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# IRFAI

INDIAN RAILWAY FREIGHT ACTIVITY INDEX

Q1 2024

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# The Indian Railway Freight Activity (IRFA) Index

At a time when the government aims to boost the railway freight modal share; adopting an index-based approach that captures the user's opinion to monitor Indian railway freight activity can be useful for the various stakeholders in the railway freight supply chain.

It is in this context that Dun & Bradstreet in association with Jupiter Wagons created the Indian Railway Freight Activity (IRFA) Index to monitor rail freight activity pan-India at a quarterly frequency. The index provides a comprehensive assessment of the Indian railway freight activity during the quarter and expectation of users for the upcoming quarter from the perspective of the railway freight users who may also use other modes of transport.

The IRFA Index is composite of two sub-indices: Freight Activity Experience sub-index and Freight Activity Optimism sub-index based on the survey responses of Indian Railway freight users. The Freight Activity Experience sub-index reflects freight users' experiences for the current quarter and Freight Activity Optimism sub-index captures the freight users' expectations for the next quarter of freight demand, supply, and operational efficiency of

railways. The index attempts to capture the railway freight dynamics across the five railway zones i.e. Central, Western, Eastern, Northern and Southern railway zones.

This qualitative feedback ensures that the index reflects real-world experience of those using railways for freight transportation, both EXIM and domestic. This approach ensures a thorough assessment, a first of its kind, to monitor the dynamics of Indian Railway freight activity.

A ready reckoner for policymakers and users alike, the IRFA Index is a pivotal tool for monitoring and leveraging Indian Railway Freight Activity. We hope that the authorities, policy makers and stakeholders would find the IRFA Index report useful in their discussions and deliberations to address challenges across the supply chain, enabling stakeholders to make data-driven timely decisions.

**The current report captures the Freight Activity Experience regarding freight demand, supply, and operational efficiency of rail freight users for Q1 2024 and their expectations for the same in Q2 2024.**





# Highlights



Indian Railway Freight Activity Index (IRFA) stood at 63 in Q1 2024, unchanged from the previous quarter as freight activity for Q1 2024 improved but optimism for Q2 fell from the previous quarter.



Despite a high Freight Activity Experience sub-index of 64 in Q1 2024, the Freight Optimism sub-index for Q2 2024 stood at 62.



Optimism for railway freight activity fell to 62 in Q2 2024 from 67 in Q1 2024. The moderation came on the back of fall in optimism level for both domestic and EXIM railway freight activity in Q2 2024. Businesses also anticipate high railway freight cost in Q2 compared to Q1 2024.



Businesses of all sizes expect domestic freight activity to moderate in Q2 2024 compared to Q1 2024. Except for large businesses, others expect EXIM freight movement in Q2 2024 to be lower than in Q1 2024.



Medium-sized firms most optimistic for Q2 2024 freight activity following strong Q1 2024 performance, while large firms are the least optimistic.



Medium sized firms experienced high availability and turnaround time for wagons, containers, labour and machinery for cargo handling in Q1 2024 and their optimism for demand is highest for wagons and containers in Q2 2024.



Large firms are the least optimistic about demand for wagons, containers, and rakes in Q2 2024.

