

NEWS BRIEF

Infrastructure Development Reduces Logistics Costs To Less Than 9 Per Cent Of GDP, Can Boost Manufacturing: Report

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Container trucks waiting at JNPT, Navi Mumbai, Maharashtra (Picture: Nhava Sheva Container Operators Welfare Association)

A report commissioned by the federal government revealed on Friday (15 December) that India's logistics expenses have reduced to less than 9 per cent of its gross domestic product (GDP). This decrease has been facilitated by increased state expenditure on roads, ports, and digitisation, which could potentially enhance manufacturing.

Regarding competitiveness, Rajesh Kumar Singh, the secretary at the Department for Promotion of Industry and Internal Trade (DPIIT), stated that logistics costs have decreased for our domestic and exporting producers following the report's release.

According to *Business Standard*, he stated that the expenses related to logistics were now on par with numerous Western economies, and the government's goal was to enhance infrastructure via increased public and private investments.

The "Logistics Cost in India" report, penned by the Delhi-based research group, National Council of Applied Economic Research, stated that logistics expenses - encompassing transportation, warehousing, insurance, and administrative fees - have decreased due to enhancements in the road network, tax reforms, and the digitisation of supply chains.

Poonam Munjal, the main author of the report, stated that the logistics expenses in 2021-22 decreased to about 7.8 per cent to 8.9 per cent of GDP, a significant drop from the 8.8 per cent to 10 per cent of GDP recorded in 2012-13.

The World Bank's Logistics Performance Index shows that India has risen six spots to secure the 38th position among 139 countries in 2023. This improvement is attributed to the enhancement of road and port networks and the digitalisation of supply chains.

According to a report by the World Bank, the typical wait time for truck cargo at a port, known as the average dwell time, was considerably shorter in India at just three days. This is in contrast to the United States, where the average dwell time was seven days, and Germany, where it was as long as 10 days.

The administration of Modi is allocating more than Rs 10 trillion (\$120 billion) for infrastructure in the fiscal year ending this March, which is approximately a third higher than the spending in the preceding fiscal year.

Singh stated that our subsequent goal is to enhance our worldwide logistics ranking, striving to be among the top 25 nations.