

# PM GatiShakti – Transforming Logistics Landscape of India

Jul 10, 2023 India Shipping News

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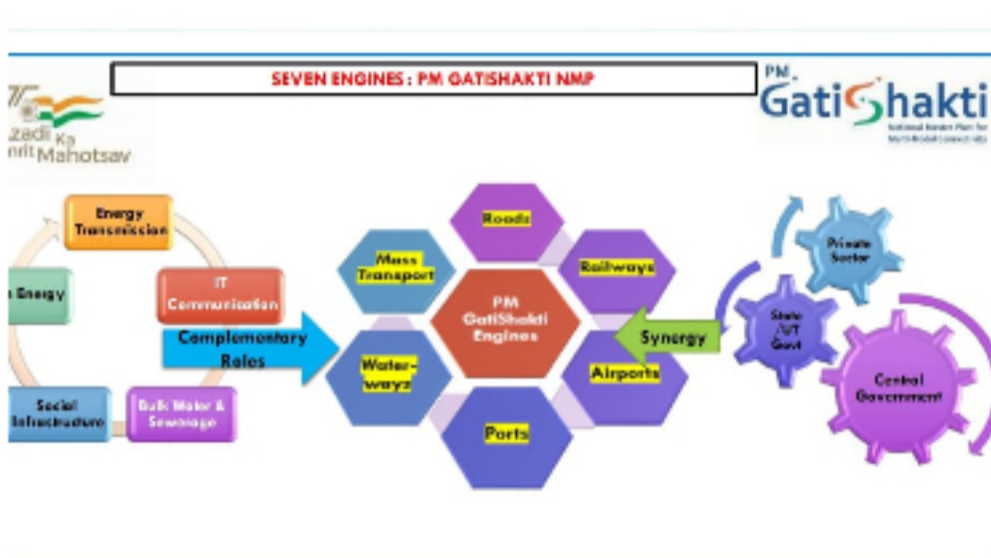
By Brigadier Atul Kumar, SM

**Logistics** is an integral part of any economy and plays a significant role in the growth and development of a country by ensuring that goods are transported smoothly and efficiently from their origin to their destination. It includes Infrastructure, Services, and Human Resources. India, the world’s seventh-largest country by landmass, has a logistics sector worth \$160 billion, which is projected to grow at CAGR of about 10.5%. However, India’s logistics costs as a percentage of GDP is estimated to be about 13-14 percent which is very high when compared to about 8 percent of OECD countries.

As per the World Bank’s 2023 Logistics Performance Index (LPI) – India ranks 38th out of 139 countries, a jump of 6 indices from 44th rank in the 2018 ranking. China secured the 20th rank, the best amongst BRICS countries, followed by South Africa at 24th. The LPI 2023 ranking, apart from the survey-based performance on six indices (see box), included Key Performance Indicators that measure the actual pace of the global trade. A jump of 6 places is significant considering the size and magnitude of the logistic eco-system which India has vis-a-vis, Germany and Singapore who have been the top performing countries. Countries with efficient logistics systems tend to have high GDP growth rates as they can provide better quality services and products that meet international standards. India is targeting a 5 trillion (tn) USD economy by 2025 and 30 Tn by 2040. Therefore, there is a need to improve the logistics sector in India to make it cost-effective, efficient, and competitive. The promulgation of the new logistics plan of the government, **PM GatiShakti National Master Plan (NMP)** launched on 21 Oct 2021 and the **National Logistics Policy (NLP)** notified on 28 Sep 2022 has the potential to change the logistics landscape of India. The Govt plans to spend about 1.2 Tn USD on infrastructure which is likely to have a 2.5x multiplier effect. For affecting this, the government drew up the National Infrastructure Pipeline: a whole-of- Government exercise to provide world class infrastructure to the citizens and improving their quality of life and PM GatiShakti is totally aligned to it.

NMP is a GIS based digital platform integrating all stakeholder ministries, departments, and state governments /UTs aimed at synergized planning by breaking silos, optimizing resources, and providing an integrated and comprehensive infrastructure development & logistics solution to the country. This initiative will provide state of the art multi modal connectivity to industrial clusters and economic zones

by integrating road, rail, air, inland waterways, and ports into a single cohesive system. Apart from infrastructure, it will have numerous Logistics and Industrial Parks, Cargo Terminals, and warehousing backed by latest technology thus enabling more efficient movement of people, goods, and services across the country. According to Statista- a leading provider of market and consumer data- in India, the logistics transportation cost by rail is about ₹ 1.6 per metric ton km (MTK), by water about ₹ 2 MTK, by road about ₹ 3.6 MTK and by air about ₹ 18 MTK and despite the economics, road shares about 64% of the freight logistics. PM GatiShakti NMP, by integrating the schemes of Bharat Mala, Sagar Mala, UDAN, and augmenting railway transportation capacities will optimize transportation cost by achieving appropriate multi-modal mix and catapult the logistics sector in India to global standards. PM GatiShakti NMP is driven by seven engines and is founded on six pillars. Some of the significant features of PM Gati Shakti are as follows:



