

LOGISTICS ZENITH

Key Drivers & Indicators for
Logistics Sector Growth in India





“Strong economies ride on efficient logistics ecosystem, while efficient logistics ecosystem turns distance into opportunity for the economy.”



FOREWORD



Vikash Khatri
Founder, Aviral Consulting

Economic activities in any economy and logistics go hand in hand in growth journey. Core economic indicators like GDP, inflation, and trade volumes have direct correlation with the volume of material movement in any geography. GDP reflects overall economic activity, and its rise signals higher production and consumption, thereby increasing the need for efficient logistics services. Inflation directly influences not only logistics costs but also logistics volumes. High inflation can reduce disposable income, leading to weaker demand and lower logistics volumes, while lower inflation ensures cost stability leading to higher consumption. In the reverse way, efficient logistics acts as a backbone for economic activity by enabling the smooth and timely flow of goods, services, and resources across industries and regions. When transportation, warehousing, and distribution systems operate seamlessly, businesses experience lower operational costs, faster turnaround times, and improved supply chain reliability.

Recognizing these interconnections helps stakeholders prepare for shifts in the economy that affect logistics. A slowdown in GDP growth may point to reduced demand for logistics, prompting operational adjustments, while rising trade volumes present opportunities for scaling up services and investing in new capabilities.

Tracking GDP, inflation, PMI, and trade volumes allows businesses and policymakers to anticipate changes and make decisions aligned with economic realities. This report examines key trends and indicators, offering valuable insights for logistics providers, users, and policymakers to shape effective short- and long-term strategies for the sector.



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ABSTRACT

The global economy in 2025–26 is navigating a phase of modest recovery amid persisting structural challenges and rising trade uncertainties. According to the latest projections, world output is expected to grow by 3.0% in 2025 and 3.1% in 2026, below the pre-pandemic average of 3.7%. Advanced economies remain constrained by tight financial conditions and demographic headwinds, while emerging markets, particularly India and China, are expected to sustain higher growth. Global trade, however, faces significant headwinds from tariff escalations and policy uncertainty, with merchandise volumes forecast to decline marginally in 2025. Inflationary pressures are easing across most regions, though risks from tariffs, geopolitical instability, and prolonged monetary tightening weigh heavily on the outlook.

India continues to stand out as the world's fastest-growing major economy, with projected growth of 6.5–7.0% in 2025, supported by robust domestic demand, strong capital expenditure, and resilient exports. Macroeconomic stability, record foreign exchange reserves, buoyant capital markets, and policy reforms under the Atmanirbhar Bharat framework—such as the Production Linked Incentive (PLI) scheme—are laying the foundation for sustained growth. However, rising U.S. tariffs pose a near-term challenge to key export sectors including textiles, gems and jewelry, and auto components. India's trade and manufacturing trends have direct implications for its logistics sector. Export–import activity reached \$820.93 billion in FY25, while major ports handled over 853 million tonnes of cargo. Air cargo volumes also hit record levels, supported by e-commerce and global supply chain disruptions. Meanwhile, domestic manufacturing expanded under the PLI scheme, driving demand for warehousing, multimodal connectivity, and value-added logistics services. Infrastructure initiatives are transforming India's logistics landscape, reducing costs and improving efficiency.

Key economic indicators reinforce this momentum. GST collections doubled between FY21 and FY25, reflecting formalization and stronger consumption, while e-way bill generation surged, indicating healthy domestic trade. Inflation trends moderated significantly, reducing logistics costs, while the Consumer Confidence Index and Purchasing Managers' Index signaled resilience in consumption and manufacturing. However, challenges persist: commercial vehicle sales moderated, high-speed diesel consumption flattened, and wholesale price deflation hinted at subdued industrial activity.

Looking ahead, India's logistics sector is expected to expand steadily, supported by government policies, infrastructure upgrades, and private investment. Road transport will benefit from rural demand revival; express logistics will gain from consumption recovery. Rail freight and coastal shipping are set for gradual expansion, aided by the DFC network and new port capacities. Despite external shocks such as tariffs and trade disruptions, India's logistics ecosystem is poised for transformation into a global hub, reinforcing its central role in the country's economic growth trajectory.

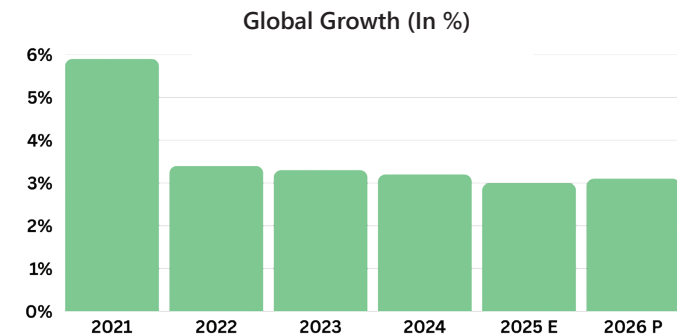
Global Economy Overview

The global economy is projected to expand by 3.0% in 2025 and 3.1% in 2026, according to the latest World Economic Outlook. These forecasts are slightly stronger than earlier updates, reflecting lower-than-expected US tariff rates, stronger front-loading of trade flows, improved financial conditions from a weaker dollar, and fiscal expansion in major economies. However, despite these improvements, growth remains below the 2024 outcome of 3.3% and the pre-pandemic average of 3.7%, highlighting persistent structural challenges. Some assessments warn of a weaker scenario, with growth potentially slowing to 2.3% in 2025—the slowest pace since 2008 outside of recessions—before a modest recovery in 2026–27.

expected to fade in the second half of 2025. The World Trade Organization (WTO) now predicts that global merchandise trade will fall by 0.2% in 2025. If trade tensions worsen—particularly through new tariffs—the decline could reach 1.5%, a significant departure from the 2.9% growth seen in 2024. Over the medium term, expansionary fiscal packages in surplus economies are expected to contribute to narrowing global imbalances. Asia and Europe are projected to see modest trade growth, with Asia's exports growing by 1.6%, and Europe's exports growing by 1.0%. Although goods trade faces headwinds, global services trade is expected to grow by 4.0% in 2025, though this is lower than previously forecast due to disruptions from tariffs. Weakness in goods trade negatively affects services like transport and travel. Persistent uncertainty also suppresses investment-related services.

Global Inflation

Inflationary pressures continue to ease, though unevenly across regions. Global headline inflation is projected to decline to 4.2% in 2025 and 3.6% in 2026, broadly in line with previous forecasts. Core inflation has fallen below 2% in several economies. In the United States, however, inflation is expected to remain above target through 2026, reflecting tariff pass-through and the weaker dollar. By contrast, the euro area is projected to see more subdued inflation, supported by currency appreciation and targeted fiscal measures. In China, headline inflation remains broadly stable, while core inflation is revised slightly upward to 0.5% in 2025 and 0.8% in 2026. Although global inflation curve is showing sign of stabilization below 4% in midterm, but significant geopolitical uncertainty looms and can destabilize it.



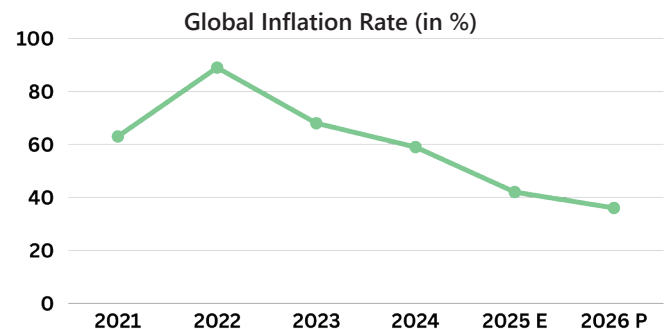
Source: IMF, Aviral Research & Analysis

Regional Trends

Growth prospects remain uneven across regions. Advanced economies are expected to expand modestly, at 1.5% in 2025 and 1.6% in 2026, constrained by tight financial conditions and demographic headwinds. The United States is forecast to grow by 1.9% in 2025 and 2.0% in 2026, supported by fiscal measures and accommodative financial conditions, though inflationary pressures remain. The euro area is projected at 1.0% in 2025 and 1.2% in 2026, with Ireland's pharmaceutical exports contributing significantly to the near-term uplift. Other advanced economies are expected to grow by 1.6% in 2025 and 2.1% in 2026. In emerging markets and developing economies (EMDEs), growth is forecast at 4.1% in 2025 and 4.0% in 2026. China's outlook has been upgraded to 4.8% in 2025 and 4.2% in 2026, reflecting stronger-than-expected early-year activity and tariff reductions. India continues to stand out, maintaining robust growth of 6.4% in both years, supported by resilient domestic demand and a favorable external environment. Growth in the Middle East and Central Asia is projected at 3.4% in 2025 and 3.5% in 2026, while emerging and developing Europe remains subdued at 1.8% in 2025 and 2.2% in 2026.

Global Trade

World trade volumes were projected to grow faster in 2025, in the short-term boost reflects front-loading of shipments in first half of 2025 amid elevated trade policy uncertainty and anticipated restrictions; momentum is



Source: IMF, Aviral Research & Analysis

Risks and Policy Priorities

The global outlook remains fragile, with risks tilted to the downside. Rising tariffs, prolonged trade tensions, higher-for-longer interest rates, and geopolitical disruptions could weigh on activity. On the upside, a predictable trade framework and easing of tariff measures could bolster confidence and growth. Policymakers must balance disinflation with growth while rebuilding fiscal buffers and advancing structural reforms. For EMDEs, priorities include strengthening institutions, mobilizing private investment, and addressing debt and climate-related vulnerabilities to sustain long-term growth.

