

Commerce ministry plans separate unit for logistics

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The commerce ministry is working on a proposal to set up a separate logistics unit to deal with the issues, including rising costs, that are impacting global competitiveness of exporters.

There is no single department or ministry at present to look at all the aspects related to logistics covering various modes of shipment such as sea, roads and railways.

According to sources acquainted with the development, the proposal is under discussion with the ministries concerned.

Exporters too have demanded for a specific department to deal with the issues related to logistics. They are undertaking a study to look at issues like

shortcomings in logistics and ways to address that.

A trade expert said that an umbrella body would help coordinate all aspects of logistics, which is currently managed by different departments.

To increase the logistics competitiveness of exporters, the commerce ministry has also suggested to the railways ministry that it needs to clearly distinguish between consignments for exports, imports and the general category in terms of freight rates.

Logistics costs of exports are very high in India and due to this, Indian goods are less competitive in the global markets.

In India, the container transport is heavily inclined in favour of roads due to high freight rates of railway, unpredictable and unreliable

scheduling of freight trains, and poor last-mile connectivity.

A strategy paper released in 2010 by the commerce ministry had emphasised upon the need to invest billions of dollars in improving infrastructure to boost exports. It had asked the government to invest to modernise roads, ports, railways, airports, power and customs stations.

During the April-February period of the current financial year, exports grew by 2.52 per cent to \$245.4 billion.

India is aiming to increase its share in global trade to 3.5 per cent by 2020 from the two per cent at present.

Increasing trade helps create big employment opportunities and boost economic growth.