



AN OVERVIEW OF FREIGHT TRANSPORTATION IN INDIA

KEYWORDS

Impact, Segments, Policies, Challenges in Freight transportation.

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ABSTRACT

This paper aims to analyze the studies on freight transportation and that use the four step model, a tool that estimates inter-zonal traffic flows considering trip generation and distribution, highlighting its comprehensiveness and usefulness in supporting the country's socioeconomic development. It is very essential for transportation companies to reduce costs and improve the level of service provided to customers. It brings out the significance of GDP and freight movements annually. The study also provides a detailed information on segment wise (road/surface transport, air freight and ocean/maritime freight) growth forecasts for freight transport market in India up to 2020. It also indicates policies and challenges associated with the freight transportation market in India. Finally concludes by bringing out the priorities for improving transport system.

INTRODUCTION: Freight transport is an extremely important activity in the supply chain market and transportation business. Effective working of freight transport ensures proper communication between different business processes and brings them together. Freight transport is done through different transportation modes which include airways, seaways, roadways and railways. Moreover, freight trucks also help in transportation of finished goods to the respective markets. The efficient movement of freight is acting as a driving factor in the growth of freight transport market. Freight transport service is providing more advanced freight solution for the industry due to increased use of modern technology and effective communication. Quality of service, reliability and timely delivery of goods along with proper freight management and logistics handling are the key factors on which the service of the freight transport depends. Moreover, adoption of latest technology in trucks, railways such as use of hydraulics lifters and GPS navigation systems also drives the market for freight transport.

OBJECTIVE OF THE STUDY

- To analyze the effects of economic, demographic and urban factors on the evolution of transport energy consumption.
- To analyze the structure of the freight transport market.
- To analyze driving factors of energy consumption change for the road mode.

SCOPE OF THE STUDY

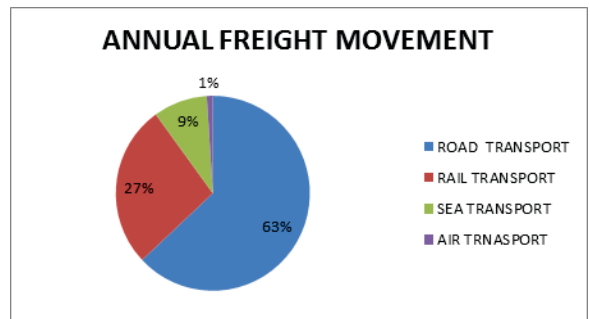
- This report provides a detailed view of Indian freight transport market with current available capacity and options.
- This report identifies the need for focusing on freight transport sector in India.
- This study also identifies policies related to freight transport market in India for various sectors.

ECONOMIC IMPACT OF FREIGHT TRANSPORTATION IN INDIA:

India spends around 14.4% of its GDP on logistics and transportation as compared to less than 8% spent by the other developing countries. Freight transport market in India is expected to be worth US\$ 307.70 billion by 2020. In India road freight constitutes around 63% of the total freight movement consisting of 2.2 million heavy duty trucks and 0.6 million light duty trucks covering more than 18,00,000 kms of road length carrying more than 3000MMT (million metric ton) of load annually. The rail freight constitutes around 27% of the total freight movement in India. It consists of a large infrastructure of more than 65000 kms of rail network carrying more than 1400MMT of load annually. Indian rail freight market will grow at a rate of around 10% CAGR over the next 5 years. The sea freight consists of around 9% of the total freight market and is mainly used as a major mode for

imports and exports. Around 600MMT of freight tonnage is transported through the 13 major ports and the 200 minor ports of India. Air freight consists of around 1% of the total freight market in India and approximately 4MMT of freight tonnage is transported through air.

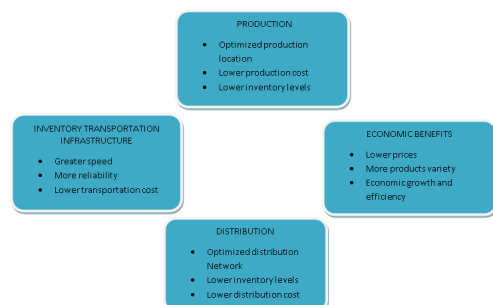
The following chart indicates the freight movement through various modes of transportation annually.



