
**Towards New India:
*Logistics Policy the Ideal Ally of PM GatiShakti***

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Abstract

The main drivers of a rapidly growing economy are infrastructure and logistics. Correspondingly India has launched PM Gati Shakti - National Master Plan for Multi-modal Connectivity in 2021 and the National Logistics Policy in 2022. This article seeks to address the use and utility of improving infrastructure and logistics for a country. Further highlighting the issues which have plagued the sectors and impeded the economic growth of the country. Moving on to the policies, firstly for the method, showing how both the policies latch on to the digitalization bandwagon and seek to uproot these issues. And secondly, the institutional framework is put in place to formulate, monitor, and evaluate the steps and measures taken.

Keywords: Infrastructure; Logistics; PM Gati Shakti; National Logistics Policy; E-Governance, New India; Technology; Governance;

Introduction

India is the world's fifth-largest economy by nominal GDP and is one of the fastest-growing economies. The main drivers of a rapidly growing economy are infrastructure and logistics. Infrastructure, being the bedrock of a modern economy, is a tangible parameter to measure the degree of development. Infrastructure is simply defined as the services or facilities a country creates to enhance the quality of life of its citizens. A packed buzzword that encompasses housing, transportation, energy, and manufacturing industries, along with communication technologies. The importance of logistics in enabling resilient and inclusive growth cannot be overlooked. Logistics can be defined as the "art of managing the flow of goods and services from source to user." A broad term that refers to the planning, implementation, and management of the movement of goods and services from a point of origin to a point of consumption.

For the policies, National Master Plan for Multi-modal Connectivity - Gati Shakti envisions a digital platform that will bring sixteen ministries together for integrated planning and coordinated implementation of infrastructure connectivity projects for industrial clusters and economic nodes. Creating a common platform for

ministries whose work often overlaps makes way for faster, seamless, and meticulous construction of infrastructure.

The National Logistics Policy is a unified policy that binds the procedures and processes in the field of logistics together. The policy sets measurable goals in reducing transportation costs, and improving international rankings and incorporating effective implementation. Riding on the tide of digitization, the policy works towards ease of transportation for India Inc.

In tandem with the PM Gati Shakti - National Master Plan, the logistics policy seeks to improve India's trade competitiveness, create jobs, and lay out the vision for India to become a logistics hub.

Positive Spillover Effects

An efficient infrastructure increases investments harbors innovations and uplifts many from poverty. The immediate direct result is increased demand for construction materials and job creation, but in the long run, it ensures higher employment sustainability and uninterrupted economic growth. S&P Global Ratings highlights a direct correlation between infrastructure spending and economic benefits by postulating that spending of 1% of GDP results in an increment of GDP by 2%. This is also corroborated by studies by the Reserve Bank of India and the National Institute of Public Finance and Policy, which estimate at least 2.5-3.5 times the multiplier effect.

Efficiency in infrastructure mandates smooth-flowing logistical backing. Acknowledging this interdependence and actively streamlining it is a key prerequisite for ambitious countries like ours. Complementing PM GatiShakti, the National Logistics Policy (NLP) is concerned with developing digital services and an institutional structure that enables simplification of the logistics ecosystem in India.

Issues

India, after 75 years of independence, is a 3 trillion dollar economy and one of the fastest-growing in the world. It is the 5th largest economy in the world, but in the World Competitiveness Ranking 2022, it was ranked 37th and performed deplorably in the infrastructure vertical, ranking 49th. This brings forth the lack of basic infrastructural facilities. It is estimated that inadequate infrastructure pulls down annual GDP growth by 1-2%. High growth in the economy in recent years has enlarged this deficit as well as the need to fill it.

Currently, the cost of logistics in the economy is estimated to be 14% of the GDP, compared to the global average of 8%. This creates a \$180 billion competitiveness gap for India. The NLP aims to address this by reducing the cost-to-GDP ratio to a unit figure (less than 10%) by 2030. Reducing time and money spent on transport will translate into improved competitiveness of Indian goods and services, increasing exports, and accelerating growth. Efficient logistics is a growth driver in a developing economy like India.

The vast hinterlands capable of industrialization are marked by a shortfall of connectivity, a paucity or absence of utilities, and a missing regulatory environment that fosters competitiveness. The structural challenges that the GatiShakti plan directly confronts are:

Disjointed Planning: In a country as vast as India, it is an arduous task to foresee the challenges of tomorrow. But with the advent of the information age, it is baffling that we still find roads laid before sewage systems were put in. GatiShakti comes in to counter such incidents of disconnection and distance between the numerous agencies, saving funds and expediting the construction.

Under-utilization: A project is never standalone. It was observed that in some instances, a completed project was not fully utilized due to a lack of coordination among the different implementing authorities and ill-conceived planning. GatiShakti strives to align project timelines in order to minimize resource waste.

Multifarious Clearances and Approvals: A large-scale project involves various verticals, from land acquisition and forest and environmental clearances to the shifting of utilities (water and power lines). Such endeavors demand clear coordination among the ministries and departments. The plan aims to streamline the clearance procedure by clearly laying out standards and chains of command.

