PAPER PRESENTED AT THE NATIONAL CONVENTION: SAVE RAILWAYS, SAVE NATION:1-2-2017:NEWDELHI

Ninety two year old separate rail budget has been merged with the general budget, though it will be read separately as another part. MOSR stated the reason for merger in the Rajya Sabha, on 22-7-2016:

> NITI ayog committee headed by sri Bibek Debroy has recommended merger of rail budget with general budget **mainly on the ground that separate railway budget has failed to deliver intended objective of funding its financial requirements and making it accountable for delivery**.

Let us examine this.Yes it is unable to fund its financial requirements though it has some surplus even after subsidizing passenger segment to the tune of Rs 25000 cr and pension expenditure of Rs 42000 cr where as world wide they are met by the government from general budget.

As on 1-4-2016 there are 458 major ongoing projects relating to new lines,guage conversion and doubling which needs an investment of Rs 3.86 lakh cr

.The share of railways in passenger segment has come down to 12.9% from 74.3% in 1951 and that of freight to 30% from 89% as quoted by national transport development policy committee in its 2012 report. The unit cost of rail transport is less by Rs 2 per net tone kilometer and Rs 1.6 less per passenger kilometer as per 2000 study when compared to road. Energy consumption is 75% to 90%less for freight and 21% less for passengers. Rail emits 17 gram carbon di oxide per passenger kilometer as against 84 grams in road and 28 gram by rail per net tone kilometer as against 64 gram in road.In 2013 there were 4,86,476 road accidents as against 120 in railways. For passenger transport road accident costs are 45 times higher tan rail. For freight it is 8 times.

The average speed of goods train is only 25km per hour where as for passenger train it is 50kmph.

Therefore NTDPC recommended that in 20 year time from 2012 to 2032 Rs 35 lakh crore should be invested in railways so that the railways share in freight increases to 50% and in passenger to meet the entire demand and the speed of goods train increases to 50 kmph and passenger trains to 85 to 90 kmph.This investment includes various committee recommendations including on modernization and safety including for rolling stock manufacture.It was noted in the report that every rupee invested in railways will boost to Rs 5 in the economy.

THUS INVESTMENT IN RAILWAYS IS IN THE NATIONAL INTEREST.ABANDONING INVESTMENT IN RAILWAYS IS AGAINST NATIONAL INTEREST.

Where does the fund come from?

Railways internal resource generation in constrained by capacity constraints.More investments to meet the demands brings more resources.It is like immersing in ocean when the waves recede.

Repayments exceeded the borrowing and hence borrowing also is in problem.

Private investment is not forthcoming despite lucrative announcements of assurance on returns.10th plan received only 0.96% of total investment and 11th plan only 4%.12th plan expected a private investment of Rs 1 lakh cr which did not materialize. Though NDA government opened railways to 100%FDI NO INVESTMENT IS FORTH COMING FOR MAJOR INFRASTRUCTURE. It is true that after 7 years of opening tender has been awarded to ALSTOM FOR higher horse power electric engine factory at madhepura and diesel engine factory at marhora with investment ofRs 1300 cr each.Aravind subramaniyam says private will not come to invest in railways as they are already in debt. They don't come to railways as it is not profitable and having long gestation period.LIC has agreed to loan 1.5 lakh crores in 5 years with repayment after 30 years. Which private will agree for such a term. PRIVATE WANTS ALL LOSS TO THE GOVERNMENT AND ALL PROFIT TO THE PRIVATE. Western and eastern dedicated freight corridor projects commenced 10 years ago are lingering with only 27% of finance spent so far and work up to only 29% completed as per parliament reply.

In this scenario, arvind subramaniyam the chief economic advisor to the government of india, says that government should invest in railways to boost the economy and to create demand in favour of capitalists.In his last years economic survey he stated that china invests in railways as much as 11 times of india in per capita terms.It compare india with china.China had 57900 route kilometers in 1990 and increased it to 90000 RKM in 2010.India increased to only 64000 from 62211.Average speed of goods trains in china increased from 80kmph in 2001 to 160 to 200kmph in 2012-13 as against indias static 25kmph. The average speed of passenger trains in china increased from 200 kmph to 300 kmph during this period as against indias static 50kmph.

