



## Logistics Performance Index 2023

**For Prelims:** Logistics Performance Index (LPI), National Logistics Policy (NLP), PM Gati Shakti initiative.

**For Mains:** PM Gati Shakti, Significance of National Logistics Policy, Significance Investment in infrastructure for Economic Growth

### Why in News?

India has climbed six places on the [World Bank's Logistic Performance Index \(LPI\) 2023](#), now ranking **38<sup>th</sup> in the 139 countries index**.

- This is a significant improvement from its **previous ranking of 44<sup>th</sup> in 2018 and 54<sup>th</sup> in 2014**.
- Earlier, the Ministry of Commerce and Industry released the [Logistics Ease Across Different States \(LEADS\) Report 2022](#).

### What is LPI?

- The LPI is an interactive benchmarking tool **developed by the World Bank Group**.
  - It helps countries identify the challenges and opportunities they face in their performance of trade logistics and what they can do to improve their performance.
- It measures the **ease of establishing reliable supply chain connections** and the structural factors that make it possible. The LPI considers 6 parameters to evaluate logistics performance, namely:
  - **Customs performance**
  - **Infrastructure quality**
  - **Ease of arranging shipments**
  - **Logistics services quality**
  - **Consignment tracking and tracing**
  - **Timeliness of shipments**
- The LPI was reported by the World Bank **every two years** from 2010 to 2018 with a **break in 2020 due to the COVID-19 pandemic** and a restructuring of the index methodology, eventually came out in 2023.
  - LPI 2023 allows for **comparison across 139 countries and for the first time, LPI 2023 measures the speed of trade** with indicators derived from big datasets tracking shipments.

### What Aspects Led to India's Improved Logistics Performance?

- **Policy Interventions:**
  - **PM Gati Shakti Initiative:** In October 2021, government announced the PM Gati Shakti initiative, a **National Master Plan for multimodal connectivity**.
    - This initiative aims to reduce logistics costs and boost the economy by 2024-25.
  - **National Logistics Policy (NLP):** The PM launched the **National Logistics Policy (NLP) in 2022 to ensure quick last-mile delivery, end transport-related challenges, save**

**time and money** for the manufacturing sector and ensure desired **speed in the logistics sector**.

- These policy interventions are fructifying, which can be seen in India's jump in LPI and its other parameters.

▪ **Infrastructure Improvements:**

- According to the LPI report, **India's rank moved up five places in the infrastructure score from 52<sup>nd</sup> in 2018 to 47<sup>th</sup> in 2023.**
- The government has invested in trade-related soft and hard infrastructure, **connecting port gateways on both coasts** to the major economic centers located in the interior regions of the country.
  - This investment has paid off, with India climbing to the **22<sup>nd</sup> spot for international shipments in 2023 from 44<sup>th</sup> in 2018.**

▪ **Technology's Role:**

- Technology has been a critical component of India's logistics performance improvement efforts.
- Under a public-private partnership, the **government has implemented a supply chain visibility platform**, which has contributed to remarkable reductions in delays.
  - **NICDC Logistics Data Services Limited** applies radio frequency identification tags to containers and offers consignees end-to-end tracking of their supply chain.
- The report also states that emerging economies like India are **leapfrogging advanced countries due to modernization and digitalization.**

▪ **Reduced Dwell Time:**

- Dwell time is **how long a vessel spends at a specific port or terminal.** It may also refer to the **amount of time that a container or cargo spends at a port or terminal before being loaded** onto a vessel or after being unloaded from a vessel.
  - **India's very low dwell time (2.6 days)** is one example of how the country has improved its logistics performance.
- According to the report, the average dwell time for containers between May and October 2022 was **3 days for India and Singapore**, much better than in some of the industrialized countries.
  - The dwell time for the **U.S. was 7 days and for Germany, it was 10 days.**
- With the introduction of cargo tracking, **dwell time in the eastern port of Visakhapatnam fell from 32.4 days in 2015 to 5.3 days in 2019.**

## What are India's Initiatives Related to Logistics?

- [Multimodal Transportation of Goods Act, 1993.](#)
- [Multi Modal Logistics Parks](#)
- [Dedicated Freight Corridor](#)
- [Sagarmala Projects](#)
- [Bharatmala Project](#)

## UPSC Civil Services Examination Previous Year Question (PYQ)

**Q.** "Investment in infrastructure is essential for more rapid and inclusive economic growth." Discuss in the light of India's experience. **(2021)**

**Source:** [TH](#)

