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# Centre giving final touches to national logistics policy

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The commerce and industry department is drafting the proposed national logistics policy, aimed at bringing down the logistics cost to less than 10 per cent of India's gross domestic product (GDP) by 2022.

"We published the draft of the logistics policy in February, and have collated significant amounts of public comments. It will be presented to the Cabinet soon," a senior government official said.

The logistics cost accounts for 14 per cent of GDP.

Targeting faster movements of goods nationwide and integrating logistics channels, the policy will boost the export of commodities.

The policy aims to create a national logistics e-marketplace for exporters and importers and set up a fund for start-ups in the logistics sector to double employment in the sector industries in focus — electronics, marine products, apparel, agriculture, gems and jewellery, chemicals, engineering goods, and pharmaceuticals.

However, inter-ministerial spats continue as the government looks to shift significant chunks of existing schemes from some departments to the proposed logistics department under the commerce and industry ministry.

In a meeting on Wednesday, Commerce and Industry Minister Piyush Goyal (*pictured*) highlighted the food wastage owing to inefficiencies in the sector. He pointed out that a central scheme for cold chains in the country, especially for fruit, vegetables and other perishables, might be made part of the draft logistics policy.

It is learnt that some marquee projects of the Ministry of Road Transport and Highways may now be handled by the logistics department.



## TARGETS OF NEW POLICY

- Creating a national logistics e-marketplace for exporters and importers
- Setting up a separate fund for start-ups in the logistics sector to double employment
- Focusing on industries: Electronics, marine products, apparel, agriculture, gems & jewellery, chemicals, engineering goods and pharmaceuticals

A case in point, the series of logistics parks envisaged under the broader Bharatmala scheme of the road transport ministry may now be implemented by Udyog Bhavan.

The draft has been prepared in consultation with the Ministries of Railways, Road Transport and Highways and Shipping, and Civil Aviation.

Inputs of 46 partnering government agencies (PGA) were analysed.

### Sectoral push

The government has commissioned the Indian Institute of Foreign Trade (IIFT) to examine the difficulties high-value, labour-intensive sectors face in the logistics space. In the first phase, this focuses on electronics, marine products, apparel, agriculture, gems and jewellery, chemicals, engineering goods, and pharmaceuticals.

"Product-specific studies are necessary since there's no 'one shoe fits all' solution for such a broad basket of goods. This move is part of the government's broader plan to make exports more competitive and reduce cost," said Manoj Pant, director of the IIFT and a senior trade expert. The findings will be presented to the government by February next year, he added.

India's logistics sector is fragmented and complex, with more than 20 government agencies, 40 PGAs, 37 export promotion councils, 500 certifications, and 10,000 commodities. It involves a 12-million employment base, 200 shipping agencies, 36 logistic services, 129 inland container depots, 168 container freight stations, 50 Information technology ecosystems, along with banks and insurance agencies. Further, 81 authorities and 500 certificates are required for trade, the government said on Thursday.

Official estimates say the Indian logistics market is at \$160 billion and growing at about 5 per cent annually. According to the government, logistics services and infrastructure are concentrated in just 15 states and union territories, which account for 90 per cent of the exports by value.

To spread this out, the government has pushed states to cooperate on the national logistics index. Developed in partnership with Deloitte, it ranks states in terms of the logistical support they provide to promote trade in goods, through parameters such as the competitiveness of pricing, timeliness and the availability of infrastructure and that of services, among others.