



SPECIAL FEATURE MATERIAL HANDLING

MATERIALLY SPEAKING

WITH MULTIPLE DEMAND DRIVERS, THE INDIAN MARKET FOR MATERIAL HANDLING EQUIPMENT (MHE) HAS WITNESSED SIGNIFICANT GROWTH IN RECENT TIMES.

BY BINDU GOPAL RAO

1. Material handling equipment offers great load control and smooth operation in large warehouses.
2. Godrej's 2 tonne neo electric truck stacking goods onto a container.
3. Godrej's trucks help with multiple applications.

INCREASED INFRASTRUCTURE INVESTMENT, emphasis on the manufacturing sector's growth, introduction of automation in Material Handling Equipment (MHE) and adherence to safe practices in the country are fueling the MHE industry's growth. The performance of corporates following successful stabilisation post GST implementation, coupled with the development of logistics' organisations in the country, is all set to hasten the growth of the MHE industry further changing the dynamics of the business sooner rather than later.

DEMAND DRIVERS

In fact, material handling equipment forms one of the most important aspects of the manufacturing sector in India. Growing manufacturing industries such as chemicals, automotive, pharmaceuticals and food & beverages are spurring the demand for warehouses to store and manage their products. This increasing demand for automated storage, retrieval systems, along with industrial trucks in

the manufacturing sector, shall be a key driver for this industry's growth in the near future, due to the rising investments in installing the equipment at distribution centres as well as warehouses. Some of the factors which are responsible for this growth are the increasing investments in infrastructure development, growing penetration of advanced technologies, rising demand for increased automation, and safe working practices in the manufacturing space.

"The current market of powered equipment is approximately 12,000 units and it is expected to grow at a CAGR of 15-18% for the next 2-3 years. Government initiatives such as Make in India are supporting the growth of the manufacturing sector in India. As MHE is primarily used for the movement and storage of goods within a facility or at a site, the need for such equipment is directly related to freight traffic volume. Considering that the Government is focusing on incentivising the manufacturing sector, the logistics market will reap the benefits of this in the coming years," says **Cavas Dumasia, VP, marketing & sales, Godrej Material Handling.**

Ravindra Palande, VP, Procurements, Grauer & Weil (India), adds, "The material handling system plays a vital role in managing internal and external manufacturing operations. The material handling products aid air transportation and storage of material in a highly systematic manner, which reduces the risk of handling and transporting raw material as well as lowers the costs involved. This augments the operational efficacy, streamlines the supply chain and helps handle warehouse operations through optimum utilisation. It lowers the handling cost, reduces inventory and shortens delivery time. So, there are very bright prospects for the MHE industry within the manufacturing sector in India."

TECH TALK

The major trend these days is to make machines more environment-friendly. There is also a trend towards the usage of more electric-driven/battery-operated technology for various equipment that are more environment-friendly. In India, the industry has increasingly started focusing on automation, cost reduction, real-time tracking of shipments, reducing environmental impact and collection and utilisation of data to improve efficiencies.

"We are procuring over 2,000 numbers of raw materials to deliver at five locations. We have developed various reports on inventory, pricing and order status through the ERP system to get real-time alerts. This helps us to have better control on pricing, inventory and effect timely deliveries to our customers," says Palande.

Trends are focused on operator comfort through



ergonomics, ease of operations and low-cost of maintenance. Users are outsourcing equipment, operations and the trend seen moving ahead is that of hiring & rental services so that they can focus on their core business.

“Another trend that we find among users is that they are revisiting their supply chain and exploring newer ways to store and handle material more efficiently. Nowadays a lot of emphasis is being given to the material movement and handling space, and hence designing of warehouses and factories is being done accordingly. People are no longer just looking at the price of the equipment, but the overall productivity of their people using the equipment, space and material movement. It is also seen that more mechanisation and automation in terms of warehouse management is taking place for handling in the warehouses as well as entire logistics chain. Lack of availability of labour for menial jobs, and rising cost of labour and space, are also driving the automation process,” opines Dumasia.

Godrej is investing in digitisation to enhance customer experience by providing smart services in order to remain connected with the customers. This shall enable real-time experience in fleet management for customers, especially multi-location ones. It shall empower customers with the data, informa-

tion and history of their Godrej machines while on the move.

TAXING TIMES

Prior to the launch of GST, the location of customer sites and storage of goods were dependent on states, tax sops and a supplier base. “With GST unifying the market, we anticipate a rise in logistics and warehousing activities as companies would like to consolidate warehouses, which are larger/higher and automated,” says **Manojit Acharya, MD, Jungheinrich Lift Truck India.**

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R Shankar, CEO, TVS Logistics Services, India, speaks about the journey ahead.

What kind of forecasted growth is your organisation pursuing over the next 3-5 years, given the emphasis on the manufacturing sector and growing dependence on specialised logistics services?

TVS Logistics has been on high-teen growth and will continue that journey on similar or higher numbers. We have set up an enviable footprint in India through 300-plus facilities spread across 29 states.

