

# Freight rates, rake shortage hit coastal coal shipping plan

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The Union government's plans to enhance coal transport and curtail coal demand-supply mismatch through coastal shipping mode are finding it difficult to take off. High rail freight rate for coal transportation from mines to ports and shortage of railway rakes at the ports have resulted in underutilisation of capacity at major ports, data accessed by *Business Standard* revealed.

Between 2015 and 2018, rail-sea-rail (RSR) freight rates for short distance movement on the Talcher-Paradip and Ennore-Mettur circuits rose by over 75 per cent, creating major cost pressures. A senior official said the increasing rates would prove to be an obstacle as viability of coastal shipping gets affected.

"Short-distance freight has disproportionately increased as compared to long-distance freight," the official said, adding the Ministry of Ports, Shipping and Waterways (MoPSW) had asked railways to lower its charges for the RSR mode.

This came at a time when the Railways was under so much pressure to deliver thermal coal that it had to cancel over 1,000 passenger train trips to prioritise movement of coal rakes. The proposal to carry coal using coastal routes was recently discussed at a PM Gati-Shakti inter-ministerial meeting. Moreover, inadequate rake supply continues to haunt Railways despite its

numerous claims of intervention. At the peak of the coal shortage in May, the national transporter failed to meet its rake supply target to Paradip port by 20 per cent, leaving it at a fourth of its capacity.

Railways could not provide over a third of the rakes required for imported coal shipments that month, data shows. Delay in evacuating inbound cargo causes congestion at ports, impacting the whole supply chain.

According to estimates, the capacity at Paradip Port will be augmented to 57 rakes by October from 41 rakes in May. The authority has expressed

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concerns that enhanced capacity not being matched by rake supply by railways will cause idling of port assets, underutilisation losses, and increased logistics costs.

*Business*

*Standard* had reported that several road and rail projects for ports continue to languish, and over 28 rail projects were still in the planning stages.

Union Power Secretary Alok Kumar reviewed these bottlenecks at Paradip Port in May, instructing the railways and port authority to address them on a priority basis. He had asked the national transporter to complete ongoing projects near the port by July.

The RSR coal route is being touted as one of the important supporting pillars of the latest National Coal Logistics Plan. The government sees a potential of 110 million tonnes (mt) of coal movement through coastal shipping.