India Infrastructure Research recently released the Logistics in India 2021. The report covers:

- The logistics market size is expected to reach $315-320 billion by 2025-26, registering a CAGR (FY21-FY26) of 12%.
- Capacity addition is on the anvil across freight segments. Overall, about Rs 3-4 trillion is expected to be invested in the development of infrastructure under Bharatmala, Sagarmala, DFCs and DMIC in the next 3-4 years.
- While traffic in the ports and roads segments is expected to grow at a CAGR of 5-6%, traffic in the air and rail segments is expected to regain normalcy in next one year and return to the pre-Covid levels.
- The warehousing stock is expected to reach about 360 million sq.ft by 2023.
- India’s cold storage capacity is expected to reach 70-75 mt by 2023, implying an additional investment requirement of Rs 580 billion between 2021 and 2023.
- Demand for 3PL is likely to increase, with manufacturers offloading part of their inventory management for cost optimisation. By 2025-26, the market for 3PL is expected to reach a size of $16 billion.
- Among the value-added services segment, the packaging market is projected to reach $205 billion by 2025, growing at a CAGR of 27% during 2019-2025.
Report Summary and Key Insights

The logistics sector has transformed into a mainline sector from merely a support sector. There is a lot of emphasis on reducing the logistics cost from the current 14% to 9-10% of the GDP. The soon-to-be-unveiled National Logistics Policy also aims at enabling seamless transport of goods across the country. The highly skewed modal transportation mix (71% freight traffic carried by roads) is expected to change with the development of freight corridors and with inland waterways being actively tapped.

After witnessing high growth till 2018-19, the growth momentum of logistics market somewhat slowed down due to the COVID-19 outbreak. However, the 20% year-on-year increase in the Real GDP in the first quarter of 2021-22 is a positive for the logistics growth.

Size of the Logistics Industry ($ billion)

![Graph showing the size of the logistics industry from 2011 to 2020-21.](image)

**Source:** India Infrastructure Research

New Trends Taking Shape

Despite the COVID-19 pandemic decelerating growth of the logistics sector in the last fiscal, it has also opened up a spate of opportunities for technological disruption. Warehousing and storage too have witnessed substantial consolidation.

Companies are working towards automating and digitalising several backend activities, leading to cost and time efficiency and consequently, more productivity. Artificial Intelligence, Internet of Things, robotics, process automation are gaining traction.

The farm-to-fork model has seen an uptick in India. COVID-19 outbreak has further expanded the scope of farm-to-fork interventions in the food grain supply chain. New fractional investment models are coming up in the commercial real estate sector.

The warehousing segment has seen a lot of interest from institutional investors. E-commerce boom is driving the demand for organised warehouses. Logistics startups have become an attractive investment destination for institutional investors.

Upcoming Opportunities and Growth Prospects

Despite the economic slowdown caused by the Covid-19 pandemic, the logistics market is expected to reach $317 billion by 2025-26, registering a CAGR (FY21-FY26) of 12%.
The road freight segment will get a boost from investments envisaged under the Bharatmala Pariyojana. The programme will add 34,800 km highways by 2024-25 with an investment of Rs 8.25 trillion. The upcoming Dedicated Freight Corridors will help in reducing logistics cost by increasing the share of railways in the freight traffic modal mix. Besides the Eastern and Western DFCs, three new corridors spanning over 5,770 km have been announced. Meanwhile, the Airports Authority of India has targeted to achieve about 10 mt of cargo handling capacity by 2026-27. The port sector offers a lucrative pipeline of 300 projects, entailing an investment of Rs 3.15 trillion. Besides, the express logistics industry is expected to reach a market size of $9.5 billion by 2024-25.

The demand for industrial warehousing space is expected to cross 990 million sq.ft. by 2025. The manufacturing and e-commerce sector will drive the demand for warehousing. Meanwhile, the agricultural warehousing capacity is likely to reach 197 million tonnes by 2025-26. Cold chain has come under the spotlight amid the pandemic. India’s cold storage capacity is expected to reach 70-75 mt by 2023, implying an additional investment requirement of Rs 580 billion between 2021 and 2023. The development of MMLPs at strategic locations has been envisaged as a key policy measure to minimise the logistics cost. About 39 MMLPs are on anvil, which will entail an investment of over Rs 500 billion.

Demand for 3PL is likely to increase, with manufacturers offloading part of their inventory management to for cost optimisation. By 2025-26, the market for 3PL is expected to reach a size of $16 billion. Value added services are also riding on the e-commerce boom amid the pandemic. The Indian packaging market is projected to reach $205 billion by 2025, growing at a CAGR of 27% during 2019-2025.
4. Key Projections (2021-22 to 2025-26)
   - Freight Traffic Projections:
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     - Road
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   - Projected Demand for Temperature Controlled Warehousing
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7. Logistics Startups: Operations, Performance and Plans
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This chapter will cover profiles of 10-15 top start-ups in the logistics industry.
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- Steel

Each of the above industries will include size and growth, trends and developments, logistics and warehousing needs and requirements, and industry outlook.

Monthly Updates

The 11 monthly updates will cover:
- 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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