The company is a leader in automotive supply chain in India, and one of the top service providers for the consumer durables and engineering segments. We are also entering new industries and verticals, and our asset-light operations are enabling us to scale up quickly and add quality infrastructure as needed. Thrust on manufacturing and on logistics outsourcing to organised 3PLs like TVS Logistics has certainly opened up more avenues for us. Our global acquisitions are also giving us access to international best practices and technical know-how, and we are continuously applying these to the Indian market to create a differentiation.



What are the latest technological advances witnessed in India in terms of logistics and how are these shaping the future?

India is a cost-sensitive market, and decisions on automation and technology need to be driven by fundamental parameters of process maturity, volume to be handled, tenure of deployment and ROI desired. Having said that, the constant desire for higher productivity and appropriate return on investment is encouraging companies to adopt fit-for-purpose automation. Large 3PLs and developers of logistics parks are increasingly adopting automation like ASRS and robotics to offset the higher operating costs, and to also enable improvements in productivity, order accuracy, reduced space requirements, more volume capacity, control of inventory and better customer service. This apart, supply chain visibility is being enhanced with use of track and trace technology, mobility solutions, warehouse management systems, transport management systems, use of RFID and barcoding. Companies like TVS Logistics are using business analytics to make swifter, informed decisions and setting up control tower operations to ensure tighter control on inventory and order management.

What have been the recent changes in manufacturers' approach to supply chain management, and how has this impacted your business?

GST implementation is nudging companies to prioritise optimisation of warehousing space, network capabilities, and fleet choices, for enhancing speed to market, efficiencies and reducing logistics costs. The contractual value of the agreements is also increasing. In addition to transportation and warehousing services, customers are demanding value-added solutions including demand planning, application of technology, integrated solutions, scalability, better space utilisation, optimum load planning, scheduling and visibility. Large organised 3PL providers like TVS Logistics who have invested in technology and operate with a focus on quality and compliance are benefiting from this shift in mind-set.

forward to for the past few years. GST has aided easy movement of goods and removed a lot of bottlenecks, leading to a growth in the number of material handling equipment required, which will improve the prospects of the material handling equipment industry as well. Therefore, we expect a faster change in terms of technology upgradation and automation leading to increase in operational efficiency. Further to this, the development of industry status to logistics and the Government focusing on creating cold storage infrastructure has also helped. We expect better infrastructure outside the metro cities, easy and cheaper access to funding, availability of skilled and trained manpower from the government to further fuel this growth," adds Acharya.

STAYING SAFE

Other drivers which are leading to growth in MHE product revenues in India are automation, shortage of skilled labour and enhanced focus on safety. Adherence to safety requirements helps in less breakdown time that ensures consistent supplies, which leads to business growth.

As a matter of fact, adherence to safety requirements and telematics is one of the key drivers for new MHE solutions. Safety is of paramount importance in material handling because this is moving equipment in a plant or a warehouse. One of the biggest benefits of telematics is increased safety, which leads to the biggest cost saving as it prevents accidents, injuries and damages. The other benefits of telematics are gauging maintenance, eliminating idling, keeping track of vehicles and improve routing.

GOING GREEN

Growing automation capabilities in the manufacturing space will provide an impetus to the material handling equipment requirements. Automation supports in reducing costs and delivering high-quality products. It eliminates the need for manpower to check-in, sort goods, or to move bins and pallets. These automated systems scale up the operational needs and drive the business results by reducing errors, increasing pick rates, surging throughput and decreasing labour costs. For instance, Automated Guided Vehicles (AGVs) are an automation solution for moving parts to and from manufacturing facilities. Machines are designed considering ergonomics and anthropology requirements, while features like adjustable seats, adjustable steering, more leg space and more visibility, all enhance the ease of operation.

Jungheinrich has introduced various products over the past few years customised for the Indian MHE market. In 2017, they launched a range of AMEISE products, which are specifically designed for India and offer warehousing equipment like pallet



OTHER DRIVERS TO GROWTH ARE SHORTAGE OF SKILLED LABOUR AND FOCUS ON SAFETY.

truck, stacker and forklift. These are used in low-duty applications and provide cost-effective solutions.

Acharya says, "For high-end applications, in 2018, we have launched equipment fitted with lithium-ion batteries. These batteries are extremely compact, 20% more efficient, provide fast charging, provide 4-6 times more cycles, have 100% discharge, and are environment-friendly as compared to the lead-acid battery. In future, the lithium-ion battery will be a standard feature for our trucks. Currently, the lithium-ion battery is expensive compared to lead-acid variants. However, when we consider the total

cost of ownership, the lithium-ion battery is more cost-efficient than lead-acid batteries. It is going to be the product of the future. Our lithium-ion battery-fitted MHE are Jungheinrich's biggest contribution to cleaner and greener technology."

GOVERNMENT IMPETUS

The implementation of GST in terms of unified tax has assisted in the smoother flow of goods within the country. There is more transparency and differential tax structures are eliminated. This has helped the manufacturing and logistics sector, which in turn has increased the demand of material handling equipment.

"All major global players are present in India and utilising their China factories to supply machines in India. We expect the Indian Government to support local manufacturers by providing incentives such as putting anti-dumping duty on finished material handling equipment to support the Make in India initiative," avers Dumasia.

Given the recent progress witnessed by the MHE industry and the demand drivers in play, positive intent and better policies will only lead to more growth in the near future. ■



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