GST
The Waiting Game!
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<th>Sr. No</th>
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“Hunar Bhi Rozgar Bhi”
Dear Readers,

Billed as India’s biggest tax reform since independence in 1947, GST replaced more than a dozen federal and state taxes and is meant to unify the country into a single market. Though it may take longer than expected to understand the impact of the Goods and Services Tax (GST) on the air cargo sector in India; stakeholders view GST as a single tax system has brought down taxation levels...

Meanwhile global demand for air cargo in May 2017 surged 12.7 per cent compared with the same month a year ago, surpassed the 8.7 per cent growth recorded in April, according to the latest figures from the International Air Transport Association (IATA). IATA said African airlines posted the largest year-on-year increase in volumes (measured in freight ton kilometers) of all the world regions for the month, with airfreight shipments growing 27.6 percent year-over-year. Air cargo capacity in the African market rose 14.7 percent during the period.

On the exports infra front, the Centre – for the first time under a new scheme launched in March to address the problem — has given its approval for three proposals including one to establish an Integrated Cargo Terminal (ICT) at the Imphal International Airport. The other applications that received the green signal are: modernisation of infrastructure facility in Karnataka for marine exports – where the total cost is 13.34 crore; and construction of a new ‘Standard Design Factory’ building at Cochin Special Economic Zone (SEZ) for which a total of 61.63 crore will be spent.

Despite GST concerns, Indian pharma market grew at 7.5% in June. The growth was led by rebound of anti-infective medicines and continued momentum of the chronic segment. Analysts’ feared growth would be much worse in June due to trade destocking on account of GST. Instead the pharma market clocked Rs 9463 crore in June. “Anti-infective after a long time posted a positive growth of 3.1 percent for the month, while dermatology, Gastro Intestinal and Vitamins and mineral categories are growing lower than 10 percent on monthly basis,” analysts said.

Best wishes
R K Saboo
DHL, Wärtsilä test warehouse robots

DHL and Wärtsilä, a Finnish manufacturer of power sources and other equipment, completed joint testing of mobile robots from Fetch Robotics at one of Wärtsilä’s warehouses in Kampen, the Netherlands. The trial found that robots travelled more than 30 kilometers per day, contributed to productivity, and made for a safer overall work environment by taking on higher-risk tasks. The project tested the Fetch Robotics machines across a variety of warehousing functions, to understand where robots can add value and to learn about the technology interface between human employees and robots.

Emirates SkyCargo to launch specialist pharma flights

Airline Emirates SkyCargo has revealed that it will begin offering ‘dedicated’ pharma flights from London and Frankfurt from August. The first specialist pharma flights will take off from Heathrow and Frankfurt and will be timed to land in Dubai during the evening when the temperature is cooler. The service will be rolled out to other destinations in the future. The company said: grouping shipments onto certain flights will result in increased focus on the special requirements of pharma shipments at ground handlers and on the ramp. Handlers will also be able to better plan for arrival.

Work to start on Fujairah’s smart logistics city

The UAE emirate of Fujairah has reached an agreement with Niras, an international, multidisciplinary engineering consultancy, to start the construction of the first phase of its ambitious Smart Logistics City project. The project, which will come up on a 68,000-sq-m area of land at a primary location, is set to be developed in three phases over the next five years. As per the partnership deal, the work on the initial phase will begin by end of 2018.

Boeing, FedEx to test fuel-saving technology

Boeing and FedEx Express have teamed up to test fuel-saving technology. As part of the 38-year-old “ecoDemonstrator” program, Boeing will install experimental technology on a FedEx 777F to test propulsion advancements and flight-deck innovations. The ecoDemonstrator program converts aircraft into flying aeronautics laboratories, designed to improve the environmental performance and safety of future airplanes.

