

A Study on Revenue Diversification and Business Sustainability of IRCTC Through Its Tourism Services

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Abstract

The Indian Railway Catering and Tourism Corporation Limited (IRCTC) is a key part of the Indian Railways system, providing online ticketing, catering on trains and at stations, packaged drinking water (Rail Neer) and tourism services. IRCTC once earned most of its income from ticketing and catering, but it has diversified strategically to reduce the risks of regulatory dependence and cyclical passenger traffic. Tourism has become a fast-growing business area, covering domestic and international packaged tours, luxury tourist trains such as the Maharajas' Express and Golden Chariot, Bharat Gaurav themed trains, the Buddhist Circuit Tourist Train, hotel bookings, air and bus ticketing, car rentals, and MICE (Meetings, Incentives, Conferences and Exhibitions) events.

This paper examines the role of tourism services in IRCTC's revenue diversification and long-term business sustainability. By combining its railway network with a strong digital platform (irctctourism.com), IRCTC has moved from being mainly a rail service provider to a full-service travel and hospitality company. The reviewed literature suggests that tourism brings higher-margin revenue that offsets the lower margins of ticketing and catering, strengthens brand visibility beyond regular train users, and supports spiritual, heritage and cultural circuits. IRCTC reported a net profit of over ₹1,300 crore in FY25.

The paper reviews ten earlier studies, identifies eight research gaps, states a problem statement, proposes a multi-theoretical framework and conceptual model, and sets out a survey-based methodology (120 respondents, structured Likert-scale questionnaire) for a future empirical test. Challenges remain, including seasonality, competition from private tour operators and the need for continuous digital innovation. Overall, tourism services are an important element in IRCTC's move towards a more resilient and sustainable business model.

Keywords: *Indian Railways, IRCTC, tourism services, luxury trains, revenue diversification, business sustainability.*

1. Introduction

Tourism is one of India's fastest-growing sectors and a significant source of employment and economic growth. Recognising this potential, Indian Railways has entered tourism by using its vast infrastructure and nationwide connectivity. Packaged tours, which bundle transport, accommodation, meals and sightseeing, have become popular with both domestic and international travellers. By offering tailored experiences, Indian Railways serves pilgrims, heritage enthusiasts and leisure travellers alike.

Luxury trains are one of the major initiatives in this field. Trains such as the Palace on Wheels and the Maharajas' Express have transformed the idea of train travel through world-class facilities, fine dining and cultural experiences. They attract high-

end overseas travellers, showcase India's heritage and earn substantial income, since premium tourists spend more than regular passengers.

Thematic tourism circuits have also gained attention. The Buddhist Circuit, which covers places associated with the life of Lord Buddha such as Bodh Gaya, Sarnath and Kushinagar, promotes religious tourism and strengthens ties with countries that have strong Buddhist traditions.

The shift towards tourism supports the wider goal of business sustainability. As operating costs rise and competition from other modes of transport grows, Indian Railways needs new ways to remain profitable. Tourism revenue reduces dependence on passenger fares and freight and can also earn foreign exchange. Digital platforms have made this diversification possible: through its subsidiary

IRCTC, customers can book tourism packages and luxury trains quickly through the website and mobile apps with online payment.

1.1 Objectives of the Study

- To identify the impact of tourism-related services on revenue diversification at IRCTC.
- To understand how tourism-related services contribute to the sustainability of IRCTC's business operations.

2. Review of Literature

The literature review identifies earlier work on the topic and highlights research gaps. Table 1 summarises studies on IRCTC's tourism services, revenue diversification and business sustainability.

Table 1: Summary of Reviewed Studies

Author(s) and Year	Focus of Study	Key Findings
Agarwal & Kaushik (2014)	Performance of IRCTC across catering, tourism and online ticketing	IRCTC expanded beyond catering into tourism packages, hotel bookings and packaged drinking water; diversification reduced dependence on a single income source.
Jain & Gupta (2015)	IRCTC online ticketing and digital transformation	Online booking became a major revenue stream and enabled cross-selling of flights, hotels and holiday packages.
Ghosh & Ghosh (2018)	Challenges and opportunities in IRCTC tourism	Competition from private operators and service-quality issues limited growth, but government backing and the rail network offer scope for sustainable expansion.
Bhattacharya & Chakraborty (2019)	Customer satisfaction with IRCTC catering	Service quality is central to customer trust and brand image, which indirectly supports sustainability.
Chakrabarti (2020)	Growth prospects of IRCTC	Tourism products such as Bharat Darshan, Maharajas' Express and pilgrimage tours can become a significant long-term diversification source.

