



Express industry in India

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and markets



August 2025

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Note to the reader

The express industry in India has come a long way from its traditional service line of delivering documents. It has now evolved to be an essential industry in its own right and was one of the pioneers in leading India’s economic recovery during the COVID-19 pandemic while accelerating India’s growth journey post the pandemic. This report analyses the industry’s journey following monumental shifts such as the Goods and Services Tax (GST), e- way bill, Express Cargo Clearance System (ECCS), the pandemic and the growth of e- commerce and quick commerce, to name a few. Envisioning Viksit Bharat by 2047, the express industry must play a crucial role in achieving the country’s economic targets, fostering collaboration among all industry stakeholders. The report encompasses inputs from multiple stakeholders, such as express players, e-commerce companies, government bodies, airlines, airports, e-commerce and direct- to- customer (D2C) businesses, and industry experts.

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Message from leaders

The express industry has been a key driver of India's growth journey. Originally focused on transporting priority documents and urgently needed parcels, it has now become a vital logistics backbone, supporting manufacturing, expanding exports, and boosting e-commerce. The industry is estimated to employ about 3.0 million people directly and indirectly.

As end-user demand shift towards expedited and reliable delivery, greater transparency, and customized solutions, the industry continues to leverage advanced technologies. The introduction of the Express Cargo Clearance System (ECCS) for international shipments has significantly improved customs clearance efficiency. State of the art track and trace system as well as other customer experience enhancing systems have helped both the domestic as well as international express delivery industry deliver quality.

To support India's Vision 2047, it will be crucial to further enhance digital solutions, streamline regulations, and prioritize customer-centric, sustainable practices. Harmonization especially of regulatory authorities, government agencies, and local bodies will pave the way forward for the industry's continued growth to realise the nations Amrit Kaal vision.”



Vijay Kumar
CEO,
EICI

The express industry in India is rapidly transforming to meet the growing demands for fast and reliable delivery solutions. Air express is becoming a crucial link in global supply chains, enhancing India's global position.

To address industry challenges, leveraging advanced technologies and innovative solutions is essential. The government has made significant strides with initiatives like Express Cargo Export Hubs (ECEHs), air freight stations, and the Express Cargo Clearance System (ECCS).

As same-day, next-day, and just-in-time deliveries gain popularity and cross-border e-commerce expands, collaboration among airlines, airports, regulatory authorities, and government agencies is vital. This will reinforce infrastructure, align regulations, and facilitate smooth cargo movement. Enhancing operational efficiency through digitization and automation, and exploring growth opportunities like positioning India as a transshipment hub, will further advance the industry and boost global competitiveness.



Girish Nair
Partner – Mobility
and Logistics,
National head-
Aviation Sector,
Global Lead-Airports,
KPMG in India

Express industry has become a cornerstone of India’s economic growth, driven by consolidation, technological advancements, regulatory reforms, and the e-commerce boom. While technological innovations have set new service benchmarks, e-commerce has highlighted the need for swift and reliable delivery services.

Consolidation has played a pivotal role in enhancing efficiency, scalability and quality of Express services. By merging resources and capabilities, companies are navigating the competitive landscape, reducing operational costs, and improving customer satisfaction. Additionally, development of multi-modal transportation infrastructure has enabled express industry to look beyond conventional modes of transportation. Exploring rail and inland waterways is a strong testament towards adopting sustainable modal mix. In a nutshell, Express industry in India is not just a facilitator of commerce but a vital enabler of economic progress and innovation.



Chintan Patel
Partner and Head –
Transport and
Logistics,
KPMG in India

Table of contents

Executive summary	06
01 Overview of the global express industry	10
02 Express industry In India - Shifting gears	22
03 The interplay of express industry in India and e-commerce	46
04 Express industry's pursuit of resilience	58
05 Policy and regulatory enablers for the express industry	68
06 Future roadmap of the express industry in India	106
Annexure	115
Glossary	119

Global express industry

Global express industry market size:

USD~470 Bn
(estimated) in 2025

Grow rate:

6% between 2022 and 2025

International-domestic split:

65:35

Documents:

10%



Manufacturing sector, digital penetration, consumer preference towards online shopping, and the shift of traditional enterprise business to a direct-to-customer logistics service model are driving the industry.

India express industry

Express industry in India has grown from USD3 billion in FY17 to USD9 billion in FY25 at a compound annual growth rate (CAGR) of ~15 per cent

Total express market: USD9 Bn

Domestic: 70%

Surface	Rail	Air
82%	1%	17%

Surface Express

55-60%

Rail Express

<1%

Dom+ Intl Air Express

40-45%

International: 30%

Air

100%

2.8-3 Mn jobs
(direct and indirect)

USD1.5 Bn
GST contribution

USD650 Mn
through customs duties

Documents
<10%

E commerce
is key driver

*GST contribution and custom duties are as of FY24

Domestic express

B2C 52%

E-commerce and D2C: 90%

BFSI and others: <10%

C2C 3%

B2B 45%

Auto and machine components: 20-25%

Fashion and lifestyle: 15-20%

Electronics: 10-15%

Pharmaceuticals: 5-10%



Recent road infrastructure developments, have enhanced market share of surface express by 5% in last 5 years. Rising popularity of same day/ next day deliveries, is expected to trigger significant shifts in modal split in coming years.

International express*

22.4 Mn
express shipments in FY25

27%
(CAGR FY19-25)

81%
(FY25) constitute export shipments
(52 per cent in terms of tonnage)

>70% volume
B2B industries like pharma, automobiles, textile etc.

Avg weight 7.5 kg - 10 kg
(Import: 14 kg- 25 kg; export: 5-7 kg)

Trade lanes:
US, UK, Australia, Middle East

Cross-border e-commerce is emerging as key driver of international express. India's growing aviation infrastructure and improved connectivity and operational efficiency at existing and upcoming airports shall be key enablers for the growth.

Emerging trends in express industry in India

Evolving Customer Mix

The increasing number of Gen-Z and Gen-Alpha consumers will drive the growth of e-commerce and quick commerce. Meeting shorter delivery timelines and expanding reach beyond metro and Tier I cities will be crucial.

Expanding Operating Footprint

Express players are enhancing their footprint through both organic and inorganic strategies, not only to increase volumes but also to align with customer and business needs. The focus will be on providing integrated solutions and leveraging technology.

Technological Adoption

Embracing technologies such as warehouse automation to improve operational efficiency, and using AI, blockchain, and predictive algorithms to optimize inventory management, real-time shipment tracking, and contingency planning will be key.

Sustainable Offerings

Decisions by express players, their customers, and end users are expected to be increasingly influenced by sustainable offerings.



*FY25 data is estimated based on CBIC data upto Dec 2024.

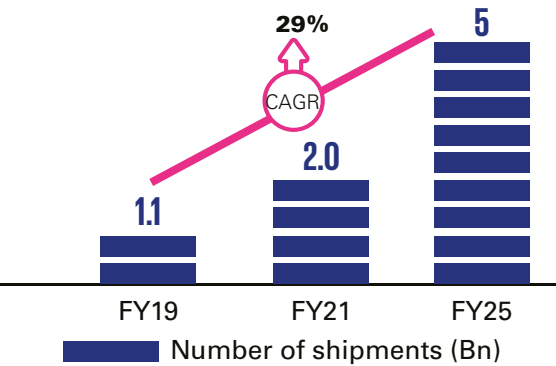
Interplay of express industry and e-commerce in India



To support growth of express industry, government can consider focusing on the following critical enablers to ensure optimum infrastructure utilization and operational efficiency for both surface and air express.

A. Domestic

E-commerce express market
USD4-4.5 Bn
(5–6 per cent of e-commerce market)



Global benchmarking
*USA and China data is as of FY24

	India	USA	China
B2C e-commerce size	USD75 Bn	USD1.2 Tn	USD1.3 Tn
Per capita B2C e-commerce spending	USD50	USD4,233	USD935
Number of shipments	~5 Bn	~22 Bn	~110 Bn



Surface express

Utilize Industrial corridors; multi-modal logistics parks (MMLPs); dedicated freight corridors (DFCs); modernized railway system to enable modal shift

Freight centric planning for not just metros/Tier I cities but also for Tier II/III and beyond to improve urban freight efficiency

Critical enablers for improving infrastructure



Air express

Improve airport infrastructure across all airports.

Enable development and effective utilization of Air Freight Stations, E-Commerce Export Hubs (ECEHs);

Enhance regional connectivity

Critical enablers for achieving operating efficiencies

Iron out issues with GST and e-way bill and improve transparency through technology and integrated operations

Simplify and integrate customs processes through single window technology platform – ECCS as a comprehensive and future ready solution

Simplify processes for enabling transshipment hub development

Other key enablers in areas of sustainability and human resource development are detailed subsequently in the report

B. Cross border e-commerce

ONDC

An innovative e-commerce marketplace launched by Government. ONDC brings together sellers and logistics providers into a network, creating a transparent space for business. The marketplace handled more than 65 million e-commerce shipments by December 2024.

Market value:
USD18–20 Bn

Average shipment value:
~USD25-30

Key markets: US, Europe and Australia (due to presence of the significant Indian diaspora)

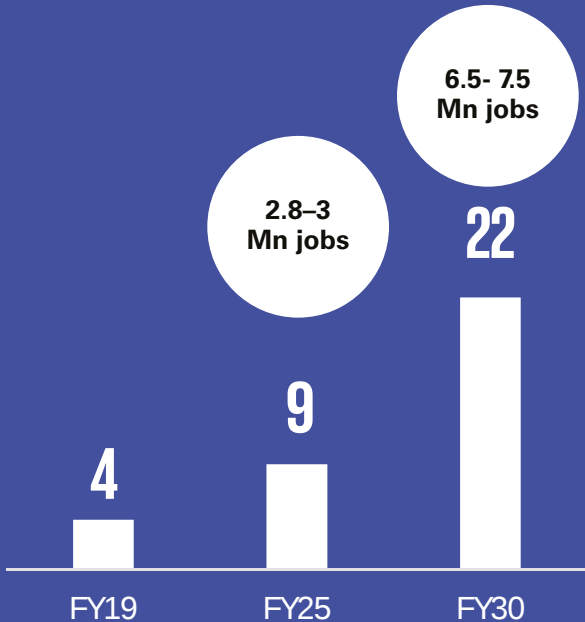
Foreign Trade Policy 2023 and agreements, establishment of E-commerce Export Hubs (ECEHs), implementation of ECCS etc. can be key drivers of growth. While US tariffs pose challenges such as increased costs and supply chain disruptions, they also encourage market diversification and adaptability within express industry.

Total E-Commerce Market Size



As India is expected to emerge as the world's 3rd largest economy valued at USD6.5 Tn, express industry is expected to grow more than two-folds reaching ~USD22 Bn, generating ~7 Mn jobs by FY30.

India: Express industry market size
Market size in USD Bn



5 Pillars for future roadmap of industry

Agility and adaptability: Organic/ inorganic growth opportunities shall be looked into to expand reach and provide integrated technology-based solutions

Efficiency improvement: Leverage technology and optimize processes to ensure improve asset utilization. Adopt strategic initiatives to promote inclusivity and skill development among workforce shall be keys

Customer centricity: Improve service levels and provide tailor made solutions to enhance stickiness

Sustainable outlook: Augment modal split and align with eco-conscious consumers

Robust policy and regulatory framework: Simplified, tech-enabled and comprehensive solutions for industry to flourish



Gol's forward-looking measures, including GST, the e-way bill, and ECCS, along with the express industry's swift adoption, enabled India to make a sharp recovery from the COVID-19 pandemic. The express industry's adaptability and resilience have underscored its crucial role as the backbone of our economy and its capacity to serve as a nerve center for the future growth.



01

Overview of the global express industry



Overview of the global express industry

The global express industry, estimated at USD470 billion in 2025, has witnessed reformative changes in the last decade.¹ The industry, which was conceived solely for the delivery of high-value, low-weight mails and parcels, currently operates in the capacity of a critical driver augmenting the global economy. The early 2010s marked a turning point for the express industry, driven by the growth of the manufacturing sector and small to medium-sized enterprises, which demanded fast, time-bound logistics support and value-added services. Further, the emergence of internet and the rise of e-commerce revolutionised express industry and propelled further growth. To cope with market dynamics, global express players expanded their operations across countries with major investments and innovative and sustainable solutions. For instance, in 2017, following the acquisition of TNT Express, FedEx invested USD32 million to launch its three major stations in Paris.² Foreseeing the growth of e-commerce, DHL invested USD137 million in the US's e-commerce infrastructure development.³ Similarly, UPS invested USD750 million to expand its

alternative fuel and advanced technology fleet to provide more sustainable solutions.⁴ Today, the industry is rapidly augmenting with the change in customer needs, advancements in logistics technology, focus on sustainability, competition in market and rise of innovative business models.

The transformation of express industry is pushing the traditional barriers and norms of logistics and supply chain, bringing forth the importance of efficient and optimised logistics operations. The growth of the industry is leading the way for improvements in overall global logistics and supply chains, which are pivotal in driving global economic development. Economies across the world are striving hard to improve their Logistics Performance Index, aiming to optimise overall logistics cost, attract FDIs and accelerate economic growth by making them globally competitive.⁵ Fiscal policymakers across countries are focusing on the implementation of mega infrastructure projects as well as operations improvement strategies to enhance supply chain and logistics systems and, subsequently, optimise its logistics costs.



1. Technavio, KPMG analysis
2. Fedex, (Link)
3. DHL, (Link)
4. UPS, (Link)
5. The World Bank's Logistics Performance Index (LPI), the single

indicator that aggregates the six critical logistics performance parameters (efficiency in customs, quality of logistics infrastructure, service quality, ease of arranging international shipments, ability to track and trace, and adherence to delivery timelines), highlights the logistics readiness of a country.

1.1

Macroeconomic overview

The global GDP is anticipated to reach USD114 trillion in 2025.⁶ The increase in cross-border trade and liberalisation of investment policies across countries has been one of the key drivers of the global economic growth. Further, the rise of digital economy and technology-driven productivity improvements enhanced global resilience.

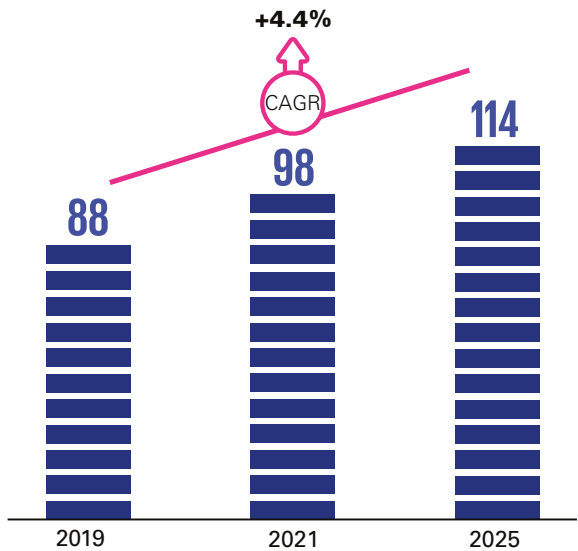
The global economic growth rate in the last decade has been restrained to 4.4 per cent owing to an impact of uncertainties arising from the COVID-19 pandemic, outbreak of the Russia-Ukraine war, Suez Canal crisis, geopolitical tensions over China, and Red Sea crisis. Despite the vulnerabilities, easing inflation and rise of resilient global supply chains, select economies have shown a positive outlook. India has been recognised as one of the fastest growing major economies in the world, expected to grow at 6.5–7 per cent in 2025–2026.⁷

The pandemic and occurrence of other economic and geopolitical turbulences had multifaceted impact on the global economy and the trade and logistics movement. Following are the three triggers that influenced the dynamics of the global economy in the post-pandemic era, especially in the context of the express industry.

Growth of GDP (USD Tn)

World GDP global growth rate:

2019	2020	2021	2022	2023	2024	2025
2.9	-2.7	6.6	3.6	3.5	3.3	2.8



Global economy has grown at CAGR of ~4.4% in last 6 years. The slow rate is attributed to the impact of Covid-19 pandemic coupled with other geo-political tensions emerged during the period.

Source: IMF, Secondary research, KPMG analysis.

6. International Monetary Fund (IMF) as accessed on August 2025
7. World Bank
8. Supply chain magazine, published in May 2020

9. UNCTAD, IATA
10. Priority Freight: Official website (Link)
11. KPMG analysis basis actual value (2022) released by Transport Intelligence

The period of contagion and self-isolation triggered the need for door-to-door service delivery

Owing to forced lockdowns and global supply chain disruptions, the door-to-door supply of essential products, such as medical equipment, medicine, groceries and food, became critical during the pandemic. Governments across countries partnered with regional express players for the time-bound delivery of essentials, including vaccines, medicines, personal protective equipment (PPE) kits, etc. For instance, a Chinese express giant, with the support of the local government, deployed drones for delivering essentials, thus limiting physical travel. Similarly, realizing the importance of maintaining supply chains, the UK government's pandemic plan classified logistics workers as 'key workers'.⁸

Geopolitical tensions and the deep-rooted impact of pandemic have encumbered manufacturing sector

Supply chain disruptions have exposed the vulnerabilities and limited potential of global manufacturing sector. While the container crisis and oil price hike in 2022 resulted in soaring shipping costs by 3.5X, the pandemic led-suspension of passenger flights resulted in 30 per cent reduction of belly capacity for air cargo.⁹ The logistics bottlenecks nearly muted the growth of the manufacturing sector across the globe. The constrained supply of integrated circuits/chips led to severe semiconductor crisis in 2023 and the depletion of inventories for automotive manufacturing and high-tech consumer industries. However, the role of the express industry in navigating the crisis was commendable and it was able to push the limits of services. For instance, a select express service provider transported 300 semiconductor chips from Birmingham to Le Mans, situated 960 km apart along the UK-France Border, in just 20 hours.¹⁰ The imposition of US reciprocal tariffs on Indian goods is expected to have several impacts on express industry. Increased costs, supply chain adjustments, reduced trade volumes will impact the demand for express services however, market diversification will open new opportunities. Since this is a developing issue, further analysis will evolve subject to availability of new information.

Radical shifts in consumer behaviour globally

The pandemic-led lifestyle and economic downturns have triggered the use of digital devices among consumers. The e-commerce sector anticipated the changing consumer needs and preferences and provided suitable solutions, creating a positive outlook. Discounted prices, the availability of a wide

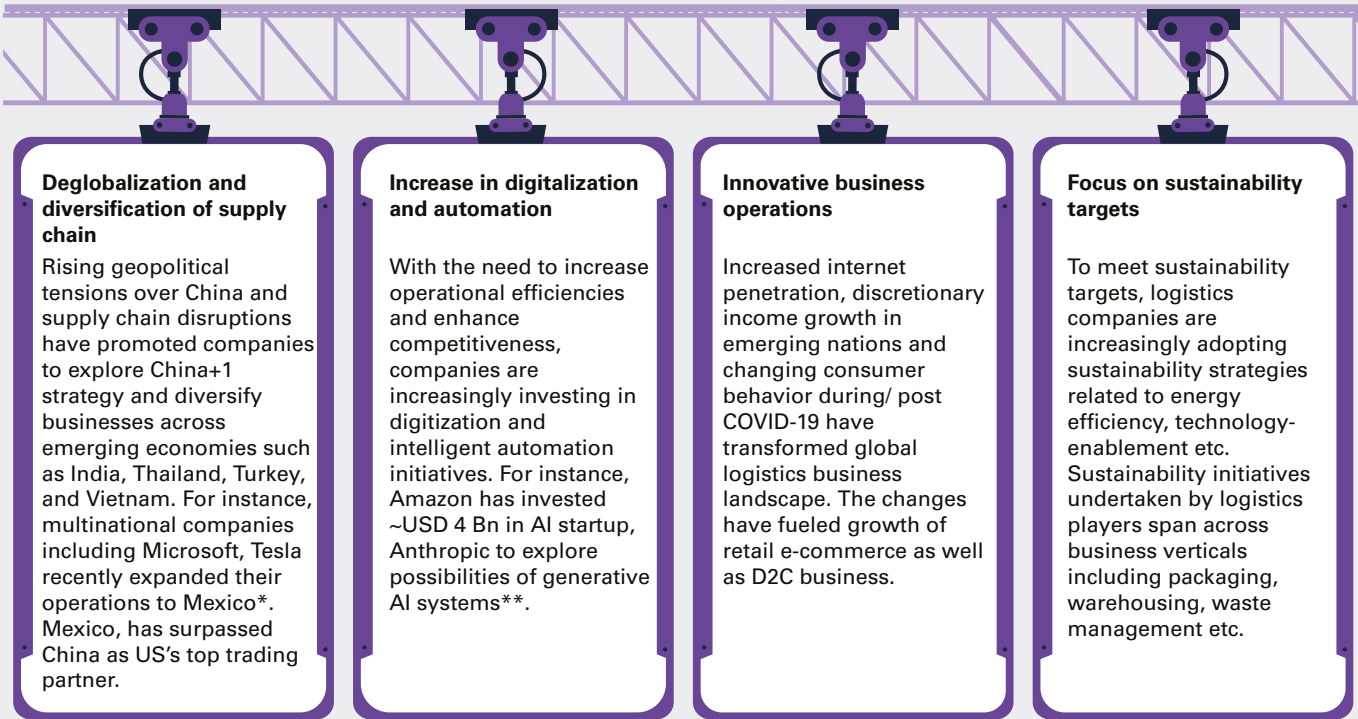
variety of commodities and options for price comparisons on e-commerce platforms have enhanced consumer stickiness on digital buying. Additionally, a change in demographics with the rise of tech-savvy Gen Zs and Gen Alphas has had significant impact on discretionary buying behaviour, demand of consumer goods across globe and the way consumers are shopping. Post the pandemic, consumer behaviour has mandated that express and other logistics players reimagine their value proposition with next/same day or even 30-/10-minute deliveries in select economies.

Overall, the logistics and express industry has played a pivotal role and shown resilience in supporting the global economy by enabling the seamless movement of goods and minimising supply chains disruptions. The global logistics market, which currently contributes to 8 per cent of global GDP, growing at CAGR of 5-6 per cent between 2019 and 2025.¹¹ Within the umbrella of global logistics, the express industry is gaining dominance due to transforming customer preferences for fast and time-bound delivery of goods and services, and a willingness to pay for comfort and convenience.

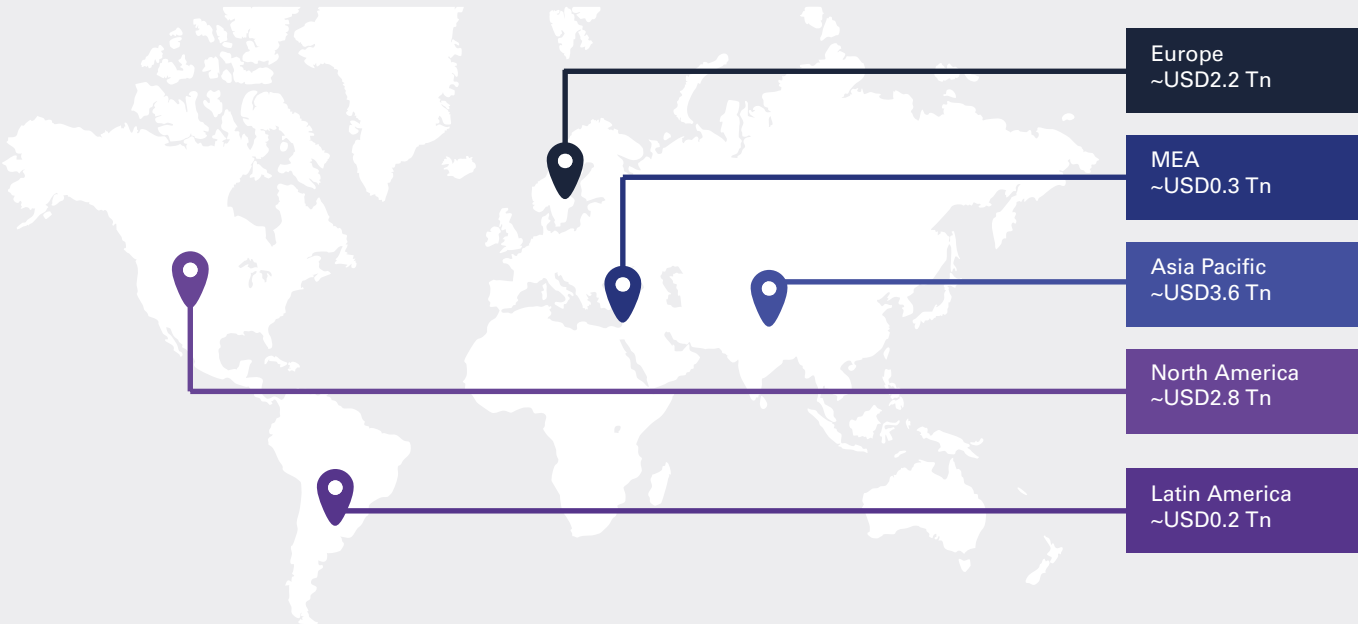


Global Logistics Market

Global logistics industry is forging resilience with innovations to adapt to current market dynamics. The market size of the industry is estimated at ~USD9.1 Tn in 2025.



Global Logistics Industry 2025 (F): ~USD9.1Tn



Asia-Pacific contributes to ~40% of the global logistics market followed by North America and Europe. Despite economic downturns, global logistics market has grown with strong consumption sentiment and boost in localized manufacturing activities. Re-shoring of manufacturing activities in US coupled with strong e-commerce growth across economies have propelled logistics market growth across regions.

Sources: KPMG analysis; Market size numbers are estimated basis actual value (2022) released by Transport Intelligence. The report considers conservative growth rates for market size estimation of other years
*Cinde.org, Business standard; ** Amazon

1.2

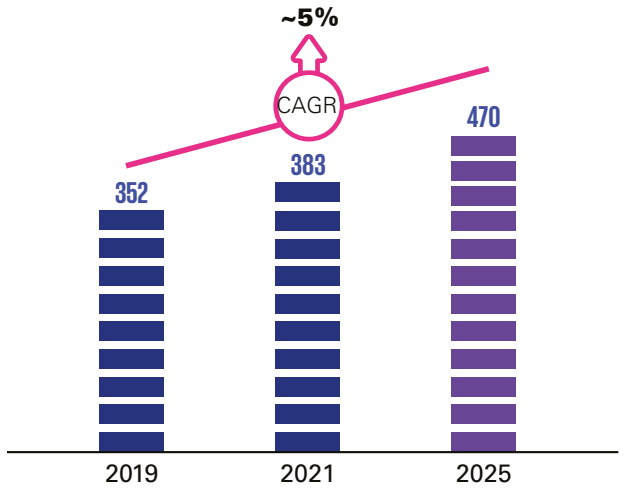
Global express industry



The global express market has marked an average growth rate of 4.5 per cent¹² between 2018 and 2022, reaching USD400 billion market size in 2022. The industry is expected to grow at a faster pace of 6 per cent between 2022 and 2025 to reach USD ~470 billion by 2025.¹³ The international-domestic split in the global express market in the last five years stands at a ratio of 65:35.¹⁴

The traditional segment of the express industry, which is documents, has stabilised its share at around 10 per cent of the express market while the remaining 90 per cent focus on the logistics of non-document shipments.¹⁵ Within the non-document category, the B2C segment accounts for 55–60 per cent of the market, followed by the B2B segment, which accounts for 35–40 per cent.¹³ It should be noted that with the growth of digital commerce, the B2C segment has grown significantly, especially during and post the pandemic. The emerging C2C market

Growth of global express market (in USD Bn)



Source: Primary interactions

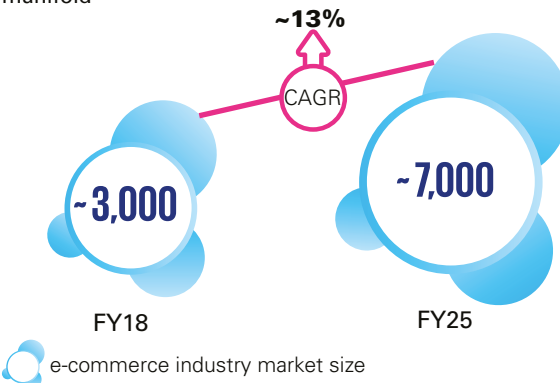
accounts for 5 per cent of the total global express market.¹³

The growth of the traditional document segment, which once drove the express industry, is observed to have stabilised, which is attributed to the advent of more convenient digital communication channels for document transfer.

Growth of market drivers

Growth of e-commerce, the new age market driver (in USD Bn)

E-commerce, key contributor to the B2C segment doubled its size in last 7 years and is estimated to grow manifold



The market size of document segment has largely remained stable with minimum growth, as per discussions with industry leaders.

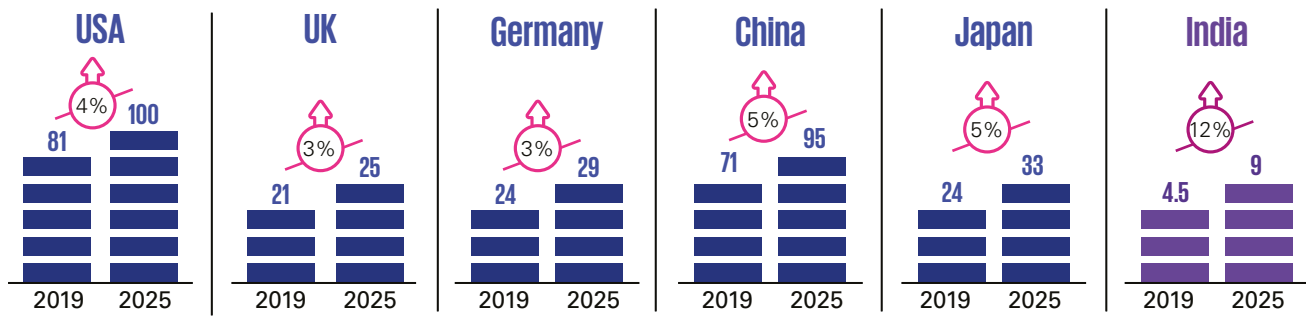
Source: Primary interactions

12. Technavio
13. KPMG analysis
14. Analysis based on data from Technavio report.
15. Primary interactions

Considering the market split based on geographical presence, the Asia Pacific region (38 per cent) and North America (30 per cent) are leading the express delivery market in 2025 with a total of 68 per cent share of the global express market.¹⁶ As illustrated in figure below, China and Japan dominate the express business in Asia Pacific region with the underlying growth of e-commerce industry in the region. China's

e-commerce market is primarily driven by Alibaba group's e-commerce subsidiaries Taobao, Alibaba.com and Tmall while the second largest market, the US, is led by Amazon and eBay. However, the rise in demand and unlimited opportunities for business expansions are making the express industry a prolific ecosystem for new market players across regions.

Key global express markets (in USD Bn)



Source: Technavio, KPMG analysis



*extrapolated basis 2024 data
16.KPMG analysis

Legacy players continue to lead the market |
New players are intensifying competition

The change in customer perceptions and preferences for affordable retail and logistics services, a drop in freighter capacities, and other economic disruptions (such as negative currency effect and the lowering of fuel surcharge) had significant impact on the global express industry. The legacy players in the industry, including DHL, Fedex and UPS, continue to lead the market despite slight revenue fluctuations experienced between 2022 and 2023 due to the aforementioned externalities. The players are investing heavily in automation and exploring innovative business strategies. However, new players with differentiated portfolio are intensifying competition in the global express ecosystem. Few instances include expansion of Amazon's portfolio to the express space and the entry of the world's largest shipping companies, including CMA CGM and Maersk into air freight and express cargo market. While Maersk has acquired Senator International, CMA CGM has formed cargo alliance with Air France KLM to capture a share in the express market.

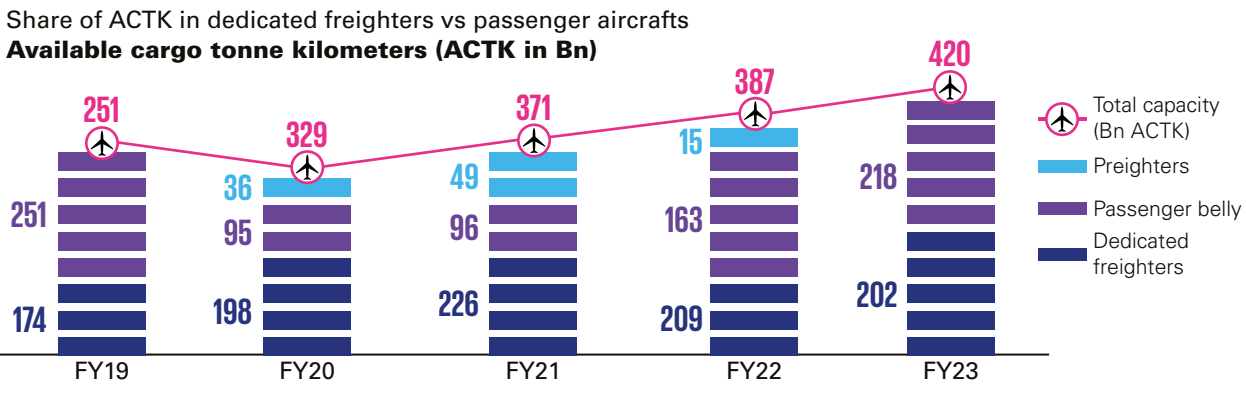
Legacy players vs new entrants



Note: Legacy players refer to UPS, Fedex and DHL while new entrants refer to emerging express delivery companies including Amazon logistics.

