



# Logistics Redefined:

## Infrastructure, Employment & Growth in Budget 2025



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# Executive Summary

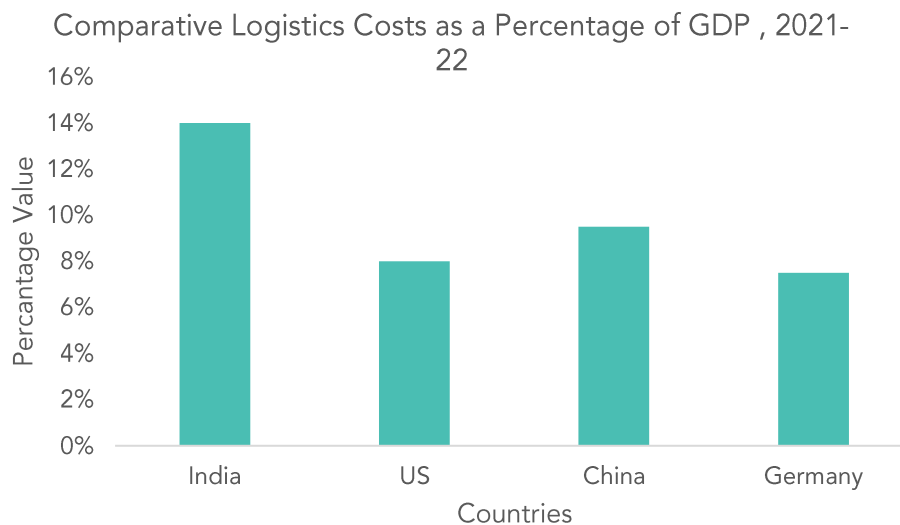
There is a definite paradigm change in the logistics sector in India. Moving goods efficiently is a strategic imperative today as the world continuously strives toward free trade, greater investments in manufacturing, and enhanced supply chain resilience. For India, the logistic system has been one big bottleneck in being competitive for decades; high costs, fragmented structures, and regulatory delays have all been impositions on its full potential. India's logistics policy is undergoing a paradigm shift, focusing on long-term structural reforms, technology integration, and workforce readiness to drive competitiveness. With massive investments, technological integration, and a reinvented workforce, the reforms intend to cast India into a flash of world-class logistics. But are these reforms sufficient? Will they move India so that its supply chains finally match global standards? And most importantly, will these measures withstand the test of execution challenges, private sector cooperation, and shifts in global supply chain demands? The report presents an independent, data-driven assessment of how the journey of reforms will touch the companies, attract foreign investments, and remake logistics in India. It aims to shed light on whether this budget is a true watershed or simply another ambitious policy roadmap waiting to be tested against real-world expectations, examining employment outlooks, corporate dynamics in the sector, and global CEO concerns. Timing and perspective are two sides of the same coin. Weeks have gone by since the Union Budget was presented, but no far-reaching reforms can be perceived at face value or in isolation. This paper argues in favor of dissecting beyond numbers and policy announcements into the terrain of sectoral feedback, global best practices, and obstacles to the execution of the reforms, which will affect whether these reforms can affirmatively define the 2047 trajectory.

# Introduction

For decades, India's economic aspirations have been held back by an invisible but powerful constraint—logistics. The ability to move goods efficiently, at competitive costs, and with minimal delays is not just a supply chain issue, it is an economic imperative. A high logistics cost has long been India's Achilles' heel, adding a premium to manufacturing, making exports uncompetitive, and forcing businesses—big and small—to struggle with unreliable and costly freight movement. While India has made great strides in industrialization, digital transformation, and policy reforms, logistics remains one of the last frontiers where inefficiencies continue to stifle growth.

Historically, India's logistics sector has been plagued by inconsistent data and policy frameworks. For years, government estimates pegged logistics costs at 13-14% of GDP—almost double that of developed nations. However, recent reports from the National Council of Applied Economic Research (NCAER) suggest that logistics costs may be closer to 8-9% of GDP, a number that still leaves India lagging behind its competitors. The confusion around these figures is not just academic—it has shaped years of infrastructure spending and policy decisions.

Figure 1: Comparative Logistics Costs as a % of GDP across Countries



Recognizing this, the government has progressively intensified its focus on logistics over the last three years, transitioning from policy formulation to large-scale execution. Indian govt. has started taking initiatives to mitigate issue and that has reflected in their reforms in budget (Table 1). Starting from the year, 2022-23 the budget laid the foundation for logistics transformation through the National Logistics Policy (NLP) and PM Gati Shakti Master Plan, establishing a framework for digitization, multimodal connectivity, and regulatory reforms. In 2023-24, the focus expanded toward enhancing freight corridors, strengthening digital public infrastructure (DPI), and improving rural connectivity, thereby addressing critical inefficiencies in supply chains. The 2024-25 budget marks a major leap forward, with record capital expenditure on logistics infrastructure,

sustainability initiatives such as EV adoption and green hydrogen, and the development of plug-and-play industrial parks to attract private investment.

Table 1: Evolution of Logistics Reform in Indian Budget Over Time

Year	Key Reforms	Infrastructure Development	Technology & Digitalization	Sustainability & Green Logistics	Private Sector & Investment
2022-23	Launch of National Logistics Policy (NLP) focusing on integration, digitization, and multimodal transport.	PM Gati Shakti Master Plan drives investments in highways, ports, and rail corridors.	Emphasis on process re-engineering and digitization to streamline logistics processes.	Limited focus on sustainability, mostly infrastructure centric.	Initial framework for logistics policy; moderate private sector engagement.
2023-24	Expansion of Dedicated Freight Corridors (DFC) with a 75% funding increase; focus on Digital Public Infrastructure (DPI) and rural connectivity.	Operationalization of Eastern DFC and near completion of Western DFC; rural road connectivity enhancements under PM Gram Sadak Yojana Phase IV.	Development of DPI to improve data sharing, reduce paperwork, and enhance supply chain transparency.	Introduction of policy discussions on green logistics and energy-efficient freight corridors.	Greater involvement in multimodal logistics parks and digital infrastructure expansion.
2024-25	Record capital expenditure for logistics infrastructure, green initiatives for sustainable transport, and development of 'plug-and-play' industrial parks.	Upgradation of highways, ports, multimodal logistics parks (MMLPs) to improve connectivity and reduce transit times.	Advancements in AI-driven logistics management and blockchain-enabled trade documentation.	Strong emphasis on EVs, green hydrogen, and sustainable logistics incentives to lower carbon footprint.	Introduction of 'plug-and-play' industrial parks to attract FDI and accelerate logistics sector growth.

