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Government of India
Ministry of Commerce
(Logistics Division)

New Delhi, dated the 5th of February, 2019

**Subject: Publication of Draft National Logistics Policy on website of
Department of Commerce and MyGov Portal**

Logistics Division, Department of Commerce, Ministry of Commerce and Industry, invites comments/suggestions on the Draft National Logistics Policy, from the stakeholders in the logistics sector and from the public, on various aspects of the policy. The draft policy document can be accessed on the official website of Department of Commerce (URL: www.commerce.gov.in) and on MyGov portal (URL: www.mygov.in)

2. Comments and suggestions may be sent electronically at email address draftlogpolicy@gmail.com, or in the comment box under 'Discussion' section of MyGov portal, latest by 19th February, 2019 to the office of Logistics Division (preferably in .doc word format).

3. While giving suggestions the proponent may please give the references of the pertinent paragraph(s) of the draft policy.



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Draft Discussion Document

1 Introduction

1.1 An effective and efficient logistics ecosystem can be a key contributor to robust economic growth in the country, with the potential to facilitate domestic and foreign trade, promote global competitiveness, enhance incomes, drive the 'Make in India' initiative and reduce economic disparities across geographies. The sector is one of the most important accelerators of trade in the country. Specifically, an efficient supply chain network has the potential to increase farmers' income manifold, which can lead to a domino effect on the overall economy. A reliable, efficient and cost-effective logistics infrastructure for commercial goods is hence critical to India's continued inclusive and rapid economic growth

1.2 An efficient and reliable logistics network coupled with a transparent and consistent cross border trade facilitation process is a key driver of export competitiveness in the country. It acts as an enabler for expanding the foreign markets for indigenous goods. An efficient logistics ecosystem will also encourage investments in the country, especially FDI and will in turn positively impact international trade

1.3 Despite the recognition of logistics being a critical driver of economic development, logistics cost in India, estimated at 13-14% of GDP, is very high (USA 9-10%, Europe 10%, Japan 11%) compared with more efficient global environments, and the sector continues to be highly unorganized. India also has a skewed modal transportation mix, with 60% of freight moving on roads, which is significantly larger than in key developed economies

1.4 Different parts of the logistics value chain currently are being managed by many ministries including Road Transport and Highways, Shipping, Railways, Civil Aviation, D/o Posts, Commerce and Industry, Finance and Home Affairs. In addition, a large number of government agencies including Central Drug Standard Control Organization, Food Safety and Standards Authority of India, Plant and Animal Quarantine Certification Service provide relevant trade clearances and impact the value chain

1.5 Globally, leading countries that have achieved efficiency in logistics, like Germany, South Korea, Japan and Malaysia among others, follow a completely integrated approach towards logistics, and the government provides a coordinated oversight to the entire logistics value chain. In some countries, a Special Committee Chaired by the Prime Minister reviews progress of the National Integrated Logistics Action Plan. In line with the above, there is significant potential for India to integrate and optimize the various elements of its logistics value chain, to ensure seamless, multi modal growth of an efficient logistics sector

1.6 Government of India has also recognized the importance of the sector to propel the future growth of the country and a Logistics Wing has been created consequent to an amendment to the second schedule of the Government of India (Allocation of Business) Rules, 1961, on 7th July 2017, allocating the task of "Integrated development of Logistics sector" to the Department of Commerce and Industry. Some of the activities like cold chains, multi-modal logistics parks etc. in the logistics sector have also been included in the Harmonized Master List of Infrastructure sub-sectors' and has been granted infrastructure status in November 2017 which will enable the sector to avail infrastructure lending at easier terms with enhanced limits, access to larger volume of funds as External Commercial Borrowings (ECB) and access to longer tenure funds from insurance companies

1.7 In the above context, the primary aim of the National Logistics Policy 2018, is to enable integrated development of the logistics sector in the country. It aims to inform, clarify, strengthen and prioritize the key objectives, focus areas and the governance framework for Logistics in India. It also clarifies the role of the various stakeholders including central ministries, state governments and other key regulatory bodies

2 Vision and Objectives for Logistics in India

2.1 To drive economic growth and trade competitiveness of the country through a truly integrated, seamless, efficient, reliable and cost effective logistics network, leveraging best in class technology, processes and skilled manpower

2.2 Key objectives of the national logistics policy: Given the pivotal role of the logistics sector in the development of the economy and the need to incorporate learnings from global best practices, the policy outlines an ambitious set of objectives. The following are some of the key objectives for logistics in India, to be achieved in the next five years:

2.2.1 Creating a single point of reference for all logistics and trade facilitation matters in the country which will also function as a knowledge and information sharing platform

2.2.2 Driving logistics cost as a % of GDP down from estimated current levels of 13-14% to 10% in line with best-in-class global standards¹ and incentivize the sector to become more efficient by promoting integrated development of logistics

