



Confederation of Indian Industry

# Positioning West Bengal as a key logistics hub

November 2018

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# Summary

The role of the logistics sector in driving economic growth cannot be overstated – just like for the rest of the country, the logistics sector is likely to be the backbone of economic development in the Eastern and North Eastern (NE) Indian states. West Bengal, in particular, with its strategic location and domestic and international trade linkages, has a definite and immediate potential to emerge as the logistics hub for the region. This report reiterates that potential and emphasises the key steps that the state, as well as the broader region, will have to take to develop the logistics sector. The major highlights of the report are summarised below:

- The Indian logistics sector is likely to grow from USD160 billion in 2017 to USD215 billion by 2020 – this attractive growth is expected to be a consequence of the introduction of GST, growth in manufacturing, emergence of new industrial growth centres and increase in government investments in key infrastructure, among others
- Estimates put the market size of the West Bengal Logistics sector at USD20 billion by 2020<sup>01</sup>, with a myriad positive demand and supply side factors driving its growth
  - The large consumer base of West Bengal, and the emerging consumer bases in states like Bihar, Odisha and North-Eastern India, underpin this lucrative potential
  - West Bengal's strategic location also makes it a gateway to South East Asia and Eastern and North Eastern India and especially to the growing economies of Bangladesh and Nepal
  - Estimates indicate that the five states of West Bengal, Bihar, Odisha, Jharkhand and Assam will grow on to contribute a quarter of India's GDP by 2035, with West Bengal capturing nearly 10 per cent<sup>02</sup>, thus representing a phenomenal growth curve for logistics sector to ride on
- The growth of the Logistics sector in West Bengal will likely also benefit from the structural positives of upcoming major infrastructural projects in the region
  - Major economic corridors – Eastern Dedicated Freight Corridor or Eastern, Amritsar-Kolkata Industrial Corridor, East Coast Economic Corridor, Kaladan Multi-modal Transit Transport Project and Bangladesh-China-India-Myanmar (BCIM) trade corridor – are all likely to boost logistical demand and operations
  - A new deep-sea port at Tajpur will enhance the state's maritime capabilities by adding on to the two existing ports at Kolkata and Haldia
- West Bengal is also well positioned to leverage existing infrastructural strengths, which includes<sup>03</sup> having a waterfront of 950 kms, close to 16 per cent share of the total length of National Waterways, one of the highest road coverage, two operating international airports and one of the largest warehousing capacity in the Eastern part of the country
- Five potential sites in West Bengal offer the opportunity to develop end-to-end logistics parks with multi-modal capabilities. Cumulatively, these five locations – Dankuni, Durgapur, Tajpur, Malda city and Siliguri – have the potential to mobilise investments worth USD1.5 billion and generate as many as 30,000 direct jobs<sup>04</sup>
- West Bengal has recently introduced a state Logistics policy; to fully harness the sector's potential, the government should now focus on strengthening coordination between industrial, infrastructural and logistical initiatives in the state, set up a Logistics Centre of Excellence, promote adoption of digital solutions for improving the efficiency of logistics service delivery, develop sector-focused skill-sets among the targeted workforce and help create an enabling climate for growth of start-ups in the sector.

01. KPMG in India's 2018 analysis based on stakeholder consultations with government of West Bengal and publicly available secondary data on Indian logistics sector

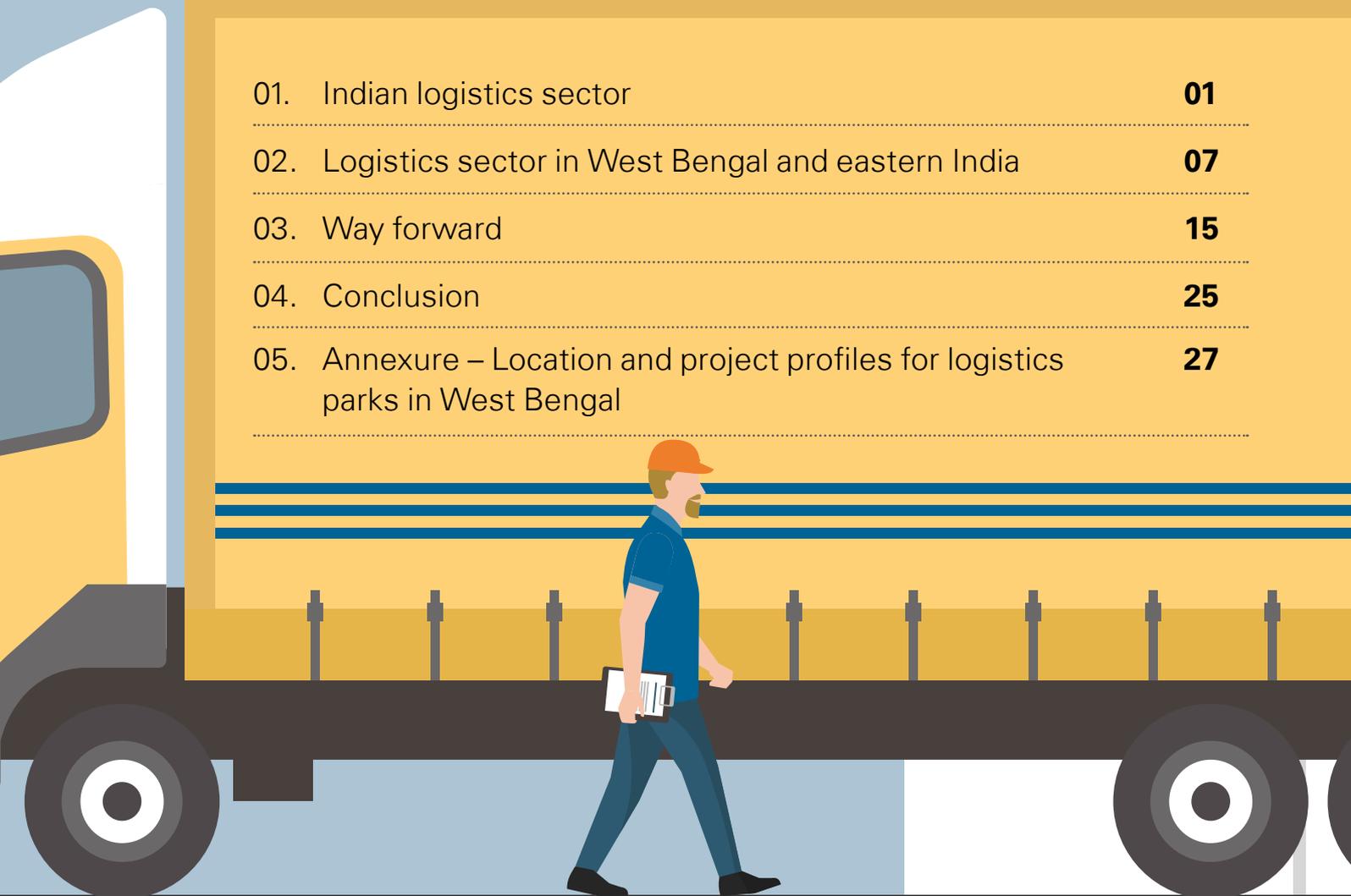
02. KPMG in India's 2018 analysis based on publicly available data on Indian logistics sector and internal subject matter experts' viewpoints

03. Bengal The Hub of Opportunities, BGBS 2018, State Pitch Book, January 2018

04. KPMG in India's 2018 analysis based on stakeholder consultations with government of West Bengal

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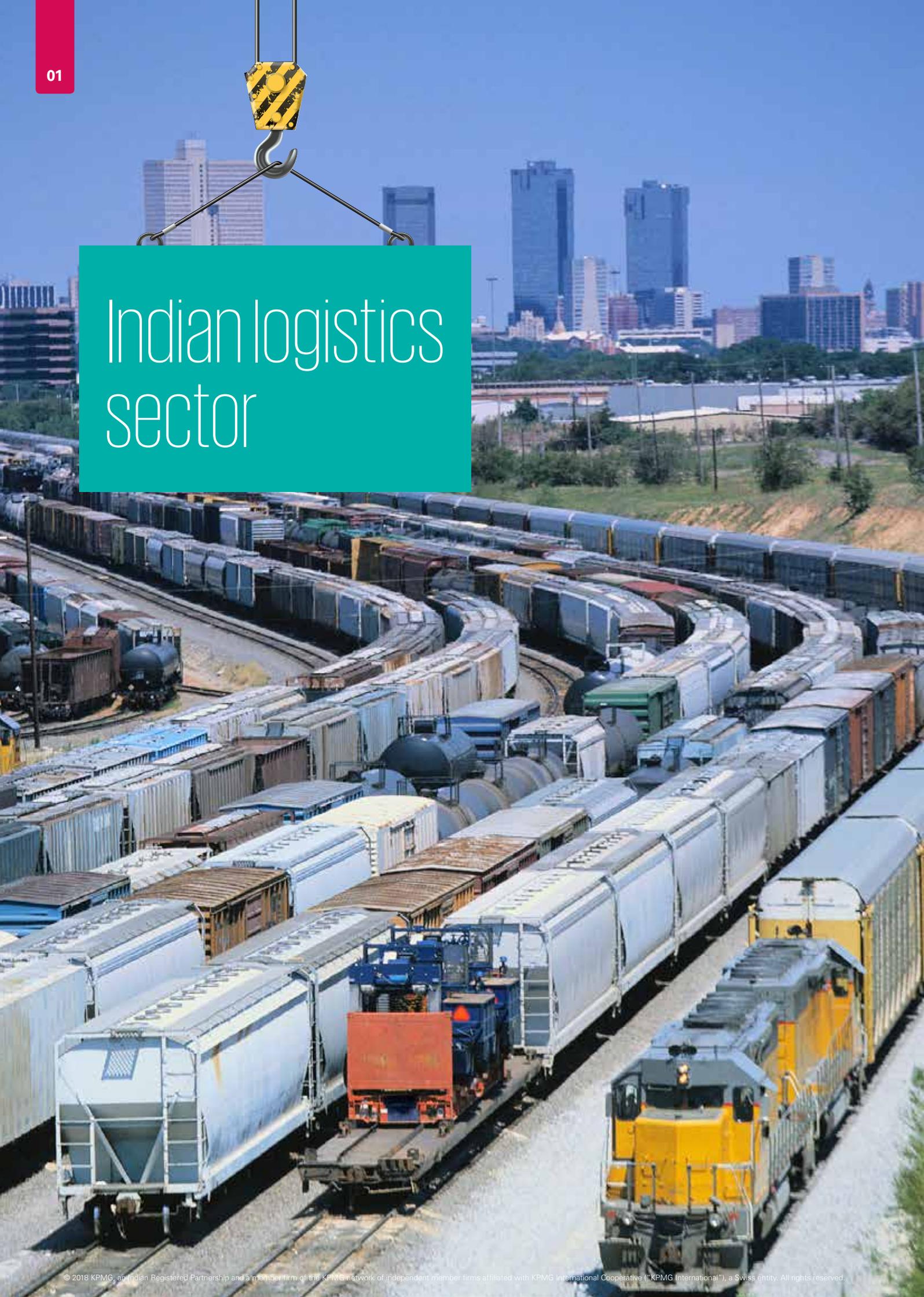
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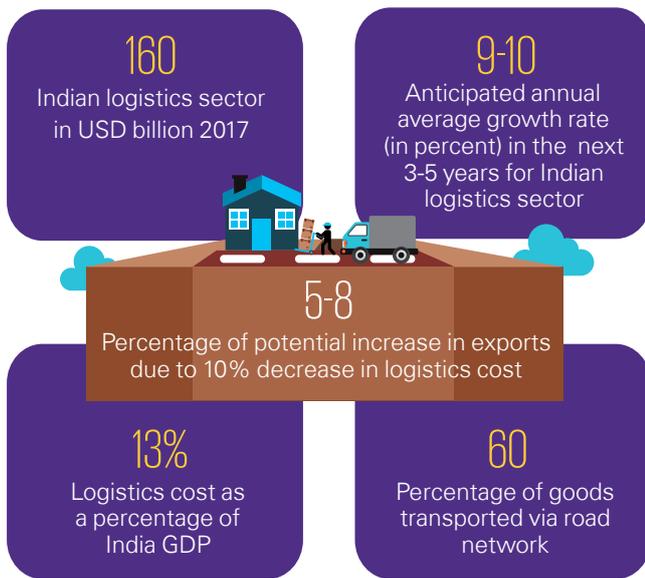
# Indian logistics sector



The role of logistics sector in driving economic growth cannot be overstated – a robust network of efficiently operated logistics infrastructure and services underpins the seamless movement of goods from points of origin to consumption centres and aids the growth and prosperity of an economy. The sector comprises warehousing, shipping, rail, road, air freight, express cargo and other value-added services and has a quintessential role in driving exports, generating employment and integrating both intra- and inter-country supply chains.

The global Logistics sector is a USD4.3 trillion industry<sup>01</sup>. Keeping pace with global trends, the Indian Logistics sector has experienced a steady growth rate of approximately 8 per cent, and accounted for a market size of USD160 billion in 2017 and employed over 22 million people (see figure<sup>02</sup> to the right for some salient features of Indian logistics sector)<sup>03</sup>. The sector has come a long way since the economic liberalisation, from being a mere transportation services provider to fully integrated services provider, and is expected to reach USD215 billion by 2020<sup>04</sup>.

