



सत्यमेव जयते

Department of Commerce
Ministry of Commerce and Industry
Government of India

Draft National Logistics Policy

Integrated Logistics Action Plan

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Background

- As India endeavors to become a **self-reliant USD 5 trillion economy by 2025 (Atmanirbhar Bharat)**, a modern and efficient logistics network has to be developed, to address key challenges such as:
 - Fragmentation and unorganized nature of the logistics space – lack of trust
 - Complex regulatory environment on account of presence of multiple regulations governed by various stakeholders
 - Highly skewed modal mix with 60% of transportation activities conducted via road, which is highly fragmented and unorganized
 - Poor asset utilization and problem of first and last mile connectivity
 - Low level of technology adoption amongst transport and warehousing players
 - High indirect costs on account of unpredictable supply chains - high inventory carrying costs
- Consequently, the country currently records relatively higher logistics costs - 13% of GDP in 2018¹
- To enhance logistics sector competitiveness, the Ministry of Commerce and Industry, has set up the Logistics Division, which has drafted a “National Logistics Policy” to provide a **unified policy environment and an integrated institutional mechanism**, for developing the logistics sector.

¹ Source: Armstrong & Associates, Inc.,

National Logistics Policy – Vision and Objective

Vision “To build a **modern, efficient, and resilient logistics sector** that seamlessly integrates multiple modes of transportation for **faster, cheaper, safer logistics** by leveraging the best in class technology, processes and skilled manpower in order to significantly improve country’s logistics performance and reduce

Key Objectives

Multi-modal Transport

Ensure multi-modal cargo movement for optimal use of all transport modes, by developing multi-modal transport infrastructure and enabling policies

Digital Transformation

Ensure predictability, visibility and tracking and tracing during cargo movement, and improve in-transit warehousing through digital initiatives

Sector Modernization

Support modernization of logistics sector by promoting end-to-end logistics services in support of modern trade and e-commerce and creating resilient supply chain for effective emergency response

Excellence in Logistics

Promote professionalization and excellence in logistics services, create quality jobs, livelihood opportunities, and improve quality of life of workforce

Logistics Democratization

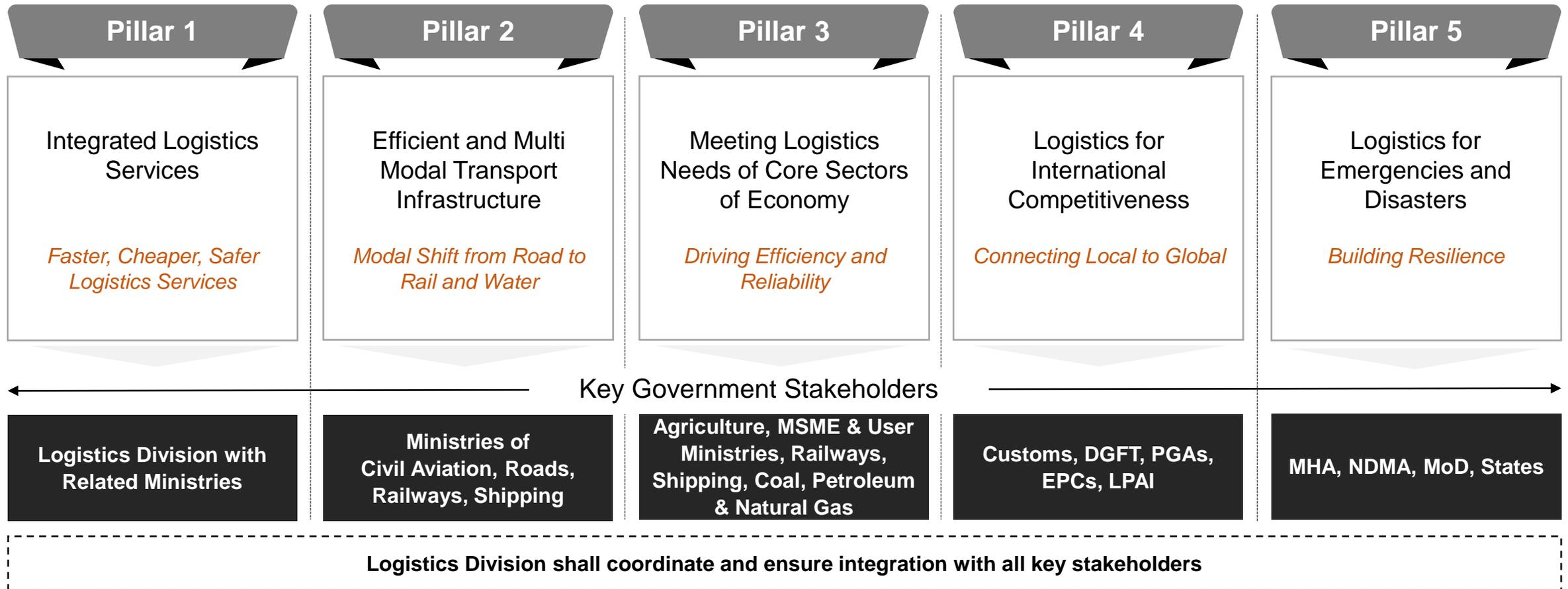
Democratise logistics services to benefit all sections of society, in particular the farmers and micro, small and medium enterprises (MSMEs)

