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Govt Nod to Build 34 Logistics Parks

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New Delhi: The government has approved a plan to build 34 mega multi-modal logistics parks at an investment of ₹2 lakh crore. The projects, for which land is already available with state governments, will be taken up through public-private-partnerships (PPP).

A special purpose vehicle would be formed with state governments, central government and private players to execute the projects. The parks would lease space to private companies to run their operations centrally and save on warehouse cost.

The projects, worth ₹2 lakh crore, will be executed through the PPP mode

"Logistics parks will act as freight aggregation and distribution hubs and will enable long haul freight movement between hubs on larger sized trucks, rail and waterways. It will reduce freight transportation costs," road transport and highways minister Nitin Gadkari told ET.

The roads ministry has signed MoUs with 36 different government departments including various ports, state governments, transport corporations, railways and aviation ministries to come out with a joint multi-modal logistics park policy that will specify designs of parks, locations, trunk infrastructure needed and the pricing structure.

"We are now coming out with a logistics policy that aims at increasing the movement of freight transportation on the



Nitin Gadkari, Transport Minister

highways network and to reduce logistics cost by almost half," Gadkari said. "We are also suggesting that infrastructure status should be provided to the logistic parks and enable 100% FDI under automatic route for the same." Gadkari said he was already in touch with various global companies that build and maintain logistics parks. Global private equity players and pension funds have already invested \$1.5 billion in India's warehousing business in the last two years. The 34 locations that account for 50% of the road freight movement in the country have been identified for developing multimodal logistics parks in the first phase. The largest of these would come up in Vijaywada, Chennai, Nagpur, Bengaluru, Surat, Hyderabad and Guwahati.

"India is burdened with high logistics costs - about 15% of the value of goods compared with 6-8% in other major nations. Logistics costs is expected to fall 15-20% on account of optimisation of warehouses," Gadkari said.

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