

ENROUTE™

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TCI
LEADERS IN LOGISTICS



LOGISTICS CONSUMPTION IN BHARAT

COVER STORY

Consumption growth at the Bottom of the Pyramid

The Indian economy is consumer-driven, with consumption contributing about 60 per cent to the Gross Domestic Product (GDP). As per a Boston Consulting Group (BCG) report titled Going for Gold, that was released in February 2019, the consumer market in the country was estimated at Rs. 110 lakh crore in 2018. Domestic consumption has grown at the rate of 13 per cent in the last decade and although it slowed recently due to the deceleration in the economy, it is expected to grow much faster in the near future, given the bottom of the pyramid population transition from the low-income to the middle-income class.

Markets in Bharat are driven by increasing purchasing power of the consumer and the confidence in Bharat's economy is due to:

- 1) Lower dependence on agricultural income, increase in non-agricultural income and rising inflow of remittances from migrant population. The farm income has also increased due to government procurement schemes.



- 2) Government has increased investing in Bharat.
- 3) Easy access to finance and credit has increased the flow of money in the Indian households.

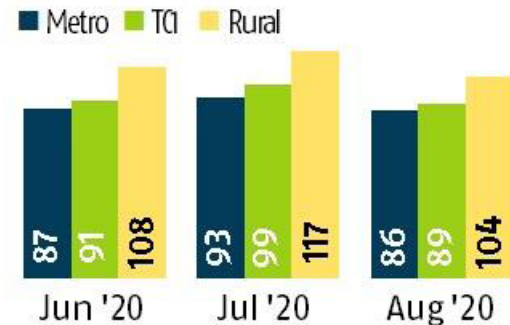
Bharat driving FMCG growth

In 2019, India's FMCG market grew by 8% while Bharat's by 5% (Source IBEF FMCG industry in India). On the contrary, at a time when India has been stumbling on account of the pandemic, Bharat mushroomed for FMCG companies.

Certain Government interventions such as lower tax regime for FMCG products, transformation of warehousing and storage due to introduction of GST, installation of Wi-Fi hotspots across 1000 gram panchayats have also helped this sector to grow. Currently, companies are investing in the hinterlands, broad-basing their low-unit price pack strategy and increasing their rural penetration by adding more field force and distributors.

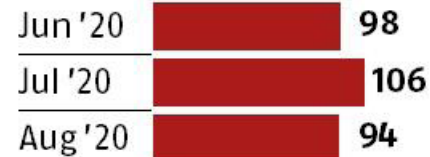
RURAL AREAS DRIVE FMCG GROWTH

(Figures indexed to 100)



OVERALL FMCG GROWTH

(Figures indexed to 100)



*TC1 is town-class one or tier 1 markets

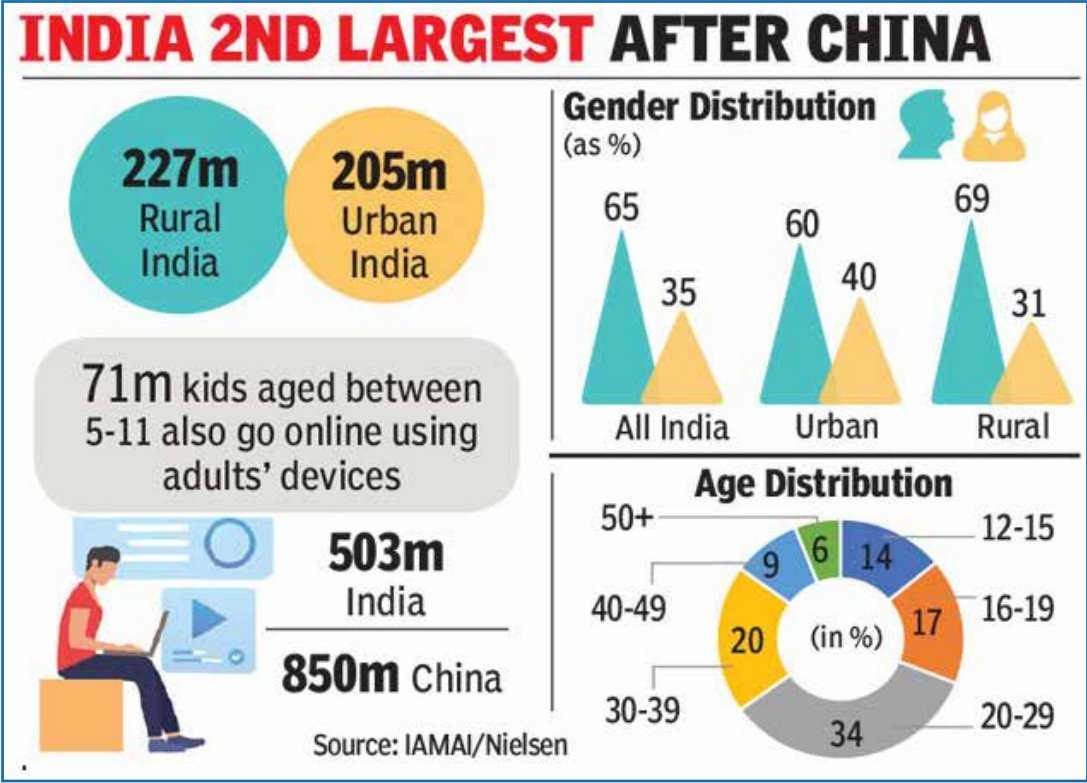
Source: Nielsen; figures for Sept '20 not disclosed

