

# Corporate Vision 2025





# Euphoria

- GDP growth averaged 9% pa in last 3 years. Impact of downturn in World Economic scenario to affect growth rates in 2008-09 & 2009-10
- Expected growth rate - 6% by end of 2009 and by 2010-11 return to 9%. High growth expected to be sustained for ten years – **Estimated originating freight traffic more than 2050 million tons by 2025.**
- Rail transport share in total originating traffic-30%. **Rail share 51.5% for leads beyond 300km**
- Only nation amongst the BRIC (Brazil, Russia, India, China) countries expected to grow at 5% or more for the next forty five years
- Will become one of the three largest economies in 30 yrs
- Working age population more than 60%



# Dampener

- Poor in absolute numbers > 300 m
- 44% of those above 15 years - no schooling
- Universal access to primary health care not achieved
- Ranked 132nd in terms of Human Development Index
- India's Per Capita Income will remain lower than other BRIC nations in 2050
- Global recession to have adverse impact on exports & growth potential



# Dramatic turnaround attributed to

- Focus on increasing volumes through changes in operations and maintenance practices
  - increase in axle load,
  - reduced rolling stock examination requirements
  - improved handling at terminals resulting in vastly improved productivity of rolling stock assets
- **Better pricing** - based on sound economic principles leading to surge in revenues as traffic volumes increased
- Presence of a **strong will to formulate and implement policies** that bring in these changes.

**Principal underlying philosophy of this transition:**

Belief that there was much to be exploited within system – more effective utilization of assets as well as obtaining better prices wherever justified.



## Budget Speech 2008 - Hon'ble MR

- Financial turnaround achieved by thinking beyond beaten path- taking innovative decisions in commercial, operating & pricing policies and through cross functional co-operation & co-ordination
- For making magical turnaround durable, Railway vision 2025 document will be prepared outlining our preparedness & strategies for future



# Hon'ble MR-Vision 2025

- Vision Document to set forth target for coming 16 years in field of operational performance & quality of service
- Detail an action plan for achieving stipulated targets & necessary investment plans thereof
- Details of customer centric modern passenger services & various freight schemes to sharpen competitive edge of Railways
- Blue print of an organisation that encourages trans departmental decision making to take Railways to unprecedented heights
- Route wise planning to reduce traffic bottlenecks, expand network & modernise Railways
- Passenger services governed by two words-Comfort & Convenience
- Buzz word in Freight Business-Commitment & Connectivity
- Document to inspire Railway Management & employees and like guiding light for future generation

# Indian Railways – Vision 2025



- Strive to regain central role in India's Transport system & become Engine of Economic Growth
- Transform into an efficient World class system, catering to the diverse needs of its customers
- Commercially vibrant organisation with a hearty social conscience



# IR- Major Challenges Ahead

- Strengthen position in transportation of Bulk cargo for core sector
- Find New Growth platforms in non bulk & Container segments
- Meet competitive challenge from low cost airlines in respect of premium passengers
- Provide affordable travel and pleasant journey experience to the weaker sections
- Attract, Nurture and Retain talent







# Freight Business

## The View

- GQ and Diagonals - high growth areas for freight and passenger traffic. Demand exceeds supply capabilities
- Incremental investments not sufficient
- Act as growth impetus to the market
- Exploit economies of clustering & agglomeration
- Customized solutions in freight business



# Strategies- Infrastructure

Most of busy routes oversaturated

**Removing bottlenecks and augmenting capacity- Top Most priority**

- Investments in enhancement of terminal & line capacity being significantly raised
- Dedicated Freight corridor planned to segregate Freight & passenger operations
- Upgradation of axle load of tracks
- Development of wagons with higher payload to tare weight ratio



# Other Strategies

- Improvement in Train speeds
- Dynamic market focussed tariff structure
- Close Monitoring of operations using IT systems- FOIS, Control charting, Data-loggers
- E-payment-Use of IT enabled systems to streamline freight payments - online transactions
- Identification & Adoption of Safety enhancing Technologies





# Freight Business

## The Vision

- Dedicated Freight Corridors – on GQ & Diagonals
- Unigauge Network-Potential alternate paths
- Transit time based services
- New organizational form for tariff setting & contracting
- Logistic parks and warehousing complexes
- Terminal / Siding specific performance oriented commercial policies
- Efficient handling of parcels-Bar coding, RFID Tags
- Customer focussed capacity building reorienting the planning process



# Passenger Growth

- Indian Railways (IR) carried 6.24 billion passengers in 2006-07 and passenger earnings about 31% of the gross traffic receipts
- Number of passengers increased from 3915 to 5378 million from 1995 to 2005, **an increase of about 1500 million passengers.**
- Optimistic projections suggest passenger traffic could grow to 7000 million in 2010 and more than **14000 million by 2025.**
- Passenger kilometers could increase to more than **2175 billion PKMs in 2025** from 880 billion PKMs in 2010 and 1370 billion PKMs in 2015.