Indian Economy Overview

India continues to hold its position as the world's fastest-growing major economy in 2025, with the IMF projecting a 6.4–6.5% expansion. It is expected that India will reach a GDP of Rs. 4,26,45,000 crore (US\$ 5 trillion) by 2027 and will become 3rd largest economy surpassing Germany by 2028. This comes at a time when the global economy faces uncertainty, underscoring India's resilience and consistency. The economy is being powered by strong private consumption, improving rural demand, rising exports, and robust government



Year	Nominal GDP (USD Trillion)	Global Rank
2015	2.1	7th/8th
2019	~2.9–3.0	5th
2024	~4.0	5th
2025	4.19–4.27	4th

capital expenditure. Gross Domestic Product (GDP)—a measure of the total value of goods and services produced within the country—grew by 8.2% in 2023–24, higher than the 7% recorded in 2022–23. Provisional estimates from the National Statistical Office (NSO) highlight that the final quarter of 2023–24 delivered a better-than-expected 7.8% growth. In 2024–25, real GDP growth stood at 6.5%, with the IMF projecting a similar pace for 2025. Other agencies echo this optimism, with the United Nations forecasting growth of 6.3% in 2025 and 6.4% in 2026, while the Confederation of Indian

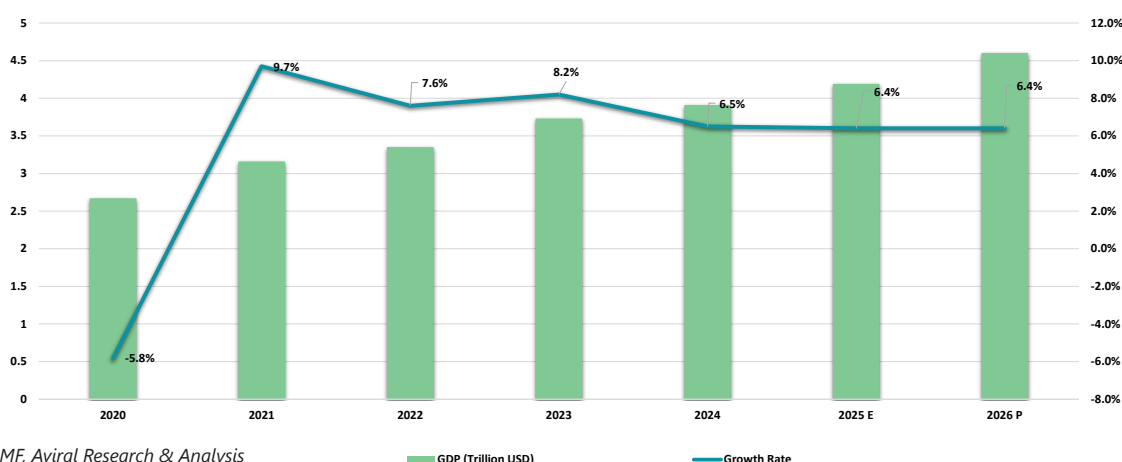
Industry places its estimate slightly higher at 6.4–6.7%. In Q1 of current financial GDP growth surpassed expectations for the second consecutive quarter, reaching a five-quarter peak of 7.8%, as per data from the statistics ministry released on Friday. This outpaces the 7.4% growth rate in January–March 2025 and the 6.5% growth recorded in the first quarter of 2024–25. Major boost has been contributed by service sector.

Beyond headline numbers, India's macroeconomic fundamentals remain strong. Foreign exchange reserves are at record highs, the current account deficit is well managed, and capital markets are buoyant, attracting growing foreign investment. Businesses are expanding capacity, public investment in infrastructure is accelerating, and stable borrowing conditions are supporting households and firms in making forward-looking decisions.

Driving this momentum is the vision of Atmanirbhar Bharat, backed by initiatives such as the Production Linked Incentive (PLI) schemes, MSME revitalisation, and rapid digital infrastructure expansion. These efforts are boosting innovation, entrepreneurship, and technological self-reliance, laying the foundation for sustained growth.

Although India's growth trajectory appears promising, but in the short run impact of tariffs will be actively visible on growth rate. In current context, next phase of growth will hinge on strengthening consumption and private investment along with ensuring inclusive development, job creation, and progress towards Sustainable Development Goals.

India's GDP Growth Trajectory (Trillion USD)



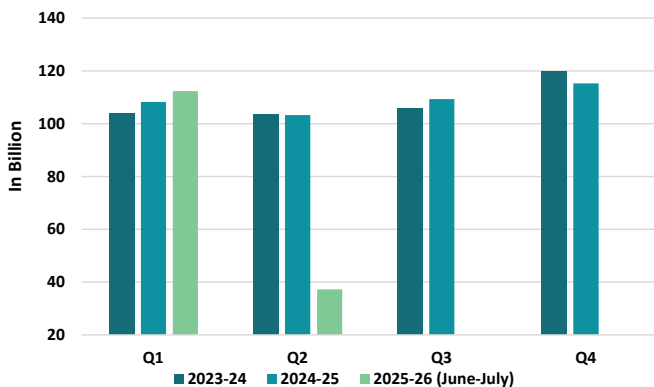
Source: IMF, Aviral Research & Analysis

EXIM Trade

Global trade remained under pressure in 2024–25, with the WTO projecting 2.6% growth in merchandise trade volumes and services trade expanding faster at around 6%, driven by digitalization and cross-border outsourcing. In this backdrop, India's trade performance stands out for its resilience and its direct impact on logistics demand. Export–import activity is not just about numbers—it directly drives logistics. Every rise in merchandise trade creates higher requirements for ports, shipping lines, inland transport, warehousing, and value-added services, while a slowdown quickly eases this pressure. Compared to services, merchandise trade has a stronger correlation with logistics, as physical cargo flows translate into tangible supply chain needs.

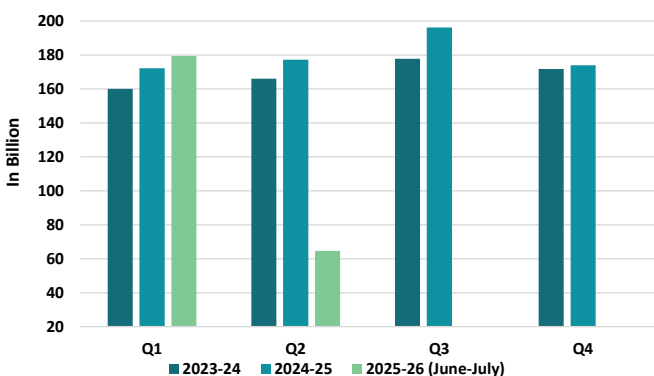
In FY 2024–25, India's total exports reached \$820.93 billion (up from \$778.1 billion), while imports stood at \$915.19 billion, leaving a trade deficit of \$94.26 billion. Merchandise exports touched a record \$437.42 billion, led by Engineering Goods, Electronics, Gems & Jewelry, and Pharmaceuticals. However, the merchandise trade deficit widened to \$282.83 billion, reflecting continued reliance on critical imports.

Export Merchandise



Source: PIB, Aviral Research & Analysis

Import Merchandise



Source: PIB, Aviral Research & Analysis

In Indian merchandise export share of USA is almost 20% with major sectors like engineering goods, electronics, pharmaceuticals, textiles, and gems & jewelry. Continuation of recently imposed trade tariff may impact India's merchandise export specially in RMG, textile, engineering, electronics, and gems & jewelry. To strengthen competitiveness, India is scaling up domestic production, expanding infrastructure, and

implementing policy reforms. The PLI scheme (\$24 billion) aims to boost sectors like electronics and pharma, reduce import dependence, and accelerate exports. Yet, meeting the \$2 trillion export target by 2030 (requiring ~19.5% annual growth) hinges on an efficient logistics ecosystem with seamless multimodal connectivity and cost reductions.

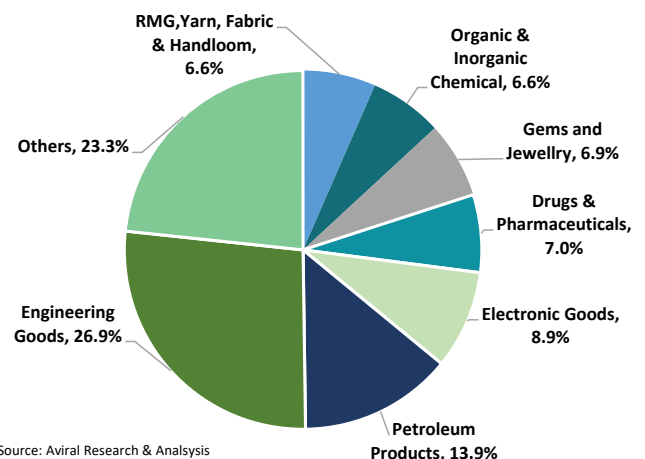
On the logistics front, major ports handled 853.57 MMT of cargo in FY 2024–25, up 4.22% year-on-year, driven by higher POL, fertilizers, and container volumes. Of this, overseas cargo contributed 77.1% and coastal 22.9%. Growth momentum continued into FY 2025–26, with 292.91 MMT handled in April–July 2025, up 5.19% YoY, and the top five ports managing over 63% of volumes.

Air cargo also saw record activity, with 3.6–3.7 MMT projected in FY 2025 (2.33 MMT international, 1.39 MMT domestic), supported by e-commerce and industrial demand. Global disruptions like the Red Sea crisis diverted some cargo from sea to air, further boosting volumes. Meanwhile, container freight rates fell 52.3% from \$5,900/FEU (July 2024) to \$2,812/FEU (July 2025), though select routes such as Asia–Northern Europe experienced temporary spikes.

Key Policy & Infrastructure Push

- **Export Promotion Mission (EPM):** ₹25,000 crore support via Niryat Protsahan and Niryat Disha schemes.
- **TIES scheme:** Investments in border haats, cold chains, labs, and warehouses.
- **Infrastructure projects:** Vadhavan Port, Vizhinjam Port, Navi Mumbai Airport, Trichy Dry Port, and the new Ahmedabad Integrated Cargo Terminal (handling 5,000 tonnes monthly, ~70% of city's international cargo).
- **FTAs:** New pacts, including the 2024 TEPA with EFTA, alongside earlier deals with Australia and the UAE, expanding market access.

Share in Total Merchandise Exports



Source: Aviral Research & Analysis

Manufacturing Growth

India's manufacturing sector continues to play a pivotal role in shaping logistics demand, with production trends directly influencing transport, warehousing, and export requirements. Government initiatives such as Make in India and the Production Linked Incentive (PLI) Scheme have provided policy support, encouraging domestic capacity expansion and reducing import reliance.

