

# Freight Forward

Grant Thornton newsletter on transportation  
& logistics

December 2025



# Executive summary

India's transportation and logistics sector has undergone a phase of structural transformation in 2025, driven by policy reforms, accelerated infrastructure commissioning, and expanding digital integration. These forces are converging to shape a system that is increasingly connected, resilient, and competitive. Yet, even as momentum builds, the sector stands at a critical crossroads: the next phase of progress will be judged not by capacity created, but by interoperability achieved.

Investments in multimodal infrastructure and digital platforms are reshaping freight movement, with GST reforms streamlining the logistics ecosystem and reinforcing the shift toward more efficient, integrated supply chains. The progress of multimodal logistics parks, tunnels, and terminals highlights India's ambition to rebalance freight flows, while the Unified Logistics Interface Platform (ULIP) and digital data banks reveal the central role of technology in reducing friction at interchange points.

Still, challenges remain. Interoperability standards are uneven, smaller operators risk being excluded from digital compliance, and governance across modes is fragmented. Addressing these issues is essential if logistics costs are to move closer to global benchmarks.

As we close the year, this edition reflects on the defining themes of 2025, from GST developments and deal activity to infrastructure milestones, while offering insights to help stakeholders navigate emerging risks and opportunities in 2026.



**Bhavik Vora**

Partner and Transportation & Logistics  
Industry Leader, Grant Thornton Bharat

# Decoding GST:

## Implications for freight, passenger, and multimodal transport

The GST Council's recent announcements have once again placed the transportation and logistics sector at the centre of India's evolving indirect tax framework. Given the sector's role as the backbone of trade and commerce, the nuances of GST treatment on passenger and goods transportation, multimodal services, and rental arrangements have far-reaching implications for operators, shippers, and end customers alike.

### GST rates and ITC eligibility at a glance

Service category	GST rates	Input tax credit (ITC) availability
Passenger transport by first class rail or AC coach, economy class in air	5%	With ITC of input services
Passenger transport by air in other than economy class	18%	With ITC
Passenger transport by motor vehicle including fuel cost	18% 5%	With ITC With ITC of input services
Transport of goods by rail	18% 5%	With ITC With ITC of input services
Transportation of goods by goods transport agency (GTA) or natural gas, petroleum crude, motor spirit, high speed diesel (HSD) or aviation turbine fuel (ATF) through pipeline	18% 5%	With ITC Without ITC
Multimodal transport (including air) of goods within India	18%	With ITC
Multimodal transport (excluding air) of goods within India	5%	Without ITC
Renting of passenger motor vehicle, goods carriage with fuel and operator	18% 5%	With ITC With ITC of input services

### 1. Credit-linked cost planning

Operators face a dual-rate environment, particularly in GTA and multimodal transport. Choosing the ITC-eligible slab may increase upfront tax but optimises long-term recoverability, while the lower-rate option may reduce compliance but blocks credits. Businesses will need to model both scenarios based on shipment volumes and customer contracts.

### 2. Multimodal adoption challenges

While multimodal logistics is critical to Gati Shakti's modal shift agenda, differential ITC treatment—especially the exclusion of airless multimodal routes—creates cost asymmetry. This risks slowing adoption in segments like coastal shipping and rail-road connectivity, where margins are already thin.

### 3. Energy logistics efficiency

Extending ITC benefits for pipeline-based transport of petroleum products is a positive development. It lowers effective logistics costs in energy-intensive industries and supports government priorities around cleaner, more efficient bulk transport.

### 4. Implications for procurement and pricing

Corporates must revisit freight procurement strategies. Contracts structured without attention to ITC pass-through could lead to hidden costs, with effective freight rates varying by as much as 5–12%. For customer-facing businesses, this may influence pricing, margins, and even modal preference.

### 5. Roadmap

New GST rates would impact on pricing, cashflow and annual on-going contracts which might need revision. It would be imperative to evaluate and plan out short, medium, long term action plan to build an overall cost and operational efficiency for business and also to excel in compliance for better rating, whenever implemented.

The new GST rules aim to strike a balance: expanding ITC for key transport modes while keeping some restrictions to protect revenue. For businesses, the priority is to optimise taxes and stay compliant—by reducing blocked credits and using ITC wherever possible. In the long run, industry continues to push for uniform ITC across all transport services to drive India's multimodal growth.



# Deals landscape

India's transport and logistics sector saw 48 deals in 2025, a 37% increase from 2024's 35 deals, but overall values moderated to USD 962 million. The shift reflects a year where capital deployment prioritised operational resilience and technology adoption over large-ticket consolidation. Domestic transactions continued to anchor volumes, while cross-border activity remained selective but strategically significant. Despite a softer value environment, the uptick in volumes suggests a sector recalibrating toward efficiency-led growth and digital-first business models.

