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## Impact Of Covid 19 Pandemic On Third Party Logistics

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### Abstract:

The logistics industry is the backbone of manufacturing and service sector. The Third-party logistics service is the activities related to logistics outsourced by the manufacturer and traders. The Industries in India spends about 14 percent of Gross Domestic Product (GDP) on logistics cost. The third-party logistics includes warehousing and transportation services. The COVID-19 pandemic caused by Corona virus has impacted industrial sectors including Logistics sector during 2020-2021.

This research paper talks about impact of Covid-19 Pandemic on Third Party Logistics. It is observed that the transit logistics decreases then there is increase in the warehousing activities for manufacturing industries. The transit logistics increasing with increasing warehousing activities for e-commerce industry. It is seen that Pune Municipal Corporation area observed the top rise in transit warehousing for the financial year 2020 in the India. During COVID-19 pandemic, there was rise & fall in warehousing & logistics services. Researcher claims that, there are four places for goods as Manufacturer's place, Consumer (user) place, Transit and Shelf (Retail or Warehouse). In the lockdown due to covid 19 pandemic, Government has allowed to delivery of e-commerce goods and food items. This has given boost to e-commerce industry. Inside city transportation, transit logistics increases with increase in warehousing activities for e-commerce industry

### Introduction:

Logistics journey started in the era of Louis XIV in France. Then military logistics to today's business logistics. Today logistics industry becomes a life line of industrial world. In the era of world class manufacturing, no industry can manufacture goods in isolation. The manufacturing industries are interdependent on each other and connecting to these industries is a logistics service provider. Even for delivering the goods to the consumer, connecting system is logistics service provider. The Third-party logistics services is the activities related to logistics outsourced by the manufacturer and traders. The third-party logistics services included transportation, Inventory management and warehousing. The Indian Express on 19 December 2020 issues published that the Industries in India spends about 14 percent of Gross Domestic Product (GDP) on logistics cost (Shalini Nair).

The India is having 58.95lakhs KMS road network and in that Maharashtra is having 26.75 thousand KM road network. The Pune is known as industrial city of Maharashtra. The Pune's Road network consist of State Highways, National Highways and Expressways. Pune district has 13, 642KM (wiki)road network. The Pune industrial area includes Kurkumbh, Kharadi, Bhigwan, Khed, Hindjewadi, Talawade, Chakan, Pimpri, Chinchwad, Bhosari. Ranjangaon etc. There are more than 50 third party logistics service providers in Pune city. They provide integrated packaging, transportation, warehousing, cross-docking, inventory management. Before Pandemic, industries as well as logistics service providers were flourishing.

## **Pandemic**

As per American Health Organisation, a pandemic is a global epidemic that spreads to more than one continent. This pandemic is caused by a newly discovered virus called coronavirus identified in 2019. The coronavirus, CO for corona, VI for virus and D is for disease discovered in 2019. Hence COVID-19.

A pandemic is basically a global epidemic -- an epidemic that spreads to more than one continent. As per American Health Organization, the this COVID-19 is an infectious disease caused by a new version coronavirus and it is muting continuously. The COVID-19 pandemic is caused by a newly muted strain of coronavirus. In the medical term for virus, it was known as '2019 novel coronavirus' or '2019-nCoV. This coronavirus impacted on respiratory system, hence were mask to protect entrance from mouth and nose. The COVID 19 pandemic the world is facing global economic crisis. The IMF's latest world economic outlook suggests that the manufacturing sector would be get most hit and economic crisis.

## **Research Methodology: -**

The research methodology is based on secondary data. The required data is collected by reviewing literature available and referring to related studies from the report, research journals, internet sites etc. The approach of the research is exploratory in nature. The research undertaken by researchers adequately substantiate the claim made in the article to capture the emerging issues in this field.

## **Objectives:**

1. To study third party logistics system
2. To understand impact of covid 19 pandemic on Third Party Logistics service providers
3. To understand relations between transportation and warehousing

## **Research Question:**

The study is based on secondary data analysis. It is empirical research. The two research questions

1. If the transit logistics decreases then there is an increase in the warehousing activities for manufacturing industries?
2. If the transit logistics increasing with increasing warehousing activities for e-commerce industry?

### **Third party logistics system:**

Transportation: Definition from Oxford Languages is given as. "The action of transporting someone or something or the process of being transported." The transportation sector is very important sector of an industry in the economy that deals with the movement of people and products. This includes modes of transport and that provide transportation infrastructure. (By Adam Hayes, Reviewed by Gordon Scott, on April 28, 2021, Investopedia)

Wikipedia definition for logistics is as, "the management of the flow of things between the point of origin and the point of consumption to meet the requirements of customers or corporations" The third-party logistics service providers basically integrate transportation, storage, warehousing services. These services vary as per the need of customers, market situations, routing decisions. These third-party service providers match the delivery requirements and demand for the product.

