

Changing Indian Railways: RSTV- Big Picture

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What's in the news?

- Indian Railways formally kick-started its plans to allow private entities to operate passenger trains on its network.
- It has invited Requests For Qualification (RFQ) for participation on 109 routes through 151 modern trains.
 - Requests For Qualification (RFQ) - It is a screening step that allows vendors to show their credentials and work history to determine if they are suitable for an available government project.

Background

- Privatization in the railway sector is not a new concept. Indian Railways was created in 1951, by nationalising and consolidating all previously existing private railway units under it. It presently comprises 17 zones in total.
- In all other countries like the US, Canada, France, Japan, railways have gone for massive privatisation and have demonstrated a good track record (very few accidents). So it is a successful example for India to follow.
- Other sectors in India such as Roadways, Ports and Airlines already have private players and there is no reason why Indian railways should not invite private participation.
- With the upcoming Dedicated Freight Corridor Project, there will be a surplus capacity on passenger lines. This surplus will be utilised through private trains.
- Railways have been corporatised in the past as well. There are eleven Public Sector Units under the administrative control of the Ministry of Railways. Half of these are already listed on the stock exchange.
- Examples of PPP Model for development of rolling stock in the country:
 - The Diesel Locomotive Factory at Marhowrah
 - Electric Locomotive Factory, Madhepura
 - Metro railways and the Konkan railway corporation
 - IRCTC has run the Tejas Express.

Is this a privatisation of Indian Railways?

- This is not a move to privatize Indian railways, but only a move for leveraging existing infrastructure capacity for better services by outsourcing some commercial and onboard services to private players.
- According to the Railway Ministry:
 - These trains shall be operated by drivers and guards of the Indian Railways.
 - Operation and maintenance of the passenger trains would be governed by standards, specifications and requirements of the Indian Railways.

How feasible is this plan ? (privatisation generally focuses only on profit-making)

- There has been an ideology in India against privatisation:

- In 2006, the Airports Authority of India's unions organised massive protests against the Civil Aviation Ministry's move to hand over the operation and management of six AAI-developed airports to the private sector.
- In May 2020, the central trade unions staged a nationwide protest against privatisation plans of the Government for key public sector enterprises in the country.
- The concerns for the majority of people are:
 - Pricing - Most people believe that instead of spending more money on private trains they would rather travel by airlines, which would also be time-saving.
 - Regulating - In case of disagreements between the private companies and the ministry on operational issues, a regulating authority is needed.
 - Possible apathy of private service providers towards investing in low profit (low revenue-generating) routes and clusters.
- A change in the attitude of the Government towards responsibility-sharing is required because the private sector is not used to partnering with the Indian Railways. It has been sharing a completely contractual relationship so far.

What can the private players bring to the table?

- Operational Efficiency & Passenger Experience - Operations of these trains by the private entity shall conform to key performance indicators like punctuality, reliability, upkeep of train, catering.
- The private trains will be high-speed trains designed for a maximum speed of 160 kmph, thereby substantially reducing the journey time. Each train will also have a minimum of 16 coaches.
- The majority of new trains will be manufactured in India under the [Make In India](#) scheme. Under this PPP model, factories manufacturing train coaches, locomotives and tracks, using the latest technology will be set up across India. This will lead to huge employment generation indigenously.
- The private entities will be responsible for financing, procuring, operations and maintenance of the trains.
- The introduction of more trains will reduce demand and supply deficit in the passenger transport sector.
- Private players in passenger train operations will result in a huge jump in technology and coaches that run at higher speeds.
- The project will bring private sector investment of about Rs 30,000 crore.

What challenges have Indian Railways experienced while dealing with private entities before?

- The biggest challenge is that till now Indian Railways has been the policy-making body, alongside operating the trains. Now it will become a competitor of private entities. Critical decisions needing a mutual dialogue will be:
 - Who will decide tariffs
 - Which paths the trains will traverse
 - Which trains have to be given precedence over others
- To address this challenge, the Government decided to create the Rail Development Authority in 2017. The Railway Board has to ensure its implementation to create a level playing field for private and government stakeholders.

Positive experiences

- Previously, all the construction activity in the railway sector was being done departmentally. For instance, in 1980, the Railways maintained a 17 lakh staff strength. Later this was found needless and hence construction works were outsourced to private companies. Examples of successful outsourcing:
 - Indian Railway Construction Limited (IRCOM) and Rail Vikas Nigam Limited (RVNL)
 - Undertaking doubling of tracks, gauge conversions, electrification of tracks, station building facilities and making bridges, tunnels.

- Larsen & Turbo (L&T) - establishing factories and laying tracks for the railways.
- Dedicated Freight Corridor Project - Being monitored by the Government through outsourcing work to private players.

Way Forward

- The money which the Indian Railways will earn through revenue sharing can be utilised for improving the quality of passenger train services and railway infrastructure in poorer regions.
- They should also ensure that all the disputes between the private and public stakeholders are amicably resolved and excellent standards of services to passengers are maintained even in the future.

