



THE LOGISTICS LEDGER

Where consulting meets implementation in end-to-end logistics

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PORTS & MARITIME SECTOR

Government to roll out ₹10,012 crore coastal cargo promotion scheme to implement budget proposal

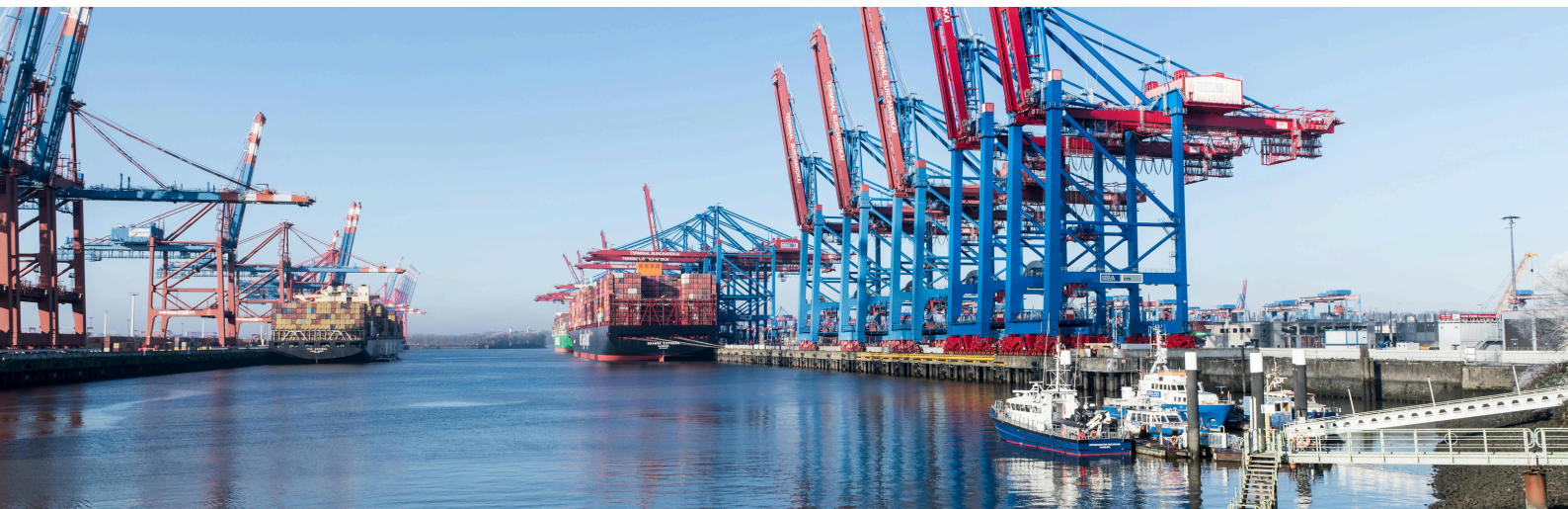
News brief

- The Ministry of Ports, Shipping and Waterways is set to roll out the Coastal Cargo Promotion Scheme worth ₹10,012 crore, implementing the Union Budget 2026-27 announcement.
- **Goal:** Raise coastal shipping's share of national freight movement from 6% to 12% by 2047.
- **Two components:** A coastal vessel operator incentive (₹7,969 crore) and a cargo owner incentive (₹1,992 crore). Incentives of up to 25% of voyage costs will be linked to baseline cargo volumes, commodity category and distance slabs.
- **Duration:** Applicable for a duration of five years, extendable by another five years.

How we see it

India's coastal shipping network has grown steadily but remains concentrated in bulk commodities such as coal, petroleum, oil and lubricants (POL and iron ore). For many domestic supply chains, road remains the preferred mode due to higher service frequency and stronger door-to-door connectivity, while rail is preferred for bulk long-haul cargo.