The Union Budget 2025-26, in many ways, acknowledges this challenge and attempts to address it head-on. The government's push towards infrastructure expansion, multimodal connectivity, and digitalization signals a long-overdue realization that India cannot compete on a global stage without a world-class logistics ecosystem. This budget is not just about building roads, expanding railway freight corridors, or modernizing ports—it is about re-engineering how goods flow across the country, reducing wastage, cutting costs, and enabling businesses to scale without friction.

At the heart of this shift is a critical economic reality—logistics affects every sector, from agriculture and manufacturing to e-commerce and exports. Delays in freight increase inventory costs, raise the price of goods, and impact on business competitiveness. Small and medium enterprises (SMEs), which form the backbone of the Indian economy, are particularly vulnerable to logistics inefficiencies, often struggling with fragmented supply chains and high transportation costs. Meanwhile, large corporations, despite their scale, find it difficult to optimize freight movement due to poor infrastructure and regulatory bottlenecks. The impact is not just on businesses; it is on consumers who pay higher prices and on the country's trade balance, where high logistics costs act as an invisible tariff on Indian exports.

But the question remains whether these efforts will be enough. The answer lies not just in how much the government spends but in how effectively these policies are implemented. Will dedicated freight corridors truly reduce transportation costs for industries like steel, cement, and coal? Can inland waterways become a

viable alternative to congested roads? Will digital platforms like Bharat Trade Net streamline cross-border trade and reduce compliance costs for businesses? And, most importantly, can India's logistics sector finally align itself with global standards, making Indian businesses more competitive?

The 2025-26 budget lays out an ambitious roadmap, but execution will be the real test. This paper critically examines the logistics measures announced in the budget, analyzing their potential impact on businesses, public infrastructure, and India's trade competitiveness. With global supply chains evolving rapidly, India cannot afford to be left behind. The question now is—can this budget finally unlock the true potential of India's logistics sector or will execution challenges once again hold the country back.

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# India's Logistics Policy 2025: Strategic Shifts and Key Measures

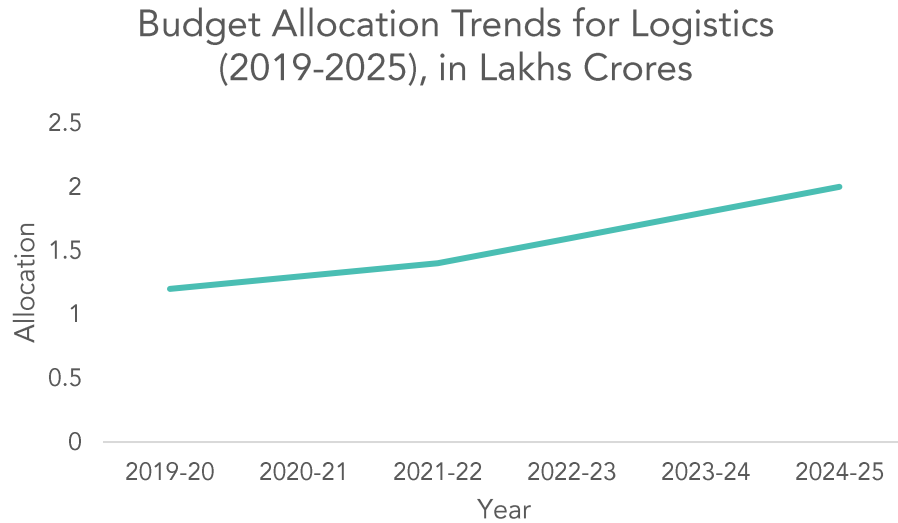
## Infrastructure Development: The Backbone of Efficient Logistics

### Massive Investment in Roads, Railways, and Ports

The Government has allocated a total budget of 2 lakh crore allocation in various sectoral infrastructure of logistics:

- **Highways and Expressways:** A significant allocation of ₹6.2 lakh crore for Bharatmala Phase II will accelerate expressway expansion, reducing truck congestion and improving supply chain efficiency.
- **Rail Freight Expansion:** A ₹5.5 lakh crore investment in **Dedicated Freight Corridors (DFCs)** will enhance rail freight capacity, reducing transportation costs by an estimated 15% for bulk industries like steel, cement, and coal.
- **Maritime and Inland Waterways Development:** The budget earmarks ₹4.8 lakh crore for coastal shipping and inland water transport, boosting connectivity for exporters and reducing reliance on road transport.

Figure 2: Growing Investment in Logistics



### Multi-Modal Logistics: Integration Across Transport Modes

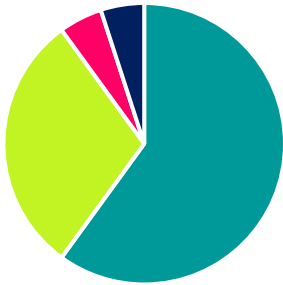
To achieve seamless movement of goods, the budget enhances **PM Gati Shakti** and multimodal connectivity:

- **Bharat Trade Net (BTN):** A digital logistics platform aimed at reducing trade documentation hassles and improving customs clearance efficiency.
- **Private Participation in Rail Logistics Parks:** The government encourages private investment in **Multimodal Logistics Parks (MMLPs)** near major industrial corridors.