Hyperloop One completes ‘breakthrough’ test

Hyperloop One announced the completion of a “breakthrough” test that proves the viability of the low-pressure transportation system for both people and cargo. “For the first time in over 100 years, a new mode of transportation has been introduced. Hyperloop is real, and it’s here now,” the company said. The first test achieved the target speed of 70 miles per hour (mph); in the next phase of testing, the target speed will increase to 250 mph.
Domestic News

First air cargo link between India and Afghanistan
An aircraft packed with 60 tons of Afghan plants with medicinal uses marked the opening of the first air cargo corridor between Afghanistan and India recently.

The cargo, worth about $5 million dollars, was the first in what officials from the two countries hope will be many flights allowing Afghan and Indian companies to bypass Pakistan, which strictly limits the shipment of goods by land between India and Afghanistan and is often involved in border disputes with them.

AAI’s cargo-handling arm begins operations
AAI Cargo Logistics and Allied Services Company Ltd (AAICLAS), the cargo-handling subsidiary of the AAI, has begun operations. A notification issued by AAI (Chennai), said that from July 1, the subsidiary has already started carrying out the billing of various cargo-handling activities. For AAI, Chennai airport generates the maximum cargo traffic, followed by Kolkata.

Kale to set up centre for IT innovation
India-based Kale Logistics, a leading IT solutions provider for the logistics industry, has announced plans to set up a ‘Centre for Innovation for IT in Air Cargo Industry’ at its recent annual Thought Leadership event - Clear View 2017, which was held in Greece. Kale Logistics is planning an initial seed investment of $25,000, and this centre’s objective is to help the air cargo industry in adopting information technology for an agile, effective and equipped air cargo business, said a statement from the company.

Patel Logistics to set up 10 warehouses
To cash on GST, Patel Integrated Logistics has decided to invest over Rs 80 crore to set up 10 warehouses together measuring over 1 million sq. ft. in the key traffic regions. In the first phase facilities will come up in Ahmedabad, Chennai, and Gurgaon this financial year itself, while the second phase, which will begin next year, will see our warehouses in Pune, Mumbai and Hyderabad, the company said. For the Bengaluru facility the company has already secured Rs 5 crore loan from SIDBI, while the rest of the funds will be internally managed, the company added.

Air traffic registers double-digit growth for cargo: ICRA
The robust Y-o-Y growth of 17% in air cargo traffic in April 2017 is quite positive for the industry even though the same is marginally lower than 18% growth witnessed in March 2017. According to ICRA, cargo volumes have continued to maintain a positive growth trend over the last 18 months, although there have been significant variations in actual growth rates from month to month. The growth volatility is on account of the close alignment of cargo volumes with domestic and international macroeconomic conditions, which undergo significant changes from time to time.
Billed as India’s biggest tax reform since independence in 1947, GST replaced more than a dozen federal and state taxes and was meant to unify the country into a single market. Industry experts say although it may take longer than expected to understand the impact of the Goods and Services Tax (GST) on the air cargo sector in India; stakeholders view GST as a single tax system has brought down taxation levels…

Speaking on the impact of GST, the Express Industry Council of India said: “The implementation of goods and services tax (GST) is a positive move for the air cargo and logistics industry. GST promises a regime which will reduce time-consuming and costly compliances for movement of goods across India and globally as well. India last year swiftly moved up 15 places in the Logistics Performance Index (LPI). And now, with the introduction of GST, we have a real chance to substantially improve our country rankings further.”
Ketan Kulkarni, Senior Vice President & Head, Marketing, Corporate Communications and Sustainability, Blue Dart, said: “In the long term, GST is beneficial for the growth of the industry as it will regulate the tax regime in the country, however in the short term, some challenges may be experienced for businesses. It will take some time to actually know the exact impact of the new tax.”

“The complete elimination of state borders / local taxes will create an ecosystem of consolidation and ease of doing business, thereby leading to an overall rise in GDP and improving business confidence. Further, GST will create a level playing field for logistics operators with high degree of tax compliance, consolidated networks, input credits etc. Blue Dart is well positioned and GST ready to work together with the industry as the trade facilitator of the nation,” he mentioned.