## Yearly deal snapshot

Deal summary	Volumes			Values USD million		
Year	2023	2024	2025*	2023	2024	2025*
Domestic	13	6	9	698	383	203
Cross border	6	4	6	55	220	100
Inbound	6	2	2	55	30	37
Outbound		2	4		190	63
Total M&A	19	10	15	753	604	303
PE	30	25	33	390	501	659
Grand total	49	35	48	1,143	1,105	962

2025\*- Jan-Nov

For a few deals with undisclosed amount, a padded value of USD 5 mn is taken



## M&A trends

- M&A volumes increased to 15 deals in 2025, up from 10 in 2024, indicating a pickup in strategic activity even though deal values softened.
- Concentration of value intensified, with the top five deals accounting for over 90% of aggregate M&A proceeds, underscoring a market skewed toward select strategic bets rather than broad-based consolidation.
- Shipping and Transportation became the primary anchors of M&A value. The Mazagon Dock-Colombo Dockyard acquisition remained the standout transaction, reflecting India's continued outbound ambition in maritime engineering and regional port-linked infrastructure.
- Cross-border relevance persisted, albeit selectively, with outbound plays signaling confidence in regional capacity-building despite global trade headwinds.
- Domestic tuck-ins remained prevalent, particularly in packaging and niche logistics, but their financial impact was marginal, reinforcing the absence of transformative scale deals.



## PE/VC trends

- PE/VC activity rose to 33 deals in 2025, with investments totaling USD 659 mn, outpacing 2024 in both volume and value. Capital deployment shifted decisively toward tech-enabled, asset-light models, as investors prioritized scalability and operational efficiency over capital-intensive infrastructure.
- Porter's USD 110 mn raise across two rounds emerged as the flagship transaction, validating investor conviction in intra-city logistics and digital freight orchestration.
- Additional capital infusions into Shadowfax (USD ~17 mn) and emerging logistics tech players highlight a preference for platforms offering automation, operational visibility, and optimised route economics.
- Investor sentiment revealed a clear bifurcation: strong appetite for platform-driven logistics, contrasted by muted interest in warehousing and transportation with value driven investing.



## Sub-sector analysis

- Shipping retained significance with Mazagon Dock's USD 52.96 mn Colombo Dockyard acquisition, while Adani Ports' purchase of Abbot Point Port Holdings further strengthened India's expanding strategic maritime footprint.
- Logistics activity was muted, dominated by small strategic stakes and mergers rather than transformative deals. Persistent pressure in freight forwarding and last-mile delivery reflects structural challenges and margin compression in core logistics operations.
- Warehousing remained subdued, with only a single USD 2.6 mn transaction, highlighting limited appetite for capital-intensive storage infrastructure and signaling investor caution toward long-payback assets.
- Private equity concentrated capital toward tech enabled logistics and digital orchestration platforms, reinforcing scalability, network optimisation, and ESG aligned business models as the dominant investment themes of 2025.





# India's logistics revolution:

From building infrastructure to orchestrating interoperability

India's logistics sector is undergoing one of the largest transformation programmes globally - a shift from expanding physical infrastructure to creating interoperable, digitally connected systems that synchronise movement across roads, railways, ports, terminals, and waterways.

This evolution marks India's journey from infrastructure creation to infrastructure orchestration - a shift that could reduce logistics costs from 13–14% of GDP (NITI Aayog, 2018) to around 8% (global benchmark), while positioning India as a global manufacturing and supply chain hub.

## The journey so far: From vision to execution

India's logistics reform began with a strong infrastructure-first strategy. Initiatives such as Sagarmala (2015) for port-led development, Bharatmala (2017) for highways, and Dedicated Freight Corridors (DFC, launched 2014) laid the foundation for large-scale connectivity (Ministry of Road Transport and Highways, 2016–17; Dedicated Freight Corridor Corporation of India Limited, 2024).

Between 2014 and 2020, the National Highway network expanded to 132,000 km (Ministry of Road Transport and Highways, 2020) and major ports' capacity grew by 65% (Ministry of Ports, Shipping and Waterways, 2021). Yet, logistics costs remained high at 13–14% of GDP (World Bank LPI, 2023), and road transport accounted for about 72% of freight movement (RITES Freight Study, 2022).

