



Multimodal Logistics Park in Assam

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Why in News

The Union Minister for Road Transport and Highways has laid the foundation stone for the **country's first MultiModal Logistics Park (MMLP) at Jogighopa in Assam.**

Key Points

- **About the Park:**
 - Developed under the **Bharatmala Pariyojana** of the Government of India.
 - **Bharatmala Pariyojana** is an umbrella program for the highways sector envisaged by the **Ministry of Road Transport and Highways.**
 - In order to reduce congestion on proposed economic corridors, enhance logistic efficiency and reduce logistics costs of freight movements, **35 locations** have been identified for development of **MultiModal Logistics Parks.**
 - It will have **direct connectivity** with **National Highway 17**, the **proposed Jogighopa waterway terminal on Brahmaputra**, the newly constructed **Rupsi and Guwahati airports** as well as the **main railway route.**
 - India will be able to **establish trade with Bangladesh** through the Jogighopa waterway terminal.
 - It will have **all the facilities** like warehouses, railway siding, cold storage, custom clearance house, yard facility, workshops, petrol pumps, truck parking, administrative building, boarding lodging, eating joints, water treatment plant, etc.
 - The park will **reduce trade cost by 10%** and have **cargo capacity of 13 million metric tons (MMT) per year.**
 - The project will serve as a **growth engine for the economic development of the state and the north-east** and provide direct/indirect employment to nearly 20 lakh people.

- **Background:**

- **Logistics Sector:** According to the **Asian Development Bank (ADB)**, **logistics in India is expected to be a USD 215 billion industry in 2020**. It is projected to expand through 2032 at a rate that is roughly 1.2 times the growth rate of India's gross domestic product (GDP) and generate USD 360 billion in value added.
- **Infrastructure Status:** Logistics has been accorded "infrastructure" status in 2017, facilitating the availability of debt on easier terms and access to **external commercial borrowings**, longer tenor funds from insurance companies, and pension funds, as well as investment support.
- **Challenges:**
 - At 13%-14% of India's GDP, **logistics costs are far higher** than the benchmark of 7%–8%.
 - India **ranked 44 in the World Bank Logistics Performance Index 2018**, which measures performance based on **six metrics**— customs, infrastructure, international shipments, logistics competence, tracking and tracing, and timeliness.
 - In India, each segment of logistics encounters significant challenges leading to **high cost and low efficiency**.
 - For example, road freight cost at Rs.1.9 per ton–kilometer (km) is almost double than that in the United States, while the average speed of freight vehicles is about 50%–60% lower.
- **Government Initiatives:**
 - The Ministry of Commerce and Industry is considering **replacing the Multi-Modal Transportation of Goods Act (MMTG), 1993 with a full-fledged national logistics law** with a view to promote growth of the sector.
 - The Logistics Wing within the Department of Commerce, Ministry of Commerce and Industry, placed a **draft of the National Logistics Policy** in public domain in February 2019.

The main objective of the policy is to **bring down logistics cost** as a percentage of GDP to about 10%, **optimize the modal mix** (25%–30% share of road, 50%–55% railways, and 20%–25% waterways), improving **last mile connectivity**, and enhance the logistics value chain through **digitization, standardization, and modernization of warehousing** among others.
 - The **development of MultiModal Logistics Parks (MMLPs)** at strategic locations is envisaged as a key policy measure to rationalize cost of logistics in India and improve its competitiveness.

MMLPs serve five key functions: freight aggregation and distribution, multimodal freight transport, integrated storage and warehousing, information technology support, and value-added services.