The survey diagnoses Indian railways as follows:

Under investment in Indian Railways is also indicated by congestion, strained capacity, poor services and weak financial health.

NDA government appointed the Bibek Debroy committee to find moblisation of resources in this context.It was also mandated to restructure railways.

The committee instead of finding resources for implementation of various committee recommendations recommended to abandon all ongoing projects even if the expenditure so far is up to 50%.

Instead of recommending government investment from the general budget it recommended to stop government support totally.The government need support only the targeted subsidy on passenger and freight.It has noted that private either domestic or foreign will not come forward for investment in increasing rail capacity.On the one hand it has recommended against government investment and on the other it has recommended for private entry in the existing rail infrastructure which is already congested.It has recommended to form rail infrastructure company outside the control of Indian railways.It should be under government control to start with which can be disinvested later on.A manufacturing company should be formed with all production units leading to privatization of them as wagon production has been privatized.A rail regulatory and development authority should be formed.The authority will permit both IR and private operators to run passenger and goods trains on payment of access charge to infrastructure company.They will also be permitted to access IR's existing infrastructure for maintenance of rolling stock etc.The authority will decide the access charge. The private will have level playing field with IR.The fare will be decided by the authority,the freight by respective operating company.THE WAY THE PRIME AIR ROUTES WENT TO PRIVATE PRIME RAIL ROUTES WILL ALSO GO TO PRIVATE.NATIONALISE THE LOSS AND PRIVATISE THE PROFIT WILL BE THE MANTRA.THERE SHOULD BE NO SUBSIDY IN FARES AND FREIGHT..REAL COST WILL BE REALISED.REMEMBER IR IS REALISING ONLY 57% OF COST AS FARE.

RAILWAY REGULATORY AUTHORITY SHOULD BE FORMED WITH IN 3 YEARS AFTER AMENDING RAILWAY ACT 1989.THE AUTHORITY WILL PERMIT PRIVATE ENTRY IN THE EXISTING INFRASTRUCTURE WITH IN ANOTHER TWO YEARS. AFTER 5 YEARS THERE SHOULD BE NO SEPARATE RAILWAY BUDGET.IT SHOULD BE A PARAGRAPH IN THE GENERAL BUDGET THAT TOO ABOUT THE GOVERNMENT SUBSIDY FOR BOTH PRIVATE AND IR.

RAILWAY MINISTRY WILL BE ABOLISHED .RAILWAY BOARD WILL LOOK AFTER THE OPERATION OF IR TRAINS UNDER A UNIFIED TRANSPORT MINISTRY.

Railway minister has already mooted the concept paper for forming a rail development authority of india with the same norms as laid down by bibek debroy.He preferred an executive order route .Now PMO has proposed a legislative route as per news paper report.Even before the schedule of bibek debroy the railway budget is urgently handed over to general budget as the financial health of railways has deteriorated very badly unable to comply with the planned development targets.

The NDA government abandoned the planning commission and the 12th plan.Railway minister announced his own plan for five years with an investment of 8.56 lakh cr.Frst year he should have invested 1.71 lakh cr. But planned only for 1 lakh cr.Out of this government support was planned to be 40000 cr.This was reduced to 32000 cr.passenger earnings reduced by 15000 cr leading to reducing internal resource generation.Extra budgetary resources through loans and private participation did not materialize.Therefore only 53000 cr could be spent.Current financial year's plan of 1.21 lakh cr also was based on an expectation of 50% extra budgetary imaginary sources.Therefore his train did not reach the destination.

A DECISION HAS BEEN TAKEN TO MERGE THE RAIL BUDGET WITH GENERAL BUDGET.

