The pragmatist who restored Indonesia’s railways to profitability

Line Prasad Yadav, India’s minister of railways from 2004 to 2009, was lauded for pulling off the feat of turning around a loss-making and unwieldy operation into a profitable and more efficient one. Yadav even managed to cut passenger fares, although iron-ore shippers had to pay higher freight charges.

This interesting episode in India’s 160-year-old railway system was made a case study by Harvard Business School, and Prasad and his lieutenant, the top-ranking civil servant in the ministry, Sudhir Kumar, took time off sharing the turnaround story at other top business schools.

Closer to home, Ignatius Jonan, president director (CEO) of Kereta Api Indonesia (KAI), the state-owned company running the railway system in Southeast Asia’s largest country, since 2009, has pulled off a somewhat similar feat.

From a loss of IDR82 billion in 2008, KAI swung into the black with a profit of IDR156 billion in 2009. Last year, the company’s bottom line hit IDR425 billion ($47.6 million), an IDR320 billion increase from 2011. Revenue has been growing too, from IDR4.4 trillion in 2008 to IDR7 trillion in 2012.

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