

Move to rope in more private players, funds in railway sector

New Delhi, April 28:

Investment options for private firms might increase in the rail sector during 2013-18. The Planning Commission wants to increase the share of cargo moved by rail to 50-60 per cent. It is currently 36 per cent.

“A major issue for is how to improve the share of railways in freight movement...Also there is little private investment in the sector barring the container train operations,” Mr B.K. Chaturvedi, Member, Planning Commission, said while speaking in a seminar on India SCM and Logistics Summit.

When asked what specific areas in the rail sector would be opened up for private investment, Mr Chaturvedi said the details are being worked out.

Creating rail and road connectivity for ports to enable faster evacuation of cargo will be another area of focus, he said. Mr Charurvedi added that the country needs major reforms in the transport sector to ensure competitiveness of goods.

“We are clearly losing out because of heavy dependence on roads. We need to improve usage of rail,” Mr Vineet Agarwal, Executive Director, Transport Corporation of India (TCI), said.

However, several industry officials raised concerns on how lucrative the investment options will be given that Indian Railways' has not maintained a stable policy regime when it opened the container train operations sector. In this sector, the Railway Ministry is a regulator and operator. It has changed policies frequently leading to investor concerns.

LOGISTICS COST

Earlier, Mr Rick Blasgen, President and CEO, Council of Supply Chain Management Professionals (CSCMP), pointed out that companies in the US have been bringing down the amount spent on logistics in the backdrop of financial meltdown. CSCMP is an US-based body comprising supply chain professionals that conducts research in the sector.

Business logistics cost fell to 7.7 per cent of US Gross Domestic Product (GDP) in 2009, as compared to 9.3 per cent the previous year.

The logistics cost as a per cent of GDP is relatively higher in India (13 per cent) and China (15 per cent).