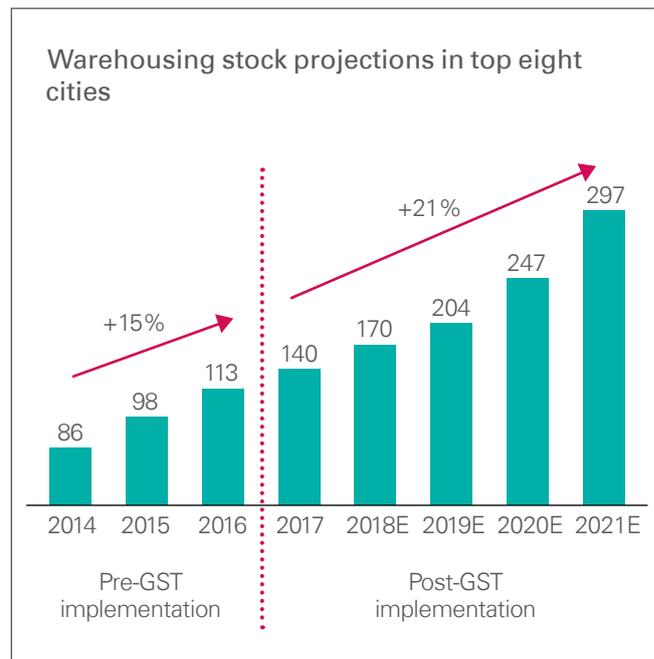
### Indian logistics sector



### Key growth drivers of the sector

Industry estimates suggest that the Indian Logistics sector is expected to grow at an average annual growth rate of 9-10 per cent<sup>05</sup> per annum over the medium term, riding heavily on the following structural positives.

- **Boon of Goods and Services Tax (GST):** The launch of GST is likely to result in a major shift in focus from saving taxes by having smaller warehouses, to improving efficiencies, by having larger organised warehouses stationed at strategic locations
- **Growth of warehousing:** The Indian warehousing segment – the central component of logistics sector – is facing structural shifts following the introduction of GST. Increased consolidation of smaller and fragmented warehouses is leading to centralised warehousing hubs with focus on supply chain efficiencies. The value of Indian warehousing industry stood at over USD7.5 billion in 2017<sup>06</sup>. In the same year, transaction volume of warehousing spaces registered an year-on-year growth of 85 per cent to 25 million sq. ft.<sup>07</sup>, demonstrating the intensifying activities in the sector. Estimates of growth rate projections of warehousing stock during pre- and post-GST eras indicate an anticipated spurt in compounded annual growth rate (CAGR) from 15 per cent to 21 per cent in the top eight cities in India (see figure to the right)<sup>08</sup>



01. From Parts to Products: Why Trade Logistics Matter”, The World Bank, July 2018  
 02. KPMG in India’s 2018 analysis basis publicly available logistics sector indicators  
 03. “India’s logistics sector to reach USD 215 bn by 2020: Survey”, The Economic Times, January 2018  
 04. “India’s logistics sector to reach USD 215 bn by 2020: Survey”, The Economic Times, January 2018  
 05. KPMG in India’s 2018 analysis based on publicly available data on Indian logistics sector and internal subject matter experts’ viewpoints

06. “2018 trends in Indian warehousing and logistics”, North West carrying Company LLP, September 2017  
 07. India warehousing market report 2018”, Knight Frank India, 2018  
 08. “Indian Logistics: Deciphering Storage Space Dynamics and more”, JLL, March 2018

- **Growth of manufacturing:** The manufacturing sector in India will likely reach USD1 trillion by 2025 and contribute approximately 25 per cent to the country's GDP<sup>09</sup>, aided by a fourfold growth in steel production by 2020, a threefold growth in textiles industry by 2022, and 100 per cent growth in the demand for cement by 2030. The country is also expected to be the third largest automotive market by 2026 by volume in the world. These have also led to increased FDI in the country and enhanced Export-Import (EXIM) activities with EXIM cargo expected to increase to 2,800 million MT by 2020
- **Emergence of new growth centres:** Demographic changes, ever-increasing aspirational requirements and lifestyle changes, and growing population density have led to a shift in trade centres, which in turn have led to changing trade movements and focus on Logistics infrastructure in these emerging trade locations  

Moreover, India has identified five official industrial corridors - Delhi Mumbai Industrial Corridor (DMIC), Bengaluru Mumbai Economic Corridor (BMEC), Chennai Bengaluru Industrial Corridor (CBIC), Vizag Chennai Industrial Corridor [Phase-1 of East Coast Economic Corridor (ECEC)] and Amritsar Kolkata Industrial Corridor (AKIC). Investment in these corridors will ramp up the intensity of logistical activities
- **Increase in government investments:** The government of India has significantly beefed up investments into logistics infrastructure including road and rail network, ports, airports, logistics parks, freight stations and corridors. Close to USD700 billion worth of investments are in the pipeline between 2018 and 2022<sup>10</sup>. In addition, the government is planning to develop multi-modal logistics parks at 15 locations across India at an estimated cost of USD5 billion
- **Infrastructure status of the logistics sector:** Recently, the government of India granted infrastructure status to Logistics sector, which will improve access to infrastructure lending at easier terms with enhanced limits, larger amounts of funds as External Commercial Borrowings (ECB) and longer tenor funds from insurance companies and pension funds
- **Increased outsourcing of logistics services to third party logistics/fourth party logistics (3PL/4PL):** Tracing the evolution of Logistics outsourcing in India, in the 1950s and 60s, Logistics outsourcing was restricted to transportation

and warehousing. The transactions were mainly short-term in nature. In the 70s, the emphasis was on improved productivity, cost reduction and long-term contracts, while value-added services such as packaging, labelling, and systems support and inventory management were on offer in the 80s. Since the 90s, outsourcing has picked up momentum, and more value-added services are being offered

- **Growth of e-commerce:** The growth of the e-commerce sector plays a major catalyst to the Logistics sector, as the demand shifts from traditional retail space to warehouses and as large e-commerce players emerge as full-fledged 4PL Logistics providers.



09. "Manufacturing Sector in India", India Brand Equity Foundation, November 2018

10. "Building a future based on infrastructure", The Hindu Business Line, June 2018

## Logistics sector – value chain and key segments

The value chain of logistics sector is typically organised along logistics infrastructure, operators, services and analytics/advisory. Each value adding activity is again divided into several business segments – as many as 16 different categories are involved, each having their own growth potential. A growing logistics sector in India thus represents a huge potential for growth and job-creation across a varied range of activities. The following exhibit captures the key segments involved in a thriving logistics sector eco-system.



Logistics sector value chain and segments<sup>11</sup>



11. KPMG in India's 2018 analysis based on internal subject matter expert's views on the industry growth trends after review of publicly available global logistics publications

## Major challenges

Despite the immense growth potential, the Indian Logistics sector is not without its challenges. In India, logistics cost as a percentage of GDP is on the higher side – 13 per cent compared to U.S. (9 per cent) and Germany (8 per cent)<sup>12</sup> – affected mostly by lagging infrastructure, congestion and bottlenecks in surface transport systems, lower average trucking speeds, and widespread geography coverage.

- **Poor logistics infrastructure:** The average distance covered in India by a truck is ~250-300 kms per day, where the distance travelled is ~700-800 kms in the United States. This is due to multiple stoppages, check posts and congestions on the roads of India, adding up to 20-25 per cent of the total trip time<sup>13</sup>. This, combined with the fact that the Indian fleet is old with lower average speeds, leads to 50-60 per cent lower average per day distance travelled by trucks in India, compared to the U.S., driving the Logistics cost of India to 13 per cent of GDP vis-à-vis only 8.5 per cent in U.S.<sup>14</sup> This creates a critical competitive disadvantage for many Indian industries, especially the Medium, Small and Micro Enterprises (MSMEs), to get connected with the global value chain
- **Skewed modal mix:** The sector is also plagued by skewed modal mix towards surface transportation, insufficient last mile connection, and lack of standardisation of cargos and containerisation of freight. India is currently ranked at a dismal 42nd position in the Logistics Performance Index (LPI) of The World Bank<sup>15</sup>, largely due to slow transit times for cargo movement
- **High per units cost of transportation:** The “per tonne-km freight cost” for road transport is Rs 2.1 approximately in comparison to Rs.1.4 for railways<sup>16</sup>. The cost efficiency in tonne-Km, per litre of fuel used is only 25 for road transport, while the same is 80 and 105 respectively for road and inland waterways. In spite of the lesser freight cost of ~50 per cent of railways in comparison to roads, almost two times the freight moved by railways is carried by road<sup>17</sup>. The share of road transport was ~31 per cent in 1990 compared to ~58 per cent in 2012.

12. “Addressing India’s high logistics costs”, Business Line, June 2017

13. KPMG in India’s 2017 analysis based on publicly available data on logistics sector operations in India

14. World Bank estimates, JLL

15. “Connecting to Compete: Trade Logistics in the Global Economy”, The World Bank, 2018

16. Ministry of Railways (government of India) estimates

17. “Operational efficiency of freight transportation by road in India”, TCI and IIM, 2015

18. Based on OECD and World Bank estimates







# Logistics sector in West Bengal and eastern India

The logistics sector potential of Eastern and NE India, in general, and West Bengal, in particular, relies heavily on the ever-transforming consumer profile and unique industrial footprint of the region. The large consumer base of West Bengal, and the emerging consumer bases in states like Bihar, Odisha, Jharkhand, Chhattisgarh and NE India, serve as springboard for movement of goods into and within the region. The region represents a major portion of the country's population and offers attractive potential for per-capita income growth, leading to growing organisation of retail space and increased incidences of both volume-driven luxury consumption.

In addition to this, the Eastern India region also offers a diverse mix of industries like jute, leather, tea, locomotives, steel and mining, each of which contribute more than 20 per cent of their respective national output. Estimates indicate that the five states of West Bengal, Bihar, Odisha, Jharkhand and Assam will grow on to contribute a quarter of India's GDP by 2035, with West Bengal capturing nearly 10 per cent<sup>01</sup>, thus representing a healthy growth curve for the logistics sector to ride on.

**As the fourth largest state economy<sup>02</sup> of India and, by far, the largest of Eastern and NE India, West Bengal stands to grow its Logistics sector multi-fold and become the hub of the entire Eastern and North-Eastern (NE) India.** The state is located strategically on the eastern coast, shares international boundaries with Nepal, Bhutan and Bangladesh and offers international trade avenues to China, Singapore, New Zealand, Australia, Malaysia, etc. and other coastal economies via maritime routes.

**The market size of the West Bengal Logistics sector can be estimated at around USD20 billion by 2020<sup>03</sup>, with a myriad positive demand and supply side factors driving its growth.**

## Demand side factors – growth drivers

### Agriculture-based demand:

- As of 2013, **West Bengal ranks third** in terms of the value of agricultural output after the states of Uttar Pradesh and Maharashtra<sup>04</sup>
- In 2017, the state was **the largest producer of rice, vegetables and fish and the second largest producer** of potatoes in the country<sup>05</sup>
- The state is the **third largest in meat production** after Uttar Pradesh and Andhra Pradesh, and the largest producer of goat meat
- Rising demand for agricultural exports from the state will likely spur the demand for modern cold chain logistical facilities in the state.

### Resource and industries-based demand:

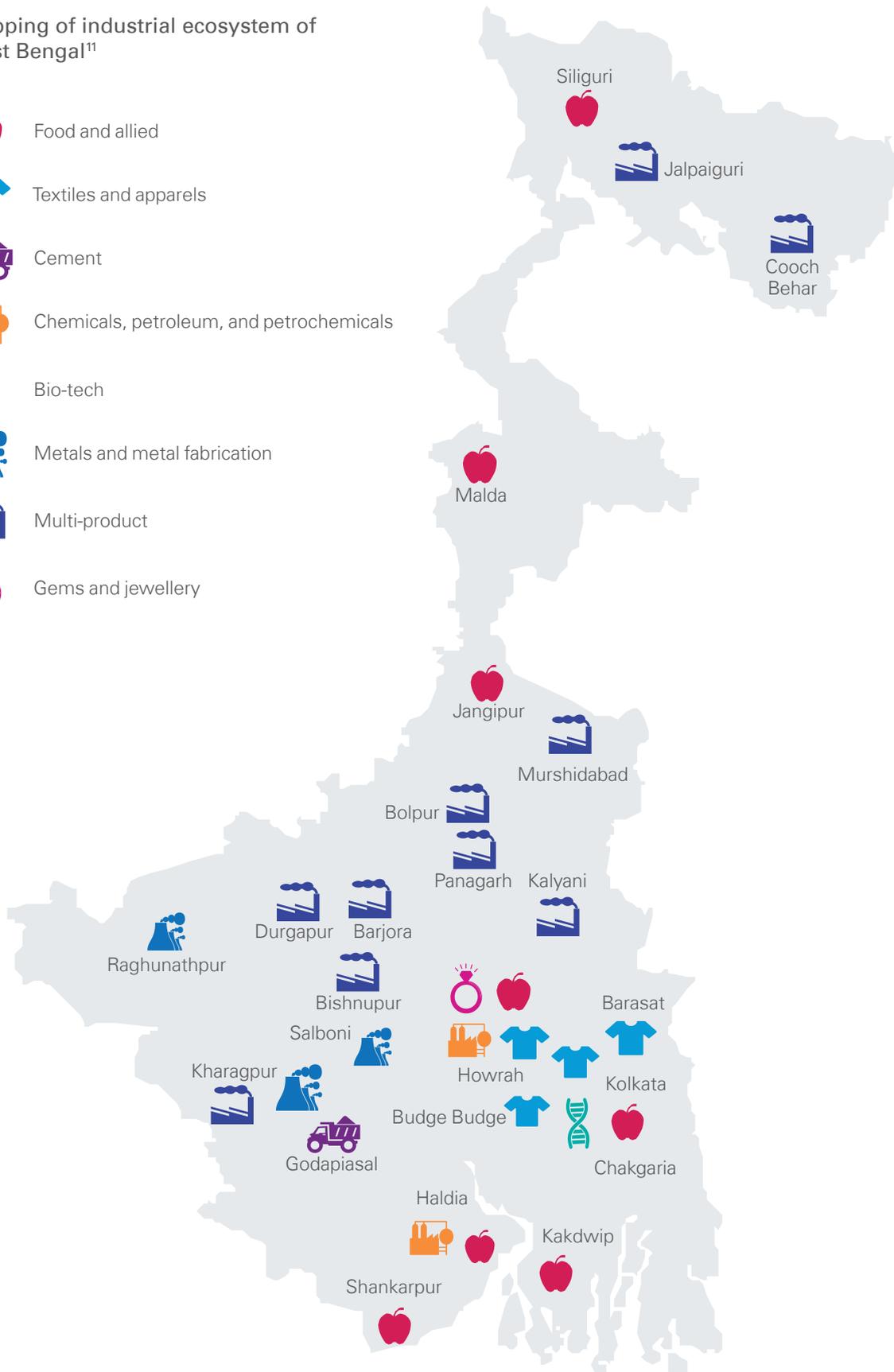
- The Eastern India belt is abundant in **minerals with West Bengal, Jharkhand, Odisha, and Chhattisgarh contributing more than a quarter of the country's annual mining output.** Recently, West Bengal received the allotment of Deocha Pachami Harinsingha Dewanganj coal mines - the world's second largest coal mine<sup>06</sup>
- Key industries of West Bengal include **chemicals and petrochemicals** (fourth largest in India in terms of Value Added)<sup>07</sup>, **textiles and apparel** (USD16 billion by 2023)<sup>08</sup> engineering (one-fifth of national value added)<sup>09</sup>, **Leather** (28 per cent of national leather and leather goods production)<sup>10</sup>, etc. The following exhibit provides the geographic mapping of industrial ecosystem of West Bengal, thereby highlighting the considerable opportunities for harnessing the state's logistics sector potential.

