ALL INDIA LOCO RUNNING STAFF ASSOCIATION

SEMINAR ON

IMPACT OF PRIVATISATION OF RAILWAYS

At

JOLARPETTAI ON 28.06.2022

DEAR RAILWAYMEN!!

LET US DISCUSS ABOUT PRIVATISATION OF INDIAN RAILWAYS AND IT'S IMPACT

I. RECENT PRIVATISATION INITIATIVES / PLANS ON RAILWAYS

1.NATIONAL INFRASTRUCTURE PIPELINE

Government announced that they are going to invest 111 lakh crore rupees in infrastructure between 2019 and 2025.In Railways 13.69 lakh crore was the plan. As private players were not coming forth to invest in infrastructure they said 87% of the 13.69 lakh crore will be invested by budgetary support.

The NIP proposed a privatisation plan.

Accordingly b*y 2025, 500 passenger trains, 80 stations and 30% of goods trains will be privatised.*

150 Passenger Carrying Trains

Earlier as part of the proposal 150 trains from 12 centres (clusters) were proposed to be privatised before 2023 March. They were offered that Indian Railways **will not run its trains 60 minutes before and after** and they **can have licence for 35 years**. They **can fix their own rate and run any class**. They intended to run only 3rd AC and AC chair car which are only profitable. They will not run unreserved general second class or sleeper class. **They can use railway's ticket booking facility, platform, track, signal and Man power such as Loco Pilots and guards and should pay haulage charge to be fixed by the railways.**

Apart from that they should pay revenue share to the railways. Whoever is willