

How freight corridors can make India into a global industrial hub

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As some parts of India reeled under massive power outages in April 2022 due to a sharp decline in coal stocks at some of the country's biggest thermal power plants, one of the government's recent infrastructure projects—dedicated freight corridors (DFCs)—came to the rescue. Using the DFCs, the government rushed coal from mines in the eastern part of the country to places in the North and West, saving the day. This incident, among others, has firmed up the government's resolve to expedite work on the under-construction DFCs. In fact, with a substantial part of the work on the DFCs nearing completion by the year-end, the government is examining a proposal to establish a network of such corridors.

But the infrastructure project, with multiple such corridors, has had its fair share of challenges. Conceived in 2006, the project has received five extensions after missing several deadlines in 2014, 2017, 2018, 2020 and 2022. And in 17 years, the project outlay—initially estimated at Rs 21,140 crore—has been enhanced to Rs 1.24 lakh crore.

“About 90 per cent of the construction work on the western and eastern dedicated freight corridors will be completed by December 2023,” Ravindra Kumar Jain, MD of Dedicated Freight Corridor Corporation of India (DFCCIL), told BT recently. He attributed the slowdown in construction to the pandemic-induced challenges, delays in environmental clearances, illegal encroachments and local agitations holding up land acquisition.

Despite the challenges, Jain and his team say that the project is on firm ground. “Besides track laying, the construction of level crossings through overbridges and underpasses, stations and feeder routes to link the corridors with important ports, multi-modal logistics parks and private freight terminals have been progressing well,” said Jain.

As the country pursues its goal of looking beyond a services-based economy to become a global manufacturing hub, India Inc. is looking forward to significant savings in the transit time of goods and commodities, resulting in better efficiency and cost savings. “The DFCs are not only an alternative to roads and the Indian Railways, but also complement the existing modes of freight transport. Effective use of these corridors will help reduce logistics costs and accelerate the development of new industrial hubs,” says Rampraveen Swaminathan, MD & CEO of Mahindra Logistics.

The National Logistics Policy launched in September 2022 seeks to cut the current cost of transporting India-made goods internally and to the world by half, by 2030. Logistics costs in India are 16 per cent compared to 10 per cent in China. Besides, a rail-based solution is an environmentally friendly mass transport system.

“Railways are about 12 times more efficient in freight traffic and three times more efficient in passenger traffic compared to road transport. As the Indian economy transitions, with economic growth and sustainable development as twin goals, mobility will play a key role,” says J.B. Singh, Director of MOVIN Express, a business-to-business logistics player. Singh also has a suggestion for DFCCIL. “We recommend greater transparency in the operations of the DFCs to help build trust with logistics providers and shippers. This could include sharing data on train schedules, freight volumes and transit times.”

Per estimates, the logistics sector is required to grow by 25 per cent to meet the requirement of moving goods. Since 1951, the railway sector's share as a transporter of freight traffic has declined from 86.2 per cent to 27 per cent today. DFCCIL proposes to reclaim the railway's share in freight traffic by running faster, heavier, higher and longer trains on the upcoming corridors.

Meanwhile, as the Indian Railways' special purpose vehicle, DFCCIL is working on detailed project reports to ring-fence the entire country, with railway corridors spanning the country's eastern to western coasts, to cover a 4,300-km distance. Delivering resources to any part of the country in a jiffy could be a reality soon.