01. KPMG in India's 2018 analysis based on observed economic growth trends of India  
 02. Government of West Bengal estimates  
 03. KPMG in India's 2018 analysis based on stakeholder consultations with government of West Bengal and publicly available secondary data on Indian logistics sector  
 04. KPMG in India's 2018 analysis based on inputs received from government of West Bengal  
 05. Bengal The Hub of Opportunities, BGBS 2018, State Pitch Book, January 2018  
 06. "Centre allots Deocha-Pachami coal block to Bengal after '3-year' wait", The Hindu, June 2018

07. Handbook on Indian Chemical Industry", FICCI, September 2016  
 08. KPMG in India's 2017 analysis based on stakeholder consultations with government of West Bengal and government maintained statistics on industrial output in West Bengal  
 09. KPMG in India's 2017 analysis based on stakeholder consultations with government of West Bengal and government maintained statistics on industrial output in West Bengal  
 10. KPMG in India's 2017 analysis based on stakeholder consultations with government of West Bengal and government maintained statistics on industrial output in West Bengal

### Mapping of industrial ecosystem of West Bengal<sup>11</sup>

-  Food and allied
-  Textiles and apparels
-  Cement
-  Chemicals, petroleum, and petrochemicals
-  Bio-tech
-  Metals and metal fabrication
-  Multi-product
-  Gems and jewellery



11. KPMG in India analysis based on review of location of industrial clusters across the state of West Bengal

**Export-oriented demand:**

- West Bengal is the eighth largest exporting state in the country with a share of national exports standing at 3.2 per cent<sup>12</sup>
- The state accounts for 12 per cent of the country's total leather exports, 10 per cent of iron and steel exports, and 8 per cent of articles of iron and steel exports of the country.

**Major economic corridors:**

- The Eastern Dedicated Freight Corridor or Eastern DFC, linking Ludhiana, Punjab and Dankuni, West Bengal, is envisaged to enable high-impact developments on either side of the alignment of the corridor
- The Amritsar-Kolkata Industrial Corridor (AKIC), connecting Amritsar, Delhi and Kolkata, is expected to act as a major catalyst for industrialisation and job creation
- Port-based industrial clusters, along the Eastern coastal belt of India, are expected to be majorly boosted by the East Coast Economic Corridor (ECIC) through integration of India's industrial clusters with value chains extending to Southeast Asia and East Asia

- The Bangladesh-China-India-Myanmar (BCIM) trade corridor, the multi-modal trade corridor between India and China, is an initiative for sub-regional economic cooperation within the BCIM Forum
- The Kaladan Multi-modal Transit Transport Project bridges the distance between Kolkata and Aizawl by 1,000 kms and brings the North-Eastern states closer
- The Industrial Growth Corridor (IGC) focusses on accelerated industrial growth along corridors alongside national highway connecting Dankuni-Howrah, Dankuni-Bardhaman, leveraging the upcoming Eastern Dedicated Freight Corridor with Dankuni as the terminal point.

**Large scale investments projects:**

- Numerous growth centres and industrial parks (existing and proposed), both industry specific and multiproduct, exist in West Bengal. Some of the upcoming parks in the state include Haldia (Multi-product), Haringhata (Multi-product), Cooch Behar (Multi-product), Budge Budge (Garments), Raghunathpur (Integrated manufacturing), Goaltore (Multi-product), Falta (Multi-product) etc., all of which will only spur the demand for logistics services and infrastructure.

**Salient features of BCIM<sup>13</sup>**



Covers 1.6 million Square km trade area

Will connect three ASEAN free trade areas

Market access to a population of 440 million

The BCIM Economic Corridor is an initiative for sub-regional economic cooperation within the BCIM Forum

Bangladesh, China, India and Myanmar hope to create a corridor that would effectively combine road, rail, water and air linkages in the region

- First multi-modal trade corridor between India and China and will pass through Bangladesh and Myanmar
- Facilitates greater market access for goods, services and energy, elimination of non-tariff barriers, better trade facilitation and investment in infrastructure development
- BCIM Forum aims at joint exploration and development of value and supply chains based on existing comparative advantages
- BCIM Corridor is aimed at linking ASEAN Free Trade Area, ASEAN-China Free Trade Area and the ASEAN-India Free Trade Area.

12. "Top 5 states make 70 percent of India's total exports; coastal states rule the list: Economic Survey 2018", Zee News, January 2018

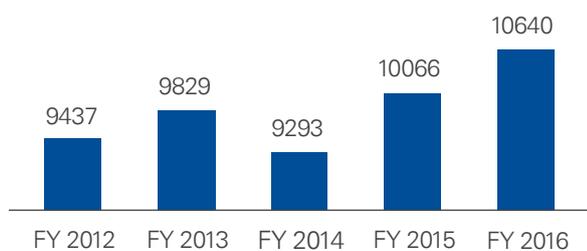
13. "Bangladesh-China-India-Myanmar (BCIM) Economic Corridor: Challenges and Prospects", The Korean Journal of Defense Analysis, Mohd Aminul Karim and Faria Islam, June 2018

## Supply side factors – growth enablers

### Support infrastructure – maritime and inland waterways:

- With a waterfront of 950 kms, the state is richly endowed with natural maritime advantages and potentially navigable waterways, including National Waterway (NW) 1 and 15<sup>14</sup>, new notified waterways, and tops the list in terms of spread, density, and reach of National Waterways in the country
- The state accounts for substantial share of the total length of National Waterways in the country. The 560-km Haldia-Farakka stretch of NW-1 has been developed as a part of the multi-modal system for cargo from Nepal, Bhutan, North Bengal and the North-eastern states<sup>15</sup>
- The state has two large container and bulk handling ports at Kolkata and Haldia, with the Kolkata port being the only riverine major port in India handling predominantly containers
- Ports of Bengal have strong opportunity to serve more than 1.92 billion people as identified by the trade route
- One upcoming deep-sea port at Tajpur, less than 200 km from Kolkata International Airport.

Containerised container handled by Kolkata Port (in '000 tonnes)



14. Bengal The Hub of Opportunities, BGBS 2018, State Pitch Book, January 2018  
15. KoPT



## Tajpur Port – an upcoming deep-sea port in West Bengal<sup>16</sup>

In the face of tapering port traffic growth in Kolkata, the state government of West Bengal has proposed to develop an all-weather deep sea green field port at Tajpur in Purba Medinipur district around 170 kms from Kolkata and 90 kms from district headquarters at Tamluk. While the hinterland is currently being serviced by Kolkata, Paradip and Dhamra port, it is expected that the region has enough cargo potential for development of a new port. The proposed port has the potential to handle approximately 14 per cent of the estimated hinterland port traffic (excluding containers) and 20-25 per cent of the container traffic. Bulk commodities contribute to a major share of cargo in West Bengal ports with the proximity of the development of large scale steel, cement, and power industries.

### Project features

- **Phases:** The proposed port has been planned to be developed in two phases – Phase-1 (1A and 1B) and Phase-2. Phase-1A is planned to be developed in 3 years starting FY'18, with one coal berth, one berth for iron ore and limestone, one general cargo (multipurpose) berth and one container berth. Phase-1B is planned to be constructed from FY'21 with one coal and one general cargo berth. In Phase-2, one additional coal and two general cargo berths are planned to be developed
- **Land and navigation channel:** The port will be come up on reclaimed land with a 200 m channel in Phase 1 and 240 m in Phase 2
- **Channel draft:** The port will utilise a 3.9 m tidal advantage and handle vessels requiring 16 m draft

- **Turning circle:** The dimension of the turning circle will be 600 m based on two ship lengths of the largest vessel. There will remain scope for widening the same as and when longer vessels are expected in the Master Plan stage
- **Breakwater:** There will be two breakwaters; the length of the north breakwater will be 4 KM whereas the south breakwater will be 4.8 km
- **Area requirement:** 170 Ha will be the total area requirement under Phase 1 and about 288 Ha under Phase 2
- **Cargo:** The port will handle three types of cargo– **Dry Bulk (Coal)** with fully mechanised coal import terminal, **Other Dry Bulk (Iron Ore), General Cargo, Break-bulk** with manual handling at Multi cargo terminal and **Container** with dedicated container terminal with RMQC at Berth.



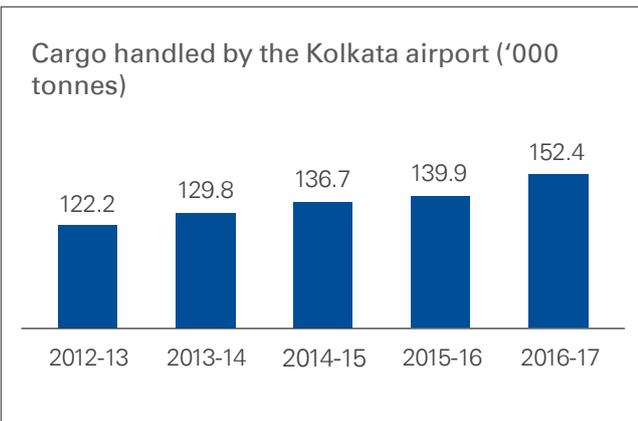
- The Kolkata Port Trust (KoPT) has also shown significant progress in handling containerised cargo. KoPT handled 662,891 twenty-foot equivalent units (TEUs) in 2015-16 registering a growth of 5.21 per cent in container traffic over 630,094 TEUs handled in 2014-15 and ranked third amongst all Indian Major Ports in terms of container traffic<sup>17</sup>.



16. KPMG in India analysis based on inputs from government of West Bengal  
 17. Kolkata Port Trust (KoPT) and Ministry of Shipping (India) estimates

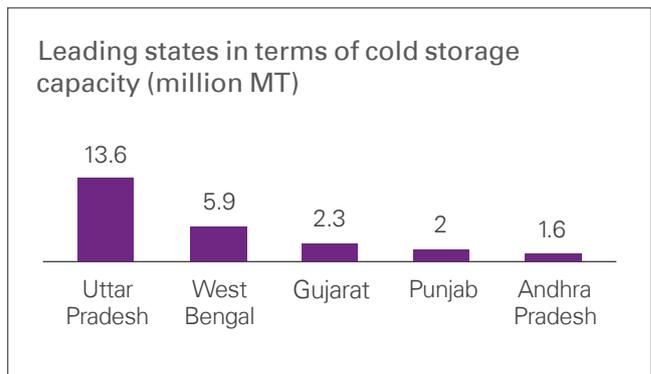
**Support infrastructure – road, rail and air transport:**

- The state has the **one of the largest road coverage** of the country, with more than 90,000 kms of surfaced road, over 2,900 kms of National Highways, and over 4,500 kms of state Highways<sup>18</sup>
- 16 National Highways, connect the state with the rest of India, and two upcoming Asian Highways (Asian Highway 2 and Asian Highway 48), as part of South Asia Sub Regional Economic Cooperation Programme, connecting the state with Nepal, Bhutan and Bangladesh<sup>19</sup>
- The state has ~4,000 kms of railway network with a rail-density of 45.9 kms per '000 sq. kms as in 2015, among one of the highest in the country
- Howrah Junction railway station is the **largest railway complex in India** and accounts for the largest rail freight movement in the East
- With **two International Airports at Kolkata and Bagdogra**, the state has seen a 70 per cent growth in the number of airliners and 56 per cent growth in international air traffic between 2011 and 2016<sup>20</sup>
- The Kolkata Airport is the **fifth busiest airport in the country** in terms of cargo handled in 2017<sup>21</sup>
- The state has the **country's first ever Private Green-Field Airport Project** at Andal, set up in a joint venture with Changi Airports International of Singapore.



**Support infrastructure – warehousing and cold storage:**

- West Bengal has a **storage capacity of over 18 lac tonnes**, largest among the states in the East and the Northeast, with 6 lac tonnes agricultural storage, with a capacity utilisation of 68 per cent<sup>22</sup>
- By the end of 2015, West Bengal had 512 cold storages with a total cold storage capacity of 5.94 million MT, **second largest in the country** after Uttar Pradesh (see figure to the right)<sup>23</sup>
- The state has one of the lowest cold storage rentals of Rs.1360 per tonnes<sup>24</sup> and one of the lowest warehousing storage rate in the country.