Additionally, the Government of India aims to balance the utilization of multimodal transport to optimize freight movement. Historically, road transport has dominated Indian logistics, leading to higher costs and inefficiencies. By strengthening railway freight corridors, coastal shipping, and inland waterways, the government intends to diversify freight distribution and reduce over-reliance on highways. This approach aligns with the best global practices, where integrated multimodal transport systems lower costs and enhance supply chain resilience. If implemented effectively, this shift could cut logistics costs by 10-15% over the next five years, making Indian exports more competitive and domestic supply chains more robust. As shown in the below figures (Figure 3) that railways and waterways are projected to have more share in the multimodal transport by 2030.

Figure 3: (1) The current share of freight modes in logistic, (2) The projected share of modes in logistic by 2030 (from left)

Freight Modal Share,  
2025



■ Road ■ Rail ■ Waterways ■ Air

Freight Modal Share, 2030



■ Road ■ Rail ■ Waterways ■ Air

## Digital Transformation and Smart Logistics

The government is driving logistics digitalization with AI, IoT, and automation:

- **AI & IoT in Fleet Management:** Enhancing route optimization and real-time tracking of freight.
- **Blockchain for Trade Documentation:** Bharat Trade Net will use blockchain for secure and transparent customs clearance.

## Green Logistics and Electric Mobility

The budget introduces green logistics incentives to reduce carbon emissions:

- **EV Trucking & Charging Infrastructure:** ₹40 billion allocated under the **PM eDrive Scheme** to promote electric logistics.
- **Customs Duty Reduction on EV Components:** Lower tariffs on lithium-ion batteries to encourage domestic EV manufacturing.
- **Solar-Powered Warehousing:** Green incentives for logistics parks to adopt renewable energy.

## Skill Development and Employment in Logistics

As logistics infrastructure expands, the budget projects **10 million new jobs** in the sector by 2030:

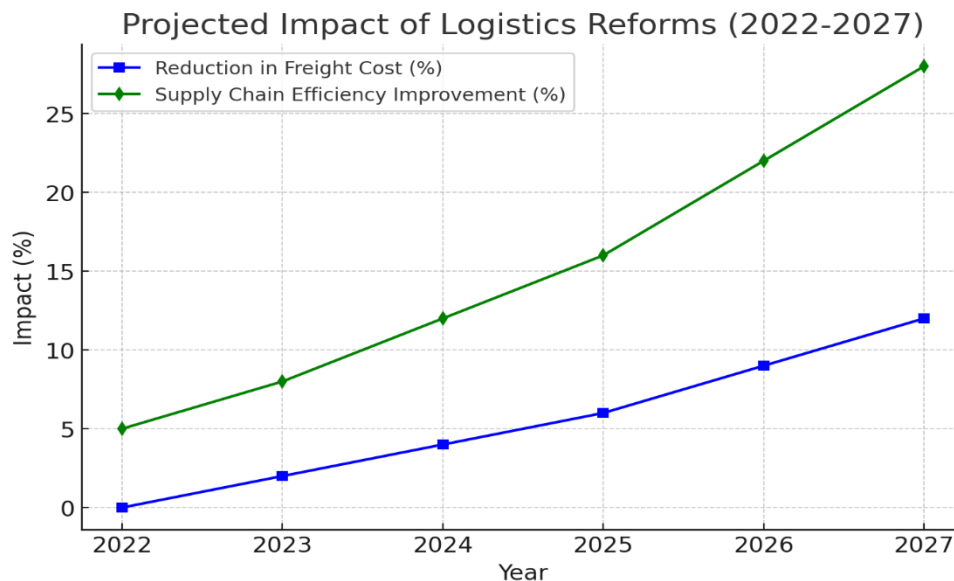
- Public-Private Partnerships (PPPs) for Skill Development
  - AI & Supply Chain Training Programs: ₹2,000 crore allocated for workforce upskilling in automation and supply chain management.
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# Infrastructure Development: Will It Be a Game Changer?

India's logistics infrastructure has long been a major constraint, with high costs and inefficiencies creating a competitive disadvantage in global trade. Logistics costs in India remain 30-40% higher than those in developed nations, increasing transit times and reducing supply chain predictability. The Union Budget 2025-26 takes a significant step towards resolving these bottlenecks, with a massive capital investment of ₹11.21 lakh crore dedicated to infrastructure expansion, multimodal connectivity, and sustainable freight transport solutions (Figure 4).

Figure 4: The projected impact of Logistics Reform



This budget prioritizes five key areas to enhance supply chain efficiency, reduce transit costs, and create a more resilient logistics network:

## Expansion of National Highways and Expressways

India is accelerating expressway development under the Bharatmala Phase II framework, with a budget of ₹6.2 lakh crore, aiming to integrate highways into multimodal transport ecosystems. Since 64% of India's freight moves via roads, the focus on expressway expansion is expected to ease congestion, lower transit costs, and improve connectivity for manufacturing hubs.

- **Reducing Road Congestion & Truck Delays:** The expansion of high-capacity expressways and ring roads around major cities will reduce urban bottlenecks, ensuring faster movement of goods and decongesting existing highway corridors. This is particularly crucial for high-density corridors such as

Delhi-Mumbai and Chennai-Kolkata, where inefficiencies lead to higher fuel consumption and transportation costs.

- **Enhancing Industrial Connectivity:** Improved road linkages to industrial zones and logistics parks will ensure that manufacturing hubs have faster access to raw materials and distribution centres, reducing the overall turnaround time in supply chains.
- **Boosting E-commerce and Last-Mile Deliveries:** With the rapid expansion of e-commerce and direct-to-consumer supply chains, expressways will enable faster last-mile deliveries, benefiting both businesses and consumers. The focus on rural connectivity will also support MSMEs and small-scale industries, allowing them to efficiently reach national and international markets.

## Modernization of Railways for Freight Movement

To diversify freight transport and reduce road dependency, ₹5.5 lakh crore has been earmarked for Dedicated Freight Corridors (DFCs). This initiative aims to increase rail's freight share, lower logistics costs, and improve reliability in bulk goods movement.