Reforms such as the Goods and Services Tax (GST, 2017), E-Way Bill (2018), and FASTag (2019) streamlined road movement, reducing average truck waiting times at tolls by 20–25% (Ministry of Road Transport and Highways, 2020). The National Infrastructure Pipeline (NIP, 2019) committed INR 111 lakh crore through FY2025 (NIP Database, 2020), signalling intent for long-term, coordinated investments.

The real integration push began with the PM Gati Shakti National Master Plan (2021) and the National Logistics Policy (NLP, 2022) — the first initiatives to unify 16 ministries on a shared planning platform (DPIIT, 2023). The Unified Logistics Interface Platform (ULIP) — now connecting 125 APIs from 11 ministries (Press Information Bureau, Aug 2024) — represents the digital foundation for interoperability across India's logistics network.



## The economic impact: Efficiency, cost, and modal rebalancing

India's logistics sector is beginning to show signs of improvement. The benefits go beyond cost savings, they represent a strategic shift that can drive productivity and strengthen export competitiveness.

At the same time, India's freight modal share is structurally shifting:

- **Road freight:** reduction from 72% (2014) to a projected 60–62% by 2030 and ~50% by 2035 (MoRTH, 2025; NITI LEADS Report, 2023).
- **Rail freight:** positive improvement from 27% (2022) to 40% by 2035 (DFCCIL, 2025), powered by DFC commissioning.
- **Waterways:** positive improvement from 5% to ~8% with new terminals at Varanasi, Sahibganj, and Haldia under the Jal Marg Vikas Project (IWAI, 2024).

This modal shift will create a more balanced, sustainable logistics backbone — one that aligns with India's Green Freight Strategy (MoRTH, 2030), aiming for a 45% reduction in CO<sub>2</sub> intensity by 2035.

## Where India stands today: From concrete assets to connected systems

India has completed much of the physical groundwork:

**85%**

of DFC track length commissioned (DFCCIL Progress, Nov 2025)

---

### Five MMLPs

Chennai, Bengaluru, Nagpur, Indore, and Jogighopa - in advanced stages (DPIIT MMLP Update, 2025)

---

National Highway capex up by

**67%** since FY2020 (MoRTH, 2025)

The challenge now is inter-ministerial coordination and operational interoperability. While Gati Shakti provides the data backbone, full benefit realisation requires private-sector adoption of ULIP APIs, common performance KPIs across ministries, and synchronisation of freight corridors with port and industrial cluster planning.

In short, India has built the hardware, now it must ensure the systems talk to each other.



## The road ahead: India’s interoperable logistics grid by 2035

By 2035, India’s logistics ecosystem will be defined by connected infrastructure and intelligent systems:

Enabler	2035 Vision
Dedicated freight corridors	2,843 km network carrying ~40% of rail freight
Multimodal logistics parks (MMLPs)	35 operational hubs connecting road, rail and waterways
ULIP 2.0 + Gati Shakti integration	Real-time AI scheduling across modes
Green corridors (EV/LNG)	45% reduction in freight CO <sub>2</sub> intensity
IMEC & Indo-Pacific integration	India as regional logistics and manufacturing hub

Under this trajectory, India’s logistics cost will reach OECD-equivalent efficiency levels of 7–8% of GDP (World Bank, 2034 Projection), and the modal mix will stabilise around road (50%), rail (40%), waterways (8%), and air/express (2%).

## The outlook

### From infrastructure build-out to infrastructure intelligence

India’s logistics journey has reached its defining inflection point. The physical foundation - corridors, terminals, ports, tunnels, is largely complete. The digital framework -ULIP, Gati Shakti, NLP, is functional. The coming decade is about integration, coordination, and optimisation.

If India sustains its current trajectory, logistics cost will fall from 13% (NITI Aayog, 2018) to 8% of GDP (Global standard), road dependency will decline from 72% (RITES, 2022) to ~50%, and the nation will emerge as a digitally synchronised, multimodal logistics hub - a system that moves at the speed of data, not just the speed of roads.

This is the true essence of India’s logistics revolution: **from building more to connecting better.**

# Acknowledgments

## For further enquiries; contact:

### **Bhavik Vora**

Partner and Transportation & Logistics  
Industry Leader  
Grant Thornton Bharat  
E: [bhavik.vora@in.gt.com](mailto:bhavik.vora@in.gt.com)

---

### **Sonal Misha**

Partner and Transport, Logistics & Industrial  
Infra Advisory Leader  
Grant Thornton Bharat  
E: [sonal.misha@in.gt.com](mailto:sonal.misha@in.gt.com)

---

### **Biren Vyas**

Partner, Tax Planning & Optimisation  
Grant Thornton Bharat  
E: [biren.vyas@in.gt.com](mailto:biren.vyas@in.gt.com)

