

Sector	Project Title
Logistics	Construction of modern warehouses

### Project Description

Logistics spending in India is currently estimated to be around 13% of GDP. The Indian logistics industry is valued at approximately Rs. 4,068 billion. The total logistics cost / spending in India is estimated at 4.59% of sales and 10% of value added. Warehousing industry in India is largely (nearly 50%) controlled by the unorganised sector. Warehousing accounts for 20% of the total domestic logistics industry. The current warehousing capacity in India stands at 60-70 million MT.



The project envisages construction of warehouses at select places in Madhya Pradesh with ultra modern facilities and specification.

### Project's Value Proposition

- 27% of the logistics cost is incurred toward warehousing. However, only 30% of the industry outsources warehousing function in India, as against 76% globally. Rest of them cater to their warehousing requirements through their own assets and investments.
- At the service provider end, only less than 50% of total service providers in the warehousing space are organized players. There is approximately 2900 million square feet of warehousing space in the country. Out of these, more than 80% measure less than 10000 square feet which signifies that the warehousing sector is still fragmented.
- Of the total warehousing space almost 82% is not mechanized. However, those that are mechanized have just forklifts or hydraulic hand pallet trucks. These numbers clearly indicate that there is an acute need of organized, large scale, and good quality warehousing and storage infrastructure in the country.
- Moreover rationalization of indirect taxes regime through abolition of CST and introduction of state level VAT, paves the way for companies opting for centralized warehouses
- Size of sector is expected to grow more than USD 120 billion (Rs. 5,400 billion approx.) by 2015.
- Though the Government is taking all the measures to revive this sector and develop it, it would not be possible without private sector participation. Expertise of the private players is required to boost this sector and to make it more organised.
- This project will make a significant contribution towards organising warehousing function.

## MP's value proposition

- The state government through MPWLC has introduced a joint venture scheme, wherein the warehouses are constructed jointly by MPWLC and private party by entering into a joint venture agreement. Thus there is a good Government support available to boost this sector.
- MP produces large quantities of agricultural and industrial produce. The centrally located state is well connected to entire country through rail, road and air networks, thus making it easily accessible.
- Land is available in MP in abundance at lesser rates than other regions in India. The labour rate in MP is Rs.135-150 per hour as compared to Rs. 225-250 per hour in metros. There is a larger pool of qualified manpower available in MP.
- Madhya Pradesh has total road length of 91968 km all over the state. There are 16 national highways passing through the state with total length of 4670 km. MP has the 3<sup>rd</sup> largest network of highways among all the states in India. The length of state highways in the state is 10249 km.
- MP is well connected with the rest of India through railways with almost 425 trains passing through the State on a daily basis. Itarsi railway station strategically located in the centre of country.
- There are 5 operational airports in MP. Indore airport has the capability of handling international cargo. An international airport is under construction in Bhopal.
- At present there is a shortage of around of 1.6 million MTs in warehousing capacity in MP considering the present capacity and produce that require the facilities.
- Central location of the state gives it inherent potential to become logistics hub of the country.

## Project Specification

- Location: The ware houses are proposed to be built at following locations:
  - Balaghat
  - Katni
  - Shahdol
  - Shivpuri
  - Morena
- Facilities: These modern warehouses may be expected to have infrastructure facilities:
  - Racks
  - RFID-enabled operations
  - Very narrow aisle machines
  - Auto Storage Retrieval Systems (ASRS)
  - Path guided automation
  - Automated conveyer systems
  - Fire and safety systems
  - Warehouse management systems
  - RFID-enabled operations

- Ground plus level of racking
- Material handling equipments including very narrow aisle man-up machines
- Facilities for value added activities like packaging, kitting, shrink wrapping, repairs, etc.
  
- Storage Capacity: Capacity of these warehouses shall be around 0.2-0.3 million tonnes.
  
- Project Cost: The estimated investment per warehouse is **Rs. 700-1000 million**.
  
- Project Returns: Expected return from each warehouse is **12-15%**.

#### Project Contacts

##### **MP Warehousing & Logistics Corporation Ltd.**

Address: Office Complex, Block 'A' Gautam Nagar, Bhopal  
Telephone : (+91) (0755) 2600509, 2600510  
Fax : (+91) (0755) 2600384, 2600213  
E-mail : [hompwlc@gmail.com](mailto:hompwlc@gmail.com), [howarehouse@rediffmail.com](mailto:howarehouse@rediffmail.com)  
URL: <http://www.mpwarehousing.com>

##### **Madhya Pradesh State Industrial Development Corporation Limited**

Address: AVN Towers ,192 Zone -1,M.P Nagar , BHOPAL-462011  
Telephone : (+91) (0755) 4270370  
Fax : (+91) ( 0755) 4270280  
E-mail : [sidc@sancharnet.in](mailto:sidc@sancharnet.in), [mpsidc@sancharnet.in](mailto:mpsidc@sancharnet.in)  
URL: <http://www.mpsidc.org>

##### **Madhya Pradesh Trade and Investment Facilitation Corporation Limited**

Address: AVN Towers, Mezzanine Floor, 192 Zone -1,M.P Nagar , BHOPAL-462011  
Telephone : (+91) (0755) 2559970, 2559979, 2768058  
Fax : (+91) ( 0755) 2559971  
E-mail : [trifac@mptrifac.org](mailto:trifac@mptrifac.org); [md@mpsicd.org](mailto:md@mpsicd.org)  
URL: <http://www.mptrifac.org>