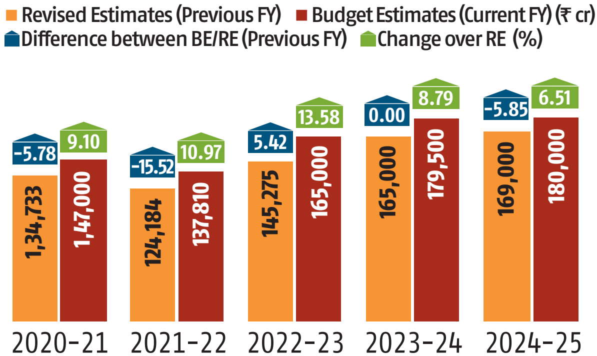
Freight target miss in FY24 set to dent Rlys' growth plan

FREIGHT EARNINGS



Source: Budget documents

DHRUVAKSH SAHA
New Delhi, 6 February

A ₹10,000-crore cut in the revised estimates (RE) of freight earnings of the railways in the Interim Budget means that the railways may see a goods revenue growth of only 0.28 per cent against its FY24 Budget estimates (BE), denting its ambitious near-term goals.

Against the revised estimates (RE) for FY24, the national transporter envisages a 6.51 per cent increase in its goods revenue at ₹1.8 trillion. Since the onset of the pandemic, the railways either outdid its budget targets or met them in the revised estimates. This had fuelled hopes of a long-pending major modal shift in the country's logistics towards railways.

Grappling with capacity concerns, this is the first post-pandemic Budget where the railways will miss its targets set at the beginning of the financial year. At the beginning of FY24, experts had pointed out how this could be the trickiest post-pandemic year for the railways to manoeuvre through. Passenger traffic, especially for the second/general class, is set to hit an all-time high with freight demand also seeing record growth. The less-than-expected freight loading for railways also had an impact on its operating ratio for FY24, which was initially envisaged at 98.45 per cent, but is expected to close 20 basis points (bps) higher. This is despite the railways saving close to ₹8,400 crore on its pension bills as RE for pension fund appropriation was revised down to ₹62,100 crore.

"The performance is inconsistent with the economic growth of the country, which is growing at 7 per cent. Some course correction is needed in terms of rolling stock planning and systemic issues of the railways," Lalit Chandra Trivedi, former general manager of East Central Railway, said. In 2022, the railways was aggressively moving towards its internal mission — 2024 (mt) by 2024. Detailed demand for grants by the railways shows that its target for FY24 was revised down by 20 million tonnes (mt) to 1,580 mt. Its target for the upcoming financial year is 1,650 mt, which implies that it will miss it by over 350 mt. Officials admit that the aim was too ambitious to begin with. According to Trivedi, freight train speeds reduced in FY24 due to passenger traffic coming back to pre-Covid levels, more traffic blocks on the network due to upgradation works, non-connectivity of the Jawaharlal Nehru Port (JNPT) with Western Dedicated Freight Corridor, and lack of adequate freight marketing efforts.