

# Logistics cost 7.8-8.9% of FY22 GDP: Govt survey

SHREYA NANDI

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India's logistics cost has been worked out to be in the range 7.8-8.9 per cent of gross domestic product (GDP) in 2021-22, lower than the past private survey estimates of more than 10 per cent.

The cost has been computed by the National Council of Applied Economic Research (NCAER). The task was assigned to the think tank by the Department for Promotion of Industry and Internal Trade (DPIIT).

The World Bank has reviewed the methodology and has acknowledged it has an appropriate baseline and framework to fine-tune it in future, government officials said on Thursday.

The cost has been calculated based on the secondary data sources, including transportation cost, ware-

housing and storage cost, auxiliary support services cost, packaging cost, insurance cost, and other operations cost.

DPIIT Secretary Rajesh Kumar Singh launched a report "Logistics Cost in India: Assessment and Long-Term Framework", which is poised to play a key role in optimising logistics efficiencies and enhancing India's global competitiveness. Through the report, a framework is being developed to calculate credible logistics cost estimates, he added.

"The kind of investment India is making in both physical and digital infrastructure... all that is creating an enabling environment where we will start getting good and credible data, on the basis of which we can do data-based planning and ultimately data-based policymaking as well," Singh said.

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eateries, watersports and light-and-sound shows.

In the years to come, Ayodhya's transformation promises to be complete. For those who want to get away from the frenzied activity that has consumed the city, a new rooftop bar called Tippy Town has opened outside of the 5-km, no-alcohol radius. It is an aside, though, to the Ayodhya story that is centred around the temple.

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Poonam Munjal, professor at the NCAER, said the calculation was a quick estimate. By using more granular data, these numbers will be refined further. "These are ballpark numbers ... and we prefer to keep them in ranges," Munjal told reporters in a briefing.

At present, the government is going by certain estimates, suggesting India's logistics cost stands at 13-14 per cent of GDP.

Globally, there are different methodologies of calculating logistics costs at a macroeconomy level. In the past, Armstrong and Associates in 2017 estimated the logistics cost in India was 13 per cent of GDP in 2016 and the Confederation of Indian Industry in 2015 had estimated it was 10.9 per cent of gross value added in 2015.

The government says past estimates lack a conclusive and scientific calculation framework. The endeavour now is to capture "origin-destination (O-D) pair-wise, commodity-wise, geography-wise" data.

DPIIT Special Secretary Sumita Dawra said the logistics cost had serious implications for the country's manufacturing sector, export competitiveness, and global positioning.

"Due to the lack of data in the public domain for the critical components of logistics cost, the non-official/floating estimates of India's logistics cost lack credibility. Hence, a need was felt to develop a scientific logistics cost calculation framework that is inclusive and stands the test of statistical and data-based methods," Dawra said.

R Dinesh, president, CII, said with this report, an effort had been made to



quantify the logistics costs and identify the components that constituted it.

"The report is timely. It supports India's initiative to build its manufacturing sector," he said.

## India COP28...

India's stance is that since most WTO members are represented at the United Nations Framework Convention on Climate Change (UNFCCC) and participate in its negotiated outcomes, such as COP28, non-trade matters like the environment should be han-

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