### Integrated transportation network:

PM GatiShakti aims to create an integrated worldclass transportation infrastructure that will connect multiple modes of transport, including road, rail, air, and waterways. This is essential to achieve optimal modal mix of transportation which currently is skewed towards road transportation (~ 60%) despite the rail transportation is much cheaper. The network will connect various manufacturing clusters through 44 Economic Corridor ,11 Industrial corridors, 02 Defence Corridors on the backbone of Sagarmala , Bharatmala , UDAN and Dedicated Freight Corridors and will cater for both the First Mile and Last Mile connectivity thus enabling movement of goods quickly and efficiently across the country and saving on the logistics cost.

### Reduction in congestion at ports, rail, and highways:

The most significant delays in international movement of goods occur when containers are held up at points of origin or destination. PM GatiShakti aims to reduce congestion at ports, rail, and highways by linking them to the rest of the transportation network and by implementing efficient track and trace system. To achieve this, 35 Multimodal Logistics parks (MMLP) are being developed as part of Logistics Efficiency Enhancement Program (LEEP) under the aegis of National Highways Logistics Management Limited (NHLML) under Build Operate Transfer model. These will function in hub and spoke model and enhanced hub to hub connectivity. For eg the freight from the spoke (originator) stations will be transported to the hub in a 10 Ton Truck up to the Hub (MMLP) and from thereon it shall be transported to the MMLP in proximity to destination station in 30 Ton transporter, thereby achieving decongestion throughput by optimal fleet mix. The enhanced road infrastructure, modern toll plazas and track and trace applications will also substantially enhance the current road speed average of 25 to 30 kmph by more than 50 percent. Similarly, the construction of six Dedicated Freight Corridors by DFCCIL will decongest the railways, enhance carrying capacities by both doubling or enhancing the container stack, increasing length of train to about 1500 mtr from current 700 mtr and achieve higher speeds of movement – upping to 100 kmph from existing 75 kmph. Also, for additional cargo handling 100

Cargo Terminals are planned to be developed and similar infrastructure is planned at Air Freight Stations.

### Use of technology:

PM Gati Shakti plans to use technology extensively- be it for creation of technical infrastructure or use of RFID tags and GPS tracking, to enable real-time tracking of goods. This will help create tech enabled infrastructure, reduce the time taken to move goods and curtail theft and losses. **Unified Logistics Interface Platform (ULIP)** is one such single window logistics platform for achieving end to end visibility. It will integrate the information available with various government agencies, provide visibility for optimal usage of various modes of transport, will provide date for simplification of documentation, compliance and approval and will offer a platform for data exchange between various logistics stakeholders. It will benefit all stakeholders involved in the logistics eco system including shippers/consignees, service providers, transporters, and government agencies. It will also integrate the legacy applications like the FOIS, Vahan, Sarthi, Fast tag, PCS, TOS, ACMES, ACCS, AAICLAS, DIGiLocker, ICEGATE, IEC etc and provide real time inventory management and monitoring and facilitate ease of doing business. Logistics Ease Across Different States (LEADS) is another initiative which will help calculating the logistics cost.

### National Logistics Policy (NLP):

The NLP was notified for implementation on 28 September 2022, post approval by the cabinet on 21 September 2022 through a Gazette Notification. While PM GatiShakti NMP provides a digital platform for networked planning and integrated infrastructure development, the NLP articulates the contours for efficiency in services (processes, digital system, and regulatory framework) and human resources. It envisions “To develop a technologically enabled, integrated, cost-efficient, resilient, sustainable and trusted logistics ecosystem in the country for accelerated and inclusive growth” and enunciates strategies to achieve it. (<https://logistics.gov.in/policy-regulation/national-logistics-policy/>)

### Institutional Framework for Monitoring:

While the NMP provides a databased Decision Support System and a technical framework, the administrative framework is provided through the Empowered Group of Secretaries (EGoS) headed by the Cabinet Secretary which monitors the implementation of the policy and action plan, and the Network Planning Group (NPG) represented by the heads of the network planning division of the infrastructure ministries is responsible for unified planning and integration of the proposals . A Technical Support Unit (TSU) assists the NPG in examining the projects alignment to the tenets of PM GatiShakti and Services Improvement Group under the EGoS monitors the processes, regulatory and digital improvements in the logistics echo system.