Earlier measures like cabotage relaxation, lower port charges, and priority berthing supported an increase in coastal cargo from 171 MT (Metric Ton) in FY22 to 196 MT in FY25 (~CAGR 4.7% FY22 - FY25). However, coastal shipping's share of freight remains around 6-7%. The new scheme shifts the policy approach towards direct financial incentives for both vessel operators and cargo owners. The key question is whether lower voyage costs, together with improvements in service frequency and hinterland connectivity, will be sufficient to shift cargo from road to coastal shipping.



How we see it



Why it matters

- India moves around 90% of domestic freight by road and rail despite having a coastline of approximately 11,098 km. This scheme represents one of the largest demand- and supply-side interventions aimed at rebalancing the country's freight mix
- Although road transport has traditionally been the preferred mode for domestic freight, it faces increasing challenges, including congestion, rising fuel costs and driver shortages on long-haul routes. Coastal shipping offers a viable alternative for bulk cargo and non-time-sensitive containerised freight over longer distances
- The scheme extends government support beyond bulk cargo by encouraging container and roll-on/roll-off (Ro-Ro) services. This could make coastal shipping more attractive to manufacturers, retailers and logistics companies that currently depend heavily on road transport. Containers enable the movement of packaged goods, while Ro-Ro services allow trucks and trailers to be transported by sea, broadening coastal shipping beyond traditional bulk cargo



What could go right

- The scheme's two-pronged approach to incentivise both vessel operators & cargo owners could help create a self-sustaining market. Lower operating costs may mean vessel operators can ply vessels on marginal routes whereas lower freight may develop scale in cargo
- Greater integration between road and coastal transport could create operational synergies. Ro-Ro services may reduce fuel consumption for trucking operators while improving vessel utilisation. At the same time, combining road and coastal transport could help address first- and last-mile logistics costs, an important consideration for cargo owners when selecting transport modes
- Higher coastal cargo volumes could improve utilisation of dedicated coastal berths, increasing the efficiency of existing port infrastructure



Key risks to watch

- India currently has only 21 dedicated coastal berths across 12 major ports. If the scheme increases coastal cargo quickly, port congestion and longer waiting times could become a challenge. Hence, consistency, reliability, mechanisation, and quick turnaround times (efficiency) would help mitigate this risk
- Cargo owners may continue to prefer road transport for faster and more reliable door-to-door deliveries. The success of the scheme will therefore depend on effective implementation, timely policy support and continuous monitoring to create a balanced and sustainable market



Delhi EV Policy 2026 formally notified; mandate-driven transition began on 1 July

News brief

- Delhi's Electric Vehicle (EV) Policy 2026 came into effect on 1 July 2026 and will remain in force until March 2030. The policy supports only battery electric vehicles (EVs); hybrids are not eligible for tax benefits or purchase incentives.
- Buyers get phased subsidies. Electric two-wheelers (E-2Ws) receive ₹30,000 in Year 1, reducing to ₹10,000 by Year 3. Electric three-wheelers (E-3Ws) receive ₹50,000 in Year 1, reducing to ₹30,000 by Year 3. All EVs also qualify for a full road tax and registration fee waiver, capped at ₹30 lakh for passenger cars.
- Electric cars do not receive a purchase subsidy but qualify for the road tax waiver and a scrappage incentive of up to ₹1 lakh when replacing an old BS-IV or older vehicle. N1-category electric trucks (light goods carriers under 3.5 tonnes) are eligible for purchase incentive of up to ₹1 lakh in Year 1, tapering to ₹75,000 and ₹50,000 in subsequent years.
- From January 2027, only electric auto-rickshaws and small goods carriers can register fresh. From April 2028, petrol and CNG two-wheelers will no longer be eligible for registrations. School buses must achieve 30% electrification by March 2030.
- According to the Delhi Transport Department, two- and three-wheelers together account for 46% of Delhi's vehicular pollution. Two-wheelers alone make up nearly two-thirds of Delhi's vehicle population, yet fewer than 8% are electric. This mismatch between pollution share and EV penetration explains why the segment is the policy's primary target.