The cabinet decision says that even after that IR should meet passenger subsidy, pension expenditure ,developmental expenditure etc from its own sources WHICH WE HAVE SEEN IS VERY LIMITED AND DEPENDENT ON EXPANSION.RESULT IS GROSS NEGLECT OF DEVELOPMENT AND PRIVATISATION OF EXISTING INFRASTRUCTURE AT THE COST OF ITS DESTRUCTION.

Argentina had 47000rkm when privatized and reduced to mere 8000rkm as private closed many lines as not making profit.Its employees strength was slashed to 15000 from 95000.Under the development agenda MODI Indian railways will face the same fate if allowed unchallenged.

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The n white paper on Indian railways 2009 stated as follows:

> 'There was much higher demand during the period of both passenger and freight traffic and this demand had to be met largely with the existing infrastructure and resources since rail infrastructure creation,being capital intensive and time consuming ,is a long gestation activity.**Steps to increased capacity utilization and assets optimization were a logical strategy.'**

Therefore the strategy has been even today to optimum utilization of assets including rolling stock like permitting +10 tons etc.'More from less'.In the words of lalu Prasad 'milk the cow dry'. Safety norms are violated.Track renewls remain in arrears leading to derailments .wagons get deteriorated as optimum utilized leading to derailments. Rake links are created to operate same rake as two or three trains leading to casuality of punctuality due to pairing rake running late.Staff are put to immense preassure.A MINIMUM OF 2 LAKH VACANCIES REMAIN PERMANENTLY UNFILLED.RECENT PARLIAMENT COMMITTEE HAS REPORTED THAT THERE ARE 2.17 LAKH VACANCIES IN ALL CATEGORIES.In safety categories alone there are 1.22 lakh vacancies.There are 5273 station masters posts vacant.10626 guards vacant.41467 gangmen who maintain tracks vacant.2434 keymen who inspects track vacant.21347 driver's posts vacant.

The chairman railway board deposed before the parliament committee on sfety and security as follows:

> **'railway expenditure as of percentage of transport sector has come down from 56% in 7th plan to 30% in 11th plan.As a result of this network expansion has been severely stunted and undue burden is being put on existing infrastructure leading to severe chronic congestion**.'

On vacancies he rwevealed as follows:

> Today we are having approximately 15% vacancies.But the point always arises is as to how railways is managing the system with 15% or 16% vacancies because that is too large a number of vacancies to manage the system.It means we are not managing the system efficiently.sir,let me clarify this.We have a thing called leave reserve which is around 12.5%.Whatever is the calculation worked out of staff strength with reference to the requirement ,we add 12.5% so as to arrive at the leave reserve percentages to take care of replacements when some persons go on leave.**So, with these vacancies perhaps I am not sanctioning the leave to the extent that people would have desired'**

The cat is out of the bag.So in this situation NDA government wants to privatise operation of trains in the existing track.Th e merger of railway budget is a prelude to privatization and destruction of railways

THE WOES OF INDIAN RAILWAYS WILL PERSIST UNLESS PEOPLE OF THE COUNTRY AND RAILWAY MEN UNITE AND FIGHT THIS ANTI NATIONAL MOVE.

NOTE ON RAILWAY PRIVATISATION

EXISTING ACTIVITIES

1.Railway design,financing,construction, maintenance including production activities have been outsourced or privatized. Some features are:

a. Production of wagon for railways except in certain workshops has been completely privatized. Many activities in the Coach and engine production units have been opened for outsourcing.

