**Ministry of Commerce and Industry**

**Logistics Ease Across Different States (LEADS) Report, 2021**

**Relevant to Mahindra Logistics & LMM**

**Context**

Efficient logistics ecosystem is considered to act as a catalyst in enhancing the competitiveness of all the sectors of the economy. Thus, improving supply chain efficiencies and reducing logistics costs are fundamental to India capitalizing on this strategic shift and meeting the well-defined aspiration to become a US$ 5 trillion economy by 2025.

Improvement in Logistics is the cornerstone of the Government’s push towards achieving Aatmanirbhar Bharat.

Recognizing the need to instil a logistics and supply chain mindset across States/UTs and to enable constructive competition among states, the Ministry of Commerce and Industry (MoCI) launched a study, “Logistics Ease Across Different States (LEADS)” in 2018 with the main objective of ranking States and UTs on the efficiency of their logistics ecosystem.

The index evaluated the EXIM logistics ecosystem in the States considering perception-based feedback of key logistics stakeholders at state level.

**Highlights**

* The LEADS report is aimed at gauging the logistics performance of states and Union Territories (UT) and identifying areas where they can improve logistics performance.
* States are ranked based on quality and capacity of key infrastructure such as road, rail and warehousing as well as on operational ease of logistics including security of cargo, speed of terminal services and regulatory approvals.
* The report is structured along the three dimensions which collectively influence logistics ease- Infrastructure, Services, and Operating and Regulatory Environment which are further categorised into 17 parameters

**Improvements made in 2021**

* Firstly, objective parameters have been used along with the perception-based indicators for index formulation. The objective parameters in the LEADS 2021 Index are introduced by way of objective survey instruments administered to the States/UTs and by the inclusion of secondary datasets on logistics across the State/UT level.
* The overall index is based on twenty-one indicators including seventeen perception indicators and four objective indicators.
* Secondly, the statistical methodologies to build the index has been updated to get more robust results given change in the overall framework.
* The survey was conducted during May-August this year and the exercise garnered 3,771 responses from 1,405 respondents across the country.

**Necessity**

* India’s logistics costs account for 13-14% of Gross Domestic Product (GDP), compared to 7-8% in developed countries.
* The government was aiming to bring down logistics costs by 5% over the next 5 years.  
  Estimated logistics costs in India are currently about 14%, which is quite high compared to 8-10% globally.
* Efficient logistics was pivotal to bring ease and empowerment to businesses as well as citizens.
* Logistics contributed immensely in our fight against[Covid-19](https://www.drishtiias.com/printpdf/coronavirus-disease-named-covid-19) by taking essential supplies including liquid Medical Oxygen throughout the country during the [2nd wave.](https://www.drishtiias.com/daily-updates/daily-news-analysis/reasons-for-rising-covid-19-infections-second-wave)

**Ranking of States**

**Top Performers**

* Gujarat, Haryana and Punjab have emerged as the top performers in the LEADS 2021 index respectively.
* This is the third year in a row that Gujarat remained on top of the rankings.
* Delhi stands at the top rank among Other UTs.

North Eastern States and Himalayan Region

* Jammu and Kashmir is the top ranker followed by Sikkim and Meghalaya.

**Conclusion**

States should frame state level logistics policy & logistics master plan, use single-window clearance system for logistics, establishment of grievance redressal mechanism and enable skilling in logistics through State skilling infrastructure.

Timeline

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