



News / Explained / Explained Economics / On the growth track: How Dedicated Freight Corridors are adding to GDP, boosting Rail revenues

Premium

# On the growth track: How Dedicated Freight Corridors are adding to GDP, boosting Rail revenues

Dedicated Freight Corridors are specific routes for freight transportation by the Railways. Here's why they were planned, and how they are contributing to GDP growth.

Written by [Dheeraj Mishra](#)

New Delhi | Updated: November 6, 2024 08:21 IST

 NewsGuard 5 min read

US ELECTION I

 EXPRESS  
explainsFollow our Li  
news and up  
stand in the I

Then Prime Minister Dr. Manmohan Singh laying the foundation stone of the Western Dedicated Freight Corridor in Mumbai on October 5, 2006. Then Railway Minister Lalu Prasad and other cabinet ministers are also seen. (Photo: PMO)

Dedicated Freight Corridors are improving India's GDP and adding significantly to the Indian Railways' revenue, a recent study by Australia's University of New South Wales has said.

The study said that reduction in freight cost and travel time due to the DFCs has helped reduce prices of commodities by up to 0.5%, and the corridors have contributed to 2.94% of the revenue growth realised by the Railways between FY 2022-23 and FY 2018-19.

The study was published in the journal Elsevier. It analysed the Western Dedicated Freight Corridor (WDFC) data for FY 2019-20, and came up with its findings by using a Computable General Equilibrium model initiated by the central government.

ADVERTISEMENT

US ELECTION I

Follow our Li  
news and up  
stand in the l

## What are Dedicated Freight Corridors (DFCs)?

Dedicated Freight Corridors (DFCs) are specific routes for freight transportation, which offer higher transport capacity due to the faster transit of freight trains, running of double stack container trains, and heavy haul trains. This improves the supply chain for the industries/logistics players located at economic centres along the way, leading to growth of export-import traffic too.

The Ministry of Railways took up the construction of two DFCs — the 1,337-km Eastern Dedicated Freight Corridor (EDFC) from Sonnagar in Bihar to Sahnewal in Punjab; and the 1,506-km Western Dedicated Freight Corridor (WDFC) from Jawaharlal Nehru Port Terminal in Mumbai to Dadri in [Uttar Pradesh](#) — back in 2006.

The EDFC is complete and commissioned, with feeder routes to different coal mines and thermal power plants. The WDFC is 93% commissioned, with feeder routes serving various cement plants and the large ports of Mundra, Kandla, Pipavav, and Hazira in Gujarat. It is expected to be fully complete by December 2025.

As of March 31, 2024, Rs 94,091 crore had been spent on executing the DFC project, excluding land acquisition costs.

ADVERTISEMENT

US ELECTION I

Follow our Li  
news and up  
stand in the I

## Why were DFCs needed?

The need for the Dedicated Freight Corridors was felt for two reasons. First was the over utilisation of the Railways' golden quadrilateral linking the four metropolitan cities of Delhi, Mumbai, Chennai and Howrah, and its two diagonals (Delhi-Chennai and Mumbai-Howrah). This stretch comprises only 16% of the route, but carried more than 52% of the passenger traffic and 58% of revenue-earning freight traffic for the Railways.

Another reason was the Railways' dipping share in total freight traffic. This data was compiled as part of the National Rail Plan, which envisaged that the share of freight traffic by rail should go up to 45% by 2030.

The creation of DFCs was announced in Parliament during the Railway [Budget](#) for FY 2005-06. In September 2006, Dr. [Manmohan Singh](#), the then Prime Minister, laid the foundation stone of EDFC at [Ludhiana](#), and in October 2006, the foundation stone of WDFC at Mumbai.

On October 30, 2006, Dedicated Freight Corridor Corporation of India Limited (DFCCIL) was incorporated as a Special Purpose Vehicle for the construction, operation, and maintenance of the corridors.

On March 12, 2024, Prime Minister [Narendra Modi inaugurated the three latest stretches](#) of the DFC — 135-km Makarpura-Sachin section on the WDFC; and the 179-km Sahnewal-Pilkhani section & 222-km Pilkhani-Khurja section on the EDFC.

## Current status

Currently, on an average, 325 trains are running per day, 60% more than last year.

The freight trains on DFC are faster, heavier & safer. Since inception, the DFCs have carried over 232 billion Gross Tonne Kilometres (GTKMs) and 122 billion Net Tonne Kilometers (NTKMs) payload.

According to the DFCCIL, more than 10% of freight running of Indian Railways is now handled by DFC. A DFCCIL official said that a comprehensive and holistic study of the impact of the DFCs on the Indian Economy is underway, and the results are expected soon.

There are four more such proposed corridors — the east coast corridor from Kharagpur to [Vijayawada](#) (1115 km); east-west sub-corridor-I from Palghar to Dankuni (2073 km); east-west Sub-corridor-II from Rajkharsawan to Andal (195 km); and the north-south sub corridor from Vijayawada to Itarsi (975 km).

ADVERTISEMENT

### Basis of the Australian university study

The research is based on different kinds of data including freight costs, industry inputs, and population data. It also factors in regions, industries, consumers and the overall improvements in the freight transport network. The DFCCIL said that the accuracy of the model has been calibrated and validated using economic data as well as data from the Ministry of Road Transport and Highways and the Railways.

The study found that the introduction of the DFCs provided great benefit in western regions due to significant reductions in freight costs. The findings also indicated a



Follow our Live news and updates in the live stream