

PM GATI SHAKTI



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Feb., 2022

What is PM Gati Shakti?

- ✓ PM **Gati Shakti** is a **digital platform** that **connects 16 ministries** — including Roads and Highways, Railways, Shipping, Petroleum and Gas, Power, Telecom, Shipping, and Aviation — with a view to ensuring holistic planning and execution of infrastructure projects.
- ✓ The Gati Shakti National Master Plan will have an important economic multiplier effect at home, it must also be leveraged to have an external impact by aligning it with India's regional and global connectivity efforts.
- ✓ Prime Minister Narendra Modi has launched the ambitious Rs 100 lakh crore Gati Shakti Master Plan to provide **multi-modal connectivity** to more than 1,200 industrial clusters.



<i>Scheme</i>	<i>Department/ Ministry</i>	<i>Features</i>
<i>National Investment Fund</i>		<ul style="list-style-type: none"> ❑ In January 2005, the Government decided to constitute a ‘National Investment Fund’ (NIF) into which the realization from sale of minority shareholding of the Government in profitable CPSEs would be channelized. ❑ Income from the fund is used in investment in various social projects, capital investment in some selected profitable and revivable enterprises. This is based upon the idea that disinvestment does not affect the social objectives of the government.
<i>Deendayal Upadhyaya Gram Jyoti Yojana</i>	Ministry of Power	<ul style="list-style-type: none"> ❑ Aim: to augment power supply to the rural areas and to strengthen sub-transmission and distribution systems ❑ To separate agriculture and non agriculture feeders facilitating judicious rostering of supply to agricultural and non-agricultural consumers in rural areas
<i>Sagarmala scheme</i>	National Sagarmala Apex Committee (NSAC) envisaged; will be chaired by Minister of Shipping + CMs and CSs of relevant states	<ul style="list-style-type: none"> ❑ Port-led development: develop a string of ports around India’s coast, Supporting and enabling Port-led Development through appropriate policy and institutional interventions ❑ Efficient Evacuation to and from hinterland
<i>Swiss Challenge Method</i>		<ul style="list-style-type: none"> ❑ ‘Swiss Challenge Method’ in Infrastructure: Swiss challenge method is a process of giving contracts. Any person with credentials can submit a development proposal to the government. That proposal will be made online and a second person can give suggestions to improve and beat that proposal. It is a method where third parties make offers (challenges) for a project within a designated period to avoid exaggerated project costs.

Why is infrastructure important?

- ✓ Infrastructure spending has a multiplier effect on the economy.
- ✓ Apart from the direct benefits such as employment generation, demand for raw materials for construction, etc., there would also be indirect benefits to the economy.
- ✓ The second-order effects are those that are brought on by improved connectivity.
- ✓ People and goods would move faster between destinations reducing logistics costs.
- ✓ Studies by the RBI and the National Institute of Public Finance and Policy have shown that for every rupee spent by the government in creating infrastructure, GDP gains worth Rs. 2.5-3.5 accrue.
- ✓ For balanced regional development, it is important that multiple urban clusters sprout up across the country and are not concentrated in certain areas only. This is possible by a coordinated approach in infrastructure development, for instance, roads would feed into railway lines which in turn would feed into ports, efficiently moving goods from the hinterlands to the ports.

From Economic Survey 2022

- ✓ Other Initiatives to improve logistics ecosystem Government has taken various steps in last few years to improve logistics efficiency through infrastructure enhancement and process reforms. Some of them include introduction of FASTag, Turant Customs, mandatory RFID (Radio Frequency Identification) tagging at all EXIM bound containers, E-San chit, Indian Customs Enquiry for Trade Assistance and Knowledge (ICETRAK), ICEDASH (Indian Customs EDI Dashboard), Secured Logistics Document Exchange (SLDE), Import Clearance System, GHG Calculator etc. In order to ease maritime trade, efforts are being undertaken on development of port-specific master plans and a coordination mechanism for implementation of the same, upgradation of select Land Customs Stations (LCS) to Integrated Check Posts (ICPs), promoting Free Trade Warehousing Zones, etc.

Union Budget 2022-23: PM Gati Shakti

✓ **Focus Area for Budget 2022-23:**

- Its scope will **encompass the seven engines** (Roads, Railways, Airports, Ports, Mass Transport, Waterways and Logistics Infrastructure).
- It will also include the **infrastructure developed by the state governments** as per the GatiShakti Master Plan.
- The touchstone of the Master Plan will be **world-class modern infrastructure and logistics synergy** among different modes of movement – both of people and goods – and location of projects.

Union Budget 2022-23: PM Gati Shakti

✓ *What are the Major Proposals for PM GatiShakti?*

➤ **Road Transport:**

- PM GatiShakti Master Plan for **Expressways** will be formulated in **2022-23** to facilitate faster movement of people and goods.
- **National Highways network** to be expanded by 25,000 km in 2022-23. **Rs. 20,000 crore** to be mobilized for the expansion.

