EXPRESSVISION
A PUBLICATION OF THE EXPRESS INDUSTRY COUNCIL OF INDIA
VOL 65 ■ JAN - FEB 2018

Civil Aviation gets wings

Contents

Pg. 4
Civil Aviation gets wings

Pg. 6
Global air cargo demand zooms

Pg. 8
On the right track

Pg. 11
Building 'New' India

Pg. 13
Big push for MSMEs

Pg. 15
WiFi to give fillip to e-commerce

Pg. 17
Agri, Textile exports get a boost

Pg. 20
The future is e-trucks!

Express Industry Council of India

EDITORIAL COMMITTEE
R K Saboo - Chairman, EICI
Vijay Kumar - COO, EICI

Design By
Sameeksha Consultancy Services, Mumbai

On behalf of
EXPRESS INDUSTRY COUNCIL OF INDIA
501, 5th Floor, Crystal Centre, Raheja Vihar, Off Chandivili Farm Road, Powai, Mumbai - 400 072.
Tel + 91 22 4057 1111.
Fax + 91 22 4057 1100
E-mail info@eiciindia.org
www.eiciindia.org

Dear Readers,

The civil aviation industry has something to cheer about in this budget! Announcing the Budget 2018-19, Finance Minister Arun Jaitley said the civil aviation ministry will receive an increased budgetary allocation of Rs 6,602.86 crore in the next financial year for purchase of 'two new aircrafts', air connectivity, increased airport capacity… The allocation is nearly three times higher than the amount of Rs. 2,710.31 crore allocated to the ministry for this fiscal.

Meanwhile IATA's recently released full-year 2017 data for global air cargo markets showed the global demand grew by 9%. This was more than double the 3.6% annual growth recorded in 2016. Cargo capacity also rose by 3.0% in 2017. IATA believes that the outlook for air cargo in 2018 is optimistic, while consumer confidence is buoyant. As IATA see growing strength in international e-commerce and the transport of time- and temperature-sensitive goods such as pharmaceuticals.

Coming back to the Budget, the government will take steps to boost exports both in the agriculture and textile sectors. One of the highlights of the budget was Operation Green, a scheme with Rs 500 crore allocation to boost production of tomatoes, onion, and potatoes. An Agri-Market Development Fund has also been set up with a corpus of Rs 2,000 crore to develop agricultural markets. The budget also allocated Rs 2,600 crore for irrigation under the Pradhan Mantri Sinchayee Yojana. For textile, the government has increased financial outlay under the comprehensive textile sector package for apparel and made-ups from Rs 6,000 crore to Rs 7,148 crore, which will help promote production and exports.

In the infrastructure sector, the government has sanctioned an outlay of Rs 5.97 lakh crore in creating and upgrading infrastructure in the next financial year. Mr. Jaitely said, our country needs massive investments, estimated to be in excess of Rs50 lakh crore in infrastructure to increase growth of GDP, connect and integrate the nation with a network of roads, airports, railways, ports and inland waterways and to provide good quality services to our people. E-commerce startups in India has also been given boost in the budget. The government will set up five lakh WiFi hotspots, which are expected to provide broadband internet access to five crore people in the rural parts of the country.

All-in-all it was a balanced budget announced by Mr. Jaitley, though there are still many issues like e-way bill which the government needs to address as they are of paramount importance for the development of our economy.

As I pen down this editorial, I also bid adieu to my enriching and fruitful journey as the Chairman of EICI for the last 12 years. It has been a great and wonderful experience to be at the helm of affairs; to lead and co-ordinate with various government authorities for the betterment of the Express industry. I hope and pray that the Express Industry soars to greater heights, thus empowering our nation to continue on the path of success.

Best wishes
R K Saboo

International News

UAE to become world's third largest air cargo market

The UAE will have the third largest international air cargo market in the world by 2018 according to a new report by the International Air Transport Association (IATA). IATA's Airline Industry Forecast 2014-2018 forecast that the UAE will see freight totalling nearly 5 million tonnes in 2018, behind only the United States (10,054,000 tonnes) and China (5,639,000). Its market will be bigger than Germany (4,763,000), Hong Kong (4,648,000), Republic of Korea (3,487,000), Japan (3,480,000), the United Kingdom (2,808,000), Chinese Taipei (2,350,000) and India (2,223,000), the figures showed.

UPS adds to B747-8F order for growth

UPS has ordered an additional 14 Boeing B747-8F cargo jets and four new Boeing 767F aircraft to provide additional capacity in response to demand growth. All of the new aircraft will be added to the existing fleet and no existing aircraft are being replaced. The aircraft will be delivered on an expedited schedule, building on the company's 2016 order of 14 Boeing 747-8 freighters. All 32 of the jets will be delivered by the end of 2022, adding more than 4,000 tonnes of cargo capacity.

FedEx expands freight forwarding business

FedEx is expanding freight forwarding division, FedEx Trade Networks, with the addition of its specialty logistics and e-commerce solutions businesses from March. FedEx Trade Networks (FTN) will include a new company called FedEx Forward Depots, with responsibility for critical inventory and service parts logistics, 3-D Printing, repair centre and the FedEx Packaging Lab. From March, the forwarding business will also incorporate FedEx Supply Chain and FedEx Custom Critical, with financial results being reported within FTN from March.

