

Logistics cost 8% of GDP: DPIIT report

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The country's logistics cost is estimated at 7.97 per cent of India's gross domestic product (GDP) in 2023-24, according to a Department for Promotion of Industry and Internal Trade (DPIIT) report.

It was prepared by NCAER (National Council of Applied Economic Research) for the department.

The report said estimates derived for the previous five years show that the pace of growth in the logistics cost is gradually slowing down.

This may be attributed to several initiatives such as PM Gati Shakti National Master Plan; dedicated freight corridors; Sagarmala project; integrated check posts; and development of the unified logistics interface platform, it said.

"As per the current assessment pre-

pared by NCAER for DPIIT, logistics costs in India are estimated at about 7.97 per cent of total GDP," the report added.

A report on Assessment of Logistics Cost in India was launched last week by Union Commerce and Industry Minister Piyush Goyal.

With this, the country has now a comprehensive and scientifically derived estimate of logistics costs.

The development is important as until now, logistics costs in India were often misrepresented, with commonly cited figures of 13-14 per cent of GDP derived from external studies or partial datasets.

This led to inconsistent estimates, causing confusion among policymakers and global stakeholders.

The report provides a comprehensive framework by capturing logistics costs across different transport modes, prod-

uct categories, and firm sizes.

It also presents estimates of freight cost per tonne-kilometre and highlights the role of multi-modality in enhancing efficiency.

Further, according to the report, rail logistics emerges as a cost-efficient mode, with an average cost of ₹1.96 per tonne per km, significantly lower than road transport (₹11.03), in cases where the first/last mile of the consignment is not taken into consideration. "Air transportation is the most expensive, albeit the fastest, mode of freight transportation, averaging ₹72 per tonne per km, which largely limits its use to high-value, time-sensitive commodities," it added.

Citing a report, it said logistics costs in Indonesia were relatively high at 24 per cent of GDP, while in South Korea they were much lower at around 8 per cent. In 2023, China estimated its logistics costs as 14.4 per cent of its GDP.

