

A Contemporary On Government Initiatives And SWOT Analysis Of Transportation Sector In India

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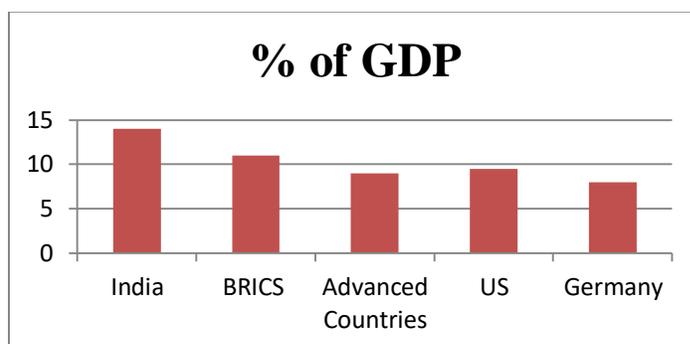
Abstract: In many developed and developing countries, the transportation sector plays an important role in movement of goods and passenger from one place to another. This paper explains the transportation sector is one of the main contributions to the Indian economy. Many developed and developing countries, the respective Government will have a ministry of transportation sector to enable the people and the goods to provide a better service. In this paper, we highlight importance of Government of India take many necessary action, steps, implementation and initiative plans among the transportation sector. Among many review papers, newspapers, articles, we are tried to frame the SWOT analysis of transportation sector in India. According to Logistics Performance Index 2018, India slipped at 44th position from 35th position in 2016 out of 154 countries. This is due to the implementation of GST on July 1, 2017. Since many sectors in India are unorganized and fragmented sector. The impact of GST has been affected Indian economy during the initial period. Since transportation sector is an integral part of the Logistics Sector in India. In India, transportation sector accumulates nearly 85% contribution in transportation sector. But in coming years, there will be a tremendous growth and recently, the Government of India during union budget 2019 is now planned and focuses on 5trillion economy by 2024.

Index Terms: RO-RO, Sagarmala, Bharatmala Project, SetuBharatam and DFC

1. INTRODUCTION:

Transportation is often defined as the movement of goods from one place to another. Normally, Logistics sector includes transportation, material handling and packaging, warehousing and enabling IT infrastructure which integrates all functions for the flow of goods between the point of origin and point of destination. Transportation operation is the integral part of the logistics sector for enabling the movement of goods, demand in manufacturing sector and need of movement of raw materials, finished goods and non-finished goods from the manufacturing industries such as textiles, defense, food processing, automobiles and pharmaceuticals to the desired customer. In many manufacturing industries, transportation sector has evolved significantly due to get a maximum benefit from the production to increase the sales function and satisfy the customer requirements. This transportation sector is also play a vital role in the supply chain management. Since, transportation process is carried out not only movement of goods from manufacturing but also minimizing the wastages and logistics costs.[1] According to the report from Ministry of Road Transport and Highways, Government of India has spends logistics cost approximately 14% of the GDP when compared to other developed countries. This higher cost is due to the inefficient of intermodal and multimodal transportation system in India when compared to other developed countries. Warehousing sector in India also accounts approximately 25% of the logistics cost. Figure 1.1 shows the logistics cost as a % of GDP in different countries.

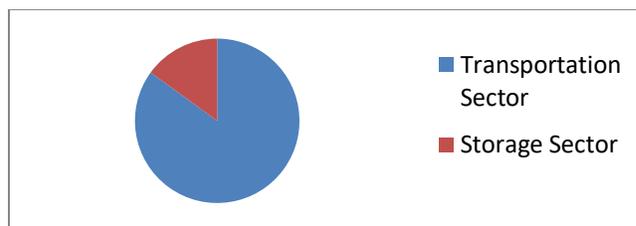
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Source: Ministry of Road Transport and Highways

Figure 1.1 Logistics Cost as a % of GDP.

The logistics sector in India is mostly dominated by the transportation sector which is accounted for nearly 85%. Remaining 15% is done by the storage department i.e., warehousing sector. Figure 1.2 shows the logistics industry in India: Transportation Vs Storage.



Source: Industry, IBEF

Figure 1.2 Logistics Industry in India: Transportation Vs Storage

In transportation sector in India, roadways and railways are the most preferred for the cargo handled which is nearly 60% and 30%. The remaining modes of transportation like airways, seaways and pipeline are contribute remaining 10% in carrying and movement of cargo.[2] In this paper, we are trying to highlight the Government initiatives for the various mode of transportation and also we are trying to highlight the SWOT analysis of transportation sector in India.

2. OBJECTIVES:

- To know about the initiatives and efforts taken by the Government of India to impetus the transportation sector in India.
- To know the SWOT analysis of the transportation sector in India.

3. METHODOLOGY:

This study is based on secondary sources of data and information. Different books, journals, newspaper, magazines, NITI AAYOG, PIB, IBEF, CARE ratings and websites have been consulted and identified in order to make the study in an effective manner. The study attempts to scrutinize the integration of logistics sector in Indian economy.