### **Impact of Covid-19 Pandemic Third Party Logistics (TPL)**

Third Party Logistics is the business service function which is outsourced by producers for storage, transport and distribution activities. The third-party logistics is focusing on delivering the product at right place, at right logistics price and at the right time. It also ensures fullest customer satisfaction considering all constraints in the delivery. The services that are provided by a TPL company are inventory control, packing & packaging, destination delivery and timely delivery of the products. The e-commerce industry is growing and with that TPL service provider industry is also growing. Even TPL become a backbone for the success of e-commerce industry. Now a days, many manufacturing firms entering into direct delivering their products to customers. Rise in e-commerce industry and upcoming new e-commerce business may give escalation of logistics service providing companies. The e-commerce company like FlipKart come up with their own logistics company E-Kart. The companies like Patanjali come with their own distribution system. Titan also has entered in the market with innovative distribution system. The basically third party logistics is nothing but the outsourcing of logistics processes to a third-party service providers. It includes inventory control, transportation and warehousing. (<https://www.shipbob.com/blog/3pl/>)

It is known that global third-party logistics is valued as 1027 billion dollars in 2019 and it is projected up to 1790 billion dollars in 2027. The Asia-Pacific region is having largest share in third party logistics market till 2019. The functions of the third-party logistics include transportation, goods receiving, warehousing, packaging and door to door delivery.

### **The transit logistics decreases then there increase in the warehousing activities for manufacturing industries:**

Pune is well-known industrial city of India. It is known for IT sector, Manufacturing sector. But real identity is given to Pune by Automobile sector. Pune is having manufacturing plants of Tata Motors, Force Motors, Ford Motors, FIAT Motors, JCB, Volks Wagon, Mercedes Bentz, Mahindra & Mahindra, Bajaj Auto Limited and many more. Maharashtra Industrial Development Corporations have developed industrial sectors in Pune such as Rangjangaon MIDC, Chakan MIDC, Hinjewadi IT Sector, Bhosari Industrial sector and many more.

During COVID-19 pandemic, there was rise & fall in warehousing & logistics services. There was a scarcity of manpower (Drivers and for other services) and even if it is available there were many restrictions to operate. Though all the restrictions are for betterment & precaution to defeat corona Virus attack, but it has slowed down the transportation industry at a large extent. If the goods are not in transit, then obviously goods would in warehouse. Researcher claims that, there are four places for goods as Manufacturer's place, Consumer (user) place, Transit and Shelf (Retail or Warehouse). And if goods are not in transit, then it would in warehouse. As report by realty firm Knight Frank logistics warehousing in the financial year 2020, the Pune city area has seen 4.9 million square feet of transactions.

### **The transit logistics decreases then there increase in the warehousing activities for manufacturing industries:**

The steep growth in transit warehousing is shown by pune city area in the financial year 2020 in India. (Indian Express Dec 2020) It is also seen the growing demand from Maharashtra Industrial Development Corporation (MIDC). It is seen logistics park development is initiated in the Maharashtra Industrial Development Corporation areas like Chakan, Talegaon in Pune. Due to lockdown, industrial leasing, which is around 65 percent of total transaction volume of warehousing. (Atikh Rashid, December 10, 2020, Indian Express, Pune)

For any country, the logistics industry is back bone of economy and it is seen as driving force behind a manufacturing and e commerce industry. The logistics companies provide storage management, packing & packaging, transportation multimodal, warehousing, and inventory management. The impact of COVID -19 on logistics started in China. In China, after travel restrictions give rise to shortage of logistics persona (Drivers, loader, unloader) which in turn resulted in disruption of logistics system. It impacted on international trade. The land freight got more impacted due to lockdown. The Air freight fell by 19 percent in March 2020.

### **The transit logistics increasing with increasing warehousing activities for e-commerce industry:**

The covid 19 pandemic impacted more on small players as they were not having backup plan, lack of advanced technology. Even business was not fixed for many small logistics companies. It was on contractual ranging from 1 to 8 days.

With rise of e-commerce industry, transit logistics increasing with increasing warehousing activities for e-commerce industry. In 2017, E-commerce sector is escalated as steep growing sector with 55 percent CAGR (Compound Annual Growth Rate) and e-commerce sector has occupied about 50 million square feet of total warehousing space. This proves that with increase in warehousing activities for e-commerce industry, transit logistics activities increased. As per Indian Express, warehousing industry of Pune continues to take up to 4.8 million square feet in the year 2020. In lockdown due to covid 19 pandemic, Government has allowed to delivery of e-commerce goods and food items. But retails shops either remained closed or partially functioning. This has given boost to e-commerce industry. Inside city transportation, transit logistics increases with increase in Warehousing activities for e-commerce industry. Indian Express reported that because of lockdown, delivery destinations and distributions local centres have been acquired by the TPL companies and e-commerce sector companies.

### **Conclusion:**

The logistics industry is the backbone of manufacturing and service sector. The Third-party logistics service is the activities related to logistics outsourced by the manufacturer and traders. The during Covid-19 Pandemic, it is observed that the transit logistics decreases then there is increase in the warehousing activities for manufacturing industries. On the other hand, it is observed that the transit logistics increasing with increasing warehousing activities for e-commerce industry. There were many restrictions on the logistics acivities and they were for betterment & precautinal to defeat corona Virus attack, but it has slowed down the logistics industry at a large extent. If the goods are not in transit, then obviously goods would in warehouse. Because of lockdown, the third party logistics service providers became a key to connect delivery destination and centres for local distribution.

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