Post COVID: Since the COVID-19 pandemic some of the emerging trends in FMCG for rural markets are:

- 1) Rural FMCG sales grew at 3 times compared to all of India's growth in terms of sales value for the period 2020 (Bharat grows at 3X of India in FMCG - South Asia monitor)
- 2) There was an increase in the sale of immunity products and health & wellness products in smaller SKUs
- 3) The industry also saw many first time e-commerce shoppers in the rural markets (Source: ET)

Impact of Digital Network

Our nation is one of the largest and the fastest growing markets for digital consumers. This substantial growth of digital economy was largely led by consumers in India. As per the latest TRAI report, internet penetration in Bharat was only about 33% compared to 99% in India. This gap mainly stems from two factors – lack of infrastructure and awareness. Broadband penetration in Bharat continues to be poor at 29.1% against national average of 51% with 687 million subscribers as of March 2020, according to a report by Deloitte. Also, key challenges holding back the potential growth and mass adoption of broadband in India are right of way issues, cost of infrastructure deployment, levels of digital literacy, and access to affordable devices.



The gender gap continues to be glaring. Only 35 percent of the users at an all-India level are women. Only 31 percent of women in Bharat have access to the internet vis-a-vis 40 percent in India.

To bridge the gap between the digital divide, the Indian government has launched the “Digital India” programme. One of the major objectives of the programme is to improve digital infrastructure in the country and particularly in Rural India. Some of the initiatives undertaken as a part of this policy to boost rural digital infrastructure are highlighted below. (Source: <https://www.ibef.org/blogs/rural-india-digitization-a-box-of-opportunities>)

Initiatives	Description
Bharatnet	Aims to provide broadband access to 250,000 Gram Panchayats (GPs) through a network of Optical Fiber Cable
Common Service Centres	CSCs are centres through which e-governance and related services will be made available to villages
Universal Access to Mobile	Aims to provide mobile access to more than 55,600 villages that do not have mobile coverage
Digitization of Post Offices	Digitization of post offices including setting up centralized data centres, networking of all post offices and enabling digital payments

To improve digital awareness, the Indian government launched ‘Pradhan Mantri Gramin Digital Saksharta Abhiyan’ under the ‘Digital India’ initiative with an aim to make six crore Indians residing in rural India digitally literate. Sensing that the Internet connectivity is a big hurdle for digital payments in rural India, the Reserve Bank of India (RBI) is also pushing forward for offline solutions. Offline payments are transactions that are either processed without a data connection or where the transaction is recorded offline and processed at a different point of time. In August 2020, RBI rolled out a pilot scheme for small value payments (maximum up to Rs. 200) in offline mode at retail outlets.

As per IAMAI (Internet and Mobile Association of India), most people access the Internet on their smartphones. It has become their “device of choice” across Bharat & India. As a result, the country has compelled global tech companies to formulate a mobile-first strategy for the market.

Challenges like connectivity, quality of service, lower level of infrastructure available and affordability of mobile Internet still persist in Bharat, which makes it difficult for users to access the Internet. The time spent on the Internet continues to be higher in India. A third of users in India access the Internet for more than one hour every day, while less than a fourth of rural users in Bharat do the same.

Google Pay partnered with Pine Labs in 2019 to allow merchants to initiate payment requests by punching in a customer’s mobile number on their PoS devices, while Paytm launched a Tap-to-Pay card (NFC based) in 2018, through which customers could load money onto the card, with or without the Internet, and pay merchants by tapping the card on the merchants’ terminal. These initiatives by the government and the effort from the private sector are huge steps towards digitizing rural India, but touch just a fraction of the rural population. As smartphone penetration and mobile data usage grows in Bharat, governments, regulatory bodies, financial service providers and fintech companies need to collaborate to unlock the potential of a digital Bharat.