How we see it



Why it matters

- The two-wheeler segment is where the policy faces its biggest test. Two-wheelers are relatively affordable, sold in high volumes, and purchased primarily by price-sensitive buyers. This is the segment least able to absorb the upfront cost gap between petrol and electric models without strong incentives
- Delhi's policy pairs declining subsidies with fixed registration deadlines, giving Original Equipment Manufacturers (OEMs) and lenders a fixed timeline for planning, unlike PM E-Drive's repeated short-term extensions
- Delhi's exclusion of hybrids is consistent with the central government's approach both FAME-II and PM E-Drive also excluded hybrids from purchase incentives. This effectively requires automakers to offer pure EVs in Delhi, with no hybrid fallback



What could go right

- Delhi's new digital portal commits to paying subsidies within 60 days of purchase directly addressing the slow and unclear payment process that has been a recurring complaint under previous schemes. Whether this timeline holds in practice remains to be seen, as the portal has only recently been launched
- The first 1,000 electric medium trucks get a 10-year exemption from "No Entry" traffic hours. This provides fleet operators with a tangible operational advantage that extends beyond a one-time cash subsidy. The ability to make deliveries during restricted hours offers recurring operational savings
- The plan includes 32,000 new charging points, funded partly through PM E-Drive. This gives the rollout an actual budget and supportive operational network





Key risks to watch

- The real risk isn't Delhi's policy itself; as the state represents too small a share of national vehicle sales to materially affect OEMs. The greater risk is that other states copy this model without matching Delhi's charging infrastructure or driver financing support, OEMs could face demand disruption across a much larger market than Delhi alone
- Even with the ₹50,000 year-1 subsidy, a residual price gap remains. A CNG auto-rickshaw costs ₹2.5 lakh versus ₹2.5–3.5 lakh for an electric equivalent, leaving drivers to finance the difference along with the associated interest costs. The subsidy narrows the gap but doesn't close it for drivers who need every rupee of working capital. The policy also restricts resale outside Delhi for three years, further limiting flexibility
- Delhi Transco Ltd. must scale up local substations to support rising EV charging demand as registrations rise. If grid upgrades lag behind the 2027 and 2028 registration deadlines, vehicle mandates could outpace the power infrastructure needed to charge them, reinforcing the charging gap highlighted in last month's Logistics Ledger



RAILWAYS

Dedicated Freight Corridor Corporation of India Limited (DFCCIL) plans to develop ₹1 lakh crore East-West Dedicated Freight Corridor through PPP-HAM model

News brief

- The proposed East-West Dedicated Freight Corridor (EWDFC), connecting Dankuni (West Bengal) and Surat (Gujarat), is likely to be divided into around 10 sections. Each section is awarded to a separate concessionaire under the Hybrid Annuity Model (HAM).
- Each concessionaire will be responsible for designing, building, financing, operating, and maintaining (DBFOT) its allotted section for a 15-year concession period, after which the asset will be transferred back to DFCCIL.

How we see it

The proposed procurement strategy builds on lessons learnt from previous railway Public-Private Partnerships (PPP) attempts. While the Government continues to favour the HAM to share risks and reduce upfront public expenditure, it has changed the packaging approach by reducing the investment for each package.

For example, the 534 km Sonnagar-Dankuni section of the Eastern DFC (estimated at ₹20,000 crore) was also proposed under HAM but failed to attract private bids due to its large investment size.

To address this challenge, the proposed East-West DFC has been divided into 10 or more concession packages, reducing the size of individual contracts to improve bankability, broaden bidder participation and competition, and enhance execution prospects.



How we see it



Why it matters

- DFCs currently account for only about 15% of the railway network but already handle over 55% of freight, showing how concentrated and load-bearing this infrastructure is relative to its size
- This East-West corridor is expected to add capacity for around 120 trains per day, representing a meaningful increase in the network's freight-carrying capacity
- The project's HAM-based packages structure allows more sections to be launched simultaneously, since government's capital commitment per section is lower than under a straight EPC (Engineering-Procurement-Construction) approach