4. GOVERNMENT INITIATIVES AND EFFORTS TAKEN IN THE TRANSPORTATION SECTOR:

In Union Budget 2019, the Government of India is allocating US\$63.20 billion towards infrastructure development. The key segment of infrastructure development includes road, rail, warehousing, coastal, cold chain, container freight services and inland container depots, etc., hence, transportation sector has been granted the infrastructure status.[4]

Some of the initiatives taken by the Government of India are:

1. GST: The major tax reform introduced on July 1, 2017 by the Government of India has pushed the logistics sector in different scale. At the initial stage, there is a great impact on many logistics sector. Since most of the logistics sectors are unorganized. Now, the trend has changed and makes an easy for the logistics service provider. The simplified structure will benefit the logistics sector by reducing logistics cost to 2.5% and thereby helps the logistics sector by creating a better environment for doing business in India and it would create a platform for higher economic growth.
2. Multi – Modal Logistics Park: Ministry of Transport, India has planned 35 Multi-modal logistics park under the Logistics Efficiency Enhancement Program (LEEP). It will help the logistics sector by lowering the logistics cost, traffic congestion, reducing pollution and cutting warehouse costs.[3]
3. DFC: Government of India, Under the Ministry of Railways is starting an initiative called Dedicated Freight Corridor (DFC). This DFC is function under Dedicated Freight Corridor Corporation of India Limited (DFCC) is building two world class freight corridors in Western Dedicated Freight Corridor and Eastern Dedicated Freight Corridor. This will help to reduce the Green House Gas (GHG) emissions associated with road transport, reduction of cost and allow faster transportation.
4. Sagarmala Project: The Government of India has launched an initiative called Sagarmala project is to reduce the logistics cost for EXIM and port development. Sagarmala project will boost India's merchandise exports to \$110 million by 2025 and will give an approximate of 10 million new jobs.[7]

Roadways infrastructure are increased in recent

years. According to the Ministry of Road Transport and Highways, the year 2018-19 was declared as the 'Year of Construction'. Due to the construction of road during the first nine months of the year 2018-19 was 5,759KM was completed against 4942KM up to same period in the last year. This period also witnessed with focus on reducing carbon footprints, number of road accident is decreased and effective convenience for the road user.[5] Another program was initiated under Ministry of Road Transport and Highways called Bharathmala Project. This project was started in the year 2017 and the main aim of this project is to optimize the efficiency of road transport movement across the country. And also, 35 locations are identified for Multimodal Logistics Parks. In phase I project, a total of 34,800KM are to be constructed during the period of 2017-18 to 2021-22 at an estimated cost of Rs. 5,35,000 Crore. This Phase I project includes:

- 5,000KMs of the National Corridors
- 9,000KMs of the Economic Corridors
- 6,000KMs of the Feeder Corridors
- 2,000KMs of Border Roads
- 2,000KMs of Coastal Roads and Port Connectivity Roads and
- 800KMs of Green-field Expressways.

A scheme for the replacement of level crossings on National Highways by ROB /RUB is called SetuBharatam. Under this scheme, 174ROB/RUB is to be constructed.[8] Some of the expressways are constructed completely and some of the expressways are to be constructed in upcoming years. The following highways are listed during this period are:

- Eastern Peripheral Expressway – Western Peripheral Expressway
- Delhi – Meerut Expressway
- Vadodara – Mumbai Expressway
- Delhi – Mumbai Expressway
- Bangalore – Chennai Expressway
- Delhi – Amritsar – Katra Expressway
- Nagpur – Hyderabad – Bangalore Expressway
- Kanpur Lucknow Expressway
- Varanasi Airport Road and Ring Road
- ByetDwarka – Okha Bridge
- Zojila Tunnel
- Silkyara – Bend – Barkot Tunnel
- Highways Project in North East

In that, Zojila Tunnel would be India's longest road tunnel and the longest bi-directional tunnel in Asia. The beauty of this tunnel is adopting all weather conditions connecting between Srinagar, Kargil and Leh. The above mentioned expressways are constructed with IT enabled services, electronic toll plaza and electronic charge battery station (BS-VI vehicle – Electric Vehicle), controlling traffic congestion and more importantly reducing carbon footprints. This expressway will create more industries across the path. And hence, it is easy to transport the product in a doorstep delivery effectively.[10]

During this period, a lot of MOUs are signed by the Ministry of Road Transport and Highways. They are:

- MOU between NHA and SBI: Rs. 25,000 Crore sanctioned by SBI for the development of road in expressways.
- MOU with Transport for London: To revamp the

- public transport architecture in India.
- Bus trial run across Bangladesh, India and Nepal
- India-Nepal cross border
- MOU between India and Uganda: Establishment of a Regional Materials Testing Laboratory for Highways in Uganda.
- MOU between India and Russia: Bilateral cooperation in the road transport and road industry sector.
- India and Japan Working group meeting for the latest technological developments in operation and maintenance of expressway.[9]

- Port Modernization and Port Development
- Port Connectivity Enhancement
- Port- Linked Industrialization
- Coastal Community Development

Apart from road transportation, railway transportation is also getting an enormous fund to modernize the railway sector. Among them, Ministry of Railways is planned for Dedicated Freight Corridor. These freight trains will run 100KM/Hr with advanced wireless technology. Indian railway is among the world's 3rd largest rail network. The Indian Railway will have 7,421 freight trains each day with approximate 3 Million tonnes of freight daily. An Indian railway is targeting to increase the freight traffic to 3 billion tonnes by 2030.[6] Some of the major plans are made in the railway sectors are:

- High speed corridor project between Mumbai and Nagpur
- Setting a plan to come out with a new export policy for railways
- Government of India is come up an idea of National Rail Plan. It will help to integrate with other modes of transportation and develop a multimodal transport sector model.