Improve Logistics Performance and Cost

- 1 Improve India’s ranking in **Logistics Performance Index to 25-30** over next 5 years
- 2 **Reduce logistics cost in India by 5% of the GDP** over the next 5 years

Policy Architecture

Five pillars for programmatic interventions, integrating all modes and various stakeholders



Institutional Mechanism

- Integrated Co-ordination Mechanism at Central and State level to ensure key decision-making, co-ordination amongst key stakeholders, implementation/ project delivery, monitoring of progress, and interacting with private sector and sector experts
- Institutional construct at the central level:
 - Multi-stakeholder apex level **National Logistics Council** (NLC)
 - **Logistics Sector Co-ordination Committee** (LSCC): Facilitating inter-ministerial coordination
 - **Central Advisory Committee for Logistics** (CACL): Enabling co-ordination with States/ UTs and support implementation of Master Plan at state and local level
 - **National Logistics Forum** (NLF): Enabling engagement with private sector players
- Logistics Division would function as the secretariat for the above bodies and ensure policy alignment and orchestration of stakeholder actions in policy implementation; Technical Support Unit (TSU) would be set up within the division to develop Master Plan
- At the state level, the logistics division would liaison with:
 - **State Logistics Co-ordination Committee** (SLCC); **State Logistics Commissioner**
 - **State Logistics Forum** (SLF): Enabling interface with the private sector players

Pillar 1 - Integrated Logistics Services (1/5)

- National LEAPS (Logistics Efficiency, Advancement, Predictability and Safety) Act – Act would provide a unified legal framework for coordinated and synergetic development of the logistics sector, resulting in increased efficiency, transparency, competitiveness, and ensuring modernization to achieve the “**One Nation-One Contract-One Form**” paradigm.
- Masterplan for National and State Logistics
 - A **Master Plan for National Logistics** would be developed to have a long term (10 year) integrated view on developing the logistics sector. It would (i) enable demand driven development of logistics requirements, (ii) provide integrated national multi-modal transportation and logistics framework and (iii) help establish **National Logistics Grids** for optimization of logistics movement between major clusters of supply and demand.
 - The State Governments and UT administrations would develop **Master Plans for State Logistics**, reflecting state priorities in alignment with the Master Plan for National Logistics.
- Multi-modal Logistics Parks (MMLPs) - A framework for development of MMLPs would be notified (to be adopted by State Governments / Central Ministries), which would lay down guidelines for necessary technical requirements/ standards for seamless integration of various modes of transport and storage services.