2.2.2.1 Optimizing the current modal mix(road-60%,rail-31%,water-9%) in line with international benchmarks(25-30% share of road, 50-55% share of railways, 20-25% share of waterways)² and promote development of multi modal infrastructure

2.2.2.2 Improving first mile and last mile connectivity to expand market access of farmers, MSMEs and small businesses

2.2.2.3 Enhancing efficiency across the logistics value chain through increased digitization and technology adoption

2.2.2.4 Ensuring standardization in logistics (warehousing, packaging, 3PL players, freight forwarders)

2.2.3 Creating a National Logistics e-marketplace as a one stop marketplace. It will involve simplification of documentation for exports/imports and drive transparency through digitization of processes involving Customs, PGAs etc in regulatory, certification and compliance services

2.2.4 Creating a data and analytics center to drive transparency and continuous monitoring of key logistics metrics

¹ USA: 10% , Germany : 9%

² USA : (37:48:15)

- 2.2.5** Encouraging industry, academia and government to come together to create a logistics Center of Excellence, and drive innovation in the logistic sector
- 2.2.6** Creating and managing on an ongoing basis, an Integrated National Logistics Action Plan which will serve as a master plan for all logistics related development. Also, there will be support for states for development of respective state logistics plans aligned with the national and state priorities. An annual execution plan to continuously monitor progress against the set objectives will also be created
- 2.2.7** Providing an impetus to trade and hence economic growth by driving competitiveness in exports
- 2.2.8** Doubling employment in the logistics sector by generating additional 10-15 million³ jobs and focus on enhancing skills in the sector and encouraging gender diversity
- 2.2.9** Improve India's ranking in the Logistics Performance Index to between 25 to 30
- 2.2.10** Strengthening the warehousing sector in India by improving the quality of storage infrastructure including specialized warehouses across the country
- 2.2.11** Reducing losses due to agri-wastage to less than 5%⁴ through effective agri-logistics involving access to cold chain, packaging and other post-harvest management techniques and thereby enhance agriculture price realization and farmer income
- 2.2.12** Providing impetus to MSME sector in the country through a cost-effective logistics network
- 2.2.13** Promoting cross regional trade on e-commerce platforms by enabling a seamless flow of goods
- 2.2.14** Encouraging adoption of green logistics in the country

³ On a current base of 20 million

⁴ Till wholesale markets

3 Policy thrust areas

This policy defines the key thrust areas for logistics in India, which will be the focus of the relevant ministries as well as act as a guidance to the state governments. The prioritized focus areas for logistics are detailed below:

3.1 Focusing on critical projects to drive an optimal modal mix and to enable first mile and last mile connectivity

3.1.1 Driving first mile and last mile connectivity and optimizing the current modal mix through operational research are two key focus areas for logistics in India. It is therefore critical to identify projects for driving the same, and to coordinate across the relevant central ministries and state governments to drive their implementation. Wherever required, Viability Gap Funding may also be provided to respective state governments to expedite select projects

3.1.2 The Logistics Wing will be the nodal agency tasked to identify key projects for driving first mile and last mile connectivity and to optimize the modal mix through operational research to identify commodity and the corridor for the most cost effective mode of transport. Expedited clearances will be facilitated for infrastructure projects, for example, MoEF provides single window environmental clearance through “PARIVESH” platform. It will also identify key corridors which can be developed as ‘Model Logistics’ corridors connecting major clusters. Certain projects for development of logistics in heavy mining regions and oil pipeline infrastructure can be classified as critical projects.

3.2 Driving development of Multi Modal Logistics Parks (MMLPs)

3.2.1 At present, there is a gap in the availability of MMLP infrastructure for enabling seamless multimodal freight transfer, providing world class storage and handling as well as delivering value added freight services. Even where ICDs' and CFSs' have been created, there is potential to improve their utilization and performance

3.2.2 Different stakeholders in the country including MoRTH, CONCOR, DMICDC, State Governments, etc. are independently planning the development of MMLPs. There is a need to ensure that these MMLPs are developed at the right locations with appropriate value added services, mechanization, technology adoption etc. for effectively driving the logistics efficiency in the country and ensuring duplication of facilities at the same location is minimized

3.2.3 An integrated policy will be defined for the development of MMLP in the country. Also a Multi Modal Logistics Park Authority (MMLPA) would be set up with representation from various central ministries (Rail, Road, Shipping, Civil Aviation, Customs etc.) as well as respective state governments. The Commerce Secretary will chair this Authority. MMLPA will identify the right locations for setting up of MMLP, facilitate single window for all administrative approvals and monitor the development and performance of MMLPs in consultation with all the relevant stakeholders. It may on select basis also provide Viability Gap Funding to MMLP projects

3.3 Driving interventions to reduce logistics cost and promote logistics efficiency for movement of key commodities

3.3.1 A critical aspect of driving down logistics cost is to identify commodity specific interventions. Of the commodities contributing to significant freight movement in India such as coal, iron ore, steel, cement, food grains, fruits and vegetables etc., most are distributed into regional clusters of supply and/or demand. It is important to evaluate the key drivers of logistics costs at each commodity level, across the key origin and destination pairs, and identify levers to reduce these costs by undertaking operational research, benchmarking of global best practices and discussions with relevant stakeholders. Also, minerals of national importance, such as rare earths will be studied for improving logistics effectiveness and responsiveness of supply chains. Similarly, safe handling of chemical and petrochemical products and waste and sustainable reverse logistics will be a key area of focus. The Logistics Wing will drive the same in coordination with the relevant government and industry stakeholders.

