

Second, the growth of the manufacturing sector has played a crucial role. As manufacturing activities continue to expand, the need for warehousing space to store raw materials and finished goods has grown substantially. The subsequent growth in core demand sectors such as retail, FMCG, FMCD, pharma, and auto has been the other key driver. The manufacturing sector, contributing approximately 17 per cent to the GDP, is expected to play an even more substantial role in the future, supported by government-promoted initiatives like Production linked incentive (PLI) scheme, Make in India, Atmanirbhar Bharat, and Skill India, which is expected to drive industrial growth. As the manufacturing industry evolves, new-age manufacturers are looking towards third-party logistics providers (3PLs) for warehousing facilities. Further, FMCG and FMCD are moving from Grade B warehousing to Grade A in order to improve their efficiency, compliances, etc. As a result of this, India's Grade A warehousing sector is poised to show a growth of 15 per cent by 2025, according to a jointly developed industry report by CREDAI and Anarock. This, in turn, would create the opportunity for India to become a global leader in the warehousing sector by 2027, the report states.

Another reason is the influx of multinational logistics, particularly 3PL companies to the Indian market, who follow international standards of designing and storage optimisation measures to match customer expectations. With a focus on modern and technologically-advanced warehouses, these players have been able to provide efficient and effective solutions to customers. Additionally, these warehouses follow every standard storage norm and conform to local regulations and statutory compliances, further enhancing the quality of their services and reducing costs.

Importantly, with India's rising importance in the global value chain, it is estimated that the industrial and logistics (I&L) stock



In the last decade, warehousing practices have undergone significant changes and trends. Firstly, the expansion of businesses across India has driven the establishment of warehouses in tier II and III cities. This decentralisation aims to enhance supply chain efficiency and reduce transportation costs. Secondly, the rise of e-commerce has reshaped warehousing. Facilities are designed to handle smaller, individual orders, leading to new picking and packing methods. Thirdly, automation and technology integration have become the norm. Warehouses now employ robotics, conveyor systems, and advanced warehouse management software to boost efficiency and reduce errors. Further, data analytics and real-time tracking have become essential for optimising operations.

NIRAV DOSHI
Founder, NIDO Group

would double by 2030 to cross 700 million sq ft as occupiers continue to expand across segments such as e-commerce, 3PL, and engineering & manufacturing. It is therefore estimated that more than US\$20 billion in investment would be required to develop additional I&L spaces by 2030 across the length and breadth of the country. The government has already taken significant steps to address the concerns, which includes establishment of multimodal logistics parks (MMLPs), aggregation/disaggregation centres, dedicated freight corridors (DFCs), port terminals, and advanced warehousing and storage facilities which also include CFSs and ICDs. The PM Gati Shakti programme, for instance, specifically focusses on enhancing roads, railways, ports, and airports, with special attention to congestion-free logistics infrastructure.

The government has laid out the perfect foundation for India to chart its growth trajectory. Its focus on infrastructure development has already created a conducive environment for the warehousing sector. Development of roads, highways, and logistics parks have improved connectivity and transport efficiency. Introduction of GST, infrastructure status to the logistics industry, 100 per cent FDI, Digital India, clubbed with the recent launch of the National Logistics Policy, and renewed push for standardised warehousing infrastructure is proving conducive towards the creation of a prosperous I&L sector.

Reorganising to capture maximum value quickly

Warehousing in India, although burgeoning, has a long way to go before tapping into its full potential. In particular, the country's I&L sector has evolved from a typical transportation and storage-focussed activity, only a decade back or so, to a specialised role that, today, includes end-to-end product planning and management, value-added services for last-mile delivery, and predictive analytics – by leveraging available resources and capitalising on the business apart from putting in place globally recognised warehousing norms and practices.

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“Thirdly, automation and technology integration have become the norm. Warehouses now employ robotics, conveyor systems, and advanced warehouse management software to boost efficiency and reduce errors. Further, data analytics and real-time tracking have become essential for optimising operations. These tools aid in demand forecasting, inventory management, and supply chain monitoring.”

In summary, Doshi says, these changes underline the dynamic nature of the warehousing industry. “Therefore, staying updated with these trends and adapting strategies is crucial to meet the evolving market demands.”

“A paradigm shift is being witnessed in the demand landscape of the industrial and warehousing real-estate sector. Today, warehouses do not just provide confinement of goods but also serve various services such as packaging, sorting, blending, and processing,” agrees

Hemant Prabhu Keluskar, Chief Operating Officer, Greenbase Industrial & Logistics Park (a fully-owned subsidiary of Hiranandani Group).

“From just being a ‘storage space’ to being an integral part of the logistics chain, it has been a journey of change for Indian warehousing over the past few years. Till a few years ago, warehousing in India had not kept pace with international trends, neither in terms of quality nor quantity. Now the scenario has changed, warehouses have become a vital segment of the rapidly growing logistics industry.”

“Companies have pinned the focus on optimal capacity utilisation, cost efficiency and hi-tech integration in the business model.

By 2027, India's warehousing sector projected to reach a staggering ₹2,872.10 billion, with a compound annual growth rate (CAGR) of approximately ~15.64 per cent during the 2022 to 2027 period. These numbers indicate a significant opportunity for investors and businesses.

Therefore, they are not just ramping up their capacities, but also bringing in technology and automation.”

“The just-in-time (JIT) delivery phenomenon has induced market players to diversify their footprints across geographies from metropolises to tier cities. Further, the demand for instant delivery has nudged companies to practice hub-and-spoke models with in-city warehousing gaining momentum,” continues Keluskar.

“The reverse migration during COVID times impelled commercial real-estate players to foray in tier cities fuelling job creation. This has led to an increase in purchasing power and subsequently demand for goods in tier and semi-urban areas. Hence, it has paved an opportunity for the logistic players to develop Grade A assets by setting up regional warehousing in such offbeat locations to catch up with the same-day delivery trend.”

Today, a warehouse or logistics centre is more than just a storage shed and equipped to accommodate diverse product supply chains and ever-growing inventory capacity. As a result, they're recognised as an integral part of any company's supply chain management model. Businesses are able to cut costs by optimising purchase strategies and speeding up delivery times to customers through better planning with their warehousing partners.

Agreeing to the above two expert's statements, **Sandeep Chanda, Managing Director – India, Panattoni** adds, “Warehouses and logistics centres have undergone significant evolution in recent years. They are no longer merely perceived as storage sheds or godowns; they have transformed into multifunctional facilities