Source: Financial reports; other news articles.

A drop in freighter capacities observed between FY21-23 fairly indicates a market correction process after the COVID-19 pandemic impact. The decline in freighter capacities can possibly be attributed to a delay in the freighter conversion of older fleets, conversion of 'freighters' back to passenger aircrafts and diversification of freight routes due to geopolitical tensions.



Source: IATA

The global express industry is significantly evolving with the changing needs of society. The growth of the manufacturing sector, digital penetration, consumer preference towards online shopping, and the shift of traditional enterprise business to a direct-to-customer logistics service model are reshaping the express industry as well as player profiles. The rise of e-commerce has permanently altered the express industry landscape.

1.3

Surging demand from e-commerce

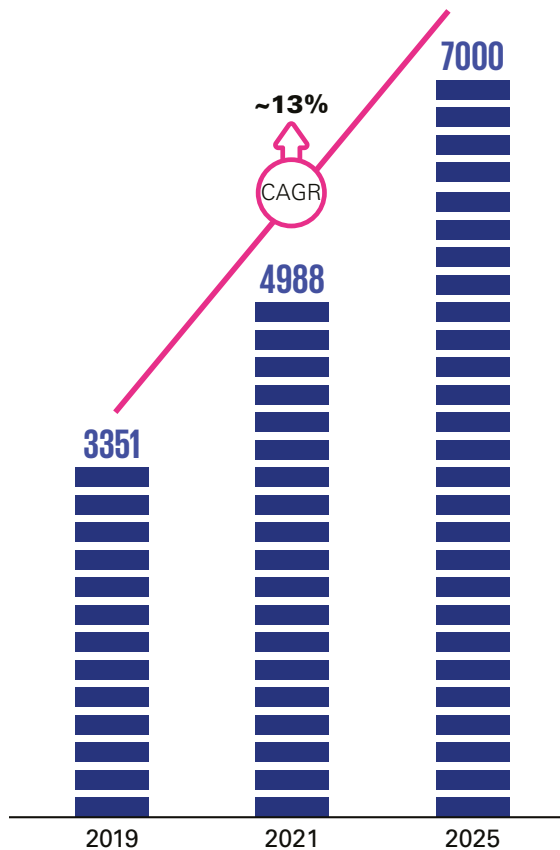


In 2020, the customer base of e-commerce grew by 21 per cent and the global retail e-commerce sales grew at 27 per cent. This trend continued with 17 per cent growth in 2021 and stabilised to 10 per cent till 2024. Following the growth trajectory, the global e-commerce retail market is estimated to reach USD6.8–7.0 trillion by 2025 from USD6.3 trillion in 2024. With a surge in demand, the industry witnessed rapid changes, including the entry of MSMEs in digital platforms. The emergence of social e-commerce, omni-channel business and increasing popularity of marketplaces such as Shopify, Etsy etc., has brought a transformational facelift for the e-commerce industry. Express industry has become one of the most critical pillars of e-commerce as the industry started shifting its focus to faster delivery options as a competitive advantage.

China handles more than 50 per cent of the global e-commerce market sales.¹⁷ The country handled 108–110 billion e-commerce shipments in 2023 compared to 22–24 billion shipments handled in the US and 3–4 billion shipments handled in India.¹⁸ In 2023, China witnessed e-commerce retail market penetration of 20 per cent, while the US and India were at 15 per cent and 6 per cent respectively.¹⁸

The dynamics of the e-commerce industry in India and its impact on express industry have been further discussed in subsequent sections.

Global retail e-commerce sales (in USD Bn)



Source: statista

17. International Trade Administration
18. KPMG analysis

1.4

Emerging trends in the global express industry



Dynamic market conditions and varying customer preferences are influencing express players to adopt innovative businesses and explore technology solutions, which can optimise operations and enhance their competitiveness in the market space. Moreover, with rising concerns about climate change, commitment to global sustainability targets, and the inclination of the new generation towards greener products and services, express players are focusing on sustainable development strategies to frame their business outlook. Thus, to summarise, the global express industry is evolving around four major trends.

Evolving customer mix



While B2B and documents segments have been the fundamental drivers of express industry, the increased demand from B2C and D2C segments have altered traditional customer mix and propelled growth for express industry. D2C companies are bypassing traditional retail channels to sell directly to customers and the demand for robust express services has grown proportionately. Retailers with omni-channel models are heavily relying on express services to build seamless operations.

For instance, during the pandemic, Walmart, a 61-year-old retailer, ventured into e-commerce.¹⁹ Omni-channel retailing has been a success allowing the firm to offer a wide-range of delivery options. Walmart's e-commerce sales passed USD100 billion for the first time in 2023.¹⁹ Similarly, Avenue Supermarts, the operator of Dmart Retail chain, recorded highest sales through its online grocery unit, Dmart Ready.²⁰ Online grocery sales grew at a CAGR of 32 per cent from USD0.19 billion in FY22 to USD0.26 billion in FY23.²¹

19. Walmart, 2023
20. ET Retail
21. News articles

Operating footprint



Express players across the globe are identifying organic and inorganic growth levers to achieve economies of scale across geographies. Marquee players have identified merger & acquisitions (M&A) or partnerships as a key enabler to enter emerging/developing markets.

For instance, UPS acquired Estafeta, a leading Mexican express delivery company, as a key part of UPS's 'Better and Bolder' strategy, aiming to become the world's premium international small package and logistics provider.²² The rise in the demand for door-to-door delivery services have promoted express companies to explore partnership business strategies with regional logistics partners. For instance, Aramex partnered with Rand McNally for transforming fleet management across the Middle East and North Africa (MENA) region.²³ Rand McNally focuses on providing comprehensive telematics platform to address Aramex's logistical challenges across the MENA region.

Trends in India: Mahindra Logistics Limited, an Indian contract logistics player, acquired Rivigo to expand its portfolio and enter B2B express segment.

Sustainability objectives



Concerns around climate change, global warming, rising sea levels, the frequency of natural calamities, etc., are amplifying global threats. Express players are committing to global sustainability targets and changing consumer preferences by exploring sustainable initiatives such as inducting electric/hybrid fleets, green warehousing, waste-to-energy methods, green packaging, etc.

For instance, DHL and energy provider E.ON initiated a partnership to expand the electric charging infrastructure for heavy commercial vehicles in line with the company's strategy for 2025, which aims to reduce logistics-related greenhouse gas (GHG) emissions to below 29 million tonnes of carbon dioxide emissions (CO₂e) by 2030.²⁷ Similarly, Fedex has come up with plans to achieve carbon neutrality globally by 2040.²⁸ The company has designated over USD2 billion of investment towards vehicle electrification and sustainable energy to advance its on-site renewable energy generation and energy management systems.²⁸

Trends in India: E-commerce marketplaces in India are piloting electric vehicles (EVs) for last-mile deliveries. Amazon has launched its global last-mile fleet programme in India that emphasises on transitioning to 100 per cent EVs for providing last-mile deliveries.

With evolving consumer expectations and emerging new technologies, the express industry has adapted to the changing landscape to cater to the emerging demand from key demand drivers.



27. DHL Group
28. FedEx

Technological capabilities



Express players are leveraging a variety of advanced technologies and business intelligence tools such as advanced tracking systems, route optimisation algorithms, blockchain for transparency, robotics and automation in warehousing, artificial intelligence (AI) and predictive analytics for demand forecasting, etc., to enhance operational efficiencies. Additionally, the players are forming strategic partnerships with technology-driven start-ups and national companies to stay competitive and innovative.

For instance, FedEx is collaborating with Neolix, a leading company in autonomous technology, to test an autonomous delivery vehicle in China.²⁴ Amazon partnered with the robotics software firm Covariant to advance the integration of AI into Amazon's already extensive robotics systems of 750,000 robots as part of a warehouse automation journey that started in 2012.²⁵ The use of drones for express delivery services has also gained momentum in the last five years. For instance, the US' Federal Aviation Administration expedited approval processes and encouraged the use of drones for the delivery of essentials during the COVID-19 pandemic.²⁶

Trends in India: Express players, including DTDC, Shiprocket, etc., are partnering with drone service providers to expand their capabilities for high-speed delivery. Similarly, more technology-based companies are emerging in the market space to leverage possibilities of AI and robotics in warehousing and logistics.

22. UPS
23. Rand McNally
24. FedEx Newsroom
25. AI Magazine

26. Unmanned airspace.info

Express industry in india : Shifting gears



Setting the context

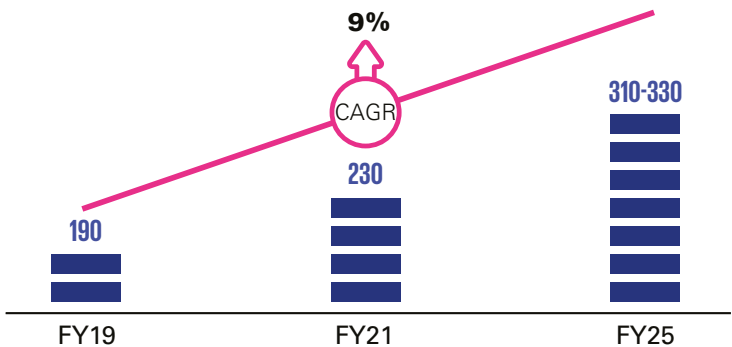
India, recognised as one of the fastest-growing economies in the world, has grown at a CAGR of 7 per cent between FY19 and FY25.¹ This growth story showcases the country’s ability to adapt, innovate and emerge as a global leader, reinforcing its role as a key contributor to the post-pandemic global economy. The government’s strategic initiatives, including foreign direct investment (FDI) relaxation, production-linked incentive (PLI) schemes and infrastructure programmes, have triggered increased foreign investments, economic reforms and digital integration, making India a conducive environment for businesses to flourish. In response, per capita income in India has grown at a steady CAGR of 6 per cent from FY19 to FY25.² Evolving consumer behaviour and a rise in

discretionary spending have enhanced the demand for express services

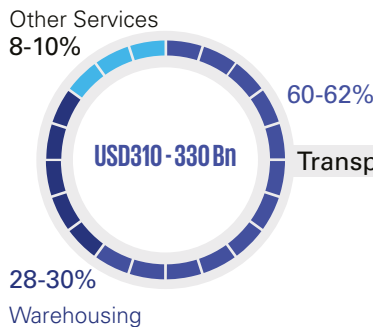
The transport and logistics industry in India, valued at USD310–330 billion in FY25, has been the backbone supporting the growth of the country’s economy.³ The industry, growing at a CAGR of 9 per cent during FY19–25, is evolving with the government’s strategic initiatives, which include the National Infrastructure Pipeline (NIP), National Monetisation Pipeline (NMP), PM GatiShakti National Master Plan and National Logistics Policy.³ The implementation of these initiatives has streamlined interstate transportation, reduced transit time and fostered the consolidation of supply chains, enhancing the efficiency and scalability of the country’s overall logistics industry.

Indian transport and logistics market overview

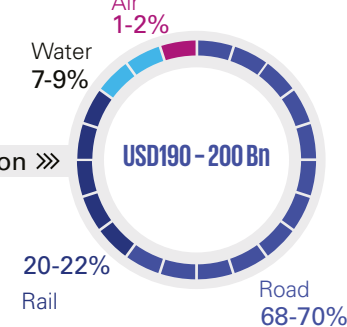
Transport and Logistics Market (in USD Bn)



Transport and Logistics Market: Service mix (FY25)



Transportation: Modal mix (FY25)



The express industry in India, once considered a niche sector, has now become an integral part of the Indian transport and logistics landscape. The industry has risen to prominence in managing supply chains for both traditional and emerging industries. From automotive to Banking, Financial Services, and Insurance (BFSI), lifestyle to pharmaceuticals, the express industry plays a crucial role in supporting the supply chain management of traditional industries. Moreover, with the rapid growth of e-commerce and quick commerce, this sector has also become a key player in managing the supply chain of new-age industries. With robust infrastructure and extensive network, the express industry continues to facilitate smooth logistics operations and delivery across the country. Thus, the industry has emerged as a versatile and critical component of the Indian economy.

Source: KPMG analysis

1. IMF
2. PIB press release
3. KPMG analysis

Economic resurgence of India has been a story of resilience, reform and robust growth, powered by strategic development initiatives and policy support

Economic growth of India reflects a combination of infrastructure reforms, advancements in digital technology, and policies aimed at improving the ease of doing business. After navigating the challenges posed by the COVID-19 pandemic, India has embarked on a path of sustained recovery, underpinned by the transformative potential of its economic and demographic strengths.

- 1 Boosting competitiveness through FDI relaxation
100 per cent FDI under automatic route in e-commerce, pharmaceuticals, mining, construction, and telecom
- 2 Strengthening manufacturing through the PLI scheme
Launched in 2020 with an investment outlay of USD 20 Bn
- 3 Transforming infrastructure for economic growth
 - Bharatmala Pariyijana
 - UDAN scheme
 - Sagarmala initiative
 - Multi-Modal Logistics Parks.
- 4 Focus on sustainability
Net zero emissions by 2070
- 5 Policy support
 - National Infrastructure Pipeline (NIP)
 - National Monetisation Pipeline (NMP)
 - PM Gati Shakti National Master Plan
 - National Logistics Policy.



Increase in discretionary spending

Household consumption, which accounts for **50-55 per cent of GDP**, is deeply linked to urbanisation and urban centers contribute to **~2/3rd of the country's economic output**

Emerging demand centers

Share of e-commerce in Tier -2/3 cities has grown from **42 per cent- 45 per cent to 57 per cent- 60 per cent** over last 5 years

Digital push in rural areas

Smart phone penetration in rural areas has improved from **~36 per cent to ~60 per cent** in last 5 years

Growth in exports

At CAGR **~5 per cent**, India's exports grew from **USD ~324.3 Bn to USD ~437 Bn** between FY19-25

Transforming India's Infrastructure..

for setting up improved logistics ecosystem

- ### 2nd largest

road network in 2023, second only to USA

6,373k km of all weather roads as compared to 6,803k km in USA and 5,198k km in China
- ### 2x increase

in no. of airports and air passenger mobility
- ### 2nd highest

installed capacity in Asia with thrust on renewable energy
- ### Largest

rail network in Asia

Improving freight mobility with Dedicated Freight Corridors (DFCs)
- ### Ports - 2.5x

improvement in cargo handling capacity over 2014

206 projects worth USD 10.7 bn in pipeline to improve operational efficiency, capacity expansion and new port development

There exists strong correlation between the growth of above parameters and increased demand for express services, which acts as backbone to domestic industries such as e-commerce, auto & machine parts, fashion & lifestyle etc. as well as cross-border commerce



Express industry in India: A Paradigm shift

The express industry in India, with a market size estimated at USD9 billion in FY25, has a growth rate of 12-15 per cent CAGR (FY17-25). The industry, which served just as an arm for companies facilitating the rapid transportation of time-sensitive goods, has witnessed a notable transformation in the last decade. The advent of e-commerce, growth of MSMEs, increasing customer preference for time-bound deliveries and technology advancements were gamechangers in the growth story of the express industry. Moreover, the segment played an integral role in the economic recovery of India, ensuring resilient supply chains, navigating the challenges posed by the COVID-19 pandemic and other economic uncertainties. Ensuring reliable and time-bound logistics services, the express industry is positioned in the frontline fleet of the Indian economy, significantly contributing to employment, tax revenues and overall economic growth.

Employment generation

The express industry in India is estimated to employ about 2.8–3.0 million people directly and indirectly.⁴ The industry’s contribution to employment generation has nearly doubled in the last seven years.

Revenue generation

The express industry is a significant revenue contributor to both GST and customs*. In FY24, the industry contributed 4 per cent to the overall GST collected, an estimated contribution of USD1–2 billion.⁴ Similarly, customs duties contributed USD650 million.⁵ The revenue from customs has grown by 1.6x in the last five years, marking a CAGR of 10 per cent (FY19–24). The express industry, focusing on rapid, time-bound transportation services, has become vital for boosting the country’s economic growth.



*basis CBIC and GST data up to FY24
4. KPMG analysis
5. Industry discussions

Evolution of Express Industry in India

The express industry in India has undergone a remarkable transformation over the years. Embracing advanced technology and green initiatives, courier companies are further revolutionising last-mile delivery to meet the changing demands of businesses and consumers.



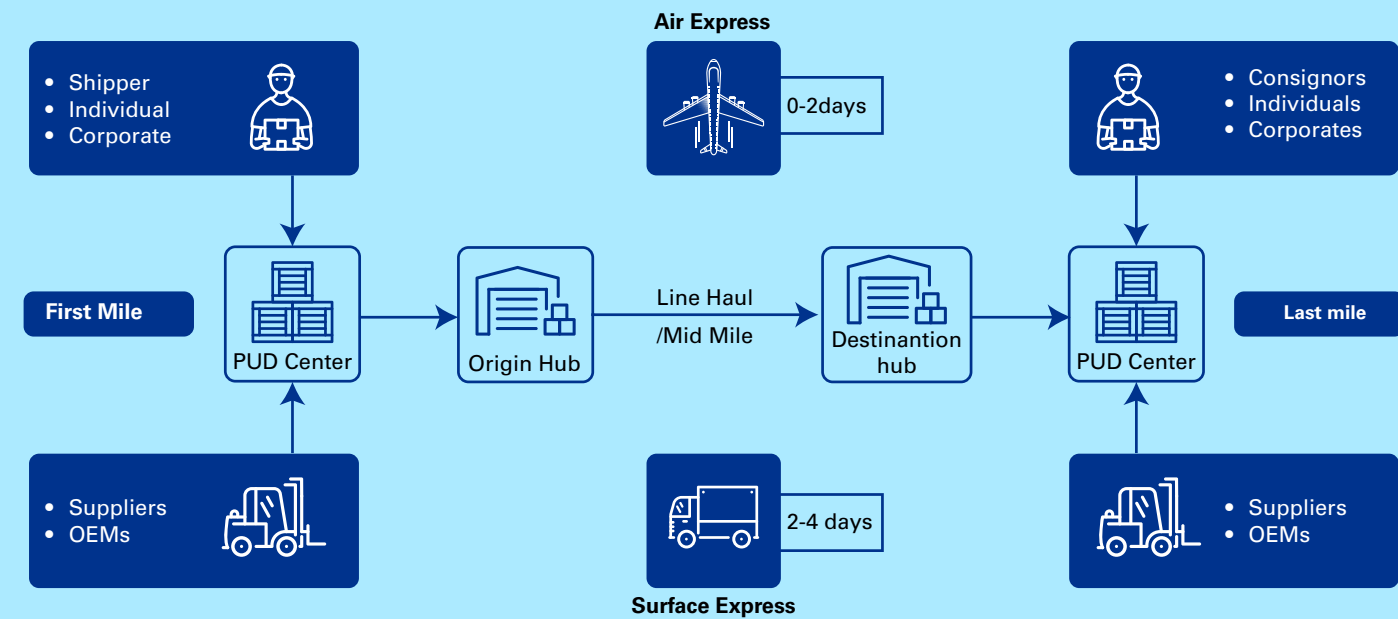
Documents >75%

Documents <10 %

Source: Secondary research, KPMG analysis

Landscape of express industry in India

Supply chain of express industry is primarily composed of first mile, mid mile/ main haul and last mile logistics movements supported by other allied services like warehousing and storage, packaging etc. The first mile and last mile legs of value chain which contributes to more than 50% of total fulfillment costs, are manpower intensive segments. While first mile movement involves collection of shipments from multiple parties, aggregation at nearest hub/ warehouse/fulfillment center and facilitation of value-added services like sorting, packaging etc., the last mile delivery focuses on time- bound delivery of shipment at consumer's doorstep. Express transportation via air, which focus on movement of high value/ time sensitive shipments, typically costs 3- 4x times of road prices. In most cases, express shipments are less than 30 kgs per unit.



Key players in the express industry

Express industry in India encompasses stakeholders across manufacturers/ other express users, both captive and non- captive express players, warehouse operators, regulatory agencies and so on. Effective collaboration of all the stakeholders are essential to ensure efficient express operations.

Players in Express Industry	Various Users	Other stakeholders
• Captive players • Legacy players • E- commerce oriented players • New entrants (Tech enabled/asset light/SaaS platforms: providing express services)	• Manufacturers • FMCG • BFSI • B2B- Large enterprises and MSMEs • B2C- Retail e- commerce and quick commerce • D2C and Individuals (C2C)	• Regulatory agencies • Warehouse developers/operators • Tech solution providers and data custodians • EICI



The express industry in India has expanded its portfolio from documents to non-document segments, marking a paradigm shift. The share of documents reduced from greater than 75 per cent to less than 10 per cent in the last two decades.⁶ Today, the express industry is driven by B2C and B2B segments followed by documents and emerging C2C segments. The evolution of the industry reflects its critical role in enabling faster, more efficient supply chains across the country. A notable trend driving growth is the high e-commerce penetration, especially in tier-II and -III⁷ cities, with tier-III cities contributing 40

per cent of the total e-commerce shipments.⁸ Additionally, emerging MSMEs are leveraging government initiatives like Make in India and Open Network for Digital Commerce (ONDC) to target both domestic and international markets more effectively. The emergence of quick commerce is further transforming the domestic express landscape while the rising Indian diaspora is boosting cross-border express demand. Embracing opportunities with advanced technologies and sustainability initiatives, the express industry is evolving day by day to meet the changing demands of businesses and consumers.



6. KPMG analysis
7. Cities with population ranging from 50,000 to 99,999 are classified as tier 2 cities. Cities with population ranging from 20,000 to 49,999 are classified as tier 3 cities
8. News articles

2.2

Structure of the industry

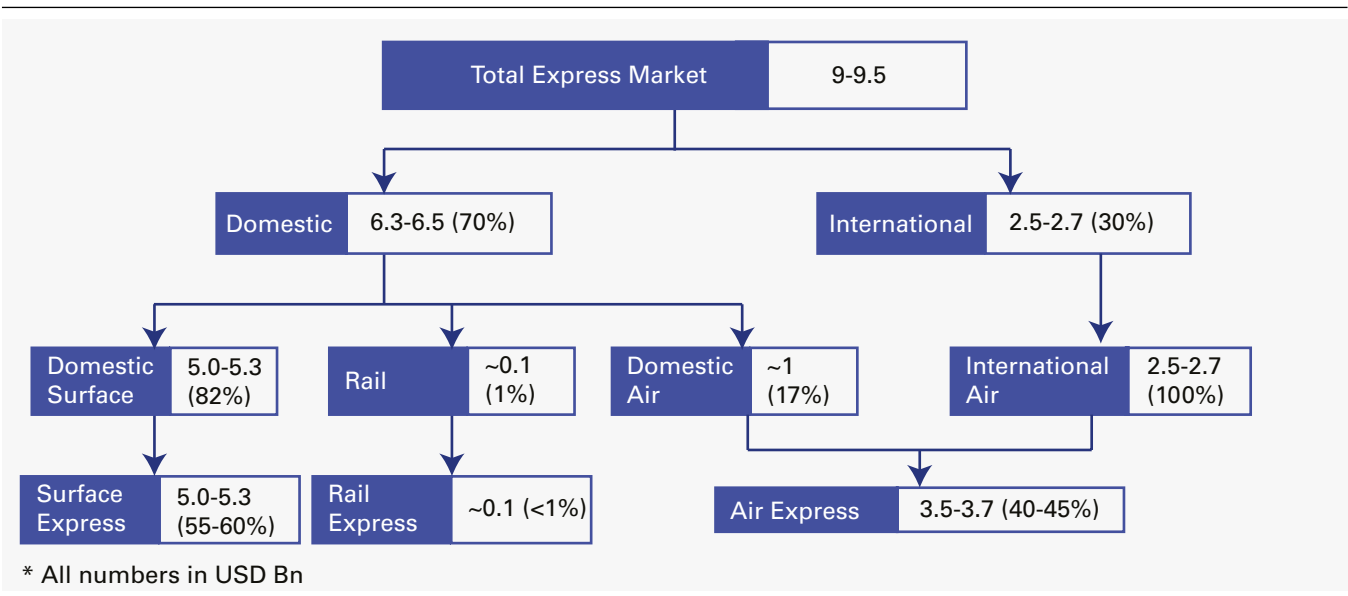
The express industry in India is broadly classified into domestic express and international express based on origin and destination. The domestic express segment, which focuses on express services within India, is valued at USD6.3–6.5 billion in FY25. The domestic segment, fulfilled by multi-modal integration of various modes, forms 70 per cent of the entire industry by value. However, roadways dominate the domestic segment with 82 per cent (by value) share within the domestic segment. Airways handle 17 per cent (by value) of the domestic express while rail handles a miniscule share of 1 per cent (by value).

The international segment, primarily handled by airways, is valued at USD2.5–2.7 billion in FY25. The share of international segment has improved from

23 per cent (by value in FY17) of the total market to 30 per cent (by value) in FY25.⁹ The growth in international segment is attributed to the growth in cross-border e-commerce, increased cross-border connectivity and the liberalisation of processes along with favourable bilateral and free trade agreements meant to enhance foreign relationships and trade.

The overall express market is dominated by surface express. Express movement via roadways constitute around 55–60 per cent of market by value. Air express, which includes both domestic air and international air movement, constitute 40–45 per cent by value. However, rail express is still at a very nascent stage, constituting less than 1 per cent share by value.

Structure of Express Industry in India



Source: Industry discussions, KPMG analysis

9. Indian Express Industry 2018 by Deloitte

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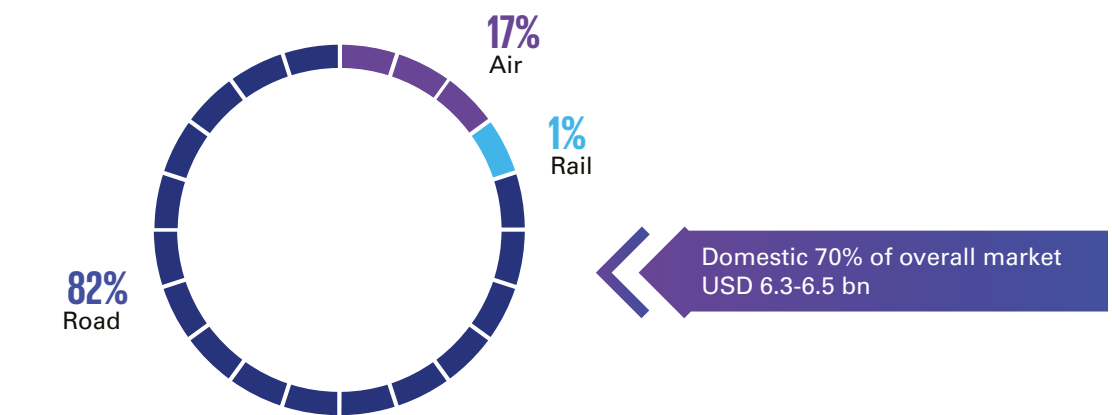
Domestic express industry

Classification based on modes

Traditionally, most express players in India (national and regional) prefer roads over other modes due to the operational advantages in terms of both network length and quality. In the last decade, India's road infrastructure has seen significant advancements, with a strong focus on enhancing connectivity even in tier-II and smaller cities. The National Highways Authority of India (NHAI) has been actively expanding the national highway network, which has grown from 91,000 km in FY14 to 145,000 km by mid-2024.¹⁰ The length of rural roads has also doubled in the last decade, surpassing 733,000 km in FY23. Roads help to maintain logistics cost efficiency by offering a competitive price point of INR12–15/kg, compared to INR60–80/kg of air.¹¹ The average speed on Indian highways has seen an

impressive improvement of 80 per cent, reaching 45–50 kmph, with further ambitions to improve.¹² Moreover, end-to-end connectivity without multiple handling, operational flexibility due to lower dependence on external parties and comparatively lesser regulatory compliance requirement enhanced attractiveness of roadways over other modes. The Bharatmala Pariyojana, a flagship programme, aims to develop economic corridors, inter-corridor and feeder routes, and improve border and international connectivity roads. Additionally, the Pradhan Mantri Gram Sadak Yojana (PMGSY) focuses on improving rural road connectivity, significantly enhancing access to remote areas, and facilitating better movement of goods.

Modal split of domestic express industry



Source: KPMG analysis

10. Press Information Bureau

11. KPMG analysis

12. MoRTH

Over the last decade, in addition to infrastructural developments, road transportation has evolved with strategic government initiatives, such as the e-way bill, FASTag implementation and vehicle technology developments, resulting in enhanced driving conditions and unmatched flexibility in enabling last-mile delivery.

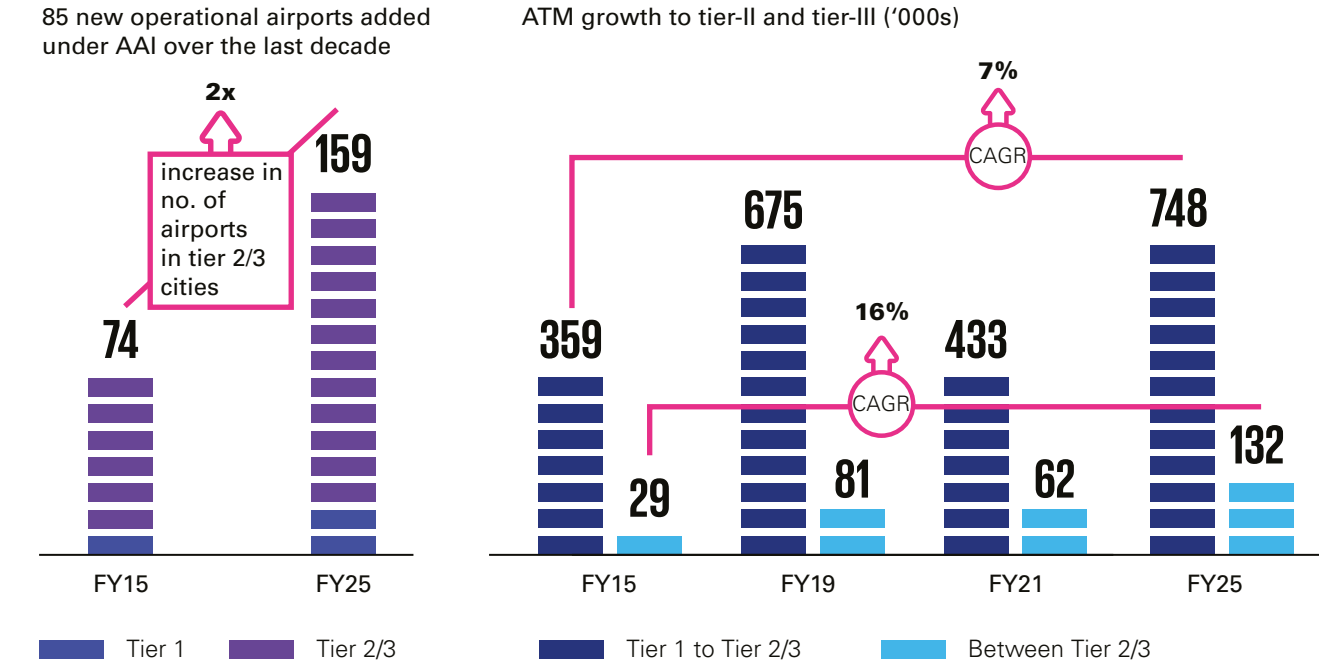
While roadways are expected to be the dominant mode, airways and railways are carving niche roles in India's logistics ecosystem. With policy liberations and infrastructure improvements, railways are increasingly becoming attractive on specific networks. Few among express players are experimenting by using passenger fast-rails like Rajdhani and Vande Bharat express trains to move their express shipments across India.

Air express particularly caters to premium and time-sensitive shipments, such as B2B movements of auto and machine components, fashion and lifestyle, electronics, pharmaceuticals, and critical e-commerce shipments. Though high price points (4X times of roadways; INR60–80/kg) and reduction in differential lead time due to mandatory cooling period are restraining the growth of air express, the industry is gaining momentum with the emergence of newer e-commerce delivery models, like same-day delivery

(SDD) or next-day delivery (NDD) across states. Today, online shoppers prefer same-day/next-day delivery even by paying a premium fee. Express players are leveraging this changing customer attitudes of impulse buying behaviour, willingness to spend and preference towards convenience by adhering to shrinking delivery timelines and enhancing the overall delivery experience. Faster delivery models (SDDs/NDDs), enabled by express players, benefit businesses with a short shipment lifecycle, lesser cart abandonments, lesser cash-on-delivery (COD) rejects and improved cash flow. Moreover, express aggregators help small players achieve a significant scale of operations by enabling them with quick access to a large geography and providing value-added services.