IATA seeks clarification

Meanwhile global airlines body International Air Transport Association (IATA) has sought clarifications on the tax treatment of air travels under Goods and Services Tax (GST) and claimed that there were ‘information gaps’ regarding the implementation of the new tax regime. “There are still information gaps. We look forward to receiving the guidance notes to be provided by the GST Council,” IATA said.

IATA also expressed concerns about levying of the GST on air cargo. “We believe that the levying of GST on cargo export services by air contradicts standard GST principles as well as the treatment of such services under the service tax regime. Clarification would help align this with international standards and principles,” IATA added.
GST-ready!

Air cargo companies are working towards getting GST-ready! For instance, global logistics group DHL is working overtime with its customers to prepare for the Goods and Services Tax (GST) which came into effect from July 1. The company is planning to invest over $100 million in its supply chain operations in India in the next 3 to 4 years to meet the expected increasing demand following the GST implementation. “We are working together on how to create new solutions for the Indian market especially focusing on GST for likely immediate challenges,” DHL said.

A survey by tax software provider Tally Solutions found that more than 40% of small businesses were still not up to speed on how the GST works and two-thirds hadn’t yet installed compliance software. Experts believe most companies will have to give a lot of time and attention towards ERP version changes, like upgrading tax modules, for the new GST patches to work and comply with the new regime. “This transition for the companies would take anywhere from six to eight months, amid the evolving GST framework, law and business process making it a challenging task,” they said. Many companies are in utter chaos, say experts, as ERP is a complex system that records every transaction, from purchase of raw material to sales.

Companies would also need a fair degree of customisation of their IT processes for ensuring compliance in GST, experts said. Companies in the same sector would have to customise their ERP systems as per their needs. For this, companies are already working with vendors such as SAP and Oracle, as well as tax experts at the big four consultancies - EY, KPMG, PwC and Deloitte. Both SAP and Oracle individually, too, have started working with tax experts so that they can launch newer versions of their software – making sure companies are GST-ready!
GST to smoothen traffic woes

The roll-out of the goods and services tax (GST), which encompasses all the major central and state taxes, will ensure smooth movement of trucks across state borders.

After the roll out of the new indirect tax regime GST from the 1st of July, 22 States have abolished their check posts. Also, seven other States are in the process of abolishing their Check Posts.

Border commercial tax check posts have been abolished in 22 states, including Andhra Pradesh, Bihar, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Tamil Nadu, Sikkim, West Bengal, Delhi, Haryana, Odisha, Rajasthan and Uttar Pradesh, after the GST launch on July 1.

Also, eight states — Assam, Himachal Pradesh, Manipur, Meghalaya, Nagaland, Punjab, Mizoram and Tripura — are in the process of removing them, according to an official statement. However, there will still be toll collection points. The new indirect taxation system is aimed at creating a common Indian market. As such, entry tax, octroi and central sales tax (CST) were abolished with the roll-out of the new system.

Deloitte – a consulting and research firm - said the move would result in ease of logistics and transportation for companies. The abolition of check posts and the very concept of GST would help firms rationalise their warehouses.

In the previous value-added tax (VAT) regime, central sales tax was charged during inter-state movement of goods. To avoid that, companies used to do inter-branch transfers where the CST
Logistics

was not imposed. For that they used to set up warehouses in various states. Now, the GST will be imposed even on inter-branch transfers but input tax credit will be given, which was not the case under the CST. This will help companies reduce their warehouses, Deloitte said.

India figured 172nd among 189 nations in 2016 in the ease of doing business, ranked by the World Bank. Within taxes, the CST payment used to take 105 hours and the rate constituted 14.5 per cent of companies’ profits, according to Deloitte. According to the estimates of the World Bank, halving the delays due to roadblocks, tolls and other stoppages could cut freight times by 20-30 per cent and logistics costs by 30-40 per cent. “This alone can go a long way in boosting the competitiveness of India’s key manufacturing sectors by 3-4 per cent of net sales, thereby helping India return to a high growth path and enabling large-scale job creation,” Deloitte said.

