

Infrastructure developments in 2024 set to revitalise India's 3PL and warehouse management sector

Varun Gada, LP Logiscience highlights significance of the warehousing sector in the infrastructure development.

by *Staff Writer* | April 29, 2024 SHARE



Warehousing companies in India are seeing tremendous growth as a result of both industrial and infrastructural development. As the country approaches the 2024 elections, large infrastructure projects are given an impetus that would aim to improve connectivity and stimulate economic progress, thereby creating significant prospects for accelerated growth in the third-party logistics (3PL) and storage sectors.

Based on a recent study, India's warehouse business itself expanded by 35% in the first half of 2023, reaching a whopping 19.1 million square feet. The third-party logistics (3PL) businesses played a vital role, accounting for 43% of leasing activity Y-O-Y. The Government of India's significant efforts to position our country as a global manufacturing and logistics hub have resulted in an estimated USD 10 billion in warehousing and logistics investments. These initiatives, together with India's ambitious infrastructure ambitions for 2024, position the country to become a global logistics powerhouse.

Key Infrastructure Projects that are envisaged to drive the 3PL and logistics sectors are:

- The Mumbai Trans Harbour Link (MTHL) — It is India's longest sea bridge, stretching 22 kilometers. It has improved the traffic flow and is geared to stimulate economic growth in Navi Mumbai and provide a basis for modern logistical operations.
- The Navi Mumbai International Airport — This will service 20 million people annually. With Phase 1 already underway and expected to be completed by 2024, it serves as a pivotal gateway to Western India. It will remove the congestion at other airports while enhancing commerce and freight management superbly.
- The Noida International Airport — Situated in the National Capital Region (NCR), it is slated to open in 2024. It will become an important hub for trade and business, enabling the movement of products and passengers while also boosting regional development.
- The Western Dedicated Freight Corridor (WDFC) — This is aimed at improving freight transportation efficiency between Delhi and Mumbai. The corridor, which is expected to be completed by the 2024 elections, would boost economic development and allow for smooth commodities flow.
- The Bengaluru-Chennai Motorway — this would connect India's key economic centers, promoting economic development and investment along the route.

Benefit to business and trade:

India's focus on infrastructure development makes it an attractive destination for international companies looking for investment possibilities. World-class transport hubs improve India's connection to global markets, luring multinational corporations seeking to expand their operations. Modern transport infrastructure, in tandem with government regulations, and access to India's massive consumer market along with trained labour all contribute to a favourable climate for foreign direct investments (FDIs). This makes India an appealing geography for multinational enterprises looking for possibilities in manufacturing, research and development, and service-related industries.

Triggering the expansion of 3PL and warehousing sector:

India's evolving infrastructural landscape is anticipated to drive the expansion of 3PL and warehousing. As companies develop and supply chains become more complicated, the demand for specialist logistics services and innovative warehouse facilities rises.

Along with that dedicated freight corridors and motorways will go on to improve freight transportation, allowing 3PLs to provide more efficient and cost-effective logistics solutions. Accessibility to key transportation hubs such as airports and seaports will promote faster and efficient delivery of goods, lowering lead times and enhancing customer satisfaction.

The emergence of multinational corporations and the growth of domestic sectors will bolster demand for advanced warehouse facilities. This creates chances for investment in cutting-edge warehouses empowered with automation, robots, and digital technology to optimise storage and inventory management procedures. These facilities meet worldwide standards for sustainability, transparency, and safety.

Looking ahead:

As India reforms its infrastructure capabilities, the impact on industrial growth, foreign business attraction, and the 3PL and warehousing sectors will be tremendous. These critical infrastructure projects establish the framework for long-term economic development by enhancing connectivity, easing logistical problems, and creating a welcoming corporate climate. They present India as a top global investment and growth destination.