ROLE OF FREIGHT TRANSPORTATION IN INDIA :

This study also identifies policies related to freight transport market in India for various sectors. Logistics or Freight transport management is the part of supply chain management that involves decisions about how and when to get raw materials, intermediate goods, and finished goods from their respective origins to their destinations. Included in logistics management are choices of modes of transportation (rail, truck, water etc.) the amount of logistical costs as a share of total production, distribution and marketing costs. Some of these other logistics inputs can be used as substitutes for freight transportation

ROLE OF FREIGHT TRANSPORTATION IS EFFICIENT PRODUCTION AND DISTRIBUTION



SEGMENT FOR FREIGHT TRANSPORT MARKET IN INDIA

ROAD AND RAIL FREIGHT TRANSPORT: Trucks and trains make deliveries to sea and air ports where cargo is moved in bulk.

INDIA'S FREIGHT TRANSPORT RELIES EXCESSIVELY ON ROADS: India's road account for a higher share on freight traffic compared to other continental sized countries like the US and China. India reliance on roads is more than three times that of China.

SHIP FREIGHT TRANSPORT: Merchant shipping is the lifeblood of the world economy, carrying 90% of international trade with 102,194 commercial ships worldwide. On rivers and canals, barges are often used to carry bulk cargo.

AIR FREIGHT TRANSPORT: Cargo was transported by air in specialized cargo aircraft and in the luggage compartments of passenger aircraft. Air freight is typically the fastest mode for long distance freight transport, but also the most expensive.

POLICIES RELATED TO FREIGHT TRANSPORT MARKET IN INDIA LAWS RELATING TO THE TRANSPORTATION BUSINESS

- Motor Vehicle Act 1988
- Carriers Act 1865
- Carriage by road act 2007
- The Multimodal transportation of goods Act 1993
- The Customs Act 1962
- Warehousing (Regulatory and Development) Act, 2007
- The Central Motor Vehicle Rules, 1989

CHALLENGES ASSOCIATED WITH THE FREIGHT TRANSPORTATION

The major challenges facing the sector are:

- India's roads are congested and of poor quality. Many roads are of poor quality and road maintenance remains under-funded - only around one-third of maintenance needs are met. This leads to the deterioration of roads and high transport costs for users.
- Rural areas have poor access. Roads are significant for the development of the rural areas - home to almost 70 percent of India's population. Although the rural road network is extensive, some 33 percent of India's villages do not have access to all-weather roads and remain cut off during the monsoon season.
- The railways are facing severe capacity constraints. All the country's high-density rail corridors face severe capacity constraints. Also, freight transportation costs by rail are much higher than in most countries as freight tariffs in India have been kept high to subsidize passenger traffic.
- Ports are congested and inefficient. Port traffic has more than doubled. India's ports need to significantly ramp up their capacity and efficiency to meet this surging demand.
- Airport infrastructure is strained. Air traffic has been growing rapidly leading to severe strain on infrastructure at major airports, especially in the Delhi and Mumbai airports which account for more than 40 percent of nation's air traffic.

SUGGESTIONS

- With development happening across the world in automobile industry, with latest technology making ways across the globe for commercial vehicles, we find many manufactures in India trying to bring in new technology in their Trucks, but in the current scenario have limited acceptability of these technologies. For example engine HP-high power engines have better acceptability in Developed nations.
- Air conditioning cabs in Truck has been started recently with limited usage by the drivers/ that this may lead to decrease in the mileage leading to automobile manufacturer think twice before

offering Trucks with mandatory AC cabs.

- GPS enabled Truck, which gives real time information to the owner on whereabouts of the Truck positioning which leads to better planning.
- Automatic transmission or cruise control in Trucks, still a long way to go in India where drivers adapt themselves to this technology

CONCLUSION : To conclude, the freight transport system should be driven by speed with sustainability, safety, security and stresslessness, which helps focus on the key priorities of any transport system, including the trucking sector. If India needs to grow up the ladder of development, entire Transport industry needs to be re-looked. Freight transportation in India is therefore facing bigger challenges and needs immediate interventions from all the stakeholders be it government, fleet owners, drivers, Corporate and until all of them have integrated and multi-pronged approach, challenges cannot be addressed. Trucking is going to be the key differentiator for the nations evolving from developing to developed road map and if India fails to have this integrated approach, problems will have multiplying effect.

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