Pillar 1 - Integrated Logistics Services (2/5)

- Modern Warehousing

- A **framework for accelerated development of modern warehousing** would be developed addressing key aspects, like land allotment, warehouse standards and ratings, SOPs for development and operation of warehouses, and adoption of warehouse management system and other technology enabled solutions.
- A national register of warehouses with geo-tags called '**Warehouse on the Cloud**', providing information like available space, type of warehouse, etc. would be created as a platform to enable price discovery and optimal capacity utilization.
- Technical advisory support and model concession agreements would be provided for **developing silos for bulk storage and modern warehouses on government land** and existing government warehouses through public private partnerships.

- Standardization

- **Standards related to palletization, handling equipment, racking and trucking / containerisation**, would be developed with the help of Technical Panels, aligned with global best practices. Adoption would be enabled through a system of registration of logistics service providers, which would require adherence to a set of minimum standards, as a pre-requisite for registration.
- A **rating system** would be introduced, and benchmarking of logistics service providers and facilities, would be undertaken to help identify gaps and facilitate performance improvement.

Pillar 1 - Integrated Logistics Services (3/5)

- Professionalization of Logistics Services

- Highly fragmented and unorganised logistics service sector would be professionalized and formalized, by leveraging the iLog Platform, to create a system of **registration and accreditation** of LSPs. A certification system for excellent logistics service providers would be introduced to promote excellence.
- **Excellence Logistics Service Providers** would be certified basis demonstration of their expertise across several different functional areas of logistics operations and management. A national database of those acquiring this distinction would be maintained by Logistics Division on its website.

- Digital Transformation

- An **India Logistics (iLog) Platform** would be developed as a comprehensive digital solution/platform that allows integration between relevant systems, facilitates seamless exchange of information and documents between stakeholders, and enables all trade & logistics related transactions and clearances with regulatory authorities related to movement, processing, and clearance of goods.
- A **Logistics Monitor** would be developed, for allowing real-time monitoring of operational performance and asset utilization of various logistics infrastructure, which will help to optimize use of logistics assets, by identifying operational challenges in real time, and plan for future infrastructure development.

Pillar 1 - Integrated Logistics Services (4/5)

- Skilling, Human Resources and Improving Work Environment
 - Key themes for skilling would be identified, and training imparted via various channels. **Advanced programmes in logistics**, would be developed in association with IITs, IIMs and other universities.
 - **Certified Logistics Professional (CLP)** scheme would be introduced, to ensure availability of qualified logistics professionals. Excellent logistics services providers would be mandated to engage such professionals.
 - To ensure availability of unskilled / semi-skilled category logistics workers, and improve the quality of their **work environments**, a **registry of all logistics workers** would be created and maintained.
- Research and Innovation in Logistics - A **network of academic and research institutions** would be developed, to drive inter-disciplinary R&D in logistics, co-opting academia, businesses, and policy-making institutions. Further, Centres of Excellence focusing on innovative solutions/ emerging areas would be established, in partnership with select institutions.
- Logistics Start-Up Ecosystem - A **Logistics Innovators Network (LINE)** would be developed to create start-up ecosystem. An annual accelerator program would be launched in partnership with Start-up India to invite start-ups to address challenges related to the logistics sector.

Pillar 1 - Integrated Logistics Services (5/5)

- Urban Logistics

- **City Logistics Plans** would be developed to streamline urban logistics and cater to specific logistics requirements of urban areas. The plans would outline dedicated logistics zones for warehousing and urban consolidation centres, as well as last mile connectivity plan.
- To institutionalize the process of improvement in urban logistics performance, a **city-level ranking** would be introduced to gauge the impact of the respective City Logistics Plan and provide a feedback mechanism for improvement in these plans over a period of time.

