

# Standing Committee Report Summary

## Increasing Freight-related Earnings of Indian Railways and Development of Dedicated Freight Corridors

- The Standing Committee on Railways (Chair: Dr. C. M. Ramesh) presented its report on 'Increasing Freight Related Earnings of Indian Railways and Development of Dedicated Freight Corridors' on December 16, 2025. Key observations and recommendations of the Committee include:
  - **Increasing freight revenue:** Freight revenue constitutes about 65% of Indian Railways' earnings. It also subsidises passenger travel. The Committee noted that growth in freight revenue varies across zones. While the East-Central and South-East-Central Zones have seen their earnings double since 2015-16, other zones such as North-Eastern and South-Western, have experienced limited growth. The Committee recommended close monitoring of zone-wise revenue targets and formulating specific strategies to attract freight traffic. It suggested offering discounted tariffs for zone-specific goods as incentive.
  - It also recommended leveraging data analytics to identify and offer real time dynamic discounts, and explore increasing non-fare revenue through advertising on coaches and wagons.
  - **Revision of freight rates:** The Committee noted that Railways carried out the last freight rate revision in November 2018 and rates have since remained unchanged despite rising operational costs. It also took note of the concessional rates offered for essential commodities such as salt and concessional rate for the Northeastern region. It recommended annual comprehensive assessment of freight rates taking into account commodity-wise competitiveness, market demand, and operational costs. It suggested rationalising freight rates to make them more competitive with road transport.
  - **Ensuring wagon availability:** Indian Railways operates 4.27 lakh wagons with around 30,000 being inducted annually. The Committee emphasised on timely availability of wagons for efficient movement of goods. It observed that customers such as NTPC have concerns about rake shortages. It recommended Railways to assess future requirement by taking inputs from dependent sectors and promote private wagon ownership.
  - **Congestion on freight routes:** In 2024-25, average freight train speed was 23.8 km/h due to prioritisation of passenger trains and ongoing works. The Committee urged Railways to accelerate infrastructure upgrades and prioritise capacity augmentation in low-speed sections. To alleviate congestion, it recommended expanding network through additional lines and adopting advanced signalling systems.
  - **Freight terminals:** The Committee noted that many railway yards across the country lack modern loading, unloading, and storage facilities. It recommended equipping all yards with approach roads, solid platforms, and leak-proof roofs. Taking note of Gati Shakti Cargo Terminals being commissioned by Indian Railways with private participation, the Committee recommended promoting such terminals to ensure linkage across regions and industrial hubs.
  - **Coal and fly ash transportation:** Coal contributes almost 50% to railway freight earnings. The Committee noted that the Railways allows private players to invest in coal evacuation projects. It recommended a comprehensive assessment of capacity augmentation requirements for coal transport routes. Further, it observed that despite concessions, NTPC continues relying on road transport to move fly ash from its power plants. The Committee recommended Railways to formulate targeted strategies to increase fly ash transport and allow only specially designed wagons to transport fly ash which adhere to environmental regulations.
  - **Diversification of freight basket:** The Committee observed that year-on-year revenue growth from coal and iron ore is gradually decelerating. It recommended diversifying the commodity basket to include automobiles, FMCG, and e-commerce for sustainable growth. It further recommended comprehensive portfolio analysis to identify commodities, such as fly ash, with low rail modal share but high growth potential.
  - **Dedicated Freight Corridor (DFC) development:** The Committee noted that DFCs decongest existing network and enhance freight train speed. In 2024-25, average speed in these corridors was 37 km/h, higher than conventional network. Considering the capital intensity, the Committee recommended evaluating economic returns relative to investment for these corridors and put concerted effort into attracting private investment through commercially viable terms. For enhanced connectivity, it recommended developing new feeder routes and augmenting existing ones to ensure seamless integration of industrial hubs with the DFC network.

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research ("PRS"). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.