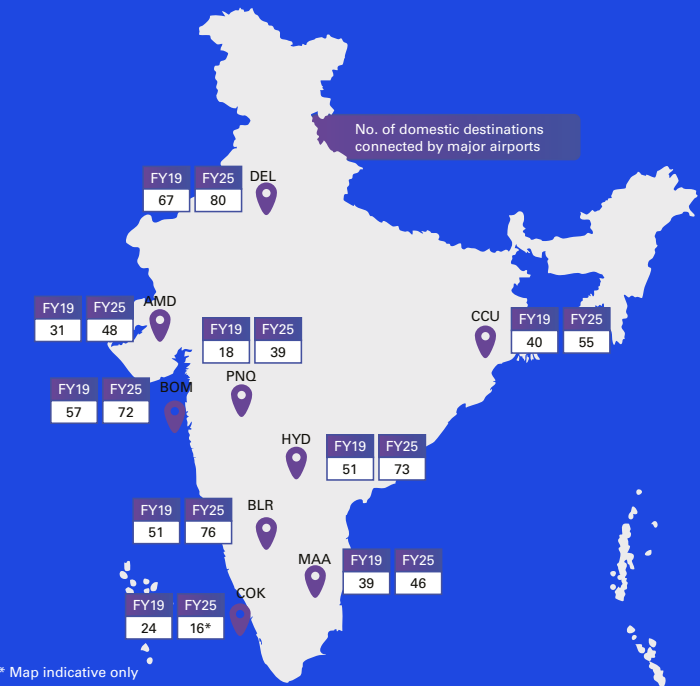
Foreseeing the demand potential of air express, the government has focused on extensive infrastructure development initiatives not just in tier-I metros but across tier-II and -III cities. This can provide necessary impetus to the growth of air express. New airports and cargo terminals are being set up across the country. With new airports, air traffic movements between tier-II and -III cities has also grown significantly in the last decade.

Growth of airports in tier-II and -III cities in the last decade



A total of 85 new airports operationised in the last decade

The government has operationalised 85 new airports in the last decade with 51 airports in tier-III cities, 33 in tier-II cities and the rest in tier-I cities. Air traffic movements between tier-I, -II and -III cities and between tier-II and -III cities have grown at a CAGR of 9 per cent in the last decade. Under UDAN-regional connectivity scheme (RCS)43F scheme, the government has made 887 routes available, connecting 88 airports, 13 heliports, and 2 water aerodromes across Tier 2 and Tier 3 cities in India, which has provided a strong regulatory backup in the regional connectivity expansion.¹³ Key airports in India have significantly improved their connectivity to newer destinations in the last few years on the back of these developments. The Union Budget 2025–26 has also announced a modified UDAN scheme to cover 120 new destinations, which will carry 4 crore passengers in the next 10 years.¹⁴



Source: Cirium



13. The UDAN RCS (Regional Connectivity Scheme) launched in 2016, seeks to stimulate regional air connectivity in India at affordable rates for the masses. It shall be in operation for a period of 10 years. Salient features include financial incentives, viability gap funding and rebates on excise duties.

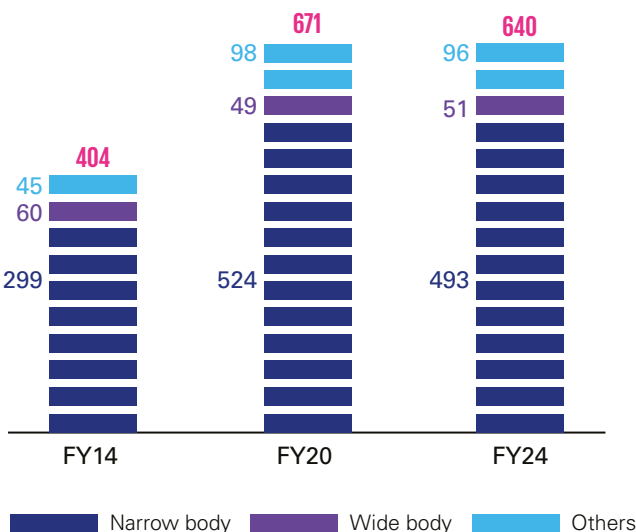
14. PIB press release

To complement the growth in infrastructure and increasing propensity of air travel, Indian carriers have been adding capacity by placing record aircraft orders. Currently, more than 80 per cent of the domestic air cargo is transported as belly cargo while only less than 20 per cent of the cargo is handled by dedicated freighters.¹⁵ The effective fleet size in India has grown

by 1.6 times in the last decade. More than 180 aircrafts have been inducted by four scheduled Indian carriers in 2024.¹⁶ Further, it is understood that 1,350-1,450 narrow body and 150-180 wide body aircrafts are expected to be inducted in the next 20 years.¹⁷ An estimated 50–75 turboprops are also expected to be inducted in the next five years.¹⁸

Growth of Indian fleet and aircraft orders in place

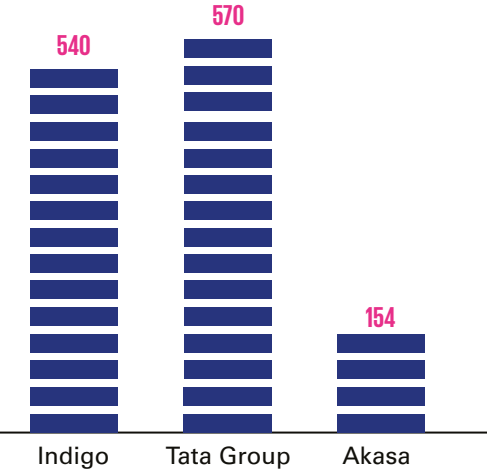
India fleet growth from FY14 to FY24 by aircraft type



Source: DGCA, AAI, PIB press release, planespotters

India is also witnessing a significant boost in enhancing freighter operations since the last two years. Though Blue Dart Aviation continues to lead domestic air express in India, the current market dynamics has created a conducive environment for new players as well. For instance, Amazon India launched Amazon Air, utilising the complete cargo capacity of a Boeing 737-800 aircraft, operated by

Recent confirmed aircraft orders by Indian Carriers since 2023 (as on January 2025)

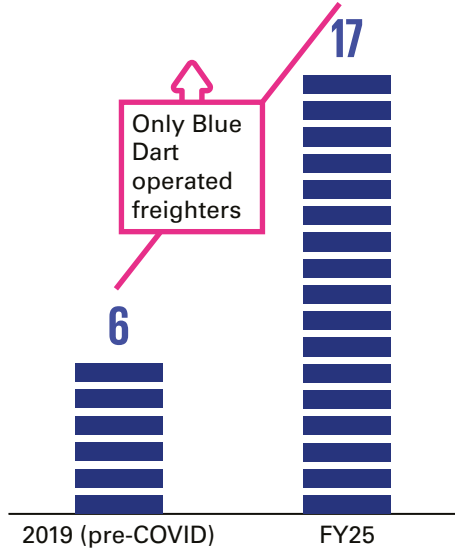


Quikjet Cargo Airlines. Pradhaan Air launched its operations in FY23. SpiceXpress partnered with Ekart and Star Air to address potential demand from booming e- commerce market with better regional outreach. Indigo has also started its new CarGo operations. Boeing has forecasted demand for 80 freighters in the next 20 years.

15. DGCA
16. Based on data from planespotters
17. KPMG Analysis
18. News articles

Dedicated freighters in India

No. of dedicated freighters operated in India



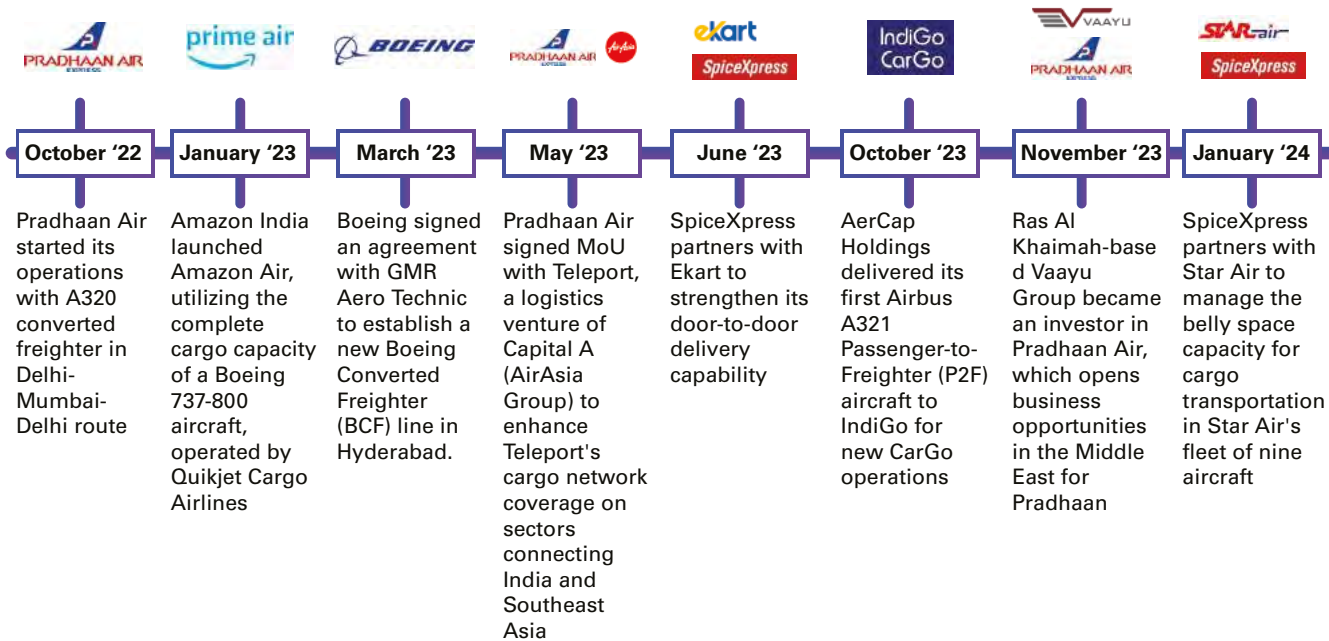
Dedicated freighter operators in India (FY25)

Airline	Fleet size	Aircraft type
 Blue dart	8	B757-200F, B737- 800F
 Spice Xpress	3	B737- 700F
 Indigo CarGo	3	A321F
 Quickjet Cargo	2	B727- 800BCF
 Pradhaan Air	1	A320F
Total	17	

Source: Air Cargo Forum India, Wings of Trade 2024

Initiatives undertaken to boost the freighter segment in India

India witnessed significant initiatives in enhancing freighter operations since October 2022



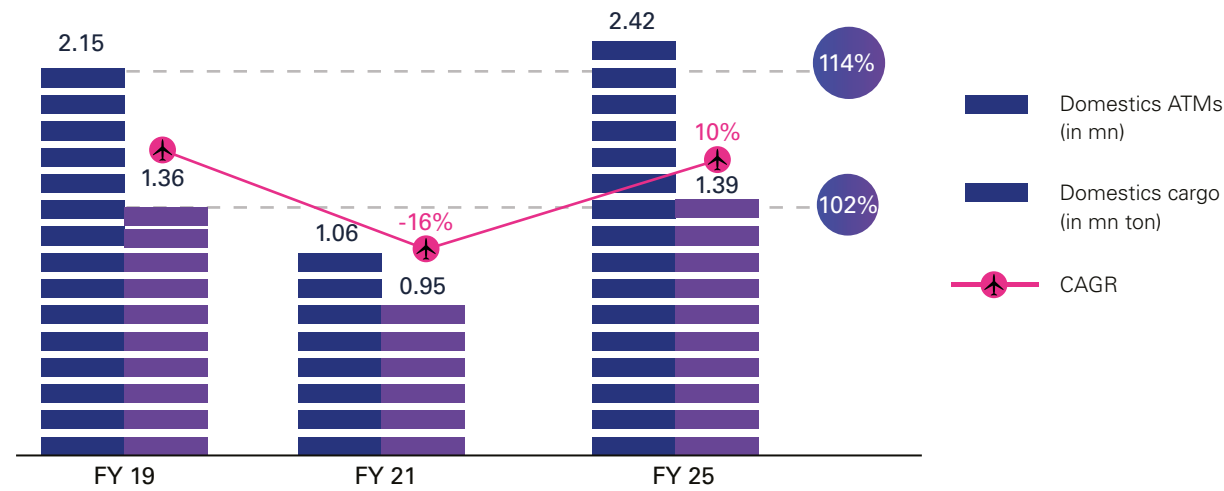
*basis data collected as on April 2025
Source: News articles

In terms of commodity handled, domestic air express market in India is primarily driven by e-commerce industry followed by pharmaceuticals and auto parts. The domestic air express cargo segment handled 1.39 million tonnes of cargo in FY24, marking 102% recovery while domestic ATMS have recovered by 114%.

An estimated 76 per cent of the total domestic cargo is handled by the six major airports (Indira Gandhi International Airport New Delhi (DEL), Chhatrapati Shivaji Maharaj International Airport Mumbai (BOM), Kempegowda International Airport Bengaluru (BLR),

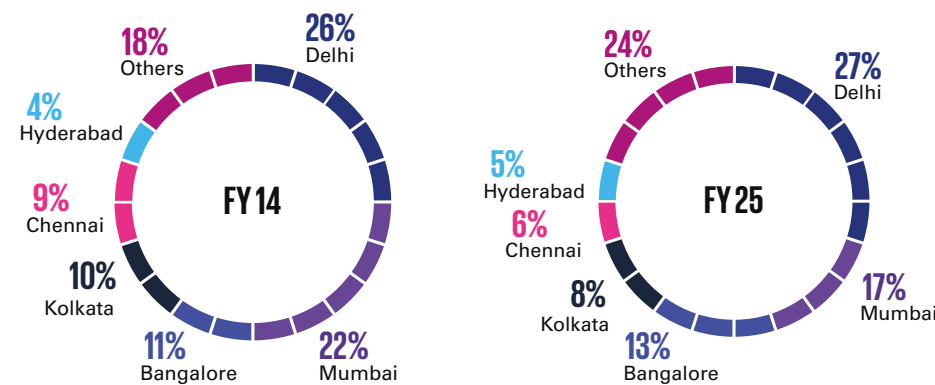
Netaji Subhash Chandra Bose International Airport Kolkata (CCU), Chennai International Airport (MAA) and Rajiv Gandhi International Airport Hyderabad (HYD)) of the country. However, in the last decade, the share cargo handled by other airports in tier-II cities has grown from 18 per cent to 24 per cent, signifying the expansion of air cargo movement in tier-II cities and beyond.¹⁹ In 2022, considering the growth in demand for domestic air cargo, InterGlobe Enterprises and UPS together launched 'MOVIN', a new logistics brand which facilitates air express and premium services especially across B2B segment.

Domestic air cargo growth



Source: AAI Traffic News

Domestic air cargo | Split by airports



Share of Delhi, Mumbai and Bangalore has grown by 1%, -5% and 2% respectively in the last decade. These growth rates indicate the need for augmenting handling infrastructure and improving operating efficiencies

Source: AAI Traffic News

19. KPMG analysis, AAI traffic news

Rail logistics is transforming, supported by government-led initiatives, such as dedicated freight corridors (DFCs), the enhancement of rolling stocks and station development, which aim to enhance capacity and efficiency of Indian railways. Additionally, partnerships like India Post's collaboration with the private sector for parcel delivery and their increased interest in rail are improving competitiveness of railways as a cost-effective solution for specific routes.

In FY23, Indian Railways and India Post formally launched the Rail Post Gati Shakti Express Cargo Service, a joint parcel product of Indian Railways and

India Post. This service is currently piloting in four sectors: Delhi to Kolkata, Bengaluru to Guwahati, Surat to Muzaffarpur and Hyderabad to Hazrat Nizamuddin. However, a total of 15 sectors have been planned to be covered in the first phase. They key highlights of this proposition are palletisation, time-tabled runs, end-to-end logistics service, single documentation, insurance cover, reliability, safety, availability and cost-effectiveness.

Together, these developments can positively trigger the development of an integrated logistics network and a paradigm shift towards a balanced and sustainable modal mix.

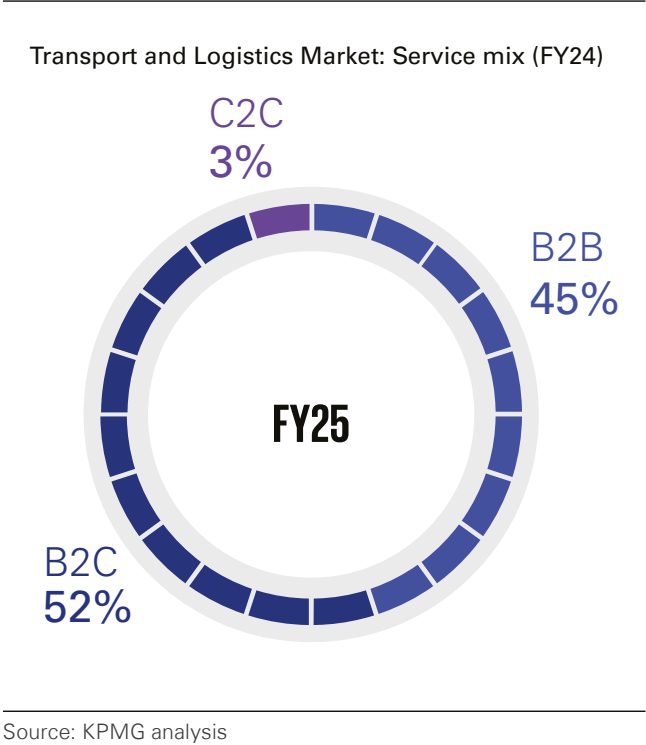


Classification based on customer type

Owing to the increased consumption of express services by new-age e-commerce and D2C companies, the focus of the express industry in India has shifted from B2B segment to B2C segment in the last decade. However, B2B still remains prominent and is growing at a healthy pace, with contribution from end-industries. The Union Budget 2025–26 also reiterates the Government of India’s intend to support the development of domestic manufacturing capacities that can integrate with global supply chains.²⁰

The growth of the B2C segment is marked by an advancement in e-commerce, which grew from USD21 billion in FY19 to USD75 billion in FY25 at 22–24 per cent CAGR.²¹ The characteristic features of the e-commerce industry in India are discussed in detail in subsequent sections. The growth of the B2B segment is primarily driven by auto/machine components, fashion/lifestyle and electronics. The three industries together contribute to 25 per cent of the overall express market.²² Owing to the increased share of new-age start-ups, such as Borzo, Uber Parcel, Swiggy-Genie, Porter, etc., the C2C segment is emerging as a segment.

Domestic express- split by customers



	Industry type	Share	Key items moving via express
B2C (52 per cent)	E-commerce and D2C	90 per cent	Most categories
	BFSI and others	<10 per cent	Documents such as cards, passports, educational certificates, etc.
B2B (45 per cent)	Auto and machine components	20–25 per cent	Spare parts for vehicle/machine maintenance and repairs, product prototypes, components for just-in-time (JIT) and just-in-sequence (JIS) manufacturing models.
	Fashion and lifestyle	15–20 per cent	Demand for fast fashion is increasing with customers expecting shorter lead times. Raw materials, such as specialised textiles, threads and zippers move via express for quick production cycles.
	Electronics	10–15 per cent	Increased demand for high-value gadgets like smartphones, laptops, and tablets, along with their accessories including chargers, headphones, protective cases, and spare parts such as screens and batteries. Increased dependency on imported semiconductors and micro-chips to enhance domestic manufacturing capabilities.
	Pharmaceuticals	5–10 per cent	Temperature-sensitive products, such as vaccines and biologics, and life-saving drugs, such as insulin, antivirals and antibiotics, and medical device prototypes.
C2C (3 per cent)	E-commerce and apparels	>90%	Largely driven by students/Indian diaspors residing aboard. Key items include clothing - winter wear, bedding, books, etc.

Source: Industry reports & discussions, KPMG analysis



20. PIB press release
21. Ecom Express DRHP

22. KPMG analysis

2.4

International express industry

The international express industry, solely handled by airways, represents 30 per cent of the total express market in India in terms of value. The industry handled 19.5 million express shipments (both imports and exports) in FY24, marking an average growth rate (CAGR FY21–24) of 25 per cent.²³ Based on the latest monthly data up to December 2024, the overall shipment throughput is estimated to reach 22.4 million (import and export) in FY25.²³

In terms of tonnage, the industry handled express cargo throughput of ~152,300 tonnes in FY24 compared to ~91,700 tonnes in FY21, registering a CAGR of 18 per cent. The numbers are as reported by customs based on statistics from ECCS software.

Today, the international express industry is driven by cross-border e-commerce, international movement of

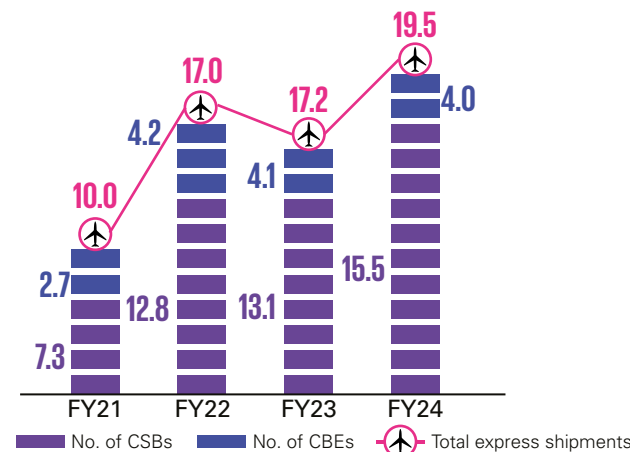
apparels and fashion accessories, machinery spare parts, designer furniture, telecom instruments, petroleum products, electronic components, and precious jewellery.

E-commerce constitutes 70 per cent of international shipments. The growth of MSME and e-commerce along with an increasing demand for Indian products globally are boosting demand for cross-border express delivery services. We will deep dive into the finer nuances of cross-border e-commerce in the next section.

A well-organised system of airports, allied infrastructure facilities, and air connectivity in a favorable regulatory environment provide the essential foundation for sustained growth of the international express industry.

Growth of international express

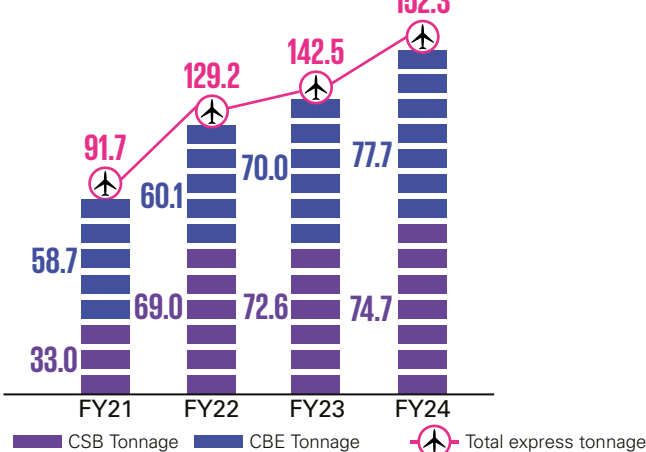
Growth of international express shipments (in Mn)



Note: CSB: Courier Shipping Bill; CBE: Courier Bill of Entry

23. CBIC (as per data up to FY24)

Growth of international express interms of tonnage (in '000 tonnes)



Source: Customs, ECCS

India expanded air connectivity significantly | Today our airports are directly connected to more than 100 destinations in ~60 countries across world.

International air connectivity

Cross border connectivity in India [FY25]

DEL

Africa	9	4	✈ 5	Europe	9	17	✈ 17
APAC	9	29	✈ 37	Middle East	9	14	✈ 18
Australia	9	2	✈ 2	North America	9	8	✈ 4

CCU

Africa	0	0	Europe	0	0
APAC	12	15	Middle East	4	6
Australia	0	0	North America	0	0

BOM

Africa	9	8	✈ 11	Europe	9	8	✈ 11
APAC	9	20	✈ 22	Middle East	9	16	✈ 21
Australia	9	1	✈ 1	North America	9	3	✈ 1

HYD

Africa	0	0	Europe	2	2
APAC	10	11	Middle East	12	15
Australia	0	0	North America	0	0

BLR

Africa	9	2	✈ 2	Europe	9	6	✈ 6
APAC	9	15	✈ 17	Middle East	9	9	✈ 13
Australia	9	1	✈ 1	North America	9	1	✈ 1

MAA

Africa	2	2	Europe	2	2
APAC	12	19	Middle East	9	16
Australia	0	0	North America	0	0

Source: Cirium (based on international schedule for year ending March 2025) ; APAC stands for Asia-Pacific

Import vs export express cargo



Out of the total international express shipments, 79 per cent (FY24) constitute export shipments. The international export express shipments grew from 7.3 million shipments in FY21 to 15.5 million shipments in FY24. While the international export express shipments have doubled in last 3 years, international import shipments remain static at around 4–4.2 million shipments.²⁴

In terms of tonnage, 49 per cent constitute export express cargo while 51 per cent constitute import express cargo. The total weight of export shipments grew from ~2,700 tonnes in FY19 to ~74,600 tonnes in FY24. The total weight of import shipments grew from ~49,600 tonnes in FY19 to ~77,600 tonnes in FY24 marking a CAGR of 9 per cent.²⁴

Over the last three years, the average weight of express shipments varied between 7.5 kg and 10 kg. The average weight of import shipments is observed to be greater than that of export shipments. Based on the statistics of the last three years, the average weight of import shipments is observed between 14 kg and 25 kg, while it is around 5–7 kg for export shipments. The export cargo is largely composed of e-commerce shipments, manufactured goods like handicrafts, Indian apparel, pharmaceuticals, including ayurvedic products, and other food products. The import cargo is majorly composed of machine spare parts, electronic components, etc.

Major trade lanes



The US, where India has the highest diaspora presence, is the key market of Indian cross-border express cargo, followed by the UK, Australia and Middle East. The demand for international cargo varies across months based on festivals/holidays, global sales events, etc. Peak demand for international express cargo is observed during October–January every year on account of Diwali, Holi celebrations and various e-commerce sales.

Digitisation is the gamechanger



The implementation of ECCS for automated customs clearance of express cargo has enhanced the efficiency of express cargo handling processes in airports/cargo terminals. On other hand, express players are increasingly utilising digital applications and application programming interface (API) integrations to facilitate seamless express delivery services with enhanced customer experience. For instance, major express players extend mobile application facility that provides features to support the end-to-end management of shipments, including real-time tracking, scheduling pickup and deliveries, etc. The strategic digitisation efforts have played a crucial role in the remarkable growth of cross-border express movement to/from India.

Additionally, the government has undertaken multiple initiatives to develop a conducive environment for the international express industry to flourish. The Foreign Trade Policy 2023 provides a regulatory backing for the sector along with initiatives such as Niryat Bandhu Scheme for market outreach, development of ECEHs and e-commerce through postal routes. Foreseeing the growth potential of the sector, the government has also welcomed the development of new air freight stations for the efficient management of cargo without space constraints. However, the industry faces a few challenges, such as high logistics costs, ambiguities around the process of reverse logistics, etc. The development of dedicated infrastructure facilities, end-to-end automation of processes and analytics-driven customer engagement can further boost the industry going forward.

24. CBIC (as per data up to FY24)

1 Evolving customer mix

Impact of e-commerce growth and emergence of new business models

Apart from e-commerce and quick commerce, new-age operating models like social commerce and omnichannel retail along with the emergence of innovative go-to-market strategies such as Direct-to-Consumer (D2C) and Direct-to-Retailer (D2R) models are reshaping traditional retail business and boosting express industry.

- India's D2C market, estimated at USD ~100 bn by 2025, aims to capitalise on the growing appetite of Indian consumers for innovation and waning loyalty towards traditional players
- Bangalore headquartered online platform, started as a reseller network, offers a viable platform to SMEs and individuals to sell their products and services online; The platform has expanded its network to ~4,800 cities and towns in India, serving ~26,000 postal codes.

2 Operating footprint

Growing consolidation and partnership strategies

Express players are turning to mergers and acquisitions (M&A) as a key strategy to scale their operations and achieve higher volumes in the market. These partnerships and consolidations highlight the industry's move towards integrated solutions, leveraging technology and scale to address the evolving needs of businesses and consumers alike.

- Global logistics players are partnering with regional express providers to manage the first and last mile operations of their international express cargo.
- Traditional logistics players are acquiring new age technology driven companies to strategically bolster their position in growing express sector, particularly in B2B freight transportation.
- Express players are diversifying their service portfolio beyond core offerings via strategic acquisitions.
- Delhivery's acquisition of Ecom Express is expected to create significant synergies that will enhance capabilities and market position of the companies across Ecommerce-retail value chain.

3 Technology capabilities

The adoption of new technologies and business intelligence tools is revolutionising the express industry. Investments in advanced hardware solutions such as automated parcel sorting systems, material conveyance technologies, autonomous guided vehicles (AGVs), autonomous mobile robots (AMRs), automated storage and retrieval systems (ASRs) have significantly improved operational throughput and precision. Advanced technologies like AI, blockchain and predictive algorithms are optimising inventory management, enabling real-time shipment tracking and enhancing contingency planning. Emerging technologies like drones and app-based retail aggregation platforms are also gaining traction.

- With in-house manufacturing of autonomous robots for intralogistics operations, India to see shift over next decade in the favor of L2 (mechanisation and digital enablement) plus levels of warehouse automation.
- Multiple national domestic and global players have launched mobile applications which enables seamless, one-stop cargo pickup booking services to enhance overall customer experience

4 Sustainability objectives

Companies are increasingly adopting electric vehicles (EVs) to decarbonise last-mile deliveries and investing in green warehouses to conserve energy, reduce waste, and optimise resource use. The below initiatives underscore the express industry's contribution towards India's commitment to environmental stewardship.

- Express players have set ambitious targets of achieving net zero emissions in next decades, with interim goals including electrification of pick-up and delivery vehicles, increased use of sustainable fuels in air, and road transportation etc.
- An industrial park in Delhi-NCR, has developed a green facility spanning ~142,000 sqm with advanced sustainable features. Express companies are also committing to reducing scope 1,2, and 3 emissions and improving circularity through eco-friendly pallets and sustainable packaging solutions.

2.5

Evolving trends in the express industry in India



The express industry in India is undergoing a transformative phase, marked by evolving customer mix with e-commerce growth, enhanced operating footprint with strategic consolidation, technological advancement and an emphasis on sustainability, aligning to global market trends. The trends are reshaping the express industry, making them capable to better serve the changing customer-mix, which is dominated by B2C customers. Most importantly, the growth of e-commerce in India has been a significant driver of the express industry in India. The growth of e-commerce industry is marked by transforming customer needs, increased demand for fast and reliable delivery solutions, including same-day and next-day options, and the emergence of quick commerce. Both e-commerce and express industry

have developed a symbiotic relationship to support mutual growth.

E-commerce in is still at a nascent stage with huge India upward potential compared to global markets. Rising internet penetration, affordable smartphones and increasing online shopping across tier-I, tier-II and tier-III cities continue to boost the growth in the industry going forward. Also, innovations in warehouse management, live tracking and predictive analytics are not only enabling the growth of e-commerce and quick commerce but also facilitating an increase in cross-border exports.

In short, e-commerce is set to revolutionise all conventional concepts and drive the new age express industry in India to new horizons of business.



03

The interplay of express industry in India and e-commerce



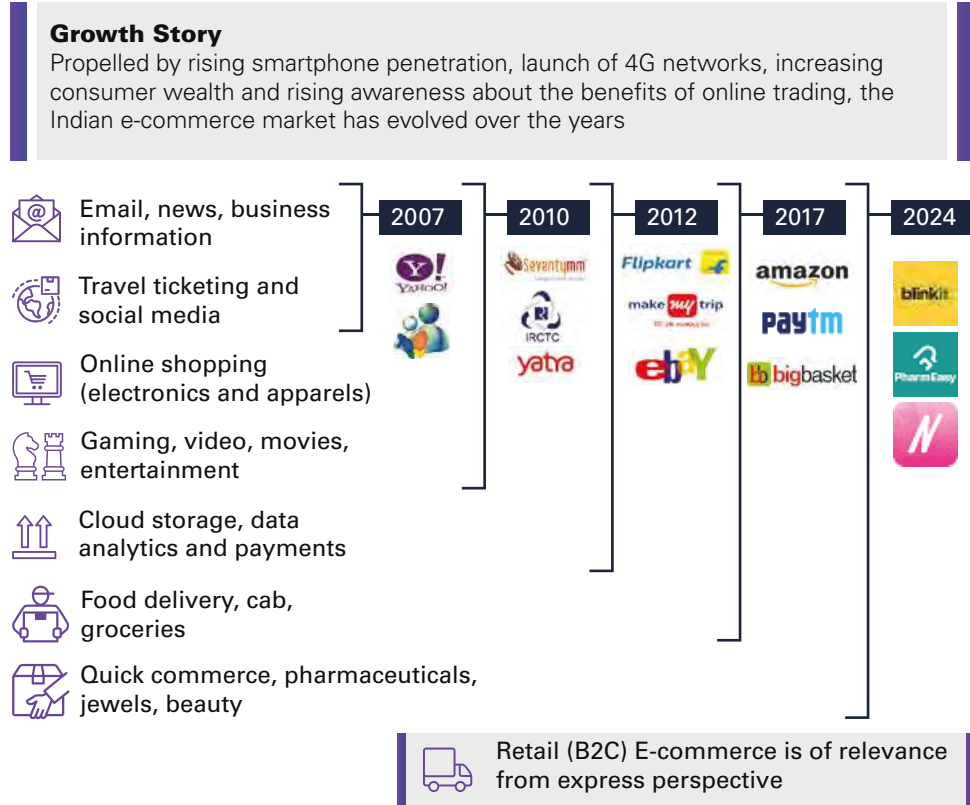
The interplay of express industry in India and e-commerce

Efficient express operations form the nerve centre of e-commerce business and there exists a harmonious interplay between the industries. Let's deep dive into the growth story of e-commerce in India and its impact on the express industry.

