The National Logistics Policy

Why in news?

Prime Minister Narendra Modi launched the National Logistics Policy (NLP), a significant step in fulfilling the 'Pran' (Vow) of India being a developed country.

What is the status of logistics in India?

- Logistics broadly includes facilities crucial to trade - transport services, storage facilities and services that facilitate trade such as licensing and customs.
- Logistics is the backbone of India's international trade.
- It aids in the diversification of not only the country's exports but also of products manufactured in the countries.
- The sector employs more than 22 million people in India, which through skill development is expected to grow at the rate of 5% in 5 years.
- According to the World Bank **Logistics Performance Index** (LPI) of 2018, India is ranked **44th** in logistics cost.

Currently, logistical costs account for 13 to 14% of India's GDP, almost double of what the costs are in developed countries.

What is the need for a logistics policy?

- **Boost competitiveness-** As India has become the 5th largest economy in the world, it is imperative to reduce the logistics cost to improve the competitiveness of Indian goods both in domestic as well as global markets.
- **Improved efficiency**- Reduced logistics cost improves efficiency cutting across various sectors of the economy, encouraging value addition and enterprise.
- **Five trillion dollar economy-** The NLP provides the required boost for the sector to achieve five trillion dollar economy by 2024-25.
- **Employment-** The policy has immense potential for expansion of business and increasing employment opportunities.
- **Promotes manufacturing**- It also aims to aid India to emerge as a manufacturing hub.
- **Infra development**- The policy will allow for greater efficiency and synergy to create a modern infrastructure of a world-class standard.

In a Ministry of Commerce and Industry survey 2021, titled 'Logistics Ease across Different States', Gujarat, Punjab, and Haryana were ranked the top three states.

What are the features of the National Logistics Policy?

Objectives

- The policy seeks to
  - Reduce the cost of logistics in India to be comparable to global benchmarks by 2030
  - Improve India's ranking in the Logistics Performance Index within the top 25 by 2030
  - Create a data-driven decision support mechanism for an efficient logistics ecosystem
- The government aims to reduce the logistics cost in India from about 13% of the gross domestic product (GDP) to 7.5-8%.

Key features

- **Integration of Digital System (IDS)**- There will be digital integration of different systems of 7 various departments (like road transport, railways, aviation, commerce ministries and foreign trade).
- **Unified Logistics Interface Platform (ULIP)**- This ensures shorter and smoother cargo movement and enables the exchange of information confidentially on a real-time basis.
- The National Industrial Corridor Development Corporation (NICDC) Logistics Data Bank Project has been leveraged.
- **Ease of Logistics (ELOG)**- It will enable and ensure the ease of logistics business through transparency and accessibility.
- **System Improvement Group (SIG)**- It will monitor all logistics-related projects regularly.

What steps were taken regarding the logistics sector?

- **The Gati Shakti Programme**- To implement infrastructure connectivity, including roadways and railways projects across the nation, in a coordinated manner.
- **The Sagarmala** - Envisions using the potential of the coastline and waterways to reduce the amount of infrastructure needed to reach their targets.
- **The Bharatmala** - Focuses on reducing critical infrastructure gaps to increase the effectiveness of road traffic circulation across the nation.
- **Comprehensive Logistics Action Plan (CLAP)**- Aims to put India among the top 25 countries by 2030 in the Logistics Performance Index (LPI).
- **e-sanchit**- Paperless export-import trade operations have been made possible by the e-sanchit portal, and faceless evaluation in customs has been implemented.
- **FASTags**- E-way bills and FASTag are also frequently used on roads to boost the effectiveness of the logistics industry.
- **GST**- A unified tax system like Goods and Services Tax (GST) enables ease in issues related to the logistics sector.

References

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