

Multi-Modal Logistics Parks (MMLP)

Multi-Modal Logistics Parks (MMLPs) are a major policy initiative of the Union Government of India, steered by National Highways Logistics Management Limited (NHLML) (formerly known as Cochin Port Road Company Limited) under the Ministry of Road Transport and Highways (MoRTH) as well as the National Highways Authority of India (NHAI), to establish Multi-Modal Logistics Parks in a hub-and-spoke framework in to enhance the nation's freight logistics industry by reducing overall freight costs and time, trimming warehousing costs, reducing vehicular pollution as well as congestion.

About Multi-Modal Logistics Parks

An official definition of an MMLP is a freight-handling facility with a minimum area of 100 acres (40.5 hectares), access from various modes of transportation, mechanised warehouses, specialised storage options like cold storage, facilities for mechanised material processing and inter-modal transfer container terminals, as well as bulk and break-bulk cargo terminals. Additionally, logistics parks will offer value-added services like testing facilities, quarantine zones, and customs clearance with bonded storage yards. The management of returns and late-stage manufacturing activities like kitting and final assembly, grading, sorting, labelling, and packaging, as well as reworking, will also be covered. MoRTH has identified 35 MMLPs as of July 2021. Bangalore, Chennai, Guwahati, and Nagpur are currently being implemented, while the other cities are in the planning stages, and the DPR has not yet been created.

Functions of MMLP

The creation of MMLPs is envisioned as a key policy measure to reduce logistics costs and assist in addressing three of the five constraints identified above. These include an unfavourable modal mix, an inefficient fleet mix, and a lack of material handling infrastructure. The Indian government approved a plan to build 35 MMLPs in July 2017. The land required for the projects will be provided by state governments, which will then be undertaken through public-private partnerships.

MMLPs serve five essential functions:

1. Aggregation and distribution of freight
2. Freight transportation via multiple modes
3. Storage and warehousing combined
4. Assistance with information technology
5. Value-added services

Need for MMLP

The development of India's logistics industry is keeping up with the nation's quick economic expansion. From 1,200 billion ton-kilometres in the fiscal year 2008 to roughly 2,300 billion ton-kilometres in the fiscal year 2015, the nation's freight transportation volume nearly doubled. Over the next ten years, the government anticipates that freight movement in the nation will grow at an average rate of 8% to 10%. According to a study commissioned by MoRTH, the logistics industry as a whole is anticipated to grow through 2032 at a rate that is roughly 1.2 times that of India's gross domestic product growth, when it is anticipated to generate \$360 billion in value-added, up from \$115 billion in 2017.

India's Logistics Performance Index Score

India was able to improve its standing in the World Bank's Logistics Performance Index (LPI), which ranks nations based on how well they handle their logistics, in 2016. India's LPI position increased from 46th in 2012 to 35th in 2016. However, India's ranking still falls short of some of its economic rivals, including other Asian nations. Singapore, which was ranked fifth in 2016, Hong Kong, China (ranked ninth), Japan (ranked twelfth), the Republic of Korea (ranked twenty-fourth), and the People's Republic of China (PRC) round out the top five logistics performers in Asia (27th). Apart from the PRC, South Africa outperformed India among the so-called BRICS, which includes Brazil, Russia, India, the PRC, and South Africa, placing 20th in 2016. (World Bank, 2016).

India's Logistic Sector

Challenges

Logistics costs in India are very high in comparison to developed countries, accounting for 13% of GDP in 2015 versus 8% - 10% in developed countries. Adjusted for purchasing power parity, India's road freight cost per ton-kilometre is 1.90 (\$0.03), which is nearly double that of the United States. Such higher logistics expenses in India are driven mainly by the five key factors listed below:

1. **Unfavourable inter-modal mix:** Despite rail transport's lower freight cost, 60% of freight movement is sloped towards road transport.
2. **Inefficient fleet mix:** Trucks are smaller and less efficient.
3. **Underdeveloped material handling infrastructure:** A disjointed industry dominated by small, unorganised warehouses with limited mechanisation.
4. **Underdeveloped road infrastructure:** National highways with four and six lanes are scarce.
5. **Institutional and regulatory bottlenecks:** Complex paperwork and procedures related to toll collection, for example, have a negative impact on logistics costs in India.

