forwarder expertise has saved our transshipment cost and freight cost by suggesting the better route with fastest delivery of goods.

**Q6** How do freight forwarders differ from carriers?

Carriers are one directional, but freight forwarders are multidimensional strategy applied to render better service to customer.

**Q7** How has the freight forwarder adapted and supported your company during challenging times, such as the COVID-19 pandemic or other disruptions?

Covid 19 was exceptional case and consignments are moved with the same price order though the market price was high.

**Q8** In what ways does a freight forwarder help reduce logistics costs and improve supply chain efficiency?

Finding suitable mode of freight forwarding by choosing best, suitable mode, route and better services which improves Supply chain efficiency.



**Mr. Rajesh Nakarani**

*Head Logistics*

**Larsen & Toubro Limited, Heavy Engineering**

**Q1** How important is the efficient movement of goods in your manufacturing process, and how does it impact your overall operations?

Movement of goods plays very crucial role in every stage of our Project. Material movement is

connected throughout the Project Life cycle from start to end as below,

- Our project starts after receipt of materials from supplier (Mostly overseas).

- During project execution, based on project need there are many movements like one vendor to another vendor / one work centre to another work centre.

- After completion of manufacturing, delivery of Equipment to client / respective location.

Any delay in any stage of material movement has direct impact on our Contractual delivery date.

Delay in project leads to financial and business loss.

**Q2** Can you share a success story or a memorable experience that highlights the partnership between your company and the freight forwarder?

The Covid-19 has severely disrupted supply chain. This has not only led to exorbitantly high shipping cost but also scarcity of vessel due to prolonged port congestion at major international port. Further, geopolitical implications due to Russia Ukraine war have worsened the situation.

Considering long lag between estimate to actual movement (~18 months), it became extremely challenging for timely execution within budget.

Multimodal shipment of 06 super over dimensional equipment (Total tonnage - 2900 MT) to east & west coast by heavy lift vessel for our 3 domestic clients was required with diverse dispatch plan.

FF suggested combine shipment of all our 6 Equipment along with other manufacturer.

It was challenging to ensure readiness of all 06 equipment as per vessel laycan. Accordingly, our manufacturing team took stiff target and ensured timely readiness.

Team L&T logistics in collaboration with Freight Forwarder executed this challenging shipment with meticulous planning and consolidation of cargo to ensure safe delivery within budget.

Key highlights...

Total Volume - 10500 CBM

Total Weight – 2900 MT

Multimodal transportation:

- 07 road movements (3 at Hazira, 4 at site)
- 01 barge movement (Hazira to Mumbai)
- 01 sea voyage (2 load ports, 3 discharge ports)

Handling of complex government regulation for coastal movement by foreign flag vessel.

Timely execution of this shipment demonstrates boundary less efforts by team L&T and Freight Forwarder.

**Q3** Do you see the freight forwarder as an integral part of your business strategy, and how do you envision your collaboration evolving in the future?

In our type of business both winning / losing the project contract are much dependent on Logistics decisions. To ensure safe delivery with cost and time competitiveness, we need to strategize shipments even at bidding stage.

Freight Forwarders are our key support in all such decision making and help us in key Strategy aspect.



**Mr. Dharmendra Gangrade**

*Head of Logistics Management Center  
Larsen & Toubro Limited*

**Q1** How important is the efficient movement of goods in your manufacturing process, and how does it impact your overall operations?

Efficient movement of goods be it RM/PM or FG, is very important element of effective Operations leading to timely meeting the business requirements. Supply chain is always

under pressure to ensure

Efficient movement of goods is crucial in the manufacturing process for several reasons, and its impact on overall operations is significant. Given below are some of the important points to consider such as;



**Cost optimisation**, the most important one, where efficient movement of goods helps reduce transportation, handling, and storage costs. Minimizing the time products spend in transit or storage facilities can lower associated expenses.

**Lead Time Reduction**, second most important, streamlining the movement of goods decreases lead times, allowing manufacturers to respond more quickly to customer demands. This can improve customer satisfaction and increase competitiveness in the market.

