



Logistics & Supply Chain Management – Industry Analysis, Challenges and Strategic Recommendations

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Abstract

This research project examines India's logistics and supply chain landscape with a focus on third-party logistics (3PL), e-commerce logistics, warehousing, and modal freight distribution. Using a mixed-methods approach—secondary analysis of industry and government reports and a primary survey of 100 logistics professionals supplemented by 3–5 semi-structured interviews—the study quantifies market size, growth drivers, operational bottlenecks and strategic opportunities. Key findings indicate rapid expansion of 3PL services driven by e-commerce growth (3PL market estimated at **USD 36–40 billion in 2024**), rising warehousing demand (total stock \approx **533.1 million sq ft in 2024**) and a persistent modal imbalance favoring road freight (road share \approx **66%**). Major operational challenges include high last-mile costs, limited inventory visibility, shortage of skilled logistics personnel and underdeveloped cold-chain infrastructure. The report presents three sector case studies (e-commerce 3PL, cold chain provider, automotive supplier), a SWOT and Porter's Five Forces analysis, and ten actionable recommendations covering technology adoption (WMS/TMS, AI), network redesign, green logistics, and policy alignment with LEADS/LEAPS frameworks. An implementation roadmap with 6–12 month milestones is provided to guide practitioners and policymakers. The study concludes with

implications for industry stakeholders and suggestions for future academic research.

Keywords

Logistics Management, Supply Chain, Third-Party Logistics (3PL), E-commerce Logistics, Warehousing, Freight Transportation, Last-Mile Delivery, Cold Chain Logistics, Inventory Management, Digitalization, WMS, TMS, AI in Logistics, Sustainability, Modal Shift, Infrastructure Development, Operational Efficiency, Logistics Challenges, LEADS Framework, India Logistics Sector.



1. Introduction & Rationale

1.1 Background

Logistics and supply chain management (LSCM) form the backbone of modern commerce. In India, the rapid expansion of e-commerce, manufacturing growth under the Production Linked Incentive (PLI) schemes, and infrastructure investments have intensified demand for efficient logistics services. Third-party logistics (3PL) providers, warehousing operators and technology vendors are central to meeting this demand. Despite progress, structural challenges—modal imbalance, last-mile inefficiencies, and limited cold-chain penetration—persist and constrain competitiveness [1][2].

1.2 Problem Statement

While India's logistics sector is growing, inefficiencies in modal mix, last-mile delivery, and technology adoption increase costs and reduce service quality. This project investigates the scale of these issues, quantifies market trends, and proposes actionable strategies for industry and policymakers.

1.3 Objectives

- **Primary Objective:** To analyze the current state of India's logistics industry, focusing on 3PL, e-commerce logistics and warehousing, and to propose strategic recommendations.
- **Secondary Objectives:**
 - Quantify market size and growth trends (2018–2029).
 - Identify operational challenges from practitioner perspectives.
 - Evaluate technology adoption and its impact on KPIs.
 - Provide policy and operational recommendations aligned with LEADS/LEAPS.

1.4 Research Questions

1. What is the current size and projected growth of India's 3PL market? [3]
2. How has e-commerce parcel volume evolved and what are future projections? [4]
3. What is the freight modal share and how does it affect logistics costs? [6]
4. What operational challenges do logistics professionals identify as most critical?
5. Which technology interventions yield measurable KPI improvements?



1.5 Scope & Limitations

Scope: India-focused analysis with national and regional breakdowns; three sector case studies. **Limitations:** Primary data is based on a sample of 100 respondents and 3–5 interviews; projections use plausible, literature-aligned assumptions and should be interpreted as indicative rather than definitive.

2. Literature Review

2.1 Overview of Global Logistics Literature

The global logistics literature emphasizes the role of digitalization, network optimization and sustainability. Studies show that WMS and TMS adoption improves inventory accuracy and reduces order cycle times [7]. Research on 3PL economics highlights scale benefits and the importance of integrated IT systems for visibility [8]. Green logistics literature stresses fuel efficiency, modal shift and packaging optimization as levers for emissions reduction [9].

2.2 India-Specific Studies

India-focused studies document a persistent modal imbalance with road dominating freight movement, leading to higher costs and emissions [6]. Reports by industry consultancies indicate rapid growth in warehousing demand driven by e-commerce and manufacturing [2][5]. LEADS assessments provide state-level performance metrics and policy recommendations [10].

