

New National Logistics Law Proposed by the Indian Government

The Ministry of Commerce and Industry is considering replacing the **Multimodal Transportation of Goods Act, 1993 (MMTG)** with a **National Logistics Efficiency and Advancement Predictability and Safety Act (NLEAPS)**.

- MMTG provides for the regulation of multimodal transportation of goods from any place in India to any place outside India. Multimodal transportation refers to a combination of more than one mode of movement, such as rail, road or sea, for end-to-end delivery of goods.
- It was introduced to facilitate the exporters and give them a sense of security in transporting their goods.

Key Points

- Aim:
 - NLEAPS aims to streamline the logistics ecosystem in the country, with a view to promote growth of the sector.
 - Modernise and formalise the logistics services and promote digitisation in the sector, which is key for the smooth movement of goods.
 - To optimise the logistics cost to less than 10% of GDP.
 - To inform, clarify, strengthen and prioritize the key objectives, focus areas and the governance framework for Logistics in India.
- Reason Behind New Law:

- The new law tends to define various participants of the logistics sector and create a light regulatory ecosystem. There is no clear definition of the logistics sector in the MMTG.
 - The logistics sector with a market size of USD 160 billion is complex, with more than 20 government agencies, 40 partnering agencies, 37 export promotion councils, 500 certifications and 10,000 commodities.
 - To usher in Standardization in Logistics Services provided by different entities such as Warehouses, Packaging Services. 3 PL Players, Freight Forwarders
- Benefits:
 - Effective implementation of the Act would help provide an impetus to trade, enhance export competitiveness, and improve India's ranking in the Logistics Performance Index and Ease of Doing Business.
 - The Logistics Performance Index (LPI) developed by the World Bank Group, is an interactive benchmarking tool created to help the Countries identify and address the challenges they face on Logistics and also an insight to improve their performance. India hopes to improve its 2018 ranking from 44th position to amongst the top contenders by implementing the National Logistics Act.

This is a new step taken by the ministry to align the logistics sector with the Ease of Doing Business movement promoted by the Govt of India.