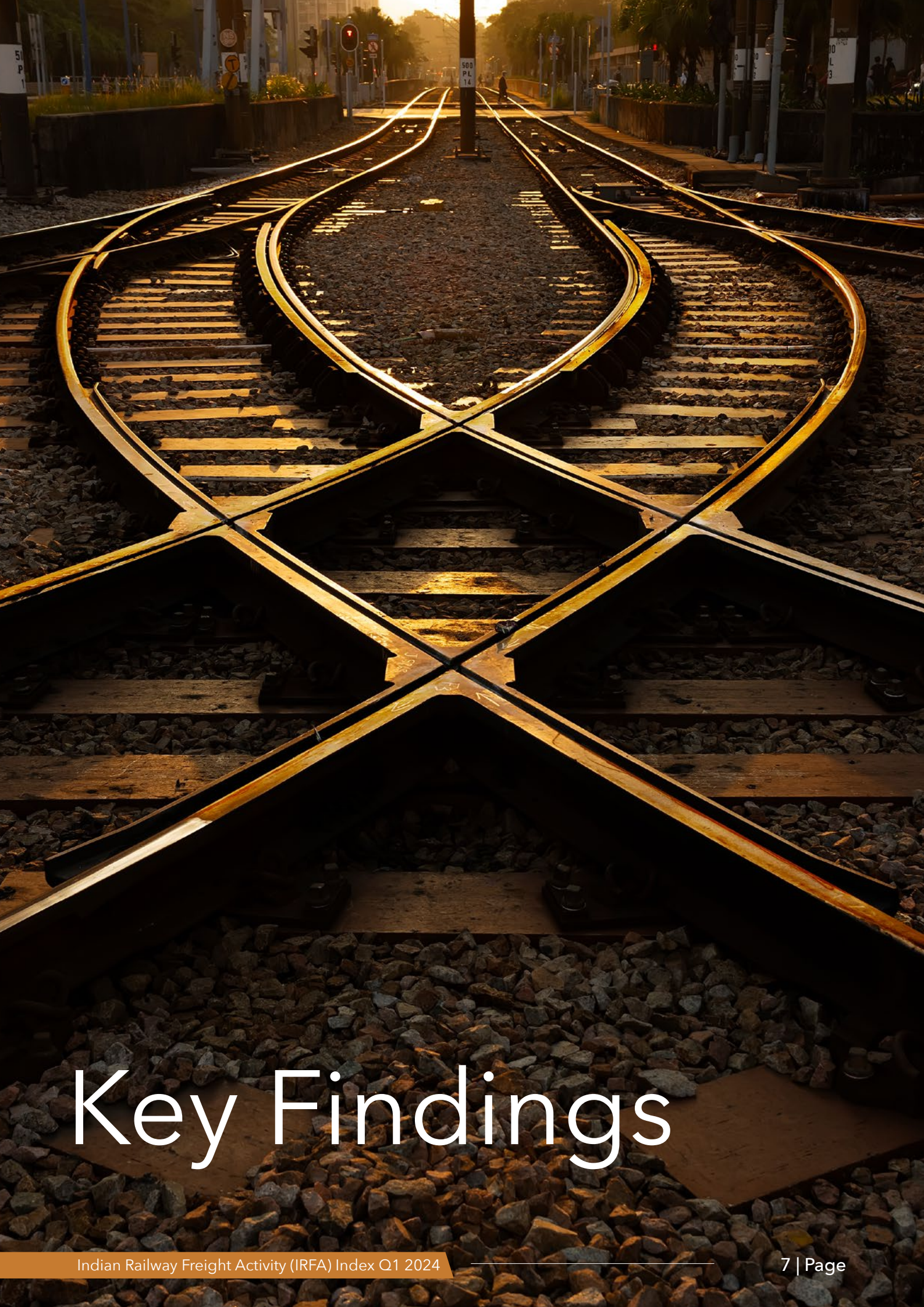


76% of large players consider railways to be critical, yet only 38% transport bulk trade i.e. more than 50% of the freight through railways.



Railway freight transit times have consistently met businesses' expectations over the past three quarters ending Q1 2024



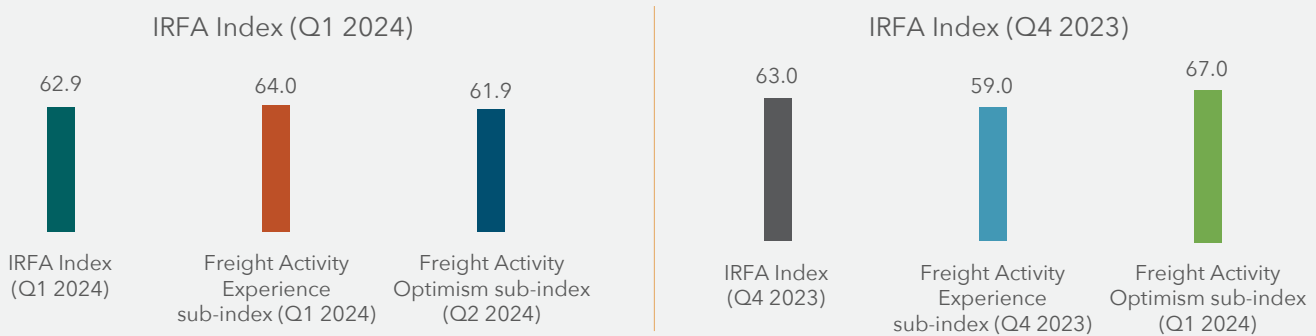


# Key Findings



## Indian Railway Freight Activity Index (IRFA) remained unchanged in Q1 2024 from the previous quarter: Optimism for Q2 2024 is lower despite high freight activity in Q1 2024

### Indian Railway Freight Activity Index



Source: Dun & Bradstreet and Jupiter Wagons Indian Railway Freight Activity Index survey, January - March 2024

**Freight Activity:** Indian Railway Freight Activity Index (IRFA) stood at 63 in Q1 2024, unchanged from the previous quarter as freight activity for the Q1 2024 improved, but optimism for Q2 fell from the previous quarter.

**Demand and Supply Dynamics:** In Q1 2024, container demand was high, and businesses expressed optimism that this strong demand would continue into the second quarter of 2024. Demand optimism index for containers stood at 66, highest than wagons, labourers, rakes and machinery for cargo handling; a reading above 50 denotes increase from the previous quarter.