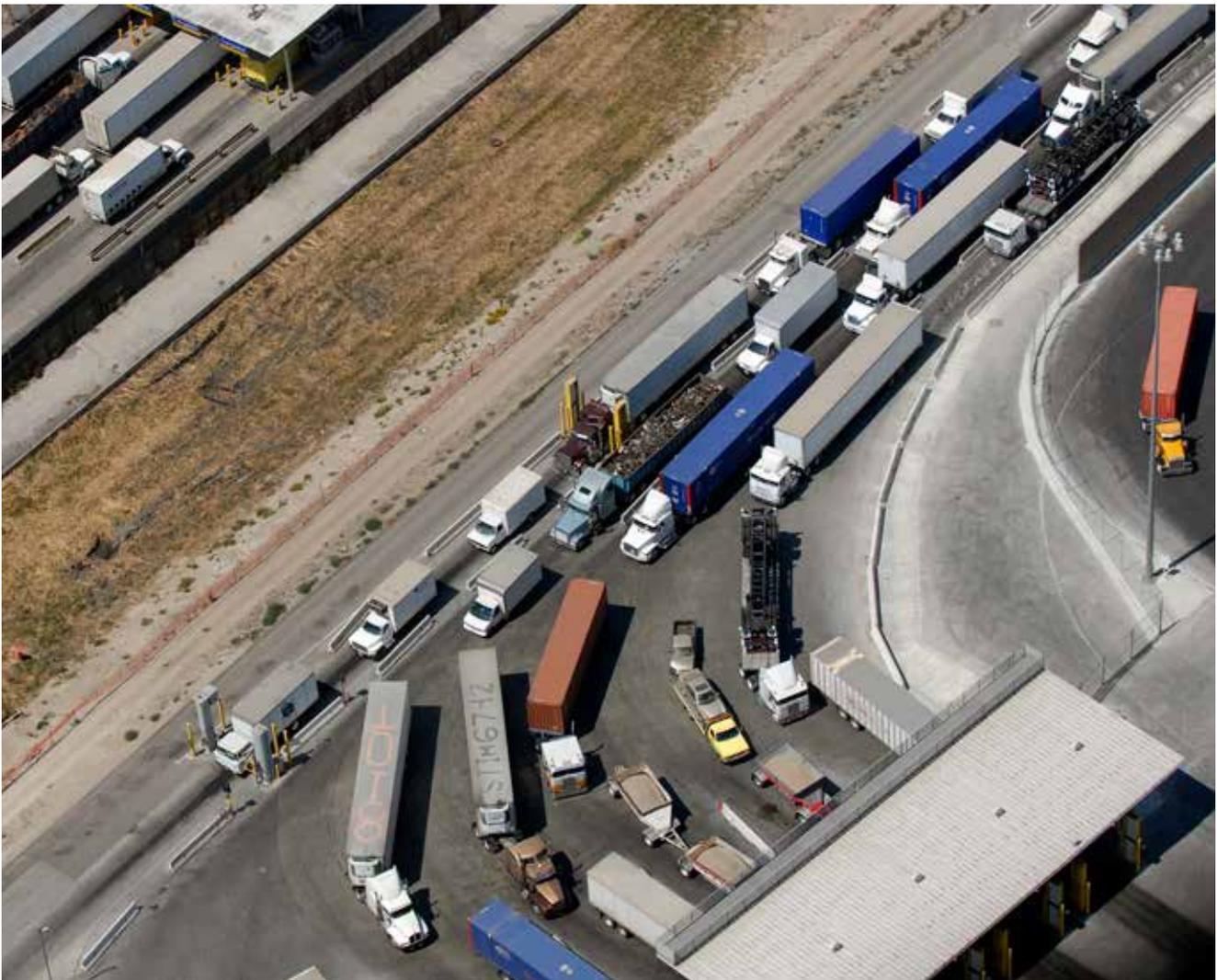
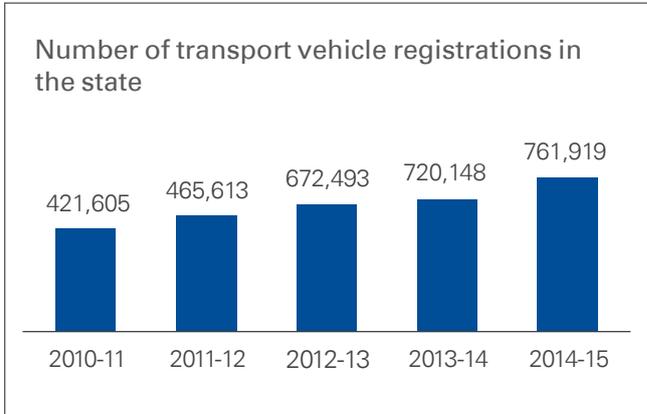


18. Government of West Bengal estimates  
 19. Government of West Bengal estimates  
 20. Airports Authority of India, Govt. of India, and Department of Transport, Govt. of West Bengal  
 21. Airports Authority of India (AAI), Government of India  
 22. KPMG in India's 2017 analysis based on inputs received from government of West Bengal  
 23. Department of Agriculture, Cooperation & Farmers Welfare (government of India) estimates  
 24. "Shortage of cold-storage space hurts West Bengal's potato farmers", The Economic Times, March 2017

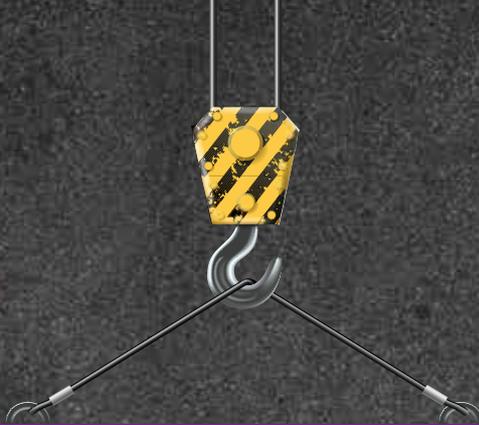
**Other infrastructure:**

- West Bengal has seen a significant rise in the number of registration of transportation vehicles. Between 2010 and 2015, the number of registrations have grown by 102.22 per cent at a CAGR of 15.12 per cent. 28 per cent of these vehicle registrations in 2015 have been for Multi-axled/Articulated vehicles/Trucks and Lorries<sup>25</sup>
- West Bengal has three Inland Container Depots at Cossipore, Haldia, and Shalimar. Three additional ICDs are being developed at Durgapur, Balagarh, and Siliguri. These have been set up targeting the recent growth in the containerised cargo in the state
- The Information Technology sector of West Bengal has emerged as one of the prime drivers of the state economy with close to 10 per cent contribution to the state GDP which is ahead of

the national contribution<sup>26</sup>. This augurs well for the logistics sector as it provides a ready eco-system that may be tapped as the logistics sector starts adopting more and more digital solutions.



25. KPMG in India analysis based on inputs from government of West Bengal  
26. KPMG in India analysis based on inputs from government of West Bengal



Way forward

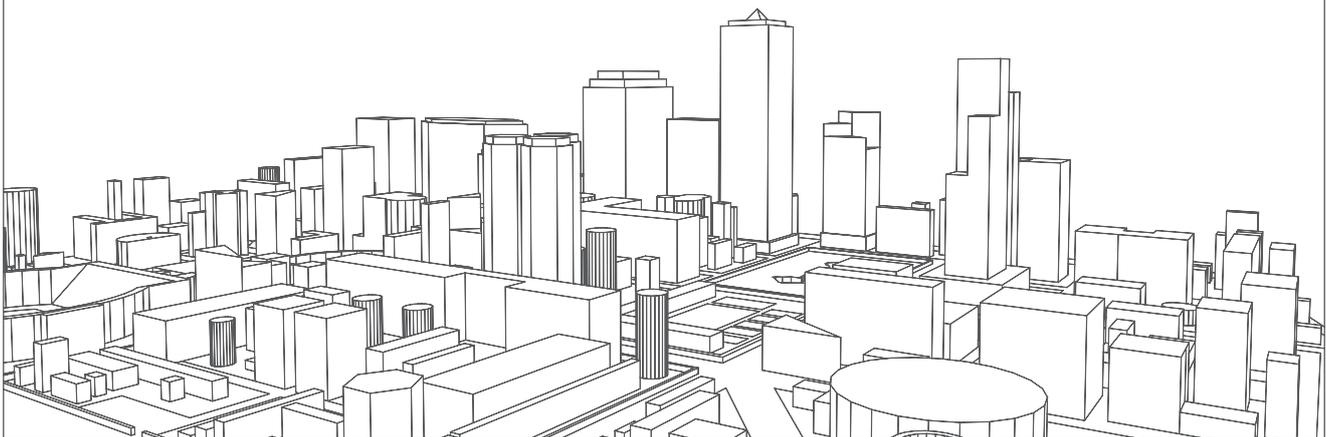


The development of a robust logistics sector in West Bengal, and catering to the hinterland in Eastern and NE India, will have to build on systematic steps including the following: physical assets (in the form of logistics parks) that support efficient

logistical services, an enabling policy and institutional framework, digital solutions and relevant skillsets. The following exhibit provides the key success factors of a robust logistics eco-system:

**Key success factors for a robust logistics eco-system**

Levers	Description
<p><b>1</b></p> <p><b>Regional connectivity</b></p>	<ul style="list-style-type: none"> <li>• Strong regional connectivity through multi-modal infrastructure linkage</li> <li>• Coherent and well-coordinated transport and industry policies</li> <li>• Presence of large industrial corridors</li> <li>• Advanced human resource capability in logistics</li> <li>• Leading IT and digital infrastructure</li> </ul>
<p><b>2</b></p> <p><b>Adopting leading practices in transportation</b></p>	<ul style="list-style-type: none"> <li>• Continuous upgrading of road, maritime and air infrastructure</li> <li>• Improvement of efficiency of transportation</li> <li>• Increased inter-modal connections and cargo transfers through such nodes</li> <li>• Intelligent transportation systems</li> </ul>
<p><b>3</b></p> <p><b>Adopting digital solutions</b></p>	<ul style="list-style-type: none"> <li>• Demand forecasting</li> <li>• Using warehouse management systems</li> <li>• Digital enablers for modal shift of cargo</li> </ul>
<p><b>4</b></p> <p><b>Efficiently operating logistics parks</b></p>	<ul style="list-style-type: none"> <li>• Optimising the location of the park and easy land availability</li> <li>• Flexibility in land allotment for logistics park development</li> <li>• Keeping provisions for end-to-end logistical services, including value-added services</li> <li>• Using leading storage technologies and practices</li> <li>• Adopting digital architecture for efficient operations</li> </ul>



## Tackling infrastructural and operational impediments

Infrastructure is easily one of the most significant challenges that has impeded the growth of the logistics sector thus far in the Eastern region of India. Sub-optimal infrastructure manifests in the form of inefficient and poor transport infrastructure, low and inadequate modal mix and poorly designed warehouses and storage facilities, among others. This adds to both time and cost of movement of goods and, in general, leads to inefficient fleet and cargo management. The aforementioned challenges are not without precedents in West Bengal and Eastern India, as the following areas of improvement suggest.

### Making storage space (warehousing and cold storage segment) efficient

- Low capacity utilisation of warehouses in West Bengal (68 per cent as in 2017): The five districts of Kolkata, North 24 Parganas, Nadia, and Purba and Paschim Medinipur account for more than 50 per cent of warehousing storage
- There is an over-utilisation of cold-storage capacities in West Bengal, with a skewed distribution of cold storages towards only four districts of Bardhaman, Bankura, Hooghly, and Paschim Medinipur together accounting for 88 per cent of cold storage capacity. More than 82 per cent cold storages are used for storage of potatoes, and the rest are being used for other commodities and marine products. Despite this, cold storage capacity is inadequate to account for an annual potato production of close to 11 million MT<sup>01</sup>
- Freight aggregation/ disaggregation as well as inter-modal movement may be further enabled in both West Bengal and beyond by improving the number and quality of material handling infrastructure.

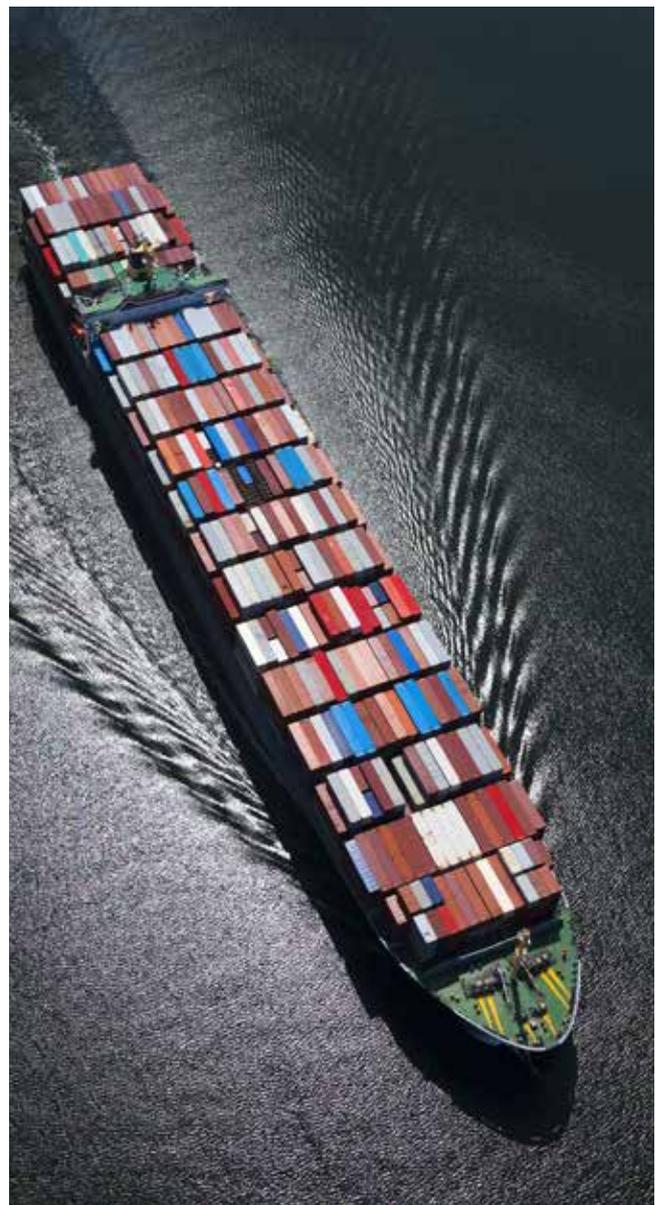
### Improving road transportation:

- Increased inter-modal split can potentially reduce road transportation costs in the region, which is presently on the higher side; road conditions also need improvement along with de-congestion
- The state, as well as the Eastern India region, has limited multi-modal facilities providing the entire range of services; limited or non-existent Value Added Services (VAS) (Packaging and processing services) at Logistics Parks render logistics services fragmented.