- 3.3.2** A key focus area to reduce the logistics costs for the key commodities is to facilitate modal shift for the long haul from road to rail, coastal shipping, inland waterways etc. It is critical to identify the average lead distance beyond which this modal shift should occur for the respective commodities. Alternate modes which are more economical will be identified and encouraged. For example, for iron ore the most economical mode of transport up to 400-500 km is slurry pipeline, beyond 400km up to 1100-1200 km is rail, and beyond 1100 km is coastal shipping. Where feasible beyond 300-400 km, inland waterways are more economical. The aim is to promote cheaper alternate modes. This will also aid in addressing the environmental concerns associated with road transportation. RORO on flat rail wagons in challenging terrains will also be explored for cost savings and reduced environmental impact.
- 3.3.3** It is critical to identify the key OD pairs where movement of goods can be facilitated through coastal shipping and inland waterways for each commodity. Subsequently focus will be placed on identifying and implementing key infrastructure interventions in coordination with the relevant ministry (for example, handling infrastructure for the specific commodity at the respective port)
- 3.3.4** The Logistics Wing will work with the respective ministries for identification and development of terminals/ logistics parks next to specific rail sidings to optimize freight movement for key commodities. This would result in reduction of first mile and last mile costs, drastically bringing down the logistics cost. For example, the US cement industry is organized in 350+ railway integrated terminals which provide storage and handling infrastructure for bag and bulk cement and also provide value added services like blending. In India as well, focus would be on building bulk terminals in 8-10 large institutional demand centers and bag handling terminals at additional 10-12 strategic locations. The Logistics Wing will coordinate with the Ministry of Railways for development of such mechanized, integrated railway terminals for key commodities at identified locations
- 3.3.5** Focus will be given to perishable commodities given the specialized nature of requirements for their packaging, transportation and storage. India is the second largest

producer of fruits and vegetables in the world with fruit production of 92 MT and vegetable production of 178 MT. The wastage in fruits is around 25-30%, mainly driven by the limited availability of cold chain infrastructure at the right locations. The Logistics Wing will work with the Ministry of Food Processing Industries, Ministry of Consumer Affairs, Food & Public Distribution and the Departments of Horticulture in respective states to identify key policy interventions and infrastructure enhancement to promote penetration of cold chain facilities and adoption of reefer trucks in strategic locations. Focus will also be to encourage start-ups working in the 'farm to plate' space

3.4 Creating a single window Logistics e-marketplace

3.4.1 The logistic sector in India is unorganized and fragmented with a large number of stakeholders both private and public, small and large. These stakeholders have their own set of processes and systems. A large number of transactions are still happening manually and even where online systems exist, they do not communicate with each other. The details about number of certifications required and various agencies responsible for providing them is not available at one place. Also there is limited visibility on the capacity and availability of logistics infrastructure e.g. warehouses capacity. This informational asymmetry results in increased transactional costs

3.4.2 A National Logistics e-marketplace will be setup by the Logistics Wing, as a one stop marketplace. It will be a single window transactional platform. This single window portal will onboard various logistics service providers like transporters, warehousing providers, shipping lines, 3rd party service providers, freight forwarders, Customs brokers etc. and various government agencies including Customs, Partner Government Agencies (PGAs) etc. involved in regulatory, certification and compliance services. The portal will involve simplification of documentation for all exports/imports. Information will be captured at one place which will be used by all regulatory agencies, thereby the need for documents to be submitted at multiple places will be discontinued and will enable the entire regulation system to be digitized. This will bring in greater transparency and faster clearances, thereby reducing logistics costs and making exports competitive, thus improving trade and bolstering economic growth. The portal will also enable improved

price discovery, route optimization, in-transit tracking, and timely delivery assurance and also provide seamless statutory clearances and certifications from State Government authorities, EPCs, Customs, PGAs etc. The proposed portal shall be developed keeping in view the advancements in technologies like block chain, internet of things etc.

