

All Stakeholders Should Involve in Safety of Chemical Supply Chain Logistics

– Rajkiran Kanagala

With the global spotlight on environment, safety and sustainability, these issues have become crucial for chemicals transportation.

This interview highlights those concerns.

Question: How are the environmental risks managed during the transit of liquid products like hazardous chemicals or petroleum products?

Rajkiran Kanagala (RK): Chemical industry is a highly complex industry. Dangerous goods can be transported only if handled properly and with care. All the laws & regulations, standards or guidelines to protect the environment are only limited to plant level and are not prevalent in end to end supply chain.

The main challenge to maintain safety standards throughout the value chain is managing the cost. While chemical industry is hell bent on logistics players to maintain safety standard, they are not ready to bear the cost of maintaining these standards.

No matter how much we pretend to be committed to safety, it will not be effective unless the manufacturer, trader, worker, transporter or inspecting authority do not share the financial responsibility.



Q: How are logistics and supply chain complexities managed as there are number of stakeholders involved in the transportation of chemical products?

RK: Safety is a serious business for the chemical industry. Because of the nature of its products, the industry needs to be more vigilant to ensure that goods do not spill or are tampered with during transit. Though ISO Tanktainers are considered to be the safest mode of bulk transportation of chemicals, yet their availability in the market is less. The reason behind logistics players' ambivalence to invest in this costly asset is again non-willingness of chemical companies in sharing the cost.

To rectify the problems of the chemical transportation industry, a serious re-appraisal of the basic guiding principles of the industry is the need of the hour.

Q: According to you, what is the impact of GST for the chemical and petrochemical industries and for their service providers?



Rajkiran Kanagala, (Alumni of Harvard Business School), Sr. Vice President and Group Head, Business Development with TCI is also heading the Chemical and SAARC vertical. He has worked extensively with customers in both domestic and international markets and has spent nearly 11 years in international business development and sourcing. Before joining TCI in 2006, Rajkiran has held various positions with leading OEM companies.

TCI Group, with revenues of over ₹3600 crore, is India's leading integrated supply chain and logistics solutions provider.

RK: Almost every impact of GST on the Indian industrial sector looks positive like in the case of most of the industries. The benefits are same for all, consolidation leading to reduction in costs.

The only difference being that in-transit/short term storage of chemicals is not as easy as in the case of other consumer goods as correct storage and handling of the product across the value chain remains a challenge. Add to it, benefits of consolidation in storage/warehouse space is also not so easy for chemical industry since compliances/licenses do take time and risk mitigation issues come in.

Q: Environmental and sustainability concerns are pushing companies for adapting greener transport modes but this would increase the cost. So how can companies face this challenge?

RK: The future belongs to multimodal logistics by

rail and sea. Forwarders, particularly in branded companies, increasingly have to deal with customers who are demanding sustainability in logistics. Therefore, logistics companies are required to offer suitable solutions. If we're talking about 'green transport', then inevitably we are talking about using trains and ships.

Rail transportation is anytime much cheaper than road transportation in long haul. ISO Tanktainers with higher loading capacity are able to pass on the cost benefit to chemical companies. One of our joint venture companies, TCI Concor is doing end to end movement of solid and bulk liquid chemicals by rail. Up till now we have safely moved around 2mn tons of chemical by rail and proud to call ourselves as "Leaders in 'Green Logistics'".

We hope in future, many companies will definitely opt for transportation via rail route more than what is currently been seen.



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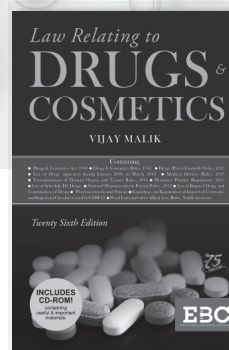
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