New National Logistics Law

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.

- **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 reduce the logistics cost** from the present 14% of the Gross Domestic Product (GDP) to less than 10% of GDP.

**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.

**Benefit:**

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.

**Logistics Performance Index (PT)**

The Logistics Performance Index (LPI), developed by the World Bank Group, is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance.

The logistics performance (LPI) is the weighted average of the country’s
scores on the **six key dimensions:**

- Efficiency of the **clearance** process (i.e., speed, simplicity and predictability of formalities) by border control agencies, including customs.
- **Quality of trade** and transport related infrastructure (e.g., ports, railroads, roads, information technology).
- Ease of **arranging competitively priced shipments**.
- Competence and quality of **logistics services** (e.g., transport operators, customs brokers).
- **Ability to track and trace consignments.**
- Timeliness of shipments in reaching destinations within the scheduled or expected **delivery time**.

**India ranked 44th on the LPI in 2018.**