



# CHALLENGES IN RAIL TRANSPORTATION FOR STEEL INDUSTRY

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# Rail Transportation

- Railways is the most preferred mode of transportation for bulk commodities like coal, iron ore, cement, food grains, fertilizers and steel etc.
- Rail transportation is environmental friendly and has right of way.
- Demand for rail traffic linked with GDP growth.
- Traffic carried by Indian Rlys currently is 888MT(09-10) and has targetted for 944 MT in the current fiscal
- Vision 2020 document of Railways have projected 2165 MT traffic.

## IR and Steel Industry

- Steel related Traffic is  $\sim 25\%$  of originating traffic of IR.
- Indian Railway & Steel Industry have Traditionally strong bond – IR carried 189 MT of Raw Material & 31MT of Iron & Steel in 2009-10.
- Pig Iron & Steel Traffic handled by IR :  $\sim 50\%$  of total steel produced in India.
- IR a major customer of Steel.
- Envisaged Growth of Steel Prodn: 100 MTPA by FY12. However, this may get delayed due to various issues like land acquisition etc.

## IR and Steel Industry

- Focal point of growth: Orissa-Jharkhand-Chhattisgarh.
- Major Steel Plants have made significant investments for development of Private sidings, etc.
- However, growth critically dependent on development of input and Infrastructure resources
- Steel being bulk commodity, industry's preference will be IR - Steel Industry looking for wider support from Rlys.

## CONSTRAINT AND CHALLENGES IN RAIL TRANSPORTATION

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- ✘ Over saturated routes (over 120% capacity utilisation in some sections of Golden quadrilateral & its diagonal).
- ✘ Last mile connectivity poor.
- ✘ No Guaranteed transit time for freight train
- ✘ Approach towards infrastructure development has been so far incremental as per requirement.
- ✘ Overall logistics cost in India is about 13 -14 % of GDP against 7- 8% in the developed world.
- ✘ Need for creating infrastructure ahead of capacity build up.
- ✘ A freight train for a Journey of 2000 Kms at present takes 6 to 8 days

## CONSTRAINTS AND CHALLENGES IN RAIL TRANSPORTATION

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- ✘ Common track for freight and Passenger trains and passenger trains, obviously, have over-riding priority.
- ✘ A mix of electrified and diesel traction routes
- ✘ Blockades, Bandhs, foggy weather further delay the movement of freight trains and freight trains get stabled en-route for hours.
- ✘ In some sensitive areas, no movement of even freight trains in night.
- ✘ Cross subsidisation of passenger fares from freight. Therefore, freight rates are high ( approx 4 times of US rail freights) , though Freight earning account for about 66% of total traffic earning

## EXPECTATIONS OF STEEL INDUSTRY

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- Predictability in wagon supply
- Faster transit time
- High end product movement.
  - Special wagons requirement
  - Damage free transit
  - Smaller parcel size
  - Unitisation & Packaging
- Supply chain visibility –Tracking of consignment

## CHALLENGES BEFORE INDUSTRY

- Handling of higher axle load and higher height wagons.
- Longer trains and higher capacity wagons
- Reduction in unloading and loading time of rakes- Difficult in the brownfield in some cases due to space constraints.
- Development of New terminals/sidings with aim to reduce detentions
- Land acquisition for additional production capacity and creation of infrastructure for the same.
- Law and order problem



## CHALLENGES BEFORE INDUSTRY

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- Concept for Door to Door services & strategy to capture piecemeal traffic in view of changing competitive market.
- Highways & Expressways are potential competitor to Railways, particularly for finished steel despatches.
- Not enough funds available with Railways for infrastructure growth and lukewarm response on private participation.
- Inconsistency in Railway Policies – Own your wagon scheme & TIELS Scheme of Railway was closed down abruptly.

## RAILWAYS INITIATIVES FOR PPP

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- Development of freight terminals under Private Freight Terminal Policy.
- Procurement of Special purpose wagons (SPW) or High capacity wagons (HCW) under Special Freight Train Operator Scheme.
- Development of Dedicated Freight Corridor (DFC) and strengthening feeder routes to DFC
- R3i Policy for construction of new rail line ( $\geq 20$  KM)
- Development of FOIS – Supply chain visibility

## INITIATIVES BY SAIL

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- ✘ 100% funding of Rowghat-Dalli-Rajahara rail line project
- ✘ Equity holder in Paradip-Haridaspur rail line
- ✘ MOU with M/s RITES for wagon manufacturing facility in Kulti, West Bengal
- ✘ MOU signed with IRCON on 15<sup>th</sup> Jan'11 for PPP in infrastructure projects
- ✘ M/s RITES engaged for preparation of fesaibility/DPRs for upgradation of rail logistics facilities at plants/mines

## EXPECTATIONS OF RAIL USERS

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### ● Augmentation in rail Infrastructure

- Creation of matching Rail line Capacity (*especially in high density sectors*)
- Augmentation of Rolling stock
- Augmentation/Development of sidings/ good sheds
- PPP models for rail infrastructure development should be investor friendly.

# EXPECTATIONS OF RAIL USERS

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- Scheduling of Freight trains.
- Timely Forecast of empties for advance planning
- Single agency - End to -End total logistic solution
- Rationalise Freight rates– cross subsidy to passenger fare not to be borne by freight customers.
- Sharing the cost of terminal development.
- Incentives for existing & new sidings on EOL concept (scheme on hold till further orders)

Apart from Rail  
transportation,  
other links of  
transportation like  
Roads, Ports,  
Coastal shipping,  
feeder routes etc.  
shall need  
matching  
capacity  
augmentation

THANKS

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The heaviest ever train weighed 99,732.1 tonnes (220 million lb) and was 7.353 km (4.568 miles) long.

Assembled by BHP Iron Ore (Australia), the train travelled 275 km (171 miles) from the company's Newman and Yandi mines to Port Hedland, Western Australia, on 21 June 2001