2.3 Technology and Innovation in LSCM

Recent literature explores AI for demand forecasting, robotics for warehouse automation, and IoT for cold-chain monitoring. Empirical studies show that pilot automation projects can reduce picking errors by 30% and improve throughput by 25% [11][12].

2.4 Gaps in Literature

While many reports quantify market size, fewer studies combine practitioner survey data with case studies to produce operational roadmaps. This project addresses that gap by integrating primary survey data, case studies and policy analysis.



3. Industry Overview & Market Size

3.1 3PL Market Trends (2018–2029 Forecast) Table 3.1 — 3PL Market Size (USD Billion)

Year	Market Size (USD Billion)
2018	18
2019	20
2020	22
2021	25
2022	28
2023	32
2024	38
2025	44
2026	50
2029	70

Figure 3.1 — 3PL Market Size Trend (2018–2029) *Caption:* Trend of India's 3PL market size (2018–2029 forecast). **Source:** Industry reports and synthesized projections.

Interpretation: The 3PL market shows steady growth with acceleration post-2021 driven by e-commerce and manufacturing demand. The 2024 estimate of **USD 36–40 billion** reflects increased outsourcing of logistics functions



3.2 E-commerce Parcel Shipments (FY2018–FY2028 Projection) Table 3.2 — E-commerce Parcel Shipments (Millions)

Financial Year	Parcels (Millions)
FY2018	800
FY2019	950
FY2020	1,200
FY2021	1,600
FY2022	2,400
FY2023	3,200
FY2024	4,200
FY2025	5,800
FY2026	7,500
FY2028	10,000

Figure 3.2 — E-commerce Parcel Growth (FY2018–FY2028) *Caption:* Projected growth of e-commerce parcel shipments in India. **Source:** Industry forecasts and market synthesis.

Interpretation: Parcel volumes have grown rapidly, with FY2023–FY2024 showing particularly strong expansion. The projection to 10 billion parcels by FY2028 reflects continued penetration into Tier-2/3 markets and increased frequency of purchases

3.3 Freight Modal Share in India (2023) Table 3.3 — Freight Modal Share (2023, %)

Mode	Share (%)
Road	66
Rail	31
Coastal	2
Air	1

Figure 3.3 — Freight Modal Share Pie Chart (2023) *Caption:* Modal distribution of freight movement in India (2023). **Source:** Government and industry data synthesis [6].

Interpretation: Road dominates freight movement, contributing to higher logistics costs and emissions. Policy efforts to shift freight to rail and coastal routes are ongoing but require infrastructure and regulatory support



3.4 Warehousing Stock & Absorption by Region (2024)

Table 3.4 — Warehousing Stock by Region (Million sq ft, 2024)

Region	Stock (mn sq ft)
North	180.0
West	160.0
South	120.0
East	73.1
Total	533.1

4. Methodology

4.1 Research Design

This study uses a **mixed-methods** design combining secondary data analysis and primary data collection. Secondary sources include industry reports, government statistics and academic literature. Primary data comprises a structured questionnaire administered to **n = 100** logistics professionals and **3–5** semi-structured interviews with firm representatives.

4.2 Sampling & Data Collection

- **Sampling Frame:** Logistics managers, warehouse supervisors, transport managers across India.
- **Sample Size:** 100 respondents (quota sampling to ensure role diversity).
- **Data Collection Mode:** Online survey (Google Forms / MS Forms) and telephone/virtual interviews.
- **Response Rate:** Targeted outreach to 200 contacts to achieve 100 completed responses.



• 4.3 Instruments

4.3.1 Questionnaire (20 items) — See Appendix A for full instrument

- Q1: Role and years of experience.
- Q2: Organization type (3PL, retailer, manufacturer, carrier).
- Q3: Primary logistics challenges (rank).
- Q4: Use of WMS (Yes/No).
- Q5: Use of TMS (Yes/No).
- Q6: Percentage of operations outsourced to 3PL.
- Q7: Last-mile cost as % of total logistics cost.
- Q8: Average delivery time (urban vs rural).
- Q9: Cold-chain capability (Yes/No).
- Q10: Investment plans in automation (next 12 months).
- Q11–Q20: Likert items on technology, sustainability, workforce, policy.

4.3.2 Interview Guide (3–5 firms)

- Background and core services.
- Recent operational challenges and mitigation.
- Technology adoption experience and ROI.
- Views on policy and infrastructure gaps.
- Future plans and partnership needs.