What could go right

- Faster connectivity between the eastern resource belt (coal, iron, cement) and the western industrial belt could support a higher modal share for rail. It can also reduce congestion, lower costs, and faster turnaround, though this depends on how well the corridor performs once operational
- A wider bidder pool from smaller packages could improve the odds that most or all sections receive competitive bids this time
- Packaging the corridor into smaller concessions enables parallel execution and faster delivery, reducing the risk of delays associated with a single large contract





Key risks to watch

- Land acquisition remains a risk even at reduced scale per package, since delays here can trigger milestone-payment disputes and hold up individual sections
- Financial closure risk sits with developers, since they must raise 60% of project cost per section, and delays here can stall individual sections even if government funding flows on schedule
- Fragmentation raises coordination risk. Managing 10 or more concessionaires requires multiple timelines and contractual obligations to remain aligned for the corridor to operate as a single continuous network
- The corridor's value depends on end-to-end continuity, a lagging section could undercut the benefit of the whole project, even if most sections are completed on schedule





TECHNOLOGY AND AI

Generative AI application for V.O. Chidambaranar Port

News brief

- V.O. Chidambaranar Port Authority (VOCPA), Thoothukudi, launched "**PortGPT**," a Generative Artificial Intelligence (AI) mobile application, in New Delhi in June 2026.
- The application was launched by the Union Minister for Ports, Shipping and Waterways, Sarbananda Sonowal. PortGPT makes VOCPA the first major Indian port to deploy an enterprise-grade generative AI platform through a dedicated mobile application.
- PortGPT uses CoRover's platform and BharatGPT technology. The application is designed to provide employees with faster access to operational information. While supporting knowledge management and data-driven decision-making.
- The initiative forms a part of India's Maritime Amrit Kaal Vision 2047. However, no user adoption figures, potential time savings, or measurable operational targets have been disclosed for PortGPT at this stage.

How we see it

Major ports operate across multiple functions, including customer interfacing, marine operations, engineering, safety, finance, and administration. This generates large volumes of operational documents, circulars, and procedures.

PortGPT functions as a generative AI retrieval and query-response layer. It surfaces information but does not act on operational systems. This distinguishes it from predictive AI applications, which use data to forecast operational outcomes. and from agentic AI, which can execute actions rather than only retrieve information.

How we see it



Why it matters

- PortGPT applies AI to an internal challenge faced by large port organisations. Employees often need to search documents or seek inputs from different departments to access procedures and regulatory information. Making this information directly accessible through PortGPT could reduce internal hand-offs and shorten query-resolution time
- The deployment is also notable because it originates from a public port authority rather than a private terminal operator. If VOCPA can demonstrate measurable time savings, it could set a precedent for other Indian major ports. These ports could first adopt generative AI for lower-risk internal processes before extending its use to safety-critical cargo or equipment systems



What could go right

- PortGPT could help staff respond more consistently to operational queries. For instance, a safety team could retrieve the same verified procedure from a common source rather than relying on different documents or departmental inputs. This could reduce variation in how procedures are interpreted and applied
- The larger opportunity lies in replication across India's major ports. The underlying CoRover and BharatGPT technology is reusable, but each port operates under its own Standard Operating Procedures (SOPs) and regulations. Scaling PortGPT will depend less on the AI application itself and more on each port's ability to organise, digitise, and continuously update the information that feeds it
- South Korea's Busan Port Authority provides a relevant benchmark through its own staff-facing generative AI initiative. While measurable efficiency gains have not yet been reported, its deployment on a closed internal network highlights how ports are approaching GenAI adoption while protecting sensitive operational information. As PortGPT scales, similar considerations around data security and controlled access will become important



Key risks to watch

- Accuracy becomes more critical as the use case moves closer to operations. An incorrect or outdated response to a safety procedure or regulatory requirement could affect staff decision-making. VOCPA will therefore need to maintain a verified and regularly updated knowledge base, with responses linked to their source documents. Clear human oversight will also be required for safety-critical or regulatory queries
- PortGPT efficacy can only be assessed through employee adoption, query-resolution time, response accuracy, and staff hours saved. VOCPA has not yet published targets against these measures, its productivity impact remains difficult to evaluate at this stage