➤ **Seamless Multimodal Movement of Goods and People:**

- The **data exchange** among all mode operators will be brought on **Unified Logistics Interface Platform (ULIP)**, designed for **Application Programming Interface (API)**.
- This will provide **real time information to all stakeholders**, lead to **efficient movement of goods** through different modes, and improve international competitiveness.
- **Open-source mobility stack**, for organizing seamless travel of passengers will also be facilitated.

Union Budget 2022-23: PM Gati Shakti

✓ *What are the Major Proposals for PM GatiShakti?*

➤ **Multimodal Logistics Parks:**

- Contracts for implementation of **Multimodal Logistics Parks** at four locations through PPP (**Public-Private Partnerships**) mode will be awarded in **2022-23**.

➤ **Railways:**

- Railways will **develop new products and efficient logistics services** for **small farmers and Small and Medium Enterprises**, besides taking the lead in integration of **Postal and Railways networks** to provide seamless solutions for movement of parcels.
- **‘One Station-One Product’** concept to help local businesses & supply chains.
- As a part of **Atmanirbhar Bharat**, **2,000 km of network** will be brought under **Kavach**, the **indigenous world-class technology** for safety and capacity augmentation in 2022-23.
- **400 new-generation Vande Bharat Trains** to be manufactured during the next three years.
- **100 PM GatiShakti Cargo Terminals** for multimodal logistics facilities will be developed during the next three years.

Union Budget 2022-23: PM Gati Shakti



✓ *What are the Major Proposals for PM GatiShakti?*

➤ **Mass Urban Transport including Connectivity to Railways**

- Innovative ways of **financing and faster implementation** will be encouraged for **building metro systems** of appropriate type at scale.
- **Multimodal connectivity between mass urban transport and railway stations** will be facilitated on priority.

➤ **Parvatmala: National Ropeways Development Programme:**

- As a preferred ecologically sustainable alternative to conventional roads in difficult hilly areas, **National Ropeways Development Programme** will be taken up on PPP mode.
- The aim is to **improve connectivity and convenience** for commuters, besides **promoting tourism**. This may also **cover congested urban areas**, where conventional mass transit systems are not feasible.

➤ **Capacity Building for Infrastructure Projects:**

- With technical support from the **Capacity Building Commission**, central ministries, state governments, and their infra-agencies will have their skills upgraded.
- This will **ramp up capacity in planning, design, financing** (including innovative ways), and implementation management of the PM GatiShakti infrastructure projects.

Vision of PM Gati Shakti



- The existing infrastructure schemes under various ministries will be incorporated into this plan, including Sagarmala, [Bharatmala](#), UDAN scheme, inland waterways, etc.
- The master plan will also cover economic zones such as pharmaceutical clusters, textile clusters, defence corridors, industrial corridors, electronic parks, fishing clusters, and agri zones.
- It will also leverage technology extensively including spatial planning tools with [ISRO](#)(Indian Space Research Organisation) imagery developed by BiSAG-N(Bhaskaracharya National Institute for Space Applications and Geoinformatics).
- PM Gati Shakti will provide the public and business community information regarding the upcoming connectivity projects, other business hubs, industrial areas and surrounding environment.
- The program has been launched as an umbrella integrator of ₹111-lakh crore worth of projects under the [National Infrastructure Pipeline \(NIP\)](#) for 2020-25.

National Infrastructure Pipeline



- In the budget speech of 2019-2020, Finance Minister announced an outlay of Rs 100 lakh Crore for infrastructure projects over the next 5 years.
- NIP is a first-of-its-kind initiative to provide world-class infrastructure across the country and improve the quality of life for all citizens.
- It will improve project preparation, attract investments (both domestic & foreign) into infrastructure, and will be crucial for attaining the target of becoming a **\$5 trillion economy** by FY 2025.
- Covers both economic and social infrastructure projects.
- The **task force headed by Atanu Chakraborty on National Infrastructure Pipeline (NIP)**, in May 2020, submitted its final report to the Finance Minister.

❑ **Important recommendations and observations made:**

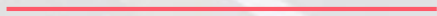
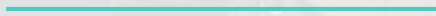
- ✓ **Investment needed:** ₹111 lakh crore over the next five years (2020-2025) to build infrastructure projects and drive economic growth.
- ✓ Energy, roads, railways and urban projects are estimated to account for the bulk of projects (around 70%).
- ✓ The centre (39 percent) and state (40 percent) are expected to have an almost equal share in implementing the projects, while the private sector has 21 percent share.
- ✓ Aggressive push towards asset sales.
- ✓ **Monetisation of infrastructure assets.**
- ✓ Setting up of development finance institutions.
- ✓ Strengthening the municipal bond market.