- **Reducing Transit Time & Costs:** The budget supports the completion of key freight corridors, which will reduce transit time from Delhi to Mumbai to just 24 hours—a major improvement over the current 48-72 hours. Faster rail transit will significantly benefit bulk industries such as steel, cement, coal, and automobiles, where timely delivery can lower costs by 15%.
- **Encouraging Private Participation in Rail Logistics Parks:** The government aims to unlock private investment in rail freight terminals by offering incentives for multimodal logistics hubs. This will encourage companies to integrate rail transport into their supply chains, lowering their reliance on costly road transport.
- **Strengthening Intermodal Connectivity:** Seamless integration between rail, road, and port infrastructure will enable smoother cargo transfers, making the logistics network more resilient and cost-effective. Dedicated freight corridors will also reduce passenger train congestion, allowing for higher rail speeds and greater efficiency in logistics planning.

## Development of Inland Waterways and Coastal Shipping

While water transport is one of the most cost-effective logistics modes, India has historically underutilized its inland waterways and coastal shipping networks. Currently, only 5% of India's trade is carried through waterways, compared to 40% in China. The budget allocates ₹4.8 lakh crore to promote coastal and inland waterway logistics, shifting cargo from congested roads and railways to a more fuel-efficient, environmentally friendly alternative.

- **Lower Transport Costs for Bulk Goods:** Industries such as agriculture, mining, and construction stand to benefit from the lower per-ton-kilometer cost of inland waterway transport, which is cheaper than both road and rail for long-distance bulk movement. A 15% reduction in logistics costs is expected for sectors reliant on bulk commodity transport.
- **Expansion of Waterway Terminals:** Investments in new cargo terminals at Kolkata, Varanasi, and Guwahati will enable faster, more reliable freight movement, particularly for northeastern states that depend on water transport for trade and connectivity.
- **Maritime Development Fund to Boost Private Investment:** A ₹25,000 crore Maritime Development Fund will incentivize private participation in coastal shipping infrastructure, increasing port capacity and making waterway transport more competitive with other freight modes.

## Upgradation of Air Cargo Facilities

With India's exports growing and the rise of high-value trade in electronics, pharmaceuticals, and perishables, there is an urgent need for faster, more efficient air cargo handling. The budget has allocated ₹3.5 lakh crore for air cargo infrastructure under UDAN 2.0, aiming to make air freight a key player in India's supply chain strategy.

- **Cold-Chain Logistics for Perishable Goods:** The government is developing temperature-controlled cargo facilities at regional airports, reducing spoilage and improving supply chain efficiency for agriculture, seafood, and pharmaceutical exports.
- **120 New Air Cargo Routes:** By enhancing regional air connectivity, the budget seeks to increase domestic and international freight capacity, particularly in tier-2 and tier-3 cities. This will enable faster shipments for high-value goods, reducing dependence on congested metro hubs.
- **Integration with Global Supply Chains:** Upgraded air cargo terminals will streamline customs processes, making exports more competitive and strengthening India's role in global trade networks.

## Unlocking Private Sector Investment & PPP Infrastructure Growth

The budget introduces a three-year pipeline for PPP projects, encouraging private investment in logistics infrastructure through policy incentives and regulatory support. Asset monetization and urban logistics development are key components of this strategy.

- **₹10 Lakh Crore Asset Monetization Plan:** By unlocking capital from public logistics assets, this initiative will fund new infrastructure projects without increasing fiscal burden, ensuring sustained infrastructure investment.
- **Urban Challenge Fund for Logistics Hubs:** The ₹1 lakh crore Urban Challenge Fund will transform cities into logistics growth hubs, integrating warehousing, transport, and digital logistics platforms to improve urban freight efficiency.
- **Scaling Multimodal Logistics Parks (MMLPs):** The focus on public-private partnerships for MMLPs will ensure that industrial corridors, ports, and transport hubs operate seamlessly within a unified logistics ecosystem.

The Union Budget 2025-26 takes a holistic approach to infrastructure development, addressing long-standing bottlenecks in road, rail, waterways, and air cargo logistics. By enhancing multimodal transport networks, integrating private sector investments, and promoting sustainable logistics solutions, these initiatives aim to lower logistics costs, improve trade efficiency, and position India as a global logistics leader.

However, India's logistics transformation depends not just on infrastructure spending, but on strategic policy execution, regulatory efficiency, and digital integration. If implemented efficiently, these reforms will not only reduce supply chain inefficiencies but also strengthen India's competitiveness in global trade, accelerate industrial growth, and support economic expansion towards the Viksit Bharat 2047 vision.

### Intueri's View

Infrastructure expansion—be it through expressways, dedicated freight corridors, inland waterways, or air cargo modernization—is a necessary but not sufficient condition for economic transformation. India has historically struggled with underutilization, delays in project execution, and regulatory bottlenecks, which have often diluted the intended impact of large-scale infrastructure spending. If these pitfalls are not

addressed, the risk of creating high-capacity but underutilized infrastructure remains a real concern. A strong policy framework that ensures timely execution, efficient asset utilization, and periodic course correction will determine whether this investment translates into measurable economic gains by 2047. That said, the budget's focus on private sector participation and asset monetization is a crucial step toward breaking the cycle of over-reliance on public funds for infrastructure expansion. The success of this approach, however, depends on ensuring a stable regulatory environment, clear contractual frameworks, and investor confidence. The private sector will only play a significant role if infrastructure projects offer sustainable returns and minimal bureaucratic hurdles. A three-year PPP pipeline is a positive move, but for it to set the trend for 2047, there needs to be a consistent effort to attract investment, ensure accountability, and integrate cutting-edge technology into logistics management.

Perhaps the most forward-looking aspect of the reforms is the emphasis on shifting freight from road to rail and waterways, a model that has been highly successful in developed economies. If executed well, this could permanently lower logistics costs, reduce fuel dependency, and make supply chains more resilient to external shocks. However, achieving this requires a mindset shift among industries that have long relied on road transport due to its flexibility, despite higher costs. The government must take a proactive role in incentivizing this transition, ensuring that rail and waterways are not just built, but also seamlessly integrated with the overall logistics ecosystem.