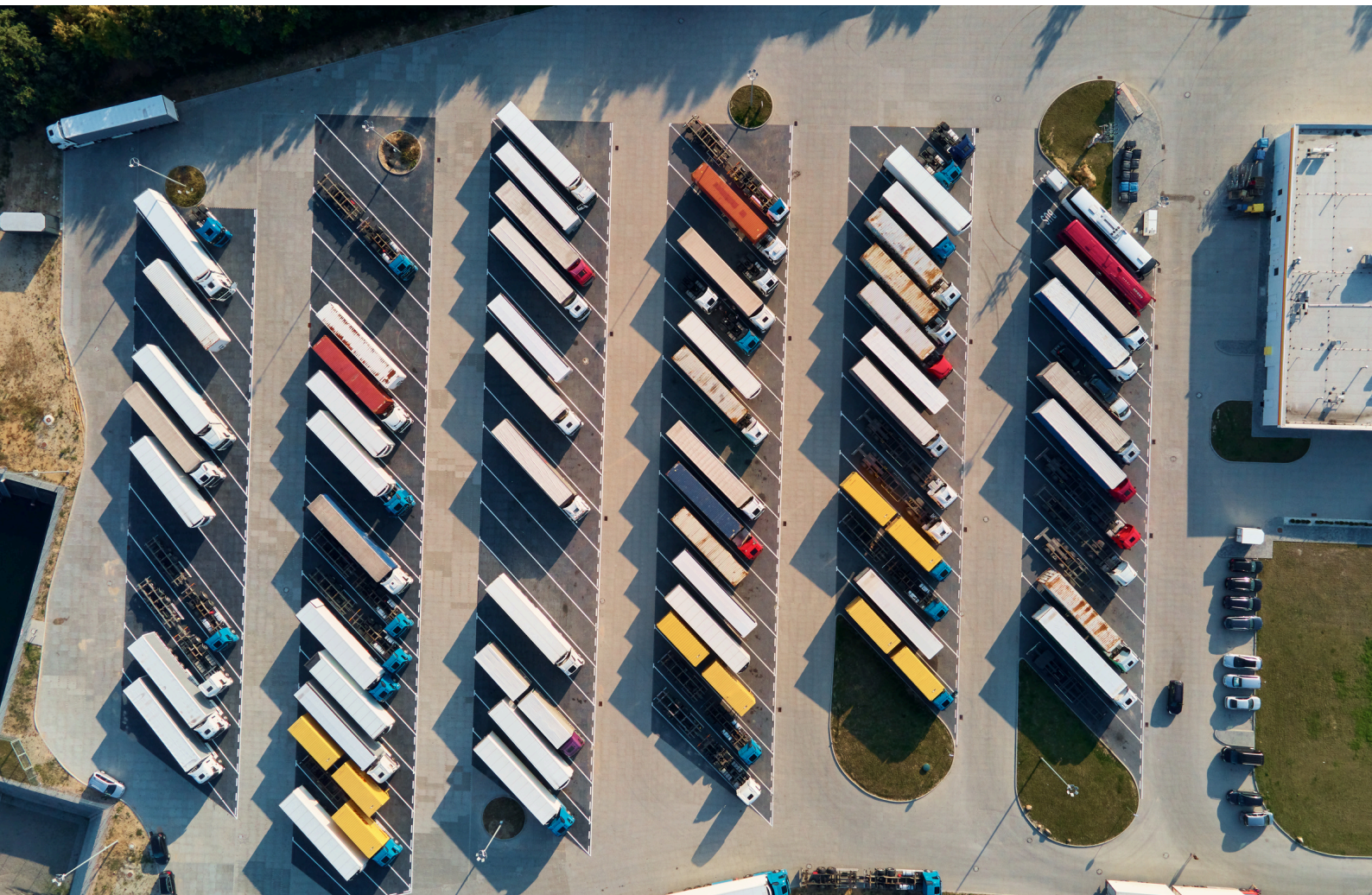


LOGISTICS

Desk to Desk Courier & Cargo (DTDC) launches Bharat One logistics hub in Haryana; daily processing capacity of 2,500 tonnes