3.5 Setting up a Logistics Data and Analytics Center

3.5.1 Currently, there is no single place/ portal in the country that tracks and reports metrics across the logistics value chain. Thus, there is significant scope for consolidating, standardizing and driving consistency in data reporting and analytics in the logistics sector

3.5.2 A logistics data and analytics center will be set up by the Logistics Wing. The hub will serve as a single source of data for relevant performance metrics across the logistics value chain and will enable data driven decision-making for future infrastructure projects. Performance dashboards will be defined for key logistics metrics across various Central Ministries as well as for respective State Governments. A diverse set of data sources comprising of telematics, remote sensing and track and trace data will be incorporated in the same.

3.5.3 The data from the hub will be used to facilitate review of logistics performance metrics. This will be done on a quarterly basis by an inter-ministerial committee, chaired by the Minister for Commerce and Industry. On a half yearly basis, a review will be conducted by the National Council for Logistics, chaired by the Prime Minister

3.6 Creating a Center of Trade facilitation and Logistics excellence (CTFL) and leveraging expertise of multilateral agencies

3.6.1 The policy aims to encourage partnership between government, private players and academia to drive innovation in the logistics sector through structured programs

- 3.6.2** A 'Center for Trade Facilitation and Logistics Excellence' (CTFL) will be created in partnership with the Indian Institute of Foreign Trade (IIFT), New Delhi. CTFL will bring together key stakeholders (relevant central ministries – Roads, Rail, Shipping, Civil Aviation and Customs, PGAs and relevant state governments), private players, industry associations and academia
- 3.6.3** This center will ideate and identify intervention areas critical for streamlining logistics in the country and to drive innovation in the logistics sector. The CTFL will also focus on identifying global best practices in logistics, and adapt the same to India's context. It will identify key gaps in skills in the logistics space, especially from the perspective of the industry and academia. Also, various Indian and global associations, such as International Federation of Freight Forwarders Associations, International Chamber of Shipping among others will be included to provide insights on implementing solutions for logistics enhancement in their communities.
- 3.6.4** Multilateral agencies like The World Bank, AIIB and ADB, are working in improving logistics efficiency across many countries. They have developed, over the years, experience and expertise in measuring and monitoring efficiency in logistics. The Logistics Wing will leverage their capabilities and engage with them to identify key gaps in logistics infrastructure and processes, and develop an implementation plan for the same
- 3.7** Creating an Integrated National Logistics Action Plan and align with respective state development plans
- 3.7.1** Globally, countries like Japan, Germany, South Korea, Australia and Malaysia among others define a 5-10 year National Logistics Action Plan that drives the objectives, priorities and related interventions for these countries across the logistics value chain
- 3.7.2** Currently, in India, different ministries including Rail, Roads, Shipping and Civil Aviation as well as various state governments define their respective plans and priorities for logistics. These plans could be further optimized to drive multi-modal synergies

3.7.3 There is a need to bridge this gap and create an Integrated National Logistics Action Plan in consultation with relevant ministries. The Integrated National Logistics Action Plan will serve as an optimized master plan to define logistics priorities across ministries including MoRTH, Ministry of Shipping, Ministry of Railways, Ministry of Civil Aviation, D/o Posts and the user ministries (Ministry of Coal, Ministry of Steel, Ministry of Mines & others). Subsequently, it is important to define an annual execution plan, and continuously monitor progress against the set objectives of driving efficiency and reducing costs and dwell times. An immediate focus of the annual execution plan will be to identify and drive specific interventions to optimize logistics costs for key commodities across the top corridors

3.7.4 The Logistics Wing will play a facilitating role in defining and aligning this plan in consultations with various ministries. The Wing will also provide support to states for development of respective state logistics plans aligned with the national and state priorities

3.7.5 An inter-ministerial logistics committee will be set up under the Minister of Commerce and Industry to evaluate progress against the Integrated National Logistics Action Plan on a quarterly basis to resolve key bottlenecks and address cross-ministerial issues if any. The composition of the Inter-ministerial logistics committee is covered in section 6.5 of this policy

3.7.6 Also, every six months the progress against the Integrated National Logistics Action Plan will be reviewed by the National Council for Logistics, chaired by the Prime Minister. The composition of the National Council for Logistics is covered in section 6.4 of this policy

3.8 Support strengthening of the warehousing sector

3.8.1 The Indian warehousing market is highly fragmented and unorganized. A large proportion of the warehouses are less than 10,000 sq.ft.in size and unorganized players account for nearly 90% of the market

3.8.2 As the Indian economy evolves, sophisticated logistics and warehousing systems would be a key trigger for the manufacturing sector and the entire gamut of trade activities. An efficient warehouse can bring a 15-20% cost reduction in the entire logistics operations. Several technological advances have been made in recent times to ensure optimum utilization of resources, tracking of consignments and seamless distribution of cargo such as Automatic Identification and Data Capture (AIDC) Technology, Quick response (QR) code, Real Time Locating systems and RFID. Adoption of Warehouse Management System (WMS) and other IT-driven solutions are becoming effective in increasing the competitiveness of the warehousing industry