# Passenger Business



## The View

- **Understand passenger profiles in different segments** using digitized databases developed by CRIS – to meet changing customer requirements, plan for future services
- **Identify service requirements of distinct market segments & their sensitivity to price change** through surveys to create specialized products
- **Address competition** from airline & road sector for different distance slabs & demographic segments
- **Comfort and Convenience** key words for every activity – ticketing, access to stations, station facilities, on board services, train timings
- **Make Rail Travel a Pleasant Experience**



# Passenger Segment

- Effective use of ICT to facilitate purchase of tickets from their homes/nearby locations
- Augmentation of seating capacity - running longer trains (26 coaches), higher capacity coaches
- Introduction of more comfortable and affordable classes -AC 3 tier, Garib Rath
- Forge Partnership with State Governments to segregate suburban from long distance corridors in & around cities
- Based on feasibility- High speed passenger corridors to link cities located 700-1000 km away
- Upgradation of stations in Major metropolis/Tourist centres in phases to World Class Standards
- Give fillip to Tourism



# Passenger Business

## The Vision

- Introduction of Premium Services
- Universal access to air-conditioned comfort
- Market conditions based flexible pricing
- New benchmarks for passenger amenities
- Urban, suburban and extra urban transportation needs critical for future
- Passenger safety top priority
- Exploit information and communication technologies for service delivery





# Technology

## The View

- Maintaining existing infrastructure to progressively better standards along with creation of additional infrastructure as required
- Identification and adoption of safety, reliability and productivity enhancing technologies
- Technology transitions to be well planned
- Mismatching technologies an area of concern
- Higher train speeds essential
- Improved NTKM to GTKM ratio required
- Bottom-line reduction in O & M unit costs
- Adoption of clean Technology



# Technology

## The Vision

- Common Air Brake systems for all stock
- Freight stock fit for 110 kmph
- Remove freight passenger differentials
- Headway based running of trains
- Mechanized laying and maintenance of tracks
- Information systems based operations
- R & D at par with the best



# Safety in Train operations

## Of Paramount Importance

- Track related safety issues:
  - High speed Track recording cars/ Train mounted equipment
  - Integrated maintenance by all departments
  - Suitable onboard train protection system
  - On board capability to detect & fight initial phases of fire
  - On board Train information system,
  - Isolation of running lines (specially the M/L)
  - Strengthen Railway system to reduce impact of outside interference
  - Approach warning for Road users



# Safety in Train operations

- **Improvement in coaches & Wagons**
  - Coach shell modeled on “crashworthy” structural design - absorb high impact loads in collisions /accidents
  - Furnishing materials in coaches with superior fire retardant properties
  - Comprehensive fire and smoke detection/fire fighting systems
  - Extremely reliable & efficient Electro- pneumatic (EP) brake system & disc brake arrangement for high speed operation
  - Health of rolling stock running on line be assessed and monitored - to establish highest standards of safety & surveillance



# Human Resources

## The View

- Growing gap between skills required and skill sets of personnel
- Increasing customer expectations and rapid technological advances -Inculcate customer focus in IR personnel
- Recruitment policies need review
- Training and skill upgradation critical at all levels
- Essential to attract, nurture and retain talent
- Seek to make Railways a career of choice for country's talented youth



# Human Resources

## The Vision

- No mismatch between skills required and incumbent qualifications
- Revamp training institutions
- Right incentives for Performance
- Knowledge Management





# Governance Mechanism

## The View

- Cross functional capabilities important
- Trans-departmental decision making critical in high growth environment
- Competitive forces required to bring in efficiency
- Transparency and decentralization required for accountability
- Incentives for individual performance and expertise development



# Governance Mechanism

## The Vision

- Performance based incentives
- Separation of Accounting by activity
- Slicing and Unbundling of activities
- Private participation and partnership
- Model Contracting agreements
- Cross functional performance incentives





**Thank You**