

India Last-Mile Delivery Market Assessment, By Service Type [B2C, B2B, C2C], By Technology [Autonomous Vehicles, Non-Autonomous Vehicles, Drone], By Application [E-commerce, FMCG, Others], By Delivery Time [Regular Delivery, Same-Day Delivery], By Destination [Domestic, International], By Region, Opportunities and Forecast, FY2018-FY2032F

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Report description:

India last-mile delivery market is projected to witness a CAGR of 13.03% during the forecast period FY2025-FY2032, growing from USD 4.75 billion in FY2024 to USD 12.65 billion in FY2032.

India last-mile delivery market is growing rapidly, primarily due to the booming e-commerce space and online retail sectors. As consumers increasingly prioritize online shopping for its convenience, competitive pricing, and wide range of products, the demand for efficient last-mile delivery services has surged. Factors such as rising internet penetration and smartphone usage have made online shopping accessible to a broader population, including those in rural areas. Urbanization has also improved the infrastructure and logistics networks, making it easier to deliver goods on time in densely populated cities. Modern consumers now expect speedy delivery options, including same-day or next-day services, which is why companies are investing in advanced technologies such as AI and machine learning to enhance their delivery capabilities.

Hyperlocal delivery models have gained massive traction in the market owing to faster deliveries from local stores directly coming to consumers' doorstep. Also, the government's initiative to improve logistics infrastructure and digital transactions has intensified the growth of India last-mile delivery market. With sustainability taking center stage, companies have become environmentally responsible by following sustainable practices for deliveries, such as leveraging electric vehicles. The amalgamation of all these factors makes India's last-mile delivery sphere an extremely dynamic ecosystem, all set for solid growth in the future.

For instance, in January 2025, Shipway, the logistics aggregation arm of Unicommerce, partnered with India Post to enhance the last-mile delivery services for e-commerce brands and retail companies, ensuring seamless deliveries to remote locations. The

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partnership will provide last-mile delivery services beyond large cities, enabling online sellers and D2C brands to access India Post's extensive network of about 1,59,000 post offices nationwide. This will also allow sellers to ship to remote locations and cater to the consumer demand across regions where currently no service provider operates.

Rapid Expansion of E-Commerce and Online Retail Driving Market Growth

The exponential growth in the e-commerce and online retail sectors remains the main driver behind the surging progress of India last-mile delivery market. The growing use of the internet and smartphones leads to millions of Indian consumers embracing online shopping. The increase in internet penetration and smartphone usage further opens a humongous pool of online consumers in tier 2 and 3 cities. The comfort of e-commerce retail, including online shopping from anywhere, a range of products, and lucrative discounts, makes its attractive.

Affordable data plans that help expand e-commerce and the last-mile delivery market in India have evolved in this digital domain. Logistics infrastructure investment also stands as a significant booster for efficiency in delivery reach, making delivery possible in remote areas. To maintain their competitive edge, logistics companies are investing in technologies such as machine learning, artificial intelligence, and IoT to optimize routes and track vehicles in real time. The popularity of hyperlocal delivery models further supports quicker deliveries from local stores directly to customers. Companies are focusing on sustainable delivery practices by using electric vehicles and thereby promoting eco-friendly methods in line with growing consumer preference for green initiatives. Collectively, these factors contribute to the dynamic growth of India last-mile delivery market, thus strengthening its relevance in the e-commerce space.

For example, in June 2023, Government e-Marketplace (GeM), an online platform launched by the Government of India to facilitate the public procurement of goods and services by various government departments, public sector undertakings (PSUs), and autonomous bodies closed FY23 with USD 46.92 billion (INR 4 lakh crore) in Gross Merchandise value (GMV), thus doubling its GMV clocked at the end of previous Fiscal Year. In this FY, the highest procuring states such as Gujarat, Uttar Pradesh, and Delhi, have helped States well surpass the earmarked public procurement target of this year. This shows the growth made by the Indian market in E-commerce in recent years, which has led to the rise of the last-mile delivery market.

