

PRESENTATION BEFORE 3RD MONTHLY MEETING OF AIFAP ON 3RD OCTOBER 2001

Respected leaders of Indian Trade Union movement,

I thank the organizers of this webinar for allowing me to speak before the dedicated leaders of the workers movement in India. I am K.C. JAMES, Central Joint Secretary of AILRSA representing the Loco pilots of Indian Railways.

I hope that none among those who hear me is doubtful about the character of the central government and its policies that can be described as the “**govt. of the corporates, by the corporates and for the corporates**”. There is no doubt the entire machinery of the govt, the media controlled by the corporates and the political party machinery of the ruling front are relentlessly justifying the policies and making thundering propaganda against the workers movement. But now we have achieved an ideological victory over the so-called preachers of market economy. The rightist govt at Centre is now forced to find newer terminology to pursue privatization. **MONETISATION of ASSETS** is the new term for privatization. They are forced to find out newer terms because, our decades long agitations and propaganda succeeded in creating a public opinion against the corporate wish of grabbing the wealth of people for pittance in the name of privatization. **NATIONAL MONETIZATION PIPE LINE** is certainly an effort to weaken the anti-privatization movement by just confusing the masses started to align with the workers movement. We have to thank the farmers movement in that score. They did identify that the farm bills were also the brain child of the very same corporates against whom the workers are fighting with. They came forward to form a joint front with workers in a very short period they alone could do. So, we have to see that the govt has taken a step backward to jump ahead. So we have to work hard to transform the ideological victory to bring to a reality.

PRIVATISATION IS ENEMICAL TO COMMON PEOPLE

The entire workers and their unions including those controlled by the ruling parties are against privatization because everyone know well privatization is against the interest of workers. But many workers still think that privatization may do favour to common public. The inflated figures of salary bills of employees tend them to think that privatization may bring the government services cheaper with privatization as the wage bill will be reduced with privatization. This presentation is an effort to examine this aspect with respect to Indian Railways.

CONCESSIONS IN RAILWAYS.

There are 57 types of concessions to rail passengers, from students to freedom fighters and nurses to cancer patients. CAG report of 2017-18 says that Indian railway had allowed 8000 crores in concession to rail passengers from the declared ticket rates. This is borne by railways being an organ of the govt. If the trains are privatized, this much amount is to be borne by passengers or Smt. Nirmala Sitharaman should allocate in her union budget. We all know that her real masters will not allow allocation for giving concessions even if she desire so.

CROSS SUBSIDY BETWEEN DIFFERENT CLASSES OF PASSENGERS

CAG report gives the following details of cross subsidy among different classes of passengers

Operational losses of various classes of passenger services (in crores)		
Class of passenger services	Loss/Profit in crores	% of loss/profit
AC First Class	139.39 Loss	17.68% Loss
1 st Class	53.31 Loss	80.27 % Loss
AC 2 Tier	559.27 Loss	13.60 % Loss
AC 3 Tier	1040.52 Profit	12.43 % Profit
AC Chair Car	117.83 Profit	8.13 % Profit
Sleeper Class	9313.27 Loss	40.80 % Loss
Second Class	10024.88 Loss	49.17 % Loss
Ordinary (All Classes)	14647.64 Loss	70.19 % Loss
EMU Suburban Services	5323.62 Loss	64.74 % Loss

Railways realize actual expenditure for running trains from AC 3 tier & AC chair car passengers. Sleeper class passengers are levied 41% and suburban passengers are levied 22%. The total subsidy allowed to passenger service was estimated as 37000 crores in the year 2017-18 while the total revenue from passenger trains was just 41000 crores. In other words, the train fare is just half of the actual expenditure. These records show that privatization will levy double charges from sleeper class passengers and five times from suburban passengers. It may be noted that this subsidy is also not made good from central exchequer, but borne by the railways with cross subsidy to passenger traffic from goods revenue. If the goods traffic and passenger traffic are separated or privatized this cross subsidization will become impossible. The result will be doubling of ticket fare for sleeper class and 4-fold increase to suburban passengers.

