



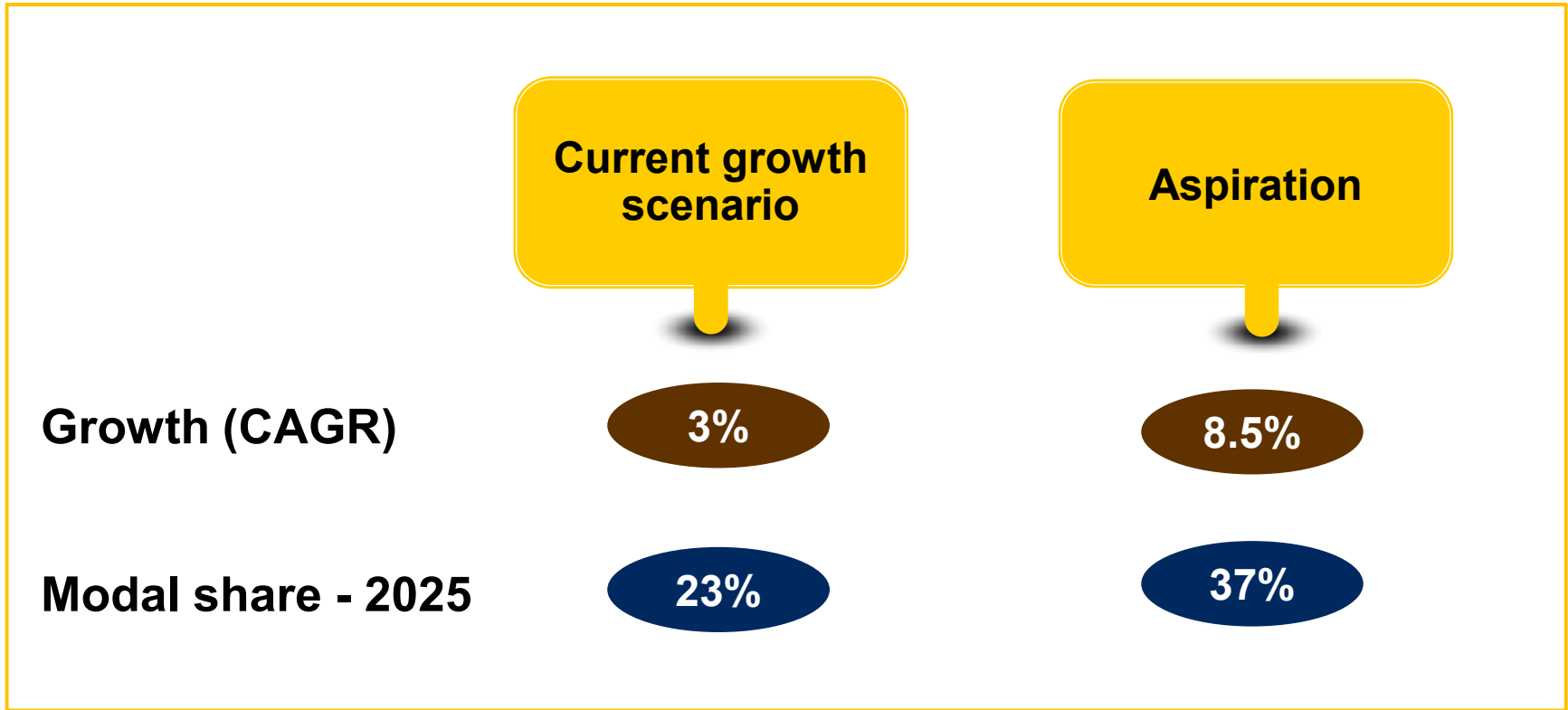
Make Indian Railways the Preferred Freight Carrier in India

20 November 2016

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चौकड़ इकोचोर

विकास का सुन्दर, खरी से, खर आर उदकृत का मकरी १ Why settle for ordinary, when excellence is achievable