“Freight and logistics networks will realign according to the location of production and consumption activities, creating the hub-and-spoke models that are needed to improve freight and logistics performance,” Deloitte added.

Representation on e-way bill...

The Express Industry Council of India (EICI) has made a representation to the GST Council regarding e-way bill rules proposed under the Goods & Services Tax (GST).

EICI is of the opinion that for the Express Delivery Services (EDS), which offers door to door, time definite services in relation to large number of small packages, speed is the differentiator in comparison to other modes of transport, and delivery time is generally measured in hours instead of days. The very nature of operations using the hub and spoke model entails multiple transshipments as well as multiple modes of transportation including air, road and rail.

However, this could be seriously jeopardized if the e-way bill rules are introduced. This would negate the savings in transaction costs and improvements in transit, and would lead to increase in logistics costs and delays.

The e-way bill proposed entails that the transporter logs into the GST network and generates an e-way bill for providing vehicle number right from the commencement of movement of goods and then continue to generate e-way bills each time
a vehicle is changed until the shipments are delivered to the consignee. This would mean that any courier going by bike or vehicle will immediately after picking up the shipment would need to go online and generate an e-way bill showing the vehicle number it is carried in before the same can be placed in the vehicle.

A typical express delivery route would have around 15 to 20 customer pickups. So each time the shipments are picked up, the same would need to be carried under an e-way bill generated then and there online. This would lead to major delays in carrying these shipments to the hubs for onward movement to destinations across India and the world. These delays would further lead to national and international transshipment connections being missed out. And consequent service delays and increase in transaction costs to the customers.

The concept of generation of multiple e-way bills for a single movement (i.e. origin, transportation and destination) is unique to India, which would obviously put the exporters at a disadvantage to their international competitors leading to India being an inefficient provider of goods and services.

The complexity and disruptive nature of the proposed e-way bill arises due to requirement of vehicle numbers to be filed multiple times, from first mile, i.e. when the shipments are picked up from the shipper’s address and for each subsequent change of conveyance in the case of multiple movements that is typical of EDS providers, until the last mile which is delivery at the consignee’s address.

Added to this is the requirement that the validity of e-way bills generated is based on distance
Logistics

of delivery, especially for service providers like EDS, this is highly unfeasible since it follows a hub and spoke model and validity of e-way bill could be highly impacted due to this. As door to door service providers, EDS would also have the additional challenge of consignees not being available at time of delivery and multiple attempts to be made on different days for delivery. Therefore, the validity of the e-way bills cannot be a simple function of distance covered vis-à-vis the time taken.

One of the solutions suggested by EICI, as an alternative to proposed e-way bill, is to require that the Goods Consignment note (also known as airway bill or lorry receipt) is filed in the GST network. The Consignment notes are unique in identity and are tracked by the EDS providers end to end until the shipments are delivered. This will also negate the need for any validity based on distance since the tax authorities will know status of shipment in each leg at any point of time.

Another solution could be for the e-way bill to be generated only at the consolidation points (hubs) and not at the first mile (pickup) and last mile (at time of delivery). There should also be no time validity of e-waybill once generated. This will give some relief from the draconian requirement of generating e-way bill at multiple pickup points.

e-way bill likely from October

The GST provision, requiring any good more than Rs 50,000 in value to be pre-registered online before it can be moved, is likely to kick in from October after a centralised software platform is ready, according to an official. The provision, called the e-way bill, would be implemented after infrastructure for smooth generation of registration and its verification through hand-held devices with tax officials is ready.

The information technology platform for the e-way bill system is being developed by the National Informatics Centre (NIC) along with GST-Network - the company which has developed the IT backbone for the new indirect tax regime. The Centre has also decided to relax the timeline provision under which the e-way bill generated by GSTN for 20 days for goods travelling more than 1,000 km. Earlier, this was 15 days.

