

(Draft) JAMMU & KASHMIR STATE LOGISTICS
POLICY- 2019-29

1.Introduction:

In India, logistics and warehousing industry is valued at INR 550 billion. Continuing on the high growth trajectory, the industry is expected to attain an industry size valued at INR 13,000 crores by 2019. As per the World Bank's, Logistics Performance Index 2016, India's ranking has been improving, shooting up by 19 places to 35th position. In India, the logistics sector primarily freight transportation comprises of road (about 60% of total freight traffic), rail , coastal shipping (about 32% and 7% share, respectively) and inland waterways transportation and air (constituting about 1% share each). The logistics and warehousing space in the country is largely concentrated in Bengaluru (39%) and Chennai (13%). At a sectoral level, the consumer durables

and Fast Moving Consumer Goods (FMCG) has the largest logistics and warehousing demand at 49% followed by sectors such as automobiles, electronics, food and beverage players.

2. Logistics and Warehousing in Jammu and Kashmir: Outlook

2.1 J&K in the earlier days has been the connecting link of the Central Asian Trade Route (Silk Route) connecting the subcontinent with Yarkand, Kho-tan, Tashkent, Samarkand, Balkh, Bukhara, Ashikabad, Baku(Azerbaijan), Armenia and Georgia denounced on to it through the Sindh Valley and the Indus River. The Jhelum River was an important transport artery.

2.2 Post medieval age, roads became the dominant means of freight transportation. Presently the National Highway No 1-A i.e., Pathankot-Jammu-Srinagar-Uri, and Srinagar-Kargil-Leh, accounts for 80% of the freight traffic. The state

came on the railway map in 1970 when the city of Jammu-Tavi was connected to Pathankot. Presently 140 Kms of the railway lines are connecting the State with the economic corridors of the country.

2.3 Over 60% of the State is mountainous. The goods in transit are subjected to rugged topography which is compounded by the vagaries of the weather. In the absence of adequate protection and roadside facilities the cost efficiency of goods is affected.

2.4 Nevertheless, Jammu & Kashmir is on the cusp of entering into its most robust growth phase of 21st century driven by the visionary J&K Trade Policy, 2019-29 that is being promoted by the State Government. The State Government envisages to have multi-model Logistics Parks and Dry Ports in collaboration with Local, National and International Companies in the field. The Government looks forward to the completion of railway connection between Kashmir valley and rest of the country

(target year 2022) and ongoing four lanning & upgradation of NH1A is expected to change the entire transport scenario for the State. The Government is working with the Civil Aviation Ministry for allowing International flights to operate round the clock from Srinagar Airport so as to enhance export volume from the State especially in handicraft and handloom sectors. Efforts are being made to set up an Air Cargo Complex with warehouse facility at Srinagar airport.

3. Current Logistics and Warehouse Ecosystem

3.1 The Government with a focus on developing an export-led economy has already taken following initiatives in the Logistics Sector:

3.1.1 Development of Logistics Park

- In order to bring down the logistics costs of commodities from 30% to 10%, the State Government announced setting up of logistic parks in the State.

- In this regard, the Government of Jammu & Kashmir, Government of Dubai and the global trade enablers DP World have recently entered into MoU at World Government Summit held at Dubai (U.A.E) in February, 2017 to explore opportunities to develop trade infrastructure in the Jammu & Kashmir.
- In the follow-up discussions held to the above mentioned MoU between the State Government and DP World, it has been agreed to develop a multi-modal logistics park and hub in Jammu, comprising warehouses and specialized storage solutions that will encourage inter-modal transfer of containers, bulk and break-bulk cargo, and later on in Kashmir Valley.

3.1.2 Inland Waterways

The Union government has declared four rivers namely Chenab, Indus, Jhelum and Ravi in the state of J&K as national waterways to boost Inland Water transport.

3.1.3 Inland Container Depot and a Dry Port

The State Government has planned to develop an Inland Container Depot in Srinagar and a Dry Port in the State, which will eliminate the major impediment in export sector.