Over the past decade, India has emerged as one of the fastest-growing e-commerce markets globally. Debuting in 2007 with only three segments, e-commerce in India has come a long way and currently offers segments ranging from retail products to food items to medicines to entertainment. The sector has thrived on the back of an expanding digital infrastructure, innovative business models and supportive government

initiatives, such as Digital India and the ONDC platform. The e-commerce ecosystem is fuelled by the growth of tier-II and tier-III cities, which now account for a significant share of online shoppers. With the integration of secure payment gateways, faster logistics networks and the advent of models like D2C and social commerce, the industry has evolved from a convenience-driven marketplace to a necessity for both businesses and consumers. Today, e-commerce in India is not just an economic growth driver but a reflection of the nation's digital transformation and its aspiration to be a global leader in the online retail space

Evolution of e-commerce in India



The e-commerce industry comprises a wide spectrum of services that includes online shopping, banking, travel ticketing, food delivery and quick commerce, among others. However, within this range of services, the B2C e-commerce segment, which relies primarily on fast and time-bound delivery of goods and services to customers, is the major consumer of express services.

Source: KPMG analysis

3.1

B2C e-commerce in India

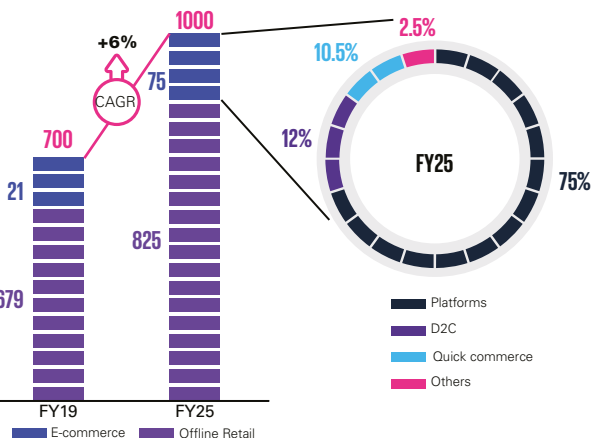
Historically, physical stores ranging from small-scale kirana shops to supermarket chains have dominated the Indian retail sector. However, the COVID-19 pandemic brought about a significant shift in customers' buying patterns, fostering an increase in e-commerce penetration in the sector. As a result, the share of e-commerce has increased from approximately 3 per cent in FY19 to 7 per cent in FY25, highlighting the growing reliance on digital platforms for shopping.¹

Currently, the B2C e-commerce in India is estimated at USD75 billion in FY25 and can be further classified into four broad categories: platforms, D2C, quick commerce and others. Platforms dominate the B2C e-commerce market, including both horizontals² and verticals³. On the other hand, the D2C model involves brands directly handling the movement of goods to customers themselves. Lastly, the quick commerce model is a hyperlocal mechanism where goods are delivered within 30 minutes.

The current per capita B2C e-commerce spending in India is USD50, which is merely 1 per cent of the US's spending and 5 per cent of China's spending. This signifies the huge upward potential for Indian B2C e-commerce.¹

India retail market by channel (in USD Bn)

B2C e-commerce comprises ~7% of the total retail market



Source: KPMG analysis

Global benchmarking of e-commerce industry

	India	USA (FY24)	China (FY24)
B2C e-commerce size	USD75 Bn	USD1.2 Tn	USD1.3 Tn
Per capita B2C e-commerce spending	USD50	USD4,233	USD935

Still at nascent stage, huge upward potential >>>

Source: KPMG analysis

1. KPMG analysis
2. Horizontals refer to broad marketplaces that cater to diverse product categories across multiple segments, providing a one-stop solution for various consumer needs.

3. Verticals refer to platforms specialising in specific product categories, offering tailored services and deep expertise in those areas.

Characteristics of e-commerce in India

Commodity Profile

Indian e-retail market by category (in USD bn)



Diversified offerings

As trust in e-commerce deepens, platforms are expanding their catalogs to include bulkier and heavier products such as furniture, appliances, and fitness equipment, catering to evolving consumer needs. Further, select consumer durable brands are also looking to develop D2C platforms to directly reach to their customers



Payment preferences

Despite the growing penetration of digital payments, cash on delivery (COD) remains the preferred payment method for about 40 per cent** of customers



Return of shipments

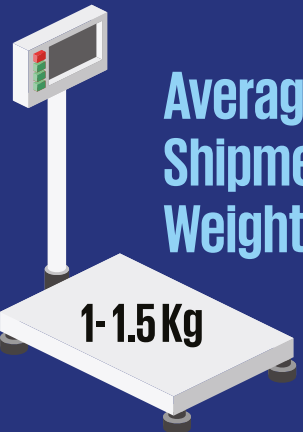
On an average the per cent of returns in e-commerce is 18-20 per cent***, but varies largely depending on product category, order origination, maturity of seller and brand reputation. In product category also, sub-categories determine the per cent of returns.



For example, returns on intimate wear in apparel is as less as 6-8 per cent while fast fashion returns can be as high as 25-30 per cent**. E commerce companies are exploring new type of delivery options like open box delivery, UPI based COD option etc. to reduce returns



Average Order Value
~USD15



Average Shipment Weight
1-1.5 Kg

Market Leaders

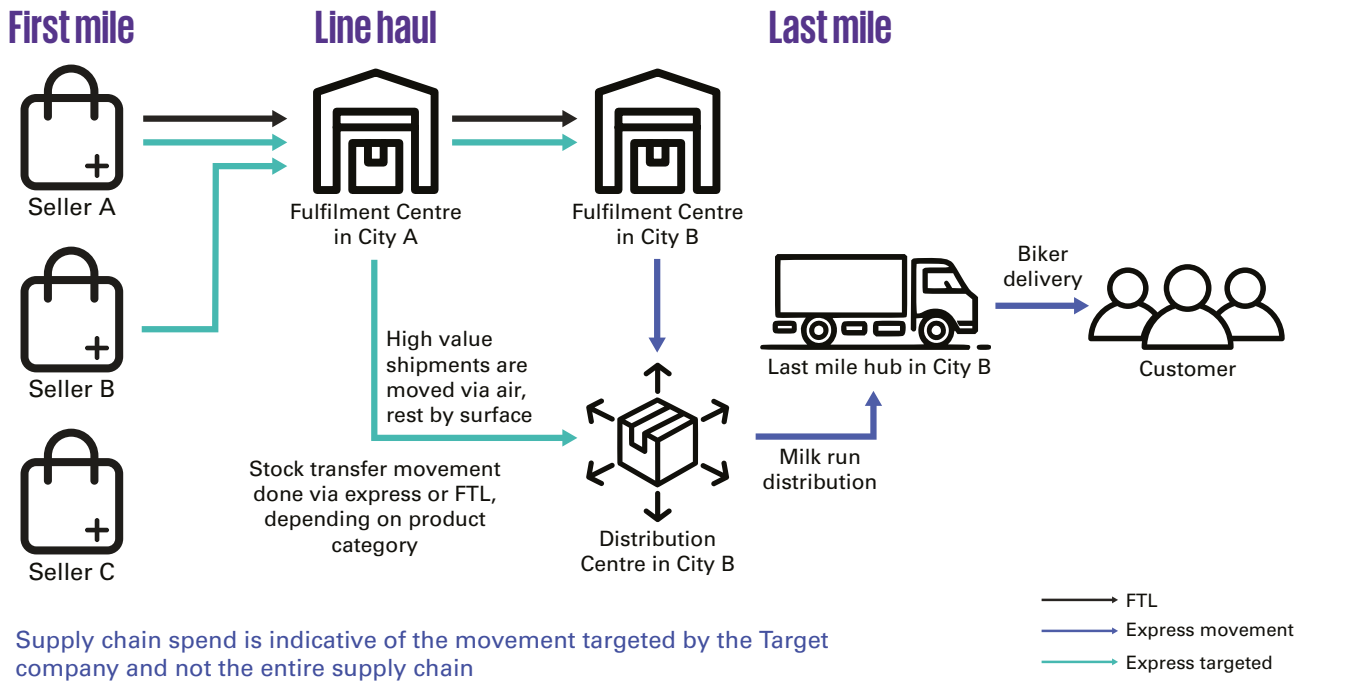
Amazon, Flipkart, and Meesho dominate the e-commerce landscape, collectively contributing to ~80 per cent of the sector's GMV*

Source: KPMG analysis
** Industry discussions,
*** KPMG analysis



The B2C e-commerce sector relies heavily on the express industry for managing its supply chains and timely delivery of products to customers. In India’s e-commerce sector, logistics spending constitutes a significant proportion of overall costs, accounting for 10 per cent of the total market size. Of these, the express transportation that facilitates the rapid movement of goods in the order fulfillment leg accounts for a substantial 60 per cent share. The express market is estimated at USD4–4.5 billion, which represents 5–6 per cent of the overall e-commerce market.⁴

Supply chain of e-commerce

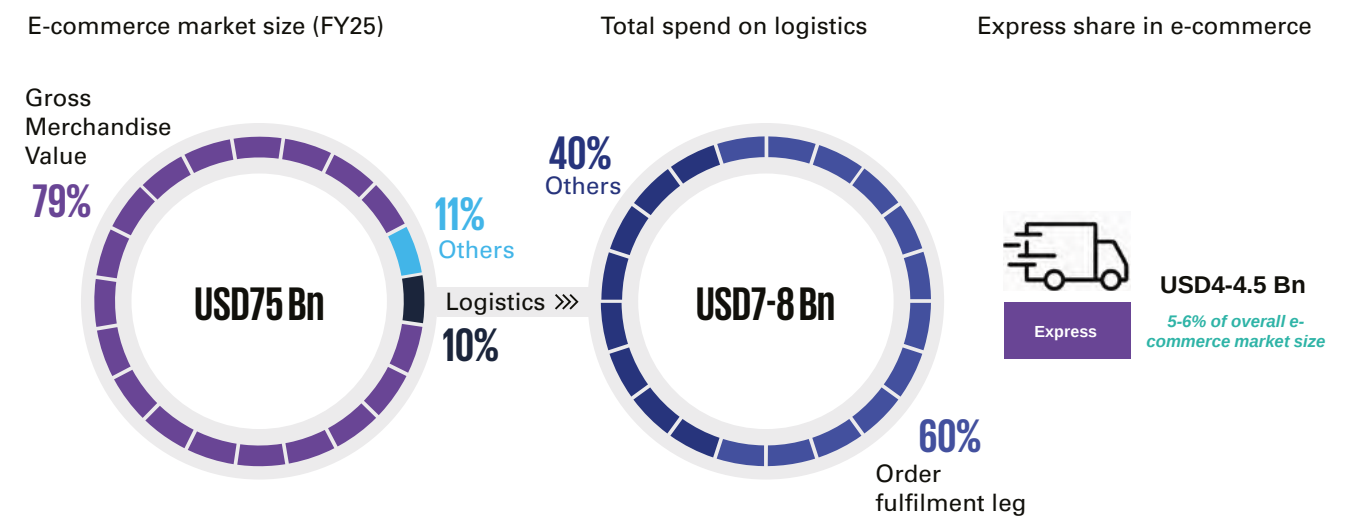


Supply chain spend is indicative of the movement targeted by the Target company and not the entire supply chain

Source: KPMG analysis

4. KPMG analysis.

E-commerce value chain and the role of express

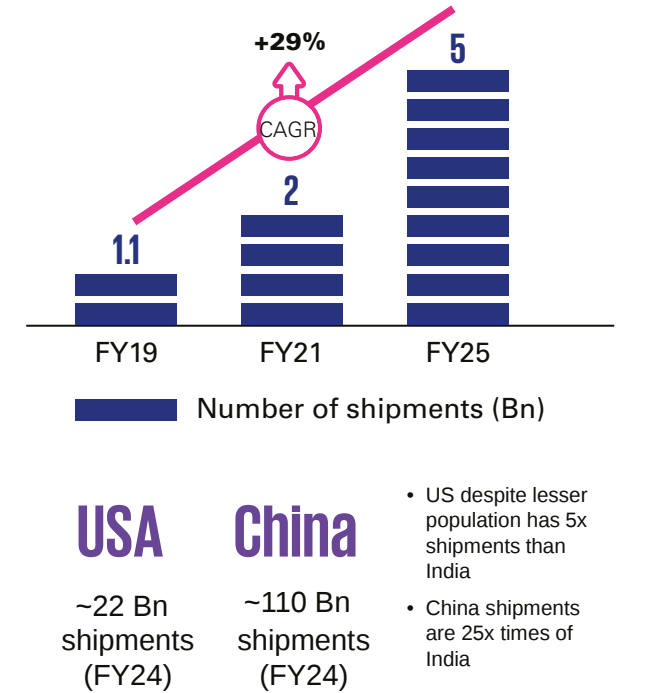


Source: KPMG analysis

The number of B2C e-commerce shipments in India grew from 1.1 billion in FY19 to an estimated 5 billion by FY25 at a CAGR of 29 per cent.⁵ However, compared to global benchmarks like the US and China, e-commerce shipments in India are still at a nascent stage with significant headroom to flourish. Considering the strong interdependence, the express industry in India is expected to grow in tandem with the growth of e-commerce shipments.

The growth of e-commerce has attracted existing express players, as well as propelled the emergence of new entrants into the ecosystem. Currently, the captive arms of e-commerce giants in India handle the majority of shipments. However, this split is expected to change in favour of non-captive players due to the increasing e-commerce penetration in tier-II+ cities.⁶ This tilt towards tier-II+ cities requires e-commerce players to enhance their geographical network, reduce costs, manage high-order values and handle bulkier shipments, which, in turn, will increase dependency on non-captive players. To handle increasing order volumes, multiple niche players have emerged to address the potential of e-commerce, such as Pico Xpress, GoGoX, etc. These players are limited to specific regions and pin code deliveries.

Growth of e-commerce in India



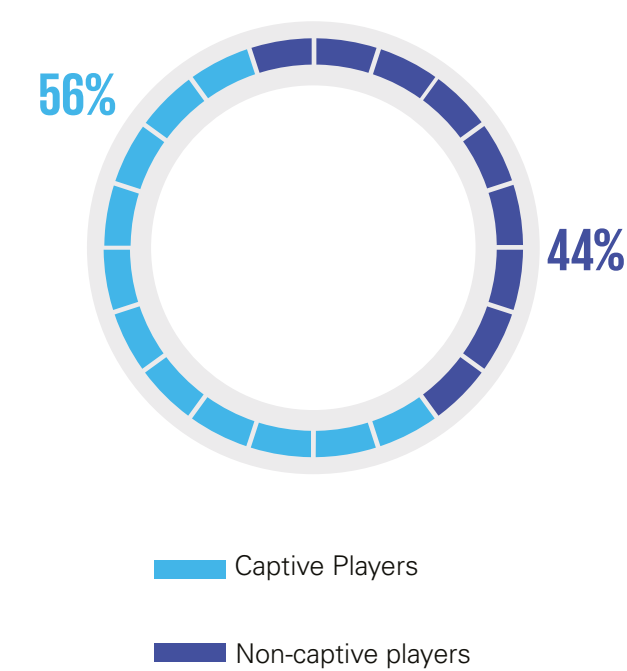
Source: KPMG analysis

5. KPMG analysis.
6. Secondary analysis.

ONDC: An innovative initiative by the Government of India

To streamline e-commerce industry and support MSMEs in their digital journey, the government has launched an e-commerce marketplace ONDC that brings together sellers and logistics providers into a network, creating a transparent space for business. The network is experiencing significant growth by playing a key role as an aggregator in the e-commerce sector. MSMEs onboarded on ONDC can manage their logistics by accessing a network of suppliers. This platform allows small players with limited fleets to access a larger market without intermediaries, which reduces the cost of acquisition and increases supplier density, ultimately leading to lower price points. Multiple large express players are also enlisted on the platform to deploy additional capacity and improve utilisation. Although the network is still developing, the growth is evident from the increase in B2C e-commerce shipments—from 20 million till March 2024 to 65 million by December 2024.⁷ During the same period, the number of B2C e-commerce vendors on the platform has increased from 0.2 million to 0.35 million. Logistics providers onboarded on the platform have also increased from 12 to 25

India e-retail shipments by type of player



Source: KPMG analysis.



7. ONDC discussion conducted by KPMG.



3.3

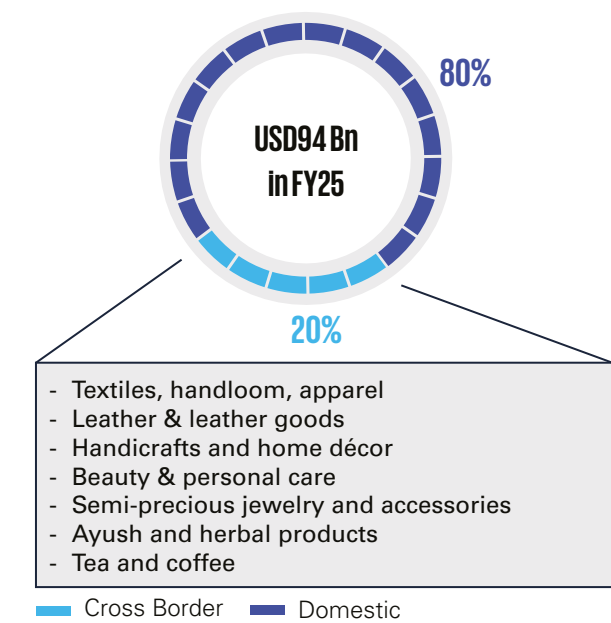
Cross-border e-commerce

India competes in global market in niche and traditional product categories, such as jewellery, fashion, home décor, Ayush, etc., fuelling the growth of cross-border e-commerce movement. The majority of cross border e-commerce trade happens via established marketplaces such as Amazon, Walmart, etc., while new avenues like social commerce are picking up pace.

Today, India’s cross-border e-commerce market is valued at USD18–20 billion, contributing to 20 per cent of overall retail e-commerce. This is poised for further growth, driven by the government’s ambitious target of achieving USD1 trillion in merchandise exports by FY30.⁸

Traditionally, the US, Europe and Australia remain as key markets of cross-border e-commerce in India due to the presence of a significant Indian diaspora. Middle Eastern countries, such as the UAE and Saudi Arabia, are also emerging as new demand centres.

Total E-Commerce Market Size

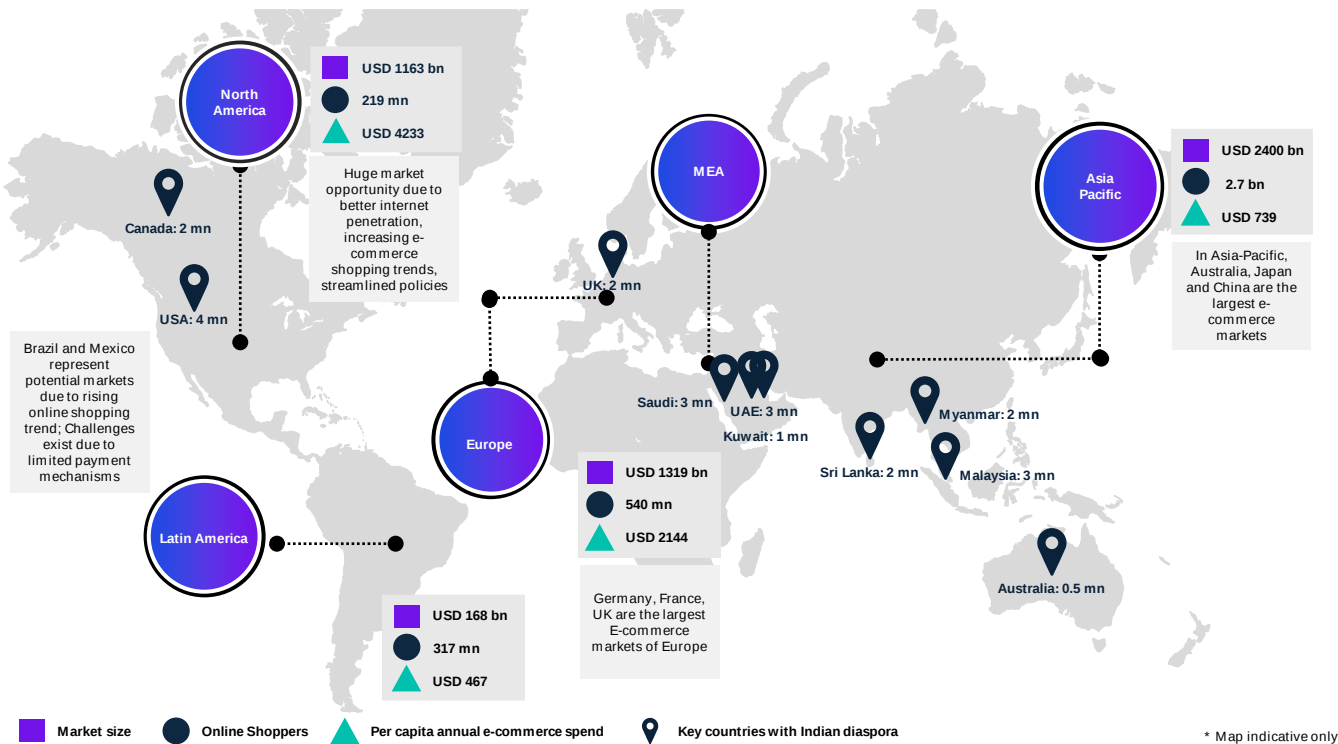


Source: Primary interactions ; Industry reports, Euromonitor



8. Press Information Bureau

E-commerce intensive regions (global)



Source: E-Commerce Exports Handbook for MSMEs, Ministry of Commerce

Currently, the export wave is gaining momentum in the country, with companies targeting foreign markets due to the potential for five–six times higher price points compared to India and the absence of GST. The average price of shipments from India is in the range of USD30 and a majority of e-commerce shipments from India enjoy no import duty in the US and Europe where the minimum threshold to impose imports is USD800 and EUR150, respectively.⁹

Indian shipments on an average take five–seven days to reach customers in key foreign markets, such as the US and Europe, via express while this can be as high as 15–20 days in case of non-express movements. Logistics costs contribute to 20–25 per cent market size of cross-border e-commerce, that is, USD3.5–4.5 billion.¹⁰ However, large part of the the cross- border e-commerce is non- express. Legacy players and aggregators—both traditional and new-age—coexist in the market with a majority of legacy express players offering price buckets starting from 500 g while aggregators try to bridge the gap, offering personalised buckets lesser than 500 g.⁹

9. Industry discussions.

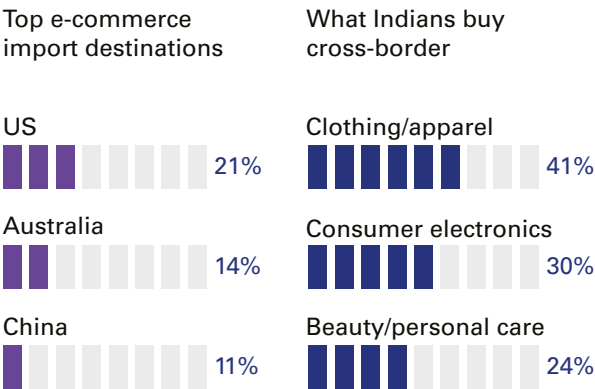
10. Industry discussions, KPMG analysis

The Government of India has emphasised the need to boost cross-border e-commerce and has introduced the Foreign Trade Policy in 2023. This policy explicitly outlines the measures to empower artisans, weavers, craftsmen and MSMEs to access global markets through digital trade channels.

Further, to support and promote cross-border commerce by SMEs, the government has launched ECEHs with an in-house facility of customs and same-day clearance. Under this initiative, express players can set up their warehouses, which can be used as stocking points to reduce order fulfilment time. Tagging these hubs to reputed marketplaces can increase trust in the market. ECEHs can also potentially address import duty problems in returns and solve inventory reconciliation issues. ECEHs are envisaged to be developed closer to MSMEs or other demand generation centres. The implementation of ECCS at the hubs to ensure automated customs clearance can enable faster transit times, bypassing the additional cooling period required at airports.

Our imports story: Online marketplaces and e-commerce stores remain the preferred channels for over 60 per cent of consumers who shop for international products.¹¹ Additionally, over 40 per cent of consumers discover international products through social media platforms. In the context of cross-border e-commerce import in India, clothing, electronics and beauty products are the most popular product categories. The dominant markets for cross-border imports in India are the US, Australia and China.

Import characteristics



Source: Primary discussions

11. Industry reports.



3.4

Emerging trends



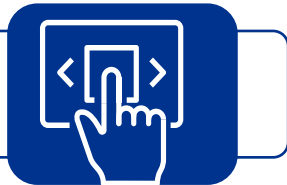
Growth in new e-commerce models



Intense competition in e-commerce is leading to the rise of innovative models, such as D2C, social commerce and influencer-led commerce, which offer enhanced engagement and personalised shopping experiences. These models cater to niche audiences and are poised to outpace traditional B2C formats as they tap into underserved segments and build direct relationships with customers. The express industry supports the growth of these new e-commerce models by providing access to tech-enabled customer-centric logistics solutions, especially in last-mile delivery..

For instance, a reputed homestyle brand launched in 2015 that deals in fashionable consumer electronics grew to become the fifth largest wearables brand in the world, leveraging the express network in India to reach customers directly.

Increased adoption of digital payments

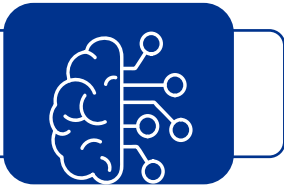


The share of COD payments, currently preferred by 40 per cent of e-commerce customers in India, is projected to decline due to the surge in Unified Payments Interface (UPI) usage. In the last five years, UPI transactions have grown tenfold, reaching 185 billion in FY25 from 12.5 billion in FY20. UPI now accounts for 85 per cent of total digital payment volumes, with transaction values growing at a CAGR of 170 per cent. This increase in acceptance and adoption of digital payments benefits express players in effectively handling return-to-order e-commerce shipments and reduce the risk of handling cash.¹²

The seamless integration of UPI into e-commerce platforms has already made transactions faster, more secure and convenient. More e-commerce platforms are expected to integrate UPI as a payment option.

12. Secondary analysis

Leveraging AI and big data



E-commerce logistics providers are increasingly utilising AI and ML to optimise operations and offer value-added services.

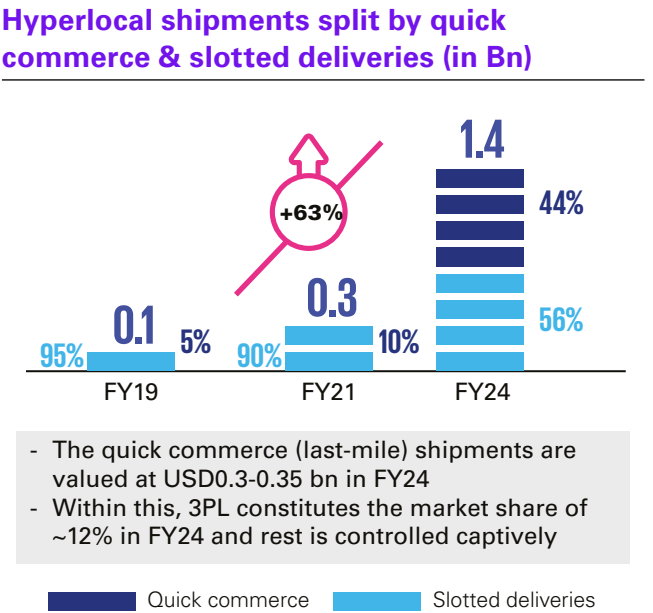
Reverse logistics, which accounts for 20 per cent of shipments, is becoming more prevalent, particularly in high-return categories such as fashion and beauty products.¹³ The complexity of handling returns such as non-standard packaging, diversified pick-up locations and inconsistent scheduling increase operating burdens significantly. Using predictive analytics can enhance inventory control and returns management while pin-code analysis and AI-driven route optimisation minimise delivery times. These technologies enable businesses to refine addresses and streamline express industry, leading to cost efficiencies and better customer experiences.

For instance, express players started using predictive AI to produce a report on likely fraud alerts, basis past customer experiences at the pin-code level. They try to identify these frauds, tracking the International Mobile Equipment Identity (IMEI) number of the mobile hardware instead of the phone number, to accurately identify, shortlist and eliminate faulty orders and reduce the percentage of return shipments.

Expansion of hyperlocal and quick commerce



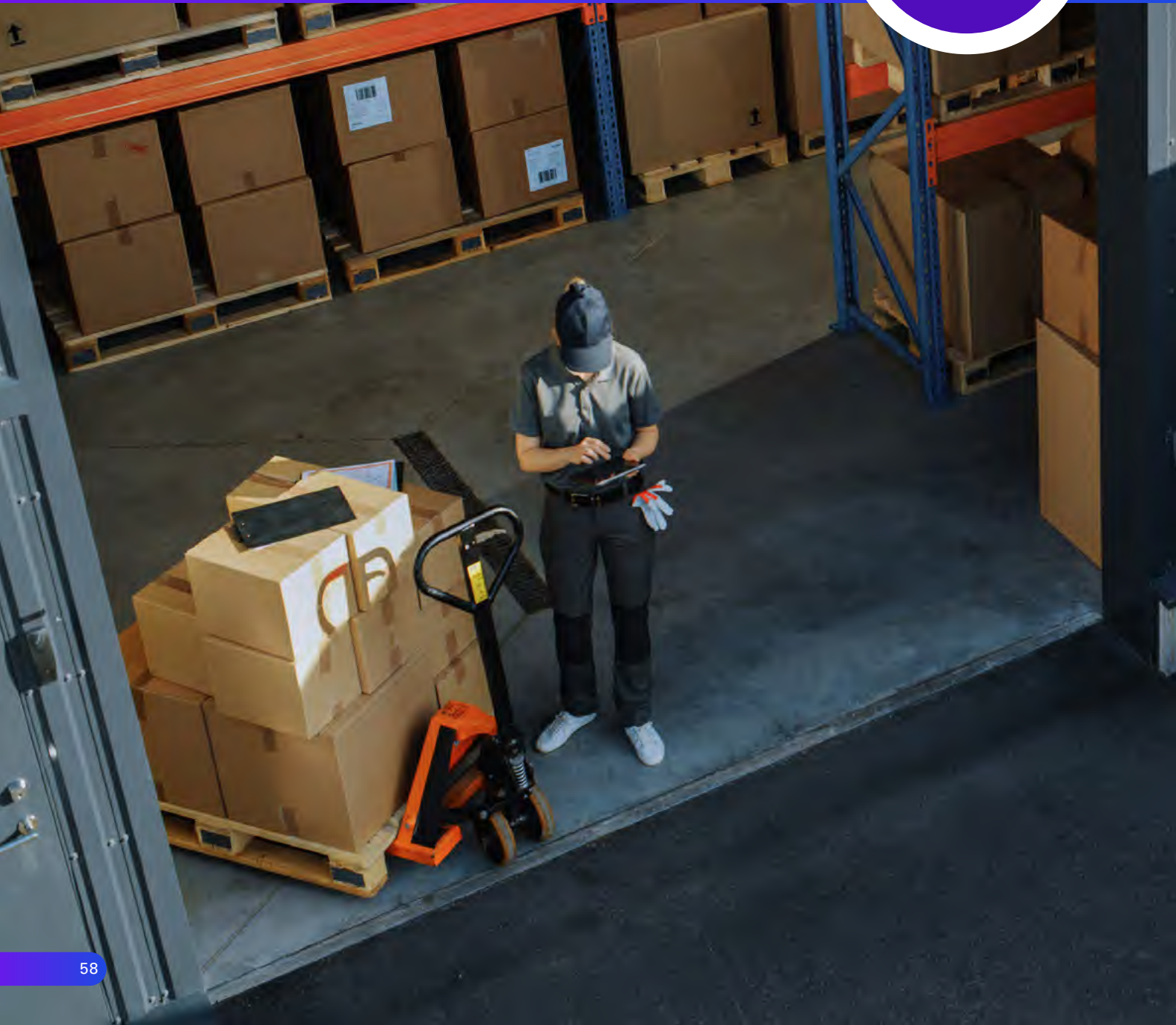
The e-commerce industry faces heightened competition as consumer behaviour evolves towards instant gratification and higher service expectations. As per a survey conducted by Datum analysis, currently 73 per cent of customers are willing to pay extra for a 10-minute grocery delivery, compared to 47 per cent in 2021. This has led to an increase in hyperlocal shipments. Still at a nascent stage, hyperlocal shipments are growing rapidly at a CAGR of 63 per cent, primarily driven by increasing urban demand and high purchase frequency. Quick commerce (which delivers orders within 30 minutes) and slotted deliveries (which focus on planned same-day/next-day fulfilment) are the two business models dominating in this segment. Infrastructure supporting hyperlocal operations includes dark stores, strategically located warehouses for fulfilling online orders, and mother hubs, which supply inventory to these stores. The infrastructure network ensures rapid delivery, addressing the growing consumer demand for immediacy.



