

# Rail freight hits fast track in India's auto industry



## RAKING IN

- Maruti aims to increase its rail dispatch share to 35% by FY31, up from 22% last year
- It pioneered the use of railways for vehicle dispatch in 2013 and has since saved 270 million litres of

fuel through rail logistics

- Hyundai relies on rail for 100% of dispatches to the North-East region
- Maruti Suzuki's efforts in green logistics have significantly contributed to energy efficiency, emissions reduction, and fuel savings

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Indian Railways is seeing a major rise in its handling of automobile traffic, with the modal share of railways in overall vehicle transportation increasing from a mere 1.5 per cent in 2014 to over 20 per cent now.

According to Indian Railways, the number of rakes used for the automotive sector increased by 9 per cent from April to December in the current financial year (FY25), resulting in a 5 per cent increase in freight revenue, reaching ₹973 crore.

With three months remaining and companies like Maruti Suzuki India (MSIL) and Hyundai Motor India (HMIL) moving aggressively, the revenue from the segment is expected to be close to ₹1,400 crore, up from ₹1,250 crore in 2023-24. Take the case of the passenger car market leader MSIL, which produced more than 2 million vehicles in calendar year 2024 and handled around 496,600 vehicles, up 18 per cent from 422,300 vehicles in 2023. Similarly, HMIL handled around 156,724 units by rail freight in 2024, up from around 150,000 units in 2023, accounting for 26

## GREEN DRIVE

	FY25*	Y-o-Y chg in %
Loading (No. of rakes)	5,651	9
Freight revenue (in ₹ cr)	973	5

\* Apr to Dec period

Source: Indian Railways

per cent of its total domestic wholesale volume in 2024.

According to data available with *Business Standard*, the number of rakes handled by Indian Railways for the automotive sector between April and December of FY25 stood at 5,651 units, up from 5,198 rakes in 2023-24 (FY24). This led to an increase in freight revenue, from ₹928 crore in the April to December period of FY24 to ₹973 crore in the same period in FY25. Almost all passenger vehicle and commercial vehicle companies now depend on railways for transportation. Other major players reportedly using the rail route include Tata Motors and Mahindra & Mahindra.

According to Hisashi Takeuchi, managing director and chief executive

officer of MSIL, the company is targeting to increase the share of vehicle dispatches via railways to around 35 per cent by 2030-31 (FY31), up from around 22 per cent in the last financial year (FY24).

Interestingly, MSIL was the first to obtain an automobile freight train operator (AFTO) licence and introduced dedicated wagons for vehicle rail logistics operations in 2013. In that year, it flagged off the first flexi-deck auto-wagon rake, and in June 2024, it exceeded 2 million vehicle dispatches using the railways. In addition to energy efficiency, rail traffic also saves time and costs for companies involved in long-distance travel.

"MSIL pioneered the use of railways for vehicle dispatches over a decade ago by becoming the first company in India to obtain the AFTO licence. Through our sustained efforts in green logistics, we have achieved outstanding results, including the cumulative reduction of 10,000 million tonnes of carbon dioxide (CO2) emissions and 270 million litres of cumulative fuel savings. With our production capacity nearly doubling from about 2 million units to 4 million units by FY31, we plan to increase the use of railways in vehicle dispatches to close to 35 per cent over the next seven to eight

years. We remain committed to the Government of India's net-zero emission target by 2070," Takeuchi added.

According to HMIL, its rise in rail share to 26 per cent from around 25 per cent last year resulted in the prevention of 18,352 tonnes of CO2 emissions in 2024. The company also relied on the railways for 100 per cent of its dispatches to Northeast India.

Tarun Garg, whole-time director and chief operating officer, HMIL, said, "By utilising Indian Railways' extensive rail network for delivering Hyundai vehicles from our plant in Sriperumbudur to multiple locations across India, we optimise logistics operations. As the Government of India continues to upgrade rail infrastructure with dedicated freight corridors and modern, energy-efficient rolling stock, ensuring faster movement of goods, HMIL remains committed to utilising rail freight to reduce emissions in the long term." HMIL has cumulatively dispatched 537,499 units by rail over the past four years, from 2021 to 2024, effectively preventing 63,452 tonnes of CO2 emissions.

According to media reports, in addition to MSIL, players like Transport Corporation of India, APL Logistics VASCOR Automotive, Adani NYK, IVC Logistics, and Joshi Konoike Transport & Infrastructure also hold AFTO licences.