

# MINISTRY OF SHIPPING APPROVES ARS 156 CRORE FREIGHT VILLAGE IN VARANASI THE FREIGHT VILLAGE WILL GIVE A BOOST TO LOGISTICS INDUSTRY IN VARANASI.

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Ministry of Shipping

## Ministry of Shipping approves aRs 156 crore Freight Village in Varanasi The Freight Village will give a boost to logistics industry in Varanasi.

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The Ministry of Shipping has approved the development of aRs 156 crore freight village in Varanasi adjoining the Inland Waterways Terminal on River Ganga. The Varanasi freight village will be developed by the Inland Waterways Authority of India . It will serve as a cargo hub, and a centre for aggregation and value addition. It will also provide support to stimulate development of a professional logistics industry in Varanasi.

A freight village is a designated area where facilities for various modes of transportation, distribution of goods and other logistics are available in a synchronized manner on a large scale. The main function of freight villages is management and utilization of various modes of transport, synergizing them and decongesting the existing mode of transportation. Freight villages are basically cargo aggregators which offer various logistic choices to a shipper/ cargo owner; i.e. choice of rail-road; rail-waterway; road-waterway. The choice is based on the optimal/ lowest logistic cost that can be derived by the shipper/ cargo owner. Delivery and coordination of various freight related activities under one roof ensures ease of doing business and makes it possible to realize high truck capacity due to which economic efficiency and activity of the enterprises on site can be improved.

A World Bank pre-feasibility study has found Varanasi to be a suitable site for the freight village. The city is located strategically and is a focal point in the logistics chain of Eastern Transport Corridor of India where the National Waterways-1, Eastern Dedicated Freight Corridor (EDFC), National Highway-7 and National Highway-2 pass through. The volume of traffic on inland waterway to Varanasi is expected to increase with the commissioning of the multi modal terminal being built under the Jal Marg Vikas project. The estimated volume of traffic for Varanasi multi modal terminal is 3.55 MMT by 2020; 3.82 MMT by 2025; 10.12 MMT by 2035; and 10.32 MMT by 2045. Vessels with capacity of up to 2000 DWT would be able to berth at the IWT multi modal terminal that will have the infrastructure facilities required to handle this expected increase in the volume of cargo traffic from JMVP and EDFC through synchro-modality.

The Varanasi freight village is proposed to be developed over a land area of about 100 acres, which will be acquired in two phases - 70 acres in first phase and 30 acres in second phase at a total estimated cost of Rs 120 crores. Another pre-investment cost of Rs 45 crores is expected to be incurred on soft aspects of the projects such as procurement of consultancy service and operation of project management unit.

The IWAI will own the land of the freight village, but part of it will be leased to logistics companies and waterways related manufacturing and trading companies at prices to be fixed as per market conditions and on terms and conditions to be framed, to set up their own business. The freight village can potentially cater to a diverse cargo profile including containers, bulk and break-bulk cargo, liquid bulk and bagged cargo.

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