3.1.4 Incorporation of J&K Trade Promotion Organization

In order to promote exports from handicraft, the State Government has established Jammu and Kashmir Trade Promotion Organization (JKTPO) as a Joint Venture Company between the State Government and Government of India undertakings, namely, India Trade Promotion Organization (ITPO) and Export Promotion Council for Handicrafts (EPCH).

- JKTPO shall serve as a reference point in the State of Jammu & Kashmir for Indian Industry and the International Business Community.
- Among others, JKTPO shall undertake promotion of exports and explore new markets for traditional items of export and

develop exports of new items with a view to maintaining, diversifying and expanding the export trade.

- It shall also develop, manage and run infrastructure projects of Government of India, State Government and like institutions related to trade, e-commerce, and exports.

3.1.5 J&K Trade & Export Policy 2018-28

- The State Government, while adopting the Jammu and Kashmir Trade Policy, 2018-28, among other objectives intends to provide guidelines for State Development Plans for reserving suitable patches of land for facilities such as warehousing and logistics support helpful in promoting retail, wholesale and exports trading in and from the State.
- The Government intends to improve basic infrastructure and civic amenities at the major loading and unloading points/warehouses and overnight parking lots for the goods carriers.

4. Policy Targets

4.1 Vision

This policy envisages to provide the Government, Non-Government and Trade & Commerce agencies operating in the State of Jammu & Kashmir with professional, cost effective and timely logistics support services in the areas of procurement and supplies, transport operation and management to enable them to provide better service to the general public.

4.2 Mission

- Provide logistics in a responsive and responsible manner to enable the seekers to obtain the services they require in time and with value for money.
- Review regularly the way and cost effectiveness of delivering our services so that they adopt the industries' best practices and advances in technology while remaining competitive amongst those being provided in the market.
- Improve continuously our performance in respect of environmental protection in the delivery of our

services, and provide a healthy and safe working environment to the people engaged in the field of logistics industry.

- Foster a customer-focused and team-building culture by maintaining effective communication in the stakeholders of the logistics industry, customers and the government agencies.
- Continue to improve the standards of logistics services in the State in terms of accessibility, connectivity, transport operation and management by recognizing it as the most important asset for the government which is vital to the successful achievement of developmental and security goals of the State.
- To keep abreast of advances in technology, management and operational practices in the logistics services provided in the State as a lifetime learning commitment.

4.3 Objectives

The objectives of the Policy is to:

- Identify key issues and bottlenecks impacting logistics efficiency in the Jammu & Kashmir State.
- Continuously explore the possibilities of improving ground, air and inland waterways connectivity (wherever possible/viable) across the State and to prioritize decision making in this regard and build a robust logistics infrastructure on modern lines like chain of logistics parks, transport yards, warehouses, controlled atmosphere stores etc.
- Make suitable interventions for improving logistics performance of the State on key parameters, viz. Quality Logistics infrastructure, Quality of Logistics service providers, Efficiency of regulatory processes, Operating Environment favorability, Ease of arranging logistics at competitive rates, Timeliness of cargo delivery, safety/security of cargo movement and Ease of track and trace.

5. Definitions

5.1 Words in this policy will be read and interpreted as per Annexure-1 of this Policy.

5.2 Definitions of J&K Industrial Policy 2016-26 will also be used for implementation of this Policy. In case of any anomaly given in Annexure-1 of this Policy will prevail.

6. Operative Period of the Policy

This Policy shall come into effect from the date of its notification in the official Gazette and will be valid for a period of ten years or till a new Logistics Policy is announced.

7. Policy Framework

7.1 Logistic and Warehousing Facilitation Cell

The state shall set up a dedicated Logistic and Warehousing Facilitation Cell which will act as a converging body to monitor the progress of logistics and warehousing in the state. The cell shall coalesce with the Investment Promotion and Facilitation Cell

created under the J&K Single Window (Industrial Investment and Business Facilitation) Act, 2018 for enabling ease of doing business and attracting private investments into the state overseeing time bound clearances, sanctioning special packages for logistic projects and approving any policy initiative(s) for activities such as container depot, freight forwarding and warehousing. The cell shall be positioned as a specialized cell and manned by officials from the Department of Revenue, Department of Housing and Urban Development Department and the Department of Industries and Commerce, J&K. The summary of major functions of the cell shall include:

- Attracting investors, framing and executing broad strategies for developing warehousing and logistics facilities in the state.
- Project monitoring and review of existing projects within state and attract fresh investments in the logistics and warehousing sector.

