

Uttar Pradesh
Multi-Modal
Logistics Park
Policy-2024

1. In 2020, logistics was a \$215 billion USD industry in India, projected to grow to \$360 billion USD by 2032 (Asian Development Bank, June 2020). Efficient logistics is essential for bolstering the manufacturing sector and reaping the full benefits of the GST regime for the economy. In 2017, the Government of India granted infrastructure status to logistics to enable easier and more favorable credit terms, as well as access to external commercial borrowings and long-term funding for the sector.
2. India ranked 44th in the World Bank Logistics Performance Index (2018) and jumped to 38th in 2023. In this ranking, Singapore holds the top position with a score of 4.3. Logistics costs in India are high, and efficiency levels are low. Logistics costs account for 13-14% of India's GDP, compared to the global benchmark of 7-8%. Road transport costs ₹1.9 per ton per kilometer, which is double the cost in the America. Additionally, the average freight transport speed in India is 50-60% lower than global standards.
3. Approximately 60% of freight in India is transported via roadways. Rail transport remains underutilized despite being 45% cheaper than road transport.
4. The warehousing sector in India is largely unorganized, with numerous small players operating small-scale warehouses, thereby failing to achieve economies of scale. Establishing Multi-Modal Logistics Parks can deliver substantial economies of scale and provide integrated warehousing facilities. The current logistics system also includes small and inefficient trucks. In India, the average gross vehicle weight ranges from 16 to 25 metric tons, compared to 26 to 39.9 metric tons in China. Transportation costs for a 9 metric ton truck are ₹3.56 per ton per kilometer, which is 2.5 times higher than the costs incurred using a 40 metric ton truck.
5. The lack of large Multi-Modal Logistics Parks or hubs, which serve as freight consolidation and deconsolidation centers, increases point-to-point freight costs. Additionally, inefficiency in the sector is exacerbated by small firms employing unskilled labor at low wages and failing to leverage information technology and modern equipment, which could otherwise enhance operational efficiency.
6. Multi-Modal Logistics Parks (MMLPs) can address the aforementioned challenges by providing the following facilities:
 - I. Infrastructure facilities where Multi-Modal Logistics Parks will transfer freight seamlessly.
 - II. Mechanized warehouses, specialized storage solutions, cold storage, and more.
 - III. Mechanized material handling and intermodal transfer facilities, container terminals, and bulk/break cargo terminals.
 - IV. Value Added Services Example: Such as customs clearance, bonded storage, quarantine zones, testing facilities, and warehouse management services.
 - V. Late Stage Manufacturing Activity Example: Activities like kitting, final assembly, grading, sorting, labeling, packaging, reworking, and return management.
7. In addition to their primary functions, MMLPs enhance the efficiency of Inland Container Depots (ICDs) and Container Freight Stations (CFS). According to the Ministry of Road Transport and Highways, logistics parks can reduce transportation costs by 10%, while also lowering carbon dioxide emissions and urban congestion. MMLPs can relocate urban warehouses and wholesale markets to suburban logistics parks where rental costs are lower. Modern and mechanized storage services further minimize storage and handling losses.

8. Functions Provided by Multi-Modal Logistics Parks:

- I. Freight aggregation and distribution
- II. Multi-Modal freight transportation
- III. Integrated storage and warehousing
- IV. Information technology support
- V. Value-added services