As per the provision, GSTN would generate e-way bills that will be valid for 1-20 days, depending on distance to be travelled - one day for 100 km, 3 days (100 to less than 300 km), 5 days (300-less than 500 km) and 10 days (500-less than 1,000 km). The GST Commissioner may extend the validity period of e-way bill for certain categories of goods.
Global demand for air cargo in May 2017 surged 12.7 per cent compared with the same month a year ago, surpassed the 8.7 per cent growth recorded in April, according to the latest figures from the International Air Transport Association (IATA).

IATA said African airlines posted the largest year-on-year increase in volumes (measured in freight ton kilometers) of all the world regions for the month, with airfreight shipments growing 27.6 percent year-over-year. Air cargo capacity in the African market rose 14.7 percent during the period.

“Demand has been boosted by very strong growth on the (African) trade lanes to and from Asia which have increased by nearly 57 percent so far this year,” IATA said. “However seasonally adjusted growth has leveled off in recent months,” IATA added.

Meanwhile, North American carriers posted an increase in air cargo volumes of 13.9 per cent in May, and a capacity increase of 4.1 per cent. European airlines reached a 15 per cent increase in freight volumes for May and a capacity increase of 5.7 per cent, while Asia-Pacific airlines’ freight volumes expanded 11.3 per cent for the month, compared to the same period a year earlier and capacity increased 6.2 per cent.

Latin American airlines witnessed air cargo demand growth of 6.7 per cent in May, compared to the same period in 2016, and capacity increased 7.1 per cent over the same period. Middle Eastern carriers’ year-on-year freight volumes increased 10.2 per cent for the month. “This was a sharp jump from the 3.1 per cent dip in April,” IATA said.
Air Cargo

“The continued growth of air freight demand is consistent with an improvement in world trade,” IATA said. “This, in turn, corresponds with new global export orders remaining close to a six-year high in May,” it added.

The association warned, however, there are already “signs that the cyclical growth period may have peaked.” According to IATA, the global inventory-to-sales ratio has begun to rise, which “indicates that the period when companies look to re-stock inventories quickly, which often gives air cargo a boost, has ended.” IATA remains optimistic that demand for air cargo will continue to grow at a rate of 8 per cent during the third quarter of 2017.

Freight rates remains firm

Air freight rates enjoyed a 4% month-on-month rise in March, to $2.84 – an increase rarely seen at that time of the year. As Drewry released its latest East-West Airfreight Price Index, forwarders, shippers and airlines all support the evidence that volumes have been reasonably good so far this year.

But, at 8% higher than last year, last month’s all-in rate reflects a rebound – although nearly 7% lower than in March 2015, reflecting how much the market sank last year. Transpacific eastbound was the strongest lane, up 18% year-on-year to $3.74, an 8% rise over February, while transpacific westbound saw rates fall 6% from February, to $1.67, or 1% down year-on-year, said Drewry.

But the indicators continue to be good. Semiconductor sales have continued to rise for the seventh consecutive month, said IATA, adding the demand for silicon materials has also risen. Inventories have also shifted in a way that favours airfreight as there has been a sharp fall in inventory-sales ratio in the US over the past nine months.

Major airports have seen double-digit rises, while key carriers also reported good tonnage increases – the biggest gains from Lufthansa, up 19% year-on-year, and American and United rose 24%. Meanwhile, airlines have reported that product launches are now no longer confined to the fourth quarter and perishables are in year-round demand.
Export infra to get boost

In a major move to bolster export infrastructure, the Centre has given its approval for three proposals, including one to establish an Integrated Cargo Terminal (ICT) at the Imphal International Airport.

With inadequate infrastructure severely hurting the competitiveness of India’s exports, the Centre – for the first time under a new scheme launched in March to address the problem — has given its approval for three proposals including one to establish an Integrated Cargo Terminal (ICT) at the Imphal International Airport.

The other applications that received the green signal are: modernisation of infrastructure facility in Karnataka for marine exports – where the total cost is ₹13.34 crore; and construction of a new ‘Standard Design Factory’ building at Cochin Special Economic Zone (SEZ) for which a total of ₹61.63 crore will be spent.

