

Indian Railways is a behemoth which gives employment to more than 12 lakh people. It helps in connecting people to every corner of India. To help improve the services given by Indian Railways, the Government of India has been contemplating on privatization. This article briefly throws light on the decision of the Ministry of Railways.

Indian Economy is an important segment of the [IAS Exam](#), and aspiring civil services candidates need to have a good understanding on the concepts of privatization, liberalization etc.

Privatization of Railways - Recent Decision of Ministry of Railways

1. On July 1, 2020, the Ministry of Railways announced that 151 trains in 109 pairs of routes will be operated by private sectors. It comprises just 5% of the 2,800 Express and Mail services operated by Indian Railways.
2. Private trains will start operating tentatively in 2023 and in 12 clusters.
3. Investments from the private sector is expected to the tune of Rs 30,000 crores.
4. Private companies will be given the freedom to procure the locomotives and trains from their source of choice.
5. All the employees operating the train will be private employees. However the loco pilot and the guard will be the employees of Railways.
6. Once the trains are operated by private players, then similar to airlines industry, railway passengers will have to pay extra for extra baggage, preferred seating, on-board services etc.
7. Railways has invited Request for Qualifications proposals, for scrutiny of vendor capabilities, from those who can bring modern trains for operations on existing rail infrastructure.

Indian Railways - Brief Introduction

1. In 2018 India had 68,443 route kilometres of railways as per data available with the World Bank.
2. In the fiscal year ending March 2019, Indian Railways carried 844 crore (8.44 billion) passengers and transported 123 crore (1.23 billion) tonnes of freight.
3. India is among the World's four largest rail networks, along with Russia, United States, and China.
4. Indian railways operate not only passenger and freight trains but also operates schools and hospitals.

5. Indian Railways is a major shareholder in 16 public sector undertakings (PSU) and other organizations that are related to rail transport in India.
6. As of 1 April 2020, Indian Railways has electrified 58.49% or 39,866 km (24,772 mi) of the total route kilometers.
7. India has railways link with Bangladesh, Bhutan, Nepal, Pakistan.

Privatization of Railways - Background

1. The background behind the current decision of the Government is, the expert panel chaired by Bibek Debroy constituted by the Ministry of Railways.
2. It had recommended that the way forward for the railways was “liberalisation and not privatisation” to improve services and encourage growth.

Privatization of Railways - What is the Need?

1. Once the railways permit private players, there is scope for capacity augmentation. This is a very pertinent point because in 2018-19, 8.85 crore people were on the waiting-list and railways was able to provide reservation to only 16% of the waiting list passengers.
2. The Railway Board says five crore intending passengers could not be accommodated during 2019-20. Travel demand was in excess of supply during festival and summer seasons. The demand exceeded the capacity of railways.
3. The main objective of this move is to introduce a new train travel experience for passengers who are used to travelling by aircraft and air-conditioned buses.
4. Cleanliness in trains, quality of food could be addressed with privatisation.
5. Time is precious, and punctuality of trains needs to be improved.
6. With infusion of more funds through the private sector, there is scope for bringing in more technology thereby increasing the safety and comfort aspects of trains.

Privatization of Railways - Criticisms

1. From some quarters there is criticism that railways is the common mode of transportation for common man, hence they will face the brunt of price rise in the railways ticket fares.
2. There is criticism that the move to privatise railways will affect the job opportunities of people belonging to the economically and socially backward class.
3. Many trade unions like AITUC, HMS, CITU and independent federations like AIDEF and AIBEA opposed the decision of the government.
4. Private players may find it difficult to compete due to various complex factors.

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