9. Facilities in Eligible Multi-Modal Logistics Park Projects (Indicative):

1. Logistics Facilities:

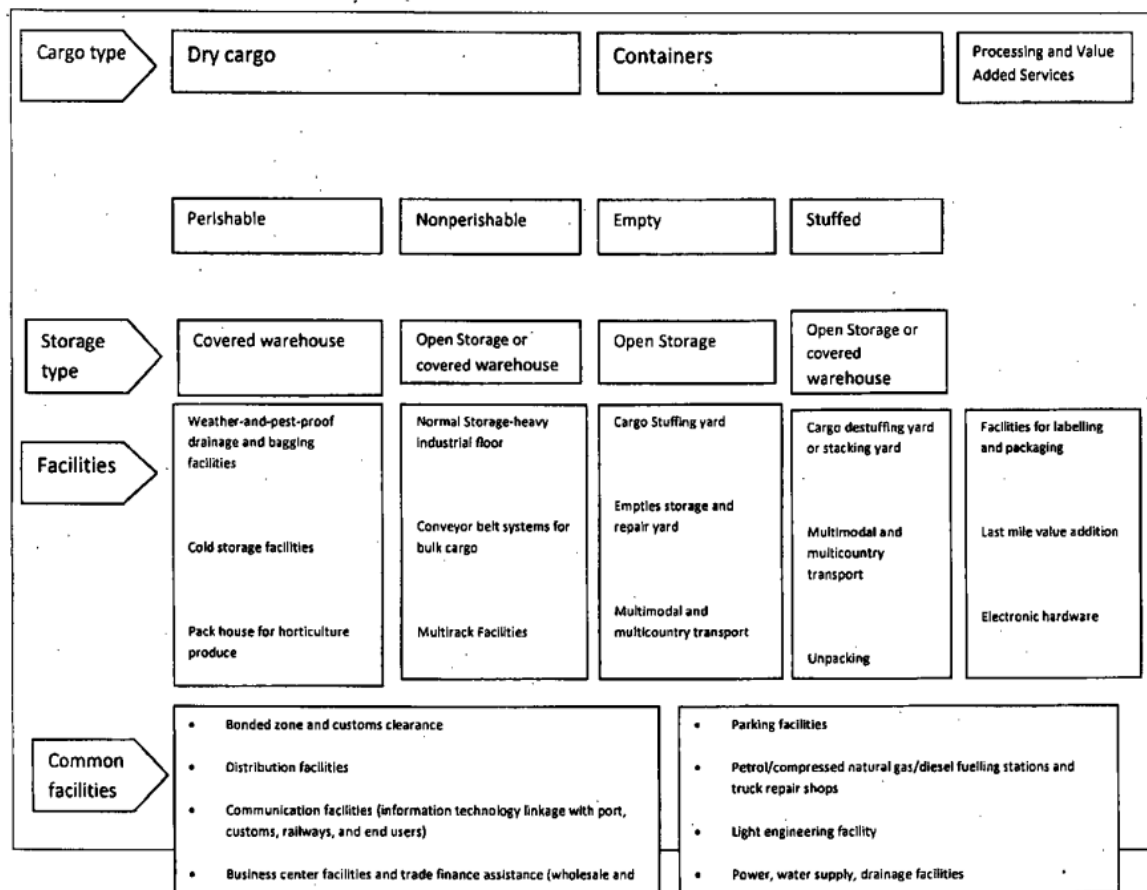
- Cargo aggregation/separation, sorting, grading, packaging/repackaging, tagging/labeling, distribution/last-mile delivery
- Intermodal cargo/container transfer
- Open and/or enclosed storage with temperature-controlled and/or ambient storage options
- Customs-bonded warehouses, container freight stations, container terminals, material handling equipment, and other logistics-related amenities

2. Infrastructure Facilities:

- Internal roads and public transport systems
- Power lines, feeders, and communication infrastructure
- Open and green spaces, water supply and conservation systems, sewage and drainage lines
- Waste treatment and disposal systems, fire safety mechanisms, and other required facilities

3. Non-Logistics Services:

- **Commercial and Business Amenities:** Dormitories, guest houses, canteens, health centers, dispensaries, fuel stations, EV charging stations, banking and finance services, office spaces, and administrative facilities
- **Common Services:** Weighbridges, skill development centers, computer centers, subcontract exchange, container freight stations, production inspection centers, and repair centers for vehicles and production machinery



10. The development of Multi-Modal Logistics Parks in the state can enhance the competitiveness of the manufacturing sector and other sectors located in the state as it will reduce the logistics cost.
11. Various incentives are provided in other countries to promote Multi-Modal Logistics Parks. A summary of significant policies is as follows:

a. United States of America:

- *Infrastructure Investment and Jobs Act*: This Act provides grants for the construction of Multi-Modal transportation hubs as part of a \$1.2 trillion investment in infrastructure, including freight and logistics improvements. Several U.S. states also offer tax credits, grants, and subsidies to encourage the development of Multi-Modal Logistics Parks.

b. European Union:

- I. *Connecting Europe Facilities (CEF)*: Provides funding for Multi-Modal transport networks.
- II. *European Regional Development Fund (ERDF)*: Offers grants and subsidies for infrastructure projects, including logistics parks and intermodal transport hubs.
- III. *Trans-European Transport Network (TEN-T)*: Promotes a unified transport network, including Multi-Modal corridors and logistics parks.

