

Launched by PM Modi, what does the National Logistics Policy aim to achieve?

National Logistics Policy: Logistics broadly includes facilities crucial to trade. It accounts for 13 to 14% of India's GDP, almost double of what the costs are in developed countries.

By: [Explained Desk](#)

New Delhi | Updated: September 21, 2022 10:34:18 am



The Prime Minister mentioned previous programmes and schemes aimed at improving logistics aspects, such as the FASTag for electronic toll tax collection and faceless assessment for customs. (PTI)

Prime Minister Narendra Modi **announced the National Logistics Policy** on Saturday (September 17), aimed at easing the movement of goods and boosting the trade sector in the Indian economy. Launched on the same day as the **re-introduction of cheetahs in India**, the PM referred to the event by saying that luggage should move quickly like a cheetah while noting that currently, logistical costs account for 13 to 14% of India's GDP, almost double of what the costs are in developed countries.

Also in Explained Economics | What is the PM PRANAM scheme, likely to be introduced by Govt soon?

What was the need for a logistics policy?

Logistics broadly includes facilities crucial to trade: transport services for the movement of goods, storage facilities that are particularly essential for trade in perishable goods such as food items, fruits, and vegetables, and smooth functioning of government services that facilitate trade such as licensing and customs.

At the launch of the **PM Gati Shakti-National Master Plan** for multi-modal connectivity in October 2021, PM Modi had said: "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".

In a Ministry of Commerce and Industry survey last year, titled 'Logistics Ease Across Different States', Gujarat, Punjab, and Haryana were ranked the top three states. The parameters included were the quality of road and railways infrastructure, road freight rates, quality of warehousing infrastructure, etc. The survey suggested that states should focus on areas such as developing sector-specific skilling infrastructure and streamlining logistics-related approval and clearance processes.

What are the features of the National Logistics Policy?

The new logistics policy has four features: Integration of Digital System (IDS); Unified Logistics Interface Platform (ULIP); Ease of Logistics (ELOG); and System Improvement Group (SIG). Under the IDS, 30 different systems of seven departments are integrated – including data from the road transport, railways, customs, aviation and commerce departments.

A Unified Logistics Interface Platform ULIP will "bring all the digital services related to the transportation sector into a single portal", the PM said. Similarly, a new digital platform Ease of Logistics Services (E-Logs) has also been started for industry associations to resolve issues by reaching out to the government.

Also in Explained Economics | What explains the divergence between the RBI and govt on monetary policy?

How is the government focusing on improving logistics?

The Prime Minister mentioned previous programmes and schemes aimed at improving logistics aspects, such as the FASTag for electronic toll tax collection and faceless assessment for customs. In terms of scale, the biggest of these plans is the Gati Shakti master plan, and the PM said: "A huge amount of information related to different infrastructure projects of state governments has been prepared. Today, data from the central and state governments in about 1500 layers are coming on the PM Gatishakti portal".

Last year, the Gati Shakti plan was mentioned on August 15 in the PM's Independence Day speech, where he said: "In the coming days, we will launch PM Gati Shakti Plan, a 100 lakh crore national infrastructure master plan which will make a foundation for holistic infrastructure and give an integrated pathway to our economy".

A single platform was launched for ministries to monitor the progress of various infrastructure projects. Later, the PM said the Centre was aiming at adding over 200 airports, helipads, and water aerodromes where aircraft can land, over the next 4 to 5 years, besides nearly doubling the existing natural gas pipeline network of around 19,000 km.