



INDIAN
RAILWAYS
and their impact on
the economy.



Capital
—SPROUT—

Wealth Bulletin
March, 2025



Greetings from Capital Sprout!

It gives me pleasure to share with you the **MAR-25** issue of Capital Sprout's Wealth Bulletin, which will focus on **Indian Railways and their impact on the economy**.

The Indian Railways, the fourth-largest railway network in the world—after the United States, China, and Russia—continues to serve as the backbone of India's transportation system. It has remained both world-class and affordable, fulfilling its role as the nation's most accessible mode of transport. At the same time, it plays a vital role in supporting India's industrial and commercial growth and the country's vision of becoming a \$5 trillion economy. Over 23 million passengers daily depend on Indian Railways as a crucial part of their daily economic activity.

With a rich legacy spanning 162 years, Indian Railways is a national asset that operates more than **19,000 trains** across **7,461 stations**. It stands as Asia's second-largest and the world's fourth-largest rail network—an extraordinary testament to its scale and significance.

Over the past decade, Indian Railways has undergone a series of transformative, forward-looking changes. Several strategic initiatives launched in 2014 have laid the foundation for a significant turnaround, with their positive impact already becoming evident. Major steps include modernizing railway infrastructure, boosting investments in technology, enhancing passenger safety, increasing freight train speeds, initiating the Bullet Train project, and upgrading railway stations nationwide.

This edition of our newsletter delves into the Indian Railways' evolution, highlights key government initiatives, presents relevant statistics, and explores how rail transport can be a major driver of economic growth.

CA Dr. Rajesh Khandal



Indian Railways – A Life Line

Indian Railways, often called the "lifeline of the nation," holds immense importance for India due to its multifaceted contributions to the country's economy, society, and overall development.

With a workforce of **13 lakh people**, the IR is also one of the country's largest employers.

Here is a detailed write-up highlighting its significance:

<p>Economic backbone</p> <ul style="list-style-type: none">• Freight Transportation• Passenger Transportations• Employment Generation• Economic Integration• Support To Industries• Contribution To Nation's GDP	<p>Social Significance</p> <ul style="list-style-type: none">• Connectivity & Accessibility• National Integration• Essential Services• Tourism & Cultural Exchange
<p>Infrastructure Development</p> <ul style="list-style-type: none">• Infrastructure Development• Modernisation Of Stations• Technological Upgradation	<p>Strategic Importance</p> <ul style="list-style-type: none">• Defence Equipment Movements• Defence Personnel Transport• Disaster Relief



Railway - Globally

The global railway economy is on a growth trajectory, driven by **urbanization, sustainability trends, and technological advancements**. Freight rail remains the backbone of global trade, while passenger rail, particularly high-speed networks, is expanding rapidly.

The total length of the global railway network is estimated to be over 2.5 million kilometers (1.55 million miles), with the United States having the largest network at over 250,000 kilometers. China, Russia, and India follow as the second, third, and fourth largest rail networks, respectively.

The global railway market size was valued at approximately **\$620 billion** in **2024** and is projected to reach **\$820 billion** by **2030**.

Freight vs. Passenger Revenue:

- Freight rail accounts for ~55-60% of the revenue globally.
- Passenger rail contributes ~40-45%.

Employment: The railway sector employs over **6 million people** worldwide, including direct and indirect jobs.

Key statistics

Particulars	Global Data 2024	Market Share			
		Asia-Pacific	Europe	North America	Rest Of The World
Market Size	\$620 Billion	42%	29%	19%	10%
Freight Rail	9.30 Billion Mt Of Goods Transported	55%	30%	12%	3%

Passenger rails

2024	China	India	Europe	Japan
14 Billion Passengers Travelled	5.20 Billion Passengers	4.80 Billion Passengers	2.50 Billion Passengers	1.2 Billion Passengers



Where Indian railway stands globally

The Indian Railways (IR) is one of the largest railway networks in the world (4th Largest after the USA, China & Russia), serving as the backbone of India's transportation system. With **69,000 km of track** and over **8,000 stations**, it transports **23 million passengers** and **3 million tones** of freight daily. As of 2024, Indian Railways contributes nearly **1.2% to the country's GDP** and employs **over 1.3 million people**, making it a key player in the national economy.