Thus design, financing and production have been privatized. In the name of fitting central buffer coupling and bio toilets both works have been privatized which are carried out within the workshops production units, maintenance sheds and yards. Power cars in shathapti ,rajadhani expresses etc have been outsourced and are in the running trains with private staff.FDI has been allowed and two production units have been approved. An electric engine factory at madhepura has been given to Alstom ,an MNC.Another diesel engine factory at marhora has been given to general electric company, another MNC.

b.Entire construction activities like laying of railroads construction of buildings have been outsourced. Laying of signal and tele communication equipments along with their maintenance have been outsourced.

c.Cleaning , washing, sanitation of stations and coaches; exterior and interior washing of coaches and onboard cleaning in running trains; cleaning activities of engines in sheds ,onboard house keeping including providing linen have been outsourced. Watering of coaches has been outsourced.

d.Lot of activities in sheds,workshops,yards,and production units have been outsourced.. This includes both production and maintenance.

e.Many private ticket counters for both reserved and unreserved tickets havce been opened.In E class stations the counter clerk is contract.

f.Entire catering activities have been privatized through IRCTC,both onboard and stationary units.

g.Eight lines connecting private ports and industrial estates have been privatize through PPP route. More such lines are being added. But the operation of trains in these PPP routes are with Indian railways.

h.Container trains are run by container corporation of railways ,the shares of which have been disinvested to about 37%.Lalu as railway minister allowed 15 private container operators to run container trains along with railways' container trains, the operation of which rests with railways. Now Indian railways has decided to allow private goods trains on the same pattern of container private trains the operation of which will be with railways. Now cabinet has approved disinvestment of certain railway public sector units under the railway ministry such as IRCTC,IRFC ,IRCON.

i.In railway hospitals doctors and Para medical workers have been appointed on contract basis. Entire building maintenance including railway quarters have been outsourced.

h.In the above activities more than 7 lakh private employees without a decent job are working. Even government minimum wage is not paid to them. No labor laws are implemented. No proper organization is available for them.

RECENT QUALITATIVE DEVELOPMENTS IN PRIVATISATION

2.In the course of implementation of bibek debroy committee,the central government has taken following decisions:

a.Railway budget has been made part of general budget to pave easy way for qualitative privatization.

b.cabinet,on April,5,2017 decided to appoint Railway Development Authority(RDA) by an executive order without amending the Railway Act.

This authority will allow access to private train operators in both passenger and gods segments to run trains in the existing tracks. Operation of trains will go to private.

They will be provided level playing field, meaning the prime time trains will be shared with them.Many of our present trains may go to private.

The authority will decide the fare and freight charges on cost basis. At present the passenger fare is charged only 53% of the cost. Therefore the fare will go up by 47%..This will be further more for private trains.

The private will be allowed access to use railway facilities in yards, sheds and workshops for maintenance of their coaches, wagons and engines

.There will be private drivers and guards and ticket examiners apart from other category staff on lower wages.

The authority will come in to force before august 31 ,2017

3.PUBLIC PRIVATE PARTICIPATION OF CHENNAI CENTYRAL AND CALICUT STATIONS

A. There are 7600 stations in Indian railways. Out of them 75 stations are A1 stations and 332 stations are A stations. In southern railway there are 8 A1 stations and 42 A stations out of 608 stations..Railway ministry has decided to appoint STATION FACILITATION MANAGERS for station development, redevelopment and commercial development in the name of converting A1 and A class stations into world class stations. Though there are 407 such stations in Indian railways, to start with, they have called applications for 23 stations only now. In southern railway out of 50 such stations only two stations have been opened for calling applications. The two stations are Chennai central including ground floor of MMC and Calicut. The cost of development of Calicut is Rs 75 crores and Chennai central is Rs 350 crores.The cost does not include cost of commercial development. An A1 station is a station with coaching earnings more than 60 crore per annum.An A station is one with earnings more than 8 crores and upto 60 crores.4 to 8 B class.All suburban stations are C class.60 lakhs and 4 crores D class.Less than 60 laks E class.F are halts where contractors sell tickets.

B.Railway operational activities like train operations, parcel and ticketing including platform ticketing ,,passenger and goods movement, over head traction, signal and telecommunication ,track works etc will remain with the railways.

