The Odisha Gazette

EXTRAORDINARY
PUBLISHED BY AUTHORITY

No. 3344, CUTTACK, WENESDAY, NOVEMBER 30, 2022/ MARGASHIRA 9 , 1944

[No.4923–COM-PORT-CTI-0001/2021/Com.]

COMMERCE & TRANSPORT (COMMERCE) DEPARTMENT

RESOLUTION

The 29th November, 2022

ODISHA LOGISTICS

POLICY 2022

Acronyms:

3PL	3rd Party Logistics
4PL	4th party Logistics
5PL	5th Party Logistics
CAGR	Compounded Annual Growth Rate
CoE	Centre of Excellence
ECoR	East Coast Railway
EXIM	Export – Import
GDP	Gross Domestic Product
ICD	Inland Container Depot
IDCO	Odisha Industrial Infrastructure Development Corporation
ILP	Integrated Logistics Park
IMS	Integrated Management System
IPR	Industrial Policy Resolutions
ISO	International Organization for Standardisation
LEADS	Logistics Ease Across Different States
MMLP	Multi-Modal Logistics Park
MoCI	Ministry of Commerce and Industry, Govt. of India
MSME	Micro, Small and Medium Scale Enterprises
OHSAS	Occupational Health and Safety Management Systems
PPP	Public Private Partnership
SDG	Sustainable Development Goals
SEZ	Special Economic Zone
VKIC	Vishakhapatnam – Chennai Industrial Corridor

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1 Introduction:

In today's world, Logistics is considered to be the backbone of an economy. Logistics is a significant part of supply chain management. It refers to a robust network of roadways, railways, airways, and waterways engaged in storing, managing, transporting, and delivering products from the point of origin to the point of termination. The global logistics market has been valued at US$ 9.5 Trillion in 2021. The market is projected to grow at 5.7% CAGR between 2022 and 2027 and reach a value of about US$ 13.3 Trillion by 2027.

India is the world's fifth-largest economy in terms of nominal GDP and among the fastest-growing major economies worldwide. The Indian logistics industry contributes significantly to the economy as it is one of the key sectors attracting foreign investments and generating employment. India's logistics ecosystem is pegged at $215 billion and is expected to grow at a CAGR of 10.5 per cent by 2025. Further, the sector is an essential aspect of all industries regarding operational efficiency. An efficient logistics ecosystem is considered a catalyst for enhancing the competitiveness of all sectors of the economy. Thus, improving supply chain efficiencies and reducing logistics costs are fundamental to India capitalising on this strategic shift and meeting the well-defined goal of becoming a US$ 5 trillion economy by 2025.

At the national level, the Ministry of Commerce and Industry (MoCI) ranks the states based on their performance in the logistics sector as per the Logistics Ease Across Different States (LEADS) index. It aims to serve as an indicator of logistics efficiency, including services needed to promote exports and general economic growth. Some parameters of the LEADS Index 2021 included the availability and quality of logistics infrastructure, quality of logistics services, the reasonableness of freight rates, policies, governance, institutional frameworks etc. Odisha has improved its rank from 10th place in 2019 to 7th place in 2021. The State has also been ranked in the 'Achievers' category in the LEADS Index 2022.

Simultaneously, to improve State's logistics infrastructure and strengthen its competitive advantage, the Government has increased budgetary expenditure in the infrastructure sector from 14.94% to 18.76% in the current year. It has also proposed introducing State Logistics Policy to provide regulatory support, guidelines, requisite approvals, incentives, and clearances for the logistics industry.

2 Odisha – Logistics infrastructure overview

Odisha is situated in the eastern part of the country and is blessed with 480 kilometres of coastline. The State has the advantage of accommodating all transportation modalities, such as railways, roadways and waterways. The slurry pipeline is also envisaged to reduce the load from other transportation modes, especially rail and road.

The State is endowed with vast resources of a variety of minerals and occupies a prominent place in the country as a mineral-rich State. Abundant reserves of high-grade Iron ore, Bauxite, Chromite, Manganese ore, and other minerals such as Coal, Limestone, Dolomite, Tin, Nickel, Vanadium, Lead, Graphite, Gold, Gemstone, Diamond, Dimension & Decorative Stone etc. are extensively available in the State. This has opened immense possibilities for locating mineral-based industries for manufacturing Steel, Ferro-alloys, Cement, Alumina/ Aluminium Refractories, Thermal Power etc., along with setting up other auxiliary and ancillary downstream industries. Further, the State is moving towards the idea of '**More-Ore',** wherein the existing mining area shall be mechanised, and there shall be opportunities for opening new mining areas. An efficient logistics ecosystem always gives incremental growth in the economy.