However, the Executive Committee (EC) on ‘Trade Infrastructure for Export Scheme (TIES)’, which is being implemented from FY18 till FY20 has a budgetary...
allocation of Rs. 600 crore, postponed on technical grounds an application to set up the first dedicated facility in India to test medical devices. This is proposed to be established at the Andhra Pradesh Med Tech Zone in Visakhapatnam – with four separate facilities at a total cost of about ₹169 crore. The Indian medical device market was worth about $4 billion in 2015 and exports of these items from India were close to $1 billion (in 2016).

The EC has, however, granted an in-principle nod for a proposal to establish a ‘Coastal Cashew Research and Development Foundation’ in Karnataka, for which the total cost estimated is ₹10 crore.

The cost of building the ICT at Imphal is ₹16.2 crore, of which the share of TIES is ₹12.96 crore and that of the Airport Authority of India (AAI) is ₹3.24 crore. The AAI is learnt to have informed the EC that there was no cargo facility at the Imphal airport, and that the proposed ICT would act as a hub for air cargo movement and air connectivity to South-East Asian countries.

Poor Infra hurts exports

According to a recent report on ‘Export Infrastructure in India’ by the Department Related Parliamentary Standing Committee on Commerce, “deficient infrastructure and the manner in which infrastructure is being operated in the country are the major obstacles to ensure competitiveness in manufacturing of goods and exports thereof.” The report said Indian exports lose competitiveness on account of huge logistics costs. It noted that “the logistic cost in India is about 14% of the GDP whereas in advanced economies like the US and the European Union, it is 8% and 10% of the GDP respectively.”

An ASSOCHAM study conducted a few years ago shows that India runs against a disadvantage of about 11% of its trade due to deficient infrastructure. According to an ASSOCHAM-Resurgent India joint study, India can save up to $50 billion if logistics costs are brought down from 14% to 9% of country’s GDP, thereby making domestic goods more competitive in global markets. As per the Commerce Ministry, the objective of the TIES is to enhance export competitiveness by bridging...
gaps in export infrastructure, creating focused export infrastructure and first-mile and last-mile connectivity.

**Going digital**

The Centre will soon announce a mechanism that will facilitate online submission and processing of applications for setting up Inland Container Depots (ICD), Container Freight Stations (CFS) and Air Freight Stations (AFS). The proposed reform — with a view to boost India’s foreign trade — comes at a time when demands for setting up more ICDs, CFSs and AFSs in India have risen following the Rs. 8 lakh crore Sagarmala Programme on port-linked development as well as the Dedicated Freight Corridors (DFC).

The last reform of the ICD/CFS/AFS approval process was carried out in 1992 when an Inter-Ministerial Committee (IMC) — under the aegis of Department of Commerce (DoC) — was constituted for the purpose. Though the IMC is virtually a single window clearance mechanism, hailed as a major reform then, the process is now considered cumbersome as it involves submission of several documents and reports before and after the approval.

The newly proposed web-based mechanism, being developed by the government-owned National Informatics Centre Services Inc., is aimed at enabling the developer to submit applications online and track their status on a real-time basis. According to the DoC, the move will enable automation of the submission of applications, editing, updating of the applications by the promoter. There will be automated parallel processing of applications and display of status of the proposal both to the promoter and the IMC members.

“The objective is also to ensure greater transparency and accountability in the IMC mechanism,” according to officials, adding “that the web-based module is also expected to lower entry barriers and help more players enter the field.”
Pharma market up despite GST rollout

Despite GST concerns, Indian pharma market grew at 7.5% in June – thanks to rebound of anti-infective medicines and continued momentum of the chronic segment.

The Indian pharmaceutical market grew 7.5 percent in June holding steady in the run-up to Goods and Service Tax (GST) rollout starting from July, according to market research firm AIOCD-AWACS. The growth was led by rebound of anti-infective medicines and continued momentum of the chronic segment.