(<https://www.india.gov.in/spotlight/pm-gati-shakti-national-master-planmulti-modal-connectivity>)

### Implementation :

The NLP is being implemented through Comprehensive Logistics Action Plan (CLAP) in eight specific key areas viz (i) Integrated Digital Logistics Systems, (ii) Standardization of physical assets & benchmarking service quality standards, (iii) Logistics Human Resources Development and Capacity Building, (iv) State Engagement, (v) EXIM (Export-Import) Logistics, (vi) Service Improvement framework, (vii) Sectoral Plan for Efficient Logistics and (viii) Facilitation of Development of Logistics Parks.

Studies have shown that LPI is not directly proportional to countries wealth. In fact, medium wealth countries with focussed approach, better procedures and processes, paperless clearances, integrated technologically backed platforms, better custom clearance procedures, attractive tax regimes and skilled Human Resources have performed consistently and are likely to outperform developed countries. In Singapore which has topped the LPI ranking, Customs processes 90% of electronics permit applications within 10 minutes and clears 90% of physical cargo within 8 minutes. Singapore, the most digitally competitive economy in Asia has been preferred as a logistics and supply chain base by global top 25 logistics companies due to its vibrant logistics ecosystem and 3PL . PM Gati Shakti is a comprehensive plan which includes all that is required to change the logistics landscape of India. To keep pace with Global Logistics Industry, India also needs sustained investment in Artificial Intelligence, Data Analytics, Big Data, Immersive Media, IoT, Cyber Security, Telematics, and even social media. Investments are also required in skilling and upskilling the logistics workforce in a planned manner. Also, a review of EXIM policies, trade, and tax regimes in an expeditious manner is essential to make India a preferred logistics destination and attracting FDI. PM GatiShakti NMP and NLP have been conceptualized by the Government with due deliberation and has all the ingredients required for NextGen logistics. Implementing the plan requires sustained and synergized effort from all the stakeholders and the government is working in a fast-track mode. Appropriate budgetary allocations for PM GatiShakti have been made in the budget, all stakeholders have been on-boarded, the High Impact Projects identified for roll out and the implementation being monitored at highest level.

**PM Gati Shakti undoubtably is the major engine which will drive the Nation’s growth story of being a developed nation.**

### PM GatiShakti: Sector Wise Targets (2024-25)

- **Telecommunication sector** – 35,00,000 km of optical fibre cable network is to be laid. Connecting 2,50,000 Gram Panchayats with high-speed internet and 4G mobile connectivity.
- **New and Renewable Energy sector** – Capacity to be increased from 87.7 Gigawatt to 225 Gigawatt. 50 per cent power generation capacity to be met by renewable energy sources. Power transmission network is to be upgraded from 4,25,500 circuit km to 4,54,200 circuit km.
- **Petroleum and Natural Gas sector** – 17000 km long trunk pipeline, connecting major demand and supply centres for industries, to be added making a total length of 34500 km of pipeline across the country. All states to be connected with the trunk natural gas pipeline network by 2027.
- **Ports and Shipping Sector** – Powered by Sagarmala, shipping sector to see an increase in cargo capacity at the ports to 1759 million Metric Tonnes per Annum (MMTPA) from 1282 MMTPA in 2020. Cargo movement on all national waterways will be 95 million Metric Tons (MMT) from 74 MMT in 2020. Cargo movement on Ganga to be increased from 9 MMT to 29 MMT.
- **Civil Aviation Sector** – Powered by Regional Connectivity Scheme – UDAN, to see an increase in the aviation footprint globally. 220 airports, heliports, and water aerodromes to be operational. 109 airports including existing 51 airstrips, 18 greenfield airports, 12 water aerodromes and 28 heliports to be developed.
- **Road Transport and Highways Sector** -Powered by Bharatmala, two lakh km route of national highway network to be achieved. Along the coastal areas, 5590 km of four & six-lane national highways to be completed. All state capitals in North-eastern Region to be connected with either four-lane National Highway or two alternate alignments of two-lane configurations each.
- **Indian Railways** – Decongestion by 51 per cent due to completion of critical projects. Cargo handlings will be 1600 million tonnes up from 1210 million tons in 2020. Western and eastern dedicated freight dedicated freight trains for faster movement of freight trains to be completed.

(<https://static.pib.gov.in/WriteReadData/specificdocs/documents/2021/oct/doc2021102511.pdf>)

### Author :



Brig Atul Kumar, SM

Brig Atul Kumar, SM is the Nodal Officer of PM GatiShakti in IHQ of MoD (Army) and is a logistics and security specialist. The views expressed are personal. The author can be reached on [atulkumar30ar@gmail.com](mailto:atulkumar30ar@gmail.com)

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