

CREATING GAINFUL EMPLOYMENT THROUGH SKILLING IN THE LOGISTICS SECTOR

Article

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The demand for skilled manpower in logistics sector has witnessed a surge in recent times, owing to government and industry-led initiatives. Skilling workforce for this sector could provide gainful employment to several million Indians in the coming decade, in addition to reducing costs and inefficiencies in logistics.

Logistical services, consisting of packaging, warehousing, transportation, supply chain and related solutions, act as the engine that make physical commercial transactions possible. In India, the logistics sector employs around 22 million people, of which a large proportion is made up of partially skilled, or unskilled workers¹. With the recent trends of globalisation, urbanisation and digitalisation, logistics is all set to expand - creating opportunities for gainful employment for India's young and burgeoning workforce.

¹ [Logistics Skill Council](#)

KEY DRIVERS OF SECTOR GROWTH

The growth of e-commerce and domestic manufacturing, especially in the past few years has given the logistics sector a significant boost. The logistics sector is estimated to grow to the tune of \$215 billion by 2022, at a CAGR of 10%². This growth is enabled by a number of factors, such as increased foreign direct investment, rapid investment in mega infrastructure projects, evolving logistics regulatory policies, growth of cold-chain markets, increase in consumer demand and digitization of supply chains. The pandemic and the ensuing transitions in the commercial space has also brought about a digital transformation across the logistics supply chain.



Fig. 1: Enabling trends for growth of logistics sector

The growth of this sector is accompanied by the emergence of new trends in logistics. These trends mirror the growth of digitization across industries, as well as an emphasis on environment-friendly business practices. Some of these trends include

- development of integrated cold-chain and preservation infrastructure
- blockchain and IoT-based warehouse management
- the impetus to green logistics, i.e., minimizing carbon footprint in last-mile delivery,
- rise of the gig economy, and
- emergence of third-party and fourth-party logistics service providers.

These changes have opened up diverse opportunities within the sector, thus augmenting the demand for workers with new skill sets. It is expected that transportation, warehousing and packaging businesses will have generated nearly 11 million jobs by the end of this decade³.

² [Indian Logistics Market Report](#)

³ [Human Resource and Skill Requirements in Transportation, Logistics, Packaging and Warehousing. KPMG](#)

STATE THRUST ON LOGISTICS SECTOR

The logistics sector is also thriving as a result of state-driven policy initiatives. The recently launched [National Logistics Policy](#), for instance, lays emphasis on leveraging skilled manpower and best-in-class technology for an efficient logistics network.





	Rs. 1.5 Lakh Crore stimulation package was directed towards 26 sectors including manufacturing and logistics for job creation
	Mega Investment Textile Parks (MITRA) and the National Infrastructure Pipeline (NIP) announced in budget 2021-22 hold potential for job creation
	The National Apprenticeship Promotion Scheme is actively promoted and has been assigned Rs. 3000 Crores in the 2021-22 budget
	35 Multi-Modal Logistics Parks (MMLPS) to be constructed under the Bharatmala project which aims to build 83,677 km of highways by 2024
	Apex Skill Development Centres for Logistics were established to meet the labour requirement of several industrial investments as spearheaded by Tamil Nadu
	The Sagarmala initiative which was established in 2016 envisions reduction of domestic and EXIM cargo costs through infrastructure investment

Fig. 2: Policy initiatives that promote growth in the logistics sector

NEED FOR SKILLING THE LOGISTICS WORKFORCE

The logistics sector is a labour-intensive sector that employs nearly 22 million people. Of these, only 4.7% are formally skilled, while a majority of the manpower remains unskilled or partially skilled. Given the recent developments in this sector, there is an urgent demand for skilled personnel to meet the burgeoning demand. Logistics has been identified as one of the [top-five](#) employment-generating sectors in the wake of the pandemic. It is expected that the transportation and warehousing industries will employ over 25 million people by 2022.

The need for skill development across the sector is also intensified by the fact that lack of skilled workers contributes significantly to the cost burden in this sector. Logistical costs account for 14% of India's GDP, significantly higher than that for developed countries (<10%)⁴. The requirement of last-mile logistics has surged with the rise of e-commerce. However, issues such as failed delivery and reverse

⁴ [Performance and Prospects of Global Logistics, World Bank.](#)

logistics result in considerable last-mile delivery costs – nearly 50% of retail transportation costs⁵. Investing in skilling and training interventions for current and prospective workers are therefore essential for bringing down costs and enhancing efficiency in the logistics sector.

