ABSTRACT

Indian Railways has the world's fourth largest railway network after those of the United States, Russia and China. The railways traverse the length and breadth of the country and carry over 30 million passengers and 2.8 million tons of freight daily. It is the world's second largest commercial or utility employer, with more than 1.36 million employees. As for rolling stock, Indian Railways owns over 240,000 (freight) wagons, 60,000 coaches and 9,000 locomotives. "Indian Railways' profit started reducing from the year 2007-2008 till 2009-10. India's largest employer that employs 14 lakh people had registered a minimal profit and had very little amount to spent for development after 2010. The new government has taken the initiatives in encouraging Foreign Direct Investment, Public Private Partnership models and new dynamic Tatkal scheme for the development for rail infrastructure and consumer demand respectively. The Ministry of Railways decision to increase fares has been aimed at increasing revenue generation through passenger business and freight operations are justified without compromising consumer surplus. The major reason for the declining profits were due to very high overheads, other expenses and slow rate of revenue generation and the other being the country's weak economic situation during the period 2007-10. The revival in the Indian economy uplifted the organization after 2010.

Keywords:

Indian Railways, Profitability, Rail Infrastructure, Public Private Partnership, Revenue Generation