3.8.3 There are also gaps in the quality of specialized storage infrastructure in the country. For example: Controlled atmosphere storage in apples significantly increases the shelf life, allowing prolonged storage. Apples can be stored for almost 10 months in a controlled atmosphere cold storage, while the shelf life in a conventional cold storage is only 3-4 months

3.8.4 The Logistics Wing will coordinate with the relevant Central Ministries (Ministry of Food Processing Industries and Ministry of Consumer Affairs, Food & Public Distribution) and Department of Horticulture in respective states to identify and fund initiatives to scale up use of technology and automation in warehouses and promote set up of specialized storage infrastructure

3.9 Enhancing transport and rolling stock infrastructure

3.9.1 A key focus area for Logistics in India is to identify gaps in the capacity as well as quality of critical transportation infrastructure across all modes of transport including Roads, Rail, Coastal Shipping, Inland Waterways and Air. This will be done through a comprehensive mapping of the existing and projected freight flows across the top origin destination stretches in the country and supplemented with independent data analysis and industry stakeholder interactions

- 3.9.2** Respective transport ministries (Ministry of Railways, Ministry of Shipping, and Ministry of Civil Aviation) are already focusing on several projects for enhancing capacity and quality of transport infrastructure in India. The Logistics Wing based on inputs from the commodity corridor analysis and industry stakeholders will identify select interventions for improvement in logistics infrastructure and subsequently share those inputs with the respective ministries. The progress of critical interventions/projects will be reviewed on a quarterly basis
- 3.9.3** Rolling stock is a critical driver of the total logistics cost given its influence on transit time, fuel consumption etc. Select interventions will be identified to enhance the capacity, quality and utilization of rolling stock in India (for example, policy to promote larger fleet sizes, improving availability of rakes, promoting the use of customized wagons where relevant, improving wagon turnaround time etc.) through global benchmarking and independent commodity- corridor analysis. Inputs arising from the above would be shared to the relevant ministries for implementation
- 3.9.4** Also when large CAPEX project for logistics (greater than 500 Cr) are being sanctioned, it is critical to ensure that these are in line with the Integrated National Logistics Action Plan, and meet the overall objective of driving an optimal modal mix and promoting first mile/ last mile connectivity. It will be done through participation of the Logistics Wing, in relevant inter-ministerial committees (For e.g. Standing Finance Committee (SFC), Expenditure Finance Committee (EFC), Public Investment Board (PIB), PPP Appraisal Committee, Committee on Economic Affairs (CCEA), Expanded Board of Railways etc.)
- 3.10** Streamlining EXIM processes to promote trade competitiveness
- 3.10.1** Export and import of goods currently accounts for ~27% of India's GDP. It is thus imperative to streamline EXIM processes to increase efficiencies, drive reliability and reduce costs and thereby integrate regional and global value chains. The dwell time at Indian ports and airports are higher than global benchmarks. Though, substantial steps have been taken to improve the same, further scope exists. The Logistics Wing will also

work closely with the state governments to pro-actively streamline processes and improve trade competitiveness

3.10.2 A key focus area for logistics in India will be to define and monitor SLAs with relevant regulatory partner government agencies like Customs, FSSAI, Drug Control, Plant and Animal Quarantine etc. with the objective of reducing dwell time

3.10.3 It is also critical to drive efficiency and reliability of the customs clearance process to facilitate trade. The Logistics Wing will seek feedback from key industry stakeholders (exporters, freight forwarders, customs house agents, terminal operators) and derive learning from global best practices to identify key interventions to further improve the customs clearance process and reduce the EXIM dwell time. Initiatives such as autonomous data exchange, standardized information collection and storage to ensure faster processing of duties payable and approvals are some of the examples. A robust risk management system (RMS) would also accelerate the flow of low risk goods, leading to cost and time savings for the department and also the exporter/importer. Further, improvement of the Port Community System and its integration with Customs would also lead to faster processing. The Logistics Wing will facilitate collaboration and alignment with various ministries and agencies like the Ministry of Shipping, Customs etc. to drive the same

3.11 Reducing dwell time for interstate cargo movement by road

3.11.1 Road transportation accounts for approximately 60% of the freight movement in India, a significant proportion of which is interstate cargo movement. The average speed of trucks in India is about half when compared to the average speed of trucks in the USA. A part of this can be attributed to high wait times at toll booths and multiplicity of check points

3.11.2 A key focus area for logistics is to identify, implement and monitor technology based interventions such as e-tolling, electronic document flow, rationalization of checkpoints,

digital verification at all checkpoints etc., to decrease wait time, in effect improving the average speed across key corridors

3.12 Promoting standardization in the logistics sector

3.12.1 Globally, various standards have been developed for different parts of the logistics value chain concerning packaging, warehousing and transportation. For example, ASTM standards on packaging, AWSA Certified Warehousing Standards in Canada etc. These standards assure consistent service levels and quality of goods to the end user and eventually drive logistics efficiency. In India however, there is low adoption of these standards primarily because they are not market driven. Even existing standards in warehousing such as the WRDA have had limited acceptability due to low awareness of the standards and lack of tangible benefits to the players

