



The unsung heroes of logistics

Logistics industry enables provision of door-to-door services in the most efficient and timely manner across all regions of operations for global customers. Freight forwarders are considered as the vital link that bring value to the customers' supply chains, while capacitating them to grow and remain relevant in a competitive market.



Kalpana Lohumi

Freight forwarders are often termed as the 'travel agent' for the cargo industry. They are the bridge that connects the cargo from origin to destination point within a specific timeframe. Forwarders are the experts who focus on the logistics and transportation of an international business transaction. Sending products from one international destination to another involves a multitude of carriers, requirements and legalities and to handle the considerable logistics of this task for the client is the job only a freight forwarder can fulfill. They have to deal with numerous issues to play in tune with the global standards. Freight

forwarding services negotiate the best possible price to move the product along the most economical route by working out various bids and choosing the one that best balances speed, cost and reliability. To know more about the role and the essence of forwarders into the sector, **CARGOTALK** sought voice of experts.

ROLE OF FORWARDERS

Stating that the part of a forwarder is essential for global supply chain management, **Debashis Dutta**, Chairman, FIATA World Congress 2018, says, "The freight forwarders has been recognised as an essential service industry by the international

business community. This industry requires substantial investment on infrastructure, equipment, communication system to provide value added service to meet customer's need."

"All the necessary documents and certifications are prepared by a freight forwarder, who handles all the legal procedures and hence, expediting the entire flow of goods from end to end. But, gradually more complexities are evolving in the logistics supply chains towards multimodal cross-border systems which could only be managed by a service provider successfully. And not to forget, the success of market



of international trade growing by +2.7 per cent in real terms from the recent past (2016-17) should be rewarded to the huge contribution of freight forwarding community internationally," adds **K.S. Kunwar**, Director General, Air Cargo Forum India.

Vikram Paul, Regional Managing Director, Indian Sub-continent, Director - Business and Product Development - Middle East & Sub Sahara, Cargo Partner Logistics India, on the vitality of freight forwarders role states, "I think the role of a freight forwarder in a maturing market like India could be somewhat different than the role and value of a freight forwarder in more developed and matured markets. In India besides the ability of moving cargo from Point A to Point B at the lowest cost/ most suitable transit time the evolution of a 3PL into providing and creating a harmonious logistics ecosystem is equally important because here you are creating a clear and measurable value proposition that moves up into the value chain of supply chain/ compliance and harmonisation of the systems and processes that deliver the best efficiency to the client.

Competitive pressures from some of the aggregators/consolidators would not allow survival in the typical form, but now the existence of a freight forwarder the survival dynamics are more challenging and fast changing. Besides digitisation and info logistics (visibility and info on the go), the community needs to think about how to create 'ease and cost competitiveness' into the eyes of a client who wants to do business with India but sees it as an opaque and difficult country to comprehend in the ex-im sector."

S Ramakrishna, Managing Director, Balaji Mariline, explains, "The freight forwarders role will remain constant till the ex-im trade exists. It is only the competitive edge for each of the persons or companies to survive. The FIBP companies have larger ambit in terms of the cost and competition, however, the Indian companies must learn to be more professional and compete with them."

"Being both optimiser and force multiplier, a forwarder provides best solution to the customer by



Debashis Dutta
Chairman
FIATA World Congress 2018



K.S. Kunwar
Director General
Air Cargo Forum India

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delivering the cargo at the right place, in right time, at a right cost, in good condition and with right documentation. He does so while being compliant with all laws and regulations, following the safety standards and security protocols, and keeping the customer updated," opines **Shantanu Bhadkamkar**, Managing Director, ATC Global Logistics.

"Forwarders have always been ahead of the market in the assimilation of the technology, be it information technology or be it for physical cargo handling. This coupled with knowledge of international geography, good management and bare bones, no frills organisation structure makes a freight forwarder an indispensable partner for all the stakeholders in international trade," he continues.

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Vikram Paul
India Cargo Awards winner 2017 & Regional MD, Indian Sub-continent, Director - Business & Product Development - Middle East & Sub Sahara, Cargo Partner Logistics India

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According to **Sudip Dey**, Vice President, Calcutta Customs House Agents' Association & Vice Chairman, FFFAI, "Forwarders can actually facilitate ease of doing business for the customer. The forwarder can arrange all the required services for his client and act as an 'one stop shop'. Forwarder knows the best and the cheapest way to get a cargo from place A to B."

