



A network for closer regional ties

India must look into harnessing Gati Shakti and the National Logistics Policy in the service of regional economic integration

The government has successively launched two significant reform initiatives which, if implemented expeditiously, promise to make India a productive, efficient and globally competitive economy. These are Gati Shakti, or the National Infrastructure Master Plan, launched on October 13, 2021, and the National Logistics Policy, announced on September 17. These are the two inter-related pillars on which the path to a 21st century economy is planned to be built.

What are the key features of each initiative? Gati Shakti is an ambitious ₹100 trillion project, which aims to build infrastructure in a “holistic” frame, bringing together, on a centralised digital portal, the infrastructure initiatives planned and initiated by 16 central ministries and departments. Of these “seven engines” are identified. These are railways, roads, ports, waterways, airports, mass transport and logistics infrastructure. Gati Shakti will also feature flagship projects like the Bharatmala (highways), Sagarmala (coastal shipping), Udan (air services), BharatNet (telecom services), railway expansion and inland waterways expansion.

The National Logistics Policy or NLP aims to create a seamless multi-modal connectivity network that enables easy movement of goods, services and people across the country. It is, therefore, integrally linked to and must be implemented in very close coordination with Gati Shakti. It will rely heavily on the use of digital technology, creating a Unified Logistics Interface Platform (ULIP), which will host information about cargo movements across the country and facilitate clearances for such movements. The targets include reducing overall logistics and supply chain costs in India from 12 per cent of gross domestic product (GDP) to near the global average of 8 per cent. The World

Bank has a Logistics Performance Index, which is a global benchmark. India’s rank is currently a low 35 in the index. Without a significant improvement in these indices India cannot emerge as a globally competitive economy. The NLP recognises this by including the “integration of local supply chains with international supply chains”, as one of its objectives. It would have made the NLP much more relevant if this aspect was included as a central component in its architecture rather than as one among several desired outcomes. Both Gati Shakti and NLP should be reconstituted to embrace, in the first instance, regional economic integration in the Indian subcontinent and then



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extend this to the larger Asian and global economy. India is South Asia’s largest and most powerful country in economic and technological terms and a regional integration process can only be accomplished under its leadership. Each of the components of the Gati Shakti and NLP can be expanded to India’s neighbours and become powerful instruments for their economic and social development. Once experience is gained in this initial phase then one could consider introducing these initiatives on the BIMSTEC platform— the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation that seeks to integrate South Asia with Southeast Asia.

The most obvious place to start is with transport connectivity. Member countries of the South Asian Association for Regional Cooperation committed themselves to achieving multi-modal transport connectivity in South Asia in the 2010-20 decade, but while a number of projects have been implemented on a bilateral basis, the regional focus has receded into the background. More importantly, physical connectivity

has not been accompanied by what one may call the software of connectivity facilitating the seamless movement of goods and people across borders. I have argued before that India should extend “national treatment” to its neighbours in terms of access to its own transportation and logistics network. It should seek to become the transit country of choice and the most preferred development partner for all the countries of the Indian subcontinent. Gati Shakti and NLP throw up encouraging possibilities in this respect. For example, waterways development could be undertaken in an integrated manner through the Bangladesh, Bhutan, India and Nepal (BBIN) sub-regional cooperation platform, linking the several cross-border rivers. This river transport network could proceed in tandem with the expansion of existing, and the development of new ports, promoting both coastal shipping (through Sagarmala) and ocean-going trade. The NLP includes the setting up of modern warehousing and logistics facilities at nodal points across India. Why not set up some of these facilities for shared use in neighbouring countries? Since the use of digital technologies is an integral feature of both Gati Shakti and NLP, could not these portals be opened to participation by our neighbours? They could be included, for example, in ULIP.

There are other elements of the two initiatives which would be relevant to other countries in the region. For example, the expansion of rail services and the greater utilisation of water transportation and reducing the salience of road transport, are important for enhancing energy security and combating climate change. These are shared objectives and mobilising a collaborative response may be easier through giving the initiatives a regional dimension.

How should India go about giving a regional dimension to its Gati Shakti and NLP initiatives?

One, it should recast the architecture of these initiatives to enable their explicit extension to our neighbouring countries. It may be politically feasible to pursue this initially with the BBIN countries and the island states of Sri Lanka and the Maldives. One may keep in mind the possible inclusion of Pakistan once the political environment hopefully becomes more conducive to such cooperation.

Two, one may focus initially on river transportation and coastal shipping among the BBIN and island neighbours, drawing up integrated plans for safe river navigation, construction of river ports, warehousing facilities and integrating these with existing and planned coastal ports which may promote coastal shipping. And three, offer participation to interested neighbouring countries in India’s ULIP, which will bring them benefits of lower transaction and supply chain costs.

This will require a focused diplomatic initiative to familiarise our neighbours with the two initiatives and offer opportunities for their participation and collaboration. With a little imagination and application, Gati Shakti and NLP have the potential to become the key pillars of our Neighbourhood First Policy.

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