

# National Logistics Policy

March 22, 2019

Updated article on same topic. [Read here..](#)

## Manifest Pedagogy

Logistics and investment in infrastructure has been a keystone approach in the last 10 years. Moreover, completion of waterways and dedicated freight corridors will give a further boost to logistics. Upsc may focus on the policy itself, infrastructure status, important programmes etc both for prelims and mains.

## In news

Draft policy on logistics

## Placing it in the syllabus

Infrastructure

## Static dimensions

- Logistics Performance Index
- Share of freight(road, rail, air & waterway)
- National Highway Grid
- Inland waterways
- Bharatmala
- Sagarmala

## Current dimensions

- Logistics cost of doing business and competitiveness
- Dedicated freight corridor
- Ganaga Waterway(Prayagraj to Haldia)
- Logistic portal
- Features of draft policy

## **Content**

### **The Logistics Performance Index (LPI)**

Logistics Performance Index (LPI), an interactive benchmarking tool developed by World Bank, scores countries based on the efficiency of domestic and international freight logistics. Some of the criteria to score a country are logistics service quality, timeliness of delivery, quality of infrastructure, ability to track and trace consignments, efficiency of customs and border management clearance and ease of international shipment. LPI 2018 gives relative ranking of 160 countries across the globe.

India's LPI had improved from rank 54 to 36 between 2014 and 2016 due to improvements in infrastructure, programs like Make in India and technological and digital improvements in the logistics supply chain. However, India is ranked 44 in LPI in 2018 with a score of 3.18 while Germany has the highest score of 4.2

### **Freight Share in India by Mode**

- Air- less than 1%
- Rail- 32%
- Road-60%
- Water-7%

### **National Highway Grid**

The National Highway Authority of India proposed a 'National Highway Grid.' The grid will include 27 horizontal and vertical highway corridors spread across the country. The corridors, that will crisscross and connect with each other, will be spaced at a distance of 250 kilometres.

The grid will connect 12 major ports, 26 state capitals and more than 45 cities. It is expected to be 36,000 kms long.

### **Inland waterways**

There are 111 officially notified Inland National Waterways (NWs) in India identified for the purposes of inland water transport, as per The National Waterways Act, 2016. Out of the 111 National Waterways (NWs) declared under the Act, 13 NWs are operational for shipping and navigation and cargo/passenger vessels are moving on them.

### **Bharatmala Pariyojana**

Bharatmala Pariyojana is a new umbrella program for the highways sector that focuses on optimizing efficiency of freight and passenger movement across the country by bridging critical infrastructure gaps through effective interventions like development of Economic Corridors, Inter Corridors and Feeder Routes, National Corridor Efficiency Improvement, Border and International connectivity roads, Coastal and Port connectivity roads and Green-field expressways. It two phases and Phase I to complete by 2022.

The next phase of highway development in India will focus on building expressways which allow **uninterrupted traffic flow**. Under the second phase of Bharatmala, the government has proposed to build nearly 3,000 km of expressways, including Varanasi-Ranchi-Kolkata, Indore-Mumbai, Bengaluru-Pune and Chennai-Trichy.

### **The Sagarmala Programme**

The Sagarmala Programme is an initiative by the government of India to enhance the performance of the country's logistics sector. The programme envisages unlocking the potential of waterways and the coastline to minimize infrastructural investments required to meet these targets.

Vision of the Sagarmala Programme is to reduce logistics cost for EXIM and domestic trade with minimal infrastructure investment.

### **Logistics cost of doing business and competitiveness**

India's logistics sector is highly defragmented and the aim is to reduce the logistics cost from the present 14% of GDP to less than 10% by 2022.

### **Dedicated freight corridor**

Dedicated Freight Corridors' are planned to be '**freight-only corridors**' which will make it cheaper, faster, and more reliable to move goods between industrial heartlands in the North and ports on the Eastern and Western coasts. These freight-only railway lines along congested transport corridors were envisaged to ramp up the average speed of freight, which had reduced considerably to 20 kmph.

The conceptualization of Dedicated Freight Corridors can be understood clearly as one delves into Indian Railways' freight operations scenario in the past. It was majorly the Golden Quadrilateral, linking the four metropolitan cities of Delhi, Mumbai, Chennai and Howrah and its two diagonals (Delhi-Chennai and Mumbai-Howrah) comprising 16% of the route, that carried over 52% of passenger traffic and 58% of freight traffic. This made the trunk routes highly saturated, with line capacity utilisation reaching as high as 150%. Thereby, these freight corridors were proposed to ensure a more reliable, economical and faster transportation of goods.

### **Ganaga Waterway (Prayagraj to Haldia)**

Recently Prime Minister Narendra Modi inaugurated India's first Inland Multi-Modal Terminal Port on river Ganga at Ramnagar in Varanasi and received first container cargo belonging to PepsiCo. It is the first of four Multi-Modal Terminals being constructed on National Waterways-I (NW1) on River Ganga as part of World Bank-aided Jal Marg Vikas project of Inland Waterways Authority of India (IWAI).

### **Logistic portal**

The Logistics Portal is a social network and information

resource that reports the latest logistics news with supply chain tools, transportation resources, shipping schedules and connects people who work within the freight, logistics and supply chain industry.

## **Features of the draft logistics policy**

The Centre has come up with a draft national logistics policy to create a national logistics e-marketplace as a one-stop marketplace for exporters and importers, set up a separate fund for start-ups in the logistics sector, and to double employment in the sector. Following are some of the key features of the policy;

- The policy aims to inform, clarify, strengthen and prioritize the key objectives, and the governance framework for logistics in India, along with clarifying the role of the various stakeholders. Here are a few other **key objectives the policy** aims to achieve in the next five years:
  1. A national logistics online marketplace to simplify trade documentation
  2. Incentivize logistics to make it more efficient
  3. A data and analytics center for monitoring key logistics metrics
  4. A center of excellence to drive innovation
  5. An Integrated National Logistics Action Plan for all logistics related development
- Further, the policy envisages to **create employment opportunities** for 10 Mn -15 Mn people and also focus on enhancing skills in the sector, while trying to improve India's ranking in the Logistics Performance Index to between 25 to 30.
- It also aims to **promote cross-regional trade on e-commerce platforms** by enabling a seamless flow.
- The policy has further proposed **setting up of four**

**committees/councils, namely –**

1. National Council for Logistics.
2. Apex inter-ministerial Committee.
3. India Logistics Forum, and
4. Empowered Task Force on logistics.