

## **LOGISTICS ALL SET TO BECOME THE LARGEST INFRASTRUCTURE JOBS ENGINE FOR INDIA- TEAMLEASE report**

*Impact on seven logistics subsectors to result in 3 million new jobs*

**New Delhi, May 24, 2018:** Infrastructure investment and GST implementation will help Logistics industry grow at 10.5% CAGR states TeamLease report titled '**Indian Logistics Revolution - Big Bets, Big Jobs**'. According to the report, public investment coupled with consumption and industry evolution will drive the growth of the INR 14,19,000 crore Logistics sector. The impact of each of these factors on the seven sub-sectors 1) Road Freight 2) Rail Freight 3) Warehousing 4) Waterways 5) Air Freight 6) Packaging and 7) Courier Services is likely to result in 3 million new jobs, upping the employment numbers in the sector from 10.9 million (current) to 13.9 million by 2022.

As per the 2018 budget, public investment of INR 6 Lakh crore has been promised to infrastructure, of which 50%, .i.e. INR 3 Lakh crore will be go into building world-class road, rail freight, waterways infrastructure, and state-of-the-art multimodal logistics parks. This large scale investment is aimed at bringing down the logistics costs from 14.4% of GDP by about 2% over the next 4 years, hence, stimulating the creation of more jobs in logistics sector.

Economic growth, evolving regulation, rising outsourcing and high infrastructure investment are expected to create 1.89 million incremental jobs in the Road Freight whereas the Rail Freight sub-sectors will create 40K incremental jobs, over the next 4 years (2018 through 2022). The report also highlighted the fact that Air Freight will create 400K incremental jobs, and Waterways will create 450K incremental jobs due to growth of cargo in ports and ease of doing business which is making India a leading emerging market.

IT adoption coupled with packaging innovation, urbanization, multimode transportation model and a fast growing customer segments and incomes will change the Packaging, Warehousing and Courier subsector. The Warehousing sub-sector will create 120K incremental jobs while the Packaging sub-sector is set to create 40K incremental jobs. The Courier Services sub-sector will see a growth of 60K incremental jobs over the next 4 years (2018 through 2022)

### **KEY FINDINGS OF THE SURVEY**

- *The INR 14,19,000 crore Logistics sector in India is set to create 3 million new jobs, over the next 4 years (2018 – 2022)*
  - *Public investment of INR 6 lac crore is the primary factor driving job growth*
  - *The second most important growth driver is the Infrastructure status accorded to the Logistics sector in 2017. This will improve access to low cost, long term credit*
  - *GST implementation would formalize the sector and bring in operational efficiency*
  - *Introduction of new players is upping the ease of doing business bringing the sector to a more formalized and organized structure with investments in technology*
  
- *Macro-economic and regulatory factors will transform the Logistics sector and improve its global competitiveness, thereby reducing logistics costs from 14.4% of GDP by about 2%*
  - *Public investments and private investments targeted at reducing logistics costs*
  - *India's ranking on the Logistics Performance Index (LPI) has risen to 35 (up from 54 in 2014)*

- *Each of the seven large, fast growing, logistics sub-sectors will create significant number of jobs over the next 4 years*
  - *Road Freight will account for 1.89 million new, potential, logistics jobs (63% of all potential jobs in the sector)*
  - *Rail Freight (40K incremental jobs), Waterways (450K incremental jobs), Air Freight (400K incremental jobs) and Warehousing (120K incremental jobs) will contribute a million more jobs over the next 4 years*
  - *Courier Services will create 60K incremental jobs and Packaging will create 40K incremental jobs, over 2018 – 2022*
  
- *Developing and optimizing logistics infrastructure across the country will result in a pan-India distribution of the 3 million new, incremental, jobs*
  - *Government initiatives are focused on better utilizing waterways, creating freight corridors, logistics hubs, multimodal logistics parks and logistics clusters*
  - *Delhi-NCR, Mumbai, Chennai and Bangalore will generate 1.74 million incremental and Kolkata, Hyderabad and Pune, together, will contribute 682K incremental jobs*
  
- *Technology is having a profound impact on the logistics sector making certain skills redundant, forcing the aggregation of some other skills and eliminating certain jobs at the lower end of the hierarchy*
  - *The impact of technology on jobs and skills will vary, primarily, by hierarchy and depending upon the specific nature of disruption there could be skill redundancies or skill deficits and requirements for skill aggregation and re-skilling*
  - *Mumbai, Chennai, Delhi, Hyderabad and Pune have the largest skill gaps (greater than 100K people).*

Commenting on the report, **Ms. Rituparna Chakraborty, Co-founder & EVP, TeamLease Services**, said, “Logistics sector is going through an exciting phase with a number of public investments in line. There will be an enormous shift in demand management between transportation modes – the overburdened road network is set to share significant oncoming demand with dedicated railway freight corridors that have superior freight handling capacity. New national waterways being built, a plethora of sophisticated 3PL and 4PL players revolutionizing the warehousing sub-sector, increasing consumption and consumer maturity is providing a big fillip to the packaging sub-sector. All of these changes alongside the interplay of sector demand – from Manufacturing, FMCG / FMCD Retail and Ecommerce – and technology will not only create innumerable jobs but also metamorphose the skills landscape for logistics.”

