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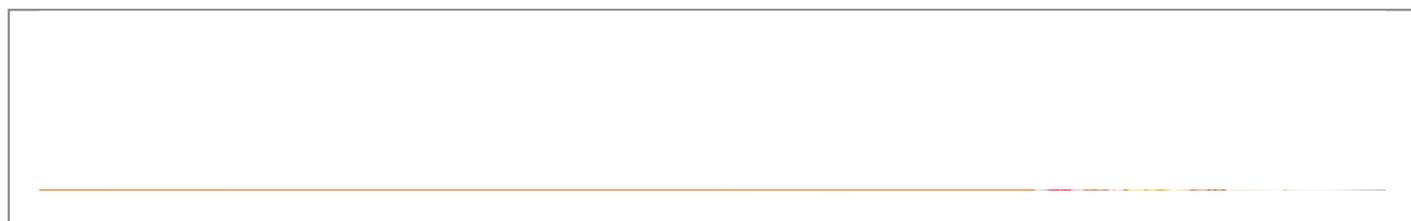
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Top trends for logistics and SCM segment for 2020

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The logistics sector in India invested USD 6.25 billion in the second half of 2019 alone.



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Technological advancements in Artificial Intelligence, Machine Learning, and Data Analytics have revolutionized the operations of logistics and the SCM sector through improvements in efficiency and a prime focus on customer-centricity. Government policies such as 'Make in India', the recently acquired 'infrastructure' status to the logistics sector, covering cold chain and warehousing facilities and the relaxation in FDI policies have strengthened the growth of the sector in India.

According to a report by Make In India, the Indian logistics and SCM sector is currently valued at USD 165 billion, with growth expected to reach USD 215 billion by the end of 2020. Furthermore, the sector has employed more than 22 million people and pushed the rank of India from 54 to 44 in the World Bank's Logistics Performance Index (LPI) 2018, in terms of overall logistics performance.

Top trends for logistics and SCM segment for 2020

Logistics and SCM sector has seen a steady growth throughout 2019, thanks to the rising demand from customers encompassing industries like retail, pharmaceuticals, telecom, automobiles, etc. Some key trends that are going to drive the sector in 2020 can be listed as follows:

Robotics: According to the Global Customer Report 2019, numerous manual tasks in the warehouse are being automated through robots, leading to an 18 per cent year-over-year increase in warehouse robotics. In 2020, warehouse robotics is likely to pick up the pace by integrating advanced technology and sensors to ensure extreme accuracy not only on the warehouse floor but also in ERPs and external software with the help of Robotic Process Automation (RPA).

Increasing Investment: According to a report by Yourstory, the logistics sector in India invested USD 6.25 billion in the second half of 2019 alone. The interest of investors is expected to increase further in 2020 to allow innovation and serve the customers better.

Supply Chain Visibility: SCV is increasing exponentially as more customers are demanding customized logistic services based on real-time data. In 2020, more logistics and supply chain companies will invest in SCV technologies to ensure a quick real-time response to change based on data such as weather, traffic, and city conditions.

Internet of Things: IoT is making the logistics and supply chain smarter by integrating various software and machines to create a unique, manageable system. IoT provides the management of the supply chain increased efficiencies through integrations across platforms that will lead to a higher adoption rate amongst service providers and customers alike.

3PL and warehouse integration: According to a KPMG report, the number of startups in India has grown to 50,000 from 7,000 in a decade, which has spiked the need for storage and warehousing. Most companies are partnering with third-

party logistics and warehousing companies to allow professionals to handle retail distribution and returns, which is expected to increase in the year 2020.

Brands/companies opting for floating lease space for

warehousing: According to property consultant CBRE, 31 percent more companies opted for floating lease space for warehousing reaching over 13 million sq ft in the first half of 2019. Going forward, it is expected that more companies will lease space for warehousing owing to expansion and consolidation.

International trade and infrastructure status to

logistics: The logistics sector was given the international trade and infrastructure status in the year 2017. The impact of the tag is likely to positively affect the performance of the sector in 2020. The status will help the sector to avail credit at cheaper and competitive rates to ensure uninterrupted growth and increased market presence.

Rise of dedicated logistics parks and SEZs: Logistics parks and Special Economic Zones are gaining increased attention from both public and private players. Mumbai has been deemed the most sought after location for dedicated Logistic Parks & SEZs; the year 2020 will see an increase and the quality will cater to the demand of the ever-changing customer.

By Aditya Vazirani, CEO, Robinsons Global Logistics Solutions

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