

The Draft National Logistics Policy

July 19, 2019

Previous article on same topic. [Read Here..](#)

Source: *Ministry of Commerce*

Union Minister of Commerce and Industry reviewed the draft National Logistics Policy and the proposed action plan for implementation of the policy prepared by the Department of Logistics, Ministry of Commerce and Industry.

Need for the national policy?

- 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.
- As per the Economic Survey 2017-18, the Indian logistics sector provides livelihood to more than 22 million people and improving the sector will facilitate 10 % decrease in indirect logistics cost leading to the growth of 5 to 8% in exports.
- Further, the Survey estimates that the worth of Indian logistics market would be around USD 215 billion in the next two years compared to about USD 160 billion currently.

Key feature of the draft policy

- The draft National Logistics Policy has been prepared in **consultation with the Ministries of Railways, Road Transport and Highways, Shipping and Civil Aviation**. Forty-six Partnering Government Agencies (PGAs)
- inputs were analysed in detail for consideration in the Policy.

- **Vision and Objectives for Logistics in India** :To drive economic growth and trade competitiveness of the country through a truly integrated, seamless, efficient, reliable and cost effective logistics network, leveraging best in class technology, processes and skilled manpower.
- **Key objectives of the national logistics policy:** Given the pivotal role of the logistics sector in the development of the economy and the need to incorporate learnings from global best practices, the policy outlines an ambitious set of objectives.**The following are some of the key objectives** for logistics in India, to be achieved in the next five years:
 1. **Creating a single point of reference for all logistics and trade facilitation matters** in the country which will also function as a knowledge and information sharing platform
 2. **Driving logistics cost as a % of GDP down from estimated current levels of 13-14% to 10%** in line with best-in-class global standards and incentivize the sector to become more efficient by promoting integrated development of logistics

Objectives of the Logistics Policy

- **Creating a National Logistics e-marketplace as a one stop marketplace.** It will involve simplification of documentation for exports/imports and drive transparency through digitization of processes involving Customs, PGAs etc in regulatory, certification and compliance services
- **Creating a data and analytics center** to drive transparency and continuous monitoring of key logistics metrics
- Encouraging industry, academia and government to come together to create a logistics Center of Excellence, and drive innovation in the logistics sector

- Creating and managing on an ongoing basis, an Integrated National Logistics Action Plan which will serve as a master plan for all logistics related development.
- Providing an impetus to trade and hence economic growth by driving competitiveness in exports
- **Doubling employment in the logistics sector** by generating additional 10-15 million jobs and focus on enhancing skills in the sector and encouraging gender diversity
- **Improve India's ranking in the Logistics Performance Index** to between 25 to 30
- **Strengthening the warehousing sector in India** by improving the quality of storage infrastructure including specialized warehouses across the country
- Reducing losses due to agri-wastage to less than 5% through effective agri-logistics
- Providing **impetus to MSME sector** in the country through a cost-effective logistics network
- Promoting cross regional trade on e-commerce platforms by enabling a seamless flow of goods
- Encouraging adoption of **green logistics** in the country

Policy thrust areas

This policy defines the key thrust areas for logistics in India, which will be the focus of the relevant ministries as well as act as a guidance to the state governments. The prioritized focus areas for logistics are detailed below:

- **Focusing on critical projects to drive an optimal modal mix and to enable first mile and last mile connectivity**
- Driving development of Multi Modal Logistics Parks (MMLPs)
- Driving interventions to reduce logistics cost and promote logistics efficiency for movement of key commodities
- Creating a single window Logistics e-marketplace
- Setting up a Logistics Data and Analytics Center

- Creating a Center of Trade facilitation and Logistics excellence (CTFL) and leveraging expertise of multilateral agencies
- Creating an Integrated National Logistics Action Plan and align with respective state development plans
- Support strengthening of the warehousing sector
- Enhancing transport and rolling stock infrastructure
- Streamlining EXIM processes to promote trade competitiveness
- Reducing dwell time for interstate cargo movement by road
- Promoting standardization in the logistics sector
- Ensuring seamless movement of goods at Land Customs Stations (LCS) and Integrated Check Points (ICP)
- **Generating employment, enhancing skilling and encouraging gender diversity in the logistics sector**
- Setting up a Startup acceleration fund

Funding for logistics initiatives

A non-lapsable Logistics fund will be created, to drive progress against the key thrust areas. The Logistics fund can be deployed for the following

- Providing viability gap funding for select MMLP projects, first and last mile projects and projects for poorly-serviced remote areas.
- Incentivizing select logistics skilling programs and training institutes
- Setting up a start-up acceleration fund to incentivize development of new technology in logistics particularly the farm to plate space
- Creating the Center for Trade Facilitation and Logistics Excellence (CTFL) Setting up a big data enabled logistics data hub and analytics center
- Creating a single window logistics e-marketplace

Institutional Framework & Governance for Logistics

For this purpose, four committees/councils will be constituted:

- National Council for Logistics, chaired by the Prime Minister
- Apex inter-ministerial Committee, chaired by the Minister of Commerce and Industry
- India Logistics Forum chaired by the Commerce Secretary with representation from key industry/business stakeholders and academia. Empowered task force on logistics will be created, as a standing committee chaired by the head of the Logistics Wing