Release of “Customized My Stamp” on the Birth Centenary of Shri PD Agarwal, Founder Chairman, TCI



“Organizations are built by people. People are built by opportunities. Only a true leader provides those opportunities.” Late Shri Prabhudayal Agarwal (PDji), (1st January 1920 - 17th September 1982) as he was affectionately called was among such people. He was an entrepreneur, businessman, a philanthropist, an enthusiast with a never give up attitude, a trendsetter and a

pioneer of the transport industry. In the year 1958, with just one truck plying between Calcutta and Bombay Shri. PD ji laid the foundation of Transport Corporation of India (TCI). His belief that trust and total commitment towards customers are key to the success of the organization stands true even today.

TCI was privileged to honor and celebrate the Birth Centenary of its Founder Chairman Shri. Prabhu Dayal Agarwal (Shri. P.D. Ji), with the release of a 'Customized My Stamp and Special Cover'. The stamp was unveiled by Mr. Dushyant Mudgal – Director – Postal Services, Delhi Circle in the presence of



(Dr. Mahendra Nath Pandey - Honorable Minister of Skill Development and Entrepreneurship (MSDE), Shri. D. P. Agarwal, Chairman & Managing Director - TCI Group, Shri. Dushyant Mudgal, Director Postal Services - Delhi Circle, and Mr. Rajkiran Kanagala, Sr. VP & Group Head - Business Development – TCI, present at the Honorable Minister's residence for the stamp release.)



Shri. Mahendra Nath Pandey – Hon’ble Minister of Skill Development and Entrepreneurship (MSDE) at New Delhi on 22nd December 2020. Shri. D.P. Agarwal (Shri. DPji) – Chairman and Managing Director TCI Group, Mr. Vineet Agarwal, MD – TCI; Mr. Chander Agarwal, MD – TCI Express Ltd. & Director – TCI Group and Mr. Rajkiran Kanagala, Sr. Vice President & Group Head – Business Development – TCI were also present on this historic day.

Nearly 400 people have witnessed this momentous occasion, including esteemed members of AIMTC, AITWA, other leading state transport associations, IIMR, express and logistics industry, via online video conferencing.

Shri. Dr. Mahendra Nath Pandey, the Honorable Minister of Skill Development and Entrepreneurship (MSDE), while addressing the

gathering said that having been so closely associated with Shri. P.D. Agarwal, it was his privilege to have the opportunity to release the ‘Customized My Stamp and Special Cover’ in his honor.

Vividly recalling his interactions and experiences with Shri. PDji and with TCI, Shri. Dr. Mahendra Nath Pandey said, “As a dedicated logistics company, backed with high values and, virtues, there is not one transport challenge in the country that TCI has not stood up to. Shri. PDji started with just one truck plying between Calcutta and Bombay and even after it burnt in a fire, he compensated the customers. Shri. PDji managed to create a company that gives precedence to the nation and the society while serving with utmost sincerity, building confidence and trust in their customers.



He appreciated the TCI fraternity & Shri. D.P. Agarwal especially for strengthening the legacy left behind by Shri. PDji.”

Shri. D. P. Agarwal, Chairman and Managing Director - TCI Group, felt humbled to remember how Shri. P.D Agarwal’s efforts have been instrumental and a continuous source of inspiration for them. He also threw light on how Shri. PDji’s contribution to our society extends beyond transport to education, health, village development, women empowerment.

The ideals and visions of our Founder-Chairman will always remain a source of inspiration.



ASSOCHAM's Foundation Day 2020 keynote address delivered by Hon'ble Prime Minister, Shri Narendra Modi, in presence of its senior leadership



(Courtesy : ASSOCHAM)

The Associated Chambers of Commerce & Industry of India (ASSOCHAM), the country's oldest and most proactive apex industry body celebrated its Foundation Day 2020, on 12th December 2020. To mark the occasion, the chamber planned a 5-day virtual event from 15th to 19th December 2020 with the central theme 'India's resilience: Aatmanirbhar roadmap towards a US\$5 trillion economy'. The occasion was graced by stalwarts from the industry and eminent speakers including Honorable Prime Minister of India, Shri. Narendra Modi, who delivered the keynote address.

Addressing the gathering, the Prime Minister stressed the fourth industrial revolution and commended the business community for their contribution to nation-building. He asked the industry to increase their investment in R&D especially in sectors like agriculture, defense, space, energy, construction, pharma, and the transport sector.

The event marked with Mr. Vineet Agarwal, MD – TCI taking over as the New President of ASSOCHAM. During his address to the nation, Mr. Agarwal said “I am honored to be heading ASSOCHAM which has such a rich heritage and lineage of leadership. ASSOCHAM has extensive experience at the grass-root level which we would leverage to champion the cause of MSMEs so that they continue to prosper. The post-pandemic period would be full of challenges and opportunities; I would work with all the stakeholders - industry, government, academic, civil society, and the ASSOCHAM employees to leverage the unfolding opportunities.”

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