Amazon adds 210 acres to future Cincinnati airport

Amazon's senior vice president of operations, Dave Clark, announced recently that the Seattle-based retailer had just added a parcel of land to the site of its future air operations hub at the Cincinnati/Northern Kentucky Airport (CVG), following last year's plans to invest US$1.5 billion into the project. The e-commerce giant is currently building a massive air freight hub at CVG, with construction due to start in 2019, according to airport officials. Before the expansion, the project originally was going to involve 900 acres to handle up to 100 aircraft at once.

Emirates SkyCargo's pharma record volumes for 2017

Emirates SkyCargo wrapped up a year of record volumes and expansion, carrying 2.5 million tonnes of freight this year across its global network. The Dubai-based carrier's freight arm, SkyCargo, continued its expansion into specialized transportation solutions for industry verticals, including pharmaceuticals, following extensive investments that included a new temperature controlled facility at DWC. With the introduction of Emirates Pharma, the carrier saw a 38 percent growth in the volume of pharmaceutical cargo since its launch.

Domestic News

GST e-way bill rollout deferred

The government recently postponed implementation of the e-way bill requirement for movement of consignments in the goods and services tax (GST) regime after technological glitches led to disruption in trade. The e-way bill, an electronic documentation tracking the movement of goods, was mandatory for all inter-state movement of goods from 1 February. “In view of difficulties faced by the trade in generating e-way bill due to initial tech glitches, it has been decided to extend the trial phase for generation of e-way bill, both for inter and intra-state movement of goods. It shall be made compulsory from a date to be announced,” the official Twitter handle of the government on GST tweeted.

Surat airport to get modular cargo terminal

The Diamond City is all set to get a modular cargo terminal at Surat airport by December 2018. AAI had invited proposals from engineering firms across the country for setting up a state-of-the-art cargo terminal. The modular cargo terminal will be a steel-based structure with the ground base of the cargo having a 1,000 sq. m. area, and the first floor will have the same size. The cargo terminal will have a cold storage facility for export of perishable items.

E-commerce boom forces Kolkata to use old terminal

A dramatic shift in the nature of air cargo in the past couple of years has forced Kolkata airport to augment the handling area by converting a section of the old international terminal into a cargo facility. Recently, around 3,000 sq. m. was added to the existing 39,150 sq. m. facility in the air-cargo terminal when Blue Dart commenced operations in the arrival area of the terminal that was decommissioned in 2013 when the integrated terminal came into being. An airport official said, e-commerce has truly redefined the concept of air cargo.

More airlines to export from Pune airport

Six months after international cargo export facility got off to a start at Pune airport, two more airlines — Air India and Jet Airways — are keen to board the cargo bandwagon. To date, SpiceJet had been the lone airline carrying cargo from the airport to Dubai.

CSC to develop facilities at CSIA airport

CSC has been recently awarded a cargo handling concession for designing, developing, operating and managing the international cargo facilities at Chhatrapati Shivaji International Airport in Mumbai. CSC is currently the country’s largest air cargo facility handling services company. CSC operates and manages air cargo handling facilities in Mumbai, Delhi, Ahmedabad, Aurangabad, and Mangalore airports. Besides, it handles over six lakh tonnes of cargo every year across various airports of the country.

IBS Software inks contract with MEA

IBS Software (IBS) has inked a multi-year contract with Lebanon’s flag carrier Middle East Airlines (MEA) to implement its iCargo solution to manage the cargo movement of the airlines worldwide. IBS’ iCargo was selected for its unique capability to provide a single unified platform to manage all cargo business needs; from worldwide sales, commercial and capacity management to handling operations at their operational centre – the Beirut hub - and to fully integrated billing, invoicing, accounting and interline processing.

Civil Aviation gets wings

The finance minister has provided a balanced budget for the civil aviation sector which has moved towards becoming the third largest aviation market in the world…

Civil aviation ministry will receive an increased budgetary allocation of Rs 6,602.86 crore in the next financial year. The allocation is nearly three times higher than the amount of Rs 2,710.31 crore allocated to the ministry for this fiscal. Besides, the allocation for regional air connectivity scheme or UDAN (Ude Desh ka Aam Nagrik) has been steeply increased to Rs 1,014.09 crore for the next fiscal. The same was at Rs 200.11 crore for the current financial year (2017- 18).

Debt-laden Air India, for which the government has started the process of disinvestment, would receive a budgetary support of Rs 650 crore under the turnaround plan in 2018-19. This is a significant decline from Rs 1,800 crore allocated for the current fiscal. As per the Budget document, an amount of Rs 506 crore is to come for Air India in the next fiscal by way of IEBR (Internal and Extra Budgetary Resources).

In the case of Airports Authority of India (AAI), the budgetary allocation has been slashed to Rs 73.31 crore from Rs 149.93 crore in 2017-18. AAI is to mop up Rs 4,086 crore by way of IEBR. The document said that Grants-in-Aid is extended to AAI "as reimbursement of expenditure already done by them on the existing projects. The funds are provided for Pakyong airport". "We propose to expand our airport capacity more than five times to handle a billion trips a year under a new initiative - NABH (NextGen Airports for Bharat) Nirman. Balance sheet of AAI shall be leveraged to raise more resources for funding this expansion," Finance Minister Arun Jaitley said in his Budget speech.

Third largest aviation market

With the civil aviation sector witnessing "considerable progress", India has become the world's third largest domestic aviation market in terms of the number of tickets sold, according to the Economic Survey. To connect unserved and under-served airports, the government has come out with regional connectivity scheme UDAN (Ude Desh ka Aam Naagrik) and flights on many routes have commenced under this initiative.