- Green Logistics

- Green initiatives would focus on (i) modal shift to railways and waterways, adoption of fuel-efficient and EVs; (ii) promotion of re-usable and collapsible containers; (iii) rewards and recognition mechanism to **promote excellence in green logistics** for adoption of eco-friendly practices, grants and subsidies to support sustainable green solutions, and (iv) promotion of sustainable design standards for development of logistics facilities.
- **Reverse logistics** would be encouraged to ensure retrieval of parts, recycling of products and disposal of packaging waste which shall push towards a 'circular economy'

Pillar 2 – Efficient and Multi-modal Transport Infrastructure (1/3)

- Promoting Intermodal Transport – Focus on (i) developing transport infrastructure and multimodal logistics facilities for seamless and cost-effective multimodal transportation; (ii) encouraging operators to adopt multimodal operations; (iii) promoting containerization of cargo/ other innovative solutions like RoRo service to enhance interoperability; and (iv) developing guidelines to promote transparency in freight charges to encourage competition across modes
- Improving Trucking and Road Transport
 - A Unified Logistics Interface Platform (ULIP) would be developed, to function as a freight exchange portal, **integrating GST e-way bills, VAHAN database, transit information on FASTag and leverage GPS / ELD system to map the flow of freight** across the country to plan for infrastructure and improve operational efficiency; ULIP would include driver log tool
 - ULIP system would include **driver log tool**, to monitor time spent on wheels; incentivize and improve on-road amenities, thus creating an enabling transport environment for truck drivers
 - A **digital trucking** application would be developed to track and evaluate performance of trucking companies to facilitate accreditation that are allowed unhindered movement across country (**green channel**)

Pillar 2 – Efficient and Multi-modal Transport Infrastructure (2/3)

- Attracting Freight for Indian Railways

- Focus on (i) developing customized offerings catering to unique commodity requirements, (ii) promoting parcel business via scheduled time-table services, (iii) incentivizing service providers and users to shift to rail mode, (iv) creating a customer oriented organization focused on service delivery
- Promote (i) innovation in design of rolling stock to reduce turnaround time for loading/ unloading; (ii) deploy extra-long freight trains on dedicated corridors with increased speed and electrified double-decker freight trains, equipped with horizontal loading/ unloading to enhance operational efficiency

- Promoting Coastal Shipping and Inland Waterways Transportation (IWT)

- Increase modal share of coastal shipping through (i) developing dedicated berths for coastal cargo, bunkering facilities; (ii) developing mechanized cargo handling infrastructure to increase throughput; (iii) setting up single window facility for cargo clearance; (iv) long term contracts with public/ private sector to achieve scale and (iv) incentivizing service providers & users for coastal freight movement
- Promote IWT through (i) coordinated development of infrastructure for first/ last mile transport, (ii) construction of river-sea vessels to increase carrying capacity, (iii) customized vessel financing scheme, (iv) incentivizing service providers and users for IWT freight movement; (v) including inland vessels under tonnage tax scheme, removing disparity in GST rates on input/ output activities, and (vi) modifying customs procedures for transportation of transit goods via IWT

Pillar 2 – Efficient and Multi-modal Transport Infrastructure (3/3)

- Increased Use of Pipeline Infrastructure - Develop model technical guidelines for development of different categories of pipelines, parallel to or under Railway lines, and for Right of Way approvals from different authorities to enhance cost-effective and safe movement of select commodities
- Air freight for high value and perishables - Air Freight Stations to be developed and co-located within MMLPs, wherever possible; explore utilization of unused air-strips for air freight with specific focus on storage and air freight of perishable cargo
- Promoting Indian Flag Carriers
 - Promote deployment of Indian flag carriers in shipping through encouraging investments and creating a supporting eco-system of financing and insurance as well as shipbuilding and repair facilities to achieve self-reliance
 - Promote Indian companies to own aircraft fleets and focus on air cargo operations for trade within India and overseas which would provide significant opportunities in terms of revenue and employment generation, especially in aircraft maintenance, repair and overhaul (MRO) sector

Pillar 3 – Meeting Logistics need of the Core Sector (1/2)