By 2047, India's economic landscape will be fundamentally different from today, driven by urbanization, digital transformation, and a stronger manufacturing base. Infrastructure expansion alone cannot drive this shift—logistics efficiency, real-time data integration, and sustainability-driven policies must work in tandem to make India a true global trade hub. This budget provides a blueprint, but its ability to set the trend for 2047 depends on execution, policy stability, and the ability to evolve with emerging global logistics trends. If these aspects are handled effectively, India will not just catch up with global supply chain leaders but could set new benchmarks in efficiency, resilience, and sustainability.

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# Technology and Innovation: Smart Logistics for a Smarter India

## Promotion of AI, IoT, and Blockchain in Logistics

The slow adoption of advanced digital solutions is a key roadblock preventing India's supply chain from reaching global standards. While infrastructure expansion remains critical, the real transformation lies in integrating predictive analytics, real-time tracking, and blockchain-enabled documentation to optimize logistics operations. Nations with mature supply chain ecosystems have already incorporated AI-driven forecasting, IoT-based fleet management, and blockchain-secured trade documentation, improving efficiency, reducing costs, and enhancing supply chain resilience.

India's logistics sector must transition from reactive risk management to proactive risk mitigation by embracing digital tools that provide real-time data and predictive capabilities. In this context, the government has

prioritized supply chain digitalization in recent budgetary reforms, focusing on BharatTradeNet (BTN), AI-driven logistics management, and blockchain-enabled security frameworks.

## Key Digital Interventions in the Logistics Ecosystem

To address persistent inefficiencies, several digital-first strategies have been introduced, aimed at streamlining logistics processes and ensuring seamless operations:

- **AI-Powered Demand Forecasting:** Advanced analytics predict demand fluctuations, allowing businesses to optimize inventory and mitigate disruptions.
- **IoT-Enabled Fleet Tracking:** Real-time monitoring of goods ensures efficient route optimization, reducing delays and minimizing supply chain disruptions.
- **Blockchain-Based Trade Documentation:** Secure, transparent, and tamper-proof documentation accelerates customs clearance, eliminates fraud, and enhances cross-border trade efficiency.

The integration of AI, IoT, and blockchain into logistics is expected to reduce inefficiencies, cut costs, and improve reliability, paving the way for a modernized supply chain ecosystem.

## Vision 2030: A Roadmap for a Digital Supply Chain

To achieve a globally competitive logistics sector, the following key milestones must be achieved by 2030:

- Reduce logistics costs from 14% to 7-8% of GDP
- Digitize 90% of supply chain operations
- Optimize the logistics modal mix to reduce reliance on road transport
- Enhance AI-driven demand forecasting and blockchain-based trade security
- Develop green and sustainable supply chains

## The Road Ahead: Accelerating Digital Adoption in Logistics

While budgetary reforms have placed significant emphasis on technology adoption, the challenge now lies in scaling these interventions across industries and ensuring seamless execution. Without a comprehensive digital transformation strategy, the sector risks losing its competitive edge and falling behind global benchmarks.

The widespread integration of AI, IoT, and blockchain is no longer a futuristic aspiration but an immediate necessity. By creating a digitally connected supply chain, India can unlock breakthrough productivity gains, ensuring agility, efficiency, and resilience in the face of growing global trade complexities. The coming years will determine whether these efforts will translate into a logistics sector that is globally competitive, digitally empowered, and future ready.

## Incentives for Green Logistics and Electric Vehicles (EVs)

The Union Budget 2025-26 has reinforced its commitment to sustainable mobility by increasing funding for electric mobility (e-mobility) initiatives by over 20% compared to the previous year. The collective allocation for EV promotion schemes has risen from ₹4,434.92 crore in FY25 (RE) to ₹5,322 crore in FY26 (BE), reflecting a strategic push toward reducing fossil fuel dependence and fostering domestic EV manufacturing.

Table 2: Actual Expenditure and Budget for Various e-mobility Schemes since 2022-23

Scheme	Ministry	Start Year	2022-23	2023-24	2024-25 (RE)	2025-26 (BE)
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<b>FAME</b>	Heavy Industries	2015	2402.51	3,921.10	2,058.00	
<b>Scheme to Promote Manufacturing of Electric Passenger Cars in India (SMEC)</b>	Heavy Industries	2024	-	-	6.16	6.16
<b>PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) Scheme</b>	Heavy Industries	2024	-	-	1,870.76	4,000.00
<b>PM-eBus Sewa Scheme</b>	Housing and Urban Affairs	2023	-	1.00	500.00	1,310.00

## Expanding EV Adoption Through Targeted Schemes

The budgetary support for electric mobility is distributed across four major initiatives, each aimed at transforming different aspects of road transport:

### PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) Scheme

- Introduced in September 2024 as a two-year program, this initiative focuses on supporting electric trucks, commercial EVs, and public charging infrastructure.
- Budget allocation has increased by over 114% to ₹4,000 crore in FY26, underscoring the government's emphasis on developing a robust EV ecosystem.

### Scheme to Promote Manufacturing of Electric Passenger Cars in India (SMEC)

- Launched in 2024, this scheme encourages the production and adoption of EVs in the passenger vehicle segment.
- The budget for FY26 has doubled to ₹12 crore from ₹6.16 crore in FY25, reflecting a broader goal of establishing India as a globally competitive EV manufacturing hub while generating employment in the sector.

### PM-eBus Sewa Scheme

- Designed to accelerate the adoption of electric buses for public transport, this scheme has seen a significant funding increase from ₹500 crore in FY25 (RE) to ₹1,310 crore in FY26 (BE).
- This initiative aligns with efforts to decarbonize urban mobility and enhance sustainable public transport networks.

### Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicles in India (FAME-India) Scheme

- Initially launched in 2015, the Phase II of this scheme focused on incentivizing EV purchases and expanding charging infrastructure.