c. China:

- Several state governments provide low-cost land, tax exemptions, and other subsidies to support the development of Multi-Modal Logistics Hubs.

d. Russia:

- *Russian Railways (RZD) Investment Program:* The state-owned railway company provides funding for the development of Multi-Modal terminals and logistics parks through joint ventures.
- *Far East Development Program:* Offers tax incentives and subsidies for logistics projects, including Multi-Modal logistics parks, to promote development in the Far East region.

e. Brazil:

- *National Logistics and Transport Plan:* Develops logistics corridors and Multi-Modal facilities through public-private partnerships.
- *Investment Partnership Program (PPI):* Government provides financial and regulatory incentives, such as tax benefits, to support the development of logistics infrastructure.

f. United Arab Emirates:

- *Dubai Industrial Strategy 2030:* Offers incentives for developing Multi-Modal infrastructure integrating sea, air, and road transport.
- *Free Zones:* Tax exemptions are provided for constructing logistics parks in zones such as Jebel Ali Free Zone.

g. The Government of India, under the Bharatmala Project, has set a target to develop 35 Multi-Modal Logistics Parks across the country in Public-Private Partnership (PPP) mode.

h. Various states in India provide land subsidies, capital subsidies, and interest subsidies for warehousing and logistics projects. However, there is currently no specific policy addressing Multi-Modal Logistics Parks.

12. The viability and success of a Multi-Modal Logistics Park depend on its proximity to consumption centers and industrial clusters. Its success is also contingent upon its closeness to rail, road, and air freight connectivity. Land near such infrastructural facilities and consumption centers or industrial clusters tends to be costlier.

13. A Multi-Modal Logistics Park requires a significantly large land area. For its successful operation, the developer must invest substantial amounts in constructing connecting infrastructure for last-mile rail, road, and air connectivity, as well as in modern technology-based machinery.

14. Invest UP will serve as the nodal agency for the implementation of the Multi-Modal Logistics Park Policy 2024 in the state.

15. Eligibility Criteria: Under this policy, Multi-Modal Logistics Park (MMLP) projects with a minimum investment of ₹1000 crore will be eligible for incentives.

16. Eligible Investment Period (EIP): As per the policies of the respective authorities.

17. Incentive Package:

Front-End Land Subsidy: Projects under this policy will be provided with a 30% upfront land subsidy. This subsidy will be applicable only to land parcels leased by Industrial Development Authorities or any other agency of the State Government. The subsidy will be calculated on the actual allotment price determined by the State Government agency at the time of allotment.

The Industrial Development Authority or the concerned State Government agency will assess the cost by reducing the current rate of the land by 30% and will lease the land to the allottee upon receiving the reduced cost. The authority will submit a proposal to the government for reimbursement of the 30% subsidy amount. A separate budget provision will be done for this reimbursement, and the funds will be disbursed to the concerned authority.

The company/institution receiving the front-end land subsidy must mortgage the allotted land in favor of the authority until the project becomes operational or commercial production commences. If the project does not become operational or commercial production does not begin within the permissible time frame determined by the authority, the front-end land subsidy amount, along with 12% interest, will be recovered from the company/institution.

18. Projects receiving incentives under this policy will not be eligible for benefits under any other policy of the State Government.

19. To recommend projects eligible under this policy, a **High-Level Empowered Committee (HLEC)** will be constituted through a separate government order under the chairmanship of the Chief Secretary, Uttar Pradesh Government. This committee will include members from relevant departments such as Housing and Urban Planning, Revenue, Finance, Law, Industrial Development, Transport, Planning, Stamp and Registration, along with the head of the nodal agency as the convenor.

The recommendation of eligibility certificates by the HLEC will be subject to approval by the Hon'ble Cabinet. The disbursement of the front-end land subsidy amount will be made based on the HLEC's recommendation and subsequent approval by the Hon'ble Cabinet.

20. In case any clarification regarding the interpretation of this policy is required, the matter will be referred to the High-Level Empowered Committee (HLEC). Recommendations of the HLEC, as approved by the Hon'ble Minister of Industrial Development, will be deemed final. Amendments to the policy may be made based on the HLEC's recommendations and subsequent approval by the Hon'ble Cabinet.