Key Discussion Area

Background

Pillars

Benefits



Background



- ✓ Lack of coordination between different Departments
- ✓ Wasteful expenditure
- ✓ Time-taking approval process
- ✓ Multiplicity of regulatory clearances
- ✓ Hostile land acquisitions
- ✓ Difficulties in getting environmental clearance



Example:



Traditionally, once a road was constructed, other agencies dug up the constructed road again for activities like laying of underground cables, gas pipelines etc. This not only caused great inconvenience but was also a wasteful expenditure. To address this, efforts were made to increase coordination so that all cables, pipelines etc. could be laid simultaneously. Steps have also been taken to address other issues like time-taking approval process, multiplicity of regulatory clearances etc. In the last few years, the Government has ensured unprecedented focus on infrastructure through a holistic outlook. This helps to address the past issues through institutionalizing holistic planning for stakeholders for major infrastructure projects. Instead of planning & designing separately in silos, the projects will be designed and executed with a common vision.

Benefits

- ✓ The plan aims to build **Next Generation Infrastructure** which will improve **Ease of Living as well as Ease of Doing Business**.
- ✓ It will **facilitate the last mile connectivity** of infrastructure and also reduce travel time for people.
- ✓ It will provide the public and business community information regarding the upcoming connectivity projects, other business hubs, industrial areas and surrounding environment
- ✓ The plan **enables the investors to plan** their businesses at suitable locations leading to enhanced synergies.
- ✓ It will create **multiple employment opportunities** and give a boost to the economy.
- ✓ It will improve the **efficiency of port operations and cargo handling capacity** and cut the vessel turnaround time.
- ✓ The plan will improve the **global competitiveness of local products** by cutting down the logistics costs and improving the supply chains.
- ✓ Just as JAM (Jan Dhan, Aadhar, Mobile) trinity **revolutionized the access of government facilities** to the people, PM Gati Shakti will do the same for the field of Infrastructure.
- ✓ It will **boost economic growth, attract foreign investments** and enhance the country's global competitiveness.
- ✓ It will enable **smooth transportation of goods**, people and services and creating employment opportunities.

Comprehensiveness

It will incorporate the existing infrastructure schemes of different departments and state governments like Bharatmala, Sagarmala, inland waterways, UDAN etc.

Optimization

For the transportation of goods from one place to another, the plan will help in selecting the most optimum route in terms of time and cost

Prioritization

Different Departments will be able to prioritize their projects through cross-sectoral interactions.

Pillars

Analytical

It will offer 200 layers of geospatial data, including on existing infrastructure as well as geographic information about forests, rivers and district boundaries.


Dynamic

The portal will allow various government departments to track the progress of various projects in real time and at one centralised place.

Synchronization

PM GatiShakti will help in synchronizing the activities of each department in a holistic manner by ensuring coordination of work between them.

Targets to be achieved

- 
- 11 industrial corridors and two new defence corridors in Tamil Nadu and Uttar Pradesh.
 - 4G connectivity in all villages
 - Increasing renewable energy capacity to 225 GW from 87.7 GW
 - Expanding the national highway network to 2 lakh km
 - Increasing length of transmission network to 4,54,200 circuit km
 - Creation of 220 new airports, heliports and water aerodromes
 - Increasing cargo handling capacity of railways to 1,600 million tons from 1210 million tons
 - Adding 17,000 km to gas pipeline network
 - 202 fishing clusters/harbours/landing centres and more



How Gati Shakti Plan can strengthen India's economic ties with its neighbours?

- ✓ The plan will automatically **generate positive effects** to deepen India's economic ties with Nepal, Bhutan, Bangladesh, Myanmar and Sri Lanka, as well as with Southeast Asia and the Indian Ocean region.
- ✓ India's investment in roads, ports, inland waterways or new customs procedures **generate positive externalities** for these neighbours, who are keen to access the growing Indian consumer market.
- ✓ Any reduction in India's domestic logistics costs brings immediate benefits to the northern neighbour, given that **98 per cent of Nepal's total trade transits through India** and about 65 per cent of Nepal's trade is with India.
- ✓ In 2019, trade between Bhutan and Bangladesh was eased through a **new multimodal road and waterway link** via Assam.
- ✓ The new cargo ferry service with the Maldives, launched last year, has lowered the costs of trade for the island state.
- ✓ Under the **South Asia Sub regional Economic Cooperation Programme**, India's investments in multimodal connectivity on the eastern coast is **reconnecting India with the Bay of Bengal** and Southeast Asia through integrated rail, port and shipping systems.
- ✓ It is the alignment of a **cross-border railway**, the location of a border check post, or the digital system chosen for customs and immigration processes, **India's connectivity investments at home** will have limited effects unless they are coordinated with those of its neighbours and other regional partners.
- ✓ India recently joined the **Transports Internationaux Routiers (TIR)** convention, which facilitates cross-border customs procedures, none of its neighbouring countries in the east has signed on to it.