Adoption of Technology and Automation Fuel India Last-Mile Delivery Market Growth

The most prominent trends in India last-mile delivery market are its adoption of advanced technologies and automation. Most logistics companies have been implementing artificial intelligence, machine learning, and IoT to optimize the delivery process. AI and ML are especially important for routing optimization, meaning that route optimization is enabled for a delivery driver who can thereby find the shortest routes that save on fuel consumption and minimize delays. It also empowers companies to anticipate demand patterns, thus ensuring better management of inventory and improved service levels. Also, real-time tracking and visibility are now crucial to enhance the customer experience. With GPS-enabled tracking, customers can track their packages in real-time, receiving updates on the delivery status and expected arrival times. Integration with digital platforms that provide tracking features has become the new normal in the industry. Automation of warehouse and fulfillment operations also involves the use of robotics for faster sorting and packaging processes.

For example, in October 2023, Amazon launched a new robotic system in time to help fulfill customer orders for seasonal shopping during high demand. Sequoia will improve customer satisfaction with faster and more accurate delivery estimates while enhancing the safety of its employees in facilities. The company's new technology allows it to recognize and put away inventory into the fulfillment centers 75% faster than existing practices, which significantly streamlines the process. This new technology will increase the speed and smoothen the process of last-mile delivery.

Increasing Consumer Demand for Quicker and Flexible Deliveries Drives Market Growth

With consumer behavior always in a state of flux, the nation's last-mile delivery market has undergone a sea change. Personalized deliveries stand as the most dominant shift wherein consumers seek specific time slots, weekend deliveries, and even same-day services, which are essential for enhancing customer satisfaction and loyalty. Companies are using modern technological inventions such as machine learning and artificial intelligence to optimize route delivery, predict demand, and offer deliveries right on time, leading to low operational costs and enhancing overall efficiency. Moreover, with GPS and IoT devices' integration, it is easier to trace deliveries in real-time for customers, giving peace of mind, and monitoring fleets of logistics providers on a timely basis. Along with a growing trend in hyperlocal delivery models, there is an equally prevalent trend of the delivery of goods directly from local stores to customers, thereby reducing delivery time and simultaneously helping local businesses. Sustainability

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concerns are rising in the delivery sector, with companies proactively embracing environmentally friendly methods such as electric vehicles and bicycle couriers to reduce their carbon footprint. The amalgamation of these factors propels the dynamic growth and development of the India last-mile delivery market as it continually modifies itself according to the changeable demands and expectations of the contemporary consumer.

For instance, in January 2025, Zomato, a major Indian food delivery company, introduced a 15-minute delivery tab under its app explore section, currently available in select locations across Mumbai and Bengaluru. With this feature, Zomato competes with Swiggy Bolt, Zepto Cafe and more in catering to customers with quicker and more flexible delivery options.

Business-to-Consumer Segment Dominates India Last-Mile Delivery Market

The Business-to-Consumer (B2C) segment spearheads India last-mile delivery market. The rapid expansion of e-commerce platforms has spiraled the demand for B2C deliveries as consumers increasingly look towards online shopping for convenience, variety, and competitive pricing. Major cities such as Bengaluru, Mumbai, and Delhi, backed by consumers immensely relying on e-commerce purchases, also necessitate highly efficient last-mile delivery services. Furthermore, the integration of technology contributes to market growth. New developments such as route-optimizing software and the potential of tracking packages at a real-time level ameliorate the efficiency and reliability of B2C delivery. The main expectation of modern consumers is fast, reliable, and often same-day delivery services, which makes it essential for companies to invest in logistics and delivery infrastructure to fulfill the expectations of such consumers. Governmental policies in terms of supporting commerce and logistics e-commerce development in the country provide an atmosphere favorable to growth and expansion in B2C deliveries.

Consequently, the B2C market is not only flourishing but is also changing the nature of logistics strategies across the country. For instance, in November 2024, Zepto announced that the consumer internet company raised funding of USD 350 million in its latest round, marketing the largest 100% domestic fundraiser in India's startup ecosystem. The round included investments from Indian HNIs, family offices, and financial institutions.