Businesses expect the supply scenario to remain unchanged for wagons and containers in Q2 2024 compared to Q1 2024.

Conversely, demand for labourers and rakes is expected to be the lowest in the

second quarter of 2024. In tandem businesses expect supply of labour and rakes to remain low.

**Timeliness and availability and turnaround time:** Over the past three quarters ending in Q1 2024, railway freight transit times have consistently met businesses' expectations, with an average of 64% of businesses reporting that transit times were within their expected range.

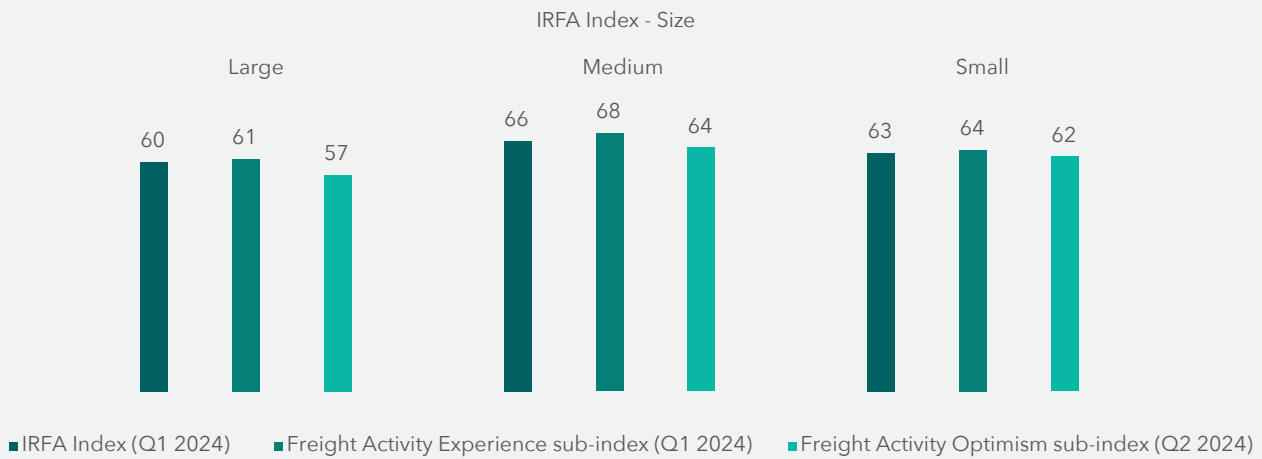
In addition to freight transit time, respondents indicated that there have been improvements in the availability and turnaround time of laborers, wagons, containers and machinery for cargo handling in Q1 2024 over the previous two quarters, and especially since Q3 2023.

**Connectivity:** Businesses have reported consistent improvements in first and last mile connectivity over the past three quarters ending Q1 2024.



# Medium sized firms most optimistic for Q2 2024 freight activity following strong Q1 2024 freight activity

IRFA Index – By Size of Firms



Note: Bucketing the size of firms by their revenue. Large Firms = Revenue above Rs 1000, Medium firms = Revenue Rs 250 crore – Rs 1000 crore, Small firms = Less than Rs 250 crore  
 Source: Dun & Bradstreet and Jupiter Wagons Indian Railway Freight Activity Index survey, January – March 2024

**Freight Activity:** Optimism of large firms for railway freight activity fell in Q2 2024 from the previous quarter, while that for medium and small firms increased.

For large firms, optimism also fell the most for domestic freight activity, followed by EXIM, in Q2 from Q1 2024.

**Demand and Supply:** For Q2 2024, small businesses expressed high optimism for demand and supply for labour and machinery. In contrast, large firms were the least optimistic about the demand for wagons, containers, and rakes, and also expressed low optimism about the supply of containers and rakes. Medium firms, on the other hand, were most optimistic about the demand for wagons and containers but had the least optimism regarding demand for labor.

**Connectivity:** Large and small firms saw

notable improvements in first and last mile connectivity in Q1 2024 from the previous quarter while whereas medium firms expressed fall in optimism.