India is projected to account for 40% of the total global share of rail activity by 2050

A unique aspect of Indian Railways' business model is **its ability to subsidize passenger travel using freight revenues while remaining profitable**. In contrast, major railway systems in developed countries are either privatized with the freedom to set high tariffs or reliant on government subsidies to cover losses. USA railway is privatized & it's operated by a company namely AMTRAK..

Important railway data of the countries

Name of country	Track in Kms	High speed track in Kms	% Of high speed track	Passenger Kms (2025) per day	No of train operators	Top speed km / hour	Daily passenger trains
India	65,554	-	0.00%	10,50,738	Govt	160	13,198
US	2,20,044	6,071	2.76%	3,593	Private	240	300
China	1,59,000	40,474	25.46%	9,46,499	Private	431	10,483
					Govt		
Russia	1,05,000	-	0.00%	78,135	Govt	250	*19,386 rail cars
Japan	27,311	3,081	11.28%	1,49,711	Private	320	*26,000
France	27,860	2,735	9.82%	75,058	Private	320	*15,000
					Govt		
Germany	39,379	1,571	3.99%	46,169	Private	300	*40,000
					Govt		
Italy	24,567	921	3.75%	34,169	Private	300	289
					Govt		
Spain	15,489	3,661	23.64%	16,821	Private	310	5,000
					Govt		
Brazil	29,850	-	0.00%	16,486	Private	350	400

*Daily passenger trains data of Russia, Japan, France & Germany includes 1-2 coaches trains called Rail Car. It is the reason why the numbers are on the higher side.

*India is behind in High-Speed trains as compared to other countries, but this figure will be improved drastically after the commissioning of the Bullet train, semi-high-speed trains.

Key statistics of Indian Railways

Market size gross revenue Yr 2023-24	\$30.02 billion	
Railway contribution to Indian economy	1.20 % of GDP	
Railway budgetary allocation Yr 2025-26	\$31.12 billion	
Rank in terms of network	4 th LARGEST IN THE WORLD	
Track length	Total track length	135,207 km
	Running track length	109,748 km
	Route track length	69,181 km
Avg daily passenger trains in operations Yr 2023-24	13,198 trains covering 7,325 stations across India	
Avg daily goods (freight) trains in operations Yr 2023-24	11,724 trains	
Passenger traffic Yr 2023-24	No of passengers transported	6.095 billion
	Avg. Daily passengers	23 million
	Passenger Kms in 2023-24	10,64,700 million Kms
Freight traffic transportation FY 2023-24	1,588.06 million tones	
Operation	Passenger: train Kms	800 million Kms
	Freight: train Kms	513 million Kms
Electrification	94% of broad gauge are electrified	
Rolling stock	Freight wagons	3,27,991
	Passenger coaches	91,498
	Electric locomotives	10,675
	Diesel locomotives	4,397
	Steam locomotives	38
Online ticket booking in 2023-24 through IRCTC PORTAL	Avg 12.31 lakh tickets per day	

India's railway -key initiatives & future plans

Budgetary reforms

A major budgetary reform was the merger of the Railway Budget with the General Budget- a decision that opened up the door for the Government to increase budgetary funding & delimit the growth of Indian Railways. Gross Budgetary Support to Railway soaring to 2.65 Lakh Crore for 2025-26 from 65,445 crore in 2014-15

Infrastructure upgradation

Significant investments have been made in upgrading infrastructure, including track modernization, station modernization & redevelopment, extension of tracks, moving towards 100% electrification, etc.

The station redevelopment program involved the modernization of major railway stations with providing value-added services across India. It will transform the perception of the whole world towards Indian Railways.

Dedicated freight corridors

The development of dedicated freight corridors aims to enhance efficiency and capacity for freight transportation.

High-speed rail / semi-high speed rail

India has also ventured into high-speed rail projects. The Mumbai-Ahmedabad High-Speed Rail (MAHSR) project, also known as the Bullet Train project, is one such initiative. It aims to introduce cutting-edge technology for rapid transit.

Indian Railways has launched semi-high-speed "Vande Bharat" trains with modern features and plans to export them to international markets. Other semi-high-speed trains are Tejas Express, Gatiman Express, Shatabdi, Rajdhani, etc.



Technology advancement

Digitalization in Indian Railways has been a significant focus in transforming the operational and customer service landscape within the network. The integration of digital technology has led to various advancements in services, operations, and passenger amenities.