CROSS SUBSIDY BETWEEN BUSY ROUTES AND BRANCH LINES

Indian railway network is 67,368 route kilometers long as per national rail plan (NRP). The following routes are the high-density network (HDN).

- 1) MUMBAI- DELHI, 2) MUMBAI- HOWRAH, 3) MUMBAI – CHENNAI,
- 4) DELHI – CHENNAI, 5) DELHI -HOWRAH, 6) DELHI -GUWAHATTI &
- 7) CHENNAI - HOWRAH

Total length of these 7 lines is 11000 kilometers and it is 16% of the total Indian Railway network. Another 24230 kilometers of track is highly utilized network (HUN) and the rest is Low Density Network LDN)

NETWORK	ROUTE KILOMETER	% OF TOTAL NETWORK	% OF TRAFFIC CARRIED
HDN	11000	16	41
HUN	23230	35	40
LDN	34138	49	19

16% of railway network is earning 41% of total revenue & HUN altogether is 51% of the total network and 81% of revenue is from these lines. Low Density network is 49%, but the earnings is just 19%. In other words, 50% of the railway network survive on cross subsidization from rest of the network. When the railway track is sold to different private businessmen, the existence of 50% of total railway network will be under threat.

CROSS SUBSIDY AMONG VARIOUS COMMODITIES

Railways fixed varying tariffs for different kinds of goods and thus a cross subsidization do exist within goods tariff. Bibek Debroy committee noted the following comparative chart on revenue generated and load carried in the year 2013.

COMMODITY	% SHARE OF NET TONNE KILOMETERS	% SHARE OF REVENUE
COAL	43.31	42.75
IRON ORE	11.82	8.4
FOOD GRAINS	6.24	3.73
PETROLEUM	9.31	5.84
CEMENT	9.44	9.29
FERTILIZERS	4.25	4.69
IRON&STEEL	3.7	6.11
OTHERS	12.32	14.88

From the above chart it can be seen that railways is charging less for food grains, petroleum and iron ore while charging high for iron and steel, and other finished goods. This differential tariff system is adopted for industrial growth in under developed remote areas away from the mines, and there by uplift the people there. With privatization of railway, such care cannot be taken and undeveloped areas will remain undeveloped. People will be compelled to migrate to developed areas leaving their mother land.

Indian railway is deeply bonded to the day-today life of common people. Dividing of this largest public sector giant to splinters for the sake of the corporates and out right selling or leasing out as per national monetization plan, will be badly affecting its employees, the rail users, the common people. It will lead to closing of loss-making branch lines. Once branch lines are closed, the passengers and goods transporters will be diverted to other modes of transport. When this will happen, the present high-density network and highly utilized network will become similar rivers without springs and inflow. In due course they will also become unprofitable. The experience of Argentina is a classic example how privatization will finish railways.

From the website of trade union of Argentinian railways, the ill fate met by Argentinian railways can be seen. Citing the reason of loses Argentinian railway was sold to multi national giant ALSTOM. The very same company supplies Metro coaches and 12000 HP AC locomotives to India within a span of 10 years after privatization. 75% length of the total network were closed down or discarded. 793 railway stations were closed. Service quality diminished. a number of services and number of passengers have sharply declined. 70000 jobs were lost. Many rural towns dependent on railways were abandoned and became ghost towns.

But the once the busy lines which were profitable at the time of privatization too started to make loss and the private company abandoned the railways. Ultimately the government was compelled to take over the railways and services in 2015.

Privatisation of Railways is not only an attack on our job, but an attack on the poor people of India by abandoning the public sector giant that cater the needs of the poor and national integrity. Poor people will lose affordable mode of transport, cost of raw materials will increase, factories will shut, electricity will cost more, undeveloped areas will go worse. The corporates alone will gain. Comrades, fighting out privatisation of railways and other public sector is our bounden duty as servants of the nation.

K C JAMES