



National Logistics Policy 2022

For Prelims: Multi Modal Logistics Park, Bharatmala Pariyojna, Tripartite Agreement

For Mains: Significance of National Logistics Policy

Why in News?

Recently, the Government has launched a **National Logistics Policy (NLP) 2022**, aiming to achieve 'quick **last-mile delivery**', **end transport-related challenges**.

What is Logistics?

- Logistics encompasses **planning, coordinating, storing, and moving resources** —people, raw materials, inventory, equipment, etc., from **one location to another**, from the production points to consumption, distribution, or other production points.
- The term "logistics" describes the **total process of controlling the acquisition, storage, and delivery of resources** to their intended location.
- It **entails locating potential distributors and suppliers and evaluating the viability** and accessibility of such parties.

What is NLP 2022?

- **About:**
 - The policy focuses on key areas such as **process re-engineering, digitisation, and multi-modal transport**.
 - It is a crucial move as **high logistics cost impacts the competitiveness** of domestic goods in the international market.
 - The need for a national logistics policy was felt **since the logistics cost in India is high as compared to other developed economies**.
- **Goals:**
 - **Logistics costs have to be cut by half to be near global benchmarks by 2030** by reducing the cost of logistics from 14-18% of GDP to global best practices of 8%.
 - Countries like the US, South Korea, Singapore, and certain European nations have such a **low logistics cost-to-GDP ratio**.
 - The current cost is 16% of GDP.
 - Being the 5th largest economy in the world, India aims to be **among the top 10 in the [LPI \(Logistics Performance Index\)](#) by 2030**. It has to match the pace of South Korea.
 - In 2018, India was ranked 44th in the LPI.
 - Creating data-driven Decision Support Systems (DSS) to **enable an efficient logistics ecosystem**.
 - The policy's target is to **ensure that logistical issues are minimised**, exports grow manifold, and small industries and the **people working in them benefit significantly**.
- **Key Building Blocks:**
 - **Digital Integration System:** It will lead to seamless and faster work-flow, making

- logistics significantly more efficient.
- **Unified Logistics Interface Platform:** It aims to collapse **all logistics and transport sector digital services into a single portal**, thereby freeing manufacturers and exporters from the present tyranny of long and cumbersome processes.
- **Ease of Logistics Services:** E-Logs, a new digital platform, will allow industry to **directly take up operational issues with government agencies** for speedy resolution.
- **Comprehensive Logistics Action Plan:** The Comprehensive Logistics Action Plan comprising **integrated digital logistics systems**, standardisation of physical assets, benchmarking service standards, human resource development, capacity building, development of logistics parks, etc.

What is the Significance of the Policy?

- **PM Gati Shakti** will get further boost and complementarity with the launch of the National Logistics Policy.
- The Policy will help make the sector an integrated, cost-efficient, resilient, and **sustainable logistics ecosystem in the country** as it covers all bases of the sector along with streamlining rules and **addressing supply-side constraints**.
- The policy is an endeavor to improve the competitiveness of Indian goods, enhance economic growth and increase employment opportunities.

What are the Initiatives Related to Logistics?

- [Multimodal Transportation of Goods Act, 1993.](#)
- [PM Gati Shakti Scheme](#)
- [Multi Modal Logistics Parks](#)
- [LEADS Report](#)
- [Dedicated Freight Corridor](#)
- [Sagarmala Projects](#)
- [Bharatmala Project](#)

Way Forward

- The rail sector suffers from many structural deficiencies which have to be eliminated fast if the logistics cost has to be halved to global benchmarks. The average speed of a freight train has stagnated at 25 kmph for decades— it has to be urgently doubled to 50 kmph at least.
 - The railways need to have a **time-table based goods operation**. It has to become an **aggregator at the source of freight**, and disaggregator at the destination, to capture the high-value small-load business.
- For decades the country has talked about eco-friendly and cost-effective inland waterways freight movement, but nothing has happened.
 - There is **valuable learning available from the river ports of China**, who puts key emphasis on Port Infrastructure.
- Road logistics is a totally fragmented sector, where a large chunk of truck owners have a very small fleet.
 - There is a clear case for **the aggregation of small operators** with government-supported aggregation apps. Similarly, there is **a need for large players in the sector to drag costs down**.
- Apart from improvement in key functional areas, the **size of our ports have to grow manifold** – it is not without reason that **10 of the world's top 20 ports are in China**.
- It is time to give **wings to air logistics** and drastically improve the transport of high-value and perishable items.

Q. The Gati-Shakti Yojana needs meticulous coordination between the government and the private sector to achieve the goal of connectivity. Discuss. **(2022)**

Source: PIB

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