



Expert Panel suggests Corridor - Wise SPVs for developing Dedicated Freight Corridors

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India Integrated
Transport &
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The development of Dedicated Freight Corridors has emerged as one of the key solutions to improving logistics in India. The emphasis here is on connecting centres of economic importance in the most efficient ways using an optimal, multi-modal mix of transport, so that there is consistent and congestion free passage of cargo along key routes. Such efficient transport of cargo will bring about the much needed reduction of logistics cost.

A special session at the India Integrated Transport & Logistics Summit (IITLS) discussed the key issues related to the development of such corridors. The Union Minister of State, Commerce & Industry Smt Nirmala Sitharaman addressed the session that was chaired by NHAI Chairman Shri Yudhvir Singh Malik and co-chaired by Shri. Vinayak Chatterjee, Chairman, CII National Committee on Infrastructure & PPP and Chairman, Feedback Infra Ltd.

As a means for developing an efficient transport system, the panel discussed themes like adopting corridor approach to road development with considerations for logistics and last mile connectivity, need for comprehensive ecosystem to promote coastal shipping, adopting global models to accelerate development of inland terminals and whether coastal shipping & inland waterways will drive the next wave of logistics cost transformation

India has invested heavily in developing its road network over the last 25 years. India has a network of about 5.25 million km of roads, accounting for about 60% of total freight movement. However, National Highways, the most important links in the Indian road network carrying 40% of total traffic movement, account for just 2% of the total road network. The government has taken steps to improve the national highway network by setting up of six corridors (4 legs of Golden quadrilateral, North-South & East-West corridors). These corridors carry 35% of total road freight.

Additionally, with 14,500 km of navigable inland waterways and a 7,500-km coastline, India has an immense potential for inland and coastal transportation. However, transportation through inland waterways has a share of less than 5% in the total logistics volumes. In comparison, China and EU transport about 45% of shipments through inland waterways. There are cost benefits of transportation through waterways and coastal shipping, with cost of these modes being half of competing modes like road and rail.

Government has taken visible steps to promote coastal shipping and inland waterway transport as viable alternates to road and rail by compensating the costs incurred on first mile and last mile connectivity, for the commodities with potential to be moved through inland waterways or coastal network. Government has also announced measures under the Sagarmala program for port-led development of coastal areas to enable multi modal transportation. Further steps like dedicated infrastructure to ensure priority berthing, port tariff rationalization to align rates for major and non-major ports etc. are required to make the value proposition of logistics movement through inland waterways and sea attractive for logistics players.

In his presentation Mr Jose Luis Irigoyen, Senior Director, World Bank Transport & ICT Group emphasized on physical planning, adequate institutions and governance, and apt policy instruments as key enablers for development and management of economic corridors. He also highlighted areas in the corridor development program where World Bank could add value. Shri . Anil Devli CEO, INSA talked about the need to enhance the share of waterways in transport of cargo . Mr. H.F.W. de Leijer Partner, STC NESTRA, Netherlands presented a theoretical framework for the development of economic corridors and showcased the role of inland ports. He also discussed the concept of bundling cargo and presented about internationally adopted best practices.

The panel discussion that followed flagged the importance of administrative and procedural interventions. Members also discussed the constraints and challenges before the railways and ports sectors. The panel talked about several institutional frameworks for the execution of corridor development and among other suggestions, a corridor-wise SPV was discussed.

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