6. Assesment of Logistic Cost in India - Economy

Union Minister of Commerce and Industry, Shri Piyush Goyal launches report on Assessment of Logistics Cost in India, strengthening data-driven logistics planning. A new official report has revised India's logistics cost down to a more competitive 7.97% of GDP, debunking older, higher estimates. This revision reflects progress driven by initiatives like the National Logistics Policy and PM GatiShakti, aimed at enhancing infrastructure and efficiency.

Introduction - A New Assessment of Logistics Costs

The Union Minister of Commerce and Industry has officially launched a landmark report, the "Assessment of Logistics Cost in India," which provides a new, data-driven perspective on the efficiency of the country's supply chains.

About the Report -

Prepared by - The report is a collaborative effort by the Industry and Commerce Departments.

Comprehensive Framework - It introduces a robust and detailed framework that captures logistics costs across various transport modes (road, rail, water, air), diverse product categories, and different firm sizes.

Aim of the Report - This initiative fulfills a key mandate of the National Logistics Policy (2022), which called for establishing a uniform and credible framework for measuring logistics costs. This allows for accurate benchmarking against global best practices.

Key Findings - A Revised Understanding of Logistics Costs

The report significantly revises the long-held beliefs about India's logistics expenditure.

Current Logistics Cost - The assessment estimates that logistics costs in India are approximately 7.97% of the total GDP.

Correcting Previous Estimates - Until now, India's logistics costs were often cited to be as high as 13–14% of GDP. These figures, however, were derived from external studies or incomplete datasets. This led to inconsistent and often misrepresented estimates, causing confusion among policymakers, investors, and global stakeholders.

Positive Trend of Improvement - The report highlights that over the previous five years, the growth rate of logistics costs has been gradually slowing down when compared to the pace of growth in the non-services output of the economy, indicating increasing efficiency.

Key Achievements of India's Logistics Sector

India has made significant strides in improving its logistics ecosystem in recent years.

Global Ranking Improvement - In the 2023 Logistics Performance Index (LPI) published by the World Bank, India was ranked 38th out of 139 nations. This is a notable improvement of six places since the last ranking in 2018.

Growth in Inland Waterways - The Inland Waterways Authority of India (IWAI) recorded a cargo movement of 145.5 million tonnes in the year 2024–25. The number of operational national waterways has also increased from 24 to 29 during the same period, showcasing the growing importance of this mode of transport.

Objectives of the National Logistics Policy (NLP)

The NLP (2022) serves as the guiding policy for transforming India's logistics sector.

1. To reduce logistics costs to align with global benchmarks and bring them below 10% of GDP.
2. To improve India's ranking in the Logistics Performance Index (LPI) to be among the top 25 nations by 2030.
3. To establish a robust, data-driven decision support system to create an efficient and seamlessly integrated logistics ecosystem.

Persistent Challenges in the Sector

Despite progress, the sector continues to face several challenges.

High Logistics Cost Perception - The historical perception of high logistics costs (13–14% of GDP) has made Indian exports less competitive in global markets.

Infrastructure Gaps - The sector still suffers from gaps in critical infrastructure, particularly in modern warehousing, cold storage facilities, and efficient last-mile connectivity.
Overdependence on Road Transport - An excessive reliance on road transport leads to traffic congestion, shipment delays, and higher overall transportation costs.
Multimodal Transport Issues - The low share of railways and inland waterways in freight movement hampers the development of an efficient, cost-effective, and sustainable multimodal transportation system.
Environmental Concerns - The heavy dependence on diesel-based trucking contributes significantly to carbon emissions and environmental pollution.

Key Government Initiatives in Logistics

The government has launched a multi-pronged strategy to address these challenges and modernize the logistics sector.
PM GatiShakti Master Plan (2021) - A revolutionary digital platform designed to integrate different modes of transport into a single, coordinated network for better planning and implementation of infrastructure projects.It has successfully brought together 57 Central Ministries/Departments and all 36 states and union territories.
Maritime Amrit Kaal Vision 2047 - A long-term roadmap to transform India's maritime sector, aligned with blue economy principles.This vision aims to boost coastal tourism, strengthen maritime skill development, and position India as a global hub for shipbuilding and repair.
Dedicated Freight Corridors (DFCs) - The Ministry of Railways is developing specialized railway lines exclusively for freight transport. The objectives are to ease congestion on existing passenger routes, significantly lower transportation costs, and improve energy efficiency.
Multi-Modal Logistics Parks (MMLPs) - Development of MMLPs has been approved for 35 key locations, including Chennai, Bengaluru, Nagpur, and Indore, to serve as central hubs for logistics operations. Five of these are expected to be operational by 2027.
Unified Logistics Interface Platform (ULIP) - A digital platform that consolidates data from various logistics-related ministries and departments onto a single interface, enabling seamless information flow. It recorded 100 crore API transactions in 2025.
Gati Shakti Vishwavidyalaya (GSV) - This is India's first university exclusively dedicated to transport and logistics education and skill development. GSV plays a vital role in preparing a skilled workforce to support the nation's logistics goals and has already signed MoUs with about 40 different industrial and academic institutions.
Sustainability Initiatives

1. **Freight Greenhouse Gas (GHG) Calculator -** A tool developed to calculate and compare the total cost and GHG emissions of different transport modes, promoting sustainable choices.
2. **Rail Green Points -** An Indian Railways initiative that allows freight customers to see their potential carbon emission savings, incentivizing rail transport.

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