Multimodal Logistics Park in Assam

Why in News

The Union Minister for Road Transport and Highways has laid the foundation stone for the **country's first MultiModal Logistics Park (MMLP) at Jogighopa in Assam.**

Key Points

- **About the Park:**

  - Developed under the **Bharatmala Pariyojana** of the Government of India.

    - **Bharatmala Pariyojana** is an umbrella program for the highways sector envisaged by the **Ministry of Road Transport and Highways.**
    - In order to reduce congestion on proposed economic corridors, enhance logistic efficiency and reduce logistics costs of freight movements, **35 locations** have been identified for development of **MultiModal Logistics Parks.**
  - It will have **direct connectivity** with **National Highway 17,** the **proposed Jogighopa waterway terminal on Brahmaputra,** the newly constructed **Rupsi and Guwahati airports** as well as the **main railway route.**

    - India will be able to **establish** trade with Bangladesh through the Jogighopa waterway terminal.
  - It will have **all the facilities** like warehouses, railway siding, cold storage, custom clearance house, yard facility, workshops, petrol pumps, truck parking, administrative building, boarding lodging, eating joints, water treatment plant, etc.
  - The park will **reduce trade cost by 10%** and have **cargo capacity of 13 million metric tons (MMT) per year.**
  - The project will serve as a **growth engine for the economic development of the state and the** north-east and provide direct/indirect employment to nearly 20 lakh people.
- **Background:**

  - **Logistics Sector:** According to the **Asian Development Bank (ADB)**, **logistics in India is expected to be a USD 215 billion industry in 2020.** It is projected to expand through 2032 at a rate that is roughly 1.2 times the growth rate of India's gross domestic product (GDP) and generate USD 360 billion in value added.
  - **Infrastructure Status:** Logistics has been accorded "infrastructure" status in 2017, facilitating the availability of debt on easier terms and access to **external commercial borrowings**, longer tenor funds from insurance companies, and pension funds, as well as investment support.
  - **Challenges:**

    - At 13%-14% of India's GDP, **logistics costs are far higher** than the benchmark of 7%–8%.
    - India **ranked 44 in the World Bank Logistics Performance Index 2018,** which measures performance based on **six metrics—** customs, infrastructure, international shipments, logistics competence, tracking and tracing, and timeliness.

- In India, each segment of logistics encounters significant challenges leading to **high cost and low efficiency.**
- For example, road freight cost at Rs.1.9 per ton–kilometer (km) is almost double than that in the United States, while the average speed of freight vehicles is about 50%–60% lower.

  ○ **Government Initiatives:**

  - The Ministry of Commerce and Industry is considering **replacing the Multi-Modal Transportation of Goods Act (MMTG), 1993** with a full-fledged national logistics law with a view to promote growth of the sector.
  - The Logistics Wing within the Department of Commerce, Ministry of Commerce and Industry, placed a **draft of the National Logistics Policy** in public domain in February 2019.

    - The main objective of the policy is to **bring down logistics cost** as a percentage of GDP to about 10%, **optimize the modal mix** (25%–30% share of road, 50%–55% railways, and 20%–25% waterways), improving **last mile connectivity,** and enhance the logistics value chain through **digitization, standardization, and modernization of warehousing** among others.

  - The **development of MultiModal Logistics Parks (MMLPs)** at strategic locations is envisaged as a key policy measure to rationalize cost of logistics in India and improve its competitiveness.

    - **MMLPs serve five key functions:** freight aggregation and distribution, multimodal freight transport, integrated storage and warehousing, information technology support, and value-added services.

Source: PIB

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