How PM Gati Shakti will help India's development?

- ✓ **Bring the economy out of pandemic impacts:** The Covid-19 Pandemic reduced the GDP growth and resulted in large job loss, depressed wages and consumption. The infrastructure projects will boost jobs and increase the demand for goods and commodities, besides attracting major investments. If the Gati Shakti National Master Plan is implemented swiftly, then the Indian economy can achieve a significant growth trajectory by mitigating the impacts of the pandemic.
- ✓ **Solve issues in logistics:** According to a study, the logistical cost in India is about 13%-14% of GDP as against about 7-8% of GDP in developed economies. The plan will help India to cut down its logistics cost. Besides cutting logistics costs, the plan is also aimed at increasing cargo handling capacity and reducing the turnaround time at ports to boost trade.
- ✓ **Help in increasing economic zones and industrial parks:** Currently, a number of economic zones and industrial parks are not able to reach their full productive potential due to inefficient and fragmented multi-modal connectivity. By incorporating infrastructure schemes under various ministries and state governments, the Gati Shakti platform will **boost the last-mile connectivity**.
- ✓ **Reduce implementation overlaps:** Poor Infrastructure planning at present results in various challenges. The National Master plan will help to avoid such implementation overlaps.
- ✓ **Save taxpayers money**
- ✓ **Optimum utilization of resources and reduce both cost and time overruns**
- ✓ **Help in reducing human intervention within ministry:** Currently, any inter-ministerial issues that arise relating to a project are addressed in regular meetings of infrastructure-related ministries. The Gati Shakti portal would help **reduce the human intervention** required as ministries will be in constant touch.

Challenges

- ✓ **Investments from states:** The Economic Survey for 2020-21 underscored the role of active Centre-State partnerships for infrastructure building. The Survey projects maximum investments towards NIP sectors such as energy, roads, urban infrastructure and railways for FY 2021 and 22, with about **₹8.5-lakh crore** to be invested by either side **annually**.
- ✓ With the pandemic and its associated challenges, the state governments don't have enough finances to invest such large amounts. This will delay the implementation of the master plan.
- ✓ **Low Credit Off-take:** According to the RBI's paper, the growth rate in credit off-take has steeply declined to 5.8% in November 2020, as against 14.2% in 2013. This will reduce private investment in infrastructure projects. At present, there are concerns about the **declining credit offtake** trends from banks as they don't want to get into another **Non-Performing Asset** (NPA) crisis in future.
- ✓ **The plan does not address a few key infrastructural challenges:** **Land acquisition** is often the biggest impediment in the development of India. Many development projects get delayed due to land acquisition issues. Further, these delays add up to the costs of many projects, making them a less efficient and more costly project for development. There are other issues such as **litigation issues, alienation of local communities** and the **violation of environmental norms**, etc.

These issues make the rate of implementation of projects is very slow on global standards. The Gati Shakti master plan offers little or no solution to these major challenges.

How can India improve the implementation of PM Gati Shakti?

- ✓ **Address certain key issues:** To the proper implementation of PM Gati Shakti, India needs to address **structural and macroeconomic stability concerns**, emanating from high public expenditure.
- ✓ **Tackle land acquisition decisions:** With the availability of Geographic Information Systems and remote sensing technologies under the master plan, the policymakers have to do well to reclaim lands already subjected to degradation and pollution, rather than alienate controversial new parcels.
- ✓ **Solve the credit offtake challenge:** The Economic Survey for 2020-21 mentioned that India needs ₹4.5-lakh crore investments per year from the private sector to boost NIP sectors. So, the government has to address the issues associated with low credit offtake for successful private investments.
- ✓ **Incorporate the digital features in all spheres:** This can be done by adding optical fibres along with railway lines and gas pipelines. India also needs digital solutions for aggregation of demand and supply, which can be done by bringing the open network and open protocols under the Gati Shakti initiative.
- ✓ For instance, Tata Projects has already been using such technological solutions for its various projects like the **Dravyavati River Rejuvenation Project**. Similarly, the US has built software platforms that achieve 30 to 40% savings.
- ✓ **Improve the performance of roads:** India needs to improve the performance of roads for a smooth supply of goods. Roads should be made smart with automatic monitoring of traffic, drone-based support, including drone-based monitoring of maintenance of assets.

Conclusion

The PM Gati Shakti will boost economic growth, attract foreign investments and enhance the country's global competitiveness thereby enabling smooth transportation of goods, people and services and creating employment opportunities. Thus, the PM Gati Shakti will help India to realise its dream of becoming the “business capital” of the world. But all the challenges must be addressed on priority in order for the project to be a success.