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## Warehousing surge in India

The robust growth of e-commerce (expected to reach \$350 billion by 2030), advancements in technology, government initiatives and evolving consumer preferences have collectively spurred a transformation in the logistics and warehousing sector.

Written by Guest

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Warehousing in India operates within a legal framework designed to govern the storage, distribution and management of goods. (IE)

- By Avikshit Moral and Mahek Chheda

In recent years, [India](#) has witnessed a monumental surge in its warehousing [industry](#), signalling a pivotal shift in the country's economic landscape. The robust growth of e-commerce (expected to reach \$350 billion by 2030), advancements in [technology](#), government initiatives and evolving consumer preferences have collectively spurred a transformation in the [logistics](#) and warehousing sector.



Warehousing in India operates within a legal framework designed to govern the storage, distribution and management of goods. India's Warehousing (Development and Regulation) Act of 2007 ("WDR Act") stands as a pivotal legislation governing the storage, regulation, and development of [warehouses](#) across the country. Some of the key provisions are:

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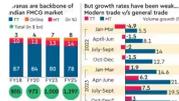
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**Accreditation of Warehouses:** It lays down the criteria and procedures for accrediting warehouses, ensuring adherence to specified standards of storage, infrastructure, and operations.

**Negotiable Warehouse Receipts (NWRs):** WDR Act facilitates the issuance of negotiable warehouse receipts (NWRs) by accredited warehouses which serve as negotiable instruments, enabling the transfer of ownership or pledge of stored goods, thereby facilitating trade and easing access to credit.

**Regulatory Oversight:** It empowers regulatory authorities to oversee [compliance](#) with standards, prevent malpractices, and ensure fair practices within the warehousing sector.

Governing the regulation and development of warehouses in Maharashtra is the Maharashtra Warehousing Act, 1960 ("MWA"), which is a state-specific legislation. Apart from licensing of warehouse, crucial features are:

**Regulation of Warehouse Operations:** MWA aims to regulate the conduct of warehouse operations to ensure the proper storage, safety, and handling of goods stored in these facilities.

**Protection of Depositors' Interests:** MWA includes provisions to safeguard the interests of depositors or individuals storing goods in warehouse outlining procedures for handling disputes, liabilities, and responsibilities in case of loss or damage to stored goods.

**Penalties for Violations:** MWA prescribes penalties for non-compliance with its provisions. Warehouse keepers failing to adhere to licensing requirements or violating regulations may face penalties or other disciplinary actions.

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However, there are certain challenges that are faced by the warehousing sector like:

- Insufficient Modern Warehousing Facilities
- Restricted rural infrastructure
- Lack of technology Integration
- Regulatory Hurdles
- Limited availability of Skilled Manpower

#### Potential solutions for the warehousing sector

- Encourage PPPs to develop modern warehousing facilities, especially in rural and underserved areas. Modern warehousing attracts businesses, boosting economic activity in these regions. It creates job opportunities and encourages entrepreneurship, fostering local economic growth. Modern warehouses can serve as hubs, facilitating better access to markets for local goods. This helps bridge the urban-rural divide and encourages trade and commerce.
- Land acquisition process, specifically for people acquiring the land for warehousing, needs to be made simpler. Warehousing can be included as “bonafide industrial use” so that even if the land is agricultural land, the same can be purchased for “bonafide industrial use” without the permission of the collector.
- Creation of special development authority specifically looking into warehousing section shall be formed which also has the ability to adjudicate disputes between parties. Encourage using prescribed model formats for lease, agreements etc. which will reduce litigation.
- Special attention shall be given towards designating specific lands for warehousing while undertaking future zoning which shall be kept in the vicinity of new infrastructure that are being developed or proposed to be developed at various places.
- Rebate in stamp duty, registration fess, electricity charges, etc as is done in case of IT/ITES sector.
- Creation of areas like SEZ specially for warehousing where the land is acquired by the Government and interested parties can acquire the same on lease basis. Coming up with innovative **lease models** wherein the Government acts as a stakeholder by having proportionate rental sharing model.

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#### Conclusion

It is imperative that the Government comes up with **incentive** schemes and the laws which are in place today need to be future ready and must have ability to tackle the needs of the future. Solving these challenges requires a collaborative effort involving the government, industry stakeholders, and regulatory bodies. Implementing measures that focus on infrastructure development, technology integration, regulatory reforms and skill enhancement can significantly enhance the efficiency and competitiveness of the **warehouse sector** in India, driving its growth and contribution to the overall **economy**.

**(Avikshit Moral is the Partner; and Mahek Chheda is the Senior Associate at INDUSLAW.)**

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