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LOGISTICS IN INDIA 2019

Emerging Trends, Segment Analysis, Growth Drivers and Market Opportunities

- ❖ Report (PDF)
- ❖ Data-set (Excel)
- ❖ Monthly Updates

Emerging Trends

- ❖ The logistics sector is in for exciting times and reaping the benefits of the grant of infrastructure status and the GST regime overcoming its initial hiccups. The current size of the logistics sector stands at about \$160 billion and is expected to touch \$215 billion by 2020. Thrust on infrastructure creation, a regulatory reboot and technology disruption are going to be the biggest factors propelling the growth momentum.
- ❖ However, the logistics costs continue to be very high at about 13-14% of GDP in comparison to the USA 9-10%, Europe 10%, and Japan 11%.
- ❖ The focus on outsourcing logistics services to end-to-end service providers has grown, thereby facilitating growth of third-party logistics providers and demand for supply chain management solutions in India. The industry is increasingly outsourcing non-core activities like logistics, warehousing, and value added services such as reverse logistics, packaging and labelling to integrated players which has increased the share of the organised segment.
- ❖ The freight segment across all sectors has witnessed significant capacity augmentation and adoption of advanced technologies. Demand for logistics has been rising in Tier II and III cities, which has led to several third-party logistics and e-commerce players to expand logistic operations in these areas.
- ❖ Organised warehousing is gaining traction at the back of rising regulatory compliance requirements and economic efficiencies demanded by new businesses. Warehousing segment has also seen a surge in the private equity activity over the years with the participation of a wide range of foreign investors. The 3PL and e-commerce players are the biggest market of organised warehousing.
- ❖ Demand in Tier II cities is rising, as user industries, third party logistics (3PLs) and e-commerce players are rapidly expanding into these areas due to increasing consumer demand, low rentals and improving transport connectivity.
- ❖ Growth in consumption and manufacturing as well as the demand for last mile solutions with specialised value added services are driving the demand for integrated storage facilities like multi-modal logistics parks, free trade warehousing zones (FTWZs), industrial parks, etc.
- ❖ Emergence of logistics start-ups is on the rise. In fact, the existing players are also expanding their portfolios.
- ❖ The sector has also witnessed adoption of technologies such as telematics, consignment tracking, IoT and driver relay.

Future Outlook

- ❖ India Infrastructure Research projects the logistics market to grow at the rate of about 10%, driven majorly by the warehousing, 3PL and express logistics segments. These segments are expected to grow at the mid-teen levels. The government has set out a few high priority objectives to improve operations in the logistics sector. The need of the hour is to have an integrated logistics value chain.
- ❖ The overall aim is to reduce the logistics cost to 10% of the GDP by 2022. The draft National Logistics Policy also aims to optimise the modal mix in line with the international benchmarks. Meanwhile, creation of a National Logistics e-marketplace as a one stop marketplace is also a much needed step.
- ❖ Since the manufacturing sector accounts for 80% of the warehousing market size, a dip in India's growth estimates and manufacturing are likely to impact the demand for warehouses. The leased warehousing market; however will see greater demand in the years to come.
- ❖ The focus will be on improving the ease of documentation, digitisation and faster clearances for key support infrastructure such as MMLPs, CFSS, AFSs, and ICDs. A dedicated policy on air cargo will certainly provide clear direction and facilitate growth in the air cargo segment. Development of Free Trade Warehousing Zones is an opportunity to be a part of global and regional supply chains.
- ❖ The warehousing sector will witness maximum consolidation going forward because in a post-GST era, companies are focusing on logistics efficiency instead of tax considerations. On the technology front, IoT is expected to be the biggest disruptor in optimising costs, reducing cycle times, and ensuring efficient documentation.

SECTION I: MARKET TRENDS, DEVELOPMENTS AND OUTLOOK

Executive Summary

1. Sector Overview

- ❖ Macroeconomic Scenario
- ❖ Logistics Sector Size and Growth
- ❖ Trends in Logistics Performance Index
- ❖ Impact of Infrastructure Status
- ❖ Modal Transportation Mix
- ❖ Growth Drivers
- ❖ Trends and Developments
- ❖ Issues and Challenges
- ❖ Outlook and Projections (2019-20 to 2023-24)

2. Draft National Logistics Policy

- ❖ Key Objectives
- ❖ Focus Areas
 - National Logistics Action Plan
 - National Logistics e-Marketplace
 - Data and Analytics Centre
 - Optimisation of Modal Mix
 - Reduction in Logistics Costs
 - Model Logistics Corridors
 - Commodity Specific Interventions
 - Infrastructure Creation (MMLPs/LPs/Warehouses)
- ❖ Industry Response and Expectations
- ❖ Expected Timelines

3. GST: Impact, Benefits and Challenges

- ❖ Snapshot and Expected Impact of GST
- ❖ Impact on
 - Supply Chain Management
 - Transit Time
 - Storage and Warehousing
 - Deployment of Efficient Practices (Bulk-breaking, Cross-docking)
 - Cost of Operations
 - Technology Uptake
- ❖ Unresolved Issues

4. Market Outlook and Projections

- ❖ Policy and Regulatory Outlook
- ❖ Investment Projections
- ❖ Projections by Mode of Transportation (Road, Rail, Ports and Air)
 - Freight Traffic
 - Capacity/Network Addition
 - Freight Rates
- ❖ Warehousing and Storage Projections
 - Requirements across Segments (manufacturing, consumption, EXIM)
 - Requirements of Top Hubs/Cities
 - Industry-wise Warehousing/Storage Demand Projections
- ❖ Key Upcoming Projects
- ❖ Big-ticket Opportunities to Look Out For: 2019-20 and Beyond
- ❖ Emerging Opportunities

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- ❖ Key Recent Deals and Transactions
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- ❖ Textiles
- ❖ Engineering Goods
- ❖ Brick and Mortar Retail
- ❖ Cement
- ❖ Steel

For each of the above industries includes Size and Growth, Trends and Developments, Logistics Needs and Requirements, Industry Outlook and Issues and Challenges.

Monthly Updates

The 11 monthly updates covers:

- Key Policy Developments
- Recent Announcements
- Key Government Initiatives/Programmes
- Company Announcements
- Project Completions/Awards
- New Projects
- Financial Developments (PE Deals/Mergers & Acquisitions/IPOs)

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