2.1 Road Connectivity

Odisha is well connected to its neighbouring states and other parts of India through a network of national highways and state highways. The State had a road density of 177 km per 100 square km of area. Odisha has around 2.70 lakh km of roads, including 5,753 km of national highways and 4,124.37 km of state highways. The Government has dedicated the Biju Expressway (covering the backward districts of the State) as the Biju Economic Corridor, which will integrate the underdeveloped parts of the State with the developed and developing areas. The State is also planning to establish the Odisha Economic Corridor, which will be an extension of the Vishakhapatnam – Chennai Industrial Corridor (VKIC).

2.2 Rail Connectivity

The State has a rail network of **5,783** KM of railway track covering the length and breadth of the State. Major cities of Odisha are well connected to all the major cities of India by daily and weekly trains. 72% of the railway network in Odisha lies under the jurisdiction of the East Coast Railway (ECoR), with headquarters at Bhubaneswar, followed by South-Eastern Railway (24%) and South-East Central Railway (4%).

In addition to the above, State Government has proposed to develop new lines and strengthen existing lines for better connectivity of the hinterland mining area to the ports. Moreover, the Government has also proposed to build rail tracks from the mining heads to the nearest railheads.

2.3 Port Sector

The state of Odisha has a coastline of 480 km and one of India's most dynamic coastal environments due to its location and physical factors, especially its network of barrages, mighty rivers with their delta and estuarine systems, each with a variety of ecological niches and habitats. The coastline traverses six coastal districts of the State, viz. Balasore (80 km), Bhadrak (50 km), Kendrapara (68 km), Jagatsinghpur (67 km), Puri (155 km) and Ganjam (60 km). The State currently has only one major port at Paradip and two non–major ports at Dhamra and Gopalpur. Two other non-major ports at Subarnarekha and Astaranga are presently being developed. A total of 14 sites have been identified by the Government for developing non–major ports.

The Government envisions being the hub of maritime trade. The multi-modal linkages with sea and riverine ports would unlock the potential for a port-led 'Blue Economy', allowing minerals and goods to be transported at much lower logistics costs.

Further, the Government has allowed the development of commercial ports in PPP mode with the following revenue share model:

Period commencing from the incorporation date	Share as % of income payable to the Government
1st to 5th year	5%
6th to 10th year	8%
11th to 15th year	10%
16th year to end of the lease period	12%

2.4 Air Connectivity

The State of Odisha has several operational and non-operational airports, airstrips, and helipads, either under the Airports Authority of India's management or private management.

- Biju Patnaik International Airport began its domestic operation in 1962, while international operations started in 2013. The Airport has a capacity of 4 million passengers.

- Jharsuguda Airport commenced its operation in 2019 for only domestic operations to date and has witnessed healthy growth despite the pandemic.
- Jeypore Airport has recently started its operations in 2022.

2.5 Pipeline Infrastructure

The slurry pipeline has become the new mode of transportation for ores from the mining area to the production unit. It can potentially reduce the logistics burden on road and rail and become an alternate mode of transportation.

2.6 Industrial Logistics and Energy infrastructure in Odisha

With a rich mineral belt, the State has attracted major industrial players to set up their production units. Govt. of Odisha is determined to expand the industry sector further to achieve faster economic growth. Energy security is one of the prime factors attracting investors, and Odisha is considered a **Power Surplus** State. Additionally, the State has augmented its transmission infrastructures for the State, keeping in view uninterrupted quality power supply to the consumers around the clock.

Presently industries in the State can be broadly put together into the following major hubs / Industrial zones according to their geographical establishments:

- Lapanga-Budhipadar-Jharsuguda-Sambalpur Industrial Zone
- Joda-Duburi Industrial Zone
- Dhamra Industrial Zone
- Paradeep Industrial Zone
- Angul-Meramundali-Cuttack Industrial Zone
- Rayagada-Damonjodi-Lanjigad Industrial Zone

3 Policy Period

The Policy shall be effective for a **period of 5 years** from the date of notification by the Government of Odisha or till the declaration of a new or revised policy, whichever is earlier. The policy shall be reviewed after 3 (three) years from the date of commencement of the Policy. Logistics may be considered as a **Priority Sector in Industrial Policy Resolution (IPR) 2015** and be considered in the **New Age Sector list** as per amendments to the Industrial Policy Resolution (IPR) 2015, or as amended from time to time.