- Funding under FAME has declined from ₹4,000 crore in FY24 to ₹2,058 crore in FY25 (RE), with no allocation for FY26.
- The absence of continued budgetary support indicates a shift towards newer schemes such as PM E-DRIVE and SMEC, which focus on long-term EV adoption and manufacturing rather than direct purchase subsidies.

Additionally, the Electric Mobility Promotion Scheme, which offered subsidies for advanced battery-fitted EVs, had an allocation of ₹500 crore until July 2024 but received no funding in the latest budget, suggesting a pivot toward production-linked incentives (PLI) and infrastructure-driven EV promotion.

## EV Policy and Long-Term Sustainability Goals

India's EV mission is driven by the need to curb emissions, with road transport contributing nearly 75% of all emissions from the transport sector. To tackle this challenge, the government has set ambitious targets under the Viksit Bharat Initiative, aiming for:

- 30% EV penetration in the automobile market by 2030
- Self-reliance in EV research and development by 2047
- 6-7 million EV sales annually under the National Electric Mobility Plan 2020

Further, a Production-Linked Incentive (PLI) scheme and the Green Hydrogen Mission are in place to support fuel cell development, battery storage solutions, and advanced powertrain technologies, ensuring a sustainable transition towards clean mobility.

## Building a Self-Sustaining EV Ecosystem

To enhance domestic EV production and reduce import dependency, the budget introduces several strategic measures:

- Customs duty reductions on lithium-ion battery imports to boost local EV manufacturing.
- Incentives for green logistics infrastructure, including solar-powered warehouses and battery swapping stations.
- Support for research in next-generation battery storage technologies, aligning with India's broader energy security goals.

These incentives are expected to accelerate EV adoption, improve energy efficiency in logistics, and position India as a key player in the global green mobility transition. The focus has now shifted from short-term buyer incentives to long-term investments in manufacturing and infrastructure, laying the foundation for a self-reliant, environmentally sustainable transport ecosystem.

### Intueri's View

The push for AI, IoT, and blockchain integration is essential, but India's logistics sector still lacks widespread digital adoption and intermodal connectivity, which are critical for seamless freight movement. Without a uniform data-sharing framework and real-time tracking systems, efficiency gains may remain localized rather than sector-wide. The introduction of BharatTradeNet (BTN) and predictive analytics-driven logistics is a positive step, but its success hinges on industry-wide standardization and regulatory coordination.

Similarly, while the budget increases funding for EV adoption and infrastructure, the lack of a long-term roadmap for charging networks, battery standardization, and localized manufacturing could hinder large-scale implementation. High import dependence on battery raw materials and the absence of a robust recycling and disposal ecosystem may also offset environmental benefits in the long run. A transition to EV-based logistics requires supply chain resilience, which must be built through indigenous manufacturing, energy diversification, and financial incentives beyond direct subsidies.

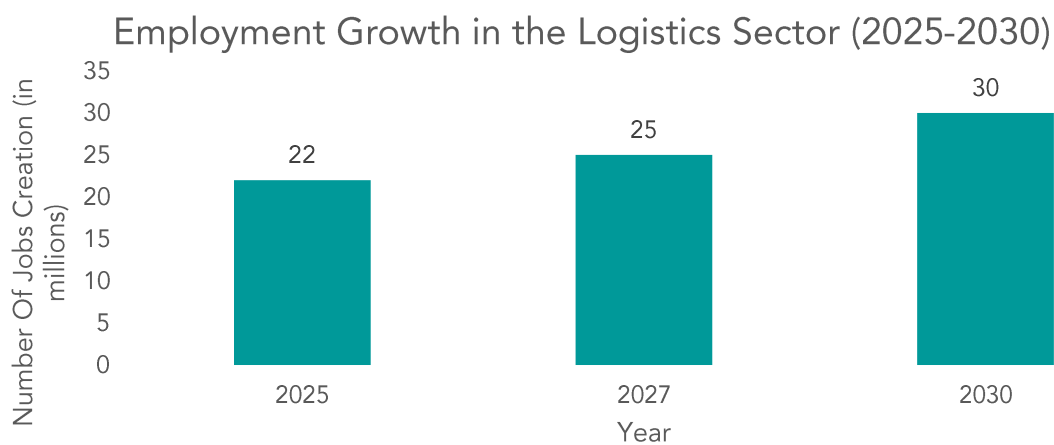
For these reforms to support India's economic ambitions by 2047, a phased, industry-driven execution strategy is required. Without scalable infrastructure, private sector participation, and integration across transport networks, logistics costs will remain high, limiting India's ability to compete globally. The next decade must focus on institutional reforms, investment-friendly policies, and technology standardization to ensure that these initiatives create lasting structural efficiencies rather than short-term sectoral boosts.

## Skill Development and Employment: Preparing for the Logistics Boom

With the government investing **₹20 lakh crore** in logistics infrastructure, **10 million new jobs** are expected to be generated by **2030**. The increased demand will stem from:

- Expansion of highways, expressways, and dedicated freight corridors
- Growth in warehousing, cold storage, and supply chain management
- Increased adoption of automation and AI-driven logistics technologies
- Green logistics and electric vehicle (EV) trucking industry growth

Figure 5: Growth of Employment Generation (2025-2030)





## Government Initiatives for Skill Development in Logistics

The budget introduces several skill development initiatives to ensure the workforce is equipped to handle the evolving logistics ecosystem.

### 1. Public-Private Partnerships (PPPs) for Skill Training

The government is collaborating with private firms and logistics giants such as Amazon, Flipkart, Mahindra Logistics, and DHL to set up Logistics Skill Development Centers across major industrial corridors.

These centers will train professionals in warehouse automation, fleet management, supply chain analytics, and multimodal transport coordination.

### 2. AI & Digital Supply Chain Training Programs

Recognizing the rise in automation in logistics, the budget allocates ₹2,000 crore for:

- AI-driven supply chain management courses in logistics universities and technical institutions.
- Training programs for IoT-based fleet monitoring, AI-driven route optimization, and blockchain-powered trade documentation.
- Skill development in smart warehousing, robotics in logistics, and cold-chain logistics management.