CURRENT SKILLING INTERVENTIONS IN THE LOGISTICS SECTOR

Cognizant of the surge in the logistics sector and the potential it carries for generation of gainful employment, there has been impetus towards skill development interventions for the industry. The National Skill Development Council (NSDC) categorizes job roles by skill set. The Logistics Sector Skill Council has been scaling skilling through industry partnerships, cross-departmental partnerships to scale skilling across its 12 sub-sectors. The council offers over 50 qualification packs in areas such as warehousing, land and air cargo, exim logistics, courier and mail services, among others⁶.

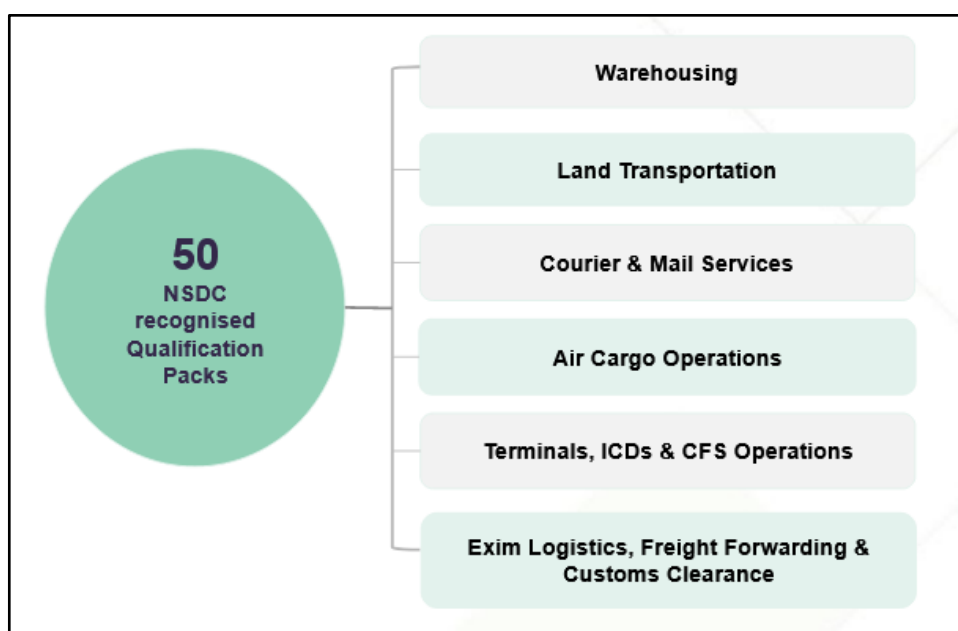


Fig. 3: Qualification packs across areas

A number of institutions, such as the CII-Institutes of Logistics, National Institute of Logistics and Material Management, Tata Driving Schools and others also offer undergraduate, postgraduate, diploma and certificate courses in areas such as supply chain management, warehousing and transportation. The recently established Centre of Excellence in Logistics and Supply Chain Management at NITIE is another step towards knowledge and capacity building in the sector.

Industry-led training is another building block of the existing skilling infrastructure. Flipkart, for instance, aims to develop a pool of skilled supply chain personnel through its [Supply Chain Operations Academy](#).

⁵ [E-Commerce and Retail Logistics in India, KPMG](#).

⁶ [Human Resource and Skill Requirements in Transportation, Logistics, Packaging and Warehousing, KPMG](#)



WAY FORWARD

While government and industry stakeholders have taken cognizance of the need for skilling in this sector, existing initiatives need a boost to effectively address the demand gap in the coming years. Even as these initiatives work to fulfil the demand gap, the existing skilling ecosystem needs to take a more integrated approach to connect the workforce with the right job roles.

