Business of Indian Railway: Strengthening the Economy

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Abstract

All the transport system as roadways, airways and railways exist in India. But Indian rail system has flourished itself in the major way. Indian Railways has large position in the economic development of the nation. Railway is very appropriate for the long journey. The origin of Indian Railway goes back in 1853. First train of India journeyed the distance of 22 miles between the Bombay and Thana. This transport system is providing employment second only to defense. Indian trains transport 90% of the total coal all over India. This sector is supplying the 50% of the power in the country. In 2007, this sector generated the revenue of USD 18.8 billion which has increased in the year 2015 up to USD 26.4 billion. Indian railway is assisting the economic and social development of the country by providing a sound business along with the employment to the large chunk of the population.

Key Words: Indian Railways, Foreign Direct Investment (FDI), Yatri Ticket Sewa Kendras, Suburban Mobile Ticketing System.

Indian Railway

Indian railway is the third largest network among the various rail networks in the world. It has big role in the economic development of the country. Railway is very suitable for the long journey. The origin of Indian Railway goes back in 1853. First train of India journeyed the distance of 22 miles between the Bombay and Thana. At the time of beginning Railway transport system was operated by the private British companies for the business purpose. Government of India took over the first railway company in 1925. Thereafter in 1950, the Government took over other companies also. Now days Indian Railway has become the biggest nationalized enterprise of the country. For transporting the heavy and bulk commodities any other transport system cannot take place the railway transport. Indian railway network covers 66000 kilometer distance in the country. 21000 passenger and freight trains run daily on these lines. These railway lines are having 7146 stations all over the India.

Objective of the Study

This paper highlights the contribution of Indian Railway in the economic development. An analysis of the performance of the Indian Railways has been made in the study for the purpose. In the ending part containing the conclusion, the findings of the study have been pointed out after considering the various literature and data collected by the researcher.

Research Methodology

The present paper is based on the performance of the Indian Railways. For studying and analyzing the present problem, the existing information has been considered from the various published and online sources. Data for the analysis have been collected from the secondary sources. Main limitation of this study is that it is based on
the material and information collected from the secondary sources.

**Business of Indian Railway**

Indian trains carry 23 million people everyday which is equal to the population of Australia. It transports the freight in the very big size i.e. 1097 millions tones in a year. 13 lakh people are employed in the Indian railway. This sector is providing employment second only to defense. Indian trains transport 90% of the total coal all over India. This sector is supplying the 50% of the power in the country.

During the period of ten months i.e. from April 1, 2014 to January 31, 2015, the approximate earnings of the Indian Railways were reported at Rs. 128928.28 crore which were Rs. 114428.52 crore during the same period in the previous year. This sector has attained the increment of 12.67 % in the period of one year. This sector has gained significant growth in the various areas like line doubling, gauge conversion, electrification and lines commissioned.

![Figure 1: Year-Wise Doubling of the Railway lines (Kilometers)](image)

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**Source: Rail Badhe-Desh Badhe, Report of, Ministry of Railways, Govt. of India**

In the year 2013-14, only 675 kilometer lines were converted into double lines and in the next year this figure increased up to 723 kilometer and in the year 2015-16, the Government has fixed the target of doubling the 1200 kilometer.

![Figure 1: Year-Wise Electrification of Route of the Railway lines (Kilometers)](image)

**Figure 1: Year-Wise Electrification of Route of the Railway lines (Kilometers)**
Indian Railway has achieved big achievement in the area of electrification of routes. In the year 2014-15, 1375 kilometer railway line was electrified which was more than the previous year. The Government has set the target of electrification of 1600 kilometer lines in the coming year.

Expenditure on capacity augmentation of the Indian railway like new lines, doubling, gauge conversion etc., has been increased by 138 % in the year 2015-16. The outlay for the passenger amenities works have been increased by 67% in the year 2015-16. Government has proposed an investment plan of Rs. 856020 crore in the upcoming five years -2015-2019. For making the railway transport system more competent a big amount has been approved by the Government worth Rs. 96000 crore.

Amenities Provided by the Rail Sector

Figure 3: Year-Wise Gross Revenue Trends (US $ Billion) of Indian Railway

Source: IBEF Statistics

In 2007, this sector generated the revenue of USD 18.8 billion which has increased in the year 2015 up to USD 26.4 billion. This transport system is strengthening the Indian
business in the significant manner. And it is expected that by the year 2020, Indian railway will touch the revenue of USD 44.5 billion. Government of India has allowed 100 % Foreign Direct Investment (FDI) in this sector for opening the doors for investors in the more advanced projects like high-speed railways, high-powered electrification of lines and high-speed tracks and suburban corridors.

Conclusion
Indian Railways is the flourishing transport system of the country. It has become the third largest rail network of the world by occupying the big revenue generator. Revenue generation by this sector is increasing year by year and strengthening the economy in the significant way. This transport system cannot be ignored when the talk prevails regarding the efficiency of various transport means. Indian railway is assisting the economic and social development of the country by providing a sound business along with the employment to the large chunk of the population.

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