

# National Logistics Policy: Powering India Forward



Prime Minister Narendra Modi launched National Logistics Policy to boost the ease of doing business and enhance the liveability quotient on 17<sup>th</sup> September 2022 in New Delhi. Currently, logistical costs accounts for 13 to 14% of India's GDP, almost double the cost of developed countries.

PM Modi stated: “According to a study, the logistical cost in India is about 13% of GDP. Such a situation does not exist in developed countries. Due to high logistical cost, the competitiveness of India’s exports is greatly reduced”.

The National Logistics policy will address cost and inefficiency by laying down an overarching interdisciplinary, cross-sectoral, and multi-jurisdictional framework for the transforming logistics ecosystem. This policy aims to boost economic growth, create employment opportunities and make India a global manufacturing hub.

Also, it seeks to reduce logistics costs from 16 percent of the Gross Domestic Product (GDP) to a global average of 8 percent by 2030. Further, as per the estimates, the worth of the Indian logistics market will be around \$ 215 Bn in the next two years compared to current \$ 160 Bn . Investment Information and Credit Rating Agency of India Limited (ICRA) estimates that the sector will develop at a Compound Annual Growth Rate (CAGR) of 10.5 percent through 2025 after growing at a CAGR of 7.8 percent over the past five years. This sector employs more than 22 million people in India, which through skill development is expected to grow at the rate of 5 percent in 5 years.

The new logistics policy has the following key features:

- **Integration of Digital System (IDS):** Digital integration of various systems from multiple departments (like road transport, railways, aviation, commerce ministries, and foreign trade)
- **Unified Logistics Interface Platform (ULIP):** Designed to improve efficiency and reduce the cost of logistics in India by creating a transparent, one-window platform that can provide real-time information to all stakeholders.
- **Ease of Logistics (ELOG):** Enable and ensure the ease of logistics business through transparency and accessibility.
- **System Improvement Group (SIG):** Monitor all logistics-related projects.

The Comprehensive Logistics Action Plan (CLAP), India's most recent strategy, provides information and a push toward the National Logistics Policy's specific goals. By 2030, the goal is to bring India's logistics costs down to par with international standards. Thus, it hopes to rank among the top 25 nations in the Logistics Performance Index (LPI) by 2030. (according to the World Bank Logistics Index of 2018, India is ranked 44th in logistics cost).

By 2024–2025, India aims to have a \$5 trillion economy. Connectivity and reliable infrastructure will become critical factors in this, and the National Logistics Policy gives the sector, the push it needs. By enhancing warehouse capacity and facilitating quicker communication, this program will bring goods closer to their places of consumption. All other industries will experience new life due to National Logistics Policy. Manufacturing, production, the car industry, and other businesses like warehousing and infrastructure development will all evolve together with logistics. Commercial real estate and industrial parks will also result in growth.

To establish multi-modal logistics parks (MMLPs) as significant markets, National Logistics Policy would encourage the development of a uniform regulatory environment and institutional structure which will control the industry. Faster first- and last-mile connectivity will result from this, and as logistics advance, so will the export-import, manufacturing, cold-storage, and other industries.