Reforms Initiatives

The government is taking several measures to overcome the obstacles to the advancement of the logistics sector. In addition to the country-wide levying of a goods and services tax (GST), Make in India, and infrastructure improvement initiatives, the Indian government is undertaking reform efforts and technology adoption to reshape India's integrated logistics sector, which includes the following:

Logistics Division in the Ministry of Commerce and Industry

It was established recently to coordinate integrated sector development through policy changes, improvements in current processes, identification of roadblocks and gaps, and the implementation of technology-based interventions.

Integrated Logistics Portal

Buyers, logistical service providers, as well as relevant government agencies will be linked.

Improved Access to Credit

The logistics sector has been reclassified as a subsector of the Infrastructure sector, giving it access to long-term credit.

Simplification of Processes

The approval process for the development of MMLPs is simplified, and the regulated sector's market responsibility would inspire debt and pension fund investments in recognised logistics projects.

List of MMLPs

The Asian Development Bank (ADB) was invited to become a lead partner and offer the necessary support when the Government of India launched a programme in 2017 to establish 35 multi-modal logistics parks across the nation over the ensuing years. Then, ADB carried out a pre-feasibility study to evaluate the suitability of MMLP locations and identify the necessary connectivity, infrastructure, and regulatory reforms in two chosen locations: Bengaluru in Karnataka and Guwahati in Assam.

As part of a Public-Private Partnership (PPP) in the Design, Build, Finance, Operate, and Transfer (DBFOT) mode, MoRTH intends to develop 35 MMLPs. A tender from businesses will be requested based on the detailed project report (DPR), feasibility study, and approved bidding document. For these 35 MMLPs, the following cities have been chosen, and the bidding documents (the Model Concession Agreement and Request for Proposal) are currently being finalised. Each will be at least 100 acres in size (40.5 hectares). The following MMLPs have been identified under both phase 1 and phase 2:

State	MMLP
Andhra Pradesh	Vijayawada
	Visakhapatnam
Assam	Guwahati
Bihar	Patna
Chhattisgarh	Raipur
Delhi-NCR	Delhi-NCR
Gujarat	Kandla
	Rajkot
	Surat
	Valsad
Goa	Panaji
Haryana	Ambala

	Hisar
Himachal Pradesh	Solan
Jammu and Kashmir	Jammu
Karnataka	Bangalore
Kerala	Cochin
Punjab	Bhatinda
	Sangrur
Madhya Pradesh	Indore
	Bhopal
Maharashtra	Mumbai
	Dighi
	Nagpur
	Bidkin
	Nashik
	Pune
Odisha	Sundergarh
Rajasthan	Jaipur
	Kota
	Jodhpur
	Bikaner
Tamil Nadu	Chennai

	Coimbatore
	Tuticorin
Telangana	Hyderabad
West Bengal	Kolkata
	Siliguri
Tripura	Udaipur
Uttar Pradesh	Gorakhpur
	Kanpur
Jharkhand	Ranchi
Uttarakhand	Haridwar

The National Highways and Infrastructure Development Corporation (NHIDCL) is building Guwahati on 190 acres. The proposed site is situated along National Waterway 2 as well as on the Indo-Bangladesh road route, which makes it ideal for the MMLP with multi modal access. The MMLP at Jogighopa encompasses rail, road, and inland-waterway connectivity. 400 acres of land in Mudalinganahalli and Hulikunte in Bangalore are awaiting the start of the land acquisition process. The state government of Karnataka chose Dabaspete as the location for Bengaluru's park in this regard. Chennai Port Trust owns 122 of the city's total 158 acres (ChPT). the only city in southern India with access to all forms of transportation. Jawaharlal Nehru Port Trust (JNPT) has identified 346 acres of land in Nagpur.

Significance

Since the cost of shipping a container out of or into India was on average 72% more expensive than it was in China in 2017, India had relatively high logistics costs, accounting for 13% of the total cost of goods compared to 8% in other major economies. The MoRTH is creating multi-modal logistics parks at specific locations across the nation as part of its Logistics Efficiency Enhancement Program in an effort to make India more competitive internationally by lowering these expenses and times (LEEP).