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Indian Road Logistics Sector

Impact of Dedicated Freight Corridor on Indian Road Logistics Sector

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Highlights

The Dedicated Freight Corridor (DFC) project was conceptualized as a solution to the increasing saturation of India's railway network and increasing congestion on its road network while keeping pace with its growing freight requirement.

The shift from road to DFC is expected to remain modest in the near term as the construction of DFC is majorly expected to shift the existing freight from the present rail network to DFC. However, the shift would be material in the long term with the stabilisation of operations and optimum utilization of capacity.

- The DFC is expected to be a game-changer in the Indian logistics industry. Not only would these corridors add incremental capacity to the railway network, but it would also have a positive multiplier effect on the logistics industry in India.
- The setting up of a dedicated freight corridor would enable de-congestion of the saturated rail and road network and encourage shifting of freight traffic from the existing road and rail networks to the more efficient DFC. This would also free up capacities on the existing rail network, enabling it to cater to passenger trains largely, along with freight demand of additional commodities.
- The proposed DFC network would carry "Faster-Longer-Heavier" trains, which would operate at significantly higher operating efficiencies as compared to the existing rail network. Larger dimensions, double stacking of the wagons would improve the load carrying capacity of each train. Given the fact that DFC are dedicated corridors, freight trains will be able to achieve faster turnaround time, a factor that has constrained the efficiency of freight trains in India.
- Shift of a minor portion of the heavy bulk from road to rail is expected in near term, specifically goods like mineral ores, foodgrains and coal, which are transported over long distances. The container movement for textile, auto components, car carriers can be shifted to DFC from being currently transported through road. The estimated increase in load carrying capacity would be in the range of 9-38% on per wagon basis.
- Road logistics is expected to continue to enjoy a major share (~60%) of the total goods movement in the near to medium term. In the longer term, the shift is expected to be material, especially in select cargo segments, aiding improvement in railway's share from present (~30%).

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Thank You!