Author(s) and Year	Focus of Study	Key Findings
Dash & Mishra (2020)	Service quality in railway catering	Satisfaction differed between AC and non-AC trains; better service quality strengthens loyalty.
Kumar & Suman (2021)	Financial efficiency and profitability of IRCTC	Ratio and trend analysis showed diversified revenue streams improved profitability and reduced financial risk.
Chavda (2023)	Comprehensive analysis of IRCTC operations	Tourism, e-catering and Rail Neer helped IRCTC recover from pandemic losses; recommended greater technological innovation.
Pancholi & Chaudhary (2023)	Strategic flexibility in IRCTC	After railway policy changes, tourism helped compensate for losses in traditional catering revenue.
IRCTC financial performance study (2024–25)	Revenue sources of IRCTC	Revenue from ticketing, catering, tourism and packaged water; diversification improves sustainability by reducing reliance on one segment.

2.1 Comparative Findings

- **Theme:** All studies agree that tourism services are a supporting but increasingly important factor in revenue diversification.
- **Revenue:** Ticketing still dominates, but tourism (luxury trains, packages, pilgrimage circuits) provides niche, high-margin revenue.
- **Customer orientation:** Service delivery and customer satisfaction are crucial for sustainability.
- **Strategic differentiation:** Very few studies focus on IRCTC's distinctive tourism strategy, which this paper addresses.

2.2 Research Gaps

1. **Integrated approach.** Earlier studies examine tourism, catering and ticketing separately and do not examine their combined role in IRCTC's revenue diversification.

2. **Quantitative evidence.** Many studies stress the importance of tourism, but few quantify its contribution to total corporate revenue.
3. **Business sustainability.** Little research directly links tourism services to business sustainability.
4. **New products.** Newly introduced offerings such as the Bharat Gaurav Tourist Train and Buddhist Circuit Train are discussed but rarely evaluated academically.
5. **Satisfaction and revenue.** Service-quality studies exist, but the link between customer satisfaction, revenue and retention in IRCTC tourism is not established.
6. **Public-private comparison.** IRCTC tourism has not been compared with private operators, which would show relative strengths and weaknesses.
7. **Digital transformation.** Digital marketing is mentioned, but its role in tourism revenue is not analysed.
8. **Segmentation.** Tourism segments and regions have not been analysed for their effectiveness in revenue diversification.

2.3 Problem Statement

Although IRCTC has made significant efforts to expand tourism services for revenue diversification, there is no comprehensive study of the subject. Earlier researchers have analysed individual aspects of tourism rather than the combined contribution of all aspects to revenue generation. No empirical or quantitative study has assessed the role of IRCTC's tourism services in generating revenue. Recently introduced products such as the Bharat Gaurav Tourist Train and Buddhist Circuit Tourist Train have not been analysed for financial performance, and research is absent on how consumer satisfaction and loyalty relate to revenue and usage frequency. Gaps also remain in the study of IRCTC's digital platforms, comparisons with private tourism operators, and segment-wise and region-wise analysis.

An integrated study is therefore needed that examines the role of tourism services in IRCTC's revenue diversification and business sustainability, supported by empirical evidence, comparative insights and a holistic analytical framework.

3. Theoretical Framework and Conceptual Model

3.1 Theoretical Framework

A multi-theoretical framework is proposed to address the gaps identified above.

- **Resource-Based View (RBV):** Examines how IRCTC uses internal resources (railway network, public trust, infrastructure) to build competitive advantage in tourism (Barney, 1991).
- **Diversification Theory (Ansoff Matrix):** Analyses IRCTC's move from its core railway business into tourism, with a focus on product development and diversification (Ansoff, 1957).
- **Service Quality Theory (SERVQUAL):** Measures customer satisfaction through reliability, responsiveness, assurance, empathy and tangibility (Parasuraman et al., 1988). The expected chain is Service Quality → Customer Satisfaction → Repeat Usage → Revenue.
- **Triple Bottom Line:** Assesses long-term sustainability on economic (revenue growth), social (access to tourism) and environmental (sustainable rail travel) dimensions (Elkington, 1997).
- **Technology Acceptance Model (TAM):** Explains adoption of IRCTC's website and app (Davis, 1989). The expected chain is Digital Usability → Customer Engagement → Revenue Growth.