According to **Sunil Kohli**, Managing Director, Rahat Cargo, "From close coordination with exporters to finalising the dispatch of the shipments in liaison with the respective airlines, a freight forwarder is responsible to suitably brief the exporters regarding the documentation & pre-export formalities and extends all possible assistance in this regard. Not only making sure that the freight shipping is under control and the goods are safe, while being stored in his warehouse pending handing over to the airlines after undergoing the clearance process, a forwarder also remains in close

touch with the uplifting carrier to check regarding the smooth dispatch of the export goods and subsequently disseminates the relevant information to the respective exporters. The forwarder also informs the consignee about arrival of the goods apart from mailing copies of the vital clearance documents and give complete solutions in respect to logistics."

"Around 95 per cent of India's trading volume and 70 per cent by value, comes from the maritime channel. The market, especially ocean and air freight, is characterised by sturdy growth and ample opportunity. Meeting these demands and keeping up with emerging online marketplaces and digital forwarders, is driving forwarders to embrace technology. Forwarders who are quickly adapting to embrace technology, will be able to drive scale and efficiency in their operations and have a competitive edge over traditional players. A freight forwarder now offers end-to-end supply chain solutions. This includes Purchase Order Management, Warehousing, Vendor Managed Inventory, and specialising in key verticals. Dedicated teams specialising in the management of specific products add value to the entire process. The forwarder is evolving to focus on precision, speed and responsiveness," says **Siddharth Jairaj**, CEO, TVS Dynamic Global Freight Services.

GAINING DESIRED SPOTLIGHT?

Being considered as the vital link doesn't guarantee that forwarders are getting their due importance.

"Freight Forwarders' role in facilitating and financing our exports and imports needs to be recognised in its true perspective," feels Dutta.

"The government is getting more responsive and accessible now than ever before, but the fact remains that even they need to look at this as a 'logistics ecosystem' and not standalone road/port/airport or customs issues anymore. We need to turn this problem on its head and try and look at it to say that when an international client/corporation is looking to invest in India, what are they looking for as assurances and guarantee in this space from both the government and the service provider community and then try and build international understanding and alignment from there," shares Paul.

According to Kunwar, "The role of the intermediaries like freight forwarders in the air cargo industry is very significant in the fulfilment of the international trade as 99.99 per cent of ex-im trade is booked on behalf of airlines and processed at the gateway ports and airports of the country by the freight forwarders only."

"While the government authorities recognise the importance of





importers and exporters for their contribution in generating international trade and valuable foreign exchange for the country, they also recognise the importance of freight forwarding community as they play a supporting role for the government agencies with responsibilities in the clearance and processing of ex-im trade."

Our government has constituted NCTF (National Committee on Trade Facilitation) and FFFAI is the only logistics association in this forum. Appreciating the support provided by government

for infrastructure development and exploring the possibilities of investment by foreign countries also, Dutta states, "Various trade body members in India have been making their continued efforts in bringing improvements in the area of trade facilitation on related issues of freight forwarding. Such association of a united common platform for logistics trade strongly advocates the interest of the logistics industry with policy makers and regulatory authorities by promoting best practice within its own member's community to improve the overall efficiency of the sector. In this way, the intermediaries are also establishing themselves in the vital position."

"As a first step, in 2017 the government has credited a part of the logistics industry with infrastructure status. The Department of Logistics has been created under the Ministry of Commerce and Industry and some digitisation efforts are also



S Ramakrishna
Managing Director
Balaji Marline

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underway. The customs department have implemented significant improvements based on the industry's recommendations for cutting down the transaction time and cost. However, infrastructure issues still remain a challenge in many of the key airports and ports; concerted effort is needed to address this," feels Jairaj.

Bhadkamkar shares, "The associations representing the freight forwarders' interest have been so heavily engaged in representing the matters of interest of their customers that often a representation of their own interest gets second priority or even gets neglected. The customers and their trade bodies, to the contrary, are yet to realise the contributions of the freight forwarders and their trade bodies." Explaining the importance of

Areas to take care of:

- Skilling of all the levels of employees from the field level to the managers with regular awareness training programmes on every aspects of the cargo logistics industry
- Motivate the importers and exporters for 24x7 basis clearance of international cargo, thus, keeping their doors open for faster movement of ex-im trade at a par with international level

intermediaries, Dey tells, "However, the government has an unsaid policy of removing the intermediaries. The importers and exporters are the ones who are supposed to 'do good' for the economy. Without these intermediaries, it would result in losing more time and money unless the importer/exporter has their own full-fledged logistics department. It has recently been seen that the importers/exporters who do self-clearance have resulted in losing substantial money in the clearance process."

