

# Lack of sufficient capacity in RAIL FREIGHT

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**R**ailways, an integral part of India's transport network, plays a crucial role in facilitating trade. An efficient railway system reduces the cost of transportation and thereby enhances the global competitiveness of the economy. In a large developing country like India, railways are a medium of long-distance transportation of passenger and freight. Railways are considered more energy efficient and environment friendly as compared to other modes of transport.

In 1950-51, railways were the main mode of transportation accounting for 86 per cent of freight transportation and carrying 37.6 BTKM worth of freight. Today, railways account for 35 per cent of freight transportation. According to Frost and Sullivan figures, within the entire transportation market of about \$30.8 billion in India, road and rail together account for approximately 87 per cent.

In India, we are dependent on road transportation because of lack of sufficient capacity in rail and also due to lower priority of Indian Railways towards freight



modities are being carried only where the distance between original point and destination are large. The rail coefficients of cement, coal and iron and steel etc. are around 45 per cent, 66 per cent and 60 per cent respectively. For carrying high value and time sensitive goods, railways are not the preferred mode of transportation, since railway networks are not point to point, transactions are pretty slow, service quality is poor, and there is lack of responsiveness to changing market conditions. The present rail network is not

corridors will help enable Indian railways to improve its customer orientation and meet market needs more effectively.

## Rail Freight Services

There is an urgent need to improve the share of railways in freight movement. The railways need to make themselves friendlier by adopting innovative marketing strategies and technological innovations and operations. The pricing of transport plays a major role and it is a major area which the railways will have to address by changing their pricing policies and making them flexible depending on the changing customer needs from time to time.

Also, private companies operating in railway freight industry can try to enhance their capabilities by gaining infrastructure for multi modal transportation. Multi-modal transportation involving roads and railways provide last mile connectivity. It also helps to save on fuel, is environment friendly, offers flexibility in loading, brings in economies of scale and saves overall costs to the extent of 4-6 per cent.

Railways can themselves think of forward and backward integration by acquiring or partnering