From April 2024 to March 2025 (FY25), India's Index of Industrial Production (IIP) rose from 147.7 to 164.8, while the Manufacturing Index increased from 144.6 to 160.9. Industrial growth remained steady in the 3–5% range, with manufacturing peaking in November 2024 at 5.8% before easing to 3% by March 2025. Sectoral momentum was supported by machinery, metals, and non-metallic mineral products, though mining and electricity dragged overall performance. However, when compared with the previous fiscal year, industrial growth showed a notable slowdown, with IIP growth moderating from 5.9% in FY24 to 4.0% in FY25, reflecting a loss of pace despite continued expansion in key manufacturing segments.

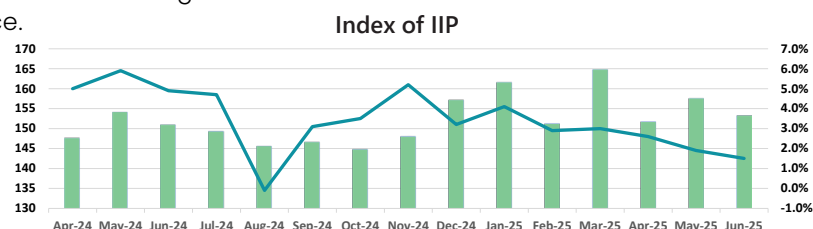
In April–June 2025 (Q1 FY26), growth slowed further. IIP expanded by just ~2% compared to ~5.4% in the same quarter last year. Manufacturing contracted slightly in April (-1.1%) but recovered in May (+3.2%) and June (+3.9%). The mixed trend highlights a moderation in industrial activity, with strong demand in machinery and consumer-oriented goods offset by persistent weakness in mining and electricity.

For logistics, these manufacturing patterns directly translate into sectoral demand variations. Rising output in metals and machinery supports higher bulk transport and warehousing, while electronics and pharma exports create opportunities in air cargo, ports, and cold chain logistics. Conversely, contraction in mining and energy reduces upstream raw material flows, requiring flexible adaptation by logistics networks.

Sector Growing/ Degrowing Categories in Manufacturing Index:

Growing	Degrowing
Electrical Equipment & Machinery	Leather & Related Products
Apparel & Textiles	Tobacco Products
Food Products & Beverages	Traditional Textiles (excluding high-value apparel)
Furniture & Wood Products	Mining & Electricity
Pharmaceuticals & Chemicals (specialty)	Basic Metals (marginal slowdown)
Other Manufacturing (electronics, optical goods, etc.)	

IIP index has continuously maintained positive growth rate along with some flattening of growth rate curve in last one year. Post consistent decline in growth rate for last few months IIP has improved to 3.5% in July. Which also indicate that demands have improved and volumes will grow in months to come.



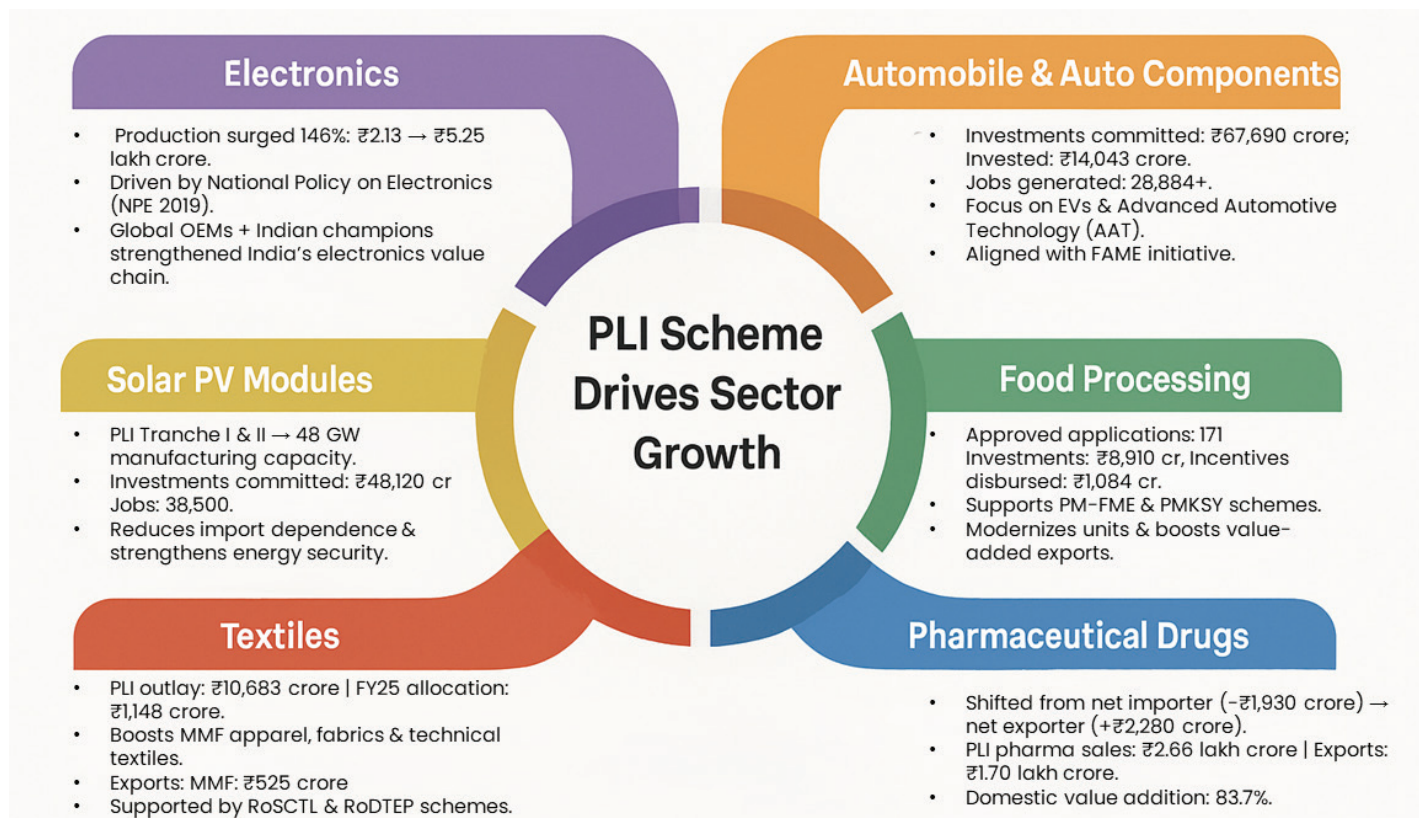
Source: PIB, MoSPI

Production-Linked Incentive (PLI) Scheme: Driving Manufacturing and Logistics Growth in India

The Production-Linked Incentive (PLI) scheme has emerged as a cornerstone of India's manufacturing policy, aimed at boosting domestic production, attracting investments, and enhancing export competitiveness. With a total outlay of ₹1.97 lakh crore (over US\$26 billion), the 14 approved PLI schemes have catalyzed significant industrial growth. By mid-2025, 806 applications across sectors had been approved, driving ₹1.76 lakh crore in investments, supporting incremental production/sales of over ₹16.5 lakh crore, and creating 12 lakh direct and indirect jobs. Electronics and pharmaceuticals remain the largest beneficiaries, accounting for roughly 70% of cumulative incentive disbursements, which have reached around ₹21,500–21,700 crore.

Looking back at 2024, the PLI program saw key operational improvements. Ministries moved to quarterly claim processing, accelerating payouts, while dashboards highlighted sector-specific progress. For example, the Food Processing PLI had attracted ₹8,910 crore in investments by October 2024, with ₹1,084 crore disbursed in incentives and employment generation of nearly 2.9 lakh people. In the IT hardware sector, cumulative production had crossed ₹10,245 crore, demonstrating robust uptake and momentum. By November 2024, committed investments under the scheme had reached ₹1.61 lakh crore, which further rose to ₹1.76 lakh crore in 2025 as projects moved from approval to implementation.

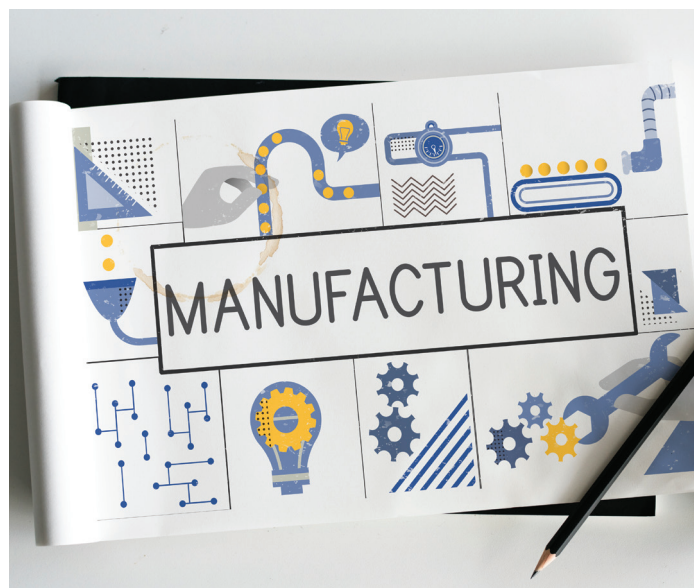




The Government has increased budget allocations for key sectors under the PLI Scheme for 2025–26, reinforcing its push to boost domestic manufacturing. Offering 4–6% incentives on incremental sales over five years, the scheme encourages higher production, new investments, job creation, and overall economic growth.

Implications for Logistics

The PLI scheme is expected to have a positive impact on India's warehousing and transportation sectors. As the manufacturing industry expands, the demand for warehousing, transportation, and logistics facilities will increase, as companies require more space to store and move their goods efficiently. This growth will create new job opportunities and further strengthen the logistics industry, which is vital for the overall development of the economy.



PLI : Reshaping logistics flows

Upstream inbound

Localisation in electronics/pharma will reduce import-dependency for components and APIs, shifting inbound from ports/air to more domestic vendor-to-plant trucking and multimodal.

In-plant & near-plant logistics

Rising output in clusters (NCR, TN, KA, MH, GJ) will lift demand for contract warehousing, transportation, cold chain (pharma/food), and packaging services.

