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Rlys freight volume growth rate likely to double: study

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[Railways](#) freight volume is likely to grow by 2.1 per cent in the next fiscal as compared to its one per cent growth in 2015-16, according to a study.

The National Council of Applied Economic Research (NCAER) study on factors impacting railway freight traffic in India, presented to Railway Minister Suresh Prabhu, said the doubling of the growth rate is possible without any major policy shifts.

Railways had asked the economic think-tank [NCAER](#) for the study ahead of the Railway budget 2016-17 to focus on Railway's freight business and to identify the reasons for the recent plateauing of its growth to around one per cent per annum for bulk freight commodities, including coal, iron ore, cement, steel, fertilisers and foodgrains and container traffic.

The NCAER study also estimates the likely volume demand in 2016-17 for railway freight. Freight accounts for nearly two-thirds of railway's revenue spread over two broad categories, bulk and other goods, according to a release.

Railway's freight business is estimated to have grown at about one per cent in 2015-16. The NCAER study finds that there are several reasons for the nearly flat growth in IR's freight business in 2015-16. The Indian economy has been passing through a difficult and challenging time since 2014-15.

Deficient rainfall and two drought years in a row have lowered rural demand. Industry too remains sluggish due to low investment demand.

Alongside industry, growth in gross value added in 2015-16 for the mining and quarrying sector, railway's largest client, is estimated to be 6.9 per cent as compared to 10.8 per cent in 2014-15. Crucial components of core infrastructure, coal, steel, cement, and electricity, also showed a decline in their growth rate for April-December 2015 as compared to their performance in 2014-15.

Railways freight charges have gone up by 67 per cent in the last five years while there has been a decline in fuel prices. Road transport for freight has now become much cheaper than rail.

Among the policy reforms suggested by the NCAER study are correcting the fare/freight ratio; providing for periodic reviews of surcharges like the port congestion surcharge and busy season surcharge; steps to encourage short lead traffic; a review of the dual pricing for iron ore and review of transportation product design to cater to market requirements of smaller parcel sizes.

http://www.business-standard.com/article/pti-stories/rlys-freight-volume-growth-rate-likely-to-double-study-116021801106_1.html