3.12.2 The Logistics Wing will work with standard setting bodies for logistics in India such as the Bureau of India Standards, Indian Institute of Packaging to customize the international standards and facilitate the development of relevant standards for India. It will also work to ensure facilitation infrastructure is created to support adoption of these standards. For example, while palletization of cargo can help lower logistics costs and prevent handling losses, there is limited adoption of palletization in India. This is in part driven by lack of handling infrastructure for pallets at each step of the value chain. The Logistics Wing will evaluate the potential to introduce palletization for relevant cargo, and also facilitate creation of handling infrastructure for the same

3.12.3 To ensure increased adoption of the defined standards, the Logistics Wing will coordinate with relevant ministries to create awareness through structured marketing campaigns, provide differentiated benefits to logistics players who adhere to defined standards for fast track clearances & prioritized queuing. It will also work with the relevant ministries to mandate the select standards

3.13 Ensuring seamless movement of goods at Land Customs Stations (LCS) and Integrated Check Points (ICP)

3.13.1 Of India's total trade with the neighboring countries (Nepal, Bhutan, Bangladesh, Afghanistan, Pakistan and Myanmar), over 55% is through land based trading points. CBIC has designated 109 border trading locations as 'Land Customs Stations' (LCS), of which 85 are operational. The adequacy of infrastructure at these LCSs, including warehousing, examination sheds, parking bays etc. as well as seamless movement and faster clearances by regulatory agencies like Customs, FSSAI, Plant and Animal Quarantine will be critical to increase the overall trade across India's borders

3.13.2 An integrated approach is required to develop infrastructure and enable seamless trade clearance at the Land Custom Stations at India's borders. For the same, it is critical to enable the conversion of select Land Custom Stations (LCS) at key locations to Integrated Check Points (ICPs), which come under the purview of Ministry of Home Affairs and will house all the regulatory agencies like Border Security, Immigration, Customs, Plant Quarantine etc. along with support facilities in a single enclosed complex equipped with all modern amenities to serve as a single window facility for EXIM cargo and passenger movement, as is available at Airports and Seaports. At present only 6 ICPs are operational, and there is a need to fast track conversion of select LCS at critical locations to ICPs particularly in the east/northeast sector. It is also important to regularly monitor the performance of the LCSs and ICPs and continuously upgrade facilities and remove bottlenecks. Logistics Wing will identify logistics gap in the North Eastern States for better integration and providing flip to our 'Act East Policy'.

3.14 Generating employment, enhancing skilling and encouraging gender diversity in the logistics sector

3.14.1 Currently there are large gaps of skilled manpower in the Logistics sector in India. As per the Logistics Skill Council, 20 million jobs will be added to the sector by 2022. However in order to meet this demand, it is critical to address key gaps in skilling in the logistics sector. For specific job roles, like truck drivers, the recruitment and retention becomes a challenge. This is driven by difficult working conditions, relatively lower wages as well as poor perception of these jobs roles. Also, currently limited compensation is available to employees to make up for the loss of pay during training

days. The training curriculum is not always in line with requirements of the specific job roles. This coupled with high attrition rates in the sector leads to limited incentives to employers to train their employees. With the advent of technology, a large number of specialized skills will be required in the logistics sector, for example telematics, warehouse automation, mechatronics, etc.

3.14.2 The Logistics Wing will identify key policy interventions (for example incentives to compensate trainees in part for loss of wages during the training duration, as well as incentives for employers to encourage hiring of skilled manpower) and provide inputs to MoRTH, Ministry of Skill Development & Entrepreneurship and other relevant ministries. Also, projects will be identified for ramping up both the capacity as well as quality of logistics training infrastructure in India. A standardized curriculum for the logistics sector may be developed by Ministry of Skill Development & Entrepreneurship to be adopted by various State governments and agencies across the country. To improve placement of skilled manpower in the logistics sector, Public Sector Undertakings (PSUs) and other relevant government bodies, will be encouraged to hire skilled talent, for key government logistics needs. The Logistics Wing will also work with the Ministry of Skill Development & Entrepreneurship to launch awareness campaigns to improve the perception of key job roles in the logistics sector. Further the Logistics Wing will work with the relevant ministries to encourage skilling institutes to update their curriculum and include specialized skills on technology and automation

3.15 Strengthening the MSME sector through efficient logistics

3.15.1 MSMEs are pegged to be India's most powerful growth engine. Overall, the MSME sector accounts for ~50% of India's industrial output and over 40% of India's exports. Therefore, it is important for the government to provide them with an impetus for growth through seamless and cost effective logistics which will enable them to expand their reach to new markets both within India as well as globally

3.15.2 The logistics e-marketplace will be a key enabler for MSMEs in India. It will provide them a single window for all EXIM certifications, while also giving access to a host of logistics

services at competitive rates. It will ease the MSME business through a transparent price discovery mechanism and will also remove information asymmetry on overall capacity availability of logistics infrastructure. Additionally, all efficiency improvement measures including interventions to improve first mile and last mile connectivity, strengthening India's warehousing capacity and quality will enable MSMEs to have better access to markets.