Source: KPMG analysis
Note: FY24 numbers quoted in Ecom Express DRHP

13. Industry discussions.

Express industry's pursuit of resilience



Express industry's pursuit of resilience

Express industry acted as a lifeline for our economy during unprecedented events by supporting government in maintaining economic stability and societal function. By ensuring the swift and reliable delivery of essential goods including medical supplies, the industry has supported businesses and consumers alike, mitigating the impact of supply chain disruptions. Its adaptability and resilience have been crucial in overcoming logistical challenges, and to sustain

economic activities, fostering innovation, and enhancing collaboration among stakeholders. This has reinforced the industry's importance as a backbone of our country's economy. During COVID-19 pandemic express industry played a transformation role and showcased remarkable resilience. This chapter delves into the crucial role played by the express industry in the COVID-19 pandemic revival story.





The COVID-19 pandemic, which began in the early 2020 and phased out by mid-2023, was a sordid time for the Indian economy. The nation faced the dual challenges of combating a health crisis while navigating the economic turbulences owing to disrupted supply chains and muted consumption activity resulting from stringent nationwide lockdowns. However, through strategic mitigation measures and relentless efforts, India emerged as one of the most resilient economies post the pandemic, effectively combating the ripple effects of the pandemic.

The pandemic outbreak, lockdowns, travel restrictions and the health emergency demanded an agile supply chain system, especially for the delivery of medical supplies and other essentials, including food. Building resilient and responsive express supply chains became critical for survival during this phase. The Government of India extended logistics and financial support to all states and union territories (UTs) to boost health services and vaccination drives and ensured the intact supply chains of different businesses. For instance, the Ministry of Health and Family Welfare launched the Pradhan Mantri-Ayushman Bharat Health Infrastructure Mission (PM-ABHIM) during October 2021, with an outlay of USD7.8 trillion to fill critical gaps in health infrastructure, surveillance and health research. Ministries across sectors undertook strategic initiatives to fight the crisis.¹

Additionally, in a bid to improve the state of logistics in the country, the government recognised the need for the hour and launched the PM Gati Shakti National Master Plan in 2021, allocating USD1,200 trillion for integrated planning and logistics infrastructure development.

Impacts of the COVID-19 pandemic were multifaceted. The MSME sector, which accounts for 30 per cent of India's GDP, faced severe cash flow issues and reduced demand.¹ To continue operations, they were forced to adopt digital solutions or pivot their businesses altogether. This led to the temporary closure of 30–35 per cent of MSMEs while 15 per cent faced permanent shutdowns due to inability to sustain operations.² With factory closures, suboptimal manufacturing, scarcity of goods, uncertainty in demand, price volatility, labour shortages, ban on interstate movement and disrupted supply chains, the industrial production index dropped by 9.6 per cent in FY21. As a result, employment in the manufacturing sector dropped by 3.2 per cent from 16.6 million in 2020 to 16.1 million in 2021. The Private Final Consumption Expenditure (PFCE) fell by 9.1 per cent to USD990 billion in FY21, down from USD1,090 billion in FY20 as consumers started reallocating funds towards savings and health-related expenditures from other retail expenditure.³

Consequently, the entire logistics ecosystem experienced significant upheaval, with enduring impacts from supply chain disruptions and altered household dynamics that persisted beyond the pandemic phase. Resilient supply chains became crucial for the revival of the economy.

The Government of India took a multi-pronged approach to mitigate these challenges. The Centre constituted 11 empowered groups to take informed decisions on issues such as medical emergency planning, ensuring availability of essential medical equipment, augmenting human resource and capacity building, supply chain and logistics management, technology, and data management etc.⁴

1. PIB press release
2. Hindu Business Line
3. Ministry of Statistics and Programme Implementation

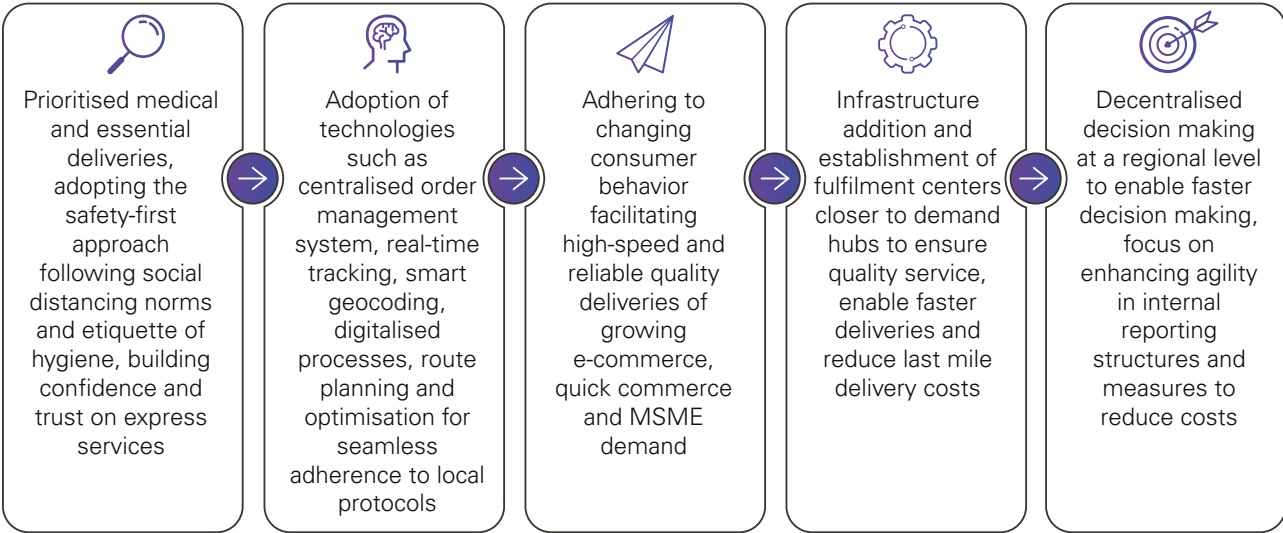
4. Press Information Bureau, Ministry of Healthy and Family Affairs, December 2021

In alignment with the government's growth targets, the express industry in India harnessed its extensive network and physical and digital infrastructure to ensure seamless pan-India operations while adhering to lockdown regulations. The express industry was one of the first sectors to collaborate with the government due to its inherent ability to ensure expedited movement of goods and digital capabilities. By remodelling disrupted supply chains, the industry managed to stay afloat and facilitate a smooth and

rapid economic recovery while catering to market and consumer needs. The extraordinary resilience demonstrated in overcoming the crisis has established the position of the express industry in India as a vital cog in driving economic recovery and growth.

In a nutshell, express industry transformed from a logistics enabler to an essential service provider during the pandemic, thus laying a solid foundation for India's Amrit Kaal.

Role of express during the COVID-19 pandemic



- India has emerged as the most resilient economy (resilience was based on indicators, such as GDP growth, export growth, total investment, gross national savings, and the debt-to-GDP ratio) among the top ten global economies (China, Russia, Germany, France, Canada, Japan, Italy, the USA, and the UK) and express industry played a key role in this achievement
- Express industry emerged successful in handling medical supplies at the start of the pandemic to handling essential deliveries in e-commerce/quick commerce platforms to handling bottled up demand of non-essentials and work from office equipment by supporting electronics, automobiles, apparel and MSMEs throughout their supply chain

Source: KPMG analysis

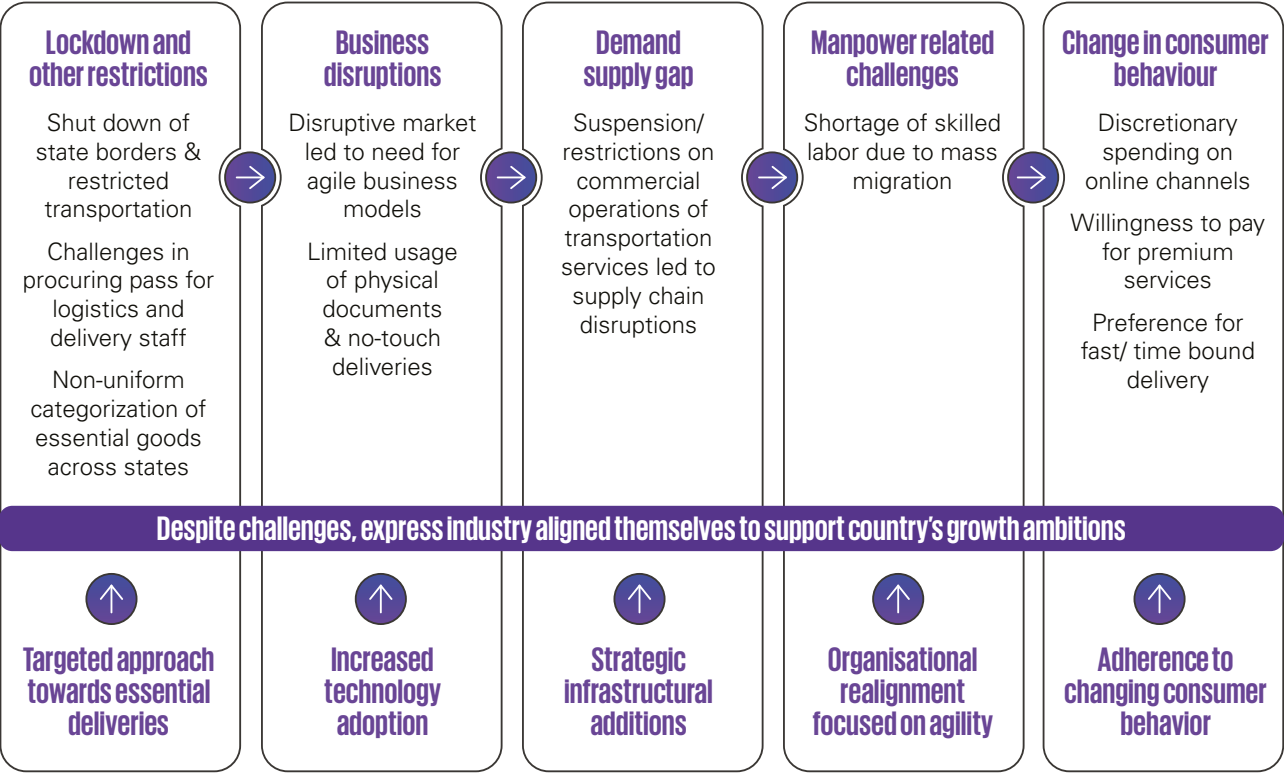
The collaborative efforts of the government and express players resulted in the V- shaped recovery of the Indian economy after the pandemic. While navigating through the experimental phase, the express industry has undergone a significant transformation and grew as an agile and responsive business vertical essential for the growth of the ever-growing Indian economy. In a nutshell, express industry transformed from a logistics enabler to an essential service provider during the pandemic, thus laying a solid foundation for India's Amrit Kaal.

4.2

Transformative role of the express industry during COVID-19 pandemic

The pandemic significantly affected the express industry in India, presenting both challenges and opportunities. The industry, which plays a crucial role in enabling e-commerce, healthcare and other essential supply chains, experienced significant disruption during the lockdowns. However, despite the various challenges faced by the logistics sector, the express industry identified opportunities for growth by addressing the pent-up demand that emerged post the lockdowns. This growth was driven by shifts in consumer behaviour and the adoption of agile business models

Challenges and transformation of the express industry



Source: KPMG analysis

Targeted approach towards essential deliveries

When the pandemic was at its peak, India experienced demand for oxygen tankers and e-medicine orders were on the rise. India executed the world's largest vaccination drive through the 'Har Ghar Dastak' campaign. To address the shortage of oxygen tankers, the government, in collaboration with express players, imported ISO cryogenic oxygen tankers and allocated to states. On the brighter side, express players prioritised medical supply shipments and unanimously shifted focus to deliver essential goods such as PPE kits, vaccines, medical supplies, etc., which was a national priority at that stage. The express industry players enabled the supply chain for essentials, ranging from international imports to last-mile connectivity, supporting the government to achieve the pandemic recovery targets.



One of the major international express cargo operators worked with relevant organisations around the world to deliver medicines, critically needed oxygen concentrators, other medical supplies, and personal protective equipment to various locations in India.



Another express cargo player in India ventured into international charter services and deployed its fleet of freighter aircrafts to support the Government initiatives, by enabling the transportation of medical supplies and essentials across 35,000 locations in the country. The company set up a 24x7 quick response team to prevent disruptions to domestic operations and ensure continuity of supply chain across the country.



Players from the quick-commerce industry also stepped up, ensuring last-mile delivery of essentials during the nationwide lockdowns while adhering to COVID-19 guidelines. These companies even pivoted their business models to facilitate C2C parcel deliveries, enabling citizens to send and receive essentials, documents, and other items without the need for physical delivery.

Source: Secondary research, KPMG analysis

Thus, the express industry played an integral role in the sustenance of logistics supply chains during the pandemic phase

Increased technology adoption in order processing and delivery

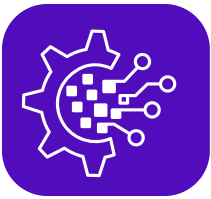
The lifestyle changes brought about by the pandemic, coupled with the growth in the manufacturing industry, have significantly altered consumer perceptions of the express delivery services. Consumers' preference for fast and time-bound deliveries of goods and services and a willingness to pay a premium for expedited deliveries have encouraged express players to leverage technology to enhance service efficiencies, aligning their offerings with evolving consumer needs. The industry integrated newer and advanced technologies, such as a centralised order management system, real-time tracking, smart geo-coding, block chain technology, digitalised processes, route planning and inventory optimisation to ensure seamless supply chains, thus enhancing customer centricity and ensuring transparency. During the pandemic phase, technology solutions have empowered the industry to facilitate delivery services in adherence to local protocols and other restrictions imposed by the authorities.



Legacy national express players inducted drones to their fleet to facilitate vaccine deliveries in remote parts of India. This reduced the travel time of 4 hours to 15 minutes helping India's nation-wide vaccination drive which was one of the biggest of its kind in the world.



An international express cargo player partnered with a technology firm to develop blockchain-based serialisation prototype to track and authenticate pharmaceuticals along the supply chain. This helped them to minimise tampering and reducing the risks posed by counterfeit medicines in the life sciences and healthcare industry



Select players continued their digital transformation journey post COVID-19 to provide customer centric solutions for enhancing transparency and increasing visibility. This transition helped express companies increase efficiency at a centralised level improving transparency and reducing operational redundancies.

Source: Secondary research, KPMG analysis

Technology interventions from AI to blockchain and IoT are reshaping the future of express industry, setting new key performance indicators (KPIs) to global standards and ensuring faster, efficient and sustainable logistics operations.

Strategic infrastructural additions

Owing to a surge in demand from B2C platforms, express players have scaled their operations accordingly. Various capex and non-capex initiatives, such as renting temporary storage facilities⁵, onboarding gig-workers, digital transformation activities, portfolio diversification, etc., were undertaken to provide seamless services. Additionally, fulfilment centres were established closer to demand hubs to ensure quality service, enable faster deliveries and reduce last-mile delivery costs.



Growth in e-commerce led to a demand for temporary warehouses, with express industry players seeking alternative sites to service customers better. While industrial leasing in the top eight cities of India stood at ~11 Mn sq ft in first 6 months of 2020, the pandemic led to demand growing for warehouses with a lease tenure of 6-11 months.

Source: Secondary research, KPMG analysis

5. Financial Express – Covid-19 alters logistics of trade, October 2020

Organisational realignment focused on agility

The COVID-19 pandemic forced express companies to realign their organisations to remain competitive in a volatile environment. To enhance agility, many firms streamlined internal reporting structures, flattened hierarchies and empowered regional teams to make faster and localised decisions. Players in the industry identified sunrise sectors and built capabilities to diversify their revenue streams. Cross-functional task forces were created to address emerging challenges, enabling rapid shifts in operations, such as prioritising essential goods delivery



Regional players pivoted and built capabilities in new sectors to sustain during pandemic. A national player partnered with a pharma startup to transport insulin and cancer drugs whereas a regional player explored the use cases of electric vehicles in their network. They mobilised sector specific teams to manage these operations.

Source: Secondary research, KPMG analysis

Adherence to changing consumer behaviour

The express industry played a pivotal role in enabling supply chain continuity for the FMCG sector. Express companies were at the forefront in facilitating the door-to-door supply of essentials, grocery and other staples during nation-wide lockdowns. During this time, express companies undertook multiple initiatives such as contactless delivery, regular sanitisation of the packages, multiple modes of online payments, inventory distribution, paperless returns and automation in supply chain operations.



Ecommerce specialists played a crucial role in maintaining the supply of essential goods and services during the pandemic. They encouraged customers to avoid cash on delivery (COD) and promoted contactless deliveries to reduce the risk of virus transmission. Additionally, they introduced community delivery to ensure efficient delivery despite workforce shortages.

Source: Secondary research, KPMG analysis

4.3

Conclusion

In summary, driven by the government's significant efforts, express players were instrumental in maintaining supply chains and supporting the nation's healthcare infrastructure during the critical pandemic phase. The express industry has developed extraordinary resilience and demonstrated unwavering commitment to our nation, being an integral part of the government's response team during the pandemic phase. Policy liberalisations, open communication platforms and expedited processes created a conducive environment for express players to expand operations and sustain the economy's supply chains during the period.

As the economy has now weathered the shock of the pandemic and subsequent crises, the express industry has also undergone significant transformation. At this juncture, tailored policy reforms, targeted infrastructure development and technology enablement could help the express industry in India to enhance its operational efficiency and act as a key enabler, supporting the future growth story of India in the Amrit Kaal.



05

Policy and regulatory enablers for the express industry



Policy and regulatory enablers for the express industry

Since the 1980s, India started taking steps towards the liberalisation of its policies. These reforms encouraged direct investments in India and kick started our journey towards an export-based economy. The next decade was pivotal and saw the formulation of the New Industrial Policy/ Export- Import (EXIM) policy, which allowed the import of technology and 100 per cent FDI in the infrastructure sector, the Multi-modal Transportation of Goods Act, 1993 (MMTG),

which facilitated exports and the Courier Import and Export Regulations (Clearance), 1998, which regulated the clearance process of courier imports and exports. The Warehousing Act, the National Manufacturing Policy and the Courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010 further laid the foundation for the express delivery services market in India.



The evolution of the policy and regulatory landscape

Inception period of Express Industry in India

1980s Encouraging foreign investment

The Industrial Policy Statement to develop export-based economy.
Global express players entered India

1990s Liberalisation of policies: Impetus to express industry

New Industrial Policy/ EXIM policy allowed import of technology and FDI ceiling increased to 100% in infrastructure sector
MMTG Act to facilitate exports
Courier Import and Export Regulations (Clearance), 1998 was released
Formation of EICI to represent express companies in India

2000-13 Focus on enhancing manufacturing, trade and logistics

Invest India to promote FDI, push manufacturing sector
Warehousing Act and National Manufacturing Policy were released
Courier Imports and Exports (EDP) Regulations, 2010 released

Express delivery, one of the enablers of economic growth

2014-15 India towards self-propelled growth and digitisation

Make in India | India as global manufacturing hub
Digital India | Focus on growth in electronic services and product manufacturing
Push on online logistics channels which drive B2C express industry.

2016 Government permits 100% FDI in e-commerce marketplaces

2017-19 Renaissance to logistics industry

In 2017, GST was introduced as a single indirect tax for the entire country
Launch of ECCS to facilitate electronic clearance of international courier
In 2018, E-way bill launched for seamless inter- state logistics movement
Logistics sector was granted 'infrastructure status'

Express delivery during emergency | the industry was larger than life

2020 Covid Outbreak and lockdown | Economic disruption | Change in consumption pattern

Government focus to tackle economic slowdown
Ad hoc policy interventions to minimise emergency supply chain disruptions across modes
PLI scheme launched to promote domestic manufacturing and foreign investment
Atmanirbhar Bharat: Promotion of MSMEs and e-commerce sector

Express delivery, emerging as 'essential' for sustenance of economy

2021-'22 Post COVID- 19 economic revival | India @2047 | National Logistics Policy

Viksit Bharat | India @2047 unveiled in 2021, envisions India as a developed nation by 2047
PM Gati Shakti National Master Plan and National Logistics Policy (NLP) were released to develop logistics infrastructure
Comprehensive Logistics Action Plan (CLAP) in NLP focus on integrated digitalisation, development of logistics parks, EXIM logistics etc.

2023-'25 Push for infrastructure development | Foreign Trade Policy (FTP)

Relaxation of transshipment guidelines
FTP 2023 intends to boost exports and integrate India more deeply into the global economy: targeted efforts to support MSMEs, Cross-border ecommerce, improve ease of doing business, set-up export hubs etc.
Released first draft of National E-commerce Policy aimed at creating sustainable ecosystem for Ecommerce marketplaces
Introduction of Urban Infrastructure Development Fund which focus to accelerate growth in tier-2 and tier-3 cities

Express Industry had a transformational facelift | Shift of trajectory from B2B to B2C

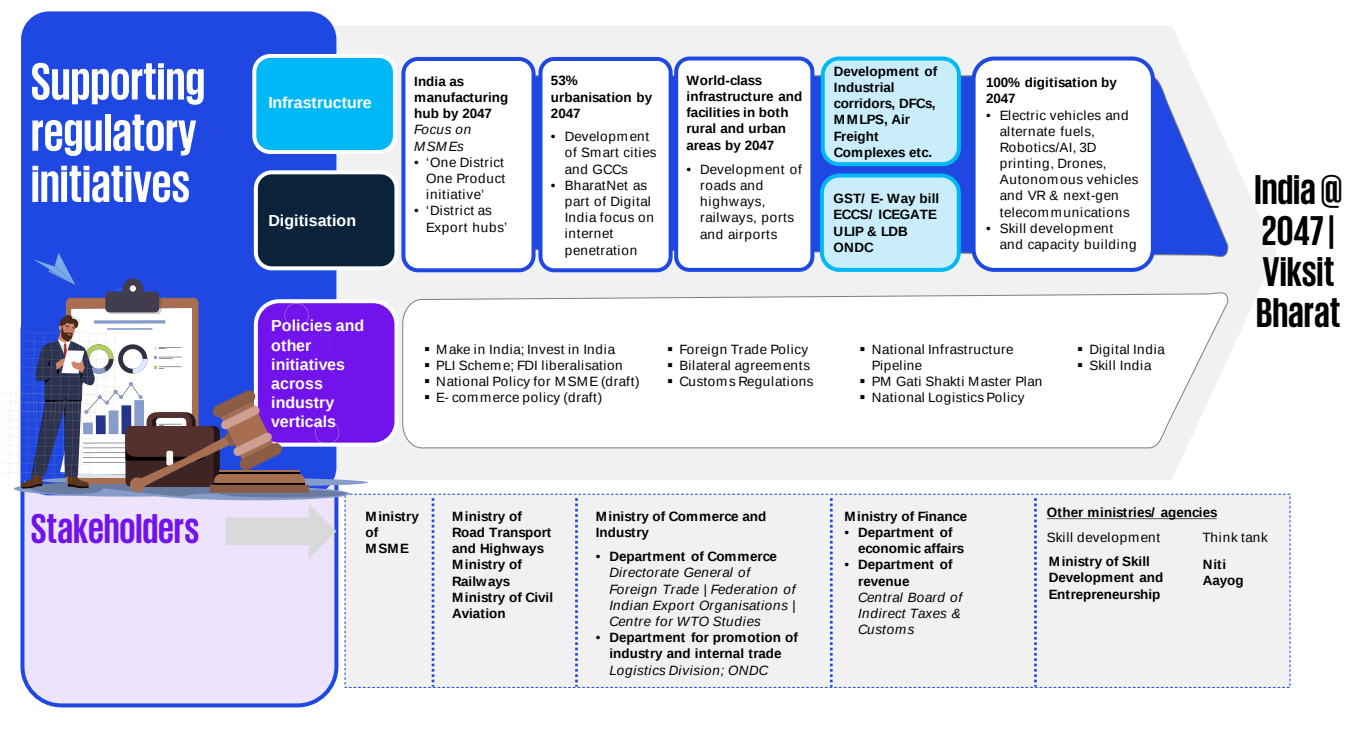
India continued to build on a strong foundation by capitalising on the growth driven by various macroeconomic factors and focusing on building India as a global manufacturing hub. India took a quantum leap and embraced digitisation and a paperless regime during demonetisation. During this period, the express industry demonstrated foresight by adopting several key initiatives. These included the implementation of the GST, the ECCS—to facilitate electronic clearance of international courier shipments—and the e-way bill system for seamless interstate logistics movement. These measures significantly enhanced the efficiency and effectiveness of the industry's operations. During this period, the government also rightfully recognised the logistics sector with the infrastructure status. All these key policy and regulatory changes, coupled with the rise of e-commerce in India during the mid and late 2010s, built fundamental strength and

resilience in the express supply chain, which emerged as one of the critical support pillars during the COVID-19 pandemic.

Post-pandemic, the government has channelised all the focus and efforts of various ministerial and non-ministerial groups, government sector entities and industry players towards holistic growth objectives, aligning with the vision of Viksit Bharat by 2047. India is gearing up for Amrit Kaal@ 2047, aimed at making India a developed nation by 2047, with an estimated GDP of USD30- USD35 trillion and per-capita income of USD18,000–20,000. As part of the plan, the Government of India has undertaken several policy and regulatory initiatives to ensure comprehensive progress of the sector, weaving a roadmap for inclusive development.

A summary of the supporting policy objectives, key policies and critical stakeholders is below

Key policies and stakeholders



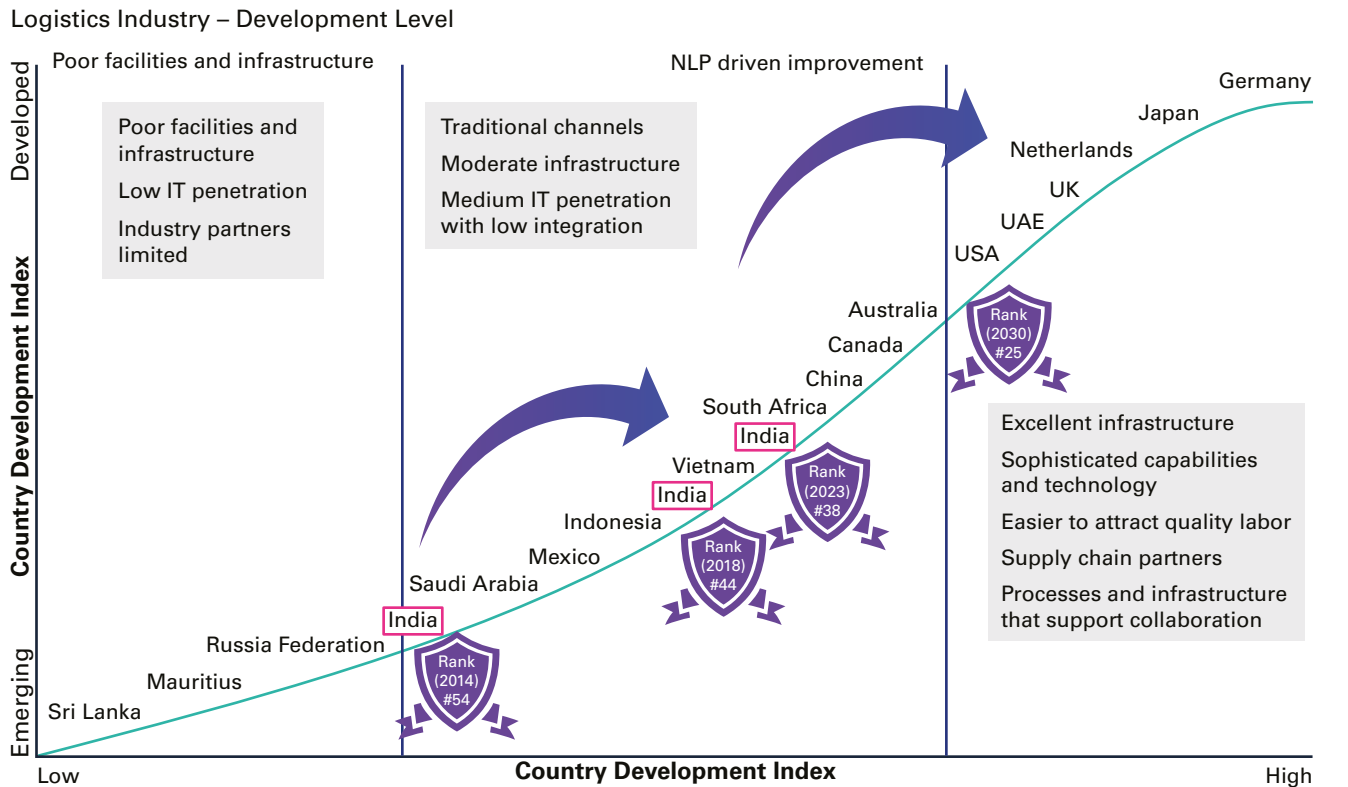
Source: KPMG analysis

5.1

India's growth towards Viksit Bharat and the role of express industry

While India was on a stable growth trajectory before the pandemic, significant changes in consumption patterns emerged post-pandemic. This shift accelerated the adoption of digital commerce, with more consumers turning to online platforms for their shopping needs. Additionally, India's demographic landscape has been evolving, driven by a growing young population and increasing urbanisation. These factors are reshaping consumer behaviour and driving new trends in the market. Express industry is expected to play a crucial role in building sustainable and customer-centric supply chains for the immediate as well as long-term future.

Improvement in India's LPI performance



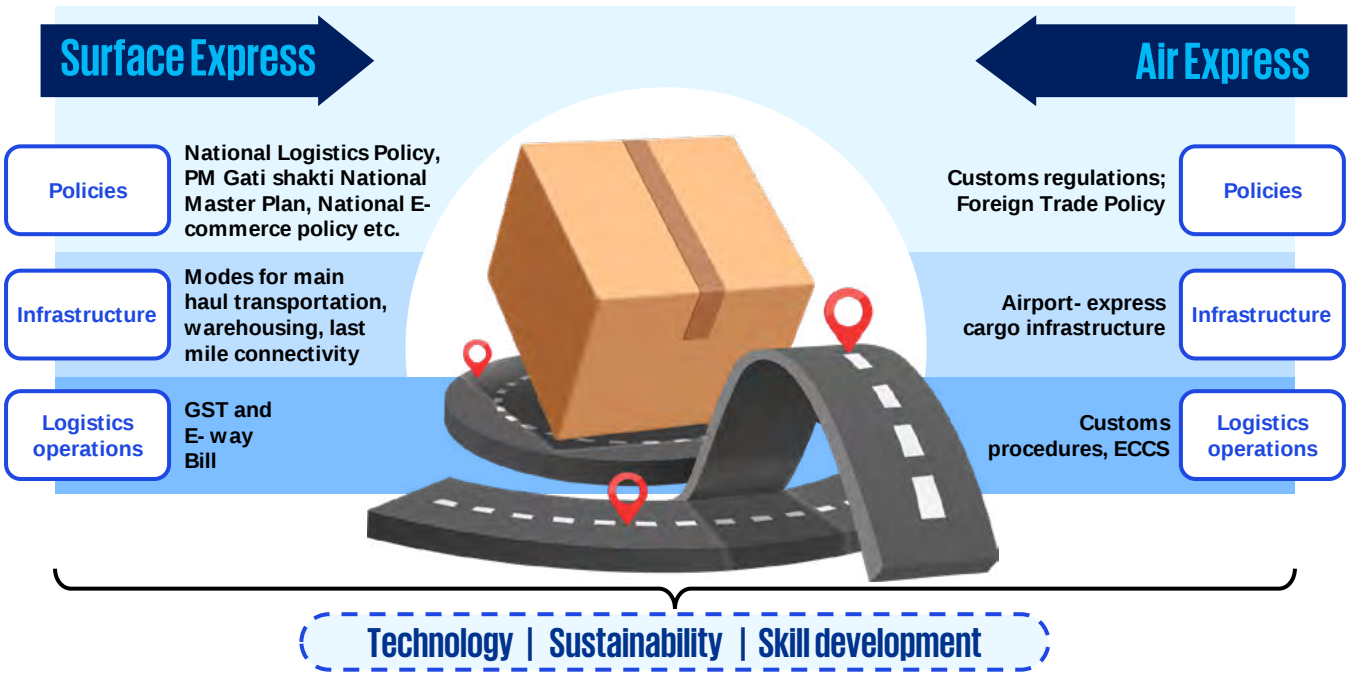
Source: KPMG analysis

In the recent years, India’s logistics ecosystem has witnessed a 360-degree transformation. India’s performance in LPI witnessed significant improvement over years from 54th rank in 2014 to 38th in 2023.¹ The rank is further expected to improve to 25 by 2030, owing to periodic infrastructure additions.²

Furthermore, as per the World Economic Forum, average consumer spending in India is expected to witness a 4x growth by FY30³ (compared to 2019 values) along with a significant increase in discretionary spending through e-commerce (which grew at 25 per cent from FY19 to FY25).⁴ The rise of quick and other digital commerce shall further accentuate the demand for time- bound express shipments. Additionally, with the government focusing on developing India as a manufacturing hub and promoting MSMEs, exports are also slated to grow significantly. Exports will not only cater to the

35 million (and growing) Indian diaspora residing overseas but also address the surging global demand for artifacts, pharma, apparels, consumer electronics, durables and other products manufactured in India. The government has planned strategic initiatives to transform India Post as well, as a large public logistics organisation to meet the logistics needs of industries including MSMEs, new entrepreneurs, women self-help groups as well as large organisations. The Union Budget 2025–26 has proposed additional services such as Direct Benefit Transfer (DBT), credit services, insurance, digital services, etc., in the portfolio of India Post. The budget has also introduced Bharat Trade Net (BTN) digital platform to complement Unified Logistics Interface Platform (ULIP) by facilitating trade documentation and financing solutions, enabling seamless integration of the MSMEs into global supply chains and improving ease of doing business.