### Improving maritime efficiency

Capacity utilisation of ports has been sluggish in the recent past for Kolkata (52 per cent in 2017), Paradip (62 per cent) and in Odisha's non-major ports (47 per cent)<sup>02</sup>. Following factors have affected the optimality of port operations in the Eastern region:

- Relatively higher turn-round time at Kolkata (4.7 days) and Paradip (5.0 days) compared to national average (3.43 days) in 2017<sup>03</sup>
- Limited container handling capacity at the Haldia port (7.23 per cent of total cargo handled in 2017 vis-à-vis 19.23 per cent of the country)<sup>04</sup>
- Average output per ship berth-day at the Kolkata and Haldia ports is among the lowest for major ports in the country (4200 Tonnes and 7497 Tonnes respectively in 2017)<sup>05</sup>.



01. KPMG in India's 2017 analysis based on inputs received from government of West Bengal  
 02. "Indian Port Sector Challenges of Scale and Efficient Operations", ASSOCHAM, October 2017  
 03. "Indian Port Sector Challenges of Scale and Efficient Operations", ASSOCHAM, October 2017  
 04. KPMG analysis based on data published by KoPT  
 05. KPMG analysis based on data published by KoPT

## Creating physical assets – logistics parks/hubs

Infrastructural enablement aside, the Eastern and NE India would also need to focus on developing key physical assets in the form of Logistical Parks/ Hubs with multi-modal capabilities to harness the full potential of the sector in the region. Such logistics parks (LPs), facilitating domestic and foreign trade, would provide services like warehousing, cold storage, multi modal transport facilities, inland container depot (ICD)/container freight station (CFS) and value added services. Each logistics park would have the following broad functionalities:

### 1. Warehousing

- a. **Inbound and outbound operations:**  
Facilitating loading/unloading of goods from/ to the warehouse.
- b. **Storage:** There has been a rapid development in storage technologies globally that play a critical role in the competitiveness of logistics parks
  - Climate Controlled Spaces: Humidity Controlled, Temperature Controlled or both
  - Non Climate Controlled Space: Traditional spaces generally developed as common space of aggregation
  - The storage facilities may deploy the following type of containers: Intermodal containers, Container Yard, Pallets, Cases and Cartoons, Pallet racking system, Unit Load Device (Air freight handling).

**2. Transportation:** The LP would facilitate transportation of goods for export/import via different available means of road, water, rail and air. Road and rail bound goods ideally should have direct termination till the warehousing facility of the park whereas water or air borne goods should be seamlessly transported by road or rail. Truck terminal, rail siding, ICD/CFS, air cargo centres and internal roads are, therefore, required components in a LP

**2. Value added services:** In an LP, these may include inventory management, quality check, planning and forecasting, packaging and labelling etc.

**3. Support and allied infrastructure:** In an LP, these may include facilities such as central administration facility, office space and amenities, cooler facility, power back-up, power transmission and distribution network, water storage and treatment plant, sewerage treatment plant, telecom and IT network, recreational areas etc.

LPs go beyond conventional and piecemeal logistical infrastructure by providing end-to-end facilitation for storage and movement of goods. Thus systematic development of LPs, especially with multi-modal capabilities, in Eastern and NE India will play a critical role in furthering the region’s potential in Logistics sector.

### Mapping of LP(s) v/s other logistics infrastructure

Infrastructure ↓ Facility →	Storage	Handling	Inter-modal	EXIM	Value added services	Amenities
Distribution warehouses						
ICD						
FTWZ						
Logistics park(s) (If multi modal capable)						

■ Available    ■ Not available

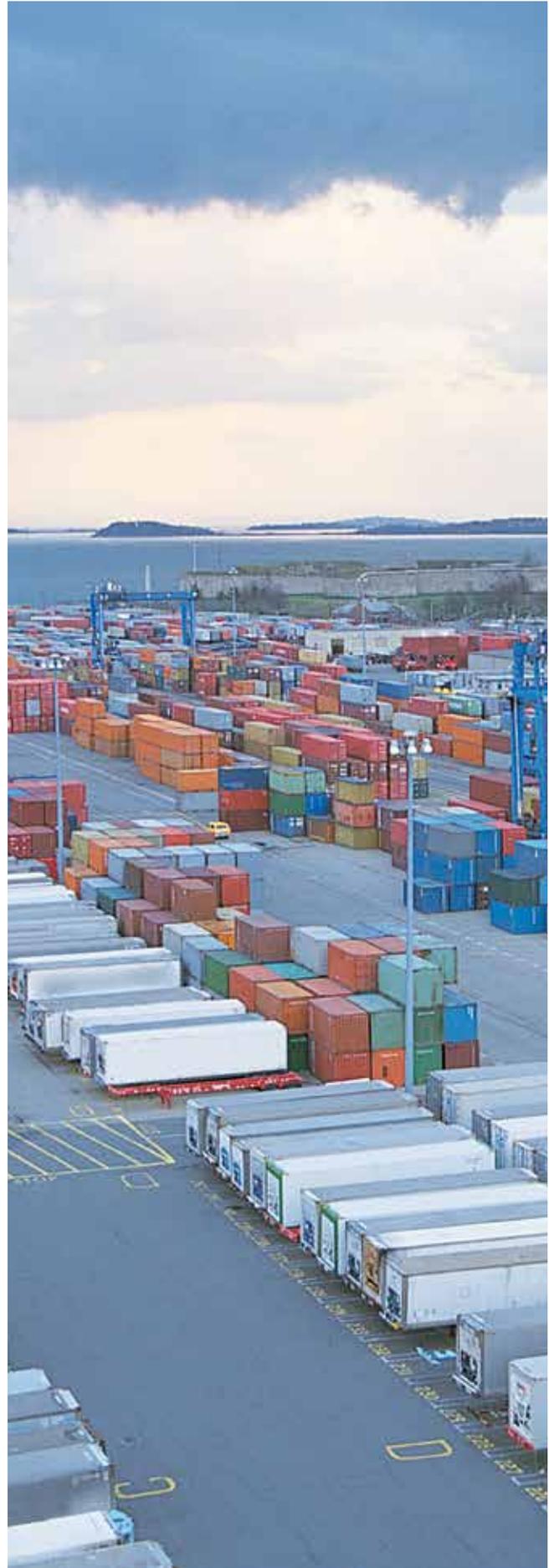
16. KPMG in India analysis based on inputs from government of West Bengal

17. Kolkata Port Trust (KoPT) and Ministry of Shipping (India) estimates

## Global examples of logistics parks

Logistics parks, especially with multi-modal capabilities, are widely prevalent across the globe due to their direct positive impact on the competitiveness of local industrial operations. China, for instance, houses more than 200 logistics parks. As the following examples showcase, logistics network of transportation infrastructure.

- **Rotterdam** has developed a comprehensive logistics hub around its port and is widely regarded as one of the best in EU. The hub offers state of the art technologies and high level of digitisation/automation in its operations that ensure efficient storage and movement of cargo.
- **Paris (Charles de Gaulle Airport), Amsterdam (Schipol Airport) and Shenzhen (Shenzhen Airport)** all have logistics parks built around them. The Shenzhen South China Logistic Park, for instance, offer provisions like logistics centres, empty container depots and value-added logistics services and cross-border e-commerce trade and exhibition centre. As part of phase II, the project will expand into a multi-functional cluster zone for integrated high-end modern logistic service industries.
- **The Cargo Distribution Centre of Bremen, Germany,** is a logistics hub that spreads across over 1200 acres of land near the urban epicentre of Bremen. It was Germany's first freight village and presently houses more than 150 companies and employs more than 8000 people<sup>06</sup>. It has widespread transport linkages with road, rail and water, and is extending its range of services to include air freight through Bremen City Airport.



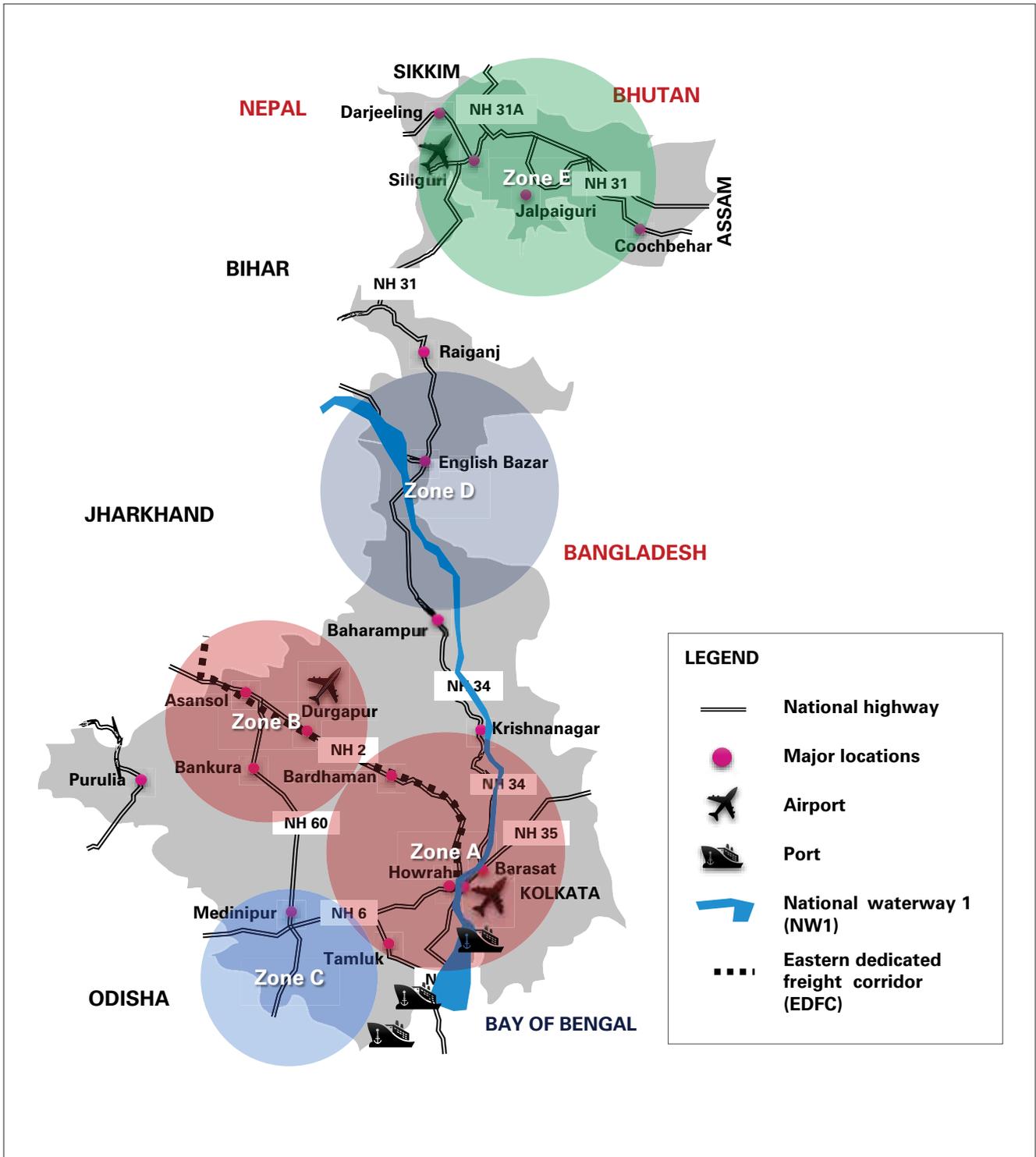
06. "The Cargo Distribution Centre (GVZ) in Bremen: a logistics hub with a bright future", BremenInvest, December 2016

## Five zones for prospective investments in logistics parks in West Bengal

Basis the industrial and commercial ecosystem and the infrastructural linkages of the state, four specific locations – Dankuni (Zone A), Durgapur (Zone B), Tajpur (Zone C), Malda (Zone D) and Siliguri (Zone E) – in West Bengal show potential for hosting

Logistics Parks. The selection of the zones are based on (i) regional connectivity, (ii) proximity to industrial eco-system and parks, (iii) proximity to critical export infrastructure and (iv) industrial land availability.

### Proposed locations of logistics parks in West Bengal



Source: KPMG in India's analysis 2018 based on assessment of location of key infrastructure (road, rail, port, airports) in West Bengal"

The following table captures the strategic highlights of each of these locations and the potential they hold in mobilising investment and generating employment<sup>07</sup>. More site-specific details may be found in the annexure<sup>08</sup>.