- Modernizing logistics for agriculture and allied sectors - Develop a National Logistics Grid optimizing O-D movement for agri commodities with focus on (i) integrated planning of agri-hubs and handling facility, (ii) shift to cost effective & environmentally sustainable modes, (iii) setting up aggregation centres/ pack houses/ temperature-controlled storage at strategic locations, (iv) silo-based compact, vertical storage of bulk grains; (v) enhance participation of start-ups for innovative solutions on storage & packaging
- Driving MSME Competitiveness
 - Logistics e-Marketplace to function as a single window for all logistics services and EXIM certifications and facilitate transparent price discovery and remove information asymmetry on capacity availability of logistics infrastructure
 - Develop common logistic-related facilities to facilitate cost-effective and efficient supply chains for MSME clusters and ensure geographically balanced growth
 - Innovative partnerships for last-mile delivery for MSMEs as users, like with the Department of Posts to leverage their network of post offices
 - Promote start-up ecosystem in asset-light freight platforms and last-mile delivery and asset-based models with focusing on warehousing, containerization and palletization to achieve scale to provide cost-effective logistics to MSMEs

Pillar 3 – Meeting Logistics need of the Core Sector (2/2)

- Logistics for the Priority Sectors – Identify sector-specific interventions for the Priority sectors under the 'Make in India' program aimed at enhancing logistic cost competitiveness based on global benchmarks
- Logistics for Bulk Cargo - Establish a National Logistics Grid for major bulk commodities with focus on innovative shift of modes (like slurry pipelines for coal & iron ore), bulk transport for cement and other cross-cutting solutions like (i) use of wagon tippers and in-motion weigh bridges for railway, (ii) use of barges for movement of bulk commodities, (iii) rake availability for bulk cargo movement, (iv) adequate storage infrastructure at rail sidings/ port terminals, along with investment in mechanization, and (v) setting up MMLPs at key inter change points
- Hazardous materials (Hazmat) or Dangerous Goods (DG) and Over Dimensional Cargo (ODC) – Focus on (i) review and streamline transportation and storage of Hazmat, DG and ODC with unified standards and oversight mechanism and ensuring compliance by consignor; (ii) identify and designate well-equipped logistics facilities, major corridors and connectivity points for movement; and (iii) training of workforce involved to meet safety standards and reduce accidents

Pillar 4 – Logistics for International Competitiveness (1/2)

- Improving Infrastructure for International Trade

- Focus on (i) augmenting physical facilities at LCS, (ii) upgrading select LCS to ICP, (iii) developing infrastructure for off border clearances to reduce border congestion, (iv) co-locating inland customs within MMLPs to maximize operational efficiencies, (v) enhancing digitization to expedite clearances and (v) promoting Free Trade Warehousing Zone (FTWZ) to enhance regional/ global trade
- Develop a Model Process Manual to provide guidance on streamlining and standardization of logistics processes with annual audit to assess logistics efficiency at ports and airports

- Streamline Work with Customs and Partner government Agencies (PGAs)

- Develop a robust IT platform and Risk Management System (RMS) for 6 major PGAs adopting a 'One Government Approach' to streamline inspections, sampling, testing and issuance of certification to expedite cargo clearance at port; integration with other IT systems to ensure seamless and paperless EXIM; explore outsourcing select PGA activities to certified third party vendors to improve service
- Develop a lab eco-system through (i) a program to support accreditation of Indian labs conforming with standards of key trading partners, (ii) electronic database of accredited labs, (iii) SOPs for collection/ transmission of sample from ports to labs, and (iv) a discount mechanism for MSMEs to avail cost-effective facilities for trade

Pillar 4 – Logistics for International Competitiveness (2/2)

- Integration with Global Value Chains – Develop Highly Facilitated Trade Corridors (HFTCs), a bilateral initiative between an Indian hub port / airport and a key hub port / airport in key destination market of importance, to support greater integration of India with GVCs; these would be built on digitization initiatives to enable secure digital data transfer and integrated with counterpart systems of international partners to drive competitiveness in GVCs

