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Crisil Freight Index slips further in April as weak cargo demand and fleet oversupply pressure road logistics

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Softening industrial activity, elevated fleet availability and global trade uncertainty continue to weigh on freight realisations across Indiaâ??s trucking ecosystem

Crisil Intelligence by S&P Global

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Indiaâ??s road logistics sector entered the new financial year under visible pressure, with freight rates across key trucking corridors softening further in April 2026 amid weaker industrial movement, subdued manufacturing dispatches and persistent oversupply in fleet capacity. According to the latest Crisil freight market assessment, the Crisil Pan-India Freight Index (CRISFrex), indexed to April 2025 at 100, moderated to 98.7 in April 2026, reflecting continued stress across the freight ecosystem after a brief recovery phase earlier in the fiscal year.

The decline comes after freight markets had shown temporary improvement during the third and early fourth quarters of fiscal 2026, driven by festive consumption, manufacturing activity and the rollout of GST 2.0. However, that momentum weakened considerably from February onward as geopolitical tensions in West Asia disrupted global trade sentiment and affected industrial supply chains.

Freight Movement Weakens After March Dispatch Momentum

Crisil noted that freight rates across major corridors softened largely because industrial and manufacturing activity moderated after the year-end dispatch momentum seen in March 2026. Lower cargo movement from manufacturing hubs and subdued freight availability across industrial value chains reduced freight realisations for transport operators.

The broader logistics environment also remained impacted by prolonged uncertainty in global trade flows arising from the continuing West Asia conflict. The geopolitical disruption affected cargo sentiment across sectors and contributed to softer freight movement across multiple industrial corridors.

At the same time, fleet availability remained elevated across the market, intensifying pricing pressure in long-haul trucking operations. As more vehicles competed for reduced cargo volumes, freight rates continued to face downward pressure despite operating costs remaining high.

Operating Costs Remain Elevated Despite Falling Freight Rates

While freight realisations weakened, transport operators continued to grapple with elevated operational expenses, particularly on account of tyre replacement, maintenance expenditure and fuel-linked cost structures. Crisil observed that the divergence between declining freight rates and sustained operating costs tightened operating margins for fleet operators, especially for small and medium transporters functioning on already thin cash flows.

The agencyâ??s analysis of transporter profitability showed that free cash flow before equated monthly instalments (EMIs) remained under pressure over the past several months due to this imbalance. Operating costs excluding EMIs continued to account for nearly 78â??79 percent of transporter revenues through much of the fiscal year, significantly compressing cash generation capacity.

The free cash flow margin before EMI obligations, which stood at 5 percent in April 2025, showed considerable volatility during the year and weakened sharply in recent months as freight rates softened.

Auto and Agriculture Segments Offer Limited Support

Despite broader weakness across freight markets, certain commodity-linked segments demonstrated relatively resilient movement patterns during April. Crisil highlighted that auto-carriers and agri-product transportation witnessed improved freight activity supported by healthy seasonal demand and relatively stable cargo movement.

Freight rates in these categories remained comparatively resilient even as broader road freight indicators weakened. Agriculture-linked transportation particularly benefited from seasonal movement patterns, while automobile dispatches supported utilisation across select corridors.

However, these pockets of resilience were insufficient to offset the overall weakness across industrial and manufacturing-linked freight segments.

FASTag Data Reflects Slowing Freight Activity

FASTag transaction trends also mirrored the broader moderation in road logistics activity. According to Crisil Intelligence analysis based on Reserve Bank of India data, daily FASTag transaction volumes weakened during the monsoon months due to softer freight movement and lower logistics activity across key corridors.

The third quarter of fiscal 2026 and the beginning of the fourth quarter saw gradual recovery supported by festive demand, consumption-led activity and GST 2.0 implementation. However, freight indicators began moderating again from February as geopolitical uncertainty linked to the West Asia conflict intensified pressure on industrial activity and supply chains.

March witnessed a sharper decline in FASTag transaction volumes, while April showed only marginal sequential recovery, with activity levels continuing to remain below earlier peak periods.

Fleet Utilisation Levels Moderate Again in April

Fleet utilisation trends tracked by Crisil also reflected uneven recovery patterns in the trucking industry. Utilisation levels had gradually moderated during the early months of fiscal 2026 because of weaker freight demand, softer industrial activity and elevated vehicle availability across key freight routes.

Conditions improved during the third quarter following GST 2.0 implementation in September 2025, which supported manufacturing movement and consumption-driven cargo activity. The recovery strengthened further during the fourth quarter due to seasonal demand and higher commodity dispatches.

However, the geopolitical situation in West Asia once again disrupted momentum. Concerns surrounding fuel supply chains led to operational uncertainties in certain regions, including precautionary fleet idling and localised concerns over diesel availability.

Election-related activity in states such as West Bengal, Tamil Nadu and Assam also caused temporary disruption in freight movement along specific corridors.

Although fleet utilisation improved during January and February, utilisation levels softened once again entering April 2026, underlining the persistent unevenness in cargo demand across Indiaâ??s road logistics ecosystem.

Diesel Price Risk Remains a Major Concern

Crisil also cautioned that the ongoing West Asia conflict continues to exert upward pressure on crude oil markets, creating potential risk for domestic diesel prices in India. Although diesel prices have remained stable for now, any future increase could materially affect transporter profitability given that fuel costs account for nearly 50â??60 percent of overall operating expenses.

The agency estimated that for every Rs 5 per litre increase in diesel prices, freight rate revisions of approximately 2.5 percent to 2.8 percent would become necessary to maintain baseline transporter margins.

In practice, however, freight rate pass-throughs are likely to remain asymmetric in a weak freight environment. Bargaining power constraints, excess capacity and fragmented demand may delay or dilute freight rate revisions, especially for smaller operators. Any concurrent increase in other operating cost components such as driver wages, toll expenses, maintenance and tyre costs could further elevate the freight rate revisions required across the sector.Â Â

The report noted that the ability of transporters to successfully pass on higher fuel costs to customers would remain critical, particularly for small and mid-sized operators already functioning under significant margin pressure.

Crisil also warned that simultaneous increases in other operating cost components â?? including toll charges, driver wages, maintenance expenditure and tyre costs â?? could further increase the freight rate revisions required to sustain profitability.

Structural Pressure Continues Across Road Logistics

The latest Crisil assessment suggests that Indiaâ??s trucking ecosystem continues to operate under structural stress despite intermittent periods of recovery. Freight rate trends across commodity categories remain uneven, while elevated fleet availability and volatile industrial demand continue to pressure realisations.

Simultaneously, operating cash flow resilience remains constrained due to sustained cost inflation and weaker pricing power within the sector.

Crisilâ??s freight market study incorporates inputs from 100â??150 transporters across 159 route-commodity combinations spanning 32 major freight corridors, 11 commodity categories and five truck platforms. The routes tracked include major industrial, logistics and consumption centres such as Delhi NCR, Mumbai, Bengaluru, Chennai, Kolkata, Hyderabad and Ahmedabad, collectively representing nearly 60â??70 percent of organised road freight movement in India.

The April 2026 trends indicate that while selective sectors continue to provide support, the broader road logistics ecosystem remains vulnerable to industrial slowdown, geopolitical disruptions and rising operational costs, keeping pressure firmly on transporter profitability and freight market stability.