3.16 Promoting cross regional trade on e-commerce platforms through seamless flow of goods

3.16.1 E-commerce in India is growing exponentially and will continue to grow, with the improving penetration of mobile internet services and enhanced last mile connectivity. Logistics is a core function of e-commerce players and the key differentiator amongst e-commerce companies. Ensuring seamless flow of goods by promoting first and last mile connectivity can provide a much wider marketplace in terms of aspirational districts and first time buyers. The role of D/o Posts will be leveraged in formulating seamless first and last mile connectivity.

3.16.2 A seamless and reliable transportation network will help e-commerce players reduce transportation costs as well as inventory holding costs by ensuring higher predictability in deliveries. Interventions to increase efficiencies in warehousing as well as policies to encourage set-up of multi modal logistics hubs will further enhance logistics efficiencies for e-commerce players. Strengthening of the air cargo infrastructure, storage infrastructure for railways and improving technology readiness of D/o Posts will be important drivers to support the sector. The Logistics Wing will, on an ongoing basis, seek feedback from the e-commerce industry and work with relevant ministries to facilitate the logistics landscape for e-commerce in India.

3.17 Promoting Green & Sustainable Logistics

3.17.1 Understanding, measuring, and reducing supply chain carbon footprint is a priority today. It is thus crucial to promote green and sustainable logistics in India by enabling

the modal shift to rail, coastal shipping and inland waterways, improving vehicle utilization, raising energy efficiency and switching to greener fuels. Policy measures such as regulations relating to vehicular, noise, affluent emissions and wastage and duty rationalization on alternative fuels will further reduce the carbon footprint. Focus will also be needed to improve vehicle design, promote road telematics and expedite infrastructure investment in alternative modes of transport (e.g. slurry pipelines). It will also be important to encourage best practices in the industry and help players in the logistics sector advance supply chain sustainability by measuring, benchmarking and improving freight transportation efficiency. Globally, there have been various instances of governments promoting green and sustainable logistics. For example, United States launched a voluntary public-private program – ‘SmartWay’ to promote advances in sustainable transportation supply chain. It provides players a comprehensive system for tracking, documenting and sharing information about fuel use and freight emissions across supply chains.

3.17.2 In the warehousing space, players will be encouraged to adopt ‘Green Principles’, including recycling of water, rain water harvesting, use of bio-methanation for treatment of bio waste and for generation of cooking gas, use of solar electricity etc. Also focus will be placed on the 3R – Reduce, Reuse and Recycle in packaging, to promote green and sustainable logistics operations in India

3.18 Setting up a Startup acceleration fund

3.18.1 There are a number of startups bringing in new technologies in the logistics space in areas like market aggregation, freight forwarding, cold chain, and telematics amongst others. They offer superior service quality at reduced costs and dwell times due to increased efficiency made possible by technologies such as Internet of Things, telematics and big data analytics. Also several start-ups offer economic and portable cold chain solutions to small and medium farmers right at the farm gate

3.18.2 A startup acceleration fund will be setup to help incubate startups in the logistics sector. This will enable the sector in adopting newer technologies faster and promoting

innovative practices that can help in reducing costs and turnaround times. The fund will be managed by the Logistics Wing

3.18.3 To drive overall innovation and efficiency in logistics, awards/ rewards will be announced for startups/ 3PLs/ 4PLs etc. in the logistics sector. The responsibility to run the awards/ rewards program, through a pre-defined evaluation criteria which is aligned with the relevant stakeholders, will reside with Logistics Wing

4 Funding for logistics initiatives

4.1 A non-lapsable Logistics fund will be created, to drive progress against the key thrust areas. The Logistics fund can be deployed for the following

- Providing viability gap funding for select MMLP projects, first and last mile projects and projects for poorly-serviced remote areas.
- Incentivizing select logistics skilling programs and training institutes
- Setting up a start-up acceleration fund to incentivize development of new technology in logistics particularly the farm to plate space
- Creating the Center for Trade Facilitation and Logistics Excellence (CTFL)
- Setting up a big data enabled logistics data hub and analytics center
- Creating a single window logistics e-marketplace

5 Framework Act on Integrated Logistics

5.1 A 'Framework Act on Integrated Logistics' will be enacted to define the role and responsibilities of all stakeholders in the multimodal logistics space. This will institutionalize the defined roles of the relevant stakeholders as per the National Logistics Policy, 2018 and enable the government to effectively drive the national logistics agenda while ensuring long term continuity. The Act will provide a broad overarching national framework of general principles concerning the formulation and execution of and support for the policies and plans for logistics in India and overseas for greater efficiency in logistics, strengthening

competitiveness of the logistics industry and the greater advancement and internationalization of logistics.