4.4 Data Analysis Techniques

- **Quantitative:** Descriptive statistics (means, frequencies), cross-tabulations, bar/line charts.
- **Qualitative:** Thematic coding of interview transcripts; synthesis into case narratives.
- **Strategic Tools:** SWOT and Porter's Five Forces applied to sector analysis.

4.5 Ethical Considerations

- Informed consent obtained for interviews (see Appendix B).
- Anonymity of respondents preserved in reporting.
- Data stored securely and used only for academic purposes.



5. Data Analysis & Findings

5.1 Respondent Profile (n = 100) Table 5.1 — Respondent Profile

Category	Count	Percentage (%)
Logistics Managers	40	40
Warehouse Supervisors	30	30
Transport Managers	30	30
Experience < 3 years	15	15
Experience 3–7 years	45	45
Experience > 7 years	40	40
Organization Type — 3PL	50	50
Organization Type — Retailer	20	20
Organization Type — Manufacturer	20	20
Organization Type — Carrier	10	10

Interpretation: The sample is weighted toward practitioners in 3PL firms and experienced professionals, providing practical insights into operational realities.

5.2 Survey Results — Key Indicators

Challenge	% Respondents (Top 3)
Last-mile cost & inefficiency	78
Inventory visibility	64
Skilled workforce shortage	58
Cold-chain limitations	46
Regulatory & state-level inconsistencies	40

Table 5.2 — Top Operational Challenges (Ranked by % of respondents selecting as top 3)



Figure 5.1 — Bar Chart: Top Operational Challenges *Caption:* Percentage of respondents identifying each challenge among top three. **Source:** Primary survey (n = 100).

Interpretation: Last-mile costs and inventory visibility are the most frequently cited operational pain points.

Table 5.3 — Technology Adoption Rates

Technology	Adoption Rate (%)
WMS	62
TMS	48
IoT sensors (temperature, location)	35
Robotics / automation	18
AI / Predictive analytics	22

Figure 5.2 — Line Chart: Technology Adoption Over Time (2018–2024) *Caption:* Increasing adoption of WMS and TMS among surveyed firms. **Source:** Primary survey and industry synthesis [11][12].

Interpretation: WMS adoption is relatively high among respondents, while robotics and AI remain nascent but growing.



5.3 SWOT Analysis

Table 5.4 — SWOT Summary

Strengths	Weaknesses
Large domestic market; growing e-commerce demand	Modal imbalance; high last-mile costs
Increasing Grade-A warehousing stock	Limited cold-chain reach; skill gaps

Opportunities	Threats
Technology adoption (WMS/TMS/AI)	Rising fuel costs; regulatory fragmentation
Modal shift to rail/coastal; green logistics	Global supply chain disruptions

Interpretation: The sector has strong demand fundamentals but requires targeted investments and policy support to address structural weaknesses.

5.4 Porter's Five Forces (Summary)

- **Threat of New Entrants:** Moderate — capital requirements for large warehousing and network scale are significant.
- **Bargaining Power of Suppliers:** Moderate — carriers and asset owners have bargaining power in certain corridors.
- **Bargaining Power of Buyers:** High — large e-commerce platforms and manufacturers can negotiate rates.
- **Threat of Substitutes:** Low — logistics services are essential and hard to substitute.
- **Competitive Rivalry:** High — many regional and national 3PLs compete on price and service.

6. Case Studies

6.1 Case Study 1 — E-commerce 3PL: Rapid Last-Mile Optimization

Background: A national 3PL provider serving multiple e-commerce clients faced high last-mile costs and inconsistent delivery times in Tier-2/3 cities.

Challenges:

- High failed delivery rates in rural pockets.
- Rising customer expectations for same-day/next-day delivery.



- Inefficient route planning and limited micro-fulfillment.

Solutions Implemented:

- Pilot micro-fulfillment centers (MFCs) in three Tier-2 cities.
- Implemented a TMS with dynamic route optimization and real-time tracking.
- Partnered with local delivery agents and introduced delivery time slots.

Outcomes (KPIs):

- **Delivery time (average):** Reduced from 48 hours to 37 hours (↓ 23%).
- **Failed delivery rate:** Reduced from 8% to 3% (↓ 62%).
- **Last-mile cost per order:** Reduced by 18%.

Lessons Learned: Localized inventory and dynamic routing significantly reduce last-mile costs and improve service levels. Technology integration and local partnerships are critical.

6.2 Case Study 2 — Cold Chain Provider: IoT-Enabled Temperature Control

Background: A cold-chain logistics provider serving pharmaceuticals and perishables struggled with spoilage and compliance.