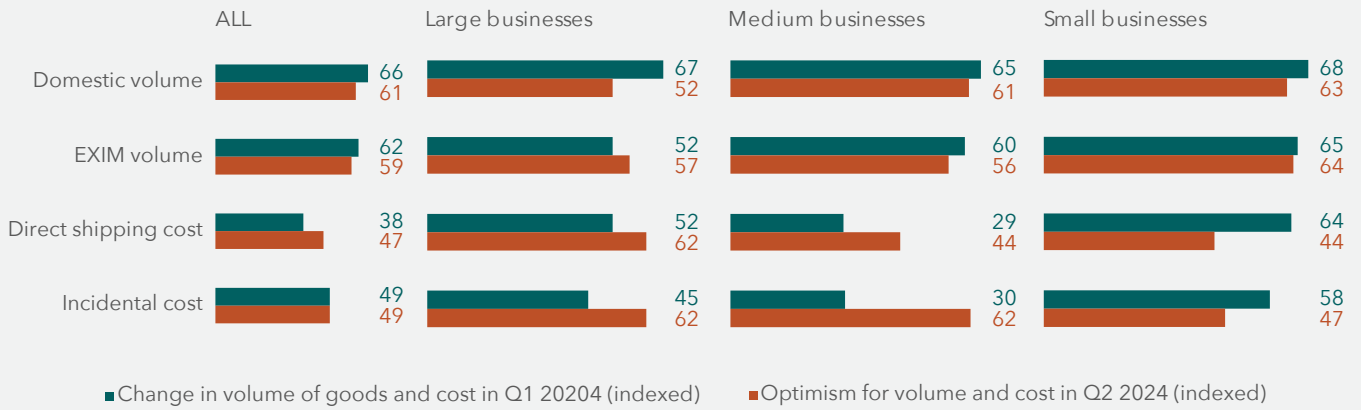
**Railway Efficiency:** Close to 60% of large firms find railway operations efficient and critical for their transportation strategy.

**Timeliness and availability and turnaround time:** Medium-sized firms experienced high availability and turnaround time for wagons, containers, labour and machinery for cargo handling in Q1 2024. Small firms reported lower satisfaction with availability and turnaround time for labour in Q1 2024 compared to other firms.

# Businesses expect domestic and EXIM freight activity to moderate in Q2 2024 from Q1 2024.

## Change in volume of goods and cost in Q1 2024 and optimism for Q2 2024

(All values are Indexed: Reading above 50 indicates improvement over the previous quarter)



Source: Dun & Bradstreet and Jupiter Wagons Indian Railway Freight Activity Index survey, January - March 2024

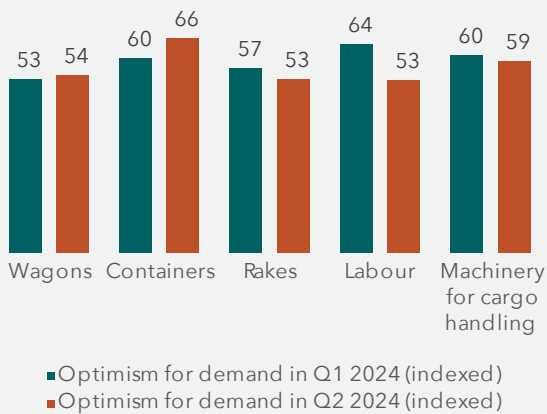
- Businesses of all sizes expect domestic freight activity to moderate in Q2 2024 compared to Q1 2024. Their optimism index for domestic freight movement in Q2 2024 is lower than the current activity index for Q1 2024.
- Optimism level of large and medium firms' for EXIM railway freight activity dropped in Q2 2024 from their optimism level in the previous quarter.
- Our survey shows that medium and small firms expect EXIM railway freight activity in Q2 2024 to be lower than the freight activity they witnessed in Q1 2024.



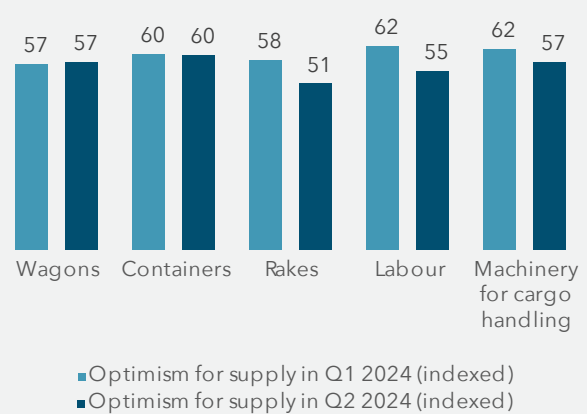
# Optimism for container demand highest in Q2 2024; large firms least optimistic about demand and supply scenario in railway freight activity in Q2

## Optimism for demand and supply in Q1 and Q2 2024

Optimism for Demand (All values are Indexed: Reading above 50 indicates improvement over the previous quarter)



Optimism for Supply (All values are Indexed: Reading above 50 indicates improvement over the previous quarter)



Source: Dun & Bradstreet and Jupiter Wagons Indian Railway Freight Activity Index survey, January - March 2024

- In Q1 2024, container demand was high, and businesses expressed optimism that this strong demand would continue into the second quarter of 2024. Optimism of demand for containers improved in Q2 2024 followed by wagons led by medium and small firms from the previous quarter.
- Businesses indicated demand for labours and rakes to remain the lowest in Q2 2024. In tandem, they expect supply of labour and rakes to remain low. Businesses also expect the supply scenario to remain unchanged for wagons and containers in Q2 2024 compared to Q1 2024.
- Optimism for labor demand and supply saw the most significant drop in Q2 2024 compared to the previous