6 Institutional Framework & Governance for Logistics

6.1 In order to drive the above thrust areas, a robust governance framework is critical to ensure effective coordination across the various stakeholders and track progress against the defined national logistics plan and the key objectives

6.2 The Logistics Wing under the Department of Commerce, will have the primary responsibility to drive the key thrust areas as per the National logistics policy and facilitate alignment across the key central ministries. This will involve extensive coordination, data gathering and monitoring across central ministries (e.g. Roads, Railways, Shipping, Civil Aviation, Food processing and Consumer Affairs, Finance, Home Affairs, D/o Posts), Partner Government Agencies, and respective State governments

6.3 For this purpose, four committees/councils will be constituted:

- National Council for Logistics, chaired by the Prime Minister
- Apex inter-ministerial Committee, chaired by the Minister of Commerce and Industry
- India Logistics Forum chaired by the Commerce Secretary with representation from key industry/business stakeholders and academia.

Empowered task force on logistics will be created, as a standing committee chaired by the head of the Logistics Wing

6.4 Given the complexities and inter-ministerial nature of logistics, National Council for Logistics will be set up and chaired by the Prime Minister of India. The Council would be composed of the Minister of Commerce and Industry, Minister of Road Transport and Highways, Minister of Railways, Minister of Shipping, Minister of Civil Aviation, Minister of Communications and Minister of Finance. Additionally, as required, respective State Chief Ministers shall participate on invitation basis. The Council will provide overall direction and guidance for the integrated development of logistics in the country. Further, it will review the

progress made against the Integrated National Logistics Action Plan every six months. The Logistics Wing will provide secretarial support to the operations of the Council

6.5 An Apex Inter-Ministerial Committee will be setup under the chairmanship of the Minister of Commerce & Industry. This will include a core committee who will advise, provide, approve and implement projects on logistics and will comprise of Secretaries of Ministry of Road Transport & Highways, Ministry of Civil Aviation, Ministry of Shipping, Ministry of Railways, D/o Revenue, Ministry of Environment & Forests & Climate Change, Ministry of Development of North Eastern Region, Ministry of Home Affairs, D/o of Legal Affairs, D/o Posts, Ministry of Agriculture & Farmers' Welfare(FSSAI, Plant Quarantine) & Ministry of Health & Family Welfare(CDSO). Also, the APEX Inter-Ministerial Committee will constitute a group of user ministries/departments consisting of Secretaries from Ministry of Steel, Ministry of Coal, Ministry of Food & Consumer Affairs, Ministry of Agriculture & Farmers' Welfare, Ministry of Mines, D/o of Chemicals & Petrochemicals and Ministry of Power. They will attend the Inter-Ministerial committee meetings on an invitation basis, depending on the matter under discussion. Chief Secretaries of state governments will also be made a part of this committee on an invitation basis. This Committee will review the progress against the Integrated National Logistics Action Plan on a quarterly basis, with secretarial support from Logistics Wing. They would also resolve cross ministerial issues and bottlenecks, thus facilitating seamless co-ordination between Ministries

6.6 A National Logistics Forum will be created to be chaired by the Commerce Secretary with representation from the government including D/o Posts, academia, industry/business stakeholders, for example, logistics service providers like fleet operators, freight forwarders, Customs agents, shipping lines, warehouse operators, 3PLs etc. as well as from users of logistics services including industry and manufacturing associations, e-commerce players etc. The Forum will be leveraged to hear the voice of the industry on key challenges faced, as well as to understand best practices which could be implemented. Additionally, through this Forum, the Logistics Wing will facilitate industry buy-in and feedback for key interventions in the Integrated National Logistics Action Plan

6.7 An empowered task force headed by the head of the Logistics Wing, Department of Commerce will be created and will have representation at the Joint Secretary (or equivalent) level from Ministry of Road Transport & Highways, Ministry of Civil Aviation, Ministry of Shipping, Ministry of Railways, Ministry of Finance, D/o Posts, Ministry of Food & Consumer Affairs and Joint Secretary (or equivalent) from the Partner Government Agencies (FSSAI, Drug Control, Plant and Animal Quarantine). The task force will meet on a monthly basis to review progress against the Integrated National Logistics Action Plan at each intervention level, and also enable inter-ministerial coordination/ information exchange required

7 Amendment of Policy

7.1 Notwithstanding anything contained in the foregoing paras, the Logistics Wing under the Department of Commerce, with the approval of Competent Authority, may amend various aspects of this policy from time to time depending upon the experience gained during implementation, market dynamics, end user interest etc.