Location	Strategic drivers	Connectivity	Land required	Investment (USD million)	Employment potential
<b>Dankuni (Zone A)</b>	<ul style="list-style-type: none"> <li>• AKIC on either side of proposed EDFC with Dankuni as the terminal point</li> <li>• Industrial Growth Corridor (IGC) connecting Dankuni, Howrah, and Kalyani</li> <li>• Proximity to several industrial parks/ estates/ growth centres at Kolkata, Howrah, South and North 24 Parganas, and Nadia</li> <li>• Potential to serve major industries in area of Food Processing, Plastics, Chemicals, Textiles, Leather, Electronics Goods</li> </ul>	<ul style="list-style-type: none"> <li>• Access to DFCC, Kolkata International Airport, Howrah Junction Railway station, and Kolkata Port</li> <li>• Access to NW 1 via Uttarpara</li> <li>• Road connectivity via NH19, NH16 and AH1 and connectivity to Haldia port (120 KM Via NH16 and NH116) and Kolkata Port (30 KM Via AH1)</li> <li>• Access to the proposed Inland Container Depot (ICD) at Balagarh, 64 kms from Dankuni</li> </ul>	250-300	400	Direct: 9,000 Indirect: 27,000
<b>Durgapur (Zone B)</b>	<ul style="list-style-type: none"> <li>• Proximity to the Andal Airport, the country's first private sector Greenfield Airport</li> <li>• Proximity to the industrial areas in Bardhaman, Bankura, and Birbhum</li> <li>• Presence of the only operational dry port in the Eastern India</li> <li>• Access to Inland Container Depot at Durgapur</li> <li>• Proximity to major Industries in Iron and Steel, Chemical and fertilisers, Metals and Mining, Cement, Textiles</li> </ul>	<ul style="list-style-type: none"> <li>• Access to AH 1 linking India with Bangladesh, China and Japan</li> <li>• Access to Direct Freight Terminal for handling of railway rakes</li> <li>• Connectivity via NH 19, NH 14, SH 9</li> <li>• Access to EDFC at Andal</li> </ul>	200-250	350	Direct: 7,500 Indirect: 22,500

07. The key numbers in the table are based on KPMG in India 2017 analysis

08. The key numbers in the annexure are based on KPMG in India 2017 analysis

Location	Strategic drivers	Connectivity	Land required	Investment (USD million)	Employment potential
<b>Tajpur (Zone C)</b>	<ul style="list-style-type: none"> <li>Upcoming Deep Sea Port with proposed draft of 15 meters allowing 60,000 tonnes of docking capacity</li> <li>Catchment area includes industrial areas of Purba and Paschim Medinipur, including the Haldia Industrial Belt</li> <li>Potential to serve major industries in area of Food Processing, Iron and Steel, Chemicals and Petrochemicals</li> </ul>	<ul style="list-style-type: none"> <li>Connectivity via NH 116B, linking West Bengal and Odisha</li> <li>Access to NW 1 via Haldia till Allahabad, Uttar Pradesh and access to Multi modal terminal of Inland waterways at Haldia</li> <li>Nearest Airport at Kolkata (170 kms)</li> </ul>	150-200	275	Direct: 6,000 Indirect: 18,000
<b>Malda city (Zone D)</b>	<ul style="list-style-type: none"> <li>Gateway to North Bengal and North Eastern states of India through Malda town railway station</li> <li>Proximity to Malda Food Park and Jangipur Mega Food Park</li> <li>Potential to serve major industries in area of Food Processing, Agro Chemicals, Steel and Engineering goods</li> </ul>	<ul style="list-style-type: none"> <li>Connectivity with Kolkata via NH 12 and SH 7, and NH 19; Connectivity with Haldia via SH 7, NH 12, and NH 19</li> <li>Nearest Airport is Bagdogra Airport (215 kms)</li> <li>Rail connectivity via Malda Town railway station</li> </ul>	100-150	200	Direct: 4,500 Indirect: 13,500
<b>Siliguri (Zone E)</b>	<ul style="list-style-type: none"> <li>Commercial capital of the North Bengal with the best communication network of the region</li> <li>Located in close proximity to industrial areas in Cooch Behar and Jalpaiguri (Multi-product)</li> <li>Potential to serve major industries in area of Food Processing, and Plastic Products</li> </ul>	<ul style="list-style-type: none"> <li>Proximity to the Bagdogra Airport, the second International Airport of the state, linking Siliguri with Sikkim, Northeast and neighbouring countries</li> <li>Connectivity with Kolkata via NH 12</li> </ul>	100-150	200	Direct: 4,500 Indirect: 13,500

## Key recommendations

### A. Institutional coordination

Along with physical assets, a logistics policy goes a long way towards enabling a logistics hub. West Bengal already has a state level Logistics policy, which was released in 2018. The policy is likely to play a crucial role in positioning the state as the logistics hub of Eastern India and organising the sector from being a 'point-to-point' to a 'hub-and-spoke' model. Using the logistics policy as the underpinning instrument, the government could now work towards synchronisation and coordination of the extant industrial and transportation policies and initiatives in the state with the proposed state logistics policy. In particular, the state government could take stock of the mega-infrastructure projects like AKIC, Eastern DFC, ECIC, BCIM, etc. and strongly advocate and support their urgent completion, so that the state logistics infrastructure and initiatives can be planned and developed around them.

### B. Set up logistics centre of excellence

Beyond infrastructure and policy, the long-term sustainable growth of the logistics sector in Eastern India will depend on the sector leaders' ability to mine and harness the continually emerging and evolving innovations and best practices. The government can play an enabling role here by establishing a logistics centre of excellence in West Bengal. The Centre should focus on the following:

- Performance measurement and benchmarking of logistics service delivery – World Bank's Logistics Performance Index may serve as a good starting point for this exercise
- Origin-destination study of cargo movement for identifying prospective investment destinations for future logistics parks in the region
- Emerging digital solutions for offering more integrated and efficient logistics solutions
- Synchronisation of multi-modal capabilities of logistical services
- Domestic and international trade
- Financial efficiency of supply chain operations
- Training, capacity building and skill development
- Coordination and collaboration with other centres of excellence.

The Centre should offer a participative platform for bringing together stakeholders across the value

chain of logistics sector (including industry experts, education and research institutions, logistics players, industry associations, etc.) to devise efficient and innovative solutions around logistics service delivery.

### National Innovation Agenda Logistics Program in Netherlands

The National Innovation Agenda Logistics came up in Netherlands following the institution of the logistics sector policy. This program ensures the cohesion and focus in the chain of fundamental research, applied research and valorisation. This involves collaboration between governments, intermediary organisations and educational and research institutions such as universities, innovation and expertise platforms, sector organisations, companies involved in research and development projects and demonstration and pilot projects.

The program focuses on six pillars of innovation in the logistics sector:

- Development of an open digital platform facilitating the optimum availability and efficient (re)use of information for and by businesses and government
- Efficient use of the various modalities in one, integrated transport solution
- Expansion of the leading position of Dutch customs via streamlining and simplifying the unique collaboration between customs and industry
- Collective coordination and management of multiple supply chains using up-to-date technology, advanced software concepts and supply chain professionals
- Service logistics i.e. activities that are necessary in order to ensure that capital-intensive systems operate efficiently and without disruption for their entire lifecycle (up to and including any out-of-order moments and/ or reuse)
- Optimisation of financing of the total supply chain and the integration of financial processes between shippers, suppliers, logistic service providers and financial partner.

09. "Smart Logistics in the Netherlands", Netherlands office for Science and Technology, accessed on 10 Nov 2018

### C. Adopt digital solutions

Digitisation, equipped with adequate technology, has the potential to catapult the emerging logistics sector of Eastern and NE India to the frontier of productivity and efficiency. Digitisation can help with problems like low productivity practices, high inventory costs, and inefficient urban distribution prevalent in the region's logistical supply chain. Therefore, to improve the sector's competitiveness, the government, in association with private partners, can play a catalysing role by encouraging sector participants to embrace an integrated, digital approach that links across their supply chains right from demand forecasting to load consolidation and truck routing and dispatch scheduling<sup>10</sup>.

The following indicative digital solutions can offer improvement in logistical efficiency of cargo movement:

- **Demand forecasting:** Having visibility of point of sale data through supply chain digitisation and improving data analysis can turn that data into accurate demand projections and drive down the inventory cost
- **Warehousing management system (WMS):** Logistics players can increasingly look at digitisation and automation of warehousing processes to reduce the inventory cost by both increasing the efficiency of movement and storage of goods. The adoption of WMS can help optimise pick and sort operations, automate inventory counts and replenishments and monitor and report critical performance parameters
- **Modal shift of cargo across the different modes of transportation:** Significant cost savings may be achieved if a substantive share of cargo movement shifts from road to rail in Eastern and NE India. One way of achieving this is by enabling seamless delivery of intermodal transport. Radio frequency identification (RFID) tracking systems on intermodal containers, along with data standards for universalising those RFID signals, can go a long way towards determining the real-time location of the container and ensuring smooth transition from one mode of transport to another
- **Digitisation of loading information to improve truck utilisation:** Digitising the process of finding and contracting for loads can help improve the utilisation of trucks and ultimately reduce costs of on-road cargo movement
- **Intelligent transportation systems (ITS):** West Bengal has already initiated, in limited capacity, implementation of ITS in the field of public transportation. In logistics, ITS can include Weight-

In-Motion systems, vehicle location and condition monitoring systems, traffic controlling and monitoring systems, delivery space (for parking) booking systems, route planning systems, location monitoring systems and freight status monitoring systems<sup>11</sup>. Real-time access to some or all of these parameters can contribute to improved and efficient decision making in cargo movement.

### D. Develop skillsets for a future-ready logistics sector

There is a lack of sufficient skilled resources in the Logistics sector of India; the issue is also equally prevalent in Eastern and NE India. This primarily stems from the traditionally unorganised nature of the sector, where small entrepreneurs neither have the capacity nor the inclination to invest in human resource development. The lack of an institutionalised human-capital development initiative further compounds this challenge, which eventually leads to workers and managers developing skills on the job and being ill-equipped to adapt to changing requirements in terms of technology and/or work practices.

In this context, the following actions would be recommended:

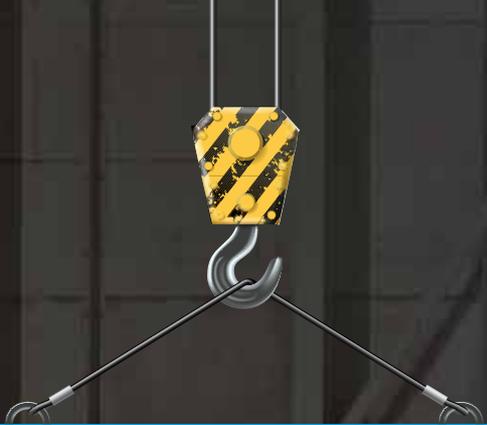
- Introduce internationally benchmarked curricula and courses suited to the Logistics and Transportation industry, such as technology-enabled supply-chain management, in the management and technical institutes, polytechnics, vocational education institutes in the state
- Formulate technical courses on logistics administration
- Invite international and national experts for conducting training sessions on logistics and supply chain management for various public and private sector stakeholders
- Design and conduct professional courses for high-ranking managerial positions in logistical operations.

### E. Promote start-ups in logistics and transportation

Start-ups offer a thriving eco-system for innovation and agility in service delivery. To ensure long-term growth of the Logistics sector in the region, the government should promote start-ups in the domain of Logistics and Transportation in the state focusing on areas such as, but not limited to, Telematics, Vehicular technologies, Freight aggregator, Mobility services, Freight forwarding, etc. A vibrant eco-system of start-ups can not only help attract investments in logistics but also keep the sector on the cutting-edge of technology, competition and efficiency.

10. Goods On The Move: Efficiency and Sustainability In Indian Logistics" NITI Aayog, September 2018

11. "Intelligent Freight Transportation Systems." Institute of Transportation Studies, 2012



# Conclusion







# Annexure - Location and project profiles for logistics parks in West Bengal<sup>01</sup>

01. All data represented here are based on KPMG in India analysis using data sourced from government of West Bengal, stakeholder consultations and review of publicly available data

**A. Dankuni:** Dankuni, a fast growing industrial city near Kolkata, is well connected via NH2 (Delhi-Kolkata Road) and NH6 (Mumbai- Kolkata Road). The city is on the Howrah – Bardhaman chord line, and is where the EDFC is terminating. Dankuni sector of eastern corridor is slated to have electrified double line. There is also provision for extension of lines to the proposed deep sea port at Tajpur.

