



Urban Logistics

OVERVIEW DOCUMENT

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Executive Summary

- **Urban Logistics (UL) is the system and process by which essentials & other consumables / durables are delivered to smaller shops or directly to end consumers within urban areas**
 - **Exponential growth of E-Commerce, especially in current times (Covid)** implies customers are demanding the convenience of home deliveries
 - **UL operations are characterized by comparatively smaller value but huge number of transactions** with faster cycle times, which need to happen within the urban residential micro markets – different from Manufacturing or Wholesale Warehousing in industrial areas outside cities
- Growing market demand has put enormous pressure on companies & urban infrastructure – **overcoming key challenges are required to deliver Urban Logistics** in India: high **real-estate cost & limited land availability**, limited **access to trained urban workforce** & increasing **urban operational complexities**
- A comprehensive policy framework from the Govt of India is needed to enable Urban Logistics starting with select potential solutions: **(1) Increase urban land access, (2) Launch workforce housing program, (3) Reduce urban operational complexities, (4) Adopt new urban logistics models & (5) Build electric vehicle infrastructure**
- **Multiple stakeholders need to be involved to address these challenges:** Real estate providers for urban warehouses, distributors e.g. e-commerce companies, 3rd Party Logistics (3PL), Service Providers (vehicles & drivers), housing societies & govt departments (urban planning, road transport, police & municipal bodies)
- **Next step to define comprehensive policy framework & engage all stakeholders to deliver Urban Logistics**

Key Challenges: Success in Urban Logistics requires overcoming real-estate, distribution & delivery challenges currently faced in India

| Key Challenges | Rationale for Urban Logistics (UL) Challenges | Main Implications |
|---|---|---|
| Real Estate Cost & Availability | <ul style="list-style-type: none">• Rapid urbanization has exhausted most of the urban land with no large land parcels• Prohibitively high real estate costs making investments unviable for institutional investors• Lack of clarity from local municipal councils in zoning / approvals & archaic bylaws• No GOI approved or allotted land for logistics in cities (except CWC)• Current quality of assets are poor & usually non-compliant with logistics standards | <ul style="list-style-type: none">• Low land availability• High upfront cost• Sub-optimal logistics hub locations• Subpar infrastructure |
| Access to Trained Urban Workforce | <ul style="list-style-type: none">• Limited availability of workforce – blue-collared with qualifying requirements• Heavy burden on companies to train & skill large numbers of blue-collared workers – govt Schemes such as DDUGKY & authorized agencies not providing enough capacity• Challenging to access migrant workforce within urban environment – no affordable housing• No access to Govt schemes such as Ayushman Bharat | <ul style="list-style-type: none">• Limited workforce• High cost of training / upskilling• No focused labor schemes or programs |
| Operational Complexities for 3PL & eDelivery | <ul style="list-style-type: none">• Multiple entry restrictions stifling operations during urban logistics• Unclear policy on use of vehicles (especially bikes for both personal & commercial use)• No urban logistics (UL-focused) infrastructure (e.g. EV charging station, self-pickup pods)• No incentives to buy low-pollution or urban-delivery vehicles (e.g. Loans for EVs) | <ul style="list-style-type: none">• Complex operational requirements• High cost of entry & operational expense• Limited UL infrastructure |

Potential Solutions: Increasing land access, developing infrastructure & reducing operational complexities will enable Urban Logistics

Non-Exhaustive

1 Increase Urban Land Access



- **Unlock land parcels from PSU for long term leases** to support urban logistics
- **Enhance FSI for vertical development** without charges as applicable on commercial assets
- **Add subsidies for Urban Logistics** not limited to Stamp Duty for Sale and Lease of assets

2 Launch Workforce Housing Program



- **Launch housing schemes** with hostel complexes for blue-collared workforce
 - Enable safe, affordable place to stay within urban areas with food and recreation facilities; Each such complex can also house a training institute.

3 Reduce Urban Operational Complexities



- **Define warehouse & transport zones outside metros** to enable long-short haul integration & set up hub-spokes model
- **Minimize no-entry / exit timings** – set up no entry passes or allow zones (e.g. green zones)
- **Allow night unloading & parking to finish deliveries** during night (uniformly centralized)

4 Adopt New UL Logistics Models



- Develop approach for **shared usage of city infrastructure** to enable UL supply chain
- **Set up distributor / wholesaler approved multi-user facility** – e.g. cold chain storage at airports & railway stations, metro rail delivery during night (UK model), use of postal system govt. assets
- **Create nano fulfilment centers & drop points for ecommerce** in all major urbanized pockets

5 Build Electric Vehicle Infra



- **Add concessions for EVs to increase adoption** – e.g. exempt EVs from peak hour traffic restrictions & entry permits in cities, use uniform EV policy across all states for faster adoption
- **Develop EV parking & charging infrastructure** within existing govt assets & land like schools, offices etc. during post business hours with concessional power to EV charging providers

Additional solutions & more details may be further discussed as needed

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