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On Track

Despite the emergence of low-cost airlines in India, Indian Railways' passenger traffic and earnings continue to rise, making rail a strong competitor to the air transport industry.

■ By Lauren Lovelady | Ascend Staff

For every passenger who boards an airplane in India, more than 300 passengers board trains. At first glance, these statistics seem like a windfall for the country's centrally managed rail system, but in fact, they show the enormity of the potential air travel market. And, recently launched low-cost airlines are stepping in hoping to lure this market into discovering the benefits of flight. In particular, they are targeting India's upper-class

rail passengers, who account for about 20 percent of rail's revenues. Perhaps for the first time in its more than 150-year history, India's rail system is facing direct competition.

Rail service was introduced to India in 1853, and by 1947 — the year of India's independence — there were 42 separate rail systems. In 1951, the systems were brought together into a single state-owned company, Indian Railways, which is the second-larg-

est rail system in the world, as well as the biggest employer. For decades, rail has been the country's principal mode of passenger and freight transportation, playing a key role in the economic and social development of the country. More than 60,000 kilometers of track and 8,000 trains carry more than 13 million people each day throughout all parts of the country and to neighboring Nepal, Bangladesh and Pakistan.



Photo by Bijoy Ghosh/The Hindu

Rail Versus Air Fare Comparison

Rail classes		
Airline/rail	Full fare	Promotional/discount
Rail first A/C	4,175 rupees	NA
Rail second A/C	2,210 rupees	NA
Rail third A/C	1,485 rupees	NA
Full-service		
Airline/rail	Full fare	Promotional/discount
Indian Airlines	8,685 rupees	3,965 rupees
Jet Airways	9,800 rupees	4,000 rupees
Air Sahara	8,000 rupees	3,888 rupees
Low-cost		
Airline/rail	Full fare	Promotional/discount
Air Deccan	3,550 rupees	2,828 rupees
SpiceJet	3,650 rupees	2,250 rupees
Kingfisher Airlines	3,960 rupees	NA

Although rail remains the dominant mode of transportation in India, fares offered by low-cost carriers may soon begin to attract passengers, particularly those traveling in first- and second-class air conditioned rail cars. The three-week advance purchase fares on low-cost carriers from Delhi-Mumbai, for example, are comparable to those offered by rail in premium classes.

For 150 years, rail service has been the most common means of travel in India, but the increase of low-cost carriers in the country and a much-improved economy presents enormous opportunities to convert these rail passengers to the air.

Rail stations in India serve 13 million passengers each day to various parts of the country and to neighboring countries.



Photo by Lazlovsun, Creative Commons

Air-conditioned express trains, introduced as an alternative to once prohibitively expensive air travel, connect most major cities. The majority of rail passengers, however, travel in overcrowded and sometimes outdated lower-class carriages. For most of India's population, rail is the least expensive and most popular mode of transportation. But that is all changing.

The recent emergence of low-cost carriers is placing air travel within reach of thousands of middle-class Indians eager for alternatives to a sometimes congested and unpredictable rail system. Perhaps more importantly, these airlines are stimulating economic growth and development by focusing services on secondary cities and towns with airstrips that have gone unused since the end of World War II rather than the country's handful of crowded, big-city airports with established carriers.

The results are encouraging. Due to increased accessibility, these secondary locations are now being evaluated with interest by businesses desiring to expand or relocate from overpopulated areas. With fares as low as 487 rupees (US\$11), passengers can fly to these destinations once only accessible by train, arriving in a fraction of the time.

Does this mean India's rail system is destined to become obsolete? Not likely. First, it's important to realize that the majority of India's population will most likely continue to utilize the rail system as its primary mode of transportation for a number of reasons.

Despite plunging air fares, some will never be able to afford the price of an airline ticket.

Others will have no interest in experiencing the unfamiliar. And for many people, it's a matter of convenience. For example, an hour-and-a-half train or bus ride may be required to reach the nearest airport from a remote village, followed by an average one- to two-hour wait at the airport to check in, clear security and board the aircraft. After a two-hour flight, another hour-long train trip to the final destination is required for a total of five-and-a-half to six-and-a-half hours. The same trip via train may take seven hours, but the majority of cities, towns and villages have centrally located train stations with easy access to neighborhoods and businesses. Getting from point A to point B may take longer, but it's not nearly as complex.

What it does mean is that India's rail system must upgrade and reposition itself to effectively compete in the 21st century. Under increasing pressure to invest in improving and modernizing Indian Railways' infrastructure, the government recently allocated a special fund of 133 billion rupees (US\$3 billion) to help renovate decaying tracks, rebuild bridges and update a manually operated, outdated signaling system, which has been blamed for a number of accidents. Progress has been slow, but the appearance of low-cost carriers with competitive fares may prove to be the catalyst needed to jump start this enormous project.

On the customer-service front, Indian Railways is exploring electronic ticketing and

frequent traveler programs in specific markets, as well as a passenger profile management system. The railway has utilized computerized reservations centers throughout the country for the past few years. In addition, timetables are being modified, food and beverage services enhanced, routes extended, and frequencies to popular destinations increased. In direct response to time savings gained by air travel, the speed of trains on some routes will be accelerated. Low occupancy trains and destinations will be eliminated. And approximately 2,500 special trains, many to popular tourist destinations, will run this year.

As an integral part of India's past and present culture and economy, the country's rail system is not likely to disappear despite the challenges it currently faces internally and externally. Even with the upstart of several low-cost carriers last year, Indian Railways' passenger traffic grew by 10 percent and its earnings by 12 percent. The good news, therefore, for both the rail and air travel businesses is that India's transportation sector is experiencing extreme growth in passenger demand fueled by a developing economy. More than ever, this vast nation of more than 1 billion people is on the move, and its citizens now have more choices than ever before for getting to their destinations. **F**

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