Current Status & Vision of Rail Sector in India

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THE Indian Railways is facing the toughest challenge in recent times. It has become acutely aware of this fact and is trying to face it as bravely as possible.

The Railways is fully owned by the government of India. It had a separate Budget till recently. It has now been decided that the next budget of the Indian Railways will be a part of the General Budget.

The Railways has two major segments to cater to — the passenger and the freight.

"The Railways moves 23 millions passengers a day in 1,261 passenger trains, for this purpose, every day.

It has a network of 7,112 railway stations. Thus, Indian Railways is one of the world's largest networks comprising of 115,000 track km over a route of 67,312 km. The Railways earned a total of ₹ 16,379 crore from all segments of traffic, including but only ₹ 44,283 crore from the passenger traffic in 2015-16.

The Railways has a fixed target of earning ₹ 55,000 crore from the passenger segment – an increase of more than 15% from the previous year. The situation in the growth of passenger earnings in the previous financial year as only been 5%.

The demand for passenger traffic on the Railways is extremely high, particularly for long distance passengers. Another segment is that the Railways is catering to is the suburban traffic in large cities like Mumbai, Kolkata, New Delhi, Chennai, Bangalore, Hyderabad, etc.

On the freight segment, the Railways earned ₹ 109,207 crore in the year 2015-16. It has fixed a target of earning ₹ 117,933 crore in the year 2016-17, i.e. an increase of about 8%.

However, the growth in freight traffic over the previous year (2014-15) has been only 2.23%. In the year 2015-16, the Railways carried 1,104 million tonnes of freight traffic as compared to 1,097 million tonnes in the year 2014-15. The target for the year 2016-17 has been fixed at 1,160 million tonnes, which reflects a target of 5% growth. The actual freight loading in the current financial year (up to September) has been 6.25% less than the target and 1.6% less than the corresponding period of last year.

The major shortfall in loading has been in coal, raw material, steel plants, cement, foodgrains, fertilizers and other goods. Even in the container sector, there has been a shortfall as compared to the target, though the loading as compared to last year has been slightly higher.

It would be necessary to interpret the above facts to see in what direction the Indian Railways is moving. The situation appears to be none too happy as the freight segment which earns about 65% of the total revenues of the Railways does not seem to be growing at a pace which should be higher than the growth rate of the Indian economy which is growing at 7.5%.

Thus, the Railways instead of growing at about 10 to 12 % every year has actually grown by only 4 to 5 % in the movement of freight traffic.

The current year's performance seems to be even lower than the target of 5% for the financial year 2016-17 because the loading so far is about 1.6% less than the last year's performance from April to September.

The Railways share in the transport sector has gone down.

The main competitor of the Railways is the roadways. The share of the Indian Railways in the transport sector has been consistently going down from 65% a few years ago to only 30% at present. The freight traffic like cement, petroleum products iron and steel and other commodities, including containers has been moving away from the Railways to the roadways because of the unrealistic pricing system adopted by the Railways knowing with an abnormal increase in pricing is bound to result in diversion of freight traffic from rail to road.

The Railways has stated that it is suffering heavy losses in the movement of passenger traffic, particularly the short distances and the suburban traffic. As a result, it has been forced to increase the freight charges on the goods traffic without increasing the passenger fares which are subsidised. Even so, the Railways is losing more than ₹ 20,000 crore a year on passenger traffic and it is not in a position to increase the passenger fares due to political compulsions.

The vision of the Indian Railways as, therefore, should be to clearly set up a direction where it can innovate and be financially viable with increased efficiency and also by reducing the expenditure. The Railways realised that undue increase in the charges for the haulage of freight traffic has become counter-productive and has only resulted in diversion of traffic to road.

The government of India has taken time to realise that Railways is a part of the essential infrastructure of the country which needs to be augmented to meet the challgenges of passenger as well as freight traffic by making the much needed investment into capacity enhancement works. To fulfil that requirement, the Railways has come up with the Dedicated Freight Corridors from Kolkata to Punjab (Ludhiana) for movement of bulk traffic like coal, steel, etc. from NCR (National Capital Region) to Mumbai for the movement of container traffic to the ports of JNPT, Mundra and Pipavav

The Railways decided to invest heavily into increasing the capacity of the existing tracks which are utilised for passenger as well as for freight movement.

The Railway Board as well as Zonal Railways are making serious efforts towards implementing the report of the Committee for Mobilisation of Resources for Major Railway Projects and Restructuring of Railway Ministry and Railway Board by its, chairman, Mr Bibek Debroy, Member, NITI Aayog.

The road to recovery is long and the need of the hour is to work hard to keep the Indian Railways moving to meet the present and future challenges by becoming a viable and efficient mode of transport. ■