"India is the 3rd largest and the fastest growing domestic aviation market in the world in terms of number of domestic tickets sold. In 2016-17, annual growth in domestic passenger departures was 23.5 per cent as compared to 3.3 per cent in the US and 10.7 per cent in China," said the Survey. During the 2007-08 to 2016-17 period, domestic passenger traffic registered a compound annual growth rate (CAGR) of 9.89 per cent.

"There has been considerable progress in Roads, Railways, Metro Rail, Shipping, Civil Aviation, Power and Logistics Infrastructure Sectors that is expected to step up the growth momentum in the short term," it noted. With respect to revival of airstrips and airports, the Survey said that would be "demand driven" and would depend on the firm commitment from airline operators as well as from respective state governments. "Provision of Rs. 4,500 crore for revival of 50 unserved and under-served airports/ air strips has been taken up with budgetary support of government to be completed by December 2018," it said.

In the current fiscal till September, domestic airlines carried 57.5 million passengers, a growth rate of 16 percent over the year-ago period. During this period, scheduled Indian and foreign carriers ferried 29.2 million passengers to and from India - a growth of 9 per cent compared to the same period a year ago.

"During this period, the domestic air cargo handled was 0.61 million MT showing a growth of 10.27 per cent over the corresponding previous year time period, and international air cargo handled was 1.07 million MT showing a growth of 19.02 per cent," the survey said.

Global air cargo demand zooms

Air cargo had its strongest performance since the rebound from the global financial crisis in 2010, registering a 9% growth in global air cargo demand in 2017

The International Air Transport Association (IATA) recently released full-year 2017 data for global air cargo markets showing that global demand grew by 9%. This was more than double the 3.6% annual growth recorded in 2016.

Meanwhile, cargo capacity, rose by 3.0% in 2017. This was the slowest annual capacity growth seen since 2012. Demand growth outpaced capacity growth by a factor of three.

"Air cargo had its strongest performance since the rebound from the global financial crisis in 2010," IATA said. "We saw improvements in load factors, yields and revenues. Air cargo is still a very tough and competitive business, but the developments in 2017 were the most positive that we have seen in a very long time," the association said.

Air cargo's strong performance in 2017 was sealed by a solid result in December. Year-on-year demand growth in December increased 5.7%. This was less than half the annual growth rate seen during the middle of 2017, but still well above the five-year average of 4.7%. Cargo capacity grew by 3.3% year-on-year in December. Full-year 2017 demand for air cargo grew at twice the pace of the expansion in world trade (4.3%). This outperformance was a result of strong global demand for manufacturing exports as companies moved to restock inventories quickly.

"The outlook for air cargo in 2018 is optimistic," IATA said. "Consumer confidence is buoyant. And we see growing strength in international e-commerce and the transport of time- and temperature-sensitive goods such as pharmaceuticals," IATA added. According to IATA, the overall pace of growth is expected to slow from the exceptional 9.0% of this year. But we still expects "a very healthy" 4.5% expansion of demand in 2018. "Challenges remain, including the need for industry-wide evolution to more efficient processes," IATA said. "That will help improve customer satisfaction and capture market share as the expectations of shippers and consumers grow ever more demanding," it added.

Asia Pacific airlines steal the show

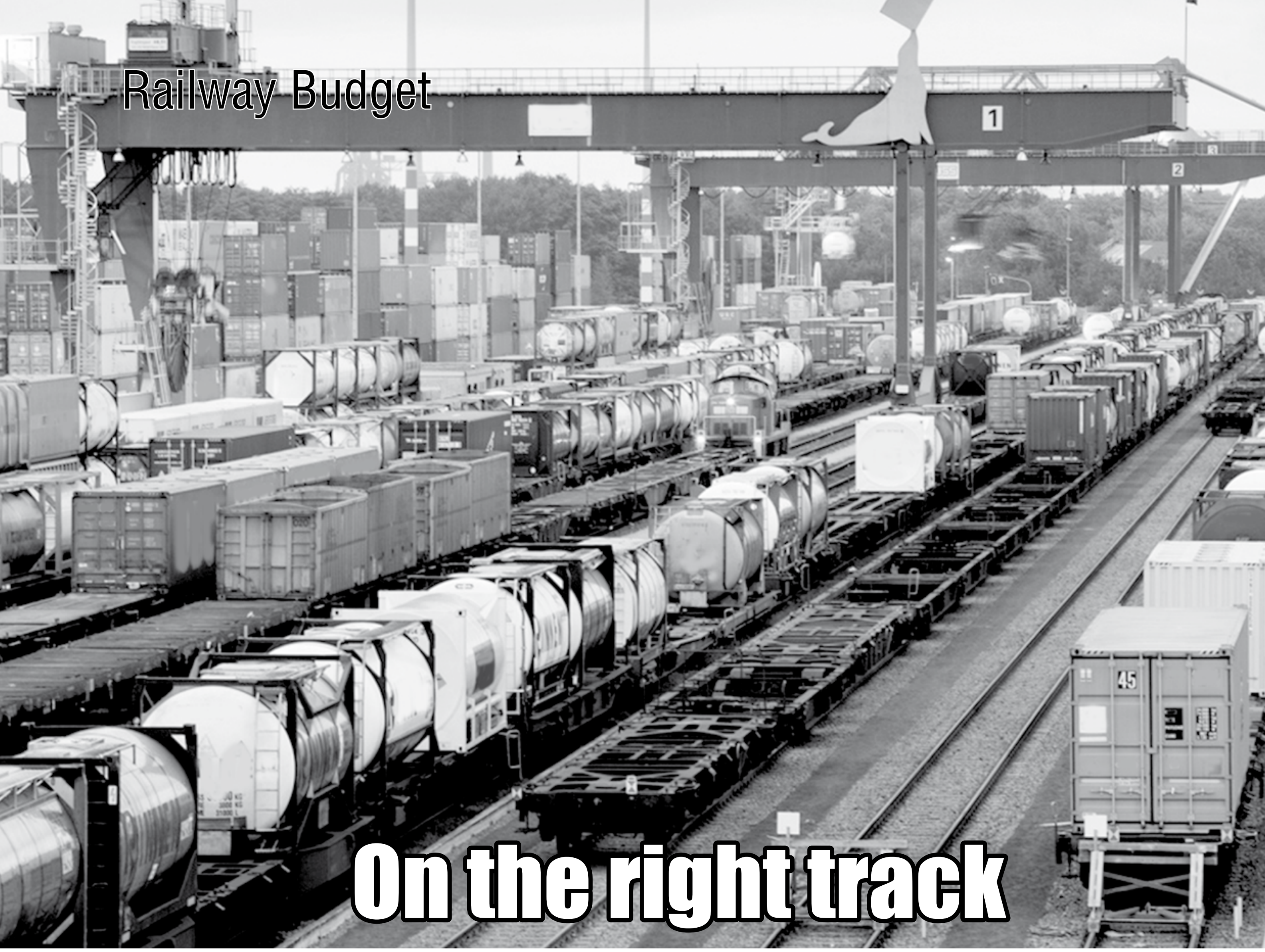
Asia Pacific airlines' international air cargo market enjoyed "robust growth" of 9.8% in 2017, underpinned by an "acceleration in economic activity" across most regions. Preliminary traffic figures for the full calendar year 2017 released by the Association of Asia Pacific Airlines (AAPA) showed that international air cargo demand registered its "fastest full year growth" since the post-crisis rebound in 2010.