Understanding the importance of air cargo logistics not only in global but also for the regional connectivity, the Government of India under the Ministry of Aviation is planned for setting up of 56 new airports across India in next five years In waterways transportation, Government of India introduced an ambitious project called SAGARMALA project. The main aim of SAGARMALA project is to reduce the logistics cost for EXIM and domestic trade with minimal infrastructure investment. The main components of SAGARMALA projects are:

RO – RO (Roll On / Roll Off) ships which is used to carry wheeled cargo in vessels. The Government of India is working on development along the coastlines with the help from SAGARMALA project across the country. Recently, Inland Waterways Authority of India in collaboration with Assam Government has launched the RO-RO facility connecting Neamati to Majuli Island in Assam. Similarly, in Gujarat, Ghogha Dahej RO-RO facility is implemented. In Kerala, solar powered RO-RO service will be launched soon in upcoming years. The Government of India has planned to start seven or eight such ferry services across the state. As on 30 September 2018, a total of 522 projects were under various stages of implementation, development and completion. Table 4.1 shows the project status of SAGARMALA project as on 30 September 2018.

TABLE 4.1 SHOWS THE PROJECT STATUS OF SAGARMALA PROJECT AS IN 30 SEPTEMBER 2018

S r. No.	Project Status	Status As on 30 September 2018			
		Total Projects		Project by Mos	
		#	Cost (Rs. Cr)	#	Cost (Rs. Cr)
1	Completed	93	14,997	76	9,802
2	Under Implementation	161	237,980	101	67,175
3	Under Development	268	179,517	128	86,479
Total Completed / Under Implementation / Under Development		522	432,494	307	163,456

Source: Sagarmala, Ministry of Shipping, Government of India

These are some of the initiatives and efforts taken by the Government of India in the Transportation sector.

5. SWOT ANALYSIS OF TRANSPORTATION SECTOR IN INDIA

TABLE 5.1 SHOWS THE **SWOT** ANALYSIS OF **TRANSPORTATION SECTOR IN INDIA**

Strengths	Weaknesses
<ul style="list-style-type: none"> ➤ Implementation of GST ➤ E-way Bill Introduction ➤ Dedicated Freight Corridor ➤ Wider reach to all parts of India ➤ Providing large number of job opportunities ➤ Infrastructure Facilities like workshops, depot and motels. ➤ Projects like Bharathmala project, SetuBharatam, Sagarmala project, UDAN scheme, Multi modal Logistics Park, etc. 	<ul style="list-style-type: none"> ➤ Average speed of fleet vehicle is 40KM/Hr ➤ Average speed of train carrying cargo fleet is 25KM/Hr ➤ The average distance covered by the driver is about 250-300KMs/ day ➤ Shortage of skilled drivers ➤ Lack of wireless technology and GPS ➤ Minimum number of refrigerated vehicles ➤ Minimum number of intermodal and multimodal transportation services in India ➤ Poor warehouse facilities in major airports ➤ Heavy traffic congestion in all major sea ports
Opportunities	Threats

<ul style="list-style-type: none"> ➤ FDI allowed 100% automation in Logistics Sector ➤ Ever increasing demand of transport services due to the construction of many highways ➤ Different type of cargo fleet vehicles for targeting potential customers ➤ Financial position can be improved by implementing price packages in season time ➤ More number of privatization which catalyst to improve productivity and operational efficiency 	<ul style="list-style-type: none"> ➤ Pathetic conditions in many rural areas ➤ Traffic congestion in all toll gates during festival season ➤ Variation of input costs such as fuel, chassis, tyre and tubes, etc., ➤ Large number of trade unions which tends to strike in many ways ➤ Lack of performance linked incentives for the workers ➤ Job insecurity among the workers ➤ Technological and operational glitches
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6. CONCLUSION:

In this paper, we are tried to highlight the importance, initiative and investment taken by the Government of India and the challenges faced in the transportation sector in India. The entire study is based on the secondary source of data and information. This paper is not taken any analysed part in an initiative taken by the Government of India and SWOT analysis in the transportation sector. Hence, there is enough scope of the potential researcher on this topic. Recently, during the Union Budget, 2019, the Government of India is planned, focused and achieve the target of 5trillion economy by 2024 and also India will rank third in World Economic Index. We hope that the Indian Logistics sector will get better results on upcoming rankings on Logistics Performance Index (LPI), 2020 due to an enormous initiative taken by the Government of India.

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