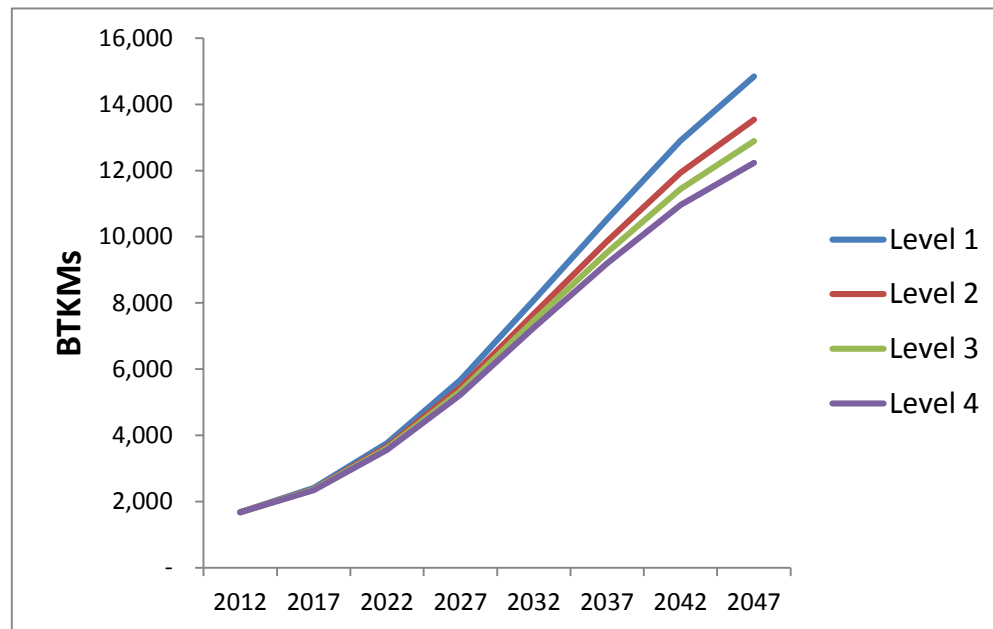


## DOMESTIC FREIGHT TRANSPORT DEMAND

Freight transport demand is dependent on nature of economic activity in the country and is linked to the growth in the agricultural, industrial, mining, manufacturing, and service sectors. Measured in terms of ton-kilometers moved, the demand for freight transport has grown at a very fast rate in the first decade of the twenty first century. Given India's economic growth potential, the demand for freight movement is set to significantly increase in the future from the level of 1,672 billion ton-kilometers in 2012. This lever generates scenarios of freight demand under different conditions.



### LEVEL 1

With an increasing growth in industrial activity, Level One sees a continuous rise in freight demand, with no logistical planning. Sectors such as power, cement and minerals are expected to continue to see an increasing transport demand. Additionally with increasing economic wealth, the demand for white goods is also expected to grow, adding to the overall freight demand. All this would lead to an increase in the freight transport requirement from present levels to about 14,843 BTKMs by 2047.

### LEVEL 2

Level Two assumes that as the demand for freight transportation grows, there is a slight moderation in the distances of cargo transportation, as economic activities get more organized through formation of logistics hubs and industrial clusters. Further, with better planned markets and points of consumption, the freight traffic volumes are expected to reduce by 9% of Level One 2047 levels to reach 13,540 BTKM's by 2047.

### LEVEL 3

Level Three envisages an improved scenario with organized logistics assisted by better information technology solutions to optimize route planning and more efficient movement of goods across the country. Planned industrial clusters along with optimized transport logistics serving commercial and industrial needs would help in reducing the total volume of freight traffic by about 13 % from the Level One levels, to reach 12,888 BTKM's by

### LEVEL 4

Level Four envisions India with significantly improved logistic planning along with a movement towards local production and local consumption. Concentrated economic activity in the form of logistics parks, industrial clusters, and industrial centers would result in reduction in the average leads for freight transport on both rail and road. This would imply a reduction in volume of freight traffic by about 18 % over Level One by 2046-47 to reach 12,236 BTKM's by 2047.