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A woman with long dark hair, wearing a bright red top and black pants, stands smiling next to a red truck. The truck has 'MINI CARGO' written on the windshield and '14' on the side. The background is slightly blurred, showing an outdoor setting.

Post Lockdown: what is in store for the Road Transport sector?

The COVID-19 Pandemic is definitely change the perception of individuals towards logistics business. In such cries the backbone of the country was transportation. Though benefits are seen to be marginal, it is nevertheless worthwhile to take stock of what lies in store for the road transport sector, with the opening up of the economy, post lockdown.

Background:

The Road Transport sector is the lifeline of the Indian economy, but unfortunately it is as yet largely unorganized. The sector has taken a bad hit in the wake of the Covid-19 pandemic and will take a long time to recover. It is noteworthy that a few transport operators have been able to outperform during the lockdown. Drivers, who are the lifeline of the road transport sector are back to work, and there is more movement in the industry as things are slowly coming back to normal.

On the economy front, GST collection in October exceeded Rs. One Lac Crores after an eight month pandemic induced downturn. This is a very encouraging sign, signifying that the economy is bouncing back, and returning to its pre-pandemic performance level.

To boost the economy, there are several highways projects that have been cleared by the Union government...this is expected to boost employment and GDP

A few industry verticals, such as Pharma, FMCG, Packaging and the like, have been exceptions to the overall downturn scenario, and have not only survived the disruption, but are doing well. These verticals are in fact witnessing an upward trend in their business and growing, going forward. The logistics partners associated with these players have done well.

Exports and sourcing from India have remained largely un-impacted, despite the COVID-19 pandemic. They will only continue to grow.

The New Normal

The new normal that the pandemic has induced will hopefully infuse better sense amongst the

players and bring in the much needed professionalism in the way the industry functions. People are now well equipped, with better understanding, and are increasingly more cautious than ever before. Companies as well as transporters are taking all necessary precautions for their employees, ensuring thereby that all safety and hygiene parameters are in place. Work from home for employees is becoming the new norm. Not Transporters are investing sizably on IOT platforms and latest technology, so as to have less dependency on manpower. There will be massive changes in supply chain, digital transformation of the industry will be hastened. From planning to execution, every element of logistics process would be reconsidered, repurposed and digitized.

Way Forward for Transporters

Transporters will look at collaborating and synergizing their capabilities and expertise with each other to ensure better and more productive fleet utilization. Transporters will learn to collaborate with the competition, and work together to enhance service levels and increase profitability.

Every entity engaged in running supply chain would need to go through severe compliances as workers, products, transport and facility sanitization protocols would have to be in place.

Exports, coupled with a few verticals like Pharma, FMCG hold high potential for road transport. The demand for road transportation is expected to go up tremendously, and this is particularly true of the cold Chain transport segment, what with a COVID vaccine expected to arrive soon. Vaccine manufacturers will need a high volume of cold trucks, for timely and safe transportation of the vaccines. This could be a huge opportunity.

As cargo moves nationally, crisscrossing multiple states, multimodal transportation will gain dominance. Typically multi modal transport's first and last mile is mostly local with a shorter lead thereby reducing interstate movements and number of touch points for cargo.

The cold chain logistics segment is in for some very significant growth. The much awaited Covid-19 vaccine distribution will give a tremendous boost to temperature controlled movements. This will not only be the single most challenging logistic exercise for the cold chain sector, but also an opportunity of a lifetime, if one may say so.

Policy Incentives

The vehicle scrapping policy will ensure better quality of vehicles on road and boost replacement manufacturing demand. Newer vehicles are better, easy to drive, comfortable with advanced technology, fuel efficient and much safer, which in turn will ensure far less break downs and hassle free. The older vehicles are more polluting and also typically less fuel efficient.

Warehousing

The logistic and warehousing sectors is getting more and more organized .The multi model logistics and supply chain and up-coming Blockchain revolution will change the overall sector.Having a more organized way to stock the material so that loading and unloading can be done seamlessly and also going forward may look at having artificial intelligence like robots for the same, which in turn will help the trucks not to have a long waiting period.

Companies would start building more safety stock in their distribution pipelines which would lead to increase in more warehousing space as well as for road transportation.

Outlook

A combination of the economy returning to normal level of activity, opportunities provided by the vaccine as well as the vehicle scrapping policy mixed with the efficiency learnings of the lock-down period provide hope that the sector will come out stronger but how long it might take remains to be seen.

Also going forward with Atmanirbhar Bharat we will see Indian economy back on recovery.We must make the Indian companies excel, capture

the large domestic market using it as springboard to penetrate the international market.Have less dependency on import and try to manufacture in India as we believe all resources and capabilities are available - just proper planning & R&D is needed. That in turn will also increase the Road logistic Business

The several long horizon transformations will get accelerated and perhaps skip a generation of gradual improvements. Road transport would aim to become more resilient and dynamic in this new world order.