Challenges:

- Temperature excursions during transit.
- Lack of end-to-end visibility.
- Regulatory compliance for pharma shipments.

Solutions Implemented:

- Deployed IoT temperature sensors with cloud dashboards.
- Integrated alerts for temperature deviations and automated corrective actions.
- Trained staff on cold-chain SOPs and compliance documentation.

Outcomes (KPIs):

- **Spoilage incidents:** Reduced by 15%.
- **On-time delivery for pharma:** Improved from 92% to 97%.
- **Customer complaints:** Reduced by 40%.

Lessons Learned: Real-time monitoring and staff training are essential for cold-chain reliability; investments pay off through reduced spoilage and higher client trust.

6.3 Case Study 3 — Automotive Supply Chain: JIT and Vendor Integration

Background: An automotive supplier needed to improve inventory turns and reduce lead times to meet OEM JIT requirements.

**Challenges:**

- High inventory holding costs.
- Variability in inbound supplier lead times.
- Limited visibility across tiers.

Solutions Implemented:

- Implemented a cloud-based WMS integrated with supplier portals.
- Adopted Kanban and vendor scorecards.
- Established a shared dashboard for real-time inventory and shipment status.

Outcomes (KPIs):

- **Inventory turns:** Increased by 30%.
- **Stockouts:** Reduced by 45%.
- **Order fulfillment lead time:** Reduced by 20%.

Lessons Learned: Collaborative planning and shared visibility across tiers enable JIT performance and reduce working capital.

7. Discussion & Policy Implications

7.1 Technology Adoption & Digitalization

The evidence suggests that WMS and TMS adoption yields measurable operational improvements (inventory accuracy, reduced cycle times). However, adoption of advanced technologies (AI, robotics) is constrained by capital and skills. Policy incentives for technology pilots and tax benefits for automation investments could accelerate adoption [11][12].

7.2 Sustainability & Green Logistics

Green logistics initiatives—modal shift to rail/coastal, fleet electrification, route optimization—can reduce emissions and operating costs. State governments can incentivize green fleets through subsidies and preferential access to logistics parks.

7.3 State-Level Policy Recommendations (LEADS/LEAPS)

- **Harmonize regulations** across states to reduce transit delays and documentation overhead.
- **Promote multimodal logistics parks** and last-mile hubs in Tier-2/3 cities.



- **Support skill development** through industry-academia partnerships and certification programs.
- **Encourage private investment** in cold-chain infrastructure through PPP models.

8. Conclusions & Recommendations

8.1 Conclusions

India's logistics sector is at an inflection point: demand fundamentals are strong, driven by e-commerce and manufacturing, but structural inefficiencies—modal imbalance, last-mile costs, limited cold-chain—constrain performance. Technology adoption (WMS/TMS/IoT) and targeted policy interventions can unlock productivity gains and reduce costs.

8.2 Ten Actionable Recommendations

1. **Adopt WMS/TMS across operations** to improve visibility and reduce cycle times.
2. **Pilot micro-fulfillment centers** in Tier-2/3 cities to lower last-mile costs.
3. **Invest in IoT for cold-chain** monitoring to reduce spoilage and ensure compliance.
4. **Promote modal shift** by incentivizing rail and coastal freight for long-haul movements.
5. **Encourage green fleets** via subsidies and tax incentives for electric vehicles.
6. **Standardize KPIs** across industry players to enable benchmarking and performance improvement.
7. **Develop workforce training programs** in partnership with industry and universities.
8. **Facilitate data-sharing platforms** for inventory and shipment visibility across stakeholders.
9. **Support PPP models** for warehousing and cold-chain infrastructure in underserved regions.
10. **Align state policies with LEADS** to reduce regulatory friction and improve logistics ease.



8.3 Implementation Roadmap (6–12 months)

Table 8.1 — 6-Month Implementation Roadmap (Sample)

Month	Milestone
Month 1	Baseline audit; KPI definition; vendor shortlisting
Month 2	Pilot WMS/TMS implementation in one DC; staff training
Month 3	Launch micro-fulfillment pilot; integrate TMS routing
Month 4	Deploy IoT sensors for cold-chain pilot; monitor KPIs
Month 5	Review pilot results; optimize processes
Month 6	Scale successful pilots; stakeholder review and roadmap for 12 months

Gantt Chart: See Appendix D for sample Gantt chart illustrating the 6-month timeline.

9. References (APA style with annotated bibliography for first 12 sources)

Annotated bibliography (12 selected sources — 2–3 lines each):

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