- Expedite the approvals process for investors as per the citizen charter.

7.2 Special taskforce on logistic and warehousing

A special taskforce shall also be constituted for ensuring an overall orderly development of logistics in the state. The taskforce shall be responsible for creation and implementation of Logistics Masterplan for the state with a dedicated roadmap for Pathankot-Jammu-Srinagar-Uri, National Highway. The taskforce shall be provided with a statutory backing.

7.3 Norms for setting up of Warehouse, Logistics Parks and Integrated Logistics Parks

7.3.1 Warehouse

- Warehouses to be developed in minimum of 2 acres in case of warehouses set up for agriculture/horticulture produce. The approach road width will be minimum of 20 feet.
- Warehouses to be developed in a minimum of 5 acres other than agriculture/horticulture

produce. The approach road width will be minimum of 25 feet.

- Gas-Godown Warehouses to be developed in a minimum of 0.25 acres. The approach road width for the warehouses will be 15 feet.

7.3.2 Logistics Park

A logistics park can be developed on no more than 15 acres of land area.

7.3.2 Integrated Logistics Park

An integrated Logistics Park can be developed on a minimum of 50 acres of land. This shall include- Inland container depots/ custom bonded areas to be developed in a minimum of 50 acres. The approach road width will be minimum of 30 feet.

7.4 Green Logistics and Warehouse

The State shall promote and incentivize the adoption of GRIHA III norms and Green Norms Incentives (LEEDS ratings). This may be provided subject to the inclusion of the following:

- Extensive horticulture and plantation along with adequate sewage treatment .

- Recycling of water for landscaping and horticulture.
- Use of natural materials like dry stone cladding for exteriors.
- Use of bio-methanation for treatment of bio waste and for generation of cooking gas.
- Rainwater harvesting .
- Installation of roof top solar panels.
- Provision of single/ double glazed windows with matched U-Factor for increased energy efficiency .
- Provision of adequate ventilation and natural day light.

7.5 Industry status to Logistics and Warehousing

Status of industry shall be accorded to logistic and warehousing related units set up within the state. With grant of industry status, all logistics and warehousing units in the state shall be eligible for all the incentives as applicable under the J&K Industrial Policy 2016-26.

7.6 Spatial Planning and Strategies

7.6.1 The State Government shall undertake periodic analysis to:

- identify existing cargo centers and trade flows;
- assess existing logistics infrastructure - institutional, regulatory, skill level, etc.;
- identify future trade potential and key economy drivers on the basis of current economic and industrial scenario;
- identify potential focus sectors and commodities;
- estimate future cargo projections;
- assess future logistics requirements and estimate hard infrastructure needs- connecting roads, terminal and facility location, type and phasing;
- identify future workforce skill needs and interventions;
- ensure effective plan implementation by identifying suitable PPP model for infra projects;
- facilitate the construction of road and train links to the proposed Warehouses/Logistics Parks;

- undertake market sounding exercises to gauge private sector views;
- overseeing transaction and bidding process in the logistics industry; and
- undertake periodic policy review of efficacy and proposed modifications with an eye on ensuring systems ability to meet logistics requirements not only of trade, commerce and industry but during the testing times of natural disasters and security challenges thrown upon the State.

7.6.2 The Government and Non-Government agencies shall be encouraged to develop, publish and put in public domain the directories of key locations and players in logistics industry across the state alongwith the kind and quality of logistics services they offer. These online directories can be of:

- the registered transport companies across the state with their complete profile, cargo capacity, address and contact details etc.;

- the private warehouses including controlled atmosphere stores across the state with details of storage capacity and charges etc.,
- the packaging service providers across the state with complete profile and work experience;
- the registered security services and skilled manpower providers across the state.