### Proposed Logistics Park in Dankuni

Logistics Park, Dankuni
Districts of Hooghly, Howrah, Kolkata, North 24 Parganas, South 24 Parganas, and Nadia in West Bengal

Major catchment areas	District	Contribution to state GDP in percentage	New investment projects announced in last ten years (INR Million) <sup>02</sup>	Major industrial areas	Major industrial players
	Hooghly	6.0-7.0	237,249	Dankuni, Arambagh, Haripal, Dhanikhali, Srirampur	Aditya Birla, Calsprings Group; HPL; Himadri Chemicals and Industries Ltd; J K Steel; Jayashree Textiles ; Kolkata Mother Dairy; Dankuni Coal Complex; Dankuni Poly Chemicals; Food Processing Clusters
	Howrah	6.0-6.5	108,224	Bauria, Shibpur, Uluberia, Sankrail	HPL; PepsiCo; Guidance Food and Beverages; India Aluminium Ltd.; Shalimar Paints; Berger Paints; Textile Cluster
	Kolkata	9.0-10.0	421,287	Tangra, Khidderpor, Ultadanga, Beliaghata	General Electrical, Eveready, Britannia, HPL, Textile and Leather Cluster, Calcutta Chemical Corporation
	North 24 Parganas	12.5-13.0	96,189	Barasat, Barrackpore, Rajarhat, Habra, Naihati	Phillips, Hindustan cables, Andrew yule and Company, Supreme Industries Ltd, Surya Food Farms, Duncan Industries Ltd, Hosiery and garments from Textile Cluster, HPL
	South 24 Parganas	7.5-8.0	83,029	Maheshtala, Baruipur, Canning, Diamond Harbour, Kakdwip, Sultanpur	HPL, Welcome Leather, K H Leather Industries, Bonnie Exports, Bhawani Poly pack Pvt. Ltd., NKB Extrusion Pvt. Ltd.
	Nadia	4.5-5.0	18,297	Kalyani	Andrew Yule Company Ltd., Kalyani Spinning Mills, Kalyani Breweries Ltd., IOCL, Allen berry Industrial Oxygen Gas

02. KPMG in India 2017 analysis using data sourced from government of West Bengal

### Strategic advantages of the location

- Road connectivity via NH19, NH16 and AH1 and connectivity to Haldia port (120 KM Via NH16 and NH116) and Kolkata Port (30 KM Via AH1)
- Access to Kolkata Airport, within 20 kms via AH 1
- AKIC being developed in band of 150-200 KM on either side of proposed EDFC with Dankuni as the terminal point
- Industrial Growth Corridor (IGC) being developed for industrial growth alongside national Highways connecting Dankuni-Howrah, and Dankuni-Kalyani
- Railway Warehousing Complex with warehousing area of 8678 sq. mtr. and total capacity of the terminal being 13750 metric tonnes
- Proximity to the Howrah Junction railway station, the largest railway complex (16 kms via NH 16)
- Access to the proposed Inland Container Depot (ICD) at Balagarh, 64 kms from Dankuni via NH 19 and SH 6
- Access to NW1 via Uttarpara (5KM) via TN Mukherjee road
- Power availability from Bandel and Budge Budge Generating station.

### Major industrial areas in the LP's catchment area

District	Type of products/ sector	Distance from the area	Inbound connectivity	Outbound connectivity
Sankrail Food Park	Food and allied, Food processing, beverages	27 kms	Connectivity via NH16	Access to Kolkata Airport and Kolkata Port via Barrackpore Trunk Road Connectivity with Howrah Junction railway station via NH 16
Kolkata Biotech Park	Biotechnology	20 kms	Connectivity via Barrackpore Trunk Road	
Integrated Chemical Park, Howrah	Chemicals	27 kms	Connectivity via NH 16	
Chakgaria Food Park	Food and allied, Food processing	38 kms	Connectivity via Bankura – Beliapore – Sonamukhi – Khandagosh – Nischintapur	
Sultanpur Food Park	Food and allied, Food processing	100 kms	Connectivity via NH 16	
Kakdwip Food Park	Food and allied, Food processing	109 kms	Connectivity via NH 12	
Shilpangan, Salt Lake, Kolkata	Light engineering and manufacturing including toys, handicrafts, sporting goods, electronics and telecom equipment/ assembling	20 kms	Connectivity via the Barrackpore Trunk Road	

Major industrial areas in the LP's catchment area	District	Type of products/ sector	Distance from the area	Inbound connectivity	Outbound connectivity
	Metal casting Foundry Cluster Howrah	Iron Ingot, metals and minerals	27 kms	Connectivity via NH16	Access to Kolkata Airport and Kolkata Port via Barrackpore Trunk Road Connectivity with Howrah Junction railway station via NH 16
	Poly Park, Sankrail	Plastics Products and Aluminium	28 kms	Connectivity via NH16	
	Uluberia Industrial Park	Auto parts, textile, plastic, steel component	38 kms	Connectivity via NH16	
	Rishi Bankim Shilpa Udyan, Naihati	Electronic products, Poultry feeds, Animal Feeds	44 kms	Connectivity via Kalyani Expressway	
	Falta Ph-II, Sec -V, Industrial Growth Centre	Steel pipes, paper, textiles, CFL and LED lamps	69 kms	Connectivity via NH 16	
	Kalyani Ph-III, Industrial Growth Centre	Auto parts, distillery products, Railway LHB coaches, paper mill machineries etc.	51 kms	Connectivity via SH 13 and NH 19	
	Kalyani Industrial Estate, Ph-I	Chemicals, plastics, packaging, engineering fabrication jobs, woollen garments etc.	51 kms	Connectivity via SH 13 and NH 19	
Paridhan-Garment Park, Beliaghata	Textiles, garments and apparels	22 kms	Connectivity Via Barrackpore Trunk Road		
Upcoming industrial park/ infrastructure	<ul style="list-style-type: none"> <li>• <b>Howrah:</b> Foundry park, Leather park and Rubber park, Uluberia Industrial Park, Jagadishpur Hosiery Park, Kona Textile park</li> <li>• <b>Nadia:</b> Industrial Park, Kalyani, Haringhata Industrial park</li> <li>• <b>Kolkata:</b> Electronic Cluster, EIGMEF Garment Park</li> <li>• <b>North 24 Parganas:</b> Regent Garment and Apparel park</li> <li>• <b>South 24 Parganas:</b> Falta Multiproduct park, Amtala Industrial park, Budge Budge garment park, Eco textile park.</li> </ul>				

<b>Investment required</b>	~Rs.3,000 Crore <sup>03</sup>
<b>Land required</b>	~250-300 acre
<b>Job creation potential</b>	Direct employment – 9,000 Indirect employment – 27,000

**B. Durgapur:** The third largest conglomeration in the state, Durgapur is a Tier II city in Paschim Bardhaman district and is perhaps the most industrialised city in the Eastern India. It is the preferred gateway to the districts of Birbhum, Purulia, and Bankura. NH 19 passes through the city, NH 14 offers connectivity with Odisha, while SH 9 originates from the city. The Asian Highway (AH) 1 passes directly through the city and links Japan with Turkey, through Korea, China, Vietnam, Cambodia, Thailand, Myanmar, India, Bangladesh, Pakistan, Afghanistan, and Iran. The Andal Airport, the country's first private sector Greenfield Airport, is approximately 15 kms from the City Centre of Durgapur.

#### Proposed Logistics Park in Durgapur

##### Logistics Park, Durgapur

Districts of Birbhum, Purulia, Bankura, Paschim Bardhaman, and Purba Bardhaman, and extends till the states of Bihar and Jharkhand.

Major catchment areas	District	Contribution to state GDP in percentage	New investment projects announced in last ten years (INR Million) <sup>04</sup>	Major industrial areas	Major industrial players
	Birbhum	2.5-3	39,164	Bolpur, Bakreshwar	Bakreshwar Thermal Power Station
	Purulia	2-2.5	274,405	Purulia city, Raghunathpur	Ispat Damodar Ltd., Santhaldi Thermal Plant, Bengal arc Steel Pvt. Ltd., Purulia Steel Pvt. Ltd., Damodar Cement and Slag Ltd.
	Bankura	3-3.5	48,458	Bankura city, Bishnupur	Megacity Cement Ltd., Selex Cement, Nicholson Chemical Pvt. Ltd., Ganpat Ceramic, Durgapur Ultra Ceramic Pvt. Ltd.,

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04. KPMG in India 2017 analysis using data sourced from government of West Bengal

	District	Contribution to state GDP in percentage	New investment projects announced in last ten years (INR Million) <sup>04</sup>	Major industrial areas	Major industrial players
Major catchment areas	Paschim Bardhaman	10-11	1,106,640	Asansol, Durgapur, Raniganj, Chittaranjan	ALSTOM Projects India Ltd., Arti Bakery Pvt. Ltd., Ballavpur Paper Manufacturing Co., Corporate Ispat Alloys Ltd., HPL, Jai Balaji Industries Ltd, Durgapur Steel Plant, Chittaranjan Locomotive Works, Damodar Valley Corporation, Indian Iron and Steel Company, Burn Standard, Raniganj paper mill
	Purba Bardhaman			Bardhaman, Katwa	

Strategic advantages of the location
<ul style="list-style-type: none"> <li>• Proximity to the Andal Airport, the country's first private sector Greenfield Airport</li> <li>• Access to AH 1 linking India with Bangladesh, China and Japan</li> <li>• Presence of the only operational dry port in the Eastern India</li> <li>• Access to Direct Freight Terminal for handling of railway rakes</li> <li>• Inland Container Depot (ICD) at Durgapur</li> <li>• Access to NW 7 and NW 29</li> <li>• Access to EDFC at Andal</li> <li>• Power availability from Durgapur Thermal Power station, Durgapur Steel Thermal Power station, Bakreshwar generating station, and Mejia Thermal Power station.</li> </ul>

	Major industrial areas	Type of products/ sector	Distance from the area	Inbound connectivity	Outbound connectivity
Major industrial areas in the LP's catchment area	Industrial park for MSMEs at Bengal Aerotropolis Projects Ltd	Polyfibre based manufacturing, cotton spinning, auto parts manufacturing, solar panel manufacturing, LED manufacturing, agro-food packaging	10 kms from Durgapur city	Connectivity via NH 19	Connectivity with Kolkata via NH 19, linking the states of Delhi, Haryana, Uttar Pradesh, Bihar, Jharkhand, and West Bengal.
	Processing Park, Barjora	Textiles, garments and apparels	12 kms from Durgapur railway station	Connectivity via SH 9	Connectivity with Kharagpur via NH 14, terminating at its junction at NH 16.

	Major industrial areas	Type of products/ sector	Distance from the area	Inbound connectivity	Outbound connectivity
Major industrial areas in the LP's catchment area	Industrial Parks, Raghunathpur	Steel and allied, cement	65 kms from Durgapur	Connectivity via NH 419 and then NH 19	Connectivity with Kolkata via NH 19, linking the states of Delhi, Haryana, Uttar Pradesh, Bihar, Jharkhand, and West Bengal.  Connectivity with Kharagpur via NH 14, terminating at its junction at NH 16.
	Panagarh Industrial Park	Chemicals and fertilisers, bottling plant, distillery plant, ceramic tiles manufacturing	20 kms from Durgapur	Connectivity via NH 19	
	Plasto Steel Park (Phase I, II, III)	Steel and plastics	12 kms from Durgapur railway station	Connectivity via SH 9	
	Bishnupur Industrial Growth Centre	Metals and Steel	61 kms	Connectivity via NH 14 and then SH 9	
	Durgapur Industrial Estate	Fabrication job, engineering work	-	Connectivity via NH 19	
	Durgapur Rehabilitation Industrial Plot	Fabrication job, wooden furniture	-	Connectivity via NH 19	
Upcoming industrial park/ infrastructure	<ul style="list-style-type: none"> <li>• <b>Bardhaman:</b> Industrial Park for MSME at Golden City Industrial Township Bengal Aerotropolis Projects Ltd.</li> <li>• <b>Bankura:</b> Processing Park, Barjora</li> </ul>				
Investment required	~Rs.2,500 Crore <sup>05</sup>				
Land required	~200-250 acre				
Job creation potential	Direct employment – 7,500 Indirect employment – 22,500				

**C. Tajpur:** Located along the shores of Bay of Bengal in the district of Purba Medinipur, Tajpur is soon going to have a deep sea port that will soon boost the export industries in the districts of Purba and Paschim Medinipur. There is also provision of connecting Dankuni (where the Eastern Freight Corridor is terminating) to Tajpur allowing for faster movement of container and cargo traffic from the proposed LP. The proposed LP will cater to goods movement in and out of the proposed port and would be able to handle commodities such as dry bulk, liquid bulk, containers and LNG/LPG. The city is located at 170 KM from Kolkata via NH16.

### Proposed Logistics Park in Tajpur

Logistics Park, Tajpur
Districts of Purba Midnapore, Paschim Midnapore, and districts in Odisha of Balasore, Bhadrak, Jajpur, Keonjhar, Angul, Khurdha, Sambalpur

Major catchment areas	District	Contribution to state GDP in percentage	New investment projects announced in last ten years (INR Million) <sup>06</sup>	Major industrial areas	Major industrial players
	Paschim Midnapore	5.0-5.5	117743.5	Kharagpur, Salboni	HPL; Century Aluminium manufacturing Co, Rakshmi cement; Kanchan Oil; MPS Food Products; Tata Iron and Steel Company
	Purba Midnapore	7.0-7.5	788845.2	Haldia, Shankarpur	HPL; Haldia Petrochemicals; IOC Refinery; Exide Industries
	Balasore (Odisha)	4.5-5.0 (Odisha)	83,016.1	Balasore, Somnathpur	Birla Tyres; Emami paper Mills; Ispat Alloys Ltd., Alom Extrusion Ltd., Hyderabad Industries Ltd.
	Bhadrak (Odisha)	2.0-2.5 (Odisha)	626,733.1	Bhadrak	Rice Cluster in Bhadrak, Ferro Alloys Corporation Ltd.
	Jajpur (Odisha)	4.0-4..5 (Odisha)	588,607.1	Jajpur, Jarakara, Duburi	Tata Steel; Ferro Alloys Corp Ltd, Jindal Stainless Ltd.; Visa Industries Surya Sponge Iron
	Keonjhar (Odisha)	5.5-6.0 (Odisha)	67,585.4	Keonjhar, Barbil	Tata Iron Sponge Ltd; Aditya Sponge and Power, Hinduja Steels; TISCO Plant; Jindal Steel; Kalina Iron Works
	Angul (Odisha)	6.5-7.0 (Odisha)	1068930.40	Angul	Nalco; Bhusan Steel; Mahanandi Coal Field; Bindal Sponge Ltd, Ganesh Sponge Pvt. Ltd, Jindal Steel

