



New National Logistics Law

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Why in News

The Ministry of Commerce and Industry is considering replacing the **Multimodal Transportation of Goods Act, 1993 (MMTG)** with a **National Logistics Efficiency and Advancement Predictability and Safety Act (NLEAPS)**.

- MMTG provides for the **regulation** of multimodal transportation of goods from any place in India to any place outside India.
 - Multimodal transportation refers to a combination of more than one mode of movement, such as rail, road or sea, for end-to-end delivery of goods.
- It was introduced **to facilitate the exporters** and give them a sense of security in transporting their goods.

Key Points

- **Aim:**
 - NLEAPS aims to **streamline the logistics ecosystem** in the country, with a view to promote growth of the sector.
 - **Modernise and formalise** the logistics services and **promote digitisation** in the sector, which is key for the smooth movement of goods.
 - To **reduce the logistics cost** from the present 14% of the **Gross Domestic Product (GDP)** to less than 10% of GDP.
- **Reason Behind New Law:**
 - The new law tends to **define various participants** of the logistics sector and **create a light regulatory ecosystem**.
 - There is no clear definition of the logistics sector in the MMTG.
 - The logistics sector with a market size of USD 160 billion is complex, with more than 20 government agencies, 40 partnering agencies, 37 export promotion councils, 500 certifications and 10,000 commodities.

- **Benefit:**

Effective implementation of the Act would help provide an impetus to trade, enhance export competitiveness, and improve India's ranking in the **Logistics Performance Index and Ease of Doing Business**.

Logistics Performance Index

- The Logistics Performance Index (LPI), **developed by the World Bank Group**, is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance.
- The logistics performance (LPI) is the weighted average of the country's scores on the **six key dimensions**:
 - Efficiency of the **clearance** process (i.e., speed, simplicity and predictability of formalities) by border control agencies, including customs.
 - **Quality of trade** and transport related infrastructure (e.g., ports, railroads, roads, information technology).
 - Ease of **arranging competitively priced shipments**.
 - Competence and quality of **logistics services** (e.g., transport operators, customs brokers).
 - Ability to **track and trace consignments**.
 - Timeliness of shipments in reaching destinations within the scheduled or expected **delivery time**.
- **India ranked 44th on the LPI in 2018.**

Source: TH