IRCTC

The implementation of online ticketing systems, such as the IRCTC (Indian Railway Catering and Tourism Corporation) website and mobile apps, has streamlined the ticket booking process for passengers. Passengers can track the real-time location and expected arrival times of trains through various apps and websites, providing them with accurate information about their journeys.

On average, 12.38 lakh tickets per day were booked online in FY 2023-24 with 0 day downtime. It shows the integration of Railway digitalization with a robust IT infrastructure of India.

Safety & security

Indian Railways has been actively planning and implementing various modern safety measures to enhance the safety and security of train operations and passenger travel. Some of the key modern safety measures being planned or implemented include:

Train Protection and Warning Systems (TPWS): TPWS is designed to prevent accidents caused by human error, automatically applying brakes to prevent collisions or overspeeding.

Automatic Train Protection (ATP): ATP systems monitor and control train speeds, automatically slowing down or stopping a train if it exceeds the safe speed limit or approaches a danger zone.

Train Collision Avoidance System (TCAS) (“KAVACH”): This system helps prevent collisions by providing warnings to train drivers and controlling train speed in the case of potential collisions.



Top listed Indian railway company

Name of company	Financial data of 2023-24		Capital market data (as on 31-03-2025)		
	Turnover Rs. in Cr.	Net profit Rs. In Cr	Current Price	Market cap Rs. In Cr	P/E ratio
Titagarh Rail Systems Ltd	3,853	286	796	10,723	36.8
IRCTC	4,270	1,111	728	58,200	47.2
IRFC	26,645	6,412	124	1,62,598	24.9
Rail Vikas Nigam Ltd	21,733	1,463	352	73,361	58.8
Railtel Corporation of India Ltd	2,568	246	303	9,710	34.8
Ircon International	12,331	930	146	13702	18
Jupiter Wagons Ltd	3,641	333	361	15343	40.4



Conclusion

Indian Railways stands at a pivotal juncture in its journey. As the nation's transportation backbone, it has made commendable strides in infrastructure development, technological advancement, and modernization. Projects such as the introduction of **semi-high-speed trains**, **station redevelopment**, and **rapid electrification** underscore its commitment to progress.

However, the path forward is not without challenges. Financial sustainability remains a pressing concern, with **the operating ratio**—a key efficiency metric—hovering around **98.14%** in FY 2022–23, indicating that a large portion of revenue is absorbed by operational costs. Safety also remains a critical area of focus, as incidents like the Balasore train collision have underscored the urgent need for more robust safety systems. In addition, capacity constraints, network congestion, balancing affordability with profitability, and political interference continue to weigh on the system.

That said, Indian Railways is not shying away from these challenges. The government has adopted a proactive stance—investing in safety technologies such as the '**Kavach**' Automatic Train Protection system, increasing capital outlays for infrastructure upgrades, and diversifying revenue streams to enhance financial health. These reforms signal a determined effort to change the narrative.

If these initiatives continue at pace, the next 5–6 years could mark a transformative phase for Indian Railways—positioning it not only as a global benchmark for affordability and scale, but also as one of the most advanced and efficient rail networks in the world.



Performances

(1) Equity Market

Indices	01-03-2025	31-03-2025	High	Low
BSE S&P SENSEX	73,427.65	77,414.92	78,741.69	72,633.54
NIFTY 50	22,194.55	23,519.35	23,869.60	21,964.60

(2) Mutual Fund

AUM Data of Mutual Fund for the Month of March 2025

(INR. In Lakh Crore)

Particulars	AUM As On 28-02-2025	Fresh Fund Mobilize During March-25	Redemption During March-25	AUM As On 31-03-2025
Total AUM of all mutual funds scheme	67.12	13.20	14.84	65.48
AUM of equity oriented (growth) schemes	29.19	0.57	0.31	29.45

Source: Association of Mutual Fund of India (AMFI)

SIP Contribution

(INR. In Crore)

Month	SIP Contribution	SIP AUM
March-2025	25,926	13,35,188

(3) FII & DII Inflow/Outflow Position – March 2025

FII's buying in the month is 0.02 Lakh.

DII's buying in the month is 0.38 Lakh

(INR. In Crore)

FII /DII	Gross Purchase	Gross Sale	Net
FII	2.96Lakh	2.94Lakh	0.02Lakh
DII	2.75 Lakh	2.37Lakh	0.38Lakh

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