News brief

- DTDC Express Ltd has recently launched the DTDC Bharat One Hub. It is a 1.5 lakh square feet logistics facility with a daily processing capacity of 2,500 tonnes, established at Rathiwas, Haryana. This hub is a part of DTDC's vision 2030 strategy to strengthen logistics infrastructure and improve freight movement across North India.
- This hub is strategically located to serve Punjab, Rajasthan, Delhi NCR (National Capital Region), Haryana and adjoining markets. It is well-equipped with advanced sorter systems, a multi conveyor belt setup, hydraulic dock infrastructure and enhanced dock utilisation capabilities. A workforce of over 150 professionals operates the hub.
- Across India, DTDC currently operates a network of over 16,500 customer access points and more than 500 operating facilities which cover 96% of India's population. The company believes resilient and scalable logistics networks are becoming a key competitive advantage as businesses expand into Tier 2 and Tier 3 markets.



How we see it



Why it matters

- DTDC's move is in the corridor that is well known by its biggest competition. Delhivery's first automated mega hub, operational since 2021, is also located in Haryana. Bharat One has been launched roughly four years after that
- DTDC has grown mostly through its franchise network. Owning and automating a hub like this reflects a shift in strategy. This also points to a company trying to compete not only on reach but also on speed and infrastructure
- The timing aligns with strong sector tailwinds. India's express logistics and courier industry is projected to grow from approximately ₹78,000 crore in FY25 to ₹1.57-1.92 lakh crore by FY30, representing a CAGR (Compound Annual Growth Rate) of 15-20%. A hub built for scale today is well timed for a market which is expected to grow more than 2x within the next five years
- The hub also delivers local economic benefits. While employing more than 150 people may be modest compared with DTDC's national workforce, it represents a meaningful employment opportunity for the Rathiwas region



What could go right

- DTDC's operating margin stood at 7.6% in FY25. If Bharat One reduces transit time and manual handling costs, there will be genuine room for this margin to improve further
- The corridor this hub serves (NCR, Punjab and Rajasthan) doesn't just carry local shipments. Freight passing through often connects to routes elsewhere in the country, so gains in efficiency here won't stay confined to one region
- If Bharat One performs well, it gives DTDC a working template rather than a one-off project. Lessons on layout, staffing and automation from this hub could make it faster and less risky to roll out similar facilities in other regions, rather than starting from scratch each time
- If Bharat One narrows the automation gap with Delhivery, DTDC could increasingly compete on service quality and speed rather than network reach alone. This could strengthen its position in premium and time-sensitive freight segments, even without matching Delhivery's overall scale



Key risks to watch

- Delhivery's Bhiwandi hub alone processes 8,000 tonnes a day, which is more than three times Bharat One's daily capacity within a single facility. Bharat One narrows the technology gap with Delhivery, but not the scale gap. In a corridor where speed and volume both matter, that gap could continue to work in Delhivery's favour
- Replicating Bharat One across multiple regions would likely require significant capital. However, with a FY25 net worth of only ₹175.6 crore and a net profit of ₹1.3 crore, DTDC has very little internal cash to finance repeated investments of this size. It would most likely need to raise external capital or take on debt to expand this model further, which will add its own cost and risk. Besides, demand risk may also emerge if Bharat One hubs are created in contested or saturated markets example: Mumbai Metropolitan Region (MMR)
- New hubs typically take a few quarters to reach full utilisation. Until Bharat One is consistently processing close to its 2,500-tonne daily capacity, it will be running below the efficiency it was built for, while still carrying fixed costs such as staff, equipment and maintenance. This might be a big concern for DTDC since its FY25 net margin of just 0.1% leaves very little room to absorb a slow ramp up or unexpected cost overruns
- Overall, this suggests DTDC's challenge is not building one good hub, but building enough of them in the right locations, while operating on far thinner margins than the competitor it is trying to catch up with





ROADS



Experts deliberate draft policy, guidelines for climate adaptation in National Highways (NH) construction