06. KPMG in India 2017 analysis using data sourced from government of West Bengal

	District	Contribution to state GDP in percentage	New investment projects announced in last ten years (INR Million) <sup>06</sup>	Major industrial areas	Major industrial players
Major catchment areas	Khurdha (Odisha)	7.5-8.0 (Odisha)	114,281.20	Bhubaneswar, Mancheswar	Vedanta; Aditya Steel Industries; Tripti Drinks; OCL India; Biraja Steel Ltd., Hindustan Coca Cola Beverages; Sun Granites Exports Ltd.
	Sambalpur (Odisha)	3.0-3.5 (Odisha)	197,556.8	Sambalpur	Hindalco; T R Chemicals; Bhushan Steel; Aryan Ispat; R B Sponge Iron Ltd.; Aditya Aluminium Ltd; Rice Mill Cluster

Strategic advantages of the location
<ul style="list-style-type: none"> <li>• Upcoming Deep Sea Port with proposed draft of 15 meters allowing 60,000 tonnes of docking capacity</li> <li>• Connectivity via NH 116B, linking West Bengal and Odisha</li> <li>• 50 KM from Haldia dock and access to Multi modal terminal of Inland waterways at Haldia</li> <li>• Access to NW 1 via Haldia till Allahabad, Uttar Pradesh</li> <li>• Power availability from Kolaghat Thermal Power station, and Haldia generating station.</li> </ul>

	Major industrial areas	Type of products/ sector	Distance from the area	Inbound connectivity	Outbound connectivity
Major industrial areas in the LP's catchment area	Basulia Haldia Garment Manufacturing Cluster	Embroidery and Garment	100 kms	Connectivity via NH116B	Connectivity with Kolkata via NH 16 and NH 116B Connectivity with Kharagpur via NH 16 Connectivity with Durgapur via NH 19 Nearest Airport is the Kolkata Airport (170 kms)
	Kharagpur Industrial Area	Engineering Works, Iron and Steel,	99 kms	Connectivity via SH5	
	Godapiasal Industrial Park	Cement	123 kms	Connectivity via NH 16	
	Shankarpur Food Park	Food and allied, food processing	7 kms	Balisai – Tajpur sea beach road	
	Haldia Food Park	Food and allied, food processing	97 kms	Connectivity via NH 116B	
	Salboni Industrial Park	Metals and steel	137 kms	Connectivity via NH 16	
	Sahachawk Industrial Park	Iron and steel	-	-	
	Kharagpur General Industrial Park	Iron and steel	121 kms	Connectivity via NH 16	

	Major industrial areas	Type of products/ sector	Distance from the area	Inbound connectivity	Outbound connectivity
Major industrial areas in the LP's catchment area	Vidyasagar Industrial Park, Kharagpur	Engineering and fabrication, equipment manufacturing, power transmission and distribution equipment etc.	121 kms	Connectivity via NH 16	Connectivity with Kolkata via NH 16 and NH 116B Connectivity with Kharagpur via NH 16 Connectivity with Durgapur via NH 19 Nearest Airport is the Kolkata Airport (170 kms)
	Kharagpur Industrial Growth Centre	Iron and steel, telecom equipment	121 kms	Connectivity via NH 16	
Upcoming industrial park/ infrastructure	<ul style="list-style-type: none"> <li>• <b>Paschim Medinipur:</b> Goaltore Industrial park</li> <li>• <b>Purba Medinipur:</b> Haldia Industrial park</li> </ul>				
Investment required	~Rs.2,000 Crore <sup>07</sup>				
Land required	~150-200 acre				
Job creation potential	Direct employment – 6,000 Indirect employment – 18,000				



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**D. Malda City:** Malda city or English bazaar is the head-quarter of the Malda district. NH 12 passes through the heart of the city, and is also served by SH 10. The nearest railway station is the Malda town railway station, district headquarters of the Eastern Railway's Malda division. Almost all the trains bound for North Bengal or North Eastern states of India pass through this station. The state government has also initiated development of the airstrip at the Malda Airport.

### Proposed Logistics Park in Malda City

Logistics Park, Malda city					
Districts of Malda, Uttar Dinajpur, Dakshin Dinajpur, and Murshidabad					

Major catchment areas	District	Contribution to state GDP in percentage	New investment projects announced in last ten years (INR Million) <sup>08</sup>	Major industrial areas	Major industrial players
	Malda	3-3.5	2,953	English bazar (Malda city), Malda town	HPL, IOCL, Strescon Industries Ltd., Sukhjit Starch and Chemical Ltd.
	Uttar Dinajpur	1.5-2	10,120	Islampur, Raiganj, Itahar, Kaliaganj	Tantia Agro-chemicals Pvt. Ltd., Dalkhola flour mill, West Dinajpur mill, Kalyani Soven Pvt. Ltd.
	Dakshin Dinajpur	1-1.5	3,663	Balurghat	Sudha Oil Industries, Marino Gold Ceramics, Kalyani Solvex Pvt. Ltd.,
	Murshidabad	5-6	68,895	Jangipur, Berhampur, Rejinagar	-

Strategic advantages of the location
<ul style="list-style-type: none"> <li>• Gateway to North Bengal and North Eastern states of India through Malda town railway station</li> <li>• Proximity to Malda Food Park and Jangipur Mega Food Park</li> <li>• Access to NH 12, originating from NH 27 and terminating at Farakka Barrage Township</li> <li>• Power availability from Farakka Super Thermal Power station.</li> </ul>

Major industrial areas in the LP's catchment area	Major industrial areas	Type of products/sector	Distance from the area	Inbound connectivity	Outbound connectivity
	Malda Food Park	Food and allied, Food processing	4 kms	Connectivity via NH 12	Connectivity with Kolkata via NH 12 and SH 7, and NH 19; Connectivity with Haldia via SH 7, NH 12, and NH 19, Connectivity outside the state via NH 81 Nearest Airport is Bagdogra Airport (215 kms)
	Jangipur Mega Food Park	Food and allied, Food processing	88 kms	Connectivity via NH 12	
	Illuabari Industrial Estate	Steel and engineering products	150 kms	Connectivity via NH 12	

08. KPMG in India 2017 analysis using data sourced from government of West Bengal

<b>Investment required</b>	~Rs. 1,500 Crore <sup>09</sup>
<b>Land required</b>	~100-150 acre
<b>Job creation potential</b>	Direct employment – 4,500 Indirect employment – 13,500

**E. Siliguri:** Located in the northern fringes of the state, the city of Siliguri spans across the Darjeeling and Jalpaiguri district. The second largest city of the state, Siliguri is reckoned as the gateway of the North-eastern India. The nearest railway station is at the New Jalpaiguri (NJP), within three kms from the heart of the city. The Bagdogra Airport, the second International Airport of the state, is at a distance of 12 kms. The city offers excellent connectivity with the rest of the country via NH 10, connecting Siliguri with Gangtok, NH 27, connecting Siliguri with Silchar, Assam, NH 31, connecting Uttar Pradesh and Malda via Siliguri, NH 34, connecting Siliguri and Kolkata, NH 55 and NH 110, connecting Siliguri and Darjeeling.

#### Proposed Logistics Park in Siliguri

Logistics Park, Siliguri					
Districts of Darjeeling, Jalpaiguri, Kalimpong, Cooch Behar and Alipurduar district					
Major catchment areas	District	Contribution to state GDP in percentage	New investment projects announced in last ten years (INR Million) <sup>10</sup>	Major industrial areas	Major industrial players
	Darjeeling	2.5-3.5	37,167	Siliguri, Darjeeling	Majorly Tea estates and industries
	Jalpaiguri	-	22,343	Siliguri, Dabgram, Raninagar	SAI Industries Pvt. Ltd., Hindustan Lever Ltd., Kusum Iron and Steel, Coca-Cola
	Kalimpong	-	-	-	-
	Cooch Behar	2-3	4,630	Cooch Behar town	ESS Plywood, Tirupati Plywood Industry, Poddar Food Products Pvt. Ltd., Deepa Castings Pvt. Ltd., Kamakashi Jute Industries
	Alipurduar	-	-	-	-

09. KPMG in India 2017 analysis using data sourced from government of West Bengal

10. KPMG in India 2017 analysis using data sourced from government of West Bengal

### Strategic advantages of the location

- Commercial capital of the North Bengal with best communication network of the region
- Proximity to the Bagdogra Airport, the second International Airport of the state, linking Siliguri with Sikkim, Northeast and neighbouring countries
- The proposed Inland Container Depot (ICD) in Siliguri
- Access to East-West Corridor linking the states of Gujarat, Rajasthan, Madhya Pradesh, Uttar Pradesh, Bihar, West Bengal, and Assam
- Proximity to the perishable goods cargo complex at Bagdogra Airport (within 10 kms via NH 10 and NH 57).

### Major industrial areas in the LP's catchment area

Major industrial areas	Type of products/ sector	Distance from the area	Inbound connectivity	Outbound connectivity
Siliguri Food Park	Food processing, Food and allied	-	-	12 kms from the Bagdogra Airport, connectivity with Kolkata via NH 12, connectivity with Jalpaiguri via SH 12A
Raninagar Industrial Growth Centre	Beverages, Petroleum products, Agro/ Food-processing, Plastic products, Poultry feed	40 kms via SH 12A	Less than an hour's journey via SH 12A	
Cooch Behar Industrial Growth Centre	Agro/ Food processing, jute products	140 kms via NH 27	Close to three hour's journey via NH 27, and NH 31	
Ambari Falakata Industrial Estate	Agro/ Food processing, food and allied	20 kms via NH 31	Connectivity via SH 12A, NH 31	
Fulbari Industrial Park	Tea packaging, food processing, agro-food packaging, small machine and equipment manufacturing	9 kms from the heart of Siliguri Town	Connectivity via SH 12A	

### Upcoming industrial park/ infrastructure

- **Jalpaiguri:** Fulbari Industrial Park - Amrit Vyapaar Pvt. Ltd.
- **Cooch Behar:** Cooch Behar Industrial Growth Centre

### Investment required

~Rs. 1,500 Crore<sup>11</sup>

### Land required

~100-150 acre

### Job creation potential

Direct employment – 4,500  
Indirect employment – 13,500

11. KPMG in India 2017 analysis using data sourced from government of West Bengal



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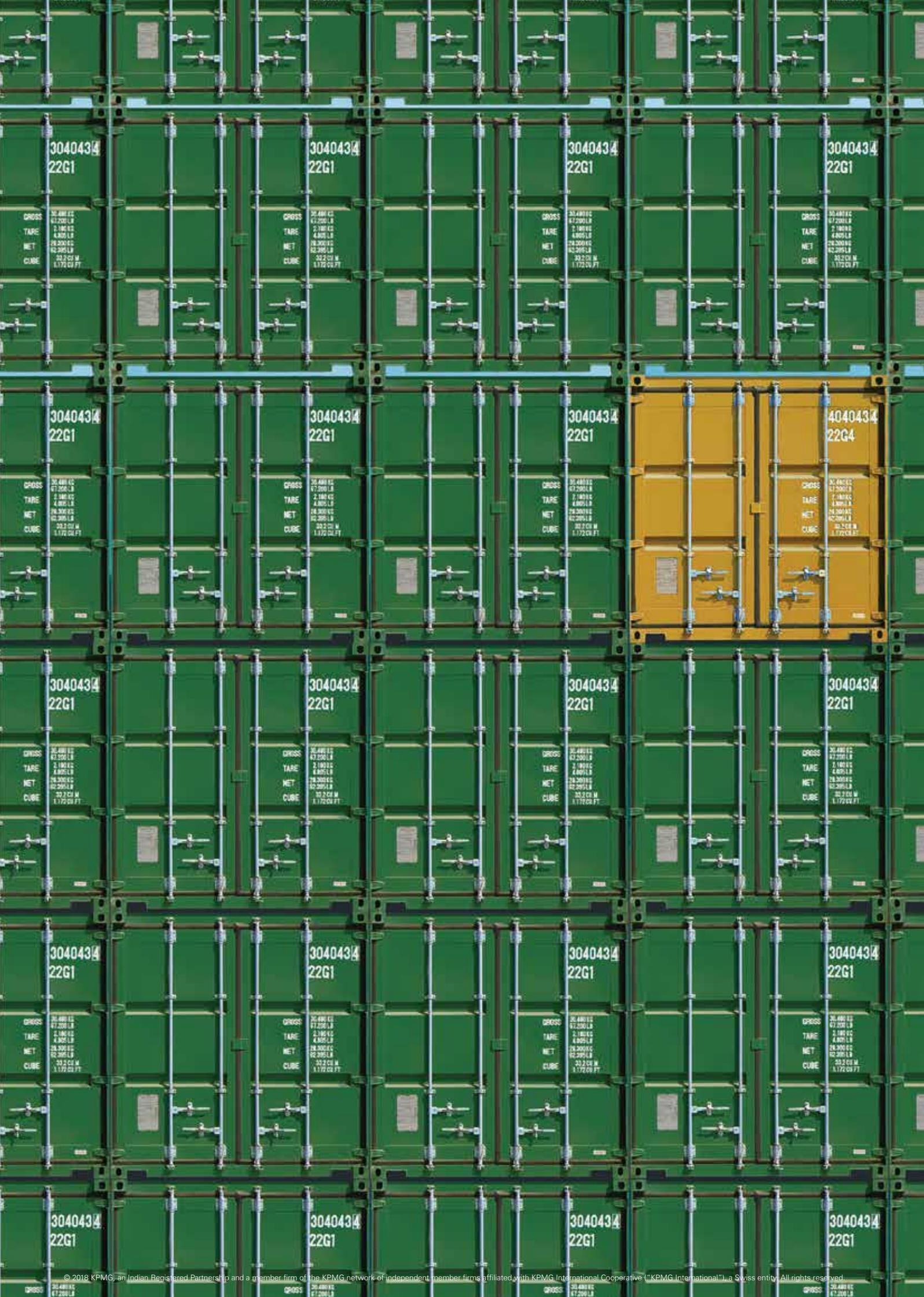
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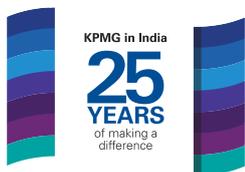
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