Pillar 5 - Logistics for Emergency Response

- Logistics during COVID 19 Pandemic – Develop robust response systems with the help of mapping and location technologies to ensure safety of the supply chains and logistics. These systems would use tools to ensure logistics operations continuity, while addressing the need to re-align routes and supply chain planning due to presence of containment zones in COVID pandemic.
- Logistics for other emergencies – Support National Disaster Management Authority (NDMA) and the Ministry of Home Affairs (MHA) in relief and rehabilitation operations through (i) developing a digital inventory of logistics assets to increase visibility, coordination and resource optimization, (ii) developing Standard Operating Procedures (SOP) to ensure safety and minimal disruption of essential logistics services, and (iii) support in conducting mock drills to test preparedness.
- Strategic Logistics Assets – Identify strategic logistics assets, and facilitate in upgrading them to meet military standards in terms of their design, construction and build quality as well as equipment capacities, as required.

Implementation

- The National Logistics Act would provide a unified regulatory environment for the sector, and the Logistics Division would be adequately empowered, and well-resourced to ensure effective implementation of this policy.
- For ensuring seamless integrated development of the logistics sector, strategic initiatives would be grouped into three broad categories requiring varying degree of intervention from the Logistics Division.
 - Cross-cutting initiatives involving multiple stakeholders with no clear owner: Logistics Division would lead such initiatives and exercise **complete ownership** over design and implementation
 - Initiatives fully within the purview of a single transportation ministry but having significant policy and regulatory implications on logistics sector: Logistics Division would **define guidelines / standards**, while design and implementation would be the responsibility of the related ministry
 - Initiatives fully within the purview of a single transportation ministry: Logistics Division would only monitor the progress of the initiatives and undertake **programme management** to ensure adherence to the Master Plan, while design and implementation will be responsibility of the respective ministry

Financing

- Soft Interventions would be funded by the Central Government through **Logistics Division**
 - Key interventions include Master Plan; Digital initiatives like India Logistics Platform, Logistics Monitor; accreditation of LSPs, skilling development, fostering research and innovation, promoting start-up ecosystem, etc.
- Hard interventions in terms of development of transport infrastructure, warehousing, etc. would be funded by **respective Central Ministries / State Government**
 - **Support to States / UTs** through a Scheme for Multi-Modal and Urban Logistics (SMUL) to plan and develop critical logistic infrastructure
- Promote **private sector participation** in multi modal infrastructure, MMLPs and warehousing, etc. through Model Concession Agreements and Financial support to PPP
 - Key support scheme/ funds include: Viability Gap Funding (VGF) Scheme, National Investment & Infrastructure Fund (NIIF) and India Infrastructure Project Development Fund
- Implement **key tax related interventions** viz. (i) streamline and reduce ambiguity on effective tax rates and compliances to promote multimodal logistics and (ii) remove distortions in input tax credit limiting seamless logistics across states

Monitoring and Evaluation

- Define key performance indicators for all initiatives using the SMART (i.e., Specific, Measurable, Achievable, Relevant and Time-bound) Framework with target and envisaged benefits
 - Design **performance dashboards** to facilitate monitoring of the key metrics by the concerned stakeholders representing Central Ministries and State Government
 - Conduct **periodic audits** to identify key impediments in policy implementation and provide inputs on corrective measures for mid-term policy review
- At global level, logistics performance would be monitored through improvement in ranking related to (i) **Logistics Performance Index** (LPI) and (ii) **Trading across Borders** parameter in Ease of Doing Business (EoDB) for the country
- Performance of the logistics sector at domestic level would be monitored leveraging the following:
 - **Survey on Logistics Ease Across Different States** (LEADS) to measure and benchmark logistics performance of States / UTs; this would be institutionalized as an annual exercise and improved further by incorporating data on logistics infrastructure
 - Bi-annual survey on **Logistics Performance Index by Sectors** (LoPIS) to be conducted for eight EXIM related sectors to improve their performance

Thank you