Outbound & export

Electronics and drug formulations supported by PLI are feeding time-sensitive air cargo and containerised exports, changing lane-mix (more ICD-gateway moves) and tightening SLAs. With incentives concentrated in electronics and pharma in FY25, expect higher value-density freight, more Grade-A warehousing near manufacturing nodes, and increased demand for temperature-controlled and compliant storage.

Goods and Services Tax

GST Growth Reflects India's Expanding Logistics and Economic Backbone

India's Goods and Services Tax (GST) has grown into a vital pillar of the country's economic framework, reflecting not only tax revenue trends but also broader shifts in consumption, compliance, and formalization. As GST completes eight years, the government reports that collections have doubled over the past five years—from ₹11.37 lakh crore in FY21 to a record ₹22.08 lakh crore in FY25. This milestone highlights the maturity of the system and its pivotal role in strengthening fiscal capacity and transparency across sectors.

The momentum continued in FY25, with GST collections reaching ₹22.08 lakh crore, registering a 9.4% increase over the previous year. In FY24, total collections stood at ₹20.18 lakh crore, which itself was an 11.7% jump over FY23. This ongoing trend of **double-digit year-on-year growth** reflects both sustained economic growths. With FY26 already underway, the collection trend shows no signs of slowing down. In the first four months (April–July 2025) alone, gross GST collections totaled ₹8.18 lakh

crore, compared to ₹7.22 lakh crore during the same period last year. July 2025 recorded ₹1.95 lakh crore, while April 2025 hit an all-time high of ₹2.36 lakh crore — the **highest-ever monthly GST collection in India's history**.

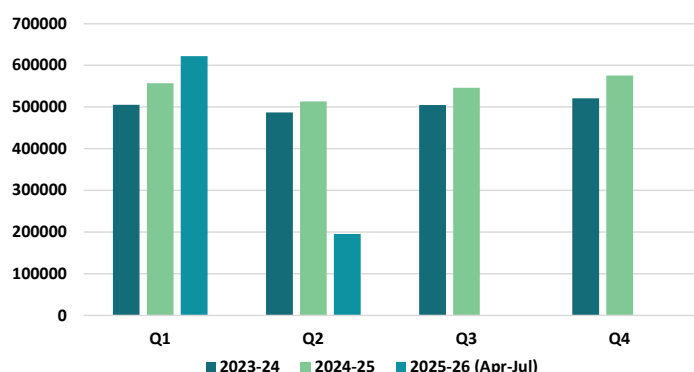
This consistent increase at the start of each fiscal year demonstrates growing formal economic activity and reflects robust domestic demand, particularly in key consumption-driven sectors. Moreover, it highlights improved compliance, supported by tools such as e-invoicing, e-way bills, and real-time tax monitoring systems.

The cascading impact of GST efficiency has been particularly visible in the rise of regional logistics hubs and the increased tax compliance from goods-intensive sectors. This synergy between manufacturing and logistics has driven economic activity, and created growth opportunities across warehousing, express delivery, and multimodal transport segments.

Additionally, the rise in GST revenue from sectors such as e-commerce, digital platforms, FMCG, and essential goods directly correlates with increased logistics demand — particularly in Tier 2 and Tier 3 cities. As consumption deepens geographically, logistics companies are expanding last-mile delivery capabilities and regional hubs, further embedding themselves in the fabric of India's formal economy.

Overall, the steady rise in GST collections mirrors the rapid growth and modernization of India's logistics industry. With the proposed transformation in GST tax structure, wherein GST on various categories is expected to move from 28% to 18% and from 12% to 5% structure, collection figures of GST will go down. But it will drive next wave of growth in consumption. Growth in consumption will create tailwind in domestic logistics activities.

GST Collection (in INR Crore)



Source: gst.gov.in



E-way Bill



The e-way bill count is a very healthy indicator of logistics activities. Seamlessly integrated into the GST framework, the system ensures transparency, captures vital data on goods movement, and provides real-time insights into trading volumes, regional distribution trends, and economic sentiment. Recent data highlights an impressive acceleration in e-way bill generation, underlining the ongoing strength of India's domestic trade and logistics sector.

Robust Growth Across Financial Years

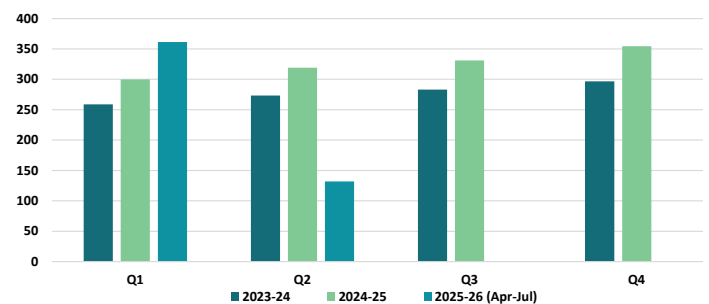
The trend of consistent year-on-year growth is evident :

- **FY 2023–24** concluded with a peak of **103.5 million** e-way bills generated in March.
- **FY 2024–25** ended even stronger, with **124.5 million** e-way bills in March — marking a **20.3% increase** over the same month in the previous year.
- **FY 2025–26** has started with exceptional momentum. Each of the first four months has exceeded the 100-million mark, with **July 2025 recording an all-time high of 131.9 million e-way bills**.

From April to July 2025, a total of **361.5 million** e-way bills were generated — a **20.6% increase over Q1 FY 2024–25, and nearly 40% higher than Q1 FY 2023–24**. This remarkable growth reflects not only increased trade

volume but also improved compliance and widespread digital adoption across the supply chain.

E-way Bill Generation (in Mn)



Source: E-way bill Statistics, Aviral Research & Analysis

Intra-State Movement Gaining Momentum

A notable trend is the faster growth in intra-state e-way bill generation compared to inter-state movement. This shift suggests deeper supply chain penetration, likely driven by rising consumption in Tier 2 and Tier 3 cities, the growth of regional warehousing, and the expanding reach of e-commerce. The trends indicate that slowly and gradually companies are looking for optimization of warehousing network, which can serve wider geography without hampering service levels.

The ongoing rise in e-way bill generation reflects the strength of India's manufacturing, retail, and distribution sectors. It highlights resilient domestic demand, stable industrial output, resulting in higher logistics demand.

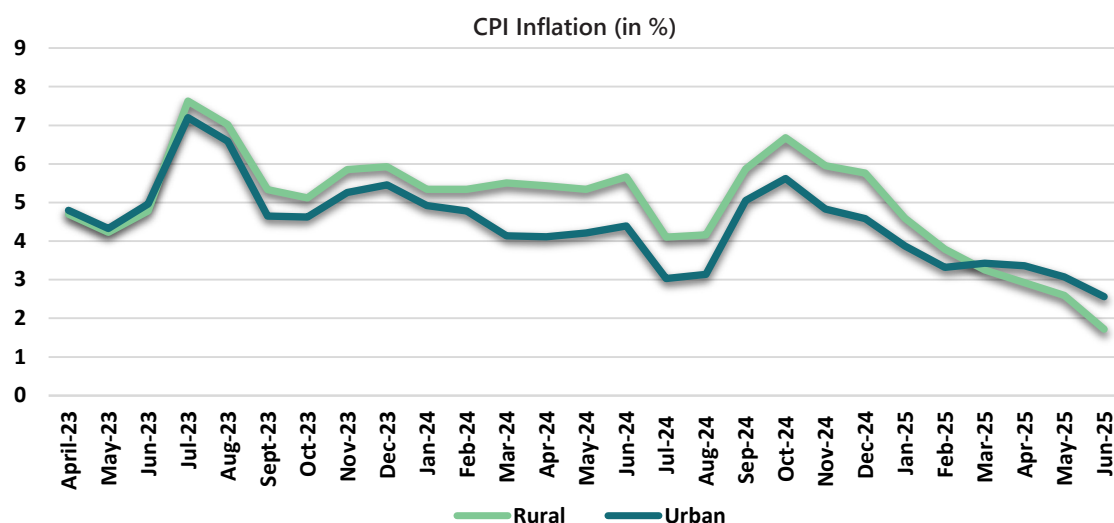
Inflation – WPI & CPI

Inflation is more than just numbers—it shapes the everyday experience of consumers, businesses, and industries alike. As prices fluctuate across essential goods and services, the ripple effects touch every corner of the economy. Understanding these shifts, especially through key indicators like the Consumer Price Index (CPI) and Wholesale Price Index (WPI), is crucial to grasp how inflation influences sectors such as logistics, which plays a vital role in keeping goods moving from producers to consumers.

CPI

The Consumer Price Index (CPI), which measures changes in the retail prices of a basket of goods and services serves as a primary gauge of inflation's impact

on consumption and ultimately on logistics. From April 2023 to March 2024, India experienced relatively high CPI inflation, with rural areas recording rates between 4.23% and 7.63%, and urban areas fluctuating between 4.11% and 7.20%. This spike was largely driven by rising food prices and supply chain disruptions. However, the subsequent year, from April 2024 to March 2025, saw a significant moderation, as rural CPI inflation eased from 5.43% to 1.72%, and urban inflation declined from 4.14% to 2.56%. The latest data from April to July 2025 indicates a further cooling, with rural inflation dropping from 2.92% to 1.18% and urban inflation from 3.36% to 2.05%. This downward trend reflects reduced price pressures at the consumer level, which can alleviate household expenses, but may also suggest subdued demand in the broader economy.

