

Question No.2 “During the last three decades Multi-modal Transportation has made rapid progress”. While commenting on the statement explain how has the multi-modal transportation benefitted the movement of merchandise through inner land.



Solution: Multi-modal transportation can be defined as carriage of goods by at least two different modes of transport. Multi-modal transportation is essential for efficient movement of containerised cargo and is considered as an integral part of 'Just in Time' (JIT) logistics management in international trade. This may also involve transportation of cargo from shipper's warehouse to consignee's warehouse under the overall responsibility of an operator.

Under the Multi-Modal (MT) Convention, the multi-modal transport operator (MTO) is made responsible independent of the rules which apply to the actual carrier. In other words, as per MT Convention, the MTO has to assume the responsibility of the whole transport covered by the contract. A multi-modal transport operator issues combined transport documents because he assumes the responsibility for the performance of the combined transport contract.

The basic objective of multi-modal transportation is to move cargo from its origin to destination in the minimum possible time and with minimum cost using a combination of various modes of transport and resorting to transshipment or transfer links. Thus, it is not only a mechanical exercise of transferring goods from one mode of transport to another or from one carriage to another, but also implies coordination of various functions, complete willingness to abide by the relevant rules, accept liability or loss of goods, and deliver the goods in time or pay suitable compensation for delays. In other words, it is tantamount to a total integrated transport service to shipper.

The multi-modal service charges may be fairly high. But, taking into consideration the saving in total time and the convenience in transport, the shipper feels it is still preferable. During the last three decades, multi-modal transport has made rapid progress in countries such as USA, Japan, and Europe. This is primarily due to the various advantages it offers to the users.

Multi-modalism makes it possible to ship goods from the inland countries right under the supervision of exporters. It also enables quick realisation of sales proceeds because the combined transport document which is in the form of a bill of lading that can be negotiated. The chances of pilferage are minimal and, last but not the least, it saves packing cost and time involved.

In the Indian context, this concept is ideally suited due to the varied commodities in the Export/import basket. The general cargo, both import and export, are most suited for multimodal transport system. The Government of India is aware that multi-modal transportation has tremendous potential and, if exports have to grow, it is necessary to develop infrastructure for multi-modal transportation system.

Goods can be moved in the course of international trade in one of these Combinations. The first combination is when two or more sea carriers are required to enable the goods to reach the destination. For example, when containers are loaded at Calcutta in smaller vessels or barges and taken to Haldia from where the containers are transferred to mainline container ships for onward carriage to a port in U.K. The same exercise can be performed in the reverse direction. This type of transport is usually called 'through transport'. Other carriers of the goods from the Hinterland to the port of shipment and from the port of discharge to the factory or warehouse of the buyer are not a part of the chain. The second combination is when two or more different types of carriers are required to bring the goods from the originating location to the final destination. Here, different modes of transport are used such as sea, rail, road and inland waterways. The international chamber of commerce defines such carriage as combined transport. It is presumed that under this system all the carriers are connected with each other for the satisfactory performance of a particular contract of carriage. The cargo moves under one single document which is the form of bill of lading. This bill of lading is called combined transport document and is mostly issued by or on behalf of the first carrier, who takes charge of the goods somewhere in the Hinterland. .

Advantages of Multi-modal Transportation

The economic and commercial advantages of multi-modal transportation are enormous and it helps in making international trade competitive due to reduction in the overall transportation cost. Some of the benefits of multi-modal transportation could be listed follows:

1. Reduces transportation cost;
2. Helps faster cargo flow;
3. Enhances export potential;
4. Facilitates of export of non-traditional goods;
5. Reduces uncertainty in transportation cost
6. Reduces congestion;
7. Reduces inventory levels by stable supply of imports;
8. Facilitates optimum utilization of national infrastructure;
9. Reduces paper works by simplifying custom procedures; and
10. Effect improvement of GNP though more economic activity on national highways and sea/land interface.