Analysts’ feared growth would be much worse in June due to trade destocking on account of GST. Instead the pharma market clocked Rs 9463 crore in June. “Anti-infective after a long time posted a positive growth of 3.1 percent for the month, while dermatology, Gastro Intestinal and Vitamins and mineral categories are growing lower than 10 percent on monthly basis,” analysts said.

Major chronic therapy like anti-diabetic is driving a high double-digit growth of 18.3 percent. Cardio segment has posted double-digit growth for the month, central nervous system (CNS) has grown at single digit.

Indian companies grew by 6.9 percent for the month while the multinational companies grew by 10.1 percent. Domestic sales of Sun Pharma, India’s largest drug maker, rose 5.7 percent on year to Rs 796 crore in June. The company had a market share of 8.55 percent. Abbott stood second with sales in India growing 8.7 percent at Rs 590 crore during the month. Cipla’s sales increased 3 percent to Rs 413 crore. Cadila Healthcare and Lupin were top growing companies in Indian domestic formulation market with growth rates of 19.4 percent at Rs 423 crore and 16.4 percent to Rs 319 crore, respectively.

Price-led growth of pharma companies stood at 2.9 percent, while volume increase was at 1.4 percent in June. Sales of drugs under price control fell 3.5 percent in June, while those of drugs outside the price control rose 7.5 percent, the data showed. Indian pharmaceutical market is worth around Rs 1,13,739 crore for the year ended June in 2016.
Pharma exports to the USA may go up

Despite pricing pressure and stiff competition, the Indian Pharma exports to the USA may go up in 2017-18 as USD 50 billion worth of drugs are expected to become off-patented during the current year giving hope to boost export market, said a report by Care Ratings.

“However, the Indian pharmaceutical industry is likely to face competition from other countries to get ANDA (Abbreviated New Drug Application) approval. Apart from this, the Indian pharma companies will continue to witness pricing pressure in the US generics market due to consolidation of distribution channels and increase in competition,” the Care report said.

“Despite this, the pharma export volumes from India to US are expected to rise. This will be backed by about USD 55 billion expected sales gain to generics drugs on account of branded drugs going off patent during 2017-19 which will create an opportunity for CRAMS segment. We expect growth rate for CRAMS (Contract Research and Manufacturing Services) to be higher compared to average growth rate of the industry. These factors are likely to support pharma exports from India,” the Care report said.

The Indian Pharmaceuticals Industry (IPI) earns around 70 per cent of its revenues from sale of generic drugs and generates around 50 per cent of its revenues from exports.

IPI registered revenue of around USD 33 billion in 2016. Exports form a major part of the industry’s turnover and over 50 per cent of the sales comes from exports. Of the total exports of USD 16.8 billion during the year 2016-17, majority of the exports, accounting for 40.6 per cent were to the American continent followed by 19.7 per cent to Europe, 19.1 per cent to Africa and 18.8 per cent within Asia, the report said.

In 2015-16, exports to USA surged by 27.8 per cent to USD 5.5 billion on a year-on-year basis. However, the export scenario to USA weakened and it grew by a marginal 1.3 per cent to USD 5.6 billion in 2016-17. In 2016-17, the industry faced a slew of issues with increased scrutiny of regulatory authorities, increase in competition in generics market of one of its primary export destination, USA. This, in turn, resulted in marginal growth in exports to that country.

Also, stricter enforcement of Drug Price Control Order has impacted revenue growth rate of the industry in domestic market, the report said, adding with implementation of GST, there will be no major change in the prices of medicines and there is an expectation that the government will continue to keep a check on the prices of controlled as well as non-controlled drugs.
Railways

GST puts Railways off-track

Compared to the road sector’s uniform 5%, the Goods and Services Tax for the container trains is 12.5%, which is likely to put the rail sector in quandary...