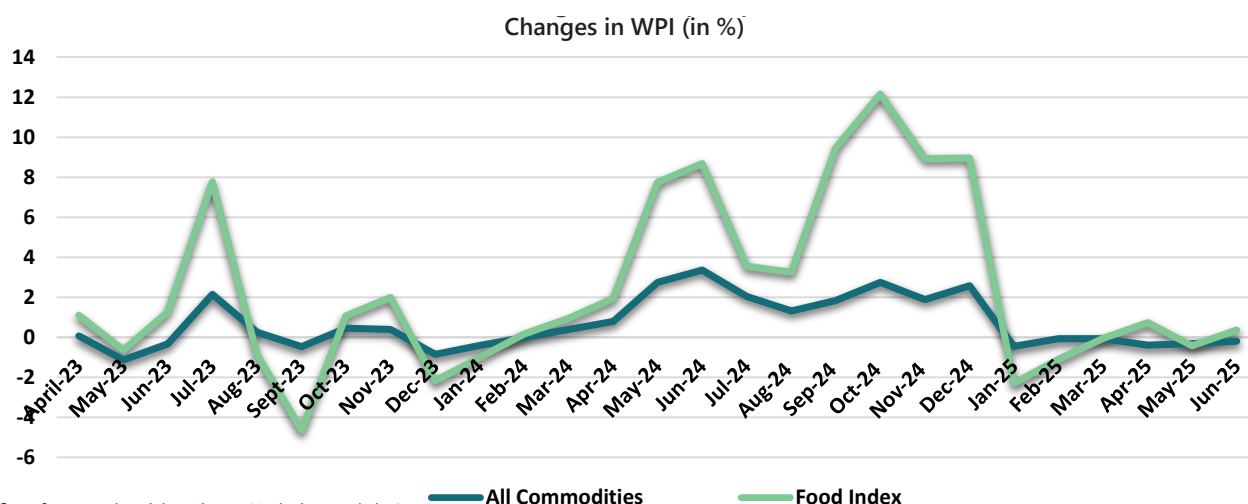


Source: PIB, Aviral Research & Analysis

Wholesale Price Index (WPI) Overview

The Wholesale Price Index (WPI) captures price changes at the producer or wholesale level and is a critical indicator of input costs faced by manufacturers and distributors. During April 2023 to March 2024, the WPI showed periods of deflation, particularly between June and September 2023, driven by falling fuel and commodity prices amid soft global demand. This trend of negative or near-zero inflation persisted

through April 2024 to March 2025, highlighting ongoing challenges in upstream pricing and industrial demand. From April to July 2025, WPI inflation remained subdued, with rates recorded at -0.85% in April, -3.13% in May, -1.94% in June, and -0.26% in July. Such persistent deflation at the wholesale level can reduce costs for producers but may also point to weak economic activity, signaling caution for growth prospects.



Source: Office of economic advisor (<https://eaindustry.nic.in/>)

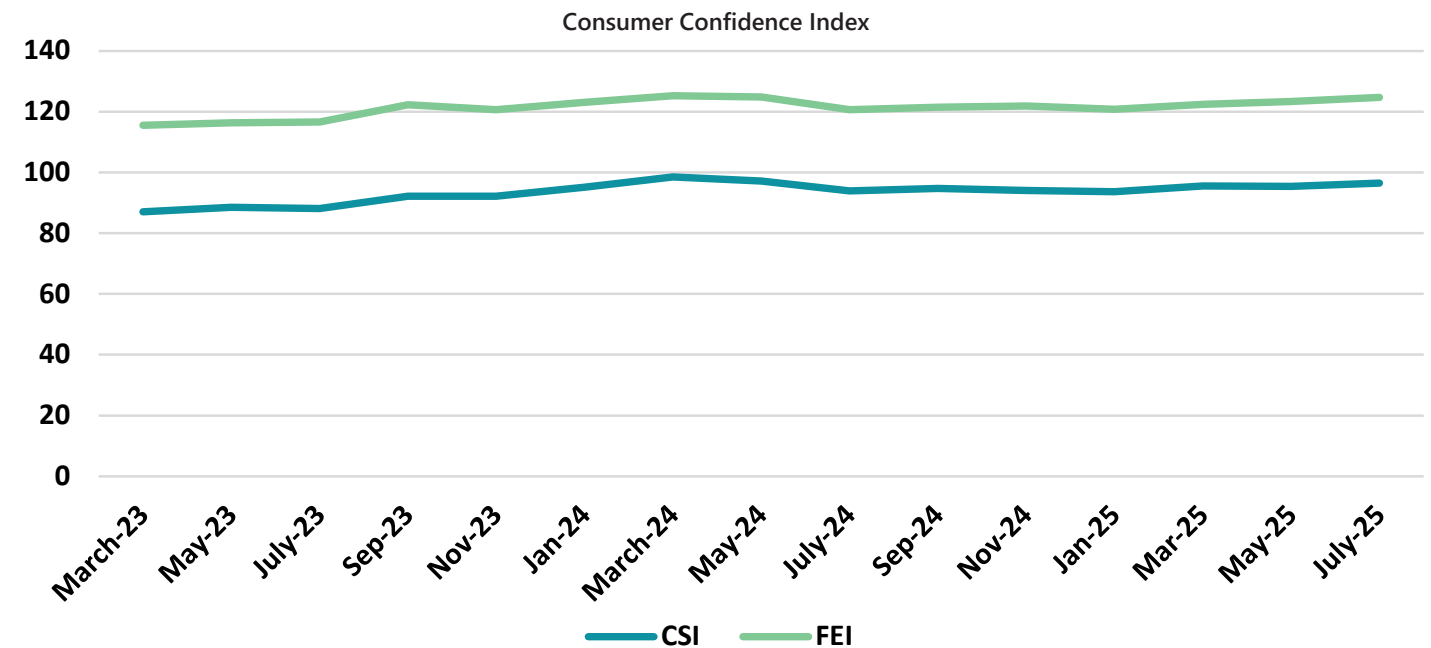
CCI – Consumer Confidence Index

The Consumer Confidence Index (CCI), measured by the Reserve Bank of India (RBI), serves as a vital barometer of household sentiment and the broader economic outlook. It is built on two components: the Current Situation Index (CSI), which reflects consumer views on present income, spending, and employment conditions, and the Future Expectations Index (FEI), which captures their outlook for the next year.

From March 2023 to July 2025, the CCI data reveals a picture of gradual recovery with intermittent challenges. The CSI improved from 87 in March 2023 to 96.5 in July 2025, showing that households are slowly feeling better about their current financial conditions. Notably,

consumer sentiment strengthened through most of 2024, crossing the 95-mark, though dips in July 2024 (93.9) and January 2025 (93.7) highlighted persisting concerns around jobs and inflation.

The FEI, which represents optimism about the future, remained consistently higher than the CSI, underscoring households' belief in a better tomorrow. Rising from 115.5 in March 2023 to a peak of 125.2 in March 2024, it reflected strong expectations of income growth and higher spending. By July 2025, the FEI climbed to 124.7, indicating that optimism about future income and consumption remains strong and has even gained ground compared with the previous year.



Source: RBI

A closer look shows that the gap between CSI and FEI has narrowed in recent rounds, indicating that perceptions of present conditions are gradually catching up with future optimism. Importantly, rural households have shown steady confidence gains, which adds resilience to overall demand trends.

A firmer CSI indicates stronger near-term consumption demand, while a still-elevated FEI points to sustained optimism for the medium term. Sectors such as retail, FMCG, automobiles, and services are likely to benefit from

this sentiment, though price sensitivity and employment-linked uncertainties remain factors to watch.

The RBI's Consumer Confidence Index is signaling cautious optimism. Households are gradually regaining faith in their current economic conditions while maintaining hope for better income and spending opportunities ahead. This balancing act between reality and expectations underscores India's steady but measured consumption recovery, which will play a critical role in supporting economic growth in the years ahead.



Purchasing Managers' Index



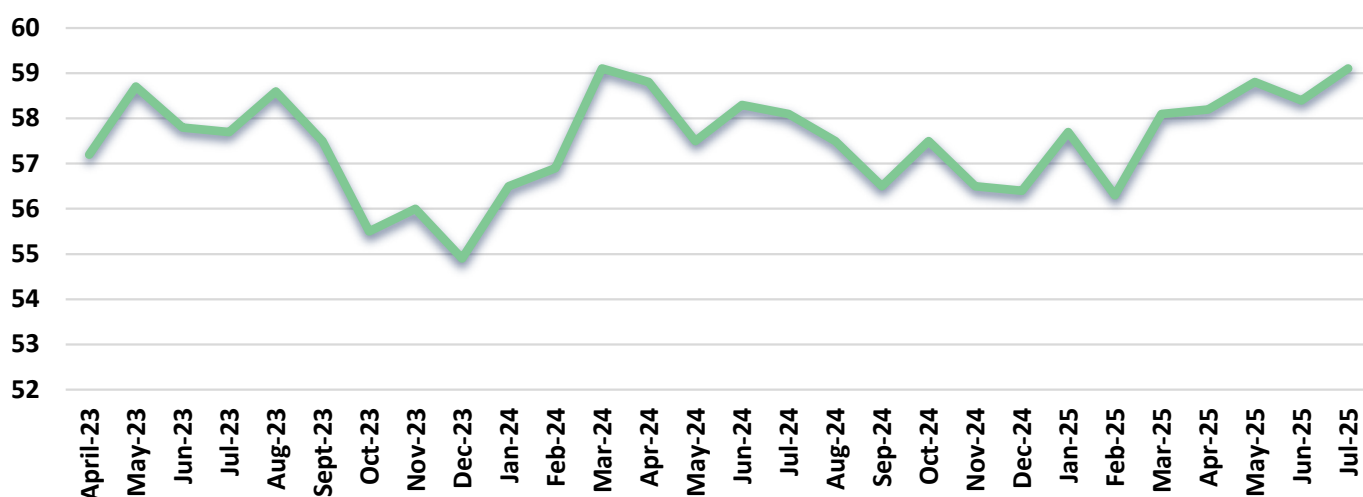
July 2025 PMI at 59.1 — among the strongest readings in recent months, signalling robust expansion and renewed confidence in India's manufacturing sector. But tariffs may bring it down in subsequent months

The latest Manufacturing PMI stood at 59.1 in July 2025, one of the highest readings in the last two years, reflecting strong expansion in production, new order inflows, and improved business sentiment. This sharp reading highlights the continued resilience of India's manufacturing sector and its ability to maintain growth

despite global and domestic headwinds.

From April 2023 to July 2025, the PMI consistently remained above the critical 50 mark, averaging around 57.5. The lowest point in this period was 54.9 in December 2023, a brief slowdown largely attributed to seasonal factors and softer export demand. However, the index rebounded strongly in early 2024 and has since maintained a stable trajectory in the high-50s, with notable peaks of 59.1 in March 2024 and again in July 2025.

PMI



Source: Trading Economics, Aviral Research & Analysis

This consistent performance indicates that the sector continues to benefit from healthy capacity utilization, steady new orders, and improved production levels. The latest rise to 59.1 in July suggests that demand conditions have further strengthened, with firms showing confidence in sustaining output growth.