4 Policy Vision, Mission, and Objectives

4.1 Vision

This Policy envisions creating an **integrated logistics ecosystem** in Odisha, to enhance **competitiveness**, operational **efficiency** and **sustainability** through **innovation**, **governance, transparency**, **quality,** and disruptive **technologies**; thereby strengthening the State's position as a **preferred destination for trade and commerce.**

4.2 Mission

- Create an efficient and competitive logistics ecosystem to support Odisha's industrial growth through regulatory reforms and streamlined processes.
- Encourage private participation in developing integrated logistics facilities in the State.
- Reduce logistics costs and enhance efficiency by enabling multi-modal transportation.
- Availability of skilled resources through continuous learning/ upskilling to meet the long-term needs of the sector.
- The intervention of technology and innovation for driving operational and cost efficiencies.
- Promote start-ups and MSMEs in this sector for holistic growth.

4.3 Policy Objectives

Following are the objectives of the State Logistics Policy:

1. **Mapping of facilities for overall development**

   The Policy aims to map logistics facilities across the state to identify areas for intervention/ improvement and development. The facilities and infrastructure need to be mapped digitally to comply with the PM GatiShakti Master Plan requirements, which would bring transparency and visibility for attracting private investors. The mapping of the facilities would consider the capacity and operational bottlenecks of existing logistics facilities, services and the proposed development of road and rail networks at state and national levels.

2. **Efficient utilisation of existing infrastructure facilities**

   This Policy aims to improve the utilisation of existing logistics facilities under the control of private developers or various state government departments/ agencies. The existing facilities shall be evaluated on multiple performance parameters to improve their utilisation through

relevant stakeholder consultations. Similarly, existing ports/ jetties may be assessed to identify connectivity issues and logistics facilities required in their vicinity for enhanced utilisation.

3. Development and augmentation of logistics facilities across the State

The Policy promotes the development and augmentation of logistics facilities across the State in a systematic manner. It proposes leveraging the long coastline advantage of the State and utilising the same to enhance cargo movement. It shall also support the development of jetties in the State. The key components for the development and augmentation of logistics facilities include:

- ► Identification of gaps in respective infrastructure and facilities
- ► Development of Multi-Modal Logistics Park (MMLP), Dry Ports, ICDs, Free Trade Warehousing Zones, Integrated Logistics Park (ILP), and large-scale storage infrastructure facilities across the State
- ► Development of Air Freight Stations and Air Cargo Complexes at strategic locations
- ► Connecting the developed part of the State to underdeveloped/backward districts through suitable Economic Corridors and provide seamless logistics infrastructure
- ► Supporting the growth of e-commerce through incentives for setting up facilities
- ► Development of truck terminals, driver rest areas and parking spaces

4. Strengthening first & last-mile connectivity

The Policy aims to expedite the projects related to first and last-mile connectivity to existing and upcoming logistics facilities, such as ports/ jetties, warehouses, etc., through prioritisation and inter-departmental coordination. The first and last-mile connectivity would also improve capacity utilisation, reduce the wastage of perishable commodities, and improve the cost efficiency of logistics facilities. The policy also aims to identify key corridors connecting major industry and freight clusters.

5. Port led logistics connectivity

The Policy aims to improve the connectivity of the various ports and jetties in the state to provide seamless transportation of the cargo from the coast to the hinterlands and vice versa.

6. Improve quality of logistics facilities and services in the state

The Policy aims to improve the overall efficiency of the sector by matching international standards. To achieve this, it is envisaged to attract investment from 3PL/4PL/5PL service providers, who would provide the latest technological support for handling logistics and increase efficiency across the supply chain.

7. **Increase technology penetration**

   The Policy also promotes and incentivises modern technology to monitor cargo in transit, precisely the time and quality-sensitive cargo such as perishables, pharmaceuticals, agro products, etc.

8. **Skill Development**

   The logistics sector is one of the fastest-growing sectors and demands a skilled workforce. The Policy shall aim to increase employment opportunities and skill development infrastructure to create a pool of skilled and industry-ready workforce.

9. **Sustainable Development of Logistics Infrastructure**

   Logistics handling and infrastructure must adhere to Sustainable Development Goals (SDG 9: Industry, Innovation, and Infrastructure, SDG 12: Responsible consumption and production & SDG 13: Climate action) to meet international standards. The Government shall promote green trucking, green fuels, etc., and adopt sustainable practices towards decarbonising the sector and compliance with the development goals.

