

Logistic Performance Index (LPI) 2023

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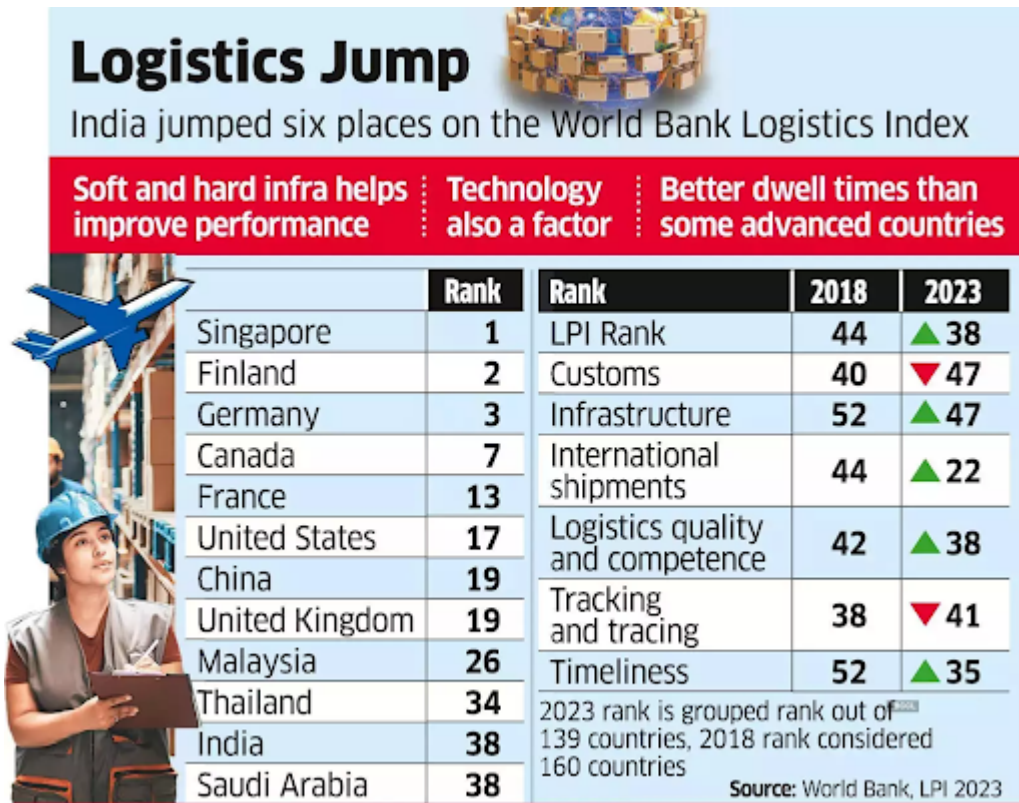
In news—The World Bank's Logistic Performance Index (LPI) 2023 report has been released recently.

Key highlights-

- The LPI **covers 139 countries, and measures the ease of establishing reliable supply chain connections and the structural factors** that make it possible, such as the quality of logistics services, trade and transport-related infrastructure, and border controls.
- The 2023 LPI for the first time measures the speed of trade with indicators derived from big datasets tracking shipments.
- The 2023 edition includes an extended dataset consisting of (i) the survey-based Logistics Performance Index (LPI), which results from the traditional LPI survey of logistics professional and (ii) new key performance indicators (KPI) measuring the actual speed of trade around the world.
- The new KPI are derived from large global tracking datasets (Big Data) covering shipping containers, air cargo, and parcels.
- 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.
- According to LPI 2023, end-to-end supply chain

digitalization, especially in emerging economies, is allowing countries to shorten port delays by up to 70% compared to those in developed countries.

- Moreover, demand for green logistics is rising, with 75 percent of shippers looking for environmentally friendly options when exporting to high income countries.



India's ranking-

- As per LPI India now ranking 38th in the 139 countries index.
- India was ranked 44th on the index in 2018 and has now climbed to 38th in the 2023 listing.
- India's performance has drastically improved from 2014, when it was ranked 54th on the LPI.
- According to the report, India's rank moved up five places in infrastructure score from 52nd in 2018 to 47th in 2023. It climbed to the 22nd spot for international shipments in 2023 from 44th in 2018 and moved four places up to 48th in logistics competence and equality.
- In timelines, India witnessed a 17-place jump in

rankings, whereas it moved up three places in rank in tracking and tracing to 38th. The report quotes modernisation and digitalisation as a reason for emerging economies, like India, to leapfrog advanced countries.

- According to the report, the average dwell time for containers between May and October 2022 was three days for India and Singapore, much better than in some of the industrialised countries. The dwell time for the U.S. was seven days and for Germany, it was 10 days.
- 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. Shipping container vessels operate on schedules and delays in any particular port are felt across the service.
- The shorter the dwell time, the lower the vessel and marine-terminal operating costs.

Driving forces behind improvement in India's rank-

- Government of India had announced PM Gati Shakti initiative, a National Master Plan for multimodal connectivity, in October 2021 to reduce logistics cost and boost the economy by 2024-25.
- In 2022, the Prime Minister launched the National Logistics Policy (NLP) to ensure quick last-mile delivery, end transport-related challenges, save time and money of 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.