While the outlook remains positive, certain challenges

must be monitored—such as fluctuations in global trade, volatility in commodity and energy prices, and financing conditions may impact investment activity. On the upside, continued policy support, resilient domestic demand, and recovery in exports could keep the PMI in the high-50s range, sustaining strong momentum for the sector.

Commercial Vehicle Sales

Commercial vehicle (CV) sales, a direct barometer of logistics demand and fleet expansion in India, have shown mixed momentum in recent years. After a strong revival in FY23 and FY24, growth moderated in FY25, with sales rising only 1.6% YoY to touch nearly 1 million units. The first four months of FY26 (April–July 2025) reported a 3.9% growth compared to the same period last year, though the pace of sales has been uneven across months.

This moderation reflects multiple structural and cyclical factors. Fragmented truck ownership, higher financing costs, and election-related uncertainties influenced purchasing decisions in the first half of FY25. Additionally, the persistent rise in new vehicle prices due to successive emission norm upgrades has pushed many small operators towards the used truck market, slowing new fleet additions.

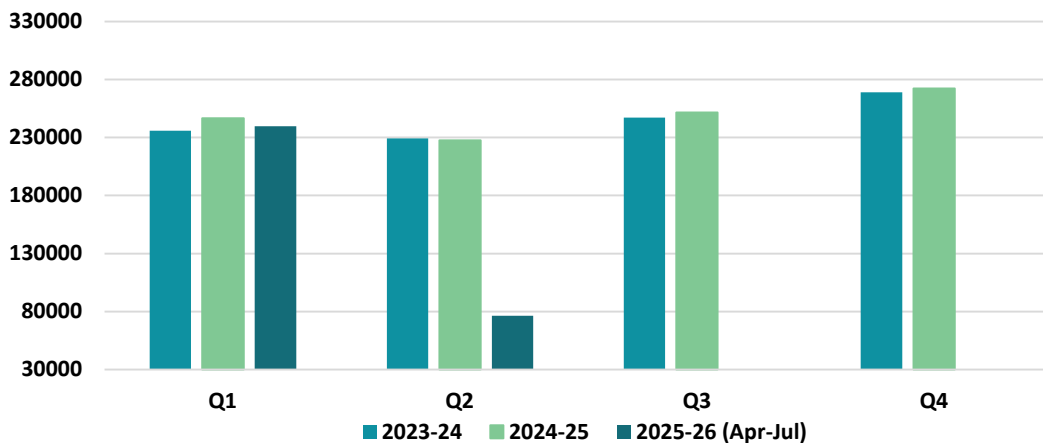
From a logistics perspective, the trend indicates cautious capacity expansion. Large logistics service providers are likely deferring bulk fleet investments, while smaller

fleet owners are leaning on the used market to manage costs. Heavy and medium CVs, which are critical for long-haul freight, are witnessing slower recovery, whereas light commercial vehicles (LCVs) continue to benefit from e-commerce, quick commerce, and last-mile distribution growth, making them a relatively resilient segment.

The near-term outlook suggests that CV sales may stabilize with modest growth of 2–5% in the coming quarters, pointing towards gradual rather than aggressive capacity addition in logistics fleets. Sustainability initiatives remain largely focused on passenger vehicles, with electric and hybrid adoption rising there, while in CVs, adoption is limited to select pilots in LNG and EV-based LCVs.

Overall, CV sales data highlights a phase of consolidation in the logistics industry, where fleet operators are focusing on optimizing utilization and cost efficiency rather than rapid expansion.

Commercial Vehicle Sales (in Unit)



Source: FADA



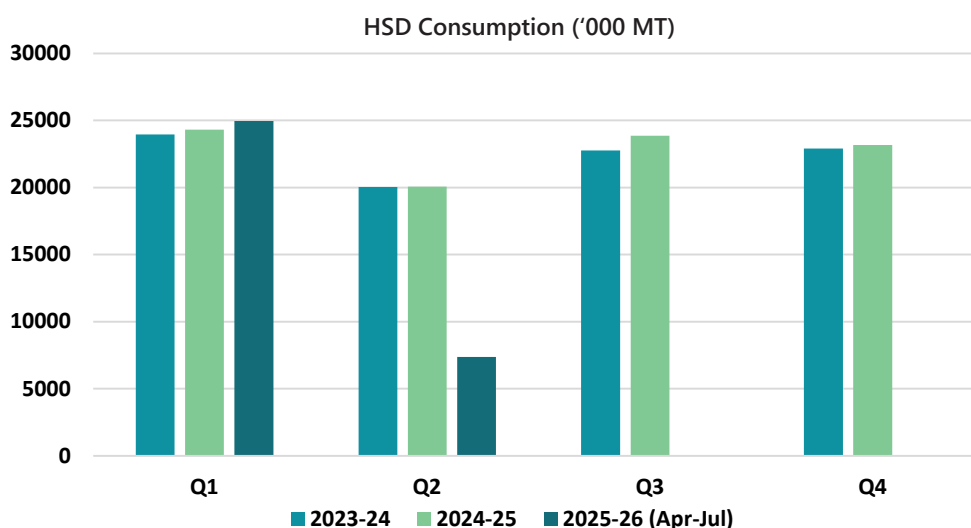
Diesel Consumption

India's High-Speed Diesel (HSD) consumption continues to serve as a key indicator of logistics intensity, reflecting freight transport, agriculture, and industrial activity. In FY 2024-25 (April 2024–March 2025), HSD consumption reached 91.4 million tonnes, a modest 2% year-on-year growth, according to the Petroleum Planning & Analysis Cell (PPAC). This growth was slower than in recent years, reflecting improved fuel efficiency of vehicles, gradual adoption of alternate fuels, and cyclical variations in farm-related demand.

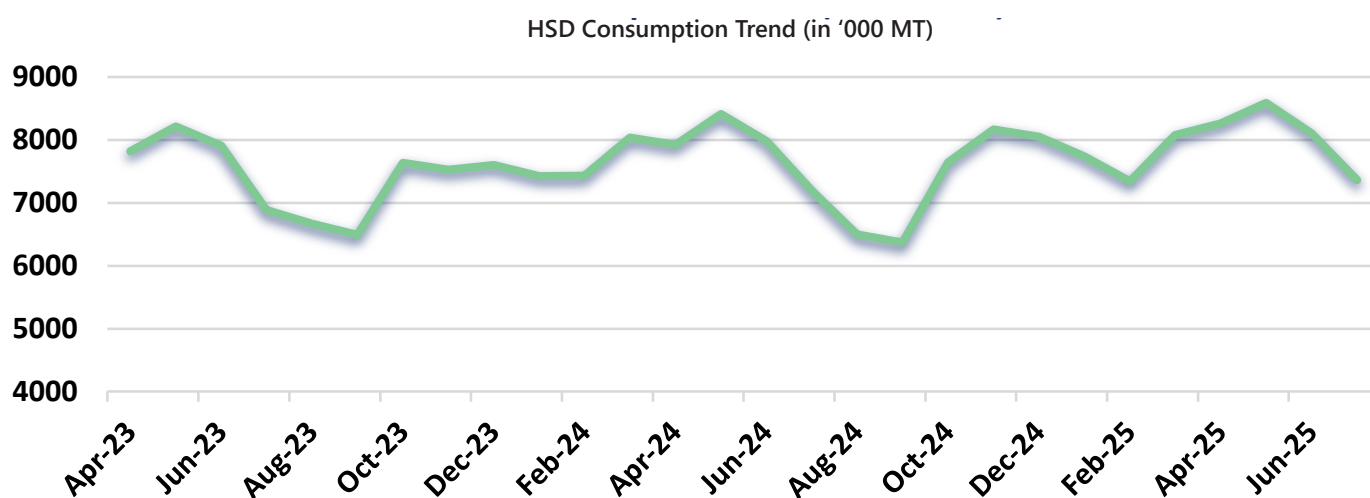
Freight transport remained the dominant demand driver, with trucks accounting for nearly 28–30% of diesel use, followed by buses, railways, passenger cars, utility vehicles, and three-wheelers. This means that while diesel is an important proxy for logistics activity, less than one-third of total consumption is directly linked to freight, so diesel trends should be interpreted with caution.

In FY 2024-25, seasonal swings were evident, with demand softening during the monsoon (July–September 2024) but rebounding in the festive and post-harvest period. The current fiscal, FY 2025-26 (April–July), has so far recorded 40.8 million tonnes, broadly flat compared to last year, with only 1–2% growth. July 2025 saw 7.36 million tonnes, marking the third month of decline, though this appears cyclical due to weaker monsoon-related farm activity.

Looking forward, the International Energy Agency (IEA) expects India's diesel demand to expand at over 4% CAGR till 2030. However, this growth will trail overall cargo volume expansion as logistics undergoes structural transformation. Larger and more efficient fleets, higher rail and coastal cargo share, and the entry of biofuels, LNG, hydrogen, and EVs will all gradually reduce diesel's dominance.



Source: PPAC, Aviral Research & Analysis



Source: PPAC, Aviral Research & Analysis

Flat volumes in HSD consumption are not a worry for the logistics sector, as this shift is less about declining demand and more about efficiency, changing fleet mix and cost competitiveness—move towards moving more

freight with relatively less diesel. The result is a logistics sector that is more sustainable, cost-efficient, and less vulnerable to fossil fuel volatility, even as freight demand continues to rise.

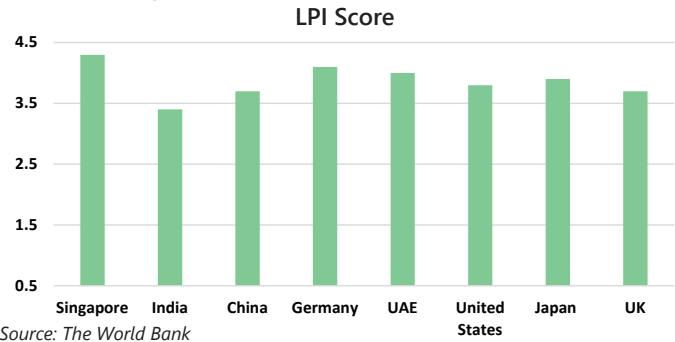
Logistics Performance Index (LPI) and LEADS

India’s Logistics Performance Sees a Major Leap

India has made significant progress in logistics efficiency, securing the 22nd rank in International Shipments and 38th overall in the World Bank’s Logistics Performance Index (LPI) 2023 among 139 countries. This advancement reflects the impact of policy reforms, port modernization, and technology adoption.