7.6.3 The State Government shall put in place an effective mechanism to ensure that quality, standards and norms of various logistics services are defined, monitored and periodically reviewed to upgrade them to the best in the market.

8. Incentives

The units set up in logistics sector under this policy shall qualify for all the incentives as are provided to the Industrial units under the Jammu and Kashmir Industrial Policy 2016-26.

ANNEXURE-1

Definitions

1. Warehouse- A warehouse can be defined as any premise (including any protected place) which includes a place for storage and/or accumulation of goods under controlled conditions and also equipped for providing handling, transportation as well as value added services such as sorting, grading, packaging etc. A warehouse may be characterized as Integrated Inland Container Depots/Custom Bounded Areas, Warehouse for Agro Produces/Grain Godowns, Warehouse other than agriculture produces, Gas godowns.

For the purpose of this policy, a warehouse storage system may include but not be limited to the following-

- i. Warehousing complex with fixed facilities, moving units, rolling stocks.
- ii. Open and closed storage, ambient condition storage for transit period

- iii. Fulfilment centers (in case of e-retailing), distribution centers

In-bound and out-bound logistic services handling backward and forward linkages including storage processing, assembling, packing, handling, distribution such as cold storages, silos, refrigerated warehouses, In-bound material handling and moving equipment, retail space. The warehouses to also earmark dedicated area for idle parking.

2. Logistics – Logistics can be defined as any commercial activity of transportation, storage and distribution of any article & thing or services by bringing together several functionalities to bring products and services at the right place, at the right time, in the desired condition with the minimum cost and highest return on investment fall under the ambit of Logistics. The definition of logistics includes the following:

- i. Assembly: Creating an assembly from basic component either through automation or manually.
- ii. Customizing: Customizing core product as per customer requirement through the use of automation, semi automation or manual process including module assembly.
- iii. Deconsolidation: Creating from bulk to small packaged goods for retailing e.g. deconsolidation activities in stores/warehouses for retailing and last mile delivery.
- iv. Packing/Packaging/Labelling/Bar-coding/Rfid tagging.
- v. Ancillary, value addition, processing activities and supply chain management.
- vi. Specialized warehouse storage.
- vii. Testing & Inspection facilities.
- viii. Reverse distribution/logistics i.e. collection of damage, out-dated, unsold, returned goods

and bringing them back to supplier or manufacturer that includes transportation and warehousing.

3. Logistics Park- Logistics park is defined as an agglomeration of a given set of logistics activities (core, value added, ancillary as well as commercial) at a particular, well-defined location. From a policymaking point of view, these terms refer, fundamentally, to the physical organization of logistics activities where co-location of various industrial/units and collaboration among various complementary activities creates value, reduces cost and improves service levels. For the purpose of this policy, a logistics park system may include but not be limited to the following-
 - a) Warehousing storage system, open, closed and special storage/ambient condition storage for transit period, dedicated warehousing for transit & bonded cargo, domestic cargo, inventory cargo (under long term contracts).

b) Industrial plots and ready to move in sheds.

c) Logistic services like inter-modal transfers container terminals, bulk / break-bulk cargo terminals.

d) Infrastructure for value added and ancillary services, commercial activity. The logistic parks shall also earmark dedicated area for idle parking.

e) Sector specific in-bound and out-bound logistic infrastructure for focus sectors such as automobiles, food processing, pharmaceuticals.

f) Inter-modal transfer arrangements/facilities, truck terminals.

4. Integrated Logistics Park- For the purpose of this policy, in addition to the provisions of a logistics park (as mentioned above), an integrated logistics park may include but not be limited to the following-

a) Road & rail linked inland container depot, free-trade warehousing zone, domestic cargo zone and commercial development

space. For integrated inland container depots/custom bounded area, availability of railway siding is a pre-requisite.

b) Dedicated infrastructure for commercial activities such as business, exhibition centres, hotels, offices etc.

c) Multi-modal transfer arrangements/ facilities, truck terminals.

d) Common Infrastructure such as Rail Yard, Stacking and circulating Area, Internal Roads, and Parking etc.

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