For instance, in December 2024, India's pioneering on-demand convenience platform, Swiggy, announced that it has scaled up its staple 10-minute food delivery service, Bolt, to 400+ cities and towns across India. Bolt, which was initially launched in Bangalore, Chennai, Hyderabad, New Delhi, Mumbai, and Pune, is now active not only in emerging hubs such as Jaipur, Lucknow, Ahmedabad, Indore, Coimbatore, and Kochi but also in Tier 2 and 3 cities such as Roorkie, Guntur, Warangal, Patna, Jagtial, Solan, Nashik, Shillong amongst others.

Southern Region Dominates India Last-Mile Delivery Market Share

Southern India dominates the nation's last-mile delivery space in cities such as Bengaluru, Chennai, and Hyderabad. The region provides a pool of opportunities for e-commerce companies with online retailers operational in these cities. Infrastructures are improving dramatically with rapid urbanization thereby supporting efficient last-mile functions and operations. The tech-savvy population in the South prefers online shopping, which further boosts the need for innovative delivery solutions such as app-based ordering and real-time tracking. Major e-commerce hubs will generate a high volume of delivery orders, while advanced logistics infrastructure, such as well-maintained roads and efficient warehousing facilities, will facilitate smooth operations. Higher internet penetration rates elevate online shopping activity, and the support of government policies encourages the growth of the e-commerce and logistics sectors. Together, these elements make Southern India the frontrunner in last-mile delivery, staying in sync with the changing needs of both consumers and businesses.

For instance, in August 2024, Flipkart Minutes, Flipkart's quick commerce service, was launched in Bengaluru. The new offering promises lightning-fast 8-16-minute deliveries for a diverse range of products, spanning from groceries to electronics. The launch of Flipkart Minutes comes when other players in the quick commerce space are aggressively expanding their operations.

Future Market Scenario (FY2025 - FY2032F)

□ Fully and partially electric vehicles, drones, autonomous delivery vehicles, and AI-driven logistics solutions are going to transform the last-mile delivery landscape and make it efficient and more cost-effective for producers.

□ Growing demand for eco-friendly delivery methods includes electric vehicles and bicycle couriers, reflecting conscious consumerism and evolving consumer preferences.

□ Major metropolitan cities such as Delhi, Mumbai, and Bengaluru will continue to dominate the market, but Tier 2 and Tier 3 cities are emerging as key growth areas due to increasing digital adoption and improved logistics infrastructure.

□ Supportive regulatory frameworks and government initiatives aimed at improving infrastructure and logistics networks will further

fuel market expansion.

Key Players Landscape and Outlook

The competitive landscape of the India last mile delivery market is rapidly evolving with increasing demand for e-commerce, urbanization, and rising consumer expectations for faster delivery. Major metropolitan areas such as Delhi, Mumbai, and Bengaluru dominate the market; however, Tier 2 and Tier 3 cities are emerging as significant growth areas due to improved logistics infrastructure and digital adoption. Companies are competing on several fronts, which includes technological innovation where companies have adopted advanced solutions such as drones and AI-driven logistics for greater efficiency and lower costs. Sustainability has also emerged as a significant competitive factor, with many companies now adopting environmentally friendly delivery methods, such as electric vehicles and bicycle couriers, to keep pace with the shifting preferences of consumers. Customer experience through real-time tracking and flexible delivery options is also critical for retaining consumer loyalty. Strategic partnerships between e-commerce platforms, logistics providers, and technology firms create integrated delivery ecosystems that drive competition.

In October 2024, The Department of Posts and Amazon Transportation Services signed a new MoU to further develop their collaboration already in progress. This will involve the development of parcel transmission and delivery throughout India by leveraging the postal network and Amazon's technology. It will help benefit rural regions and boost the e-commerce sector in India.

In July 2024, DTDC Express Ltd collaborated with Skye Air Mobility to launch drone-based deliveries, marking a significant step towards sustainable and efficient last-mile delivery. The first delivery covered 7.5 km in 3-4 minutes. DTDC plans to extend this service across India, aiming to improve logistics and reduce carbon emissions while maintaining technological growth aligned with societal needs.

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*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available during research work.

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