C. An indicative list of works and services associated with this as Scope of SFM Project under Schedule 2 of Station Facility Management Agreement is enumerated below:

i. Housekeeping

ii. Landscaping maintenance(PARK, BEAUTIFICATION ETC.)

iii. Garbage collection, segregation and disposal, solid waste management

iv. Reporting(Record of Activity)

v. Other services(Pest and Rodent Control, Disinfection, Help desk Management, facilities for differently abled people)

vi. Installation, Operation & Maintenance of Equipment and facilities as per Joint Inventory

vii. Parking

viii. Advertisement outside the Rail Display Network Area

ix. Retail (as per areas specified in the contract agreement)All existing stalls should come under their monopoly control.

x. Repair and Maintenance of Station Assets as buildings, Platforms and its shelter, Roads, Parking area, subways etc.

xi. Provision of Waste Water collection, treatment and disposal system and its maintenance

xii. Water supply system and its Network.

xiii. The Repair & Maintenance of the Electrical Substation & power supply system

In addition to the above the Station Facility Manager(SFM) will also be responsible for payment of all the usage charges relating to Electricity, Water required for the smooth operations of the Station area handed over to him and any other taxes and charges in relation to station operations.

All existing railway staff in these activities will have to be transferred out of station.SFMs staff i.e. private employees will take over.

D.TOILETS AND DRINKING WATER SHOULD BE PROVIDED FREE OF COST BY THE STATION FACILITY MANAGER.

E. Station Facility Manager shall ensure that adequate manpower – working (staff) and supervisory level are available to carry out all services. The manpower shall be provided with uniforms & identity cards. All statutory obligations such as PF, ESI, Minimum Wages, etc. shall be complied with by the Station Facility Manager.

F.The SFM HAS TO PAY LEASE PREMIUM TO RAILWAYS.LEASE PERIOD WILL BE 45 YEARS.IT CAN USE EVEN AIR SPACE.IT WILL COLLECT LICENCE FEE FROM COMMERCIAL USERS. PROPOSAL

G.AIRF AND NFIR ARE SILENT ON RDA OR STATION PRIVATISATION.

23 STATIONS TENDER CALLED FOR WITH ESTIMATED INVESTMENT AND DATE OF OPENING TENDER

RAILWAY	DIVISION	STATION	INVESTMENT (Rs cr)	LAST DATE OF OPENING TENDER
CENTRAL	MUMBAI	LOKMANYATILAK	250	12-6-2017
		THANE	200	12-6-2017
	PUNE	PUNE	200	12-6-2017
EAST COAST	WALTAIR	VISHAKAPATNAM	200	24-5-2017
EASTERN	HOWRAH	HOWRAH	400	23-5-2017
NORTHCENTRAL	ALLAHABAD	ALLAHABAD	150	30-6-2017
		KANPUR CENTRAL	200	30-6-2017
NORTH WESTERN	AJMER	UDAIPUR CITY	100	11-5-2017
NORT EAST FRONTIER	LUMDING	KAMAKHYA	228	24-5-2017
NORTHERN	FIROZPUR	JAMMUTAWI	75	17-5-2017
	DELHI	FARIDHABAD	70	17-5-2017
SOUTHCENTRAL	VIJAYAVADA	VIJAYAVADA	94	24-5-2017
	SECUNDERABAD	SECUNDERABAD	282	24-5-2017
SOUTH EASTERN	RANCHI	RANCHI	100	25-5-2017

SOUTH WESTERN	BANGALORE	BANGALORE CANT	80	1-6-2017
		YESHVANTHPUR	100	1-6-2017
SOUTHERN	CHENNAI	CHENNAICENTRAL	350	22-5-2017
	PALGHAT	CALICUT	75	22-5-2017
WESTCENTRAL	BHOPAL	BHOPAL	75	18-5-2017
WESTERN	RATLAM	INDORE	75	18-5-2017
	MUMBAICENTRAL	MUMBAICENTRALTERMINUS	250	6-6-2017
		BANDRATERMINUS	200	6-6-2017
		BORIVALLE	280	6-6-2017