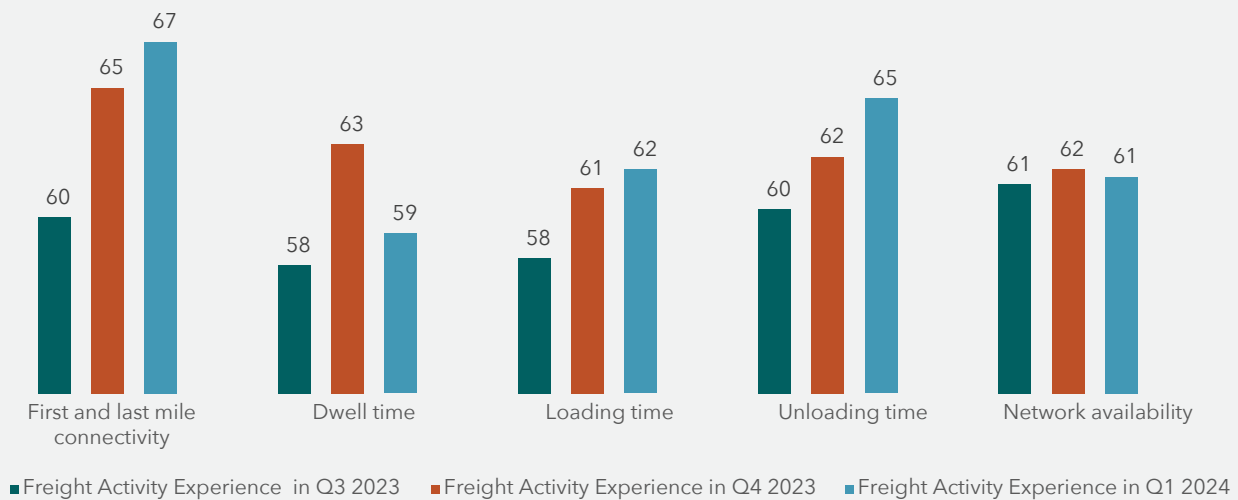
quarter, followed by a decrease in optimism for rakes and machinery for cargo handling. For large businesses, optimism for demand and supply of wagons, containers, labor, rakes, and machinery saw the largest decline in Q2 2024 compared to their optimism level in Q1 2024.

- In Q2 2024, optimism of large business was the lowest for demand for wagons (40), containers (48) and rakes (48). Large businesses are also the least optimistic about the supply of containers (43) and labour (38); a reading below 50 indicates fall from the previous quarter.
- In Q2 2024, medium firms are the most optimistic for demand for wagons (61) and containers (73) while their demand optimism for labour (49) was the lowest amongst the other firms.

## Businesses indicated improvement first and last mile in Q1 2024 while dwell time concerns rise in Q1 2024

### Freight Activity: User Operational Experience

Freight Activity Experience (indexed: Reading above 50 indicates improvement over the same quarter last year)



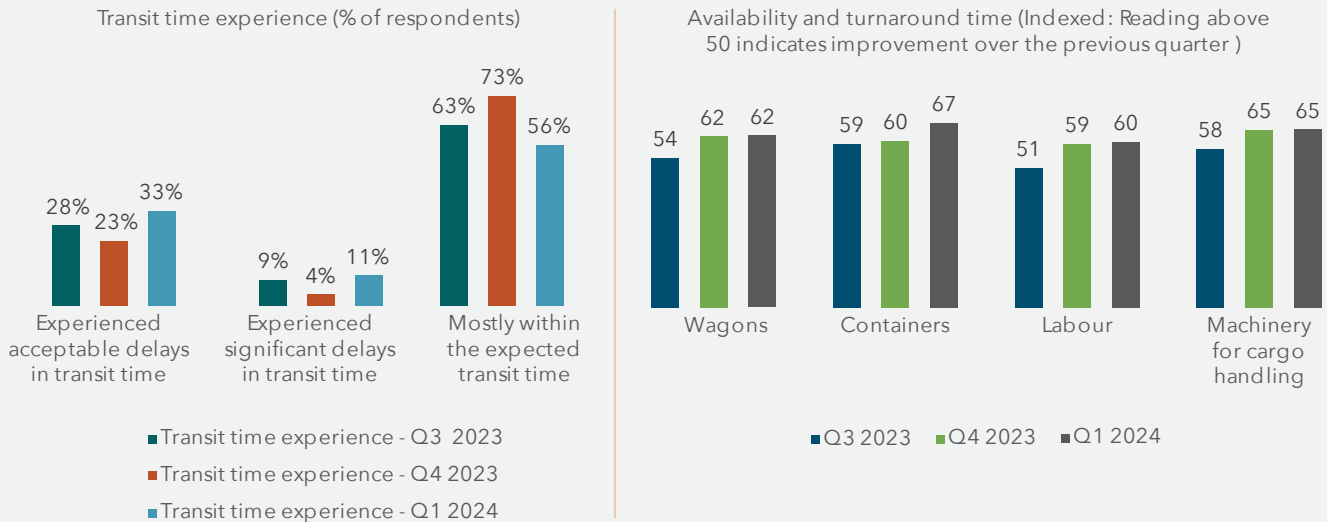
Source: Dun & Bradstreet and Jupiter Wagons Indian Railway Freight Activity Index survey, January - March 2024