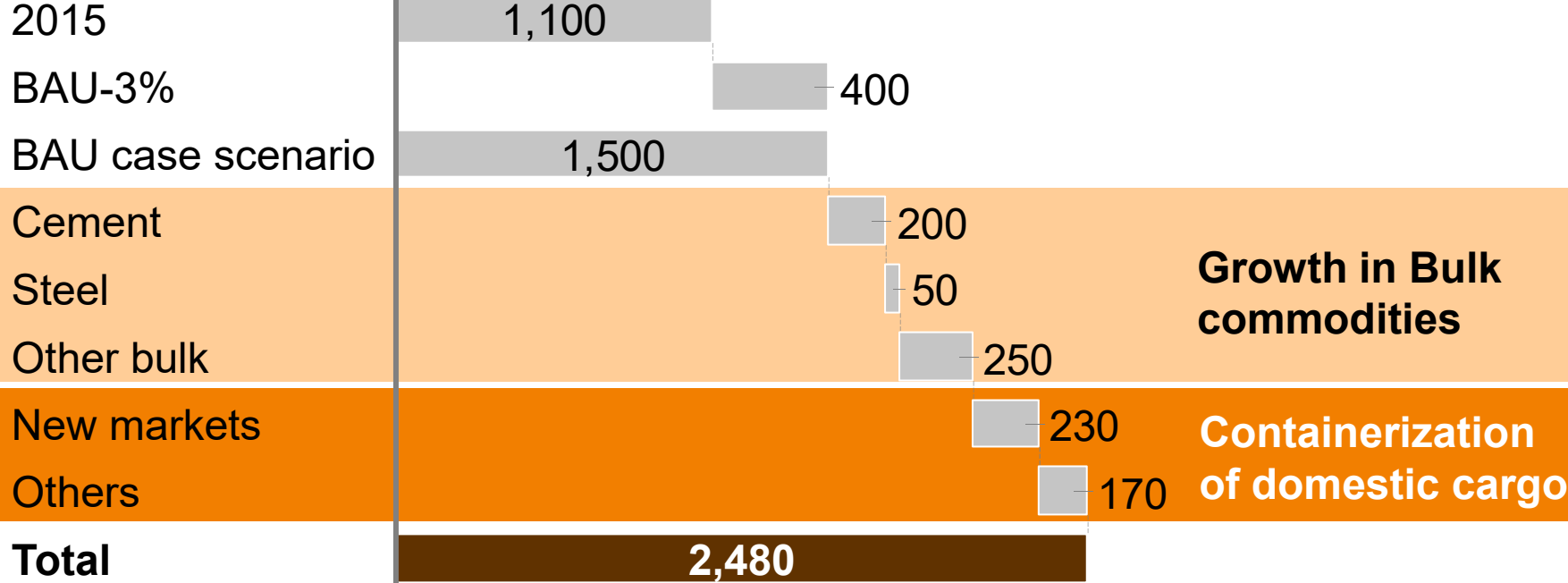
IR can achieve 37% share by 2025 by aiming high



How to get to aspirational modal mix, by commodity

Freight – tons carried by railways

Mn tons



Key issues

- Inadequate policy framework to develop terminal infrastructure
- Inability to reduce tariff due to high cost of service and cross subsidy of passenger traffic
- Customer service still basic
 - Time assurance needs to be in place
 - End-to-end solution for freight movement does not exist
 - Design of rolling stock needs improvement
- Inability to handle varied parcel size
- Planning needs improvement - lack of scientific analysis of market demand

Improve policy framework to develop terminal infrastructure (1/2)

Details	Metrics
▪ Number of siding proposal pending with IR	400
▪ Time taken to commission a siding	3-7 years
▪ Unused land along the tracks owned by IR	52,000 hectares

- ## Solutions
- Liberalize policy framework to ensure commissioning within 3 years
 - Develop integrated logistics hubs on surplus railway land in partnerships

Improve policy framework to develop terminal infrastructure (2/2)