AAPA said: "In freight tonne kilometres (FTK) terms, demand rebounded with a strong 9.8% growth for the year, following a modest increase in 2016. Growth in demand outpaced the 4.4% expansion in offered freight capacity by a considerable margin, lifting the average international freight load factor by 3.2 percentage points to 65.2% for the year."

Supported by elevated business and consumer confidence levels, the region's airlines carried a combined total of 316.8m international passengers for the year, a 6.2% increase compared to 2016. "In addition, Asian airlines enjoyed solid increases in air cargo volumes through the year, with continued improvements in business conditions boosting trade activity as demand was transmitted through regional supply chains," AAPA said.

"Overall, the region's carriers in 2017 benefitted from the robust growth in demand, at the same time, notably higher load factors provided some relief to airline yields. However, increased cost pressures, particularly significantly higher jet fuel prices, in addition to continued market competition, constrained margins," AAPA said.

Looking ahead, AAPA said: "The outlook for the year ahead is broadly positive, as the increase in new orders and recent pick-up in business investments are expected to enhance the sustainability of the global economic upswing. This will in turn lend support to air travel and air cargo demand in the coming months. Nevertheless, market conditions remain highly competitive. As such, airlines are consistently pursuing new sources of additional revenue whilst keeping a tight rein on costs, to support ongoing investments in future growth opportunities."



On the right track

The focus of allocation of Rs. 1.48 lakh crore for railways in the budget will solely be on safety, electrification, track doubling/tripling and rolling stock such as train sets, wagons, coaches and locomotives

In the highest-ever allocation, Union Finance Minister Arun Jaitley recently announced a capital expenditure of Rs. 1,48,528 crore for the Railway Ministry for the year 2018-19. A large part of these funds will be utilised for capacity addition. The government has decided to double 18,000 km of tracks and to work on third and fourth lines in several sectors. “Five thousand kilometres of gauge conversion would augment capacity and transform almost the entire network into broad gauge,” the Finance Minister said. Mr. Jaitley also said 4,000 km of the railway network will be commissioned for electrification during 2017-18.

Freight corridors

The budget has also made provision for acquisition of 12,000 wagons, 5,160 coaches and approximately 700 locomotives during 2018-19. The Finance Minister said work on the eastern and western dedicated freight corridors was in full swing. While Rs. 51,000 crore has been allocated for strengthening the Mumbai suburban network, the budget has allocated Rs. 17,000 crore to add 160 km of suburban network in Bengaluru to cater to the growth of the metropolis.

According to industry experts, measures

announced on Railways investment is laudable, with focus on capacity creation, passenger safety, doubling of lines, and electrification. Specific mention of improving suburban train system in Mumbai is heartening announcement.