- Over the past three quarters, businesses have reported improvements in first and last mile connectivity. However, there are differences across firms. Large and small firms indicated a notable increase in first and last mile connectivity in Q1 2024 compared to Q4 2023 (Large firms: from 66 in Q4 2023 to 77 in Q1 2024; Small firms: from 65 in Q3 2023 to 69 in Q1 2024), whereas medium firms indicated fall in optimism.
- Concerns have emerged over dwell time in Q1 2024. Freight dwell time worsened for large and small businesses in Q1 2024 compared to the previous quarter while it improved for medium firms.
- Additionally, large firms, indicated low level of improvement regarding loading and unloading time compared to medium and small firms in Q1 2024 over the previous quarter.



# Railway freight transit times consistently meet business expectations; optimism level varies amongst firms with regards to wagon availability and turnaround time

Timeliness of freight transport and the availability and turnaround of wagon, containers, labour and machinery



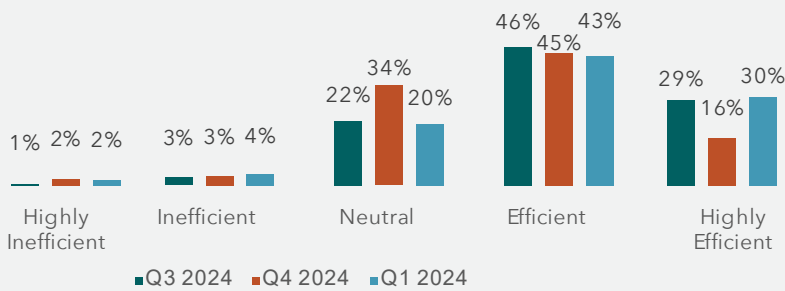
Source: Dun & Bradstreet and Jupiter Wagons Indian Railway Freight Activity Index survey, January - March 2024

- An average of 64% of businesses over the past three quarters reported railway freight transit times to be within their expectation.
- In addition to freight transit time, there have been notable improvements in the availability and turnaround time of labourers, wagons, containers, machinery for cargo handling Q1 2024 compared to Q3 2023. Availability and turnaround time for containers was the highest in Q1 2024.
- Medium sized firms indicated the most improvement about availability and turnaround time for wagons, containers, labour and machinery for cargo handling in Q1 2024 over the previous quarter.
- Container availability and turnaround time witnessed the highest improvement in Q1 2024, from Q4 2023. Businesses of all sizes indicated an improvement.
- Large and medium firms indicated notable improvement in labor availability in Q2 2024 (62 and 67 respectively), compared to Q1 2024 when optimism levels were at 45 for large firms and 50 for medium firms; readings above 50 indicate improvement while below 50 indicate worsening from the previous quarter.

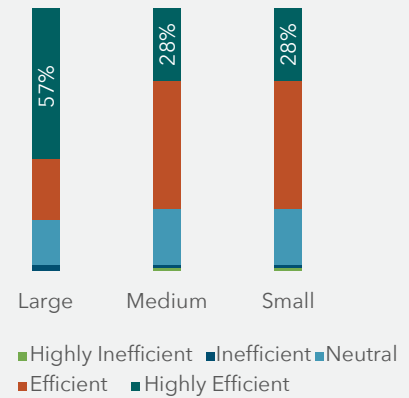
# Survey highlights strong consensus on railway efficiency, especially among large firms