Absence of warehouses at sidings



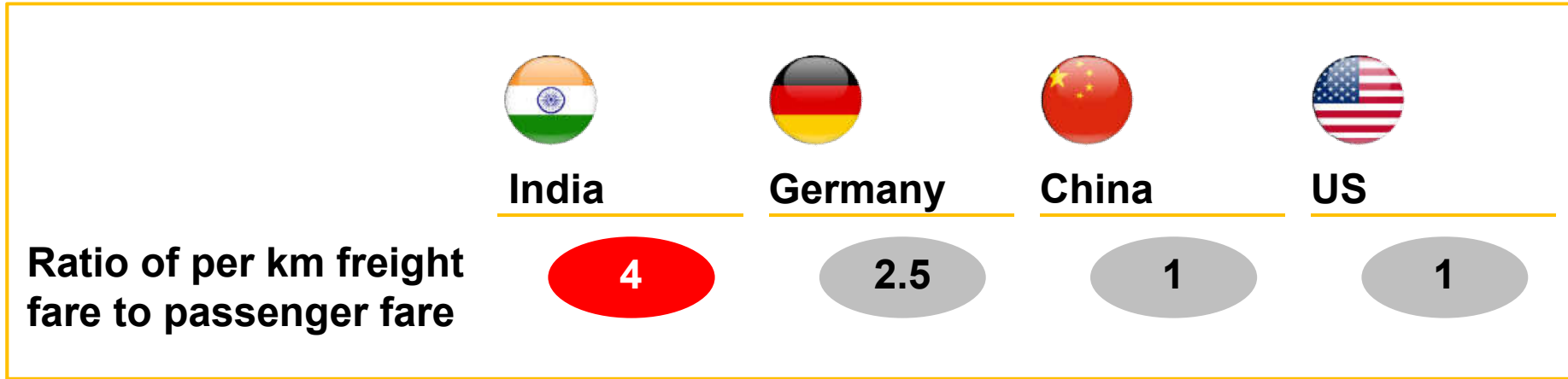
GULBARGA GOODHSED

200 bags/ rake damaged in case of cement during the loading, U/L process

Solutions

Build warehousing facility at select large terminals and sidings in partnership with the top freight customers.

Cross subsidization has pushed IR to be the costliest freight carrier

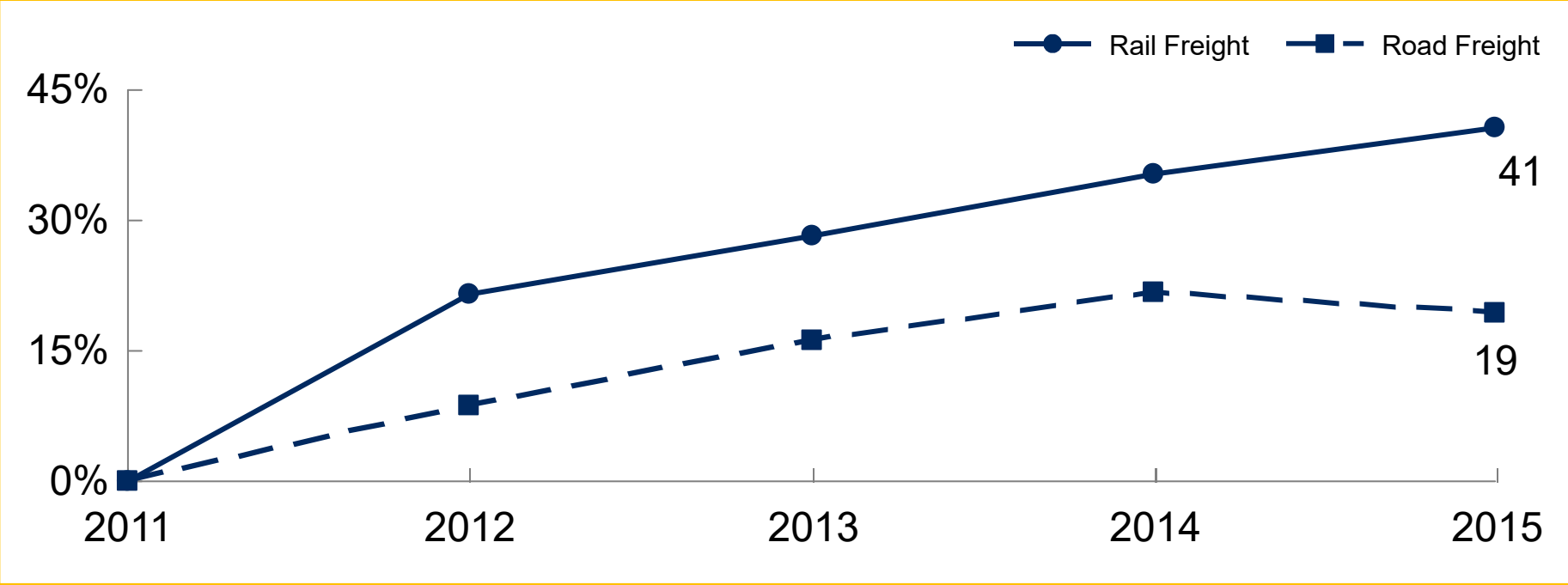


Solutions

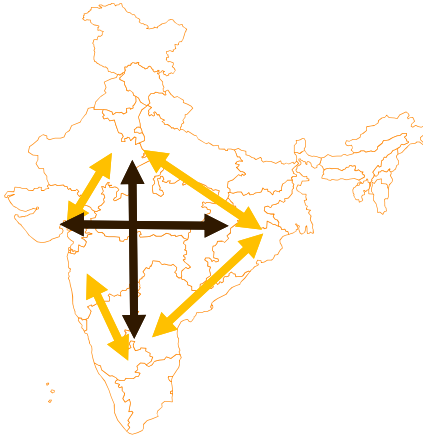
Develop an inflation based model for auto-correction of passenger fares and implement minimal fare increments till cost parity is achieved.

Gap with road transportation is widening – cement example

Yearly cumulative increase in primary freight indexed to 2011 rates – Cement example



Indian Railways has uniform freight rates across all density freight routes



Traffic Flows	Density	Freight (INR/TKM)
North-West	High	1.7
West-South	Medium	1.7

Solutions

Develop a new freight policy framework to incorporate route utilization, transit time assurances, type of service offering, market dynamics, etc.

Time assurance needs to be in place

Tughlaqabad – JNPT Freight corridor

ILLUSTRATIVE

Number of hours

Minimum Transit time

34

Maximum Transit time

66

Variation
of 32 hrs

Solutions

- Ensure time-table for Freight trains is followed and % fulfillment is included in service level agreement with customer
- Charge premium to the customers to avail time assurance service and offer discounts on non-performance by IR

End-to-end solution for freight movement has to be created

Value chain for Train

Loading @ Plant



U/L from rake



U/L, Loading at godown



To customer



Value chain for Truck

Loading @ Plant



To customer



Solutions

Implement End to end transport solution for selected commodities through partnership with national road freight logistics player

Both design and availability of special purpose wagons has to be improved

Industry	Market Size (MT)	Market share (%)
FMCG	300	2
Automobiles and Engineering	150	1
Textiles	50	1

Solutions

Modify or design and roll out wagons to capture the market in Steel, automobiles, FMCG, Textiles and Fly Ash

Challenges in handling varied parcel sizes

Details	Metrics
<ul style="list-style-type: none"> Market size of MSME business 	<p>18 Lac Crores</p>
<ul style="list-style-type: none"> Average Parcel size for MSME business 	<p>2.5 Tons</p>
<ul style="list-style-type: none"> Average Parcel size of IR 	<p>3,600 Tons</p>

Solutions
<ul style="list-style-type: none"> For selected corridors, partner with a private logistics player to aggregate MSME traffic. Leverage dwarf container design to offer competitive offering through double-stacking

Strategic shifts and implementation timeline

Milestone	Planned date of completion
Implement and track freight train time table	Mar 15, 2017
Set up Railway Planning and Investment Orgn	July 15, 2017
Redefine the pricing policy	Sep 15, 2017
Amendments in the policy framework to enable expansion in terminal infrastructure	Nov 15, 2017
Special purpose rolling stock for selected commodities	Dec 30, 2017

Key requisite for success: market oriented freight organisation

Thank You