Express industry is deemed to play an enhanced role going forward because of the need for time-sensitive and customer-centric logistics nature of operations



With this background, the key policies relating to express industry and related regulatory aspects are covered in this section. These have been studied from the perspective of both surface and air logistics through lens of policies, infrastructure development

and logistics operations improvement. Further, other key aspects, such as technology adoption, skill development and sustainability, are discussed from the overall express perspective.

1. World Bank
2. DPIIT
3. How India will consume in FY30: 10 mega trends, World Economic Forum

4. KPMG analysis



Currently, surface express ‘ share is 55–60 per cent of the overall express market in India. The implementation of the GST and the e-way bill were game changers for the industry. They facilitated a seamless interstate movement of goods and improved operational performance

Benefits of GST

Travel time savings	Asset utilisation	Optimised operations	Logistics cost savings
Prior to GST, a typical truck used to spend ~20% of its run time at interstate checkpoints Unification of indirect taxes, removal of inter state check posts and facilitation of e-way bill have hence cut overall travel time by 1/5th Prior to GST, a truck used to cover ~225 km a day, while today, it has gone up to 300-325 km a day Efficient movement of trucks contributes to reduction in carbon emissions	Change in capacities at hubs and distances between hubs have direct impact on the transportation leg Economies of scale: higher capacity carriers travelling longer distances thereby bringing down per unit cost of transportation (per ton per km) Change in consumer preference post COVID-19 have led to expansion of logistics facilities across tier 2/3 cities.	Digitisation and, improved asset utilisation enhances the operational efficiency of companies Time being one of the primary considerations of express industry, efficient run time with minimum stoppages have direct impact on optimised operations of express industry IT based administration helps to control chances of tax evasion and helps ensure better compliance	Increased uptime of trucks, efficient turnaround and optimised warehouse network supported in reducing overall logistics costs



Source: Ministry of Road Transport and Highways; Primary Interactions, Secondary Research, KPMG Analysis, Government Policy Documents, Cleartax.in

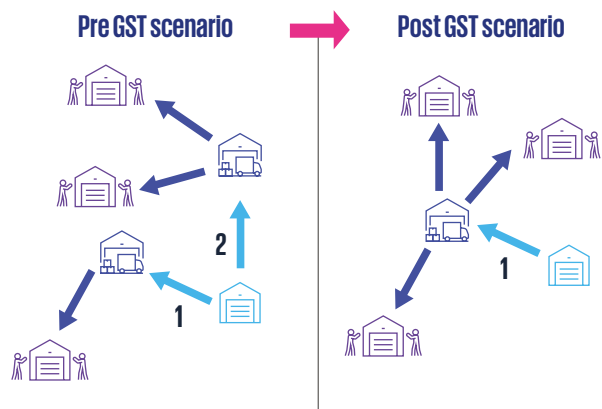
GST impact:

The GST regime was designed to drive consolidation in the warehousing market and related infrastructure to optimise the supply chain infrastructure. The initiative sought to revamp storage configurations and vehicle sizes, eliminate storage redundancies and secure economies of scale. Post GST, companies across the country have invested in developing large warehouses. However, change in consumer preferences post the COVID-19 pandemic and the rise of online shopping across tier-II and -III cities have led to expansion of warehouses beyond metro limits. Express players are focusing on the hub and spoke model with network of mother hubs and satellite warehouses near urban centres to manage supply chains effectively.

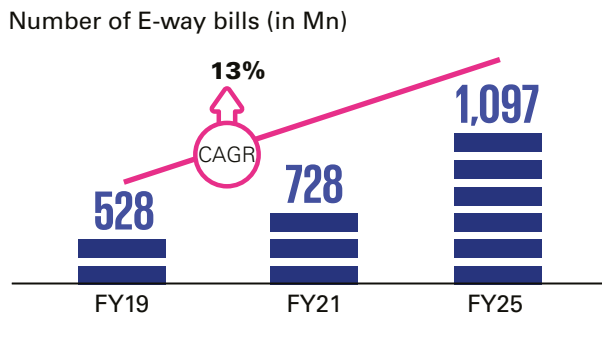
E-way bill:

An e-way bill is a document issued by a carrier that provides details on the shipment of a consignment. It has two components: Part A, which includes details of the GSTIN of the recipient and other delivery details and Part B, which comprises transporter details. With the implementation of the e-way bill, all the invoices over INR50,000 need to have an e-way bill generated along with the need to change the vehicle ID for every vehicle change, thereby increasing the role of technology in the entire logistics supply chain.

The combination of robust infrastructure development, the unification of indirect taxes and the mandate for GST compliance along with the e-way bill has significantly improved surface express movement. Large regional and national players have made significant investments to comply with the



Source: KPMG analysis.



Source: Secondary research.

technological requirements of GST and e-way bill. These measures have resulted in better transit times and logistics cost savings. Consequently, surface express transport has been able to retain its share in the express movement, particularly for domestic express services.

Infrastructure development

The provision of connected infrastructure is integral to ensuring rapid, time-sensitive transportation of goods. The government's National Infrastructure Pipeline (NIP), launched in 2019, outlays an investment of USD1.4 trillion towards infrastructure development. The NIP aims to privatise infrastructure development related to major roadways, railways, airports, logistics, as well as social and digital infrastructure by inviting bids through the public-private partnership (PPP) mode. The government has been keenly focusing on developing not only national and state highways, but also rural roads through the PMGSY, which will further strengthen the road network and rural connectivity. The mode choice in the domestic express is skewed towards roadways, driven by physical infrastructure developments and digitisation, along with the implementation of GST and the e-way bill as mentioned earlier.

While a lot of initiatives have been undertaken to upgrade surface infrastructure, there are still some key areas where improvement is required, given the changing consumer needs. The demand for next day delivery (NDD) and same day delivery (SDD) is on the rise, driven by the rapid expansion of quick commerce across India, particularly in the fast-growing tier-II and -III cities. In light of the same, the traditional e-commerce players are also strategising to compete in the quick commerce space. Consequently, there will be a need for enhanced logistics infrastructure, in addition to improved road networks, to support requirements from these emerging consumption centres. In this context, the following infrastructure developments will play a crucial role.

Industrial corridors

The Government of India is developing 11 industrial corridor projects, which comprise of 32 nodes/projects of townships/ Multi Modal Logistics Hubs (MMLHs) /special investment regions at select locations as a part of the National Industrial Corridor Programme.

Multi-Modal Logistics Parks (MMLPs)

Development of MMLPs is an important policy measure undertaken to eliminate network inefficiencies and rationalise logistics costs. MMLPs offer added advantage of multi-modal connectivity, modern warehousing and digital integration over conventional modes of storage and transportation. Government plans to create 39 MMLP's in India.

From a long-term perspective, to comply with government targets on sustainability and to optimise long-haul logistics costs, it is important to explore opportunities with the railways as a viable alternative mode for express surface transportation.



Dedicated freight corridors (DFCs)

DFCs, the rail corridors being developed solely for freight transport, have the potential to slash logistics costs by 40 per cent.⁵ As of FY25, the Eastern and Western DFCs, with a total route length of 2,800 kms, is nearing completion and is set to transform country's rail freight transportation.

Modernisation in Indian Railways

Indian Railways has been investing in safety, capacity enhancement and modern technology. In addition to modernising station infrastructure, the government is focusing on the development of 100 PM Gati Shakti multi-modal cargo terminals for multi-modal logistics. This strategic initiative is critical for enhancing the express cargo handling capabilities of Indian Railways. Indian Railways is also developing Vande Bharat parcel trains/Vande Cargo Trains exclusively for the transportation of parcels, a move aimed at attracting the e-commerce sector. In 2024, Indian Railways along with the Department of Posts have come up with a new parcel policy—Joint Parcel Product-Rapid Cargo Services—to enable door-to-door services for retail customers.

The JPPRCS policy is also extended to aggregators/ express service providers, enabling effective utilization of railways for main haul movement of express cargo, while aggregators provide first/ last mile connectivity. The policy suggests use of virtual aggregation platform (VAP) which can serve as an interface between aggregator and railways for the booking and management of consignments. The online platform hosted on Indian Railways's Parcel Management System (PMS) facilitates an integrated environment for multiple aggregators.

Besides infrastructure development, the following key aspects must be addressed to boost adoption by express industry and effectively induce a modal shift .

- Shipments can be moved using the existing express passenger trains, especially for medium-haul (<500 km) and long-haul (<1,000 km) cargo movements. However, as the trains stop only at passenger stations, which are designed to manage passenger movement, it is important to re-evaluate station design so that it can handle express cargo effectively.
- Congestion at passenger stations, lack of cargo handling equipment at platforms and challenges with moving cargo across platforms present major concerns for the secure handling of express cargo and, consequently, the adoption of railways. Focusing on improving and modernising terminal

infrastructure and creating dedicated routes for express shipments can provide opportunities for a modal shift.

- Indian Railways has already developed Freight Operations Information System (FOIS), a dedicated platform developed for freight booking and tracking services of container, bulk and liquid cargoes. Further, Parcel Management System (PMS) is developed to ensure technology driven parcel handling. JPPRCS policy has provision of integrating Aggregators' website/ systems with PMS. This helps in enhancing end to end visibility of express cargo where first and last mile transportation is managed by Aggregator while second mile transportation is managed by Railways



5. The Dollar Business, interview with the MD, DFCCIL

Case study

International

Developed nations leverage railways as ecological means of transport for main-haul movement.

Swissconnect: Express delivery by rail in Switzerland

Switzerland has been utilising railways for express cargo movement since last 25 years. The 'Swissconnect' facility takes advantage of railway stations located at city centers for transportation of express goods. Cargo is directly loaded/ unloaded by the courier partners, who access railway stations on bicycles/ taxis. 'Swissconnect' works with 80 qualified courier companies throughout Switzerland to form the largest network of express couriers across the country.

'Swissconnect' is functioning efficiently for the transportation of time-essential goods such as medical supplies, lab samples, machine spare parts and documents with significant carbon benefits. The

system ensures faster delivery as goods are onboarded on the departing train and transported directly to the destination. Moreover, leveraging the central location of the railway station helps in avoiding additional costs associated with warehousing and manpower.



Case study

India

India is exploring the potential of leveraging rail network for Express transportation - India Post and Amazon have tied up with Indian Railways for line haul movement on key trunk routes.

Amazon has launched its rail operations in India in hub and spoke model with 1 train/ origin-destination pair in 2019. As of 2024, Amazon has ~120+ services, operating across ~130 intercity routes across ~91 unique destination cities . In 2023, Amazon became the first e-commerce company to leverage the DFC network for express deliveries.

Similarly, in 2023, Indian Railways and India Post launched " Rail Post GatiShakti Express Cargo Service" . The salient feature of this service are door-to-door delivery, palletisation - transportation through

specially designed covered and sealed boxes, semi-mechanised handling, and a fixed time-tabled service. ~60 Gati Shakti Cargo terminals (GCT) are currently functional under PPP and ~40 more are expected to be operational by the end of 2025 .

In addition, Indian Railways has begun designing Vande Bharat Parcel Trains in semi- high speed Vande Bharat format exclusively focusing on booming e-commerce demand. The designed will be designed to meet various logistics requirements including easy handling of cargo.



Last-mile delivery is the critical and costliest leg, accounting for more than 50 per cent share of the overall logistics cost. Indian cities are characterised by organic growth with limited planning, particularly concerning express industry. Therefore, it is imperative to ensure efficient infrastructure planning, with a focus on cargo movement, across metro/tier-I

Development of urban warehouses and dark stores

To meet consumer demand, quick/e-commerce companies are expanding urban warehouses, dark stores and hubs at a rapid pace within and closer to cities. This is done primarily to reduce transit times and improve accessibility for delivery agents. Even

Rise of the gig economy

Last-mile delivery is becoming more challenging in urban centres as quick commerce and demand for faster deliveries is picking up, leading to congestion. Being a labour-intensive segment, express companies opt for a hybrid fleet model—a combination of captive fleet with third-party providers and gig/crowdsourced

and tier-II and -III cities. Increasing demand for quick commerce (same-day, 60- and 30-minute delivery, etc.) is putting pressure on the last-mile leg of the value chain.

The following initiatives can augment urban infrastructure to be more conducive for cargo movement and also make cities future ready.

tier-II cities are anticipating increasing demand for modern warehousing. In this context, fast-forwarding proposed MMLP projects will ensure seamless last-mile distribution of goods, enabling logistics firms to meet their goals and serve the consumer.

drivers. This allows companies to scale their last-mile operations with changing customer demand and manage seasonality. Therefore, while planning city infrastructure, it is essential for the industry to also plan suitable infrastructure to support the gig economy.

Freight smart cities

Ministry of Commerce introduces concept of 'Freight Smart Cities' to improve urban freight efficiency

- Our Government identifies efficient city freight movement as inevitable for the sustainable growth of our cities
- Focus on the quick-wins like developing peri-urban freight centers, night-time deliveries, developing truck routes, using Intelligent Transportation Systems and modern technologies, promoting electrification of urban freight, parcel delivery terminals etc.
- The concept highlight 14 key measures

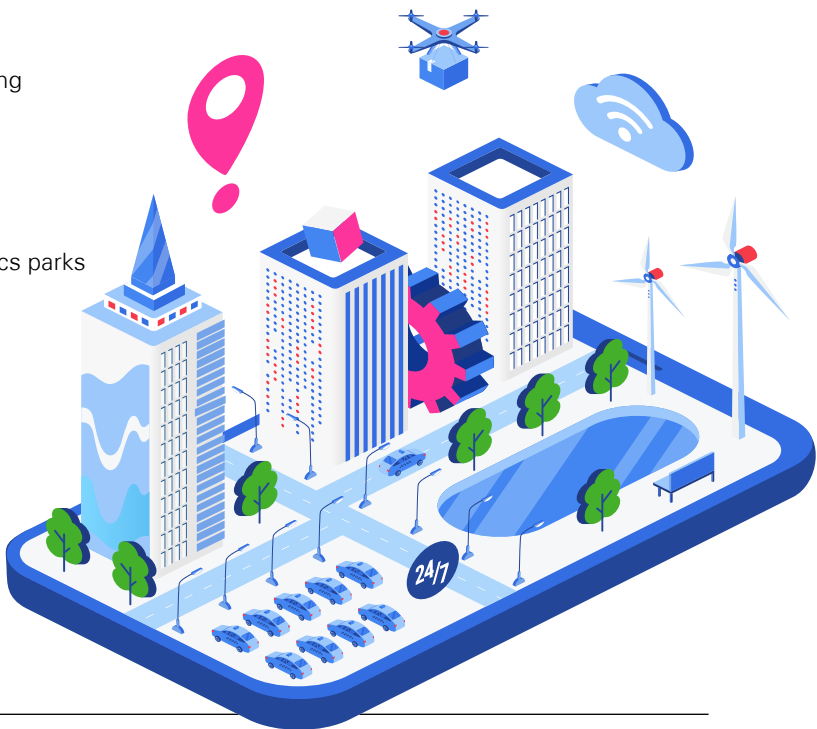
- Demand & Land-use planning

 - Bypasses and ring road planning
 - Industrial planning
 - Low emission zones
 - Modal shift planning
 - Parking and unloading zones
- Infrastructure development

 - Logistics development/ logistics parks
 - Parcel delivery terminals
 - Urban consolidation centers
 - Urban logistics spaces
- Technology adoption

 - Electrification of urban freight
 - Intelligent transport systems
- Vehicle use optimisation

 - Nighttime deliveries
 - Developing truck routes
 - Reverse logistics



Source: PIB press release

Considering the growing demand of express and its last-mile delivery services, it is critical to integrate domestic freight movement with city development plans, ensuring adequate infrastructure facilities to address the needs of the city. Existing guidelines for developing comprehensive mobility plans for cities include freight movement plan as one of its components. However, the recent rapid growth in this segment requires relook at the way comprehensive mobility plans and city development plans are conceived. Increasing congestion, misaligned norms for entry timings of logistics vehicles and parking constraints are a few challenges faced in intra-city and inter-city express movements along with difficulties for mapping addresses especially in tier-II and -III cities.

To address the constraints, city and state governments can consider introducing dedicated delivery zones, parking lots and bicycle lanes or promote the usage of metro trains to reduce congestion and facilitate faster and eco-friendly last-mile movement. City zoning and land use regulations shall address the expansion of dark stores and warehouses within city boundaries to promote sustainable city development.

Nowadays, express players are increasingly using AI-based route optimisation systems for last-mile express delivery. However, necessary infrastructure facilities need to be ensured for effective delivery operations. Timely and regular reviews of the city development and comprehensive mobility plans are essential to ensure a sustainable growth.

Case study

International

Global cities are implementing strategic measures to address last mile bottlenecks

1. New York State identifies efficient movement of e-commerce as critical to the economic competitiveness of the State | Introduces Freight Operations Under Comprehensive Development Plan

The volume of goods transported to and from New York City is estimated at 200 million tons per year and 90% of total goods are delivered in trucks. In the current scenario of increasing e-commerce and urgent demands, the city has developed new plan for freight operations. The plan highlights importance of investing in diversifying good delivery methods than relying on traditional trucks to reduce congestion. The plan addresses optimisation of cargo loading/ unloading zones, parking of delivery vehicles, truck safety along 70 select routes, establishment of smart freight lab to evaluate last mile shipping strategies etc

2. Night-time deliveries in New York City, US

The New York Department of Transportation has engaged stakeholders to design a system to incentivise receivers to accept night deliveries. The congestion benefits were substantial as median travel speeds of trucks doing night-time deliveries were between 50-130% higher than during the daytime. Median dwell times for delivery trucks were approximately half of day-time values due to easy parking availability. The net effect of the initiative was a reduction of 3 hours in the time needed to complete a typical delivery cycle



Critical enablers for improving infrastructure and achieving operating efficiencies

In India, the scale of express operations is evolving every day. The PM Gati Shakti National Master Plan and the National Logistics Policy together provide the necessary policy support for integrated infrastructure development and their seamless operations. This is integral for the growth of the express industry. While the PM Gati Shakti National Master Plan offers a dynamic digital platform integrating stakeholders across sectors, including roads, railways, airports and logistics, the National Logistics Policy outlines an action plan to ease logistics processes.

Over the last five years, with the implementation of GST and e- way bill, the long-haul surface express movement has witnessed significant growth in surface express. Addressing minor challenges with the existing GST/e-way bill system will further smoothen the domestic express value chain. Here are a few observations on GST regulations and the e-way bill system.

- Currently as per industry representatives, there are instances where different states and field officials may interpret certain GST regulations differently which might be challenge.
- Logistics and express players need to obtain multiple GST registrations for multi-state business operations, which makes the taxation process complex and increases costs. Hence, it is important to relook at GST with a single pan-India registration. The concept of harmonisation of value added tax (VAT) across the EU is a classic example of this.
- The GST mandate demands the filing of returns on a monthly/quarterly/yearly basis, depending on the type of business. The increased compliance requirements and adherence, frequent amendments in GST regulations and rates of commodities pose another challenge, especially for small and medium scale logistics players. The frequent change in rates impacts the rate negotiations of express players as well.
- Under GST laws, the penalty amount for transporters is observed higher compared to consignor/consignee, which is discriminatory.⁶ The skewed penalty distribution often leads to conflicts. It is important to standardise the procedures and maintain consistency in the rules across industry to avoid chances of conflict.

- Cargo carrying vehicles, irrespective of the type of shipments carried, are often held up for a long time for verifications, causing delays in transit time. This leads to higher logistics cost. On the other hand, the validity of the e-way bill can be extended before eight hours and after eight hours of expiry. Due to this margin, significant delays during inspections can result in higher penalties too. Going forward, the verification procedures can be enhanced through a data driven risk management system, which can categorise shipments in low, medium and high profiles. This will make verification processes seamless, transparent, accountable and faster. It is also important to consider introducing an online provision for extending the time validity of e-way bills in case of expiry with a valid reason.
- Currently, the e-way bill is generated for point-to-point transportation of goods; however, it ignores the hub and spoke models and transshipment cargo movement. For transportation in multiple legs, separate e-way bills need to be generated, which increases the documentation process/ compliances and overall turnaround time. Deviating from declared routes in e-way bill, even in genuine cases of traffic and roadblocks, can result in penalties or fines, as it may be seen as non-compliance with the e-way bill regulations.
- In addition, both the e-way bill and e-invoicing contain same set of data. The requirement of both the documents often causes compliance issues and data/process redundancy. The requirement of e-way bill can be dispensed, as e-invoicing captures sufficient data.
- Moreover, the lack of operational and technology integration across all stakeholders in the value chain, especially in tier-II cities undermine the benefits claimed by digitisation initiatives. For instance, enforcement authorities are not always equipped with resources to verify e-way bills, requiring logistics companies to carry multiple paper documents. Interdepartmental co-ordination, risk management and data sharing between the government and stakeholders through technology can enhance benefits of e-way bill and logistics efficiency manifold.

6. Express delivery services: Supporting the journey towards India@2047



Air express is used for both domestic as well as international express cargo movement. However, international express is solely dependent on air. The air cargo sector in Indian aviation has shown remarkable growth in the last decade, especially with the rapid expansion of airports and focus of the government on international trade and cross border e-commerce.

The new Foreign Trade Policy of India addresses emerging industry trends and aims to enhance international trade. It empowers MSMEs to leverage e-commerce and introduces additional schemes to promote e-commerce exports. The Indian government has successfully maintained strategic trade relationships with its global trading partners. India-US trade relations are evolving through a mix of cooperation and strategic recalibration, with India navigating tariff challenges by strengthening domestic capabilities and expanding global partnerships.

Anchored by initiatives like Make in India and new FTAs, India is positioning itself as a resilient and adaptive player in global trade. Post the COVID-19 pandemic, India has entered 14 free trade agreements (FTAs) and 6 preferential trade agreements (PTAs) to strengthen international trade with recent one being the India-UK CETA, signed on 24 July 2025. India actively engages in bilateral trade negotiations with a focus on diversifying and expanding its export markets, ensuring seamless access to raw materials, intermediates and capital goods required to stimulate domestic manufacturing. Currently, India has preferential market access and economic cooperation through trade agreements with more than 50 countries.

Key trade agreements along major cross-border express trade lanes across the globe are given below.

Major trade lanes and FTAs

Major trade lanes for cross- border express movement are India- US followed by Europe, Middle East and Asia Pacific Region

United States of America	Europe	Middle East	Australasia	Asia Pacific
Despite being the biggest international express sector for India, there is no direct trade agreement between the US and India However, two economies are integrated with e IPEF (Indo-Pacific Economic Framework for Prosperity) (2022) and other bilateral mechanisms	India-European Free Trade Association has recently signed Trade and Economic Partnership Agreement (TEPA) in 2024. TEPA which connects Switzerland, Iceland, Norway and Liechtenstein, will provide a window to Indian exporters to access large European and global markets UK will eliminate duties on 100% of its tariff lines over 7 years, covering 99.6% of Indian exports.	India has a FTA with GCC since 2004 The India-UAE CEPA came into effect in 2022 As of 2024, the India-Oman CEPA have reached an advanced stage of negotiation	ECTA signed between India and Australia with provisions for further tariff reductions signed in 2022	India has strategic bilateral agreements with Japan, Myanmar, Sri Lanka, Thailand etc. Further agreements with economic groups such as , APTA, ASEAN, BIMESTEC, SAFTA etc.

Source: Primary Interactions, Secondary Research, KPMG Analysis, News Articles, Invest India, trade.gov, commerce.gov, in

Infrastructure development

To facilitate international express movement, nine airports across the country are currently enabled with automated Express Cargo Clearance (ECCS) facility. The international air cargo market in India is fairly consolidated, with four metro airports, namely DEL, BOM, BLR, and MAA, handling 86 percent of total international cargo traffic.⁷ Considering adequate infrastructure and robust connectivity, majority of international express cargo is also handled by these four major metro airports. However, the airports with the potential to handle international express cargo seem to have limited infrastructure facilities or

dedicated space for managing express cargo throughput during peak hours. Congestion during peak hours often results in longer-than-necessary turnaround times, which can be as high as 10 hours.⁸

Effective airport infrastructure planning is critical for major airports, not just from the perspective of the terminal capacity but also with respect to dedicated staging areas for unit load devices (ULDs), warehouses with air side and land side access, sufficient truck docks, adequate parking, etc., for enhancing operational efficiency and throughput for time sensitive express cargo

Case study

International

Hong Kong Airport (HKIA) is building capacity to capitalise on intra-Asia express cargo growth

Hong Kong Airport develops Cainiao Smart Gateway as part of airport's strategy to become the regional e-commerce hub. With the new facility, total cargo volume is expected to increase by ~1.7 Mn tonnes annually. HKIA offers provisions such as duty-free imports, exports and seamless process for returns for making the airport competitive in e-commerce market within the APAC region and even globally.

The airport aims to leverage the global connectivity of HKIA to transport e-commerce shipments originating from Mainland China, Hong Kong, Japan, Korea, Taiwan, Philippines, and Vietnam.



7. Analysis based on AAI traffic news
8. Industry insights

Air freight stations (AFS), were supposed to act as extensions of the airport terminal infrastructure, enabling faster clearance of express cargo at competitive rates. However, AFSs have met limited success with airports and terminal operators perceiving them as competition. Support may be extended to AFSs by minimising the rates for the transfer of cargo from the ramp to offsite AFS for inbound cargo and from AFS to the ramp for outbound shipments. AFS need to be looked at as an extension to cargo terminal to promote EXIM of the country and we should look at replicating the success achieved

with adoption of container freight stations (CFS) and inland container depots (ICDs) to decongest the port terminals in India. Around 80–90 per cent of cargo out of big air cargo hubs, such as Dubai, Singapore, Hong Kong, etc., comes from AFSs, which shows that with better cooperation and right intent, Indian airports can also replicate similar results.⁹

With a growing focus on promoting cross border e-commerce, the Government of India is also planning pilots for e-commerce export hubs (ECEHs).

Case study

India

Government's push for capacity enhancement. India begins pilot of e-commerce export hubs

The new e-commerce hubs are expected to be operational by shortly. Aligning to Foreign Trade Policy of 2023, government of India plans to set up 50 ECEHs over the next 5 years under the PPP model. Government of India has selected five firms for pilot launch of these hubs- logistics aggregator Shiprocket and air cargo handling company Cargo Service Centre in Delhi; DHL and Lexship in Bengaluru; and goGlocal in Mumbai

The proposed ECEHs are intended to function as warehouses for local storage of e-commerce goods before shipping out based on orders. The hub will have two designated areas such as a fulfilment area for packing, labelling,

storing and other activities and a customs station where the goods will be customs cleared and ready for dispatch. In addition the ECEHs will also have provisions for quality and certifying agencies



Indian domestic carriers have placed one of the largest aircraft orders to expand capacity for both domestic and international operations. While this will enhance the deployed belly capacity across sectors, there is a need for increased freighter operations. Foreign freighters face significant barriers due to FDI restrictions. Although 100 per cent FDI is permitted

under the automatic route, it is subject to the condition that substantial ownership and effective control (SOEC) must be vested in Indian nationals as per the Aircraft Rules, 1937. The policy may need to be reconsidered to reduce investment barriers, at least for pilot operations or short-term initiatives.

9. Cargo Talk

Critical enablers for improving infrastructure and achieving operating efficiencies

Implementation of ECCS has simplified and smoothened customs clearance processes at airports. The international express cargo sector has witnessed a significant improvement in performance since the implementation of ECCS. However, the industry is still facing gaps in providing quick turnarounds due to some underlying inefficiencies in processes. Air express cargo (especially domestic) is typically handled during early morning hours (4:00 am–8:00 am) to ensure timely delivery of consignments at destinations, accommodating the

cooling period required at airports, service level agreements (SLAs) of airlines and availability of officials for clearance processes. As per existing SLAs with airlines, express players have to handover custom cleared goods to airlines, 3–4 hours prior to departure, which translates to effective travel time of 10 hours.

This has limited the increased adoption of air express, given the surface transport has been simplified and supported by adequate infrastructure.

Overview of ECCS

Key Features

- 100% paperless clearance process along with risk management system
- Pre- clearance facility to save overall turnaround time | Barcodes to ensure fast and secure clearances
- Dynamic allocation of work items to enhance operational efficiency



Growth of express cargo with ECCS

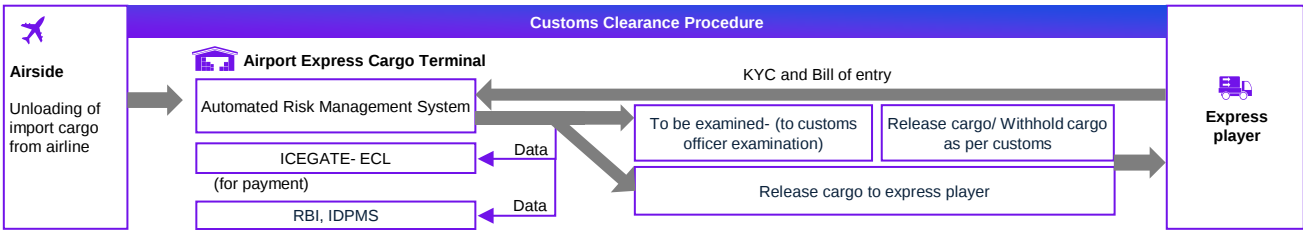
- Express cargo in FY24**
- Average shipments handled per day
- CBE/Day: 7,476**
- CSB/ Day: 19,977**
- Express cargo in FY24**
- Average shipments handled per day
- CBE/Day: 11,002**
- CSB/ Day: 42,486**

Source: KPMG analysis

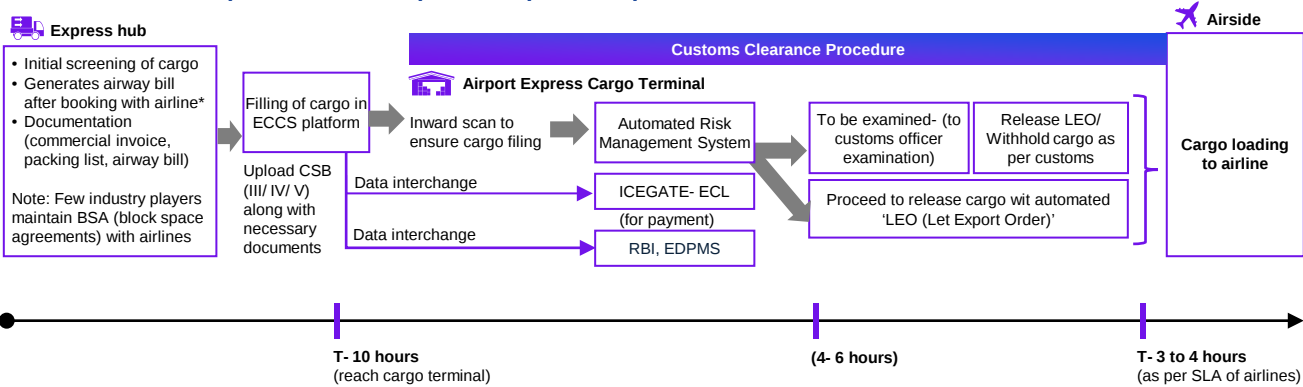


Customs clearance processes

Customs clearance procedure for import of express shipment



Customs clearance procedure for export of express shipment



Source: Primary Interactions, Secondary Research, KPMG Analysis

Total logistics cost is another key concern of air express cargo operations. With a similar turnaround time, logistics cost of air express is four times the surface express cost per tonne.¹⁰

Airports and cargo terminal operators along with regulators need to optimise terminal, storage and processing (TSP) charges and other airport charges including, royalties paid to airports, especially for express cargo, to improve volumes as well as efficiency considering the overall value chain. Additionally, from a freighter movement perspective, the air turbine fuel, which doesn't fall under the purview of GST, requires additional planning to optimise total logistics. To tackle both the issues, it is important to look into strategic interventions like concessioning or capping of terminal/landing/parking charges, especially for air express and application of GST on aviation turbine fuel (ATF). Rationalisation of these cost components can bring overall efficiency, reduce overall logistics cost and promote air express movement.