Further, there are few more areas where efficient movement of goods which has strong impact such as **Inventory management** where maintaining optimal inventory levels can free up capital and reduce the risk of obsolete stock, **Resource utilisation** where resources like labor, equipment, and facilities are utilized more effectively leading to higher productivity and reduced idle time, **Production flow**, supporting a smooth **production flow**, preventing bottlenecks and interruptions leading to consistent production schedules and better capacity utilization; higher level of **Customer Satisfaction** where timely delivery of goods helps meet delivery deadlines and enhances the overall customer experience.

**Q2** Can you share a success story or a memorable experience that highlights the partnership between your company and the freight forwarder?

There are many success stories where partnership and collaborative

approach with Freight Forwarder (FF) has immensely helped my company meet its cost and schedule objectives.

Once such recent incident is where we nominated FF for a particular job to pick up Hammers (ODC equipment for Oil & Gas sector) from Singapore and deliver to a Indonesian port on to our own vessel. This vessel was to sail to Damman on a very tight schedule to deliver these Hammers to another Offshore Vessel sailing to offshore sight. Just when we nominated the FF (Geodis) our project team informed to add another super ODC called Stinger to be picked up from Pasir Gudang port, Malaysia and deliver to same vessel in Indonesia meeting the same schedule.

This led to change of scope where FF had to rework on the entire plan on immediate basis and ensure Carrier (BBC) had the required space and crane capacity to handle the super ODC in a reasonable cost. To complicate it further, Indonesian port (Kabil) denied permission to unload Hammers and Stingers at port facility unless we meet their various requirements. After lot of exploring, FF came out with a solution of double banking operating in mid sea to avoid the engagement of Kabil Port and for this operation FF also obtained the permission from Carrier which we accepted as best solution. Now the challenge was to ensure timely pick up of Hammers from Singapore which had its own challenge of road permit etc and pick up of Stinger from Pasir Gudang where port labour went on strike leading to delayed operations at port. FF confronted the challenge and successfully arranged pick up from both the ports in another vessel in a timely manner and then ensured completion of double banking operations in a safe manner and delivered the entire cargo successfully.

Above operation was not possible without the partnership and collaborative approach with FF.

**Q4** Do you see the freight forwarder as an integral part of your business

strategy, and how do you envision your collaboration evolving in the future?

Yes, for us at L&T, FF is very much integral to our business strategy when it comes to ensure timely and safely transportation of our ODC/Super ODC equipment either by Sea, Air or costal movement.

We ensure that when we bid for acquiring any new project we involve FF at early stage to get input and advise on various options for safe and cost effective transportation so that when we get the project awarded we do not have to struggle to find solution. In future, we intend to have more frequent engagements with FFs where we can share various upcoming opportunities for them to explore in advance thereby ensuring

only competent FFs are invited for commercial bids.



**Mr. Suresh A Dalwadi**  
AGM Global Logistics  
Linde Engineering India Pvt Ltd.

**Q** In what ways does freight forwarder reduce logistics cost and improve supply chain efficiency?

Freight forwarder can reduce cost by

optimising the inventories and storage services as well as improvement of the branches of companies and better cooperation with the suppliers. Also the accounting operations and the reporting helps to improve the organization of the business.

Smart logistics helps businesses to save costs by analysing data to optimise transportation routes, reduce delivery time & maximize resource efficiency. Additionally, improved inventory management and reduce warehousing costs, minimize waste & prevent stockouts. business.

Moreover, Freight forwarders are knowledgeable and duly experienced at their work, so they will know how to handle technological, legal, social as well as political issues that may arise over the course of transportation.

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Women's Wing- Convenor

**Ms. Sumita Banerji**  
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# AMTOI DAY 2023



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MRS. ANJALI BHIDE



MR. ARUN KUMAR



MR. DEVPAL MENON



MR. SHANTANU BHADKAMKAR



MR. GEORGE ABRAO



MR. SAM KATGARA



Shri. Shankar Shinde (Chairman, FFFAI) felicitating  
Shri. Xerrxes Master (President, AMTOI)



Honorable Minister Shri Piyush Goyal felicitating our Executive  
Committee member Mr. George Abrao



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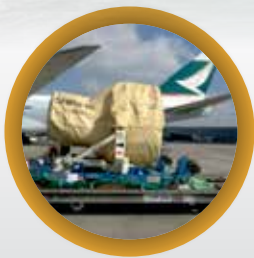
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