On a different side, Kohli mentions, "The freight forwarder fraternity does keep facing assorted difficulties in performing its functions from time to time due to several functional bottlenecks, yet very little importance is being attached to address the genuine grievances of the freight forwarders. It is expected from the governmental agencies to conduct meetings periodically and listen to the community's woes and advice which will always be in the interest of all the stakeholders."

PREVAILING IRRITANTS

Stressing on the need of closer liaisons and coordination between the CHA/forwarder with customs and custodian of the airport, Kohli states, "A functional discrepancy arising out in the process of documentation should be amicably sorted out among all instead of pushing the



Shantanu Bhadkamkar
India Cargo Awards - Gallery of Legends 2016 & Managing Director, ATC Global Logistics

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matter into an avoidable confrontational mode unless it gets abundantly clear that no mala fide intention could be seen by the CHA or the forwarder. By and large, every CHA or the forwarder prefers to complete the assigned and required jobs with all his might honesty. However, due to human interventions, sometimes certain lapses are also bound to emerge.”

“Being a bridge between the trading community and the statutory bodies like customs, port, bank,



Sudip Dey
Vice President, Calcutta Customs House Agents' Association & Vice Chairman, FFAI

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DGFT and other participating PGAs, custom brokers are the executors of the public policies of the government and make significant contribution in customs clearance of imported and exported goods. Commitment and drive of customs brokers or freight forwarders have held the government to achieve its success in generation of revenue helping the economic development. What is required from customs brokers of our country is the innovation to provide world standard service to their customers with sincerity and efficiency in speedy clearance of the cargo and reducing the transaction cost,” shares Dutta.

Kunwar says, “In the processing of international trade, the custom brokers or freight forwarders have their limitations in the timely fulfilment of their commitments spite of their skill and efficiency. These limitations are basically from the importer or exporter side. In the import side, getting documents for clearance of

Areas to take care of:

- Always demand reasonable services from the service providers for the cost they have paid
- They need to raise their voice against the malpractices, delay in discharging services and harassments at the appropriate levels and at all the trade facilitation forums
- At the same time, they should not involve in any form of malpractices to get their work done to keep the reputation of their community high
- They also need to participate in the development and improvement of the cargo industry by providing suggestions through their associations and recommendations at every trade facilitation forums created at customs houses like PGC, PTFC & CCFC and at Cargo Terminals like CAFAC



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Managing Director
Rahat Cargo

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Customers now depend on key forwarding partners to handle their supply chain seamlessly

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import cargo and payment of customs duty timely by the importer are totally dependent on the importers. Similarly, in export side again getting export cargo timely with proper documents from the exporters for preparing it for carriage condition and then processing through government regulators is reliant on exporters.” “All custom brokers and freight forwarders have to learn to be quick in action and keep pace with the government initiatives and new policies. They need to update their knowledge with changes that are happening frequently and most importantly all new taxation laws needs to be updated, including Goods and Services Tax (GST),” believes Ramakrishna. According to Paul, “At this stage I think the most important logistics strategic role and value is to give a push to the ‘Make in India’ initiative. While we are already seeing the success and support of this from many large clients who would like to lend support and create manufacturing/ export bases from India the opportunity is still immense and the programme needs

to be drilled down to medium/small size companies and their international associates as well. This would involve two large macro issues i.e.: cost and time. When the policy/ tariff and process time becomes clear enough in our business for all of the user community to understand and imbibe cost and time, we are going to make tremendous progress and momentum towards this vision. Our community needs to step up and create the innovation and change that has been created in the express/e-commerce industry in the last few years and not keep themselves in the cycle of commoditisation and sustainability issues that we have been suffering for so long and will continue to be subjected to if we do not change the landscape and the vision of our industry significantly,” he added. According to Dey, “In today’s scenario, it is expected from a customs broker to be agile, adept and accelerated. He has to have agility so that he can understand quickly as to what is coming around the corner. Being skilled is vital for being technologically advanced.”



“The forwarders will need new talent, and will need to create an environment for nurturing the new talent. The associations, therefore, will also have a huge opportunity for training,” adds Bhadkamkar. “The industry and government need to work together to find solutions for these challenges, infrastructure issues and process delays at our key airports and ports. One of the ways would be to further simplify the Single Window Clearance with the allied agencies. Hence, investments in infrastructure development projects will strengthen road, rail, and port connectivity and reduce the industry’s dependence on road,” Jairaj concluded. ↴