

BIG REFORM ON THE WRONG TRACK

Relevant for: Indian Economy | Topic: Infrastructure: Railways

The Indian Railways is the lifeline of India. With its vast network across the length and breadth of India, it is not just a mere transporter of passengers and goods but also a social welfare organisation.

While the addition of more trains with high technology coaches to meet passenger expectations is a welcome feature, it is the way of privatising these trains that is the problem.

The Railway Board says the “objective of the initiative was to introduce modern technology rolling stock with reduced maintenance, reduced transit time, boost job creation, provide enhanced safety, provide world class travel experience to passengers, and also reduce demand supply deficit in the passenger transportation sector”. But this is a step which will lead to dual control and split responsibility, resulting in higher fares, depriving the common man of travel by these trains, and repercussions in terms of maintenance and operations.

The United Kingdom and Japan have privatised their rail systems completely and not partially, but most countries have retained their rail networks for public convenience.

In India, the selection of private parties using the tendering process is now under way and proposes two-stage competitive bidding. While short listing will be based on financial capacity (with sharing of gross revenue), the selected parties can fix fares by themselves. These parties have to pay fixed haulage charges, energy charges based on actual consumption, and a share in gross revenue through the bidding process.

The main criterion is procurement of coaches by the concessionaire and form them into rakes of 16 coaches each, with maintenance at 10 major stations from where the trains will operate to their destinations. For maintenance, existing depots and yard facilities at different stations will be made use of. But this will result in conflict as it is a daily exercise. Only where adequate facilities are not available, the concessionaire has to invest in creating the required facilities. The project entails a total investment of 30,000 crore by private enterprises. The cost of investment at each of those stations varies from 2,300 crore to 3,500 crore.

According to the project information memorandum issued by the Railway Board, railway crew will work the trains (151 trains in 109 routes) which will be maintained by the private investor. All the other infrastructure (track and associated structures, stations, signalling, security and their daily maintenance) owned by the Railways will be fully utilised in running trains. Thus, the responsibility of the private investor ends with investment in the procurement and maintenance of coaches. Train operation, safety and dealing with every day problems rests with the Railways. In case of an unfortunate event, how do we fix responsibility when the coaches are owned by the investor but operated by the Railways and its staff? Provision of an independent regulator to resolve disagreement, discords and disputes will not solve day-to-day problems of dichotomy unless the basic issue is resolved.

Coaches in India are not of international standard (ICF Design – 1955 Swiss design or LHB Design (German 2000 design). At the time of introduction, these technologies were 20 years old. There have been sea changes in coach designs and the Indian Railways should go in for state-of-the-art coach designs using ‘transfer of technology (ToT) with world leaders. Our coach building units are capable of building such train sets with ToT.

While raising the maximum running speed to 160 kmph is welcome measure, accomplishing this in the timeframe given will be difficult. Nearly all trunk routes in the existing network are speed limited to 110 kmph (maximum speed); very few permit speeds of upto 120-130 kmph. To raise it to 160 kmph, as proposed, there has to be track strengthening, elimination of curves and level crossing gates and strengthening of bridges. It also calls for track fencing especially in densely populated areas. Also, from the timings for different trains given by the Railway Board there is no appreciable reduction in transit time for most trains when compared with the timings of the fastest train now operating on that route. This requires a critical review.

It is surprising to note in the proposal that the Railways or government have no role in fixing passenger fares. This is an unacceptable situation. On the contrary, full liberty is being given to the concessionaire to unilaterally fix fares for these proposed trains that are on a par with air and airconditioned bus fares. It will be beyond the common man's reach. Fare concessions extended to several categories of people will not be made available by the private investor. The very objective of commissioning the Railways as a public welfare transport organisation is defeated.

In the private sector, operations are run with an eye on staff costs which can endanger safety. Also, the private investor is not bound to follow reservation regulations in employment, in turn depriving employment opportunities for those who are on the margins of society.

In this context, the message of the then Prime Minister, after Independence, and at the time of the inauguration of the Central and Western Railways is apt: "The Railways are and will continue to be our greatest national undertaking. They deal intimately with scores of millions of people in the country and have to look after their comfort and convenience. They deal also with a very large number of employees whose welfare should always should be their concern."

There should be no need for the government to take a dual role of a facilitator as well as a participant. In the case of the metro railway services (Hyderabad, for example), an ideal PPP project, the concessionaire is solely responsible for daily maintenance, operation, passenger amenities and staff issues. The State government steps in when it comes to land, power, permissions, law and order, etc. Fare determination is in consultation with the government.

Instead of a private entrepreneur, who would be new to the job, why not entrust this to the Indian Railway Catering and Tourism Corporation, a government undertaking which has gained experience in running the Tejas Express trains? There will be 'unity of command' in maintenance, operation and passenger services under the single administration of the Railways and its undertaking. As per the Eligibility Conditions specified in "Request for Qualification (RFQ)" Para[graph] 2.2.1(b), Public Undertakings such as the IRCTC are eligible to participate in tendering for this project. Para[graph] 2.2.3 stipulates operation & maintenance experience in maintaining rolling stock. The IRCTC is well-suited for this role.

When the government of India is prepared to invest over a lakh-crore rupees to introduce the Bullet train on a single sector and which would cater to the elite, why not invest in the IRCTC, a government undertaking, in the new project, which will serve crores of people across the country?

This project of privatisation of trains should not result in the common man being deprived of travel facilities. We wish to reiterate that the Indian Railways is a strategic resource for the nation and provides a vital public good. Hence, it should not be judged solely on its profit-generating capability or market-based return on investment.

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