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Clogged Rail Lines Slow India's Development

By **VIKAS BAJAJ**

MUMBAI, India — S. K. Sahai's firm ships containers 2,400 nautical miles from Singapore to a port here in four or five days. But it typically takes more than two weeks to make the next leg of the journey, 870 miles by rail to New Delhi.

For most of that time the containers idle at the Jawaharlal Nehru Port near Mumbai because railway terminals, trains and tracks are severely backlogged all along the route. Counting storage and rail freight fees, Mr. Sahai estimates the cost of moving goods from Mumbai to Delhi at up to \$840 per container — or about three times as much as getting the containers to [India](#) from Singapore.

"They don't have any physical space," Mr. Sahai, who is chairman of SKS Logistics of Mumbai, said about the government-owned Indian Railways. "And all their trains are booked."

As the world looks to India to compete with China as a major source of new global economic growth, this country's weak transportation network is stalling progress.

Economists say India must invest heavily in transportation to achieve a long-term annual growth rate of 10 percent — the goal recently set by the prime minister, [Manmohan Singh](#). But whether measured by highways, airways or — particularly — far-reaching railways, India's transportation is falling short.

Critics say the growth and modernization of Indian Railways has been hampered by government leaders more interested in winning elections and appeasing select constituents, rather than investing in the country's long-term needs. It is one of the many ways that the political realities of India's clamorous democracy stand in contrast to the forced march that China's authoritarian system can dictate for economic development.

A 40,000-mile, 150-year-old network, Indian Railways is often described as the backbone of this nation's economy. And in fact it is moving more people and goods than ever: seven billion passengers and 830 million tons of cargo a year. But its expansion and modernization is not keeping pace with India's needs.

"If it has to serve as the backbone of the Indian economy, the leaders of the Indian Railways have to think big,

and they need to have a larger vision,” said S. Ramnarayan, a professor at the Indian School of Business and co-author of a book about the railways. “Thinking in terms of incrementalism — a little extra here, a little extra there — doesn’t solve anybody’s problem.”

The crash on an eastern rail link [late last month](#) that killed 151 people and injured hundreds of others underscored the vital nature of the railroads, as well as their vulnerability. The crash, which authorities have attributed to Maoist rebels, was particularly disruptive because it disabled a busy east-west line that, along with many others, was already stretched thin.

Traffic between big cities like Mumbai and Delhi, for instance, often runs at more than 120 percent of planned capacity, which means trains travel more slowly and tracks wear out faster than intended.

And because the railways’ tracks are too lightweight and the locomotives underpowered, Indian trains can haul no more than 5,000 tons of cargo, compared with 20,000-ton capacities in the United States, China and Russia.

India’s fastest passenger services, the Rajdhani and Shatabdi, have top speeds of only 160 kilometers (100 miles) an hour, while even the [Amtrak Acela](#) in the United States can hit 150 miles an hour in a few stretches. China’s bullet trains, meanwhile, zip along at an average speed of up to 215 miles an hour.

Political analysts say that the current railway minister, Mamata Banerjee, has been distracted by her party’s campaign to win elections in her home state of West Bengal. Those political ambitions, they say, have inspired populist policies by Indian Railways that are at financial odds with modernization and capital investments.

Even though Indian law allows the railways to acquire land quickly through hearings before magistrates, for example, Ms. Banerjee has promised farmers and other landowners that the ministry will negotiate with each landowner whose property must be acquired for two large freight projects. While popular with landowners, the process could add years to the projects.

An assistant to Ms. Banerjee said she was not available for an interview because she was busy with recently concluded municipal elections in West Bengal.

Ms. Banerjee is hardly the first railway minister with a political agenda, though. And most of the ministers who preceded her have funneled the railways’ limited resources into subsidies for passengers at the expense of freight service.

Even though passenger services lost about \$4 billion last year, the government has not increased fares for seven years. And it has even lowered some prices, in the face of inflation that has ranged from 3.8 to 13 percent a year.

As a result, migrant workers, for example, can travel from Mumbai to their homes in Bihar, 1,050 miles away,

for 500 rupees (\$11). Last year, Ms. Banerjee introduced a new monthly ticket good for travel up to 100 kilometers (61 miles) for 25 rupees (54 cents).

“It’s very difficult to run a business on that,” a senior railway official said, insisting on anonymity because of the sensitivity of the issue.

But, he added, Ms. Banerjee is helping the “large number of poor in the country who are eking out a living.”

To subsidize passenger travel, the railways levy some of the highest freight tariffs in the world. India charges four times what American companies charge for rail freight and twice as much as in China.

Business executives say their best hopes for improving the railroad’s costs and capabilities may ride on solutions not wholly reliant on Indian Railways.

Four years ago, the government began allowing private companies to operate container trains. One of the new carriers is IndiaLinx, which buys rail cars and leases tracks, locomotives and workers from the Railways.

Amitabha Chaudhuri, chief executive of IndiaLinx, said his company would carry about 95,000 containers this year, up from 55,000 last year. The company, which is owned by APL Logistics of Singapore, has seen strong demand for refrigerated containers, which are in short supply in India.

Analysts and officials also hope that plans proceed for dedicated freight corridors that would greatly increase capacity along the country’s most congested stretches of rail: Mumbai to Delhi in the west, and Punjab State to Calcutta on the east coast. The 1,700-mile network is expected to cost more than \$9 billion.

For the western corridor, Japan has agreed to provide about \$5 billion in low-interest loans to help India buy equipment and services from Japanese suppliers. And the [World Bank](#) is considering loans of up to \$2.4 billion for the eastern corridor. Construction is expected to begin next year and be completed in 2017.

Analysts say India will be able to execute ambitious projects when it appoints competent managers and frees them from political interference.

A former railway bureaucrat, Elattuvalapil Sreedharan, for instance, is known for completing two major initiatives on time and on budget — the Konkan Railways, a 472-mile line on the mountainous western coast, and [the Delhi Metro](#), a 118-mile subway system.

And in recent years, another bureaucrat, Sudhir Kumar, helped bolster rail profits by making trains longer and heavier, and by turning them around faster.

But broadly speaking, India does not have a stellar record of executing its plans. The backlog of rail projects runs 10 pages and is short \$17 billion in required financing.

The oldest incomplete project, a 46-mile line in West Bengal, began in 1974 and has been delayed because the state government has not handed over some land.

Many of the projects were added to the planning list at the behest of politicians currying favor with voters back home.

One 37-mile line in Uttar Pradesh, India's most populous state, is meant to give a direct rail route between the state capital and Mainpuri, a city with a population of about 200,000. The project was added to the railway budget in 1997, but it still needs \$13 million in financing — money for which it has to compete against dozens of similar lines.

Analysts said it would be more efficient to connect such towns to main rail lines by buses. But Ms. Banerjee has said that the railways must build lines to help spur development in remote areas and smaller towns.

“We cannot and should not have a myopic view of viability,” she said during her annual budget speech in February.

“What is not viable today, if connected, will become viable tomorrow.”

This article has been revised to reflect the following correction:

Correction: June 18, 2010

An article on Wednesday about India's overcrowded railways misstated the country's freight tariffs. In 2005, the most recent data available, India charged 6.446 cents to move a ton of freight one kilometer — not \$395. (The error stemmed from a misreading of a chart that indexed freight charges, benchmarking fees in the United States at 100. The chart, which used World Bank figures from 2005 adjusted for purchasing power parity, listed India's charges as 395, or, as the article correctly said, nearly four times what American companies charge.)