From a regulatory standpoint, the Courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010 governs the movement of international express cargo moving to and from India. Since the launch of the Courier Imports and Exports (Clearance) Regulations, 1998, Customs regulates and ensures fair and legitimate movement of express

goods. The regulations underwent multiple amendments to accommodate various needs of the industry, without compromising on national security. The few challenges with current regulations are:

- Current regulations set a value cap for courier/ express consignments at INR10lakh for exports. The Courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010, set for facilitating cross-border express delivery services, need to have an equal footing with regulations for general cargo. The regulations for air cargo movement should be made consistent irrespective of the cargo category. Enhanced/ prioritised facilitation can be provided for express cargo. Hence, it is critical to remove the commodity restrictions and value cap of express consignments. With India's push to support MSMEs and cross-border e-commerce, consumers are increasingly transporting high-value shipments.
- The regulation allows the suspension of the registration of authorised courier pending investigation in case of no willful act of misconduct. This needs to be looked at and it is suggested that any disciplinary action for misconduct should be taken only after investigation and proven guilty.

10. Industry insights

- Currently, there is no mechanism for express players to communicate any information or intelligence on consignments with regulatory authorities. The provision of voluntary disclosure should be implemented to ensure operational stability. This will help in building trust between express players and regulators.
- The manual verification process of KYC information at customs, often faces delay due to data mismatches. Initiatives could be taken to allow integration of ECCS with relevant stakeholders and a secure data sharing mechanism to avoid any human error in cargo processing.
- X-ray screening is mandatory for customs clearance of import express cargo in India. Procurement of x-ray machines adds cost to the terminal operators and eventually to overall logistics costs. As the machines are placed at customs bonded area and used for the purpose of screening cargo, Government can exempt the customs duty on the machines which being imported by custodians.

On the other hand, concerns with shipments unclaimed/under dispute consume bulk of cargo terminal space. Existing regulations (Customs Act 1962 section 48) demand to retain shipments for 30 days buffer period followed by set of compliance activities including valuation and certification of commodity, obtaining no- objection certificate (NOC) from relevant government agencies etc., for the auction/disposal of the shipments. The process needs to be simplified with time bound action items. For instance, there are shipments which are sent by consignors and consignees are not interested in paying duty or clearing the shipments. Logistics players should be allowed to return those shipments back to consignors. The retention period of the goods need to be relooked so that overall turnaround time for cargo clearance is reduced to minimum 5 days.

Payment reconciliation is a concern. Our current export-import policies classify the export of goods and services as zero-rated supply, enabling exporters to recover their input tax credit. However, only less than 50 per cent of the eligible parties claim for the benefit due to cumbersome processes involved. To claim inward remittances, exporters have to collect Bank Realization Certificate (BRC/eBRC) from an authorised bank submitting CSB as a proof of

transaction. Banks then forward Inward Remittances Message (IRM) to Directorate General of Foreign Trade (DGFT) for processing the claim. It is important to streamline the process via a single window platform, through which exporters can handle the end-to-end process seamlessly.

The ECCS platform, which enables automated customs clearance of express cargo, offers an exclusive facility for bulk upload of shipments as well as transparency of the status of express shipments, unlike facilities for general cargo. The ECCS platform is embedded with a risk management system for the automated review of cargo and clearance process. The integration of ECCS system architecture with customs- ICEGATE- ECL (Indian Customs Electronic Gateway- Electronics Cash Ledger) and RBI- IDPMS/ EDPMS (Reserve Bank of India- Import Data Processing and Monitoring System/ Export Data Processing and Monitoring System) facilitates seamless customs duty payments and transactions realisation respectively. However, in the backdrop of growing demand, especially on cross-border e-commerce, it is important to improve the efficiency of the clearance system so as to meet the emerging needs of the industry. Few challenges faced by the platform are:

- ICEGATE portal is observed to have regular downtime during 23:00–1:30 every day. This impacts the customs duty payment clearances of express cargo which are routed via ICEGATE-ECL, during the hours.
- Integration of ECCS with external platforms is often resulting in increased downtime and delay in fulfilling the turnaround. Data transfer between ECCS and IDPMS/EDPMS often faces delays, creating payment realisation related challenges to express players. Lack of visibility to IDPMS/EDPMS system, makes it difficult for express players to track and trace payment status and even provide valuable feedback to its customers.

One of the key enablers for supporting the growth of the industry is to revamp the ECCS software as a comprehensive solution, with all functional requirements to process express cargo, with better transparency and visibility on export/import processes. Data synchronisation with multiple platforms demands efficient software operations with regular back-end maintenance/upgradations.

- Further, the integration of ECCS with other partner government agencies (PGAs) will enable better documentation and quicker turnarounds for specific commodities, which requires additional approvals. Certain commodities demand clearances from PGAs for import/export through express mode. However, the lack of digital integration with PGAs leads to increased dwell time for the cargo clearance process at airports. For instance, India is one of the top importers of medical devices like dental implants.¹¹ Between March 2023 and February 2024, India imported 29,000 shipments of dental implants. However, as per regulations, the import of medical device samples must adhere to the necessary approvals from the Central Drugs Standard Control Organization. Similarly, the export of blood samples/any human biological samples requires an NOC from the Indian Council of Medical Research (ICMR) under the Department of Health Research, Ministry of Health and Family Welfare. Due to the lack of a single window system, the shipments are currently transported as non-express cargo.
- In addition to the RBI and customs, the express cargo clearance process of international express involves multiple stakeholders, including DGFT, Goods and Services Tax Network (GSTN), PGAs, other export- oriented units (EOUs) and special economic zones (SEZs). It is important to enhance the operational efficiency and accessibility of ECCS or build an integrated single window platform to increase collaboration between relevant stakeholders. A single window platform that integrates relevant stakeholders and ensures adequate staff deployment for handling clearance processes can reduce dwell time significantly. For instance, the Single Window Interface for Facilitating Trade (SWIFT), the single window system of Indian customs, allows all non-express importers and exporters to fulfill all their clearance processes. One such example is, the cloud-based Avalara platform in the US, which automates all tax compliance requirements. The Avalara platform acts as an expert intermediary helping businesses of all sizes across regions conduct tax compliant business in the US market. The product, built on artificial intelligence and machine learning, automates VAT returns, simplifies registration, provides updated rules and regulations,

11. Volza's India import data
12. sezindia.gov.in

undertakes risk assessments and offers end-to-end tax compliance support.

Additionally, some other inherent system limitations that may slow down the growth of the express industry are listed below.

- Currently, the CBIC has extended export related benefits, such as Duty Drawback, Remission of Duties and Taxes on Exported Products (RoDTEP) and Rebate of State and Central Taxes and Levies (RoSCTL) to express/courier shipments. However, the existing ECCS system architecture is not feasible for processing these export related payments. The software needs to be upgraded to accommodate new features.
- It is important to enhance the ECCS portal with additional features like report generation, data analytics, etc., so that express players can readily assess their own performance and explore areas of improvement.

Out of 33 operational international airports in India, only 9 airports are enabled with the ECCS facility. The express cargo generated at other airports is currently moved as general cargo. Apart from airports, SEZ is another key sector involved in the export business. As of March 2025, India has 368 notified SEZs. The share of SEZ exports out of total exports in terms of value has grown from 31 per cent in FY19 to 38 per cent in FY24.¹² Exploring opportunities to extend the ECCS facility to additional airports or SEZs for processing express cargo could help achieve full visibility of all express cargo and unlock the full potential of the industry.

Reverse/return logistics is another critical component of cross border e-commerce that needs attention. Reverse logistics/re-imports in international sector are exempt from import duty, given that the goods are identical to the original ones, pending physical verification. However, the verification process often causes delays in returning goods and payment reconciliation. Considering the potential of the cross-border e-commerce sector, it is important to have clear guidelines and simplify procedures related to re-imports. The ECCS system can be revamped with enhanced risk management features to handle the seamless processing of reverse logistics. A clear policy provision is required for the seamless handling of return-to-origin cargo.

Additionally, transshipment is another opportunity for India. Current transshipment regulations demand the x-ray re-screening of consignments (which are already screened at origin) at transshipment airports. The offloading, verification and reloading process causes significant delays in the overall turnaround time and an increase in logistics costs. Currently, transshipment process in India is strictly regulated and the average turnaround time extends up to 48–72 hours compared to 2–3 hour turnaround at other global transshipment airports.¹² Moreover, our regulations restricts transshipment across multiple airlines.

India is strategically located to act as a global bridge connecting the Far East to the West, to explore the opportunity of transshipment of express cargo. To develop India as a transshipment hub, it is imperative to simplify the transshipment processes which reduces overall transaction cost and time delays. Bureau of Civil Aviation Security (BCAS) can consider re- evaluating current transshipment guidelines for both international-to- international transshipment as

well as domestic-to- international movement. BCAS could look at allowing tail-to-tail transfer of express cargo which are already screened at origin, unless the package appears to be tampered on visual examination based on best practices globally. Countries and commodities could be mapped across a risk matrix for selective x-ray screening. For domestic- to international movement, the shippers and commodities can be evaluated based on a risk matrix and condition of cargo for selective screening process. As a proactive measure, Customs has recently implemented several measures to simplify existing transshipment procedures. These include the elimination of Transshipment Permit fees, permission for air carriers to temporarily import Unit Load Devices (ULDs) upon execution of a continuity bond, adoption of an All-India national transshipment bond to avoid any documentation redundancy, and facility for filing transshipment requests digitally via ICEGATE. The transshipment processes followed in the airports of Germany set a good example.

Case study

International

Germany | Transshipment hubs, considered as magnets of economic activity¹³

All German airports possess exclusive transshipment facilities. The FedEx gateway hub at Frankfurt airport, the largest air cargo operator in European region, caters to the express cargo mainly to intra German and neighboring countries, with 9 freighters. The airport connect with another hub via road for shipments moving on commercial airlines. The fully automated UPS Europe transshipment hub set up at Cologne airport handles about 60 freighters during night- time. The hub has

multiple lines of sorters, screening machines and conveyors to ensure seamless transshipment processes. Similarly, the DHL European hub at Leipzig cater to around 450000 packages a night. The fully automated hub handles ~70 freighters during night in a 3-hour time window. All the airports follow a streamlined process for ensuring fast and seamless transshipment of express cargo without tampering security.



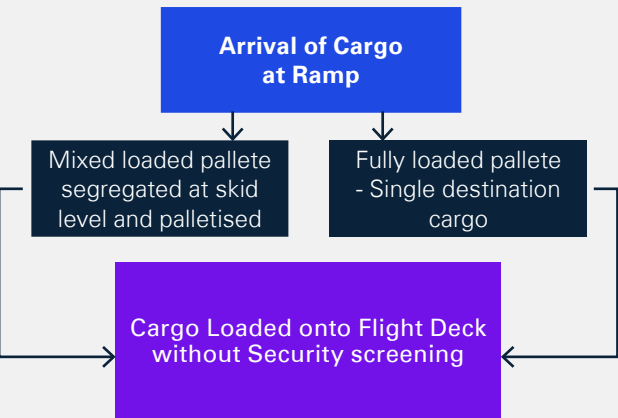
13. Industry discussions; MOCA CII business delegation

The key characteristics of the process for two types of cargo movements:

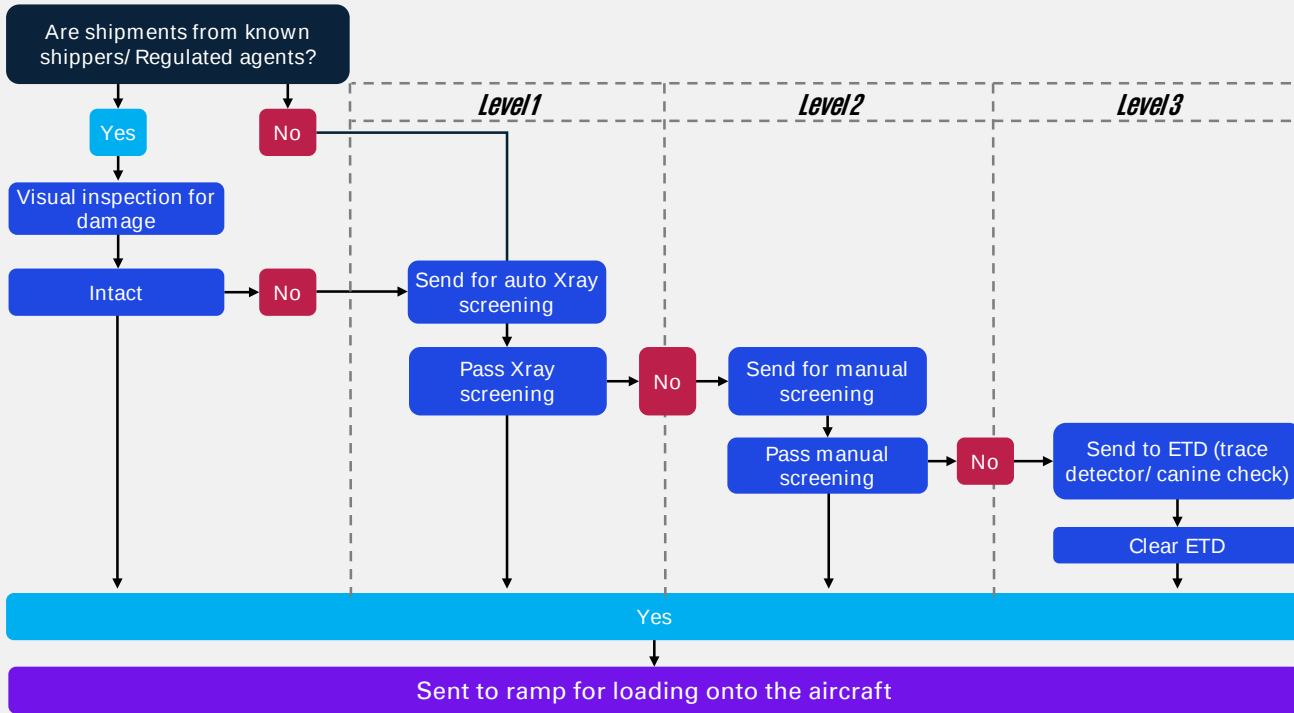
- **Tail to Tail transshipment:**
 - Trusting security clearance at the origin, German regulations consider all shipments arrives in freighters as secure. This allows tail-to-tail transfer of shipments without rescreening unless the package is observed to be opened or damaged upon visual examination.
 - Pallets with loads for multiple destinations are individually screened only if the shipments are found damaged or else dispatched for loading without any re-screening.
 - Cargo, which is observed to be damaged on visual examination, undergo three-level screening process.
- **Surface to Air (Shipments consolidated intra Europe and arriving on trucks):**
 - Shipments received from known shippers/ Regulated Agents at the truck dock area for exports are checked visually for any damages/ tampering. If they are found intact, the pallets are sent to the ramp for transfer on to flights without screening. These are termed as secure shipments.
 - The shipments received from multiple/ unknown shippers, are considered as unsecured shipments. These will undergo three-level screening process.
 - High degree of standards set for shipper/regulated agents. The regulated agents (RAs) are subject to periodic audits to maintain the trust.

- Airports follow skid level x-ray screening process. Labelling is done after screening.
- Capacity-building of security screeners: Airports follows meticulous recruitment process with additional trainings.
- Transshipment hubs not only create job opportunities but also attract manufacturing benefitting both the local and national economy. This case study highlights the need for world-class logistics facilities and express cargo facilities for positioning India in global value chains.

International transshipment: Germany



Three level screening process



The Government of India is also keenly looking at infrastructure and warehousing enhancements for air cargo, along with streamlining cargo screening and customs protocols in a user-friendly manner, as per the Union Budget 2025–26.

From the current trend of cross border express, e-commerce will be driving the future of the industry.

However, existing bilateral trade agreements of our country don't include any provisions related to e-commerce. The government can consider incorporating express and e-commerce exports in bilateral agreements to support the growing industry.



5.4

Other key enablers for efficiency improvement

Technology is the future of logistics

To make supply chains more robust and agile, express companies are digitising their supply chains. As a part of the government's long-term vision of creating digital ecosystems, select programmes/initiatives are launched to improve efficiencies across the logistics landscape. For instance, Unified Logistics Interface Platform (ULIP) is one of the strategic initiatives of our government, launched in September 2022, which focuses on API-based integration of logistics-related datasets through a digital platform. Within six months from the date of launch, more than 400 companies registered on the platform and 65 million API hits have been processed.¹⁴ Additionally, the proposed

implementation of Bhart Trade Net, announced in the recent Union Budget 2025–26, can be another game-changing initiative, streamlining trade documentation for international trade. Similarly, the government's ONDC is a marquee initiative, which offers an inter-operable digital platform that connects buyers, sellers, e-commerce players and logistics service providers.

Apart from the digitisation efforts, express players are exploring opportunities across robotics, AI, alternate fuel adoption and drones to further optimise supply chains and logistics operations. Here are a few select technology initiatives.

Warehouse management and packaging

Express players are increasingly adopting robotics for warehouse automation and inventory management to ensure operational efficiency. The implementation of robotics in the workplace involves various concerns like safety, workforce displacement, etc. Even though the warehousing standards 2022, published by Ministry of Commerce, identify the opportunity for warehouse automation, the sector lacks provision for clear guidelines. Packaging is another important aspect of warehousing. Standard sizes and shapes of shipments facilitate effective automation of

warehousing operations. For instance, Singapore's TR-105 policy, outlines guidelines for standardised packaging of shipments. On the other side, India promotes green warehousing. Indian Green Building Council (IGBC), recognised by the World Green Building Council (World GBC), sets guidelines for the rating of green logistics parks and warehouses in India. The IGBC rating system offers various levels of certification for infrastructure, depending on established criteria.

14. PIB press release

AI-enabled operations

AI technologies are being widely used across the globe for advanced route planning, predictive maintenance and fleet and delivery management in the logistics sector. Governments across countries are implementing regulations to manage the underlying safety and data privacy risks with AI adoption and ensure the ethical and responsible use

EV adoption

Express players are increasingly adopting EV fleets to ensure zero-emission last-mile delivery services. India's new EV Policy 2024 provides a wide range of incentives, including customs duty benefits, to promote foreign investments and domestic manufacturing of electric vehicles. and infrastructure development to accelerate EV adoption. However,

Drone delivery services

Drones/unmanned aircraft systems are becoming popular for intra-metro same-day deliveries of essentials in minimum delivery time at a lower operational cost than traditional delivery services. The system is moreover eco-friendly and overcomes logistics barriers for last-mile deliveries in difficult terrains. Express players in India are partnering with various drone service providers to enhance their portfolio with an efficient last-mile delivery option. For instance, in June 2024, Blue Dart, in partnership with Skye Air, has launched drone delivery services in Gurugram, India. Within the first 6 months of operations, Blue Dart has crossed milestone of 50,000 shipments delivered through drones.

of technology. For instance, the European Union (EU) released the EU AI Act¹⁵ in August 2024, which outlines legal obligations of related parties (AI provider, deployer, importer and distributor) across AI systems in various risk profiles (prohibited/high risk/limited risk) across sectors.

express players are voluntarily taking up EV adoption strategies aligning to our sustainability targets. For instance, global express players are deploying electric vehicles for last-mile delivery across various Indian cities with a goal of achieving carbon neutral operations.

However, drone operations in India are strictly regulated. The Government of India released the Drone Rules in 2021 along with the Digital Sky Platform, which facilitates online registration and automated permissions for drone operations. The regulations restrict the use of all remotely piloted aircraft (RPA) operations to the Visual Line of Sight (VLOS). To promote express drone delivery services, it is important to formulate robust regulations that accommodate technological advancements and ensure the safe integration of drones into the airspace, unlocking the potential of Beyond Visual Line of Sight (BVLOS).



15. Tech & Telecom, Professional Perspective - Regulation of AI Operators in the Global Supply Chain

Human resource empowerment and skill development are critical aspects to be considered.

Human resource is critical

As we have already discussed, urbanisation, the rise of tier-II and -III cities and digital penetration have expanded the operational territory of express players across the country and have triggered the growth of gig/crowdsourced workers. Characterised by flexible contracts and interoperability, express players are widely outsourcing last-mile delivery operations to gig workers. Today, the gig economy is shaping the urban express industry. As per the Government of India, the gig economy is expected reach 23.5 million in FY24 from levels of 7.7 million workers in FY21.¹⁶ Given the labour-intensive nature of the sector, workforce welfare and empowerment are vital in driving its underlying growth. The confluence of technology advancements, urbanisation and increased digital penetration in tier-II and -III cities, along with customer preference for faster delivery of goods and services, are likely to boost the gig economy in near future. At present, 47 per cent of gig work falls under medium-skilled jobs and 22 per cent is estimated to be high-skilled jobs.¹⁷

Currently, the gig economy is facing multiple

challenges in the workspace. The Government of India recognises the sector and provides the right to form organised unions, entitlement to life insurance cover and gratuity.¹⁸ However, the sector lacks proper policy support/standard regulations. In many cases, workers at warehouses are paid on the basis of minimum wage. As a result, workers prefer to choose gig economy projects over labour-intensive jobs at hubs, leading to a labour shortage. It is essential to develop a standard policy to ensure labour welfare, safety and well-being.

Similarly, as automation and the involvement of technology in the industry advance, there is a growing need for upskilling of the workforce and building capacity. Skilled labourers are important for the efficient operations of express cargo, which often consists of high-value consignments. The government has already initiated the Skill India Initiative to promote upskilling and human resource development. However, it is important to focus on the effective implementation of upskilling programmes rather than limiting it to virtual training programmes.

Case study

International

Singapore has officially launched TR-105 policy to standardise last mile operations and for the wellbeing of delivery executives

Singapore is the only country to officially release industry standard for e-commerce and logistics players to boost customer satisfaction and improve last mile operational efficiency. The Technical Reference (TR) 105, launched in Oct '22, provides guidance on areas such as packaging, labelling, data collection and transmission, communication content and operational practices. The standard aims to establish industry-wide consistency of last mile delivery services for the benefit of consumers and retailers.



16. Niti Aayog, India's booming gig and platform economy, 2022
17. Niti Aayog, India's booming gig and platform economy, 2022

18. Code on social security, 2020 (Link)

The key focus areas of the policy document include:

Packaging and labelling

Guidelines on packaging, labelling, weight, size, postal code requirements and labels to improve machine readability and reduce frequency of parcel rejects. For instance, recommending the use of light-colored, solid, non-reflective secondary packaging that allows labels and postmarks to stand out and for the shipping label to be a minimum size of A6.

Data collection and transmission

Guidelines on essential datasets to be exchanged across the value chain for authentication of transaction. This reduces unsuccessful deliveries, minimises confusion and facilitates accurate tracking. It also includes best practices to safeguard data to ensure that they will not be compromised during the logistics processes. For example, the standard recommends partial masking of the end recipient’s personal information.

Information channels and communication

The document mentions essential datasets to be included in the communications triggered from online marketplaces to e-commerce platforms, logistics service providers (LSPs) and end recipients across the four key modes of delivery: letterbox, collection point, doorstep delivery and lockers. Datasets to include initiation status of each delivery stage, their respective time and date stamps and proof of delivery attempt.

Operational and safety practices of last-mile delivery

Guidelines to improve clarity of delivery process. For instance, locker deliveries to provide a minimum collection period of 48 hours. The policy also recommends relevant workplace safety and health practices and hygiene guidelines for personnel involved in the logistics operations. This includes recommending the LSP representative to not carry parcels exceeding 1/3rd of their body weight.

On the other hand, the express industry is traditionally conceived as a male dominated workspace. The physically exhausting field work and weight handling often undermine the impact of gender diversity programmes. However, current transformations in the industry, which demands least physically exhausting work, like supply chain analysis to ensure backend supply chain optimisation, inventory management, customer service, warehouse supervision, etc., foster a conducive environment for enhancing gender participation. The Government of India has already conceptualised and implemented various initiatives/ schemes to promote women-run enterprises and provide them with a gateway to the global market. For

instance, Womaniya, an initiative of the Government e-Marketplace (GeM), encourages women entrepreneurs and self-help groups from the informal sector to sell their products directly to various government buyers and intermediaries. The initiative supports women entrepreneurs by providing access to markets, access to finance and access to value-addition. Similarly, the Amazon initiative, Amazon Saheli, is also aligning with the vision of empowering and enabling women entrepreneurs nationwide to tap into the e-commerce ecosystem. The platform is set exclusively for the sale of various products by women entrepreneurs across clothing, home and kitchen, accessories, etc.

5.5

Summary



Challenges	Area of intervention	Agency responsible
Surface express		
Infrastructure related		
There are limitations in the availability of infrastructure, including multi-modal hubs and warehouses, which impact the efficiency of the industry.	Express players should explore opportunities with upcoming industrial corridors and multi-modal logistics parks to optimise operations and expand the express business in India. The government can focus on the planning and development of integrated infrastructure facilities at the right locations with the right investment, in line with the growth of the logistics industry	Ministry of Road Transport and Highways; Ministry of Railways; Various state governments
The modal split is skewed towards roadways, which is unsustainable in long term. This needs to be re-evaluated to achieve a balanced and sustainable modal split.	To optimise truck use and achieve a balanced and sustainable modal mix, express players should explore the opportunities with the Indian Railways as well as the airways for long-haul transportation. Express players should focus on utilising upcoming DFCs, PM Gati Shakti multi- modal cargo terminals, Vande Bharat parcel trains, etc., as well as opportunities with upcoming air freight stations and e-commerce export hubs to boost express movement via railways and airways. The government and relevant authorities should focus on investing in the modernisation of existing terminal infrastructure and developing dedicated facilities for the handling of express shipment across railway stations and airports.	Ministry of Railways; Dedicated Freight Corridor Corporation of India Limited (DFCCIL)

Challenges	Area of intervention	Agency responsible
Traffic congestion within city limits due to infrastructure insufficiency, tolls and other barriers adversely impacts last mile delivery logistics and undermines the benefits expressways and highways.	The integration of domestic freight movement with city development plans is critical. City and state governments need to consider introducing dedicated delivery zones, parking lots, bicycle lanes or promoting the use of metro trains for seamless urban express movement. Authorities need to undertake timely reviews and improve city development and comprehensive mobility plans in line with the evolving needs of cities. It is important to establish a platform to enable open communication between city authorities and express players. This is essential to ensure the sustainable growth of cities. Express players should adhere to city rules and regulations in their operations.	Ministry of Road Transport and Highways; Various state governments and city development authorities
Operations: GST related		
Different GST regulations across states are undermining the concept of one nation, one tax.	The government may re-evaluate the GST regime with a single pan India registration.	GST Council
Frequent amendments in GST regulations and changes in commodity rates pose compliance challenges.	GST laws may be revised to standardise procedures and maintain consistency in rules across industries to minimise conflict.	
Higher penalties for transporters than those for consignors/ consignees are discriminatory.	GST billing should be made more robust with e- invoicing. Requirement of e- way bill should be considered as duplication and shall be removed, as e- invoicing captures same set of data.	

Challenges	Area of intervention	Agency responsible
Operations: e-way bill related		
The e-way bill is generated for point-to-point transportation of goods, which ignores the hub and spoke models and transshipment cargo movement.	The government can consider revamping the e-way bill system to accommodate emerging needs of the industry. The system needs to be enhanced with a provision for a single e-way bill for multi-leg transportation.	GST Council
Deviation from the declared route, even in genuine cases of traffic deviations, delay in the on-road verification process, etc., can result in penalties or fines.	The government can look at enhancing verification procedures through a data-driven risk management system, which can categorise shipments in low, medium and high profiles. This will make verification processes faster.	
The provision of both the e-way bill and e-invoicing often causes data and process redundancy.	Requirement of e-way bill should be dispensed since e-invoicing has been established.	
Courier vehicles are held up in case of any discrepancy with a single shipment, resulting in delayed movement of other shipments in the vehicle.	The government can consider provisions for detaining shipments with discrepancies while allowing vehicle to continue moving with other shipments.	
Extension of validity of e-way bill is limited within 8 hours before its expiry time and 8 hours after its expiry time	The government can consider introducing an online provision for extending the time validity of e- way bills with a valid reason, at any time.	

Challenges	Area of intervention	Agency responsible
Operations related- Others		
Express players are required to carry physical copies of all documents during transportation. Verification officers, deployed at remote locations, are often not equipped with necessary devices and they demand physical copies of documents. The lack of digital integration across stakeholders is a concern.	The government can focus on implementing technology solutions for interdepartmental co-ordination, risk management and data sharing between the government and stakeholders.	GST Council
Air Express		
Infrastructure related		
Capacity constraints at airports lead to congestion during peak hours, often resulting in longer-than-average turnaround times.	The government can promote the development of air freight stations and e-commerce export hubs as extensions to airport cargo terminal to promote the country's EXIM trade. Airport authorities should focus on automating existing facilities to ensure maximum utilisation of existing assets with minimal space requirements. Airport authorities should focus on effective airport infrastructure planning, which is critical for maximum utilisation of terminal space. Spatial planning of facilities like staging areas for ULDs, warehouses with air side and land side access, truck docks, parking, etc., will ensure functional requirements.	Ministry of Civil Aviation
Operations related		
FDI restrictions for foreign carriers limit investment opportunities in the sector.	The government can re-evaluate the SOEC policy to reduce barriers to investment at least for pilot operations or the short term.	Ministry of Commerce and Industry; Ministry of Civil Aviation
High logistics cost in airways is a concern for industry players and customers.	The government and airport authorities should consider the rationalisation of cost components including TSP and other airport charges to improve overall efficiency, reduce overall logistics cost and promote air express movement.	
Aviation turbine fuel (ATF) does not fall under the purview of GST.	The government can consider the application of GST to ATF, which can reduce overall logistics cost.	GST Council

Challenges	Area of intervention	Agency responsible
ECCS related		
Integration with external platforms (ICEGATE and EDPMS/IDPMS) often results in increased downtime and delays in turnaround times.	The government and customs should consider revamping ECCS software as a comprehensive software with features offering better transparency on export and import processes. The government can take actions to enable regular back-end maintenance/upgradations to ensure efficient data synchronisations across interlinked platforms and software operations.	Central Board of Indirect Taxes and Customs Central Board of Indirect Taxes and Customs
Certain commodities require clearances from PGAs for import/export through express mode. The lack of digital integration with PGAs increases dwell time for cargo clearance at airports.	The government and customs should take the initiative to develop an integrated platform/single window platform exclusively for express shipments to enhance collaboration between relevant stakeholders. The platform should ensure the integration of express cargo terminal processes with relevant PGAs. Adequate staffs shall be deployed for handling clearance processes.	
Other limitations of the ECCS system architecture	The government and customs should prioritise upgradation of ECCS software to incorporate new features, such as duty drawback, allowing the movement of scheme shipments in express mode. The portal should be revamped to include features like report generation, data analytics, etc. These enhancements will help to assess the performance of the system and explore areas for improvement.	
Regulations related		
The Courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010 (courier regulations) set a value cap for export courier and express consignments at INR10 lakh.	Customs should re-evaluate courier regulations with necessary amendments to ensure express cargo has equal footing with general cargo. Customs should amend the latest courier regulations by removing the value cap on export express consignments as consumers are increasingly transporting high-value shipments.	Central Board of Indirect Taxes and Customs
Suspension of registration of authorised courier partners, pending investigation, in case of no willful act of misconduct	Customs should consider amending courier regulations. Any disciplinary action for misconduct should be taken only after an investigation and when proven guilty.	

