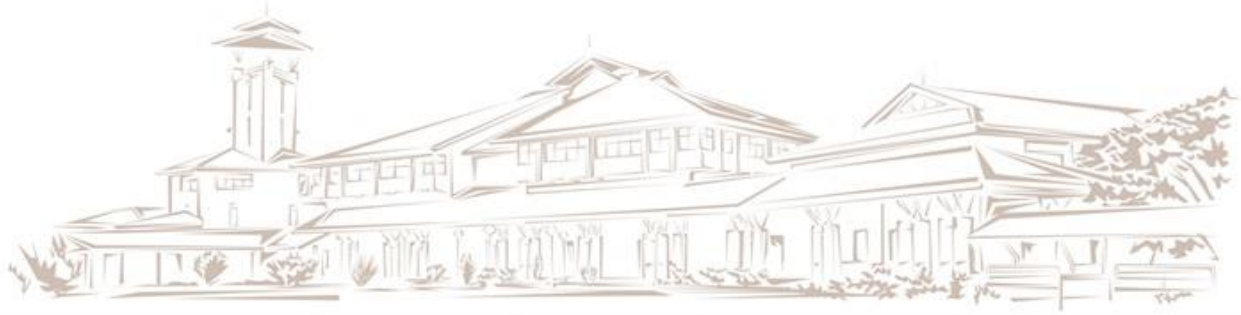


"A man is
great by
deeds, not by
birth"

-Chanakya

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INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE



Case Study

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Indian Railway Catering and Tourism Corporation Limited
(IRCTC): Scaling Beyond Ticketing

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Abstract

The Indian Railways (IR), the economic lifeline of India, is an enterprise owned and operated by the Government of India. IR today is the largest network in Asia and one of the largest networks in the world. Its network consists of 121,407 kilometers covering 66,000 route kilometers with 7,172 railway stations. The route of 66,000 kilometers of Indian Railways is more than one and a half times the circumference of the earth. Every day, the distance travelled by all the trains of Indian railways together is 1.5 times the distance from earth to moon. IR runs 13,000 trains to carry more than 23 million passengers daily which is equivalent to moving the entire population of Australia.

The computerization of Passenger Reservation System (PRS) for Indian Railways started in 1983-84 with a pilot in Delhi followed by the implementation of a standalone system at five major locations in India – IMPRESS (Integrated Multitrain Passenger Reservation System) and then implemented countrywide - CONCERT (Countrywide Network of Computerized Enhanced Reservation And Ticketing) in April 1999. Although there were two major failures of online computerized reservation systems during this period – SOCRATE reservation system of French railways and CONFIRM project of US Airline, car and hotel industry, PRS of Indian Railways was a grand success. Later in 2002 IRCTC pioneered the internet based rail booking through its website.

IRCTC is a subsidiary of Indian Railways that handles catering, tourism and online ticketing operations. IRCTC is known for changing the face of railway ticketing in India. It earned 30% of their revenue in 2016-17 through e-ticketing. With a revenue of \$ 71 million, daily transaction volume of 0.5 million with a peak load of 16,555 tickets per minute, IRCTC operates one of the largest e-commerce websites in the Asia-Pacific region. This brings many business opportunities to IRCTC. Some of the key business opportunities and challenges for IRCTC include (i) Pursuing IRCTC's aspiration of becoming a one stop travel agent (OTA) (ii) Leveraging their business potential in the growing e-commerce space in India. IRCTC web site entered into e-commerce space through a co-branded marketplace model. Should they continue like this or become a full fledged marketplace player? If so what should be their marketplace model (iii) monetizing their user data assets: by leverage their valuation by tapping the capital market and by data licensing of their user database (iv) The technology / digital strategy they should adopt for meeting these business opportunities?

This case narrates the arduous journey of online PRS implementation. The case also discusses why and how IRCTC should scale beyond e-ticketing which can bring more revenues for Indian Railways.

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