A major highlight is the turnaround time (TAT) at Indian ports, which has improved to 0.9 days—better than global benchmarks such as the USA (1.5), Australia (1.7), Germany (1.3), and even Singapore (1.0). Faster port operations streamlined supply chains, and improved freight efficiency have enhanced India’s global trade competitiveness.

Aligned with the government’s long-term vision of Amrit Kaal and Viksit Bharat 2047, India is working towards becoming a global logistics hub through multimodal connectivity, high-speed transport networks, and sustainable practices.



Key Key Policy Initiatives Driving Transformation

- PM GatiShakti National Master Plan (2021): Integrates multimodal transport networks to reduce logistics costs and improve connectivity.
- National Logistics Policy (2022): Addresses last-mile delivery challenges and bottlenecks, making logistics more structured, efficient, and cost-effective.
- Maritime Amrit Kaal Vision 2047: Focuses on port expansion, automation, sustainability, and shipbuilding to strengthen India’s maritime position.
- Supporting Ministry Measures: Railway electrification, automation of port weighbridges, faster clearance times by the Land Ports Authority of India (LPAI), and the launch of NLP Marine—a single-window digital platform for port operations.

LEADS – India’s Domestic Logistics Benchmark

While the LPI provides a global benchmark, the Logistics Ease Across Different States (LEADS) survey, launched in 2018 by the Ministry of Commerce & Industry, evaluates logistics performance at the state and union territory level. It assesses infrastructure, services, regulatory environment, and sustainability across 17 parameters that directly impact logistics efficiency.

The LEADS 2024 -Performance Snapshot

Groups/ Categories	Achievers	Fast Movers	Aspirers
Coastal	Gujarat, Karnataka, Maharashtra, Odisha, Tamil Nadu	Andhra Pradesh, Goa	Kerala, West Bengal
Landlocked	Haryana, Telangana, Uttar Pradesh, Uttarakhand	Bihar, Himachal Pradesh, Madhya Pradesh, Punjab, Rajasthan	Chhattisgarh, Jharkhand
North-East	Assam, Arunachal Pradesh	Meghalaya, Mizoram, Nagaland, Sikkim, Tripura	Manipur
Union Territories	Chandigarh, Delhi	Dadra and Nagar Haveli, Daman & Diu, Lakshadweep, JK, Puducherry	Andaman and Nicobar Islands, Ladakh

By combining perception-based inputs with objective assessments, LEADS offers a robust picture of state-level logistics performance. It guides governments in identifying gaps, adopting best practices, and attracting logistics investments.

Together, the LPI and LEADS present a comprehensive picture of India’s logistics ecosystem. The LPI highlights India’s rising global competitiveness, while LEADS drives state-level improvements by fostering healthy competition and targeted reforms. With sustained policy support, India is steadily moving towards its goal of reducing logistics costs to 8–9% of GDP and establishing itself as a global logistics hub

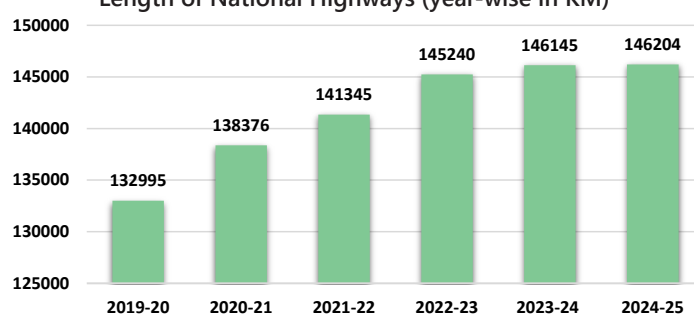


Logistics Infrastructure

Efficient transport networks are the backbone of economic growth, enabling faster movement of goods while strengthening regional connectivity. Roads, in particular, remain the most critical mode of transport in India, carrying about 70–75% of freight.

India's road infrastructure has steadily expanded in recent years, with the length of national highways rising from 1,32,995 km in 2019-20 to 1,46,204 km in 2024-25. This addition of over 13,000 km reflects the government's sustained investment through programs like Bharatmala Pariyojana. While the pace of expansion has moderated in recent years, the consistent growth underlines a strong push towards improving logistics efficiency, reducing travel time, and enhancing regional trade linkages—essential for supporting India's long-term economic ambitions.

Length of National Highways (year-wise in KM)

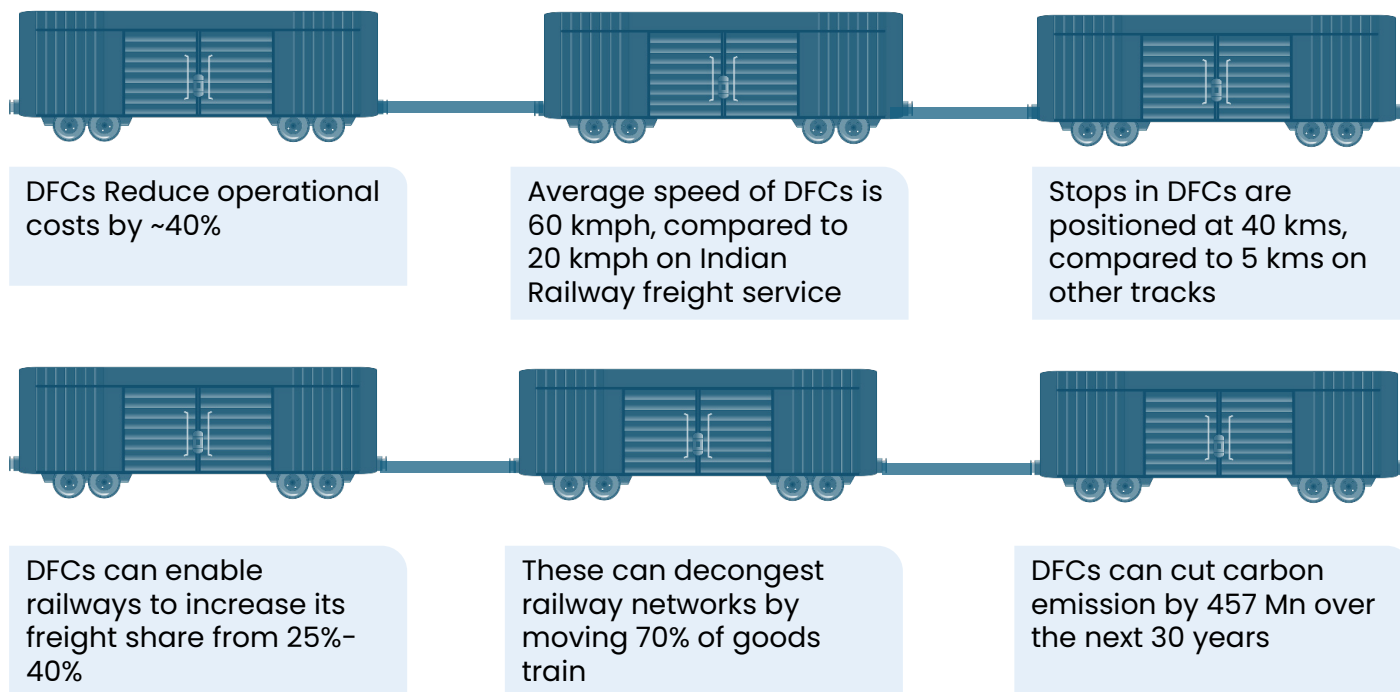


Source: PIB

DFC

India's Dedicated Freight Corridor (DFC) network is transforming the country's logistics landscape. As of March 2025, the network is 96.4% operational, with the Eastern DFC (EDFC, 1,337 km) fully functional and the Western DFC (WDFC, 1,506 km) nearing completion by December 2025. Together, they now handle over 350 trains daily, up from 247 in 2023-24, easing congestion on conventional lines and enabling faster, higher-capacity freight movement. In FY 2024-25, Indian Railways (IR) freight loading reached 1,617 million tonnes, generating Rs 1.75 trillion, with container traffic growing 20%—a clear shift toward higher-value, diversified freight. Coal, fertilizers, petroleum, and goods like hot rolled coils, rice, and ceramic tiles further contributed to this growth.

Private sector participation is rising, supported by the Gati Shakti Multi-Modal Cargo Terminal (GCT) policy, with 97 terminals commissioned by March 2025. Companies like Shree Cement, Ambuja, and ACC are expanding rail freight networks, while new wagon manufacturing facilities are coming up to support growth. This shift from road to rail is fostering sustainable, energy-efficient freight movement. With targets of 3,000 mt of freight loading and a 45% rail modal share by 2030, Indian Railways is strengthening industrial connectivity, reducing carbon emissions, and enhancing energy security, positioning rail as the backbone of India's logistics ecosystem.



Source: Aviral Research & Analysis

MMLP

India's logistics landscape is poised for transformation with the development of Multi-Modal Logistics Parks (MMLPs), approved over the past couple of years at 35 locations nationwide. Five key projects in Jogighopa, Chennai, Bengaluru, Nagpur, and Indore are expected to be operational between FY 2025-

26 and FY 2026-27. Developed under the Bharatmala Pariyojana, these parks aim to reduce logistics costs, enhance cargo handling efficiency, and integrate road, rail, and port operations seamlessly. Major firms like Reliance Industries, PATH India, and Delta bulk have already secured contracts for some of these projects.

The MMLP at Mappedu in Chennai is the first to take shape, with its first phase scheduled for completion by February 2026 at an investment of ₹350 crore. The park will be developed in three phases at a total cost of ₹1,400 crore. Another park is planned for Coimbatore, focusing on efficient handling of cargo from western districts via Chennai Port and Kamarajar Port, which currently manage about 20% of exports from Coimbatore and nearby regions. By enabling smoother movement of cargo, these parks are expected to lower logistics costs, reduce turnaround times, and attract warehousing and ancillary industries, driving regional employment and industrial growth. Discussions are also underway with shipping lines to station empty containers locally, simplifying exports, particularly for engineering and project cargo destined for eastern regions and imports from East Asia. Advanced digital systems for cargo tracking and automation are being planned, making these parks a step toward a more technology-driven logistics network in India.