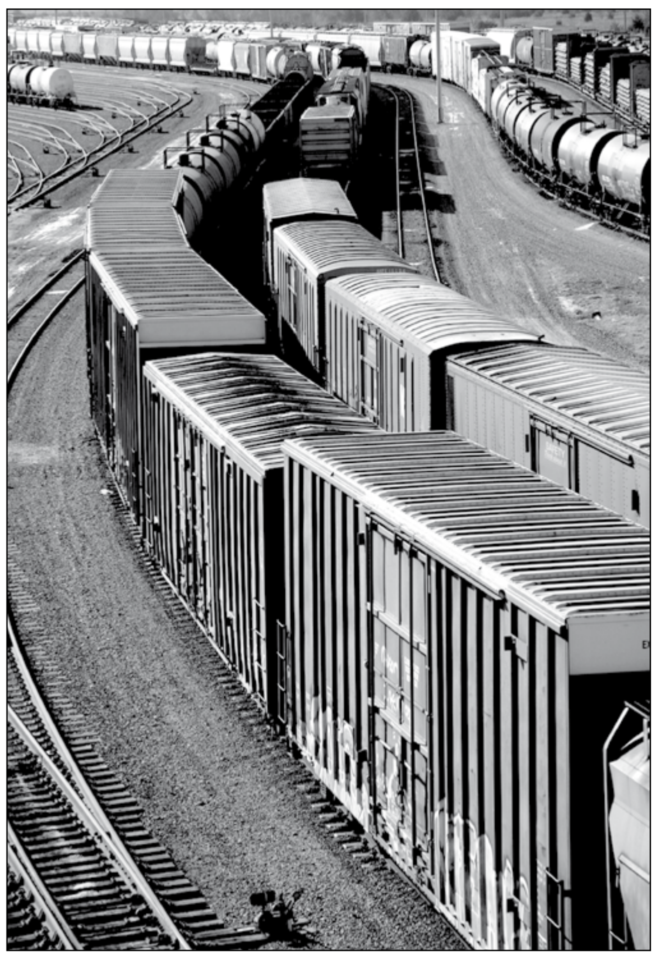
They said going by the Budget announcement, the Railway Ministry has a vision to create a world-class, environmentally sustainable, energy efficient rail transportation in India. "Our rail vehicles from commuter trains to metros, monorails to locomotives, high-speed trains to light rail vehicles provide sustainable mobility across cities globally moving millions daily. We are pleased with the intent for procurement of rolling stock by Indian Railways," the experts said. "Modernising the railways riding on technology offers the appropriate ecosystem for the development of smart cities. This will help attract more business and increased employment opportunities for the local populace," they added.

Govt. to revamp 300 dry ports

Meanwhile the government is planning to revamp around 300 dry ports across the country in order to ease infrastructural obstacles faced by exporters and importers, thereby boosting foreign trade, according to reports. The commerce ministry has already started the process of reviewing laws governing dry ports, along with subsidies and the various ways in which these ports are funded. The aim is to modernise these ports in accordance with globally followed practices.

The ministry will assess the performance and functioning of inland container depots (ICDs) in approximately 10 countries. The reason behind this is the increased interest in the development of ICDs, air freight stations and container

freight stations after the Rs. 8 lakh crore Sagarmala project was announced. The Sagarmala project is aimed promoting "port-led direct and indirect development" and augmenting infrastructure facilities to "transport goods to and from ports quickly, efficiently and cost-effectively".



A dry port is an inland terminal where international freight can be handled, inspected, temporarily stored and cleared by customs. It is typically located at a place where multiple modes of transport converge and therefore, connects either a rail route or a road route to a sea port. The decision is likely to give a fillip to foreign trade as the study will evaluate the transaction costs involved in trade. It also aims to establish new dry ports in the country, based on location and logistics.

A dry port can significantly improve the flow of cargo between ships and major land transport networks and free up capacity at congested sea ports by creating a more central distribution point.

Building 'New' India

Hailing the Union Budget for continued thrust on the infrastructure sector, industry players said an allocation of about Rs 5.97 lakh crore for 2018-19 will create employment opportunities and aid growth

India will invest as much as Rs 5.97 lakh crore in creating and upgrading infrastructure in the next financial year, finance minister Arun Jaitley said in his budget speech. Starting with an allocation of around Rs1.81 lakh crore in 2014-15, expenditure towards infrastructure reached Rs4.94 lakh crore in 2017-18.

"Our country needs massive investments estimated to be in excess of Rs50 lakh crore in infrastructure to increase growth of GDP, connect and integrate the nation with a network of roads, airports, railways, ports and inland waterways and to provide good quality services to our people," Mr. Jaitley said.