Mr. Pranay Prakash, Senior Director, Human Resources, Delhivery elaborated “It is exciting times ahead for the logistics industry. With the policy initiatives that the Government is driving, including according Infrastructure status to the industry, implementation of GST and E Waybills etc, it has opened up the entire sector – both from investment as well as job creation perspective. While this provides for an immense business potential, it also poses the challenge of availability of skilled manpower across warehousing, trucking and allied service. A PPP model on creating the required infrastructure, the State’s investment on upskilling people and the private sector’s investment on Technology are going to be the key drivers of this growth story.”

Key government initiatives like Bharatmala Pariyojana and National Highway development Project (NHDP) will not only focus on optimizing efficiency of freight across the country but it prove to be the catalyst in creating the maximum number of jobs across road freight. Initiatives like Sagarmala Pariyojna and New National Waterways conceptualized by the government of India aims to promote port-led development in the country will be the key factors in creating jobs in water freight.

Multimodal logistics park, Logistics clusters DMIC and DFC are other initiatives taken by the government to create incremental job growth across the seven sub-sectors in logistics. In fact, ecommerce which is not being awarded the infrastructure status is also aiding in the formalization of logistics sector.

Mumbai, Delhi- NCR, Pune, and Ahmedabad are a few regions that will be benefitted the maximum through these initiatives thereby creating the maximum number of jobs in Road freight, while Allahabad, Ahmadabad, Chennai and Guwahati will create the maximum jobs in water ways.

“E-commerce B2C has been a sunshine segment for India for over 5 years. With GST taking shape and some large consolidation, the e-commerce industry is poised for new matured growth by 35%-40% year on year from here on. Opportunities in tier 3 tier 4 cities would out beat the growth in tier 1 and tier 2 cities basis the smartphone and data leverage. Grocery, B2B, ecommerce is the next big thing ahead & would drive the markets ahead creating bundles of opportunities on new employment & logistics players” added Mr. Dilip Sharma, Sr. Vice President & Country Head-Operations, Ecom Express

Commenting on the potential of the sector Mr. M A J Jeyaseelan, Advisor, Infrastructure Industry and Logistics Federation of India said, “Everyone knows that successful logistics management is all about having the right product in the right place at the right time. However, doing all these at the right cost is the most critical challenge not only for logistic managers but also for the economic policymakers. Logistics management is being transformed from a cost centre into a profit centre. Cost of logistics is also proving to be a decisive factor in determining the competitiveness of economies. While most businesses are still grappling with third and fourth party logistics, technology infusions and particularly the application of artificial intelligence are changing the logistics value chain far beyond one's imagination. The driving force for this rapid transformation is the need to do logistics management at the right cost.”

Another interesting finding of the survey is the challenges in sourcing the right talent for the right job. Challenges in attracting and retaining talent include perception of Logistics as a low-skilled sector, availability of formally trained talent and outdated work processes in the sector. While hazardous and high-stress working conditions, low compensation levels and inadequate benefits, lack of learning and development initiatives make employees leave the sector prematurely.

The study further delves deep into the skill requirements in the Logistics sector. Technology and the industry knowledge will transform potentially every role in a logistics organization. According to the survey there is a dearth of 950K jobs across 8 primary logistics sub sectors. The survey indicates severe short supply and lack of junior level talent in the sector. While in Ahmedabad, Kolkata and Chennai junior levels comprise 50% or less of the total skill gap, Bangalore, Delhi and Hyderabad have surplus senior talent. With the creation on 3 million jobs spread across the country, this demand-supply ratio is likely to be met.

Interestingly enough, the proportion of women employees in this sector has risen to 21% (current) from 5% in 2010. It is expected to more upwards to 26% by 2021. Employers are reorienting themselves for a relatively more egalitarian talent management era, encouraging gender diversity and embracing new technologies. While unhygienic working conditions, incompatible life balance, harassment, bullying and violence were some of the workplace inhibitors, preference for male candidates, biased selection criteria in job role descriptions and entrenched gender norms were a few barriers that held active women participation in this sector. However, the sector now shows promising numbers for women participation and gender diversity.

Indian Logistics Revolution - Big Bets, Big Jobs is a comprehensive analysis that brings forth the areas that will contribute to job creation. The analysis covers the 7 sub-sectors in the logistics industry, the job profiles that will be created, the supply-demand deficit and the regions that will create these potential jobs.

### **About TeamLease Services Limited**

TeamLease Services established in 2002, is one of India's leading human resource service companies in the organized segment. A Fortune India 500 company listed on both NSE & BSE markets, TeamLease has a presence in 8 locations, with over 2500+ clients and 1900 employees across the country. It is a one-stop provider of human resources services to various industries and diverse functional roles, offering staffing, payroll processing, recruitment, compliance and training services. TeamLease set in motion the larger company mission of 'Putting India to Work' by focusing on its vision of 3 E's – Employment, Employability and Education.

The Company in partnership with the Government of Gujarat set up TeamLease Skills University (TLSU), India's first vocational university, at Vadodara. In FY2015, TeamLease rolled out NETAP (National Employability through Apprenticeship Program) to provide on-the-job training to apprentices. The company at present has over 170,000 associates/trainees spread across the country and has till date given employment to 1.6+ million people with an aim to hire millions more.