3.2 Conceptual Model

Table 2: Variables of the Conceptual Model

Variable Type	Variables
Independent	Tourism services (packages, luxury trains, pilgrimage tours); digital transformation (website, app, online booking); service quality (SERVQUAL dimensions)
Moderating	Customer satisfaction; market competition (public and private operators)
Dependent	Revenue streams; business sustainability

4. Research Methodology

4.1 Research Design

The study adopts a descriptive research design using a structured survey, supported by secondary analysis of IRCTC's published financial data.

4.2 Universe of the Study

The population comprises all individuals who have used IRCTC tourism services within India, including passengers on IRCTC tourism packages, users of the IRCTC tourism booking website and app, and domestic tourists using railway tourism facilities. The geographic area is India; the study may be narrowed to a single city such as Nagpur if required.

4.3 Sampling Method

Non-probability sampling will be used, combining two techniques:

- **Convenience sampling:** respondents are selected because they are readily available (railway passengers, IRCTC members, tourists).
- **Purposive sampling:** respondents are selected because they have used IRCTC's tourism services.

Respondents must have used at least one IRCTC tourism service (package tours, tourist trains such as Bharat Gaurav, luxury trains, or online tourism booking through the IRCTC website or app), be aged 18 or above, and be domestic tourists from diverse backgrounds.

4.4 Sample Size

The study will use a sample of 120 respondents who have used IRCTC tourism services. This falls within the 100–150 range commonly used in descriptive, survey-based studies of IRCTC and is sufficient for basic statistical analysis such as percentages, mean scores, correlation and regression.

4.5 Data Collection

Primary data will be collected through a structured questionnaire using a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). It will cover tourism services, digital platform usability, service quality (SERVQUAL dimensions), customer satisfaction and repeat usage. The questionnaire will be distributed online through Google Forms and offline at railway stations and tourist locations. Semi-structured interviews with frequent users may be added where deeper insight is needed.

Secondary data will be collected from IRCTC annual reports (2020–21 to 2023–24), Ministry of Railways publications, the IRCTC tourism website, research journals and industry reports.

4.6 Research Tools

Table 3: Research Tools and Their Purpose

Data Type	Tool	Description	Purpose
Primary	Structured questionnaire	5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree)	Measure satisfaction, service quality, digital usability and repeat usage
Primary	Online survey	Google Forms / e-mail	Fast, convenient collection from railway users and tourists
Primary	Semi-structured interviews (if needed)	Short interviews with frequent users	Deeper insight into experiences with tourism packages
Secondary	IRCTC annual reports	Financial statements and segment data	Analyse revenue diversification and performance
Secondary	Government publications	Ministry of Railways documents	Authentic information on railway tourism
Secondary	Journals, reports, websites	Academic and electronic sources	Literature review and theoretical framework

4.7 Tools for Analysis

Data will be analysed in MS Excel or SPSS using percentages, mean scores, and correlation and regression analysis. Secondary financial data will be examined through trend analysis of segment revenue.

5. Conclusion

Revenue diversification is a key element of sustainable development for IRCTC. By expanding from ticket sales into tourism, catering and hotel services, the corporation has reduced the risk of relying on a single income source. The reviewed literature indicates that tourism offerings such as packaged tours, luxury trains and pilgrimage tours, together with theme trains and online booking, have improved accessibility and widened the customer base to include local and international visitors.

Diversification also supports sustainability by providing steadier income regardless of fluctuations in railway passenger traffic. Combining railway services with tourism lets IRCTC offer distinctive products and take advantage of government support. The study recognises limitations and challenges, including competition from private tour operators, inconsistency in service quality, and the need for continuous innovation to stay relevant. Addressing these will help IRCTC remain competitive. If IRCTC keeps improving its tourism services and innovating, the diversified model should continue to provide stability and contribute to India's tourism industry. The proposed survey will test these expectations empirically in future work.

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