

India Freight and Logistics - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2017 - 2029

Market Report | 2024-02-17 | 305 pages | Mordor Intelligence

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Report description:

The India Freight and Logistics Market size is estimated at USD 317.26 billion in 2024, and is expected to reach USD 484.43 billion by 2029, growing at a CAGR of 8.83% during the forecast period (2024-2029).

Growing government initiatives and programs like Bharatmala Pariyojana and the Sagarmala projects driving industry demand

- The government is constantly changing the regulations associated with the road freight transport industry, such as restricting trucks above the age of 15 years to phase out older and polluting vehicles from the country. The implementation of GST has shifted all manual transactions to digital mode, with e-way bills and Fastags ensuring more transparency into the system. The government has even revised Axle norms to increase load capacity, which has negatively impacted small fleet operators.
- Small fleet owners dominate the industry, accounting for 70% of all fleets, operating at a margin of 8-12% and with an average of 12-15 transaction days per month. SFOs primarily operate on spot bookings, while MFOs and LFOs work on LHAs. The Indian road freight market has witnessed an average CAGR during 2014-19, thanks to the revision of BF VI norms, the scrappage policy, GST, and new axle norms from the government, as well as a rise in average highway construction of roads.
- The development of the Bharatmala Pariyojana and the Sagarmala projects, along with the Eastern and Western Dedicated Freight Corridors and developments of ports through public-private partnership projects, has stimulated growth in the market. To assess seasonality fluctuations in demand, freight rates are usually high during the festive season in September-December, with WAFC being USD 0.036/tonnes/km in 2019.

India Freight and Logistics Market Trends

The road sector dominates India's transportation industry, contributing around 3.75% to GDP

- India's road transportation services led the pack in 2021, contributing the most substantial gross value added (GVA) at over INR 3 trillion (USD 36.3 billion). This marked a decrease from the preceding fiscal year. Communication and broadcast services secured the second position, with a GVA of around INR 2.2 trillion (USD 26.62 billion) during the same period. The logistics sector is pivotal in facilitating the seamless flow of goods and services within the country and internationally. This diverse array encompasses prominent domestic entities, global industry frontrunners, the postal service's express division, and emerging startups specifically aiming to facilitate e-commerce deliveries.
- The transportation industry contributed around 3.75% of the GDP, and the road sector dominates. More than 50% of freight and 90% of passenger traffic are handled by road. Government and private investments, rising exports, the increasing interstate movement of goods and passengers, the growing FMCG sector, and rising disposable incomes are the major drivers of the transportation industry in India. To boost connectivity across the country, 100% FDI has been allowed in the roads and highway sector via automatic routes.
- India's road transport sector registered an improvement in prices in December 2021 due to higher industrial activity, even as demand for transportation from the consumer goods sector declined. In 2022, India was a major manufacturing hub in Asia, and infrastructure advancements made it easier for manufacturers to import goods and guarantee a higher export level. Due to the significant advancement in rail transportation that ensures faster transit times, it cannot operate on a low inventory model.

Owing to numerous tax hikes in the country fuel prices are expected to increase in 2023

- Fuel costs sky-rocketed to current levels due to the combined effects of rising benchmark brent prices and numerous tax hikes over the past few years. According to the All-India Motor Transport Congress, which represents more than 14 million truckers and bus and tourist vehicle operators, the soaring fuel prices are impacting India's truckers as they have limited ability to pass on the rising prices, which account for 70% of the cost of operating a truck. India's oil demand growth is expected to reach 2,46,000 barrels per day (bpd) in 2023, revised higher by 14,000 bpd on robust petrol and diesel sales. The country's oil demand will likely grow by about 11% in 2024.
- As per the official data by Petroleum Planning and Analyses Cell, petrol prices rose by a whopping USD 0.28 per liter between April 1, 2020, and March 31, 2021, the highest ever levels to be recorded so far. India's petrol demand rebounded to above pre-COVID-19 levels in 2021 and is expected to be 24% higher than 2019's level in 2023.
- The diesel price increase was less sharp than the increase in petrol prices due to VAT cuts offered by several state governments to keep the price rise of diesel under manageable levels. Oil marketing companies have been lenient on diesel price rises lately, reducing the quantum of a hike compared to petrol. In 2022, global crude prices reached an all-time high as Russia's invasion of Ukraine threatened to curtail supply, whereas the impact on fuel in India has been minimal. Domestic demand for gasoline, used mainly in passenger vehicles, is expected to rise by 7.1% to 37.8 million tonnes in 2023. However, fuel prices were hiked, and the consumption demand decreased due to high inflation, which impacted the economic recovery of India.

India Freight and Logistics Industry Overview

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The India Freight and Logistics Market is fragmented, with the top five companies occupying 1.85%. The major players in this market are Container Corp. of India Ltd, DB Schenker, Delhivery, Deutsche Post DHL Group and Kuehne + Nagel (sorted alphabetically).

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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