Railways will seek a reversal in the GST rate fixed on movement of container cargo by rail as the same for roadways has been kept at less than half. The Railways are of the view that this will create an unfair price advantage for the road sector, thereby throwing container cargo business for railways out of track. The GST regime will impose a 12 per cent tax on container cargo moved by the railways whereas the same container moved by road will attract only 5 per cent GST.

In the new tax regime, railways will charge 5 per cent GST on container/logistics companies, including its own Container Corporation of India (Concor) on the fee these companies pay to railways for the haulage. The tax the cargo movers will levy on their clients if the containers go by railways will be 12 per cent, whereas the same carried on trucks by road will attract 5 per cent.

In the existing tax ecosystem, the tax burden on the client in road sector is 4.2 per cent, which will rise to 5 per cent post GST — a
marginal rise. For railways, the same will shoot up from the current 5.6 per cent to 12 per cent. As per calculations of the ministry, Concor alone is slated to lose out between 30 and 60 per cent of its business eventually if the proposed rates prevail, railway officials said.

Railways has pinned hopes on the container cargo business for future expansion of its footprints in white goods sectors. The new GST rate threatens to upset those plans, the officials said. Railways has given licenses to 17 container operators, known as intermodal service providers to own the container trains (rakes), which are just hauled by an engine on tracks owned by Railways for which the transporter charges a fee. Meanwhile tops officials from the railways along with Railway minister Suresh Prabhu are likely to meet finance minister Arun Jaitley to discuss further course of action.

High-speed freight locomotives

The Indian Railways (IR) will introduce high-power electric locomotives in 2018, according to railway sources. IR intends to produce 800 such train engines over the period of next 11 years in a joint venture with French giant Alstom. The train engines will be manufactured at the Madhepura locomotive factory in Bihar.

The high-power electric locomotives will also be utilised to haul freight trains at twice the existing speed. The railway official said that this is the first major foreign direct investment (FDI) in the railway sector, adding that the increase in speed will result in improving the line capacity of the railway’s network. The first of its kind high-speed locomotive is estimated to cost around Rs 30 crore and will have its trial run by February 2018, he added.
Zebra introduces two new industrial printers designed to withstand the harsh environments while delivering superior print quality and uptime.

U.S.-based Zebra Technologies Corporation, a market leader in barcode scanners and printers, has introduced two new industrial printers designed to withstand the harsh environments while delivering superior print quality and uptime. The ZT610 and ZT620 maintain Zebra’s legacy of producing durable, reliable printers with fast print speeds that increases productivity in the retail, manufacturing, transportation and logistics and healthcare industries.

Friendly features
Building on the success of the Xi4 series, the ZT600 printer series offers new user-friendly features like simplified media and ribbon loading, a highly visible colour display that shares printer status and guided multi-media help that indicate errors to help users resolve issues quickly and increase printer uptime.

The ZT600 series runs Link-OS applications designed to streamline device deployment, network connectivity, daily use, and routine maintenance to optimize productivity. Printer Profile Manager Enterprise enables IT staff to maintain Link-OS enabled printers with the most up-to-date security and makes it easy to remotely manage, troubleshoot and configure fleets of Zebra printers from a single location, reducing operational expenses.

Cost-effective
Zebra is also introducing the cost-effective ZT510 printer, ideal for applications that require a basic feature set, yet exceed expectations of high-quality printing and durability. Zebra printers work best with Zebra Certified Supplies, including thermal labels, tags and stock RFID identifiers, are available to help ensure consistency, while lowering total cost of ownership and optimizing printer performance. Zebra also announced Printer Profile Manager Enterprise: a browser-based remote printer management solution for Zebra Link-OS enabled printers that greatly reduce cost and management time.

The company said: The ZT600 series printers provide unrivalled quality, durability, and performance that can withstand any environment. Our Link-OS enabled products are network devices that are also great printers. With the introduction of Link-OS in our industrial printer line and the Printer Profile Manager Enterprise, Zebra is providing customers with printers that are easy to network, use, deploy, maintain and troubleshoot, which improves productivity and operational efficiency.