

Multimodal Logistics Parks

Presentations

Presentation 1: Mr. Robert Brekelmans (Chief Executive Officer, Transforium Company Support) talked about investment in Multimodal Logistics Parks (MMLPs) and its relevance in the Indian context. He highlighted how MMLPs became a success in Netherlands under the Public-Private Partnership (PPP) model. He mentioned that the key to success of Multimodal Logistics Parks is that they should have a clear value proposition for all stakeholders:

- For shippers - lower price, increased safety and reliability, and reduction in operating costs
- For service providers - optimization of assets, increased frequency of services availed, flexibility between modalities, and reduction in operating costs
- For the Government - development of land and infrastructure

He further stressed on the importance of regulatory support and provisioning of land from the government for the development of Logistics Parks. Development of MMLPs leads to three key benefits – optimal use of transportation modes, cost savings and generation of new logistics knowledge including jobs

Presentation 2: Mr. Prakash Tulsiani (Chief Operating Officer, All Cargo Logistics Limited) expressed the need for logistics to be reliable and efficient to drive India's growth which is primarily driven by consumption. He also talked about taxes being a major contributor to logistics cost. He highlighted three key steps needed to improve logistics in India:

- Increase penetration of IT systems, for example, use common electronic data interchange (EDI) for railways and customs
- Ease regulatory restrictions in infrastructure development
- Remove differential taxation rates – which has now been addressed by GST

He stated that there is a need for coordinated action in identification of strategic locations, provision of dedicated freight corridors near smart cities and easy involvement of third party stakeholders.

Addresses & Panel Discussion

Members:

Mr. Jayant Sinha (Hon'ble Minister of State, Civil Aviation)

Mr. Mohammed Jamshed, Member (Traffic), Railway Board

Ms. Leena Nandan, Joint Secretary, Ministry of Road, Transport and Highways

Mr. Kalyana Rama, CMD, CONCOR

Mr. H.D. Gujrati, Director (operations and Business Development), DFCCIL

Mr. Rajesh Rohatgi, Senior Transport Specialist, World Bank

Mr. Manish Mathur, Partner, A.T. Kearney

Mr. Davinder Sandhu, Partner, KPMG

Hon'ble Minister emphasized the need of bringing together all key stakeholders and policymakers. He highlighted that both time and cost of logistics need to be considered while planning for efficient logistics. He highlighted international examples of multimodal integration and talked about developing Guwahati into an efficient multi-modal logistics hub. The Hon'ble Minister stated that there is a strong potential for developing multimodal logistics hubs near the airports. For instance, Cochin International airport offers a unique advantage driven by its proximity to National Highway, Railway Line and Inland Waterways. In addition, several initiatives have already been undertaken to develop air cargo hubs at Delhi, Bangalore and Chennai.

Mr. Mohammed Jamshed highlighted that there are multiple reasons for high cost of logistics including high transportation lead times, lack of mechanization, absence of adequate number of large fleet owners and substantial scope of synergies across modes of transport yet to be leveraged. He stressed on transformational changes like GST which would significantly enhance ease of doing business. He also applauded programs like "Make in India" which could propel India to double digit growth. He mentioned that Indian Railways (IR) has setup several MMLPs through its undertakings, CONCOR and DFCCIL, and plans to setup 15 more MMLPs in the future. He remarked that IR has also delivered on the Prime Minister's Mission 100 program of setting up 100 private freight terminals in 2 years with 45 terminals having been commissioned in the first year itself.

The panel further discussed that a major cause of higher logistics costs in India, was skewed modal mix, and suggested a need for development of multi-modal logistics parks in the country. Warehousing was discussed as an important weak link in the value chain and appropriate warehousing capability and logistics parks could provide adequate consolidation and prevent wastage of perishable commodities. In addition, simplified documentation, and government support was discussed as key enablers to enhance logistics efficiency in the country. Answering a key question raised during the session, the panel stated that allowing industrial activity inside the MMLP will depend on the nature of the commodity. Ministry has allowed the use of land inside logistics parks for horticultural purposes based on feasibility. Bulk logistics needs to be considered differently and intrinsic viability needs to be ensured in each case.