## Operational efficiency

Operational efficiency rating (% of respondents) in Q1 2024



Operational efficiency rating (% of respondents) by Size of business



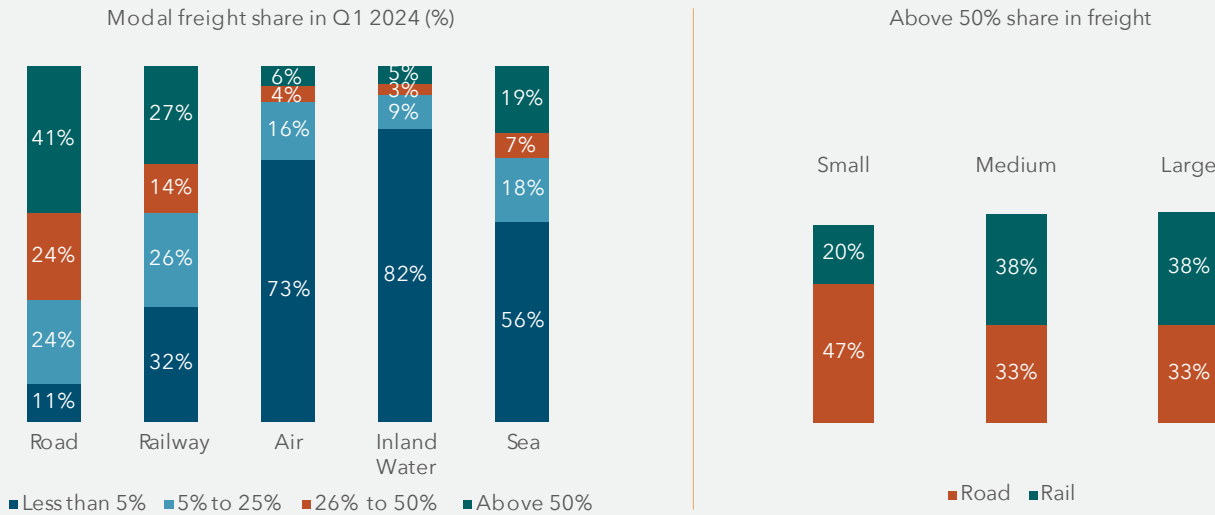
Source: Dun & Bradstreet and Jupiter Wagons Indian Railway Freight Activity Index survey, January - March 2024

- More than 70% of businesses found railway operations to be efficient or highly efficient over the last three quarters.
- Large firms, in particular, consider railways to be highly efficient. Their experience remains the highest with respect to transit time, dwell time and first and last mile connectivity.
- Close to 60% of large players consider railways to be highly efficient compared to 28% of others.



# Road transport dominates bulk trade, railways preferred in key industries

Modal share in freight by size of players (% of respondents)



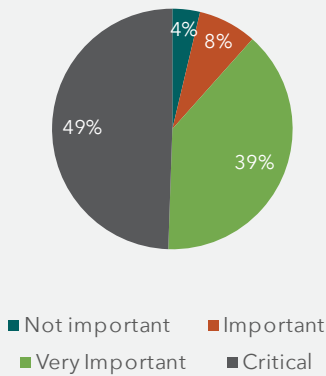
Source: Dun & Bradstreet and Jupiter Wagons Indian Railway Freight Activity Index survey, January - March 2024

- Bulk trade predominantly moves via road transport, with 41% of businesses transporting over 50% of goods by road.
- In contrast, only 27% transport more than 50% of freight by railways. Within this segment, higher share of players in the metals and mining, consumer goods and other manufacturing transport through railways.
- A larger proportion of small businesses rely on road transport for bulk freight compared to medium and large enterprises. Half of small freight transporters use roads for 50% of their freight, while this figure drops to one-third among medium and large enterprises.

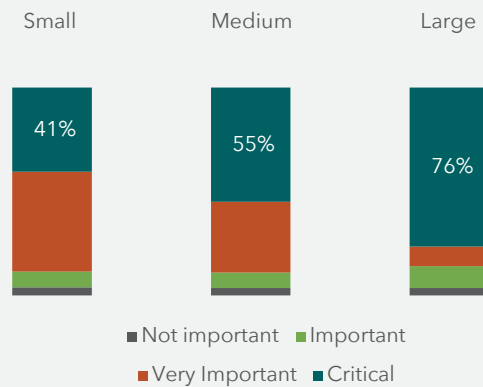
76% of large players consider railways to be critical in their transportation strategy yet 38% transport more than 50% of the freight.

Importance of railways in transportation strategy of business

Criticality of railway in transportation strategy



Criticality of railway in transportation strategy - By size of firms

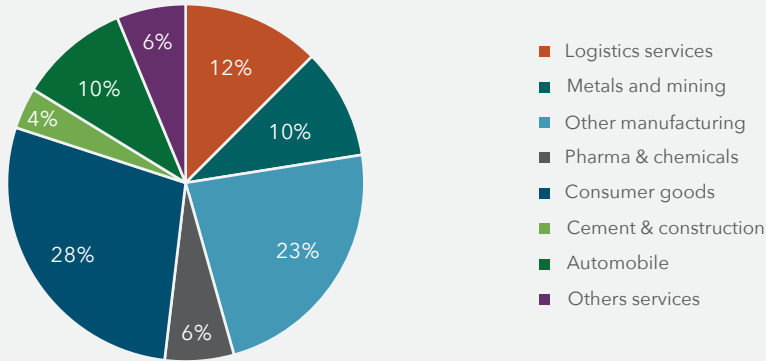


Source: Dun & Bradstreet and Jupiter Wagons Indian Railway Freight Activity Index survey, January - March 2024