5 Framework for implementation of this Policy

The Policy shall be implemented through the following approach:

5.1 Establishment of a State Logistics Cell

The Policy proposes establishing a **State Logistics Cell** chaired by the Chief Secretary, Government of Odisha. It would have representatives of relevant departments such as the Department of Commerce & Transport, Department of Industries, Works Department, Department of Finance, various Industry bodies, and consultants. And it shall act as a *Think-Tank* to identify areas that need improvement, bring in a holistic view of improvement areas, and provide overall direction to the growth of the logistics sector in the State.

5.2 Establishment of a Logistics Policy Cell

The State Government shall set up a Logistics Policy Cell under the State Logistics Cell which shall function as the implementing arm of the State Logistics Cell and coordinate with various stakeholders to support the development/ enhancement/ upgradation of logistics facilities in conjunction with the different state-led visions / National Infrastructure Plan / PM GatiShakti Master Plan etc. The Cell shall provide hand-holding support to the stakeholders to get all the requisite approvals and clearances relating to logistics operations. Department of Industries shall be the Nodal Agency to operate the Cell for processing applications received under this Policy and shall develop an internal approval mechanism to facilitate the Ease of Doing Business. The Logistics Policy Cell, in consultation with relevant government departments, shall review the provisions of this policy from time to time and include/ amend/ remove provisions as it may deem fit for the growth of this sector.

The Principal Secretary, Department of Industries shall be designated as the Nodal Officer of the Logistics Policy Cell, looking after the integrated development of the logistics sector in the State. The Logistics Policy Cell shall further explore new PPP models for developing logistics facilities to promote private sector participation. The offices of this cell shall be formed at every district for better implementation of the policy.

5.3 City Logistics Co-ordination Committee

The State proposes to develop City Logistics Coordination Committee in 2 municipalities initially to improve urban freight efficiency and ease cargo movement.

6 Policy Incentives

The incentives in this Policy shall be in the following segments:

- Building logistics infrastructure
- Skill development
- Assistance for technology and innovation with quality standard

6.1 Building Logistics Infrastructure

The Government of Odisha intends to encourage private player participation in developing logistics infrastructure in the State. To attract investors, the State Logistics Cell shall assist in identifying locations or land parcels for monetisation for developing various infrastructures. The State shall provide the following incentives:

A	**Development of Multi-Modal Logistics Parks / Dry Ports / ICDs /**

	Integrated Logistics Parks, Free Trade Warehousing Zones, etc., falling under the New Age Mega Category i. Multi-Modal Logistics Parks / Dry Ports / ICDs / Integrated logistics Parks, Free Trade Warehousing Zones, and Infrastructure projects shall be treated as 'New Age Mega Projects' as mentioned in the amendment of IPR 2015 dated 29th Nov 2021 or as amended from time to time. Mega projects have investments above INR 300 Crores or provide employment to more than 1000 persons. ii. The Government of Odisha proposes to develop these projects through Public Private Partnership (PPP) mode or by accepting project development proposals from private developers. iii. Incentives to projects under these categories shall be as outlined in the amendment on IPR 2015 dated 29th Nov 2021, Chapter 5A "Special Incentives for New Age Mega Industries" or as amended from time to time.
B	**Development of logistics infrastructure not falling under the New Age Mega Category** The State Government invites private developers to construct rail or road-connected ICDs/ Free Trade Warehousing Zones / Dry Ports/ Logistics Parks/ Integrated Logistics Parks/ Industrial Clusters/ MSME Parks, and any other logistics infrastructure across the State at strategic locations through PPP or Private Development mode. For these projects, the Government shall identify suitable land and follow the bidding procedure for selecting a developer for the project's construction. The Government shall also encourage the private developers to construct logistics infrastructure on private land or submit a proposal to Government for allotment of land on a cost basis. Further, the Government shall earmark certain land in the Industrial Estate / Cluster / MSME Parks for logistics infrastructure such as Warehouse / Cold Storage. This infrastructure shall act as a logistics hub and help consolidate the logistics activities in one place in the district. For these projects, the Government of Odisha shall provide the following incentives **i. Projects developed under private land** a) Incentives shall be as per IPR 2015, along with its resolutions as Priority Sector or as amended from time to time. **ii. Projects developed on land through IDCO or any other Government Land**

	a) The land shall be facilitated from earmarked Land Bank Scheme of IDCO and other government lands wherever available as per the applicable concessional rate. b) No stamp duty shall be applicable to be paid with respect to the land allotted by the Government or IDCO to the units. c) Exemption from payment of premium for conversion of land for industrial purpose **Last-mile connectivity support from State Government** The Government shall provide access to utilities such as water and power and provide external infrastructure to the projects on both the categories mentioned above, such as rail connectivity (from the nearest railway station), Road Connectivity (from the nearest state highway / national highway) etc. as the last mile connectivity infrastructure through its various agencies. The total cost of infrastructure development shall not exceed 10% of the fixed capital in building, plant, and machinery (excluding land) or INR 10 Crores (For rail based infrastructure, the upper cap will be 20% or INR 25 crores), whichever is lower. This support is provided for PPP projects and projects developed by private developers.

