Sector Brief – October 2015

**Current Scenario:** Indian railways in millions of tonnes have carried 89.56 million tonnes worth of goods in the month of April 2015 and have registered 1.16% improvement over the same month last year. In terms of freight earnings Indian railways has registered Rs. 9270.01 crore in the month of April that is equivalent to 14.55% of growth over the same month previous year. Number of passengers travelling through Indian railways; however, has declined by -3.8% in comparison with the same month previous year to register 658.29 million. Passenger earning has increased by 19.35% over the same month previous year to register Rs. 3908.43 crore. As a whole, gross receipt of Indian railways has accounted for Rs. 13773.05 crore, in the month of April 2015 and has registered a growth of 15.37% over April, 2014. Equipment failure however has declined in April 2015 over April 2014.

In the month of April-August 2015 apart from Cochin and New Mangalore all other major ports of India have registered an increase in traffic handling over April-August 2014; measured in thousand tonnes. Over all traffic handling in major Indian ports has also increased by 5.53% in April-August 2015 over April-August 2014. Figure 1 depicts the traffic comparison in major Indian ports. Kandla, Paradip and JNPT; have successfully managed to occupy the first three spots among major Indian ports in terms of traffic handling.

As on 31.08.2015 total installed capacity of electricity in Mega Watt in India was 276088.94MW. Figure 2 depicts the mode of electricity in absolute terms. It is obvious from figure two that coal is still the prime source of electricity in India; followed by Hydroelectricity. The most promising fact is that electricity from renewable energy sources in India is growing fast and might easily be the future of electricity in the country.

**Future Trend:** The goods carriage by Indian railway is expected to grow by 1.15%-1.25% in month of August 2015. Freight earnings are also expected to grow by 14.5%-15.5%. However, passenger carriage is expected to decline by 3.5% – 4.5%. However the passenger earnings are expected to increase by 19% to 20%. Gross receipts of the Indian railway are expected to rise by more than 15% in month of May.

The major ports in India are estimated to have witnessed a 5.4 per cent growth in cargo traffic in 2014-15 after subdued cargo movement in the preceding four years. Cargo traffic is expected to remain healthy in 2015-16 as well. Cargo volumes are expected to grow by 7.1% to 627.2 million tonnes during the year. In 2016-17, cargo traffic is likely to further increase by 7%.

Installed electricity generation in India is expected to increase over 2759110 MW by the end of August 2015. However, the electricity situation in North East India and in East India will remain more or less similar to the previous month.

**Policy news:** India is witnessing significant interest from international investors in the infrastructure space. Many Spanish companies are keen on collaborating with India on infrastructure, high speed trains, renewable energy and developing smart cities.

The Government of India has earmarked Rs 50,000 crore (US$ 7.53 billion) to develop 100 smart cities across the country. The Government released its list of 98 cities for the smart cities project in August 2015.

The Government of India has unveiled plans to invest US$ 137 billion in its rail network over the next five years, heralding Prime Minister Narendra Modi’s aggressive approach to building infrastructure needed to unlock faster economic growth.

The Government of India has announced highway projects worth US$ 93 billion, which include government flagship National Highways Building Project (NHDP) with total investment of US$ 45 billion over next three years.

International Finance Corporation (IFC), part of The World Bank group, plans to invest at least US$ 700 million in existing transport and logistics infrastructure projects in India.
The World Bank has approved a US$ 650 million debt funding for a part of the eastern arm of the Dedicated Freight Corridor (DFC) project in India.

Andhra Pradesh-based regional airline Air Costa will add eight aircrafts before 2016 to its existing four aircrafts. The airline, which reported an operating profit in the month of December, 2014 for the first time, said that it will be a pan-India player by the end of 2015.

Government-owned Kolkata Port Trust has signed an agreement with the West Bengal government to set up a new port at Sagar Island in South 24 Parganas district. The Sagar Island port is estimated to cost Rs 11,900 crore (US$ 1.79 billion) and will be the first port to be built by the Union government in 14 years.