

# **Multimodal Logistics Park in Assam**

## 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 <u>Bharatmala Pariyojana</u> 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** <u>trade with Bangladesh</u> 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 <u>Asian Development Bank (ADB)</u>, 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 <u>external commercial</u> <u>borrowings</u>, 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 <u>replacing the Multi-Modal</u> <u>Transportation of Goods Act (MMTG)</u>, <u>1993</u> with a full-fledged national <u>logistics law</u> 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.

**Source: PIB** 

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