- **Formal training:** A majority of the workforce in the logistics sector is made up of unskilled or partially skilled workers. A focused skilling intervention on logistics courses will help the coming workforce to learn the necessary skills and gain critical information so they can operate logistical functions properly. Training programs could include a variety of subjects like Management, Distribution and Logistics. The training needs to address the skill requirements across entry-, mid- and executive-level job roles.
- **Allied Skills Training:** The fast-changing job roles with increased customer centricity and automation across the entry, mid and advanced levels require focused training on allied skills, including digital literacy and life skills like interpersonal skills, communication skills. Hence, the training interventions need to be inclusive of these focus areas.
- **Upskilling existing workforce:** Emerging changes in the industry, increasing digitisation of the supply chain as well as the digital transformation accelerated by the pandemic demand for companies to act faster and redesign their operations. It is crucial that these workers be upskilled or reskilled, to ensure their retention and growth in the industry.
- **Awareness:** Stakeholders in the ecosystem need to invest in creating awareness about the types of job roles across areas, and the necessary skill sets for employees. Targeted student mobilization initiatives that direct them towards relevant training programmes could prepare them for entry- and mid-level positions in the industry.
- **Safe migration:** Most jobs in the logistics sector are currently concentrated in metropolitan cities and urban areas of the country. This growth results from rapid urbanization and expansion of last-mile logistics in urban and peri-urban areas. These roles attract a migrant workforce from low-income groups from other parts of the country. This migration is usually rural-to-urban, necessitating interventions that facilitate safe migration, post-placement support and enabling access to utilities and social welfare for migrant workers in cities that are logistics hubs. Such interventions could establish the sector as a source for gainful employment and attract more skilled manpower in the long run.
- **Knowledge creation:** The logistics sector lacks a dedicated workforce supply database, owing to the near-informal nature of the engagement of the bulk of its workforce. This leads to concentration of labour in established logistics hubs and a shortage of skilled manpower in emerging centres. Stakeholders should undertake gap assessment and database generation exercises to ensure that available personnel are matched with the right opportunities.

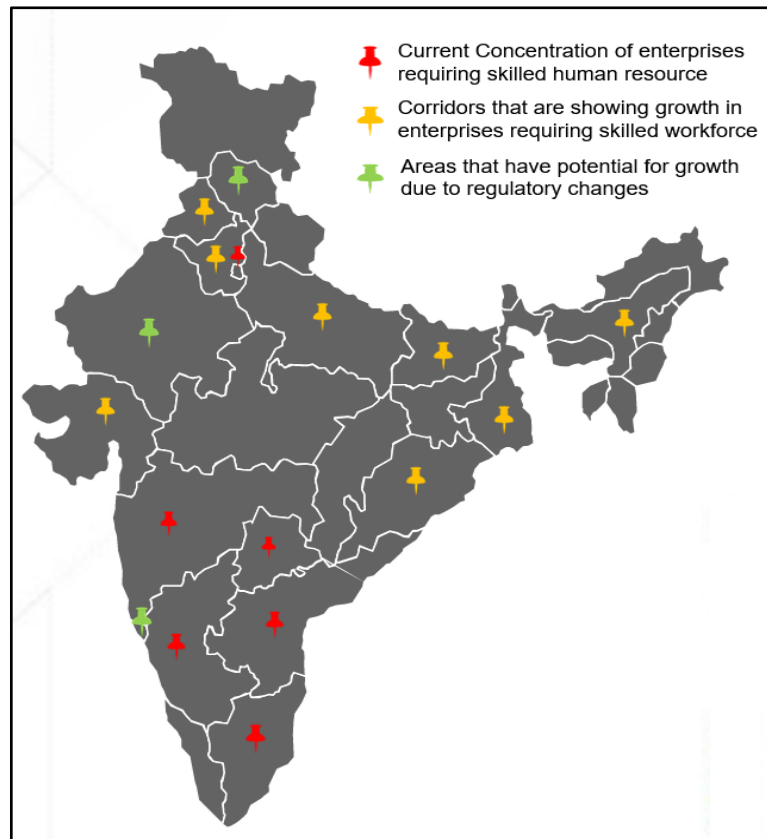


Fig. 4: Demand concentration for skilled manpower

The logistics sector presents many opportunities for gainful employment in the coming years. The growth of this sector is supported by government- as well as industry-driven initiatives. As a labour-intensive sector, it has the capacity to absorb migrant as well as surplus rural labour. The variety of job roles in this sector means that workers with varying skill levels, especially from low-income communities, can be accommodated and offered decent jobs in the burgeoning industry. Therefore, systematic efforts at skill development and candidate-industry matching by the stakeholders are essential to leverage this opportunity effectively.