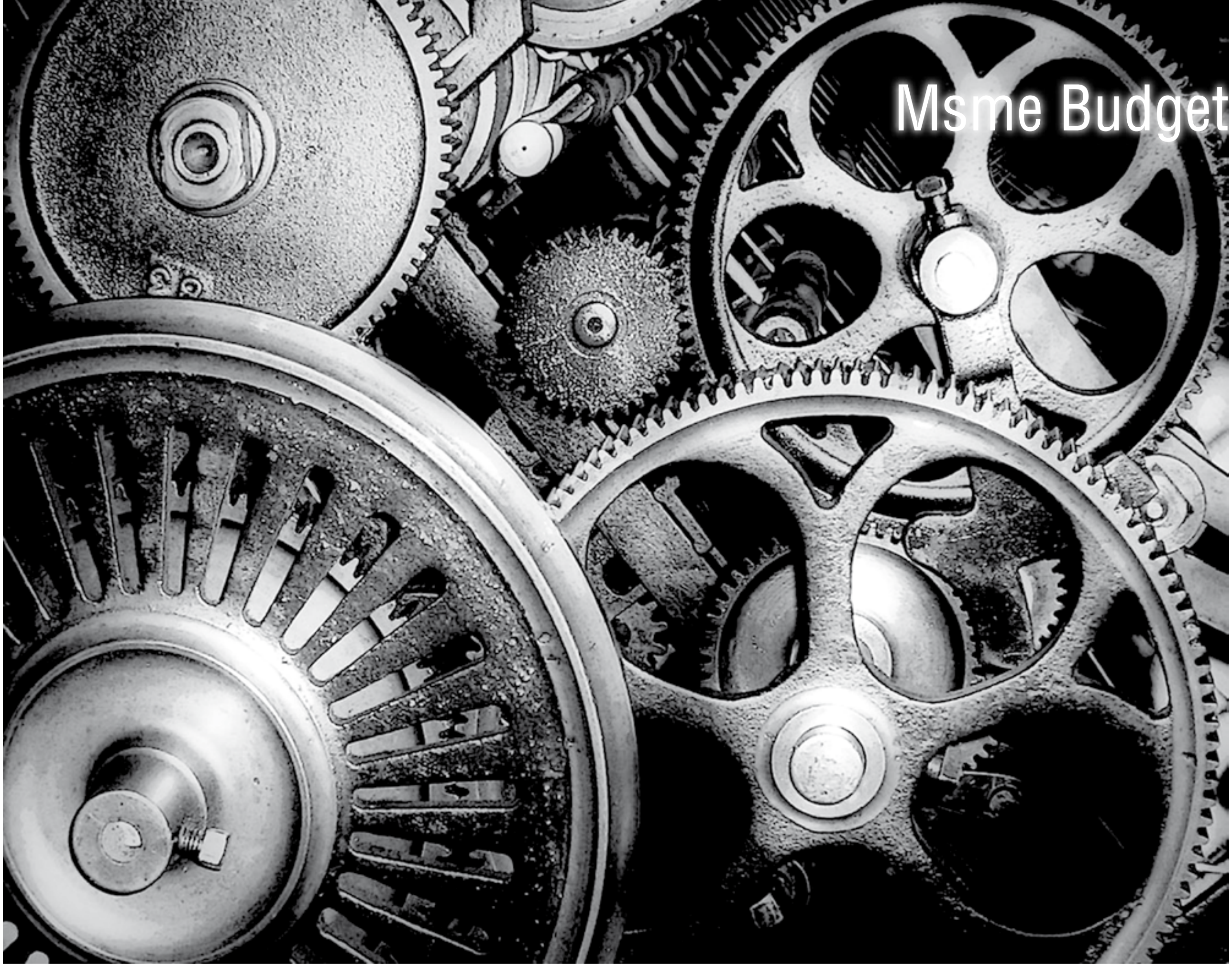
To raise resources, state-owned firms will access the equity and bond markets. The budget also levied Rs8 per litre road and infrastructure cess on imported petrol and diesel. "The government and market regulators have taken necessary measures for development of monetizing vehicles like Infrastructure Investment Trust (InvIT) and Real Investment Trust (ReITs) in India. The government would initiate monetizing select CPSE (central public sector enterprises) assets using InvITs from next year," Mr. Jaitley announced.

These measures will be operationalised given that India will face a $526 billion infrastructure investment gap by 2040, according to the latest

Economic Survey. "Reserve Bank of India has issued guidelines to nudge Corporates to access bond market. SEBI (Securities and Exchange Board of India) will also consider mandating, beginning with large Corporates, to meet about one-fourth of their financing needs from the bond market," he added.

As part of the new integrated infrastructure planning model, the NDA government unveiled the largest-ever rail and road budget of Rs1.48 lakh crore and Rs1.21 lakh crore, respectively in 2018-19. Mr. Jaitley said that during 2017-18, the cabinet approved the ambitious Bharatmala (roads) scheme to strengthen the roads network, for which the government will raise Rs5.35 lakh crore as equity from the market. India needs funds for ambitious plans such as Sagarmala (ports) and Bharatmala to improve its transport infrastructure.

"To raise equity from the market for its mature road assets, NHAI will consider organising its road assets into Special Purpose Vehicles and use innovative monetizing structures like Toll, Operate and Transfer (TOT) and Infrastructure Investment Funds (InvITs)," Mr. Jaitley said. While the total investment for Bharatmala is estimated at Rs10 lakh crore — the largest ever outlay for a government road construction scheme — an additional Rs8 lakh crore of investments will be needed for Sagarmala until 2035. "We are confident to complete National Highways exceeding 9000 km length during 2017-18," Mr. Jaitley said.



Big push for MSMEs

The Centre has allocated Rs. 3,794 crore in the recent budget for MSMEs sector towards credit support, capital and interest subsidy as well as to spur innovation

Presenting the Union Budget 2018-19 recently, Arun Jaitley, Finance Minister said the government would soon announce measures to address non-performing assets and stressed accounts of medium, small and micro enterprises (MSMEs). “This will enable larger financing of MSMEs and also considerably ease cash flow challenges faced by them,” he said.

In a bid to reduce tax burden on MSMEs and help generate more employment, he proposed to extend the benefit of reduced corporate tax rate of 25% to companies which had reported turnover up to Rs. 250 crore during the financial year 2016-17. “This will benefit the entire class of MSMEs, which accounts for almost 99% of companies filing their tax returns. The estimate of revenue forgone due to this measure is Rs. 7,000 crore during 2018-19,” he said. The lower corporate income tax rate for 99% of the companies would leave them with higher investible surplus which, in turn, would create more jobs, he added.

Mr. Jaitley said a massive formalisation of the businesses of MSMEs was taking place after demonetisation and introduction of Goods and Services Tax. “This is generating enormous

financial information database of MSMEs' businesses and finances. This big data base will be used for improving financing of MSMEs' capital requirement, including working capital," he said. Besides, the Minister proposed to set a target of Rs. 3 lakh crore for lending under MUDRA (Micro Units Development and Refinance Agency) for 2018-19.

