

## PRIVATE INVESTMENT PUSH

# 200 more Gati Shakti terminals on the cards

DHRUVAKSH SAHA

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The Ministry of Railways is planning to offer another 200 Gati Shakti Cargo Terminals (GCTs) to corporate houses and freight operators for their rail-based supply chains buoyed by the response received so far, a senior government official told *Business Standard*. According to estimates, the 200 terminals may require around ₹12,000-14,000 crore private investment.

In her Union Budget speech of 2022-23, Finance Minister Nirmala Sitharaman had announced the Centre's plan to set up 100 GCTs in three years.

"The response to the first 100 GCTs has been impressive, and shows that there is appetite in the private sector – both freight operators and manufacturers – to invest in



**The additional Gati Shakti Cargo Terminals may need up to ₹14,000 cr private funding**

rail transit infrastructure. As soon as the first 100 GCTs are bid out, we have plans to establish 200 more terminals in the coming years," the official said.

Turn to Page 7 ►



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“Costs have gone up because of rentals, fuel costs, cash-loading charges, and adherence to the Ministry of Home Affairs' security protocols,” said an industry veteran. According to Railways data, 77 GCTs have so far been commissioned with an investment of ₹5,400 crore from operators at an average cost of ₹69 crore per terminal. In December 2022, Railways had received 129 applications from state-owned companies and private players.

The Adani group, the JSW group, Nayara Energy, Container Corporation of India, and Indian Oil are among those operating these terminals.

Through the proliferation of GCTs, the Centre looks to build its freight basket in the miscellaneous goods segment, which has been a weak area for the Railways. It was the



only commodity class that significantly lost cargo in the last year. For GCTs developed on non-railway land, operators construct their terminals after obtaining approvals from various authorities, and for those fully or partially on railway land, the land parcels are identified by Railways, and the GCT operator for construction and operation of the terminal is selected through open bidding, based on terminal access charges.

The investor bears the entire capital cost for building infrastructure and maintenance, while the national transporter maintains ownership. GCT operators can develop infrastructure facilities and provide value-added services such as warehousing, processing, and packaging.

According to Railways estimates, every new GCT has the potential to increase rail freight volumes by 1 million tonne (mt) per annum, which translates into an additional ₹100 crore for the Railways.

The terminals — many of which are owned by freight forwarders — will play a major role in the Railways plan to move towards domestic containerisation of goods.

Currently, the traffic that Railways carries in the container segment primarily caters to the EXIM sector, with domestic containers moving largely through road transport. For various types of volume-based goods, the Railways uses different kinds of wagons.