6.2 Skill Development in the logistics sector

A	**Establishment of Centre of Excellence (CoE)** The State Government shall establish a Centre of Excellence (CoE) along with Skill Development and Technical Education Department. The CoE shall be developed in association with leaders in the industry segment. The objective of the CoE is to analyse skill requirements and formulate various skill development modules, which are end-to-end training needs of the logistics sector. CoE shall house facilities required for the up-grading skill set of people. The facilities shall be built to conduct technical and non-technical training at CoE. **Logistics Sector Skill Development Centre** Government shall dedicate a few ITI Training facilities specific to the logistics industry

B	**Training Subsidy** Incentives and Subsidy on Training shall be as per IPR 2015, or as amended from time to time.

6.3 Assistance for technology and innovation with quality standard

A	**Development of a dashboard and other data-driven Planning and Monitoring / Co-ordination tools in a collaborative environment of PM GatiShakti National Master Plan** It would aid in proper planning and visibility for the ongoing and the proposed connectivity projects
B	**Providing assistance for the installation of logistics management software** Reimbursement of 50% of the cost of installation of logistics management software or INR 20,000 per installation per company, whichever is the lower cost. It is a one-time cost reimbursement provided by the Government to the companies which have their offices registered in Odisha.
C	**Providing assistance for the Implementation of a Quality Management System** Reimbursement of 50% of the cost incurred for the implementation of Quality Management System (IMS /ISO 9001/ IS0 14001/ OHSAS 18001/SA 8000) in their infrastructure. The incentive will be capped at a maximum of INR 5 Lakh to improve the quality of delivery of goods and services. This is a one-time cost reimbursement provided by Government for cold storage/ warehouse/ integrated logistics parks/ MMLP/ any other logistics infrastructure.

D	**Quality certification, Patent registration** Incentives shall be as per IPR 2015, or as amended from time to time.
E	**Implementation of Incident Detection System in important corridors** **Artificial and augmented intelligence tools to reduce time and cost overrun.**

6.4 Encouraging innovation in the logistics sector

A	Government shall keep provision for reserved office space / Plug-and-Play facilities in O-Hub, and upcoming IDCO Towers.
B	The State shall propose a special Innovation Fund of INR 1 crore for supporting start-ups in Logistics (for the first two years). The State Logistics Cell shall be the custodian of the Fund, and allotment shall be done through competitive eligibility criteria.

7 Other initiatives

- A Comprehensive Logistics Action Plan shall be prepared, including standardisation and benchmarking of respective sectors for Warehousing, Human Resource Development, EXIM logistics, etc., corresponding to the National Logistics Policy 2022.

- A Logistics Master Plan should be prepared within 6-12 months from the date of commencement of the policy with long-term and short-term goals.

- At least 5 acres of land shall be demarcated in upcoming Industrial Estates/Industrial parks / Industrial Clusters and SEZs to develop common logistics infrastructure- such as warehouse/ cold storage/loading - unloading facilities /Truck Terminus etc.

- Railway sidings are infrastructure that facilitates the intermodal movement of Bulk goods and provides the opportunity for Rail side warehousing activities. The Government may receive proposals from a private developer for the development of standalone Railway sidings and the need for the infrastructure will be evaluated. Based on the evaluation and the level of capital infused by the Private developer, Road Connectivity up to the siding will be provided. IDCO may facilitate the acquisition of land on behalf of the State Government.

- Idle land parcels available in various departments shall be monetised by developing common logistics infrastructure through PPP mode.

- Single Window Facilitation system: Logistics project proposals can be directly applied through the GO-SWIFT portal.

Note– Any clarification pertaining to the Odisha Logistics Policy 2022, if so required, the decision of the Government is final and binding.

ORDER – Ordered that the Resolution be published in the Extra-ordinary issue of the *Odisha Gazette* and copies of the Resolution be forwarded to all Department / all Heads of the Department.

By Order of the Governor
BISHNUPADA SETHI
Principal Secretary to Government

Printed and Published by the Director, Printing, Stationery and Publication, Odisha, Cuttack-10
OGP/SBP Ex.Gaz.2714-183+300