Technology Infusion

The NLP also launched a new platform, the Unified Logistics Interface Platform (ULIP), which will bring all the digital services related to the transportation sector into a single portal. It consists of 3 components: integration of data sources from ministries; data exchange with private players; unified document reference in the supply chain. Bringing real-time information and data together on a single platform simplifies, improves efficiency, and increases transparency.

The e-marketplace Ease of Logistics platform facilitates EXIM logistics by bringing service seekers and service providers onto a single platform. The new portal lubricates the process of container demand in a systematic manner with provisions for exporters to post their requirements, thus linking exporters with logistic service providers.

As pointed out by the PM in his speech, the government of India's various other initiatives complements the goals of NLP. In pursuing simplification of procedures and processes, the introduction of the E-way bill in the GST regime removes the bottlenecks of checkpoints; eSanchit-ICEGATE enables faster customs clearances, and FASTag facilitates stopless movement. The amalgamation of digital space with the physical interface in facilitating seamless and faster movement of goods is a common thread running through all three.

The Digital Master Planning tool is the hub where all the ministries will update their data periodically for planning, review, and monitoring. The tool was developed by BISAG-N (Bhaskaracharya National Institute for Space Applications and Geoinformatics) and has been prepared on the dynamic Geographic Information System (GIS) platform.

Plan of Action

The PM, when launching the plan, said, "With the whole-of-government approach, the collective power of the government is being channelled into fulfilling the schemes." The institutional framework is the manifestation of this vision. For the implementation of GatiShakti, a 3-tier institutional framework has been created under the logistics division of the Department of Promotion of Industry and Internal Trade.

Empowered Group of Secretaries (EGoS): The EGoS is to be headed by the cabinet secretary and have other secretaries as members. The committee is responsible for monitoring and approving any changes to the Master Plan.

Network Planning Group (NPG): The group is responsible for unified planning and integration of the proposals. It will guide the heads of all network planning departments responsible for economic zones, connectivity, and infrastructural development. The Group serves as a platform for dialogue and coordination, horizontally aligning planning and execution.

Technical Support Unit (TSU): Primarily tasked with providing technical assistance to the planning group. The TSU will consist of 14 subject experts across 4 dimensions, namely integration, optimization, standardization, and digitization.

Being a dynamic policy space, NLP incorporates data-driven decision support mechanisms. The same Empowered Group of Secretaries (EGoS) shall oversee and monitor the implementation of the policy. Moreover, to ensure adequate outreach and effective implementation plans to have training courses on i-GoT. Under the Integrated Digital System, 30 different systems from seven departments are integrated—including data from the road transportation, railways, customs, aviation, and commerce departments.

Breaking the silos of development will help augment the energy and efforts put into projects that earlier suffered from contestation. The groups tasked with envisaging, reviewing, and recommending projects would ideally lead to fewer disruptions and build an efficient infrastructure landscape in the country.

The Center is also preparing draft legislation on logistics with the view of promoting the growth of the sector and replacing the Multimodal Transportation of Goods Act, 1993 (MMTG) with a National Logistics Efficiency and Advancement Predictability and Safety Act (NLEAPS).

The National Logistics Policy largely focuses on the soft components: procedures, regulations, and services in the field of logistics, while the complementary physical infrastructure issues are dealt with by the PM GatiShakti

Master Plan. Whereas the on-ground reality demands an effective amalgamation of the two. The basic infrastructural schemes—BharatMala, SagarMala, Dedicated Freight Corridors, and the like—need reinvigorating as they are indispensable to this exercise.

Unclogging the arteries of trade will especially strengthen the dormant primary and secondary sectors, unlocking their potential. By addressing the skewed modal share, increasing fuel efficiency, achieving a high operational ratio, and incorporating innovation, the woes of India's transport sector can be confronted.

Conclusion

The challenges of New India are multifold, the GatiShakti plan and NLP come at a critical juncture when the Indian population is young, industries are developing, and disruptive technologies are becoming mainstream. In the backdrop of changing demographics and the environment, convergent infrastructure development in a multitude of facilities is imperative. The *raison d'être* for improvement and augmentation of infrastructure delivery across the spectrum, from the provision of housing to water and sanitation to trade and commerce to digitalization, is compelling. A multi-sectoral approach to infrastructure development acknowledges the fluidity of physical infrastructure in today's interconnected world.

As infrastructure acts as an enabler for growth, for India to become a 5 trillion dollar economy, creating and upgrading existing infrastructure acts as a catalyst. The newly unveiled National Logistics Policy acts as the perfect wingman to the National Master Plan-GatiShakti, for making India realize her true potential as a world leader in infrastructure and logistics. A progressive easing of the business environment coupled with economic reforms will boost competitiveness and productivity. The GatiShakti and the Logistics policy both lay the foundation of synchronous decision-making for creating a world-class, seamless multi-modal transport network, on the back of which India is poised to become a developed nation.

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