**How Micro-Logistic Sector Can Become a Critical Enabler in India's Economic Revival Post Covid-19**

As India stares at a continued phase of jobless growth, the micro-logistics space will be one sector that will be able to provide job opportunities to millions of people in the organized and unorganized sectors as the online buying activity picks up pace.

The ₹20 trillion stimulus package announced last month in the wake of the COVID-19 pandemic has clearly demonstrated India’s resolve to minimize the economic damage and provide emergency financial support to key sectors and industries.

As the uncertainty around an immediate cure for the virus continues, economic activity in the near term may remain largely subdued with a likely increase in unemployment, weak investments, and slump in consumer demand for certain goods and services.

However, the seamless delivery of essential goods and services will remain critical as millions of people have moved to e-commerce platforms for buying daily essentials such as groceries, food, and medicines. Goods and services bought online undergo a range of processes before they finally reach the end-users - starting with first mile logistics, which involves pick-up of goods from the sellers and transporting them to the e-retailers' fulfilment centre or directly to the warehouse and processing or sorting them before delivering them to the end-user.

The micro-logistics sector, which ensures the last-mile delivery of these goods and services has in the recent past emerged as an essential service during the lockdown and may continue to remain so after the lockdown is lifted. As this sector holds the key to last-mile delivery of essential commodities for close to more than half of India’s 1.3 billion people, the economic potential, and the critical delivery function of this space needs to be acknowledged and provided with policy and regulatory support to help India script its growth story.

**MICRO-LOGISTICS SECTOR AS AN ENABLER FOR ECONOMIC ACTIVITY**

A recent McKinney survey on consumer sentiment across the globe revealed that consumers in China and India will continue to shop online even after the pandemic is contained. The strict enforcement of lockdown in India has made a host of goods and services such as medicines, alcohol, and most recently, cash for senior citizens and differently abled persons eligible for home delivery.

These goods and services, however, did not qualify for home delivery earlier. In the past few months, we have also seen a perceptible change in consumer buying behaviour which was previously driven by discounts but now, this has changed to safety concerns. As a result, we will see a continued rise in demand for last-mile delivery of essential goods and services which outlines the crucial role of the micro-logistics sector as a potentially large contributor to India’s gross domestic product.

The micro-logistics sector possesses immense potential to drive economic growth and help us address the growing issue of unemployment in the country. As a majority of India’s 1.3 billion population remains indoors, the online buying of essential and, to some extent, non-essential products and services will see a rapid rise.

Now, the task of delivering them to the last mile customer will definitely guarantee an affirmative growth opportunity for the micro-logistics sector and increase the workforce requirement. Besides, with focused intervention of the central and state governments in the form of stimulus packages will gradually incentivise discretionary online buying, providing the much-needed impetus to the economy. Additionally, as India begins to unlock, consumers are likely to unleash pent-up spending, accelerating the demand further for durable and non-durable goods.

**EMPLOYMENT OPPORTUNITIES TO SUPPORT ECONOMIC REVIVAL**

The logistics sector employs close to 40 million people and contributes $200 billion to India’s economy. With a growing number of positive cases in India, the demand for last-mile delivery of essential goods and services will continue to rise and will remain critical for some time.

Managing the growing delivery requirements with the existing workforce will be difficult for micro-logistics firms. Besides, semi-urban areas and smaller towns too have seen a steady rise in online shopping in recent times, particularly after the COVID-19 breakout. This will accelerate the demand for delivery executives in the near term. One of the major downsides of the pandemic is social distancing and, hence, spending will need to be more digital-driven than non-digital which will require delivery services. For example, in the next 6-7 months or more, people may likely avoid eating out due to lack of trust and to maintain social distancing.

As a result, online food ordering will gain, and delivery requirements will rise exponentially. As India stares at a continued phase of jobless growth, the micro-logistics space will be one sector that will be able to provide job opportunities to millions of people in the organized and unorganized sectors as the online buying activity picks up pace.

**SLOW BUT STEADY RISE IN DISCRETIONARY ONLINE BUYING**

The Mckinsey survey further observed that consumers in India are optimistic about their discretionary spending once the COVID-19 crisis is brought under control. But during lockdown, on account of the existing restrictions on non-essential buying, rising unemployment and shortfall in disposable income, discretionary spending witnessed a major drop.

As per a recent note by Morgan Stanley, discretionary consumption will change in 2020 due to COVID-19 as food, health, clothing, and shelter will take precedence over high-end consumption in terms of lifestyle and adornments. However, with ‘unlock 1.0’ and government’s continued relief measures, demand for non-essential goods will rise.

Customers from metros and smaller towns have already started placing orders for non-essential goods and services. Data from India’s e-commerce industry suggests that 75 percent of orders received in the third phase of the lockdown were for goods such as stationery, personal grooming products, apparel, footwear, and electronics.

Besides, India being a consumption-based economy, increase in consumption will be key to reviving the economy. The stimulus package too will play a crucial role in putting more cash in the hands of consumers for non-essential consumption.

While other sectors and industries may take more time to recover from the impact of COVID-19, the micro-logistics sector would be one of the very few sectors that will continue to operate at an increased pace and bounce back immediately after, offering employment opportunities to a large number of people.

The discretionary spending that it may spur in due course of time will significantly contribute to the post-COVID-19 revival of the economy and unlock India’s economic growth potential in the post-pandemic world.