---

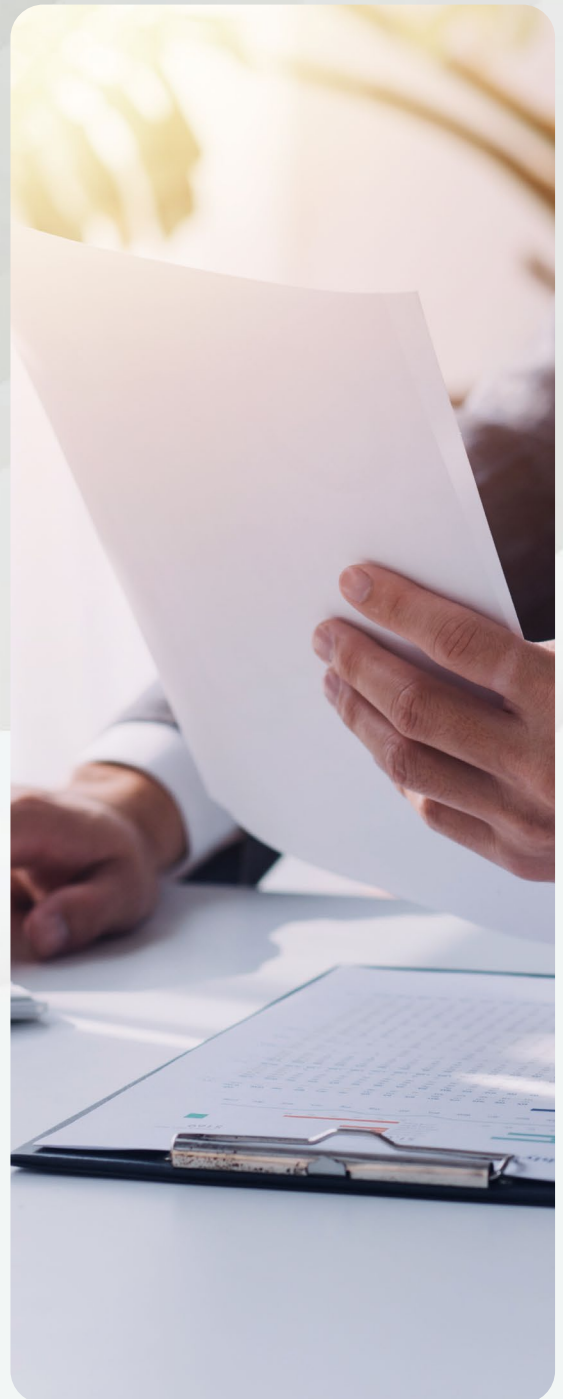
### **Isac Kumar**

Director, Transport, Logistics & Industrial  
Infra Advisory  
Grant Thornton Bharat  
E: [isac.kumar@in.gt.com](mailto:isac.kumar@in.gt.com)

---

### **Pratishtha Nangia**

Assistant Manager, Market Ecosystems  
Grant Thornton Bharat  
E: [pratishtha.nangia@in.gt.com](mailto:pratishtha.nangia@in.gt.com)







# We are Shaping Vibrant Bharat

A member of Grant Thornton International Ltd., Grant Thornton Bharat is at the forefront of helping reshape the values in the profession. We are helping shape various industry ecosystems through our work across Assurance, Tax, Risk, Transactions, Technology and Consulting, and are going beyond to shape more **#VibrantBharat**.

## Our offices in India

- Ahmedabad ● Bengaluru ● Chandigarh ● Chennai ● Dehradun
- Gandhinagar ● Goa ● Gurugram ● Hyderabad ● Indore ● Kochi
- Kolkata ● Mumbai ● New Delhi ● Noida ● Pune



Scan QR code to see  
our office addresses  
[www.grantthornton.in](http://www.grantthornton.in)

## Connect with us on



@Grant-Thornton-Bharat-LLP



@GrantThorntonBharat



@GrantThornton\_Bharat



@GrantThorntonIN



@GrantThorntonBharatLLP



GTBharat@in.gt.com

© 2025 Grant Thornton Bharat LLP. All rights reserved.

Grant Thornton Bharat LLP is registered under the Indian Limited Liability Partnership Act (ID No. AAA-7677) with its registered office at L-41 Connaught Circus, New Delhi, 110001, India, and is a member firm of Grant Thornton International Ltd (GTIL), UK.

The member firms of GTIL are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered independently by the member firms. GTIL is a non-practicing entity and does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.