Estimated Volume of Cargo handled in each MMLP are:

MMLP Location	Cargo Volume Handled (Estimated)
Chennai	7.17 MMTA
Bengaluru	29.46 MMTA
Indore	12.96 MMTA
Nagpur	11.26 MMTA
Jogighopa	13.32 MMTA

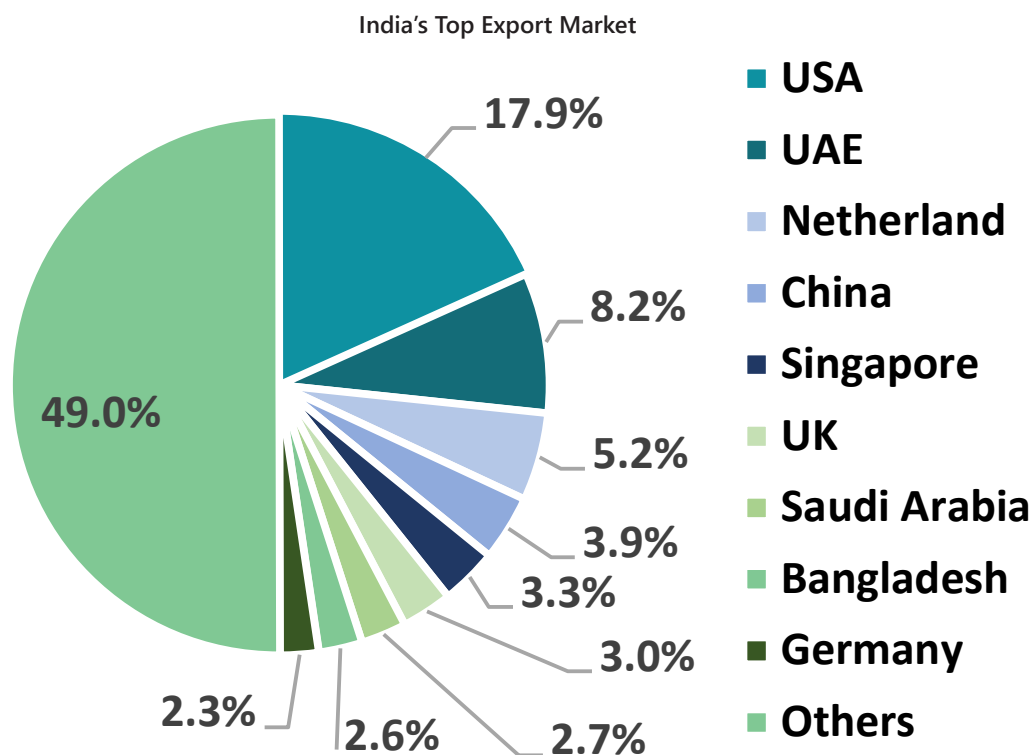


Improved infrastructure will lead to reduction in transit time and logistics costs along with enhanced supply chain efficiency with reliability in movement of goods across regions. These factors are expected to drive strong logistics sector growth over the next 2–3 years.

U.S. Tariffs: A New Challenge

The recent escalation of U.S. tariffs to 50% on Indian exports has created a significant trade shock, impacting over half of India's shipments to its largest export market. The move, driven partly by geopolitical tensions and India's continued purchase of Russian oil, has cast a shadow on bilateral trade ties and poses a direct risk to employment, growth, and export competitiveness.

According to the Aviral research & analysis, nearly 55% of India's \$87 billion exports to the U.S. are affected, covering key sectors such as textiles, garments, gems & jewelry, footwear, chemicals, auto components, seafood, and furniture. These are largely labor-intensive industries, raising fears of job losses in export hubs such as Gujarat, Maharashtra, and Tamil Nadu.



Source: Aviral Research & Analysis

As the chart highlights, The U.S. remains India's largest export destination, accounting for 17.9% of India's total export value, far ahead of other markets such as the UAE (8.2%) and the Netherlands (5.1%). This overdependence on one market makes India particularly vulnerable to such tariff shocks.

The textile and apparel sector, with the U.S. accounting for nearly 29% of India's exports, faces one of the steepest challenges. In FY25, India exported close to \$10 billion worth of textiles and garments to the U.S., but the effective duty now exceeds 60%, threatening a 40–50% decline in shipments. Similarly, gems and jewelry, worth \$10 billion annually, could see a 70% fall in exports, while auto components exports of \$7 billion face sharp losses due to reduced competitiveness.

Economists estimate that the tariff shock could shave off 0.6–1% from India's GDP growth projections in FY26. This comes at a time when India has otherwise posted resilient growth, with the economy expanding 7.8% in Q1 FY26 (April–June 2025), supported by strong manufacturing and domestic demand. The challenge, therefore, lies in ensuring that trade headwinds do not derail this momentum.

In response, the Indian government is expediting an export promotion mission and exploring ways to cushion the blow through diversification of markets, renegotiation

of trade agreements, and leveraging FTAs with partners such as the U.K., Australia, and UAE. At the business level, companies are being urged to adopt short-term strategies like renegotiating contracts and optimizing working capital, while simultaneously building long-term resilience through technology adoption, value-added exports, and tapping new markets in Asia, Africa, and the Middle East.

While the U.S. tariffs present immediate challenges, they also underline a deeper structural need to build a broader, more diversified trade base. These tariffs may be short lived in current geopolitical situation. But in the long run, this disruption may serve as a catalyst for India's exporters to innovate, adapt, and emerge stronger in a more uncertain global trade environment.



Logistics Growth Outlook

Efficient logistics is a key driver of economic growth as it lowers operational costs, enhances supply chain reliability, accelerates trade, and creates a business-friendly environment that attracts investment and fosters industrial expansion. India is witnessing this transformation through government-led initiatives like the National Logistics Policy (NLP) and PM Gati Shakti, alongside private sector efforts, aimed at reducing logistics costs through infrastructure upgrades, skill development, digitization, regulatory reforms, and improved modal connectivity. Major projects such as dedicated freight corridors, port expansions, and multimodal networks are underway, and their completion is expected to significantly boost logistics efficiency, attract further investment, and strengthen India's overall economic development.

According to recent economic assessments, these disruptions may reduce India's GDP growth by about 0.5%, which in turn could slow the logistics sector's growth by approximately 0.6% to 0.8% in the near term. Export-import (EXIM) volumes are especially susceptible to current tariff regimes and could see a temporary decline, a trend that may also dampen domestic logistics activity given the critical pre-export movements of raw materials and other goods.

Despite these challenges, initial estimates indicate that the logistics sector registered stronger growth in Q1 of FY26 compared to the prior year, fueled by both increased throughput and policy support. While some headwinds may temper growth rates as the year progresses—potentially resulting in performance on par with last year—significant positive forces like the Make in India initiative, Production Linked Incentive (PLI) schemes, and the development of new industrial clusters are expected to sustain momentum and drive manufacturing-led expansion in the sector.

Short-term growth in domestic logistics volumes may be slightly constrained by temporary delays in buying decisions by end consumers in anticipation of GST reductions, but volume growth is set to again bounce back once tax reforms are in place. Over the medium term, controlled inflation and rationalized tax rates will further stimulate demand for logistics services.

In EXIM Indian exporters have shown agility by diversifying target markets and rerouting shipments, minimizing the prolonged impact of disruptions, same is expected in this time as well. But this cycle may be slightly longer and show positive signs only in mid to long term.

Segment specific outlook may be as follow:

- Road transportation will have positive impact from decline in inflation and good monsoons this year. Rural consumption is expected to register higher growth. Strong numbers of PMI are also reflecting strong sentiment of businesses for growth resulting in improved material flow.
- Express road logistics is set to regain momentum as consumption improves. In the first quarter of FY 26 uptick has started and growth rate has improved by 50 BPS compared to last year's growth rate. On domestic front,

no impediment is expected barring some short-term fluctuations in specific periods.

- Intra city logistics has slightly moved towards organized play in last few years. The segment is expected to witness entry of more organized players. Although growth rate of intra city logistics will remain similar to previous trends. But for organized sector it will be higher.

- Air transportation volumes are expected to maintain low single-digit growth. But cross border air consignment, which had registered approx. 13.7% increase in volume may come down to single digit once again.

- In FY 25 ocean freight volumes have grown by approx. 4.5%, and outlook for the FY 26 is sluggish growth on account of trade wars. Trend of improvement in containerization level is expected to continue. In current situation geopolitical factors will be potentially outweighing economic ones. Days to come will also register change in trade lanes as well.

- Rail freight, which started showing positive trends logged approximately 1.617 billion tonnes of originating freight loading in FY 25 with 1.68% growth over last year. The trend for the rail freight will be almost same. Full blown benefit realisation of dedicated freight corridors will take some more time, as some of the section of western freight corridors are still pending. It is expected that FY 27 will have full operational year of complete DFC network.

- The growth of contract logistics has been good in last few years specially post GST implementation. Outsourcing in logistics will maintain the momentum, driven by a strong push for greater efficiency in supply chains. Some of recent trends also show that momentum of end-to-end outsourcing to contract logistics player has not taken momentum in India. Growth is expected to be in range of 10%-12% only.

- Tax proposals with policy announcements in union budget of FY 25-26 reflect the government's commitment to building a resilient and progressive India. Five multimodal parks are expected to be operationalized by the end of next financial year. Improved infrastructure will create next level of growth thrust for the logistics sector. Post kick off of operations in Vizhinjam port, international transshipment activities in India are expected to increase. India's logistics sector is on right track of growth, supported by rising domestic consumption, significant infrastructure development, and robust policy measures designed to modernize and streamline the industry. However, headwinds—particularly in cross-border trade—are expected as a result of ongoing geopolitical uncertainties and heightened tariff barriers, posing short-to medium-term challenges unless global conditions stabilize or Indian exporters successfully identify new markets for trade.



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