Challenges	Area of intervention	Agency responsible
Regulations related		
The system currently lacks any mechanism for voluntary reporting, sharing information and providing intelligence about shipments to the regulators.	Customs should implement a voluntary disclosure policy, notifying a formal declaration form that express players can use to share any information with regulators.	Central Board of Indirect Taxes and Customs Bureau of Civil Aviation Security Ministry of Civil Aviation Ministry of Commerce and Industry; Ministry of Civil Aviation
The manual verification process of KYC information at customs, especially during re-imports, often faces delay due to data mismatches.	The government can facilitate digital integration with a secure data sharing mechanism to avoid human errors in cargo processing.	
Handling of shipments under dispute is often delayed	The government can devise a standard operating procedure (SOP) for handling shipments under dispute and identify dedicated provisions for their retention instead of occupying space in cargo terminal.	
Others		
Due to the lack of an ECCS facility, the express cargo generated from other airports and export-oriented units (EOU)/SEZs is considered as general freight.	The government and customs should focus on extending the ECCS facility to other airports, SEZs, etc. This will provide a clear understanding of the actual express cargo.	Central Board of Indirect Taxes and Customs
Stringent formalities and mandatory verification processes in reverse logistics cause delays in returning goods.	The government and customs should devise clear guidelines and simplify procedures related to re-imports. The ECCS system can be enhanced with features to enable seamless processing of reverse logistics.	
The transshipment process in India is heavily regulated. The average turnaround time often extend up to 48–72 hours.	India is strategically located to act as a global bridge connecting the Far East and Western countries, presenting an opportunity for transshipment of express cargo. The government can re-evaluate current regulations restricting the transshipment of express shipments. Airport Authorities should focus on facilitating sterile areas in airports for seamless tail-to-tail transfer of international shipments. BCAS should re-evaluate security concerns and devise a robust risk assessment mechanism, allowing a tail-to-tail transshipment process. As a welcome step, Customs has recently simplified transshipment regulations by waiving off transshipment permit fees, allowing temporary import upon execution of continuity bond and integration of transshipment process with ICEGATE	

Challenges	Area of intervention	Agency responsible
Others		
Bilateral agreements do not include e-commerce provisions.	Considering the growth potential of cross border e-commerce, the government can consider incorporating express and e-commerce exports in bilateral agreements.	Ministry of External Affairs; Ministry of Commerce and Industry
Other areas of focus		
Technology related		
Warehouse management and packaging lack standardisation.	Express players should align business strategies and invest in developing green-automated warehouses and innovative packaging with a sustainable outlook. To support the industry players, the government can develop clear guidelines for warehouse automation (robotics). The government can develop a robust policy for standardisation of packaging, which is integral for effective warehouse automation. The government can also promote green warehousing through favorable rewards.	Ministry of Commerce and Industry; Various state governments
AI-enabled operations lack regulatory backing.	Express players should explore opportunities with emerging technologies like AI and ML for enhancing logistics operations. The government can develop policy support to promote the use of AI technologies in express industry with robust regulations ensuring safety, risk mitigation and ethical technology use.	Ministry of Commerce and Industry; Ministry of Electronics and Information Technology
Alternate fuel adoption needs to be promoted.	The government can promote EV adoption in express industry through an EV policy and extending the FAME Scheme. Similarly, the government can promote the use of alternate fuels with necessary incentives and other favorable offers. Express players should utilise the government's policy provisions and re-evaluate their company's alternate fuel adoption strategies.	Ministry of Power; Ministry of Road Transport and Highways; Ministry of Heavy Industries; Various state governments
Drone delivery services for last-mile delivery presents an untapped opportunity.	The government can formulate robust regulations, addressing the use of drones for express services, opportunities for technological advancements and ensuring the safe integration of drones into airspace.	Ministry of Commerce and Industry; Ministry of Electronics and Information Technology

Challenges	Area of intervention	Agency responsible
Human resource related		
The welfare of the labour community, especially in the gig economy, is a concern.	The government can develop a standard policy/regulation for the welfare of the gig economy workers and other informal workforce in the express industry.	Ministry of Labour & Employment; Ministry of Skill Development and Entrepreneurship
Considering technological advancements and industry growth, the upskilling of labourers requires attention.	Express players and the government together should promote labour upskilling programmes and capacity-building activities.	
Logistics is traditionally perceived as a male-dominated sector with limited participation from other genders.	Express players should revisit job descriptions and make conscious efforts to identify roles that enhance gender participation in the sector.	

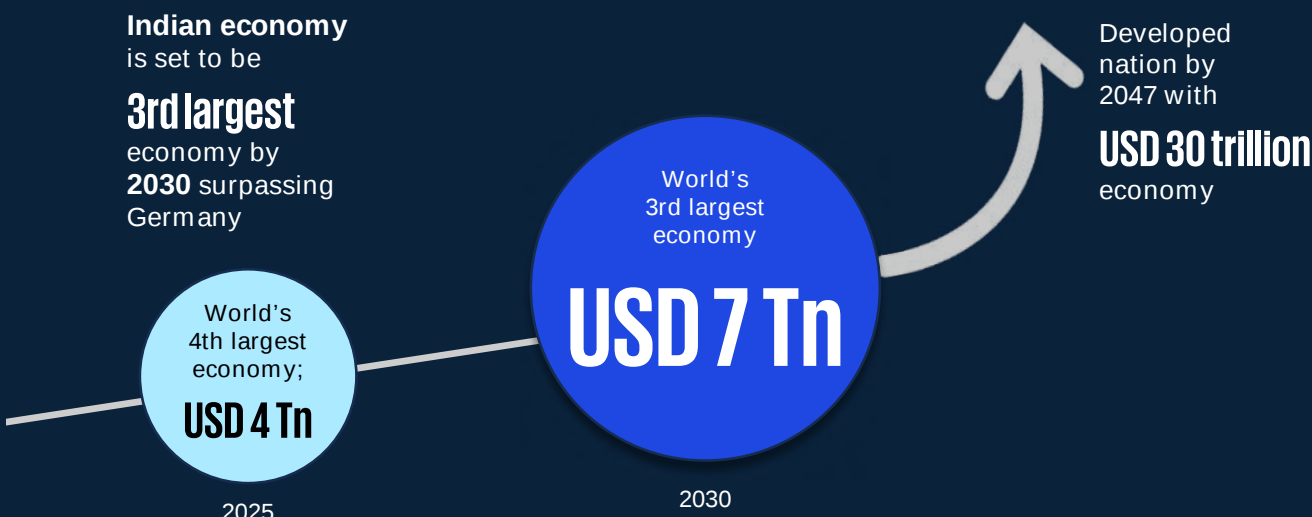


06

Future roadmap of the express industry in India



India @2030....on its path towards Viksit Bharat



Manufacturing hub 3 rd largest in automobile manufacturing and pharmaceuticals. India to have ~USD500 Bn electronics manufacturing	~USD 2 trillion exports Including ~USD 1 Tn for merchandise and ~USD 1 Tn for services. MSMEs to contribute to ~50% of country's GDP by 2030	~71 countries in FTA Network Currently India has FTAs with 14 countries. Country is in advance stage of negotiations with several countries
~40% Urbanisation Compared to current urbanisation of 36% marking emergence of tier 2/3 cities	~60% growth in PCI Per capita income estimated to be ~USD 4000 by 2030 compared to current value of ~USD 2450	~3rd largest consumer market Discretionary spending is expected to grow by ~60% from ~2.1 Tn in FY 23 to ~3.4 in FY30
Technology driven economy Bharat 6G Vision by 2030	~2nd largest internet users Expected to surpass ~1 billion internet users by 2030. Half of India to have 5G mobile subscribers by 2030 with 1.2 Bn smartphones	E-commerce/ Q-commerce E-commerce expected to be key driver of economy

Express logistics industry plays an integral role in powering country's growth ambitions by enabling fast and time-bound logistics requirements of the underlying industries/ consumers in both domestic and international front.

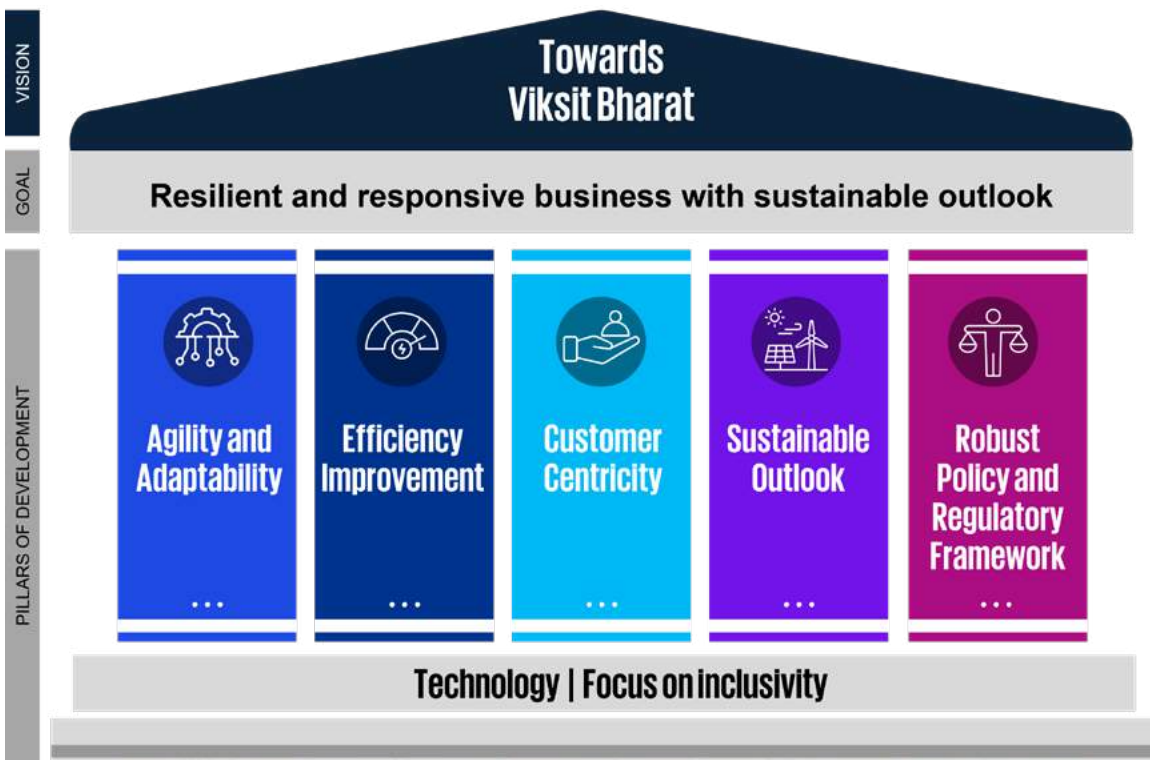


Future roadmap of the express industry in India

Over the last decade, the express industry in India has evolved as one of the core contributors to the Indian economy. The growth of the manufacturing sector, fuelled by the automobile, electronics and pharmaceutical industries, high digital penetration, a rise in discretionary spending, exponential growth of e-commerce, etc., are boosting the growth of the express industry in India. The recent Union Budget 2025–26 focuses on key initiatives, such as transformation of India Post into a major logistics organisation, introduction of BTN, the modification of the UDAN scheme, the enhancement of domestic production capabilities, infrastructure/process improvements in cargo handling, etc., which will provide the necessary impetus to boost the growth of the express industry in India.

On its growth trajectory, the express industry in India is expected to reach USD18–22 billion by FY30 from USD ~9 billion in FY25, marking 12–15 per cent CAGR. The industry is expected to generate 6.5–7.5 million jobs and contribute largely to the Indian economy.¹ To continue being the key enablers of India’s economy growth, it is important for both the express industry and the government to keep building on the 5 pillars: Agility and adaptability, efficiency improvement, customer centricity, sustainable outlook, robust policy and regulatory framework. Technological advancements and a focus on inclusivity are two critical themes that cut across all these pillars.

Future roadmap of express industry



Source: KPMG analysis

1. KPMG analysis

In this chapter, we will dive deep into each pillar and identify high level strategic measures to be undertaken in the next 5 years for the sustained growth of the industry towards the estimated market size

1 Agility and adaptability

Express industry in India thrives in a dynamic and globally connected ecosystem, which demands robust logistics capabilities. For instance, the e-commerce industry, which is the primary driver of new age express services, is witnessing dynamic shifts due to emergence of D2C brands, quick commerce, hyperlocal delivery, etc. Delivery timelines are shrinking from next day/same day delivery to 30 minutes/15 minutes/10 minutes delivery. Similarly, MSMEs are also expanding their operations, demanding enhanced express services.

To achieve sustained growth, cater to evolving customer demand and remain competitive, express players continue to explore innovative and agile business models. Express players will continue exploring organic and inorganic growth opportunities. However, in the long term, select strategic measures need to be undertaken to realise expected growth.

Short term	Medium term	Long term
- Identify partners/targets to increase the penetration in regional areas - Explore organic growth opportunities by diversifying the service offerings - Assess value proposition for express services across the quick commerce ecosystem and the pilot services	- Explore consolidation opportunities to achieve scale in regional areas - Identify levers to deliver wider product catalogues in under 10 minutes. For instance, FMCD/ industrials, etc. - Expand Infrastructure and integrate technology to cater to B2B, B2C and D2C customers - Expand B2C and B2B quick commerce offerings in tandem with market growth	- Attain operating efficiencies by leveraging robust intra-city infrastructure - Achieve economies of scale across the quick commerce ecosystem (B2B/D2C)

2

Efficiency improvement

The Government of India is strategising to bring down logistics costs further, thereby improving the country's Logistics Performance Index ranking to top 25 countries by FY30. Enhancement of operational efficiency around process, people and technology is critical to achieve this target.

Process

A change in customer perception has realigned the industry's focus towards enhancing speed and accuracy in services while shrinking delivery timelines. The value chain of express services involves multiple processes with varying degrees of complexity. The processes include sorting, packaging, labelling, transportation, warehousing, payment reconciliation, managing returns, etc. Process optimisation is critical for the business to reduce lead times and bring in operational efficiency. Express players need to leverage technology to ensure profitable operations with maximum efficiency and optimum asset utilisation. Strategic initiatives include:

Transportation

- End-to-end digitisation of processes across all relevant stakeholders, eliminating the requirement of carrying physical copies of documents.
- Route optimisation and fleet management using telematics can reduce overall logistics costs and enhance express movement, especially last-mile delivery operations.

Warehousing

Warehouse automation will enhance fast turnaround and reduce logistics costs significantly.

Other value-added services

Industry-wide standardisation of sorting and packaging can enhance readiness for automation and technology enablement.

People

Express is a labour-intensive industry, which is expected to employ 6.5- 7.5 million people by FY30.² Further, as per Niti Aayog, the gig workforce in India, which largely supports last-mile delivery of e-commerce shipments, is expected to reach 23.5 million by FY30.³ Express players are increasingly adopting women empowerment strategies to enhance diversity in workforce and the industry is witnessing a paradigm shift with more women entering the business. Therefore, future of the express industry depends on embracing inclusivity, promoting diversity and enabling the skill development of the workforce. In response to the widespread technology adoption in the express industry, training human resources on these technologies will become crucial. Skilled and adaptable workforce is integral to ensuring the agility of the business.

Technology

Express players are in the process of digital transformation, exploring multiple emerging and advanced technologies, such as AI, big data and internet of things (IoT). Generative artificial intelligence (Gen AI) is widely being leveraged for route optimisation and automation of customer experience.

Following are the strategic recommendations to improve operational efficiency of express services:

Short term	Medium term	Long term
• Adopt measures to ensure end-to-end digitisation to facilitate the integration of operations across stakeholders • Develop a single window platform for processing of express cargo • Revise job descriptions and business strategies to enhance gender diversity • Revise capacity-building measures by including training modules on usage of technology • Continue investments in technology to improve route optimisation, real-time tracking, etc., across modes to balance modal split and support sustainable growth.	• Increase investments to further promote supply chain automations • Enhance in-house provisions for capacity-building and skill development • Develop policy/regulatory provisions that facilitate advanced technology interventions in express operations.	• Explore Gen AI and advanced technologies to capture pain points in the value chain and enhance operations.

3

Customer centricity

A change in demographics, a growing tech-savvy Gen Z and Gen Alpha, increasing smart phone penetration and a growing spending capacity have transformed customer preferences for express delivery services across regions. Currently, there is an increased preference among consumers, especially in tier-I cities, for fast and time bound deliveries and they are willing to pay a premium. Consumers of tier-II and -III cities generally tend to be price sensitive. However, customer behaviour is expected to undergo changes in line with market dynamics. Considering the socio-economic growth and shifting customer choices, the

service levels of express delivery services are expected to take a positive leap in the near future. Express players need to widely adopt measures to identify customer pain points and address the customer requirements with tailor made solutions to enhance customer stickiness. Expanding services to remote corners of the country, diversification of service portfolio, significant investment in technology and a wide array of services at competitive prices are some of the key initiatives undertaken by express players.

2. KPMG analysis
3. Niti Aayog, India's booming gig and platform economy, 2022

Here are a few strategic measures for enhancing customer centricity:

Short term	Medium term	Long term
- Improve the real-time tracking system with a precise estimation of the delivery date - Simplify shipping and return processes - Develop a robust feedback and grievances addressal mechanism - Explore flexible delivery options across regions, e.g., COD with UPI payments.	- Devise development strategies based on customer feedback - Focus on database security and confidentiality on account of increasing cybercrimes.	

4

Sustainable outlook

Express players should focus on sustainability to reduce their environmental impact, comply with regulations, save costs, meet customer demand, gain a competitive advantage, ensure long-term viability and drive innovation and efficiency. From strategies to ensure a balanced modal mix to green packaging and energy-efficient fleet deployment for last-mile delivery, express players should implement measures that demonstrate their commitment to global sustainability targets.

- With keen interest from end-users, coupled with multiple investments and infrastructure developments in the pipeline—such as deployment of express cargo trains, sustainable vehicular technology promoting alternate fuels, improving road infrastructure decreasing dependency on airways, etc.—the express

industry is expected to augment its modal split towards a more sustainable mix across road, rail and air by FY30.

- The rise of eco-conscious consumers has positioned sustainable development strategies as a lever to a gain competitive edge over peers. Express players continue to set up innovation labs to explore new sustainable products, such as innovative packaging techniques, technology/AI innovations, renewable energy solutions, etc.

Achievement of sustainability targets involves persistent efforts and implementation of strategic action items across the timeline:

Short term	Medium term	Long term
- Adopt infrastructure improvement measures to trigger a modal shift. For example, remodeling of railway stations to facilitate seamless cargo handling - Embrace existing sustainable alternatives like EVs, Compressed natural gas (CNG) and Liquefied natural gas (LNG) fuelled vehicles - Promote green warehousing.	- Set up innovation labs and promote the use of sustainable packaging materials - Focus on adopting circular economy principles across the value chain, wherever feasible..	Commit and adhere to net-zero targets

5

Robust policy and regulatory framework

The express industry is witnessing a transformation, especially with new technological advancements and changes in customer perceptions. The government's investments in infrastructure development and policy initiatives, such as the foreign trade policy, e-commerce policy, etc., are expected to provide an impetus to both domestic and cross-border express services. To streamline the industry's growth while mitigating risks, it is essential to establish a robust policy and regulatory framework. Additionally, express players must adopt a collaborative approach with the government and relevant agencies to address these challenges effectively.

The liberalisation/revision of laws and policies in line with the changing growth trajectory and industry needs can boost the growth of the industry. To quote a few examples,

- Revamping the GST regime and the e-way bill by

eliminating the requirement of multiple GST registrations and duplication of data between e-way bill/e-invoicing can save significant effort, time and labour.

- The effective integration of urban freight into comprehensive city planning and implementation can streamline and promote growth of urban express delivery services without hampering the urban environment.
- Revising the Courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010, will enable the express cargo segment to be on par with general cargo through improved facilitation levels. Additionally, favorable regulatory support for managing reverse logistics can significantly boost cross-border e-commerce and express movement.

The express industry is evolving with the emergence of new players as well as consumers. Adequate regulations and fair governance are imperative to prevent monopoly, protect the interests of consumers and ensure healthy competition within the industry. Similarly, unfailing regulations are essential to ensure the ethical use of technologies, including data protection, which are sensitive in nature:

Short term	Medium term	Long term
- Re-evaluate GST and the e-way bill system to eliminate challenges related to operations, data redundancy, penalties, etc. - Re-evaluate the courier regulations, revamp the ECCS platform and develop a new single window platform to enhance air express operations - Finalise the e-commerce and MSME policies.	- In light of the booming demand for quick commerce and hyperlocal delivery, enforce and implement freight management as a key element of city planning - Push for policies to support emerging business models - Push for policies to support new-age technologies, such as AI, drones. etc., and ensure their ethical use.	Push for a comprehensive policy with implementable action items to support tech-enabled and integrated express operations.

In summary, the express industry in India is vital for the country's economic growth during its Amrit Kaal. The booming e-commerce and manufacturing sectors will predominantly drive demand for express services, while regulatory support will pave the way for a more efficient and sustainable logistics ecosystem. This combination of factors will enable the express industry in India to become a key facilitator for growth and achieve the objectives of Viksit Bharat.



Annexure

Brief note on policies

Make In India	The Make In India initiative, devised in 2014, is set to transform India into a global design and manufacturing hub, providing dedicated investments and incentives through strategic PLI schemes. The initiative focuses on promote domestic manufacturing in India to reduce import dependence and boost exports. A fast and time-bound logistics system is indispensable to enable Make in India. The government is focusing on enhancing logistics capabilities through initiatives like the PM Gati Shakti National Master Plan, the Nation'al Logistics Policy and new tax regimes to support Make in India.
Invest India	Invest India is set up as a non-profit venture under the Department for Promotion of Industry and Internal Trade (DPIIT). Invest India is a strategic initiative undertaken by the Government of India for facilitating foreign investments, promoting trade exports and working collaboratively with investors. The programme facilitates tailor-made incentive offers to investors to boost businesses across infrastructure as well as logistics.
Production-linked incentives (PLI) schemes	PLI schemes intend to incentivise investments in capital infrastructure and asset development and bring economies of scale to local production, aligning with the vision of Atmanirbhar (self-reliant) Bharat. The scheme puts forward an incentive outlay of INR1.97 lakh crore across 14 economic sectors including mobile manufacturing, pharmaceuticals, automobiles and auto components, telecom and networking products, food products, etc
FDI liberalisation	The liberalisation of FDI policies intends to develop an investor-friendly policy environment promoting FDI inflows, a source of non-debt finance for the economic development of the country. India received a cumulative FDI inflow of USD667.4 billion across 57 sectors. For instance, 100 per cent FDI under automatic route is allowed in the development of roads and highways.
National Policy for MSMEs (draft)	The National Policy for MSMEs focuses on stimulating the productivity of the MSME sector in terms of revenue and employment generation as well as its positioning in global supply chains. The policy focuses on establishing intergovernmental roles and responsibilities with a regulatory framework, financial assistances, technology access, skill development and improving overall ease of doing business.
E-commerce policy (draft)	The draft e-commerce policy is in its finalisation stages. The draft policy intends to enable stakeholders to explore and utilise opportunities in e-commerce and progressive digitisation. The policy addresses six broad areas of the e-commerce ecosystem—data, infrastructure development, e-commerce marketplaces, regulatory issues, stimulating the domestic digital economy and export promotion through e-commerce. The policy aims to streamline the comprehensive growth of the e-commerce sector in line with Make in India and Digital India.

Foreign Trade Policy

The new Foreign Trade Policy focus on enabling a conducive ecosystem supporting the Local goes Global strategy of the government. The policy highlights include:

- Incentives for Remission:
 - Incentives to exporters, including duty drawback,
 - Export Promotion Capital Goods (EPCG) scheme,
 - Advance Authorisation Scheme,
 - FTAs.
- Export promotion through collaboration between exporters, states, districts and Indian missions.
- Ease of Doing Business: Simplifying paperwork and reducing documentation requirements.
- Develop towns of export excellence.
- Boost e-commerce through:
 - The revision of consignment-wise cap on e-commerce exports through couriers, which has been raised from INR5 lakh to INR10 lakh. Depending on exporter feedback, this cap will be further revised or eventually removed.
 - The integration of courier and postal exports with ICEGATE.
 - Extensive outreach and training activities.

The policy also introduces the concepts of Niryat Bandhu Scheme, e-commerce Export Hubs, Dak Niryat Kendras and policy for export of Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET)

Customs regulations: Courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010

The Courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010 intends to regulate clearance process of imported and export goods.

The regulations clearly define rules on commodities, conditions to be fulfilled by exporters and importers, formalities related to the registration of courier parties and their obligations, etc. The regulations underwent multiple amendments to meet the needs of a transforming industry.

- 1998

Courier Imports and Exports (Clearance) Regulations, 1998
 - Weight limit of 32 kg further raised to 70 kg in its amendment in 1999.
- 2003

Customs clearance permitted at SEZ
 - As per SEZ regulations, customs officer in the zone shall assess the goods imported by the zone unit or developer through courier.
- 2007

Concept of automated customs clearance
 - Following recommendations from EICI, automation of courier clearance basis risk analysis was initiated
 - 2007 ICEGATE launched.
- 2010

The Courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010
 - Framed to enable electronic filing and processing of customs declarations.
- 2017

ECCS launch
- 2024

CBIC extended export-related benefits for exports made through the courier mode including Duty Drawback, RoDTEP and RoSCTL

National Infrastructure Pipeline

First-of-its-kind, whole-of-government exercise aimed at improving India’s LPI ranking and reducing the country’s logistics costs by developing world-class infrastructure.

The policy focuses on the following aspects:

- Infrastructure development to promote multi-modal integration.
- Optimisation through efficient utilisation of logistics infrastructure and facilities.
- Standardisation of physical assets, processes, taxonomy and service quality standards.
- Modernisation via information and communication technology, innovation and automation.
- Formalisation to reduce fragmentation and focus on workforce skilling.
- Democratisation by addressing supply and demand side needs.

PM Gati Shakti National Master Plan

This is essentially a digital platform to bring 16 infra-related ministries including railways and roadways together.

The scope of the PM GatiShakti National Master Plan encompasses the seven engines of economic transformation, seamless multi-modal connectivity and logistics efficiency with an outlay of INR20,000 crore. These are:

- Railways
- Roads
- Ports
- Waterways
- Airports
- Mass Transport
- Logistics Infrastructure

The Digital Master Planning tool by BISAG-N is prepared on a Geographic Information System (GIS) platform wherein data on specific action plan of all the ministries/departments are incorporated. The PM Gati Shakti National Master Plan incorporates the infrastructure schemes of various ministries and state governments like Bharatmala, Sagarmala, inland waterways, dry and land ports, UDAN, etc.

National Logistics Policy (NLP)

The NLP is a comprehensive agenda for the development of the entire logistics ecosystem, including process reforms, improvement in logistics services, digitisation, human resource development and skilling.

Key targets of the policy include:

- Reduce the cost of logistics in India to align with global benchmarks by FY30.
- Endeavour to be among the top 25 countries in Logistics Performance Index ranking by FY30.
- Create data-driven decision-support mechanism for an efficient ecosystem.
- The NLP provides a Comprehensive Logistics Action Plan (CLAP), which includes:
 - Integrated digital logistics systems
 - Standardisation of physical assets and benchmarking of service quality standards
 - Logistics human resource development and capacity-building
 - .State engagement
 - EXIM logistics
 - Services improvement framework
 - Sectoral plans for efficient logistics (SPEL)
 - Facilitation of the development of logistics parks.

Digital India

Digital India is a campaign launched by the Government of India to make digital services available to citizens. The initiative aims to create a comprehensive set of rules for managing the digital world in India that can keep up with changing trends, keeping digital infrastructure up to date and maintaining compliance. The initiative focuses on increasing internet penetration and is expected to transform businesses

Skill India

Skill India or the National Skill Development Corporation (NSDC) of the Government of India focuses on funding and incentivising initiatives, providing support services and facilitating skill development activities. The initiative has become critically important in the current scenario of digitisation and technology advancements



Glossary

Abbreviation	Full form
3PL	third-party logistics
AFS	air freight stations
AGVs	autonomous guided vehicles
AI	artificial intelligence
AI/ML	artificial intelligence/machine learning
AMRs	autonomous mobile robots
AOV	average order value
API	application programming interface
ASRs	automated storage and retrieval systems
ATF	aviation turbine fuel
B2B	business-to-business
B2C	business-to-customer
BCAS	Bureau of Civil Aviation Security
BFSI	Banking, Financial Services, and Insurance
BLR	Kempegowda International Airport Bengaluru
BOM	Chhatrapati Shivaji Maharaj International Airport Mumbai
BRC/ e-BRC	Bank Realisation Certificate/ Electronic- Bank Realisation Certificate
BTN	Bharat Trade Net
BVLOS	beyond visual line of sight
C2C	customer-to-customer
CAGR	compound annual growth rate
CBE	courier bill of entry
CBIC	Central Board of Indirect taxes and Customs
CCU	Netaji Subhash Chandra Bose International Airport Kolkata
CFS	container freight stations
CLAP	Comprehensive Logistics Action Plan
CNG	compressed natural gas
CO2e	carbon dioxide emissions
COD	cash on delivery
CSB	courier shipping bill
D2C	direct-to-customer
D2R	direct-to-retailer

Abbreviation	Full form
DBT	direct benefit transfer
DEL	Indira Gandhi International Airport, New Delhi
DFC	dedicated freight corridor
DGFT	Directorate General of Foreign Trade
DPIIT	Department for Promotion of Industry and Internal Trade
ECCS	Express Cargo Clearance Systems
ECEH	e-commerce export hubs
ECL	electronic cash ledger
EDPMS	Export Data Processing and Monitoring System
EOUs	export-oriented units
EPCG	export promotion capital goods
ESG	environmental, social and governance
EU	European Union
EV	electric vehicle
EXIM	export import
FAME	Faster Adoption & Manufacturing of Electric Vehicles
FDI	foreign direct investment
FMCD	fast moving consumer durables
FMCG	fast moving consumer goods
FOIS	Freight Operations Information System
FTAs	free trade agreements
FTL	full truck load
FY	financial year
GDP	gross domestic product
GenAI	generative artificial intelligence
GHG	greenhouse gas
GIS	geographic information system
GMV	gross merchandise value
GST	Goods and Services Tax
GSTN	Goods and Services Tax Network
HYD	Rajiv Gandhi International Airport Hyderabad
ICD	inland container depot
ICEGATE	Indian Customs Electronic Gateway

Abbreviation	Full form
ICMR	Indian Council of Medical Research
IDPMS	Import Data Processing and Monitoring System
IGBC	Indian Green Building Council
IMEI	International Mobile Equipment Identity
IMF	International Monetary Fund
INR	Indian Rupee
IoT	Internet of Things
IRM	Inward Remittances Message
JIS	just-in-sequence
JIT	just-in-time
KPIs	key performance indicators
LNG	liquefied natural gas
LPI	Logistics Performance Index
LSP	logistic service providers
M&A	mergers and acquisitions
MAA	Chennai International Airport
MENA	Middle East and North Africa
MMLH	multi-modal logistics hubs
MMLP	multi-modal logistics park
MMTG Act	Multimodal Transportation of Goods Act
MSME	micro, small & medium enterprises
NCR	National Capital Region
NDD	next-day delivery
NHAI	National Highways Authority of India
NIP	National Infrastructure Pipeline
NLP	natural language processing
NLP	National Logistics Policy
NMP	National Monetisation Pipeline
NOC	no- objection certificate
NSDC	National Skill Development Corporation
ODOP	One District One Product
ONDC	Open Network for Digital Commerce
PFCE	private final consumption expenditure

Abbreviation	Full form
PGA	partner government agency
PLF	passenger load factor
PLI	production-linked incentive
PM-ABHIM	Pradhan Mantri-Ayushman Bharat Health Infrastructure Mission
PMGSY	Pradhan Mantri Gram Sadak Yojana
PPE kit	personal protective equipment kit
PTAs	preferential trade agreements
PTL	partial truck load
RA	regulated agent
RBI	Reserve Bank of India
RoDTEP	Remission of Duties and Taxes on Exported Products
RoSCTL	Rebate of State & Central Taxes and Levies
RPA	robotic process automation
SCOMET	Special Chemicals, Organisms, Materials, Equipment and Technologies
SDD	same-day delivery
SEZ	special economic zone
SLA	service level agreement
SOEC	substantial ownership and effective control
SOP	standard operating procedure
SPEL	sectoral plans for efficient logistics
SWIFT	Single Window Interface for Facilitating Trade
TSP charges	terminal, storage and processing charges
UDAN- RCS	Ude Desh ka Aam Naagrik- Regional Connectivity Scheme
ULDs	unit load devices
ULIP	Unified Logistics Interface Platform
UPI	Unified Payments Interface
USD	United States Dollar
UTs	union territories
VAS	value added services
VAT	value added tax
VLOS	visual line of sight
WMS	warehouse management system
World GBC	World Green Building Council



KPMG in India contacts:

Akhilesh Tuteja

Head – Clients & Markets

E: atuteja@kpmg.com

Girish Nair

Partner – Mobility and Logistics,

National head-Aviation Sector,

Global Lead-Airports

E: nairgirishg@kpmg.com

Chintal Patel

Partner and Head – Transport
and Logistics

E: chintanpatel@kpmg.com

kpmg.com/in



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KPMG India Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai - 400 011 Phone: +91 22 3989 6000, Fax: +91 22 3983 6000.

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