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Secretary General

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**Shri Ashwini Vaishnaw**  
Hon'ble Minister of Railways, Communications, Electronics and Information Technology  
Government of India  
New Delhi

Hon'ble Minister

**Suggestions for Boosting India's Exports in Railways and  
Ensuring Long Term Sustainability of Private Sector Investments**

FICCI congratulates the Indian Railways for placing an order for 84,000 wagons, the highest in the national transporter's history. This will certainly help in boosting the railways' freight transportation and increasing the freight share of Railways from the current level of 27 per cent. The floating of a tender of such magnitude is a part of the Railway's big push in the infrastructure as envisaged in the 2023-24 Budget.

We are happy to see that with a view to increase the share of railways in freight, the Ministry of Railways is laying great thrust on increasing the private investments in Rolling stock (Wagons & Locomotives). Industry is enthusiastic to collaborate with the Indian Railways (IR) in achieving this vision. The process of capacity augmentation and investments in various industrial manufacturing units have already started to fulfil the orders of wagons given by IR. However, the sustainability of the order book remains to be a critical factor in ensuring that the CAPEX invested by stakeholders is safeguarded in the long run.

FICCI has been holding consultation with the key stakeholders in Railways sector and some of the key suggestions that have emerged from the industry are detailed in the following for your kind consideration:

**1. Long Term Sustainability Plan to secure private sector investments**

Industry players have raised apprehensions about the uncertainty surrounding the duration of rolling stock contracts with the government. The absence of clear guidelines or fixed contract periods may create ambiguity and affect the financial planning & investment decisions of a few private operators.

**2. Export and Production Linked Incentives (PLI) for Rail sector:**

Many sectors such as telecom and pharmaceuticals have benefited extensively from the PLI scheme introduced by Government of India that has helped them to upscale the production and increase investments in their respective segments.

May we request Government of India to kindly consider introducing the PLI scheme for railway sector as well. It will play a vital role in promoting the rail sector's manufacturing capabilities and exports. These incentives will boost competitiveness, encourage investment, and facilitate the growth of rail-related exports.



### 3. Proactive initiatives required for India to emerge as a global exporter in Railway Sector:

India has significant potential to become an exporter in the railway sector. The government has made progress in developing railway infrastructure, modernizing existing systems, and adopting new technologies. The government's support, along with the commitment of railway manufacturers can help propel the growth of the sector and position India as a global exporter in this area. The government may consider formulating policies that incentivize exports, provide tax benefits, and streamline regulatory procedures.

- i. **Free Trade Agreements (FTA):** We request policymakers to consider entering into favourable trade agreements and partnerships with potential export markets across the globe (signing the FTAs should include all the locomotives, coaches rolling stocks and wagons). This will help reduce trade barriers, tariffs, and non-tariff barriers, thus facilitating market access for Indian rail exporters and promoting exports from India to the World.
- ii. **Collaboration between Indian Railways and EXIM Bank:** India has a significant potential for railway export opportunities in various regions around the world such as *Africa, Southeast Asia, Middle East, South Asia*, etc. Since these regions are undergoing rapid infrastructure development, including the expansion and modernization of their rail networks, India can offer its railway technology, equipment, and services to support these projects.
  - a. Tying up with India Exim Bank for exporting rail sector products to African countries such as Kenya, Nigeria, Ethiopia and South Africa, besides Asian countries like Mongolia, Indonesia, Vietnam and the Philippines, could indeed present significant opportunities for the industry players. These countries / regions often have a growing demand for infrastructure development, including the expansion and improvement of their rail networks and by collaborating with Exim Bank, we can leverage their expertise in financing and promoting exports to these markets.
  - b. By partnering with Exim Bank or similar institutions, Indian rolling stock manufacturers can leverage their investment support, risk mitigation tools, market intelligence and trade promotion initiatives to tap into the enormous export potential across regions such as Africa and Asia.
  - c. These partnerships can create mutually beneficial opportunities for both the exporters and the target markets by driving economic growth, infrastructure development, and technological advancements in the rail sector.

We are confident that our submissions will be considered positively, and the ministry will take appropriate measures to protect the interest of all stakeholders. If you deem appropriate, FICCI would be happy to bring an industry delegation to brief the Ministry in detail on this matter.

Thank you for your valuable guidance and support.

Best regards

Yours sincerely

S K Pathak