Online loan sanctioning facility for MSMEs would be revamped for prompt decision-making by banks, he said. There is also a proposal to on-board public sector banks and corporates on Trade Electronic Receivable Discounting System (TReDS) platform and link it to Goods and Services Tax Network (GSTN). According to the RBI, the objective of the TReDS is to facilitate financing of invoices/bills of MSMEs drawn on corporate buyers by way of discounting by financiers.

An industry-friendly Defence Production Policy 2018 would be unveiled to promote domestic production by firms, the Budget said.

WiFi to give fillip to e-commerce

The government's initiative of setting up 5 lakh WiFi hotspots will not only help e-commerce to penetrate the rural markets, but also foster startups

The Union Budget 2018 has given good news for e-commerce startups in India. Finance Minister Arun Jaitley has said that the central government will set up five lakh WiFi hotspots, which are expected to provide broadband internet access to five crore people in the rural parts of the country.

The Minister said in the speech, "Task of connecting one lakh gram panchayats through high speed optical fibre network has been completed under phase I of the Bharatnet project. This has enabled broadband access to over 20 crore rural Indians in about 2,50,000 villages. The Government also proposes to setup five lakh WiFi hotspots which will provide broadband access to five crore rural citizens. I have provided Rs 10000 crore in 2018-19 for creation and augmentation of Telecom infrastructure."

Although organised retail is yet to reach rural India, e-commerce has managed to make a mark here. According to RedSeer Consulting, shoppers in Tier II and smaller towns grew three-fold compared to metro shoppers and

accounted for nearly 41 percent of the overall online shoppers in 2017. Residents from non-metro towns will account for 55 percent out of the 185 million active online shoppers in 2020, according to RedSeer.

Lack of infrastructure

Lack of investment in infrastructure, whether in metro cities or Tier 4 towns, by the government has always been a complaint from startups in India. Since tech products cannot function well in low network areas, many entrepreneurs have complained that their development and productivity have been hampered to a great extent.

For e-commerce in particular, this holds significance, as rural India is driving the growth of the industry itself. Market leaders Flipkart, Amazon, and Paytm Mall, are all focusing on getting the small-town Indian consumer to shop online and this focus is showing results. In fact, around 85 percent of Amazon's customers come from Tier II and smaller cities.

According to RedSeer Consulting, e-tailers have seen a 33 percent rise in monthly active shoppers in 2017 from 15 million in 2016 to 20 million last year. Flipkart's no-cost EMI is available even for shoppers who do not have credit cards. Amazon is actively onboarding rural customers through its assisted e-commerce initiative Udaan in which offline shopkeepers help customers buy on Amazon.

Opportunity for startups

The government's initiative offers opportunity not only to the big players of the e-commerce industry, but also small-scale and home-based entrepreneurs who can now become e-commerce entrepreneurs more easily with better WiFi. "Entrepreneurship is essential at rural levels. Although the government's intention is good, execution is what matters. But what they need to do is help foster local innovations," experts said. They agree that better access will surely grow e-commerce. According to them, it will not be just the Amazon or Flipkart-style shopping that will be impacted, service-oriented startups in tourism, reservations, on-demand ordering etc. will also benefit from this development.

Agri, Textile exports get a boost

The government will take steps to boost exports both in the agriculture and textile so as to tap their vast potential and generate employment within the sectors

The government will take steps to boost exports of agriculture commodities which have the potential of reaching $100 billion, Finance Minister Arun Jaitley said in his budget speech. The country's agricultural exports are around $30 billion at present. "India's agri exports potential is as high as $100 billion against a current export of $30 billion. To realise this potential, export of agri commodities will be liberalised," Mr. Jaitley said while presenting the Union Budget 2018 in the Lok Sabha.

He also proposed to set up state-of-the-art facility in 42 mega food parks. The announcement assumes significance as the commerce ministry is working on a comprehensive policy covering issues such as logistics to promote export of agri commodities like tea, coffee, fruits and vegetables. India is one of biggest producers and exporters of agri commodities. Elements which could become part of the policy include certification and traceability of items. Besides, the ministry is also in the process of identifying countries where there is a maximum import demand for agri goods.

Agri-products account for over 10 per cent of the country's total exports. India mainly exports tea, coffee, rice, cereals, tobacco, spices, cashew, oil meals, fruits and vegetables and marine products. In December 2017, out of 13 agri commodities being tracked by the commerce

ministry, five categories – other cereals, cashew, oil meals, oil seeds, fruits and vegetables -reported negative export growth.

Textile gets thumps-up

Textile players has lauded the Budget proposals of increasing financial outlay under the comprehensive textile sector package for apparel and made-ups from Rs 6,000 crore to Rs 7,148 crore, which will help promote production and exports.

Welcoming the budget, The Cotton Textiles Export Promotion Council (Texprocil) said, “The Budget is pragmatic, growth-oriented and all inclusive. We hope that the increased funds allocated for the textile sector will cover fabrics also under the rebate on state levies (ROSL) scheme.”

The government will contribute 12% of the wages of the new employees in the EPF for all the sectors for next three years, which could boost hiring in the apparel sector. Also, the facility of fixed-term employment will be extended to all sectors.

The Budget has increased the funds allocation under the TUF scheme from Rs 2,013 crore in 2017-18 to Rs 2,300 for 2018-19. This is a positive step and will help in clearing some of the committed liabilities under the TUF scheme, Texprocil said. The reduced income tax rate of 25% allowed to companies who have reported turnover up to Rs 250 crore in the financial year 2016-17 will greatly benefit the micro, small and medium enterprises, according to Texprocil.