### 3. Employment Boost in Green Logistics & EV Trucking

With ₹40 billion allocated to EV incentives for logistics, the rise of electric trucks, smart delivery vehicles, and green warehousing will create new job roles such as:

- EV fleet maintenance experts
- Battery swapping station operators
- Green logistics coordinators
- Solar-powered warehouse managers

## Breakdown of Employment

The estimated 10 million new jobs in the logistics sector by 2030 is based on logical projections, industry benchmarks, and comparative employment trends from global and domestic infrastructure projects.

### Identifying Key Growth Areas in Logistics

The employment projections are based on five primary areas of logistics expansion supported by the ₹20 lakh crore infrastructure investment in the Union Budget 2025-26:

- Expansion of Highways & Expressways
- Development of Dedicated Freight Corridors (Rail)
- Warehousing & Cold Storage Expansion
- Supply Chain Management & Automation
- Green Logistics & EV Trucking Industry
- AI & Digital Supply Chain Integration

Each of these sectors is expected to contribute to employment growth based on direct job creation (construction, maintenance, operations) and indirect employment generation (technology, supply chain, and value-added services).

## Employment Elasticity & Benchmarking

Employment elasticity is calculated using **historical infrastructure projects** and global employment generation models. The estimates take reference from:

- **India's National Infrastructure Pipeline (NIP):** The NIP estimates that every ₹1 lakh crore investment in infrastructure creates approximately 2.5 million jobs.
- **Bharatmala & Gati Shakti Job Creation Reports:** Previous projections for road and railway expansion indicate a job creation ratio of 0.5 million jobs per ₹1 lakh crore invested in large-scale infrastructure projects.
- **World Bank Employment Multiplier for Logistics & Supply Chain:** The employment multiplier effect in logistics indicates that for every direct job, 1.3-1.5 indirect jobs are created in allied sectors.
- **Green Logistics & EV Growth Trends:** The International Energy Agency (IEA) projects that every \$1 billion invested in EV infrastructure supports approximately 15,000–20,000 jobs.

## Estimating Job Creation in Each Sector

Using these benchmarks, the employment generation in each sector is calculated as follows:

Table 3: Estimated Employment Generation across Sectors

Sector	Investment Allocation	Job Creation Ratio (Jobs per ₹1 Lakh Crore)	Estimated Jobs (Million) **
Highways & Expressways Expansion	₹6.2 lakh crore	0.5M jobs per ₹1 lakh crore	3.5M
Dedicated Freight Corridors (Rail)	₹5.5 lakh crore	0.35M jobs per ₹1 lakh crore	2.0M
Warehousing & Cold Storage	₹3.5 lakh crore	0.5M jobs per ₹1 lakh crore	1.8M
Supply Chain Management & Automation	₹2.8 lakh crore	0.4M jobs per ₹1 lakh crore	1.2M
Green Logistics & EV Trucking	₹2.0 lakh crore	0.5M jobs per ₹1 lakh crore	1.0M
AI & Digital Supply Chain	₹1.0 lakh crore	0.5M jobs per ₹1 lakh crore	0.5M
Total Estimated Employment Generation: <b>10 Million Jobs by 2030</b>			

\*\* Please note, the numbers are just estimated by Intueri, these are just possibility, it might not be materialized in actual.

## Job Categorization by Skill Level

The employment generated in logistics will be categorized into **low-skill, mid-skill, and high-skill jobs**:

Skill Level	Estimated Jobs (%)	Roles
Low-Skilled Jobs (60%)	6 million	Construction workers, warehouse operators, truck drivers, cold storage handlers
Mid-Skilled Jobs (30%)	3 million	Logistics managers, fleet operators, EV maintenance specialists, supply chain coordinators
High-Skilled Jobs (10%)	1 million	AI engineers, blockchain specialists, automation analysts, IoT fleet monitoring specialists

## Adjusting for Workforce Readiness

While 10 million jobs are projected, the workforce readiness gap remains a key challenge. To address this, the budget includes:

1. Public-Private Partnership (PPP) in Skill Training with logistics firms to create industry-ready professionals.
2. ₹2,000 crore allocation for AI-driven logistics education in universities and training institutes.
3. Incentives for digital learning platforms to train workers remotely in automation and supply chain analytics.

The logistics industry is poised for exponential employment growth, but the readiness of the workforce remains a critical concern. While the budget outlines a strong framework for skilling initiatives, particularly in AI-driven supply chain management and green logistics, challenges such as execution delays and inadequate training infrastructure could hinder progress. To bridge this gap, accelerating the rollout of training centers, fostering industry partnerships, and leveraging digital learning platforms will be essential. Ultimately, the logistics boom is not just about infrastructure—it's about equipping people with the right skills. A trained, tech-savvy workforce will be India's greatest asset in building a smarter, greener, and globally competitive logistics sector.

### Intueri's View

The ₹20 lakh crore investment will undoubtedly generate millions of jobs in construction, warehousing, and freight operations, but many of these roles risk becoming obsolete as automation, AI-driven logistics, and EV trucking gain dominance. Without a scalable, long-term workforce training strategy, India could face a massive skill gap, where workers trained for manual logistics roles are unable to adapt to AI, IoT, and blockchain-powered supply chains. The ₹2,000 crore allocation for AI training is a positive step, but it is insufficient given the rapid digitization of logistics worldwide. Additionally, while the government is promoting green logistics and EV trucking, without deep private sector participation and stronger industry-academia collaboration, employment targets may remain unmet. The true test for this budget is not just building highways and freight corridors but ensuring logistics costs drop to 7-8% of GDP, making India's supply chain globally competitive. If policy execution falters, workforce training remains slow, and private sector participation is weak, India risks having world-class infrastructure but an underprepared workforce. For this budget to truly define the logistics landscape of 2047, it must go beyond short-term employment boosts and focus on creating a sustainable, highly skilled, and future-ready logistics workforce.

