PREFACE

The Indian Railways are more than 150 years old. For a number of decades, they have enjoyed a monopolistic situation in the field of transport in the country. The demand of rail transport had been far outstripping the supply until a few years ago. In the field of passenger transportation over long leads, they still have a near monopoly as they are the cheapest mode of inland transport. In fact, the railway passenger fares are the lowest in the world, and have not kept pace with the increase in the cost of transport. It is not easy to suddenly increase the fares to ensure that the passenger fares are not subsidised by the freight segment of rail transport.

The freight traffic on the Indian Railways has been the profitable segment. Their revenues from freight transportation have, over the years, subsidised the losses incurred by passenger transportation, the operation of uneconomic branch lines, new lines having negative rate of return and transportation of the low rated commodities. This subsidy was of the order of Rs 3787 crores in the year 2002-03.

With the opening up of the economy in the year 1990, the competition from the road transport increased due to gradual removal of controls and the beginning of an era of liberalisation in the economy. The Railways found that their share of transportation of high rated commodities like cement and steel decreased while that of the roadways went up significantly.

Even the regular customers of the Railways felt that the transportation of traffic by rail was becoming costlier. Hence they started shifting towards roadways as the alternative mode of transport.

In the late 1990s, a large number of Railways' rolling stock became surplus to the demand. This caused serious concern to the Railways who ordered studies to be conducted to determine the causes of the loss of their market share, primarily, to the roadways. The findings of some of these studies have been discussed in detail in Chapter II of this thesis. However, none of these studies dealt with the Railways' loss of share in the transportation of cement.
This situation gave rise to the need for conducting a study in this area. The present study was, therefore, undertaken under the auspices of the Aligarh Muslim University and the All India Management Association so that the causes of the loss of share in the cement traffic by the Indian Railways could be identified, the existing marketing strategies could be studied and analysed and an effort could be made to suggest modifications in the existing marketing strategies or to suggest new marketing strategies for the Railways.

The views of the customers of the Railways, particularly, those of the cement manufacturers, were, essentially required for ensuring that the recommendations should cover the view point of the Railways' customers and the problems faced by them in the transportation of cement by rail. A questionnaire, having qualitative and quantitative dimensions was, therefore, circulated to all the large cement plants in the country. For this purpose, the help from the Cement Manufacturers' Association and the Ministry of Railways was taken so that authentic data could be made available for the study. In addition, interviews were held with the representatives of the cement industry, the Cement Manufacturers' Association and the transport advisors of some of the cement companies. After obtaining their suggestions and analysing the data available through the replies to the questionnaire, the findings of the study were drawn up. These findings were discussed with the concerned officers of the Ministry of Railways to make an assessment of the steps being taken by the Railways to make suitable changes in their marketing strategies for solving the problems of the cement industry and also for making the railway transportation system more customer friendly.

The final recommendations, therefore, take into account, the views of the cement industry as well as the views of the Ministry of Railways. New suggestions for changes in the marketing strategies have been given wherever it appeared that the present strategies are not being modified to suit the needs of the customers and solve their problems as perceived by them.

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