

## EXCLUSIVE STORY

On their positioning, **Jasjit Sethi, CEO, TCI Supply Chain Solutions**, averred, "We are in sync with our customers' demand in moving from RCM to FCM. Small unorganized truckers are clueless about this changing demand of market & do not have any strategy to embrace this change. We will be educating unorganized truckers who are associated with us as vendors about benefits of FCM & support them in going through this migration. As we go further, we are keeping our often-repeated strategy of going beyond the rule to enabling technology to move up the value chain and support our customers in their growth plans."

He added, "Being a listed entity, the compliances of GST benefit us directly and we stand to gain as an organized player. GST has provided a much-needed boost to the logistics sector due to tax compliances, especially to the organized ones. Here, we find ourselves in a very comforting position in terms of technology advancement coupled with our maturity of knowledge to adapt ourselves with the changing market conditions. Our ERP is home grown and very robust, we have spanning Mobile Apps and own Web based applications & have used GST regulations as an additional opportunity to differentiate the TCI offerings from rest of the industry in terms of support to customers and suppliers. Not to mention, the revenue of the Group is growing as per expectations."

### Changes witnessed post GST implementation

Implementation of GST has been a game changing event for businesses in general & also for organized logistics players. We can categorize changes under 3 heads:

- **Accounting Perspective:** With the introduction of GST, OEMs are preferring to migrate from RCM to FCM mode of taxation, for purpose of claiming input credit. Looking at the demand of the market, organized 3PLs are also trying to migrate to FCM mode along with clients.
- **Network Plan:** Before GST implementation, it was anticipated that post GST, consolidation of warehouse will take place. On long routes, number of larger trucks will increase. Although after GST, the supply chain network has become much logically right rather than taxation friendly but expected consolidation of warehouses is not happening. Driving force is closeness to customer & emphasis is put on avoiding the materials to go off the shelves. Also, not much changes is seen in terms of load consolidation with usage of bigger trucks as of now. We expect FY 18-19 to bring more changes in this aspect.
- **Consolidation in transporter:** Post GST, customers prefer choosing an organized 3PL who is more compliant to GST regulations. So, slowly consolidation of small transporters has started which might speed up in future.

### Slated growth projection

Like most other industries, transportation & logistics is currently confronting immense change & like all changes, this brings both risks & opportunities for growth along with it. Logistics companies are facing an era of unprecedented change as digitization takes hold & customer expectations evolve.

Indian economic growth is gaining momentum as the fastest growing economy in the world after the transitory disruption of demonetization as well as GST implementation. We are optimistic that India's logistics industry will grow in a vibrant pace to facilitate India's economic growth which is expected to emerge as \$7000 billion economy in coming years. The logistics sector has been quite unorganized with many small players in the market. The implementation of GST is expected to drive the logistics sector into an organized one.



**Jasjit Sethi, CEO, TCI Supply Chain Solutions**