## The Other Side of The Boom

The Union Budget 2025-26 presents a well-structured vision for the logistics sector, prioritizing multimodal connectivity, infrastructure expansion, and digital transformation to reduce logistics costs and improve supply chain efficiency. The ₹1.5 lakh crore capex support for states and increased investments in Dedicated Freight Corridors (DFCs), highways, and inland waterways reflect a strong push for integrated logistics. The introduction of BharatTradeNet (BTN) is a significant step towards streamlining trade documentation and

reducing clearance times, though its seamless execution across multiple stakeholders will be key to ensuring its success. The emphasis on green logistics, including ₹40 billion for EV adoption in freight transport, aligns with India's long-term sustainability goals, but widespread infrastructure for charging and battery-swapping stations remains a challenge. Additionally, while the budget highlights private sector participation in logistics parks and digital freight corridors, a well-defined incentive structure and risk-sharing framework will be crucial to attracting large-scale private investment. On the workforce front, the focus on skill development and AI-driven supply chain management training is a progressive move, but the real impact will depend on how effectively these programs reach smaller logistics players and Tier-2/3 cities. While the budget sets a clear roadmap for transforming logistics into a globally competitive sector, timely execution, policy clarity, and regulatory simplification will ultimately determine whether India can achieve its target of reducing logistics costs from 14% of GDP to 8-10% and enhance its position as a global manufacturing and trade hub.

## Impact on Corporate Sector

With the 2025-26 Union Budget, a systemic overhaul of logistics is in the offing for the corporate sector and will lead to a more cost-competitive, efficient, and globally integrated environment in India. **₹20 lakh crore** investments in infrastructure, multimodal connectivity, and digitalization are tailored to address the long-standing concerns of global CEOs. For many years, they have cited historical high logistics costs, bottlenecks in infrastructure, inefficient supply chains, and unpredictable regulation as major deterrents to scaling up operations in India. These reforms enhance India's attractiveness as a location for global manufacturing and trade and create an enabling environment conducive to supply chain resilience, cost reduction, and growth of the private sector (Table 4). The logistics boom presents significant cost and efficiency advantages for the corporate sector, particularly in manufacturing, e-commerce, FMCG, and export-driven industries.

Table 4: Impact of the Logistics sector reform on Private Sector

Concerns of Global CEOs	Challenges in India's Logistics Sector	Budget Reforms Addressing These Issues
<b>High Logistics Costs</b>	8-9% of GDP, reducing profit margins	₹11.21 lakh crore investment in highways, freight corridors, & digital logistics to cut costs to 7-8% by 2030
<b>Infrastructure Bottlenecks</b>	Congested roads, slow transit, high inventory costs	Expressway expansion, rail freight modernization, multimodal hubs to cut transit times by 30-40%
<b>Customs &amp; Regulatory Delays</b>	Complex trade documentation, clearance issues	Bharat Trade Net (BTN) blockchain system to speed up customs & trade processes
<b>Limited Workforce Readiness</b>	Lack of AI-trained supply chain professionals	₹2,000 crore for AI-driven logistics training & PPP logistics skill centers
<b>Sustainability &amp; ESG Compliance</b>	Carbon-heavy supply chains, reliance on diesel transport	₹40 billion for EV logistics, green warehouses, & solar-powered freight hubs
<b>Limited Private Sector Investment</b>	High regulatory risks, slow ROI	Plug-and-play industrial parks & ₹10 lakh crore asset monetization plan to encourage FDI

With expanded freight corridors and expressways, companies will experience lower transit times and reduced freight costs, making domestic supply chains more predictable and globally competitive. The push for multimodal logistics parks (MMLPs) and digitized trade platforms will enable businesses to optimize inventory management and last-mile connectivity, reducing warehousing expenses and improving turnaround times. The

₹40 billion investment in green logistics and EV incentives will allow logistics-heavy industries to transition towards sustainable supply chains, though the lack of widespread charging infrastructure remains a limitation. Additionally, the enhanced air cargo and cold storage networks will directly benefit pharmaceuticals, agriculture, and high-value exports, ensuring faster market access. However, while the budget's emphasis on private sector participation is promising, the lack of detailed incentive structures for large-scale private investment in logistics infrastructure could slow down real adoption. Ultimately, corporations that strategically integrate into the evolving multimodal and technology-driven logistics ecosystem stand to gain a competitive edge in both domestic and global markets, provided the implementation challenges are effectively addressed.

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## Conclusion: Will India's Logistics Sector Achieve Global Standards?

The Union Budget 2025-26 has laid out a bold and ambitious roadmap for the logistics sector, aiming to transform it into a globally competitive force. With an unprecedented investment of ₹20 lakh crore, the government is pushing for an integrated, technology-driven, and sustainable logistics ecosystem. The focus on multimodal connectivity, digitalization, and infrastructure expansion is a strategic move to cut logistics costs, enhance supply chain resilience, and boost India's global trade standing.

However, the real challenge lies in execution. India has historically faced delays in infrastructure projects, policy bottlenecks, and gaps in private sector participation. While the budget strongly encourages digital transformation and multimodal integration, the success of initiatives like BharatTradeNet (BTN) and Dedicated Freight Corridors (DFCs) will depend on their seamless implementation. Additionally, the shift toward green logistics and electric vehicle-based transportation, though visionary, requires a robust charging and supply chain infrastructure, something that is still in its nascent stage.

For the corporate sector, this logistics overhaul presents a massive opportunity. Lower transit times, reduced freight costs, and an emphasis on sustainability will benefit manufacturing, e-commerce, agriculture, and export-oriented industries. But businesses must be prepared to adapt to digital trade frameworks, invest in AI-driven logistics management, and align with sustainability mandates.

In essence, this budget has set the stage for a logistics revolution, but its impact will be determined by how effectively these policies are implemented. If executed well, India could finally bring its logistics costs in line with global benchmarks, making its economy more competitive and supply chains more efficient. The road ahead is promising, but it demands swift action, public-private collaboration, and policy stability to ensure that the vision translates into tangible economic gains. The next five years will be crucial in determining whether India's logistics sector can truly emerge as a global powerhouse.

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