News brief

- The National Institute of Disaster Management (NIDM) convened a national workshop under the Ministry of Home Affairs, with support from the Ministry of Road Transport & Highways (MoRTH). Participants deliberated on and validated the draft National Highways Climate Adaptation Policy and Guidelines. The draft was prepared under the HighCAP (Climate Adaptation Policies & Guidelines) project, with IIT (Indian Institute of Technology) Delhi, IIT Mandi, and Delhi Technological University as consortium partners.
- The draft is built on vulnerability and risk assessments across 30 study sites covering ~2,000 km of national highways, spanning different climatic zones, hazard types and terrains.
- Based on these studies, the draft incorporates adaptation options, TEMP (Transport Emergency Management Plans), TEP (Traffic Evacuation Plans), climate projections up to 2090, and recommended changes to codes and manuals.
- The trigger is rising frequency and intensity of floods, landslides, storms, heatwaves and intense short-duration rainfall threatening the reliability of the NH (National Highways) network. Expert feedback from the workshop will help in finalisation before the policy is submitted for adoption.



How we see it



Why it matters

- Climate-related disasters already impose a significant economic burden, costing India up to 2% of GDP (Gross Domestic Product) annually and reducing central government revenue by up to 12%, according to a Coalition for Disaster Resilient Infrastructure–Department of Economic Affairs study (April 2026). Annual flood-related losses to the road network are estimated at approximately US\$172 million
- The per-event economics rise significantly in the hills. A single moderate landslide costs ₹10-25 crore to repair and closes the highway for 2 to 5 days which cost ₹15-30 crore per km to build. In effect, one landslide can wipe out the value of a kilometre of construction
- Roads built today will continue operating well into the climate conditions projected for 2090. Incorporating resilience at the design stage means measures such as larger drainage systems and culverts, higher road embankments, improved slope protection in hilly areas and heat-resistant pavement materials can be integrated from the outset
- The guidelines are also needed as India has already warmed ~0.7°C (1901–2018), and central India saw a ~75% rise in extreme rainfall events (>150 mm/day) during 1950-2015. With temperatures expected to increase in future, the extreme climatic events are expected to increase, hence the policy & guidelines are essential to make the future infrastructure resilient



What could go right

- Integrate hazard mapping to identify terrain-specific risks, along with evacuation planning and climate projections into project planning so that resilience is built into infrastructure from the design stage, instead of repairing damages after disasters
- By reducing the need for post-disaster road reconstruction, climate-resilient infrastructure can ease the fiscal pressure on government and provide financial benefits as for every \$1 invested for climate resilience, pilot projects have demonstrated benefits of \$7-\$8
- Once guidelines are incorporated into Indian Roads Congress (IRC) codes and MoRTH specifications, the guidelines will automatically apply to future Detailed Project Report (DPRs, ensuring consistent adoption across projects without requiring project-specific policy interventions



Key risks to watch

- The approximately 2,000 km assessed represents only around 1.4% of India's National Highways network, which spans approximately 146,566 km. Replicating the adaptation standards from 30 sites to every different type of terrain facing different climatic conditions may not be reliable. If the standards under-specify for any unstudied terrain, then compliant roads can still fail in the next extreme event. Also, if standards over-specify then, per-km costs will rise, and fewer kilometres will get built within the same budget, raising fiscal pressure on government
- With a large length of NH network, replicating the standards would take a minimum of 15 years assuming approximately 10,000 km of NHs are upgraded, annually. During this period, a significant portion of the network would continue to remain exposed to increasing climate risks, resulting in higher maintenance costs, service disruptions, and disaster-related losses
- Until the guidelines are formally adopted, new projects will continue to follow existing standards, that may not adequately account for future climate risks. This could lock in climate-vulnerable infrastructure for decades, increasing future retrofit and reconstruction costs
- The absence of official data on climate-related highway damage and restoration costs makes it difficult to assess the policy's impact as once the policy is in force, it cannot be assessed how much damage it prevented, because there is no baseline to compare with. Without proof of savings, it becomes harder to justify spending extra on resilient design, and also there is no data to decide which stretches would need upgrading first





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