The Clothing Manufacturers Association of India (CMAI) said that the general focus on rural economy, including significant fund allocations, will help in pushing up demand for apparel in the domestic market. The association said the enhanced economic growth envisaged in the Budget will also help in improving demand for apparel, which is one of the primary needs of the masses. The association added that the positive impact of the Budget on the apparel industry will also be reflected in job creation, since this is the most labour intensive industry in the country.

5 states account for 70% exports

Using international trade figures at the state level for the first time, the government has found severe disparity among states in terms of exports as well as the scattered nature of exporting firms. Tabled by Finance Minister Arun Jaitley recently, the Economic Survey revealed that five states - Maharashtra, Gujarat, Karnataka, Tamil Nadu, and Telangana - together account for 70 per cent of India's exports. On the other hand, 16 or half of all states and Union Territories account for only 3 per cent of all exports.

While it has been conventional knowledge that a handful of states account for majority of India's outbound trade, the latest data is an attempt by the government to set the next set of policies in the sector from stateside.

Commerce and Industry Minister Suresh Prabhu last month asked all states to frame their export policies. The Survey also said the largest firms account for a much smaller share of exports than in other comparable countries. The top 1 per cent of Indian firms accounts only for 38 per cent of exports unlike in other countries where they account for a substantially greater share.

This is bad news for the sector, as having larger consolidated businesses create comparative advantage and improve long-term prospects, the Survey suggests.

While firm level data is currently collected by government trade intelligence agencies, it has only recently been possible to paint a larger, more detailed picture of the sector, owing to availability of the Goods and Services Tax (GST) filings by traders.

The Centre has also focused on interstate trade identifying gaps in the ease of doing business. Last year, the Survey had estimated that interstate merchandise trade was 30-50 per cent of gross domestic product (GDP). But armed with the latest GST data, the government has now revealed that India's internal trade in both goods and services, excluding non-GST items, is about 60 per cent of GDP.

The Survey also hinted that further rationalisation of export incentives may be on the cards. It pointed out that the rebate of state levies provided to exporters has increased exports of readymade garments by about 16 per cent. However, the same hasn't been true for other goods. On services trade, the Survey paints a hopeful picture whereby India held on to the eighth-largest exporter in commercial services in the world in 2016, with a share of 3.4 per cent, double that of merchandise exports at 1.7 per cent. Export growth of the sector during the period April-September 2017-18 was robust at 16.2 per cent, up from 5.7 per cent in 2016-17. But imports also rose by 17.4 per cent. Net services receipts rose by 14.6 per cent during this period.

The future is e-trucks!

UPS is the latest firm to order electric trucks as it looks to improve safety and reduce its environmental impact

The US express giant said it had pre-ordered 125 of electric vehicle manufacturer Tesla's new fully-electric semi-trucks, the biggest order for the vehicles so far. The trucks will cost around $200,000 each, according to reports.

UPS in a statement said: "For more than a century, UPS has led the industry in testing and implementing new technologies for more efficient fleet operations. We look forward to expanding further our commitment to fleet excellence with Tesla. These groundbreaking e-trucks are poised to usher in a new era in improved safety, reduced environmental impact, and reduced cost of ownership."

E-truck features

Tesla's semi-truck claims up to 500 miles range on a single charge. Safety features include: automatic emergency braking, adaptive cruise control, automated lane guidance, and brake-by-wire and steer-by-wire with redundancy. UPS said that Tesla's driver-assistance features have been found by the US government to reduce crash rates by 40%. Tesla expects to begin production of the vehicles in 2019 and UPS will be among the first companies to put the vehicles into use.

Logistics firm queue-up

UPS is not the only logistics firm to order electric vehicles. In late November, DHL Supply Chain announced an order for 10 of the Tesla semi-trucks. DHL Supply Chain will test the trucks, which will be available in 2019, at its customer operations in major US metro cities. The trucks will be used for shuttle deliveries and same-day customer deliveries, and will be tested for mileage efficiency on longer runs from major markets to other DHL operations across the country. Others to order the Tesla trucks include Pepsi Co, Walmart, JB Hunt Transport Services and Sysco Corp.

But it is not just the Tela electric trucks that are proving popular. Recently freight forwarder Dachser announced that it would order two of Daimler's all-electric Fuso eCanter light-duty commercial vehicles for urban deliveries. The trucks are due for delivery in spring 2018 and will be used in the Germany cities of Berlin and Stuttgart. In Berlin and Stuttgart, the two Fuso eCanters will be incorporated into the core groupage business operated by Dachser's long-established transportation companies.

Their job will be to deliver pallets of manufactured goods, either to micro hubs or directly to customers. They will also collect goods and bring them to Dachser's branches in Schoenefeld, Berlin and Kornwestheim, Stuttgart. Depending on its design and purpose, the all-electric light-duty truck offers a range of about 62 miles and a load capacity of up to 3.9 tons. Its electric powertrain comprises six high-voltage lithium-ion batteries.

Hybrid electric plane soon

The aviation industry is also exploring the possibility of powering aircraft using electric. In November, it was revealed that Siemens, Rolls Royce and Airbus are to collaborate on a project to deliver a Bae146-sized hybrid electric plane by 2020.

The three manufacturers claim that the E-Fan-X could radically change the face of aviation with cleaner, quieter planes that would allow planes to fly closer to city centers and compete with rail transport for more journeys.