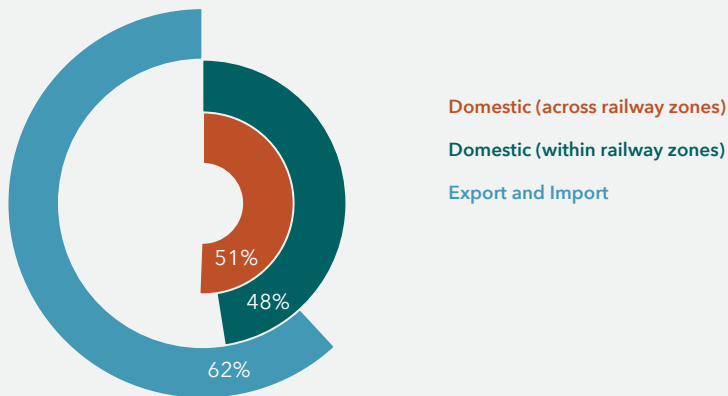
- There is a clear distinction between large, medium and small players who consider railways to be critical in their transportation strategy.
- Higher share of businesses in the logistics (71%), metals & mining (64%), automobile (56%) and other manufacturing sectors (56%) consider railways to be critical in their transportation strategy.

# Firmographics

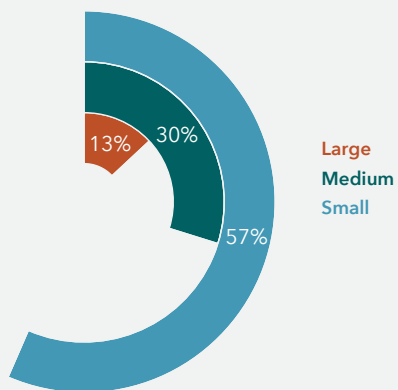
Sector-wise survey participation  
(% of respondents)



Railway zone wise participation  
(% of respondents)



Size of business  
(% of respondents)





# Index Methodology

The IRFA Index is composed of two sub-indices: Freight Activity Experience sub-index and Freight Activity Optimism sub-index constructed from the survey of railway freight users. The experience sub-index captures railway freight demand, supply factors and operational efficiency parameters for the current quarter and the optimism sub-index captures the above for the next quarter.

## Freight Activity Experience sub-index: Survey



Demand



Supply



Operational Efficiency

## Freight Activity Optimism sub-index: Survey



Demand



Supply



Operational Efficiency

Dun and Bradstreet conducts survey of Indian Railway freight users, seeking respondent's experiences and optimism on parameters such as freight demand, supply factors, operational efficiencies in terms of an increase/improvement, decrease/deterioration or no change for current quarter and the upcoming quarter. A robust statistical process is followed to aggregate respondent level data in creating an Index (reflective of the overall railway freight environment). The derived index value can range between 0 to 100, with 50 being the neutral level of activity viz-a-viz the base period (same quarter previous year). An index value above 50, indicates an increase in the level of activity from the base period and vice-versa.

# About Jupiter Wagons and Dun & Bradstreet

## About Jupiter Wagons

Jupiter Group is a premier manufacturer of railway wagons, components for passenger coaches, alloy steel casting for rolling stock and track. The group also manufactures application-based load bodies for commercial vehicles, other products include ISO marine containers, refrigerated containers etc.

**Jupiter Electric Mobility Pvt. Ltd.** is a wholly owned subsidiary for manufacturing Commercial Electric Vehicles.

Over the last decades, we have emerged as a one-stop solutions provider within our sector. We are respected for the highest standards of quality. Our robust technological foundation underpins our status as one of the fastest growing within our industry.

Our integrated facilities are engaged in the manufacture of railway wagons, high-speed bogies, and railway castings; we manufacture couplers, draft gears and railway turnouts for the Indian Railways and the North American railroads.

We are the most integrated Railway Engineering Company, catering to the clientele spread across Indian Railway, Private wagon aggregators, commercial vehicles OEMs, Indian defense, and logistic companies. It regularly exports to North American market as well.

## About Dun & Bradstreet

Dun & Bradstreet, a leading global provider of business decisioning data and analytics, enables companies around the world to improve their business performance. Dun & Bradstreet's Data Cloud fuels solutions and delivers insights that empower customers to accelerate revenue, lower costs, mitigate risk and transform their businesses. Since 1841, companies of every size have relied on Dun & Bradstreet to help them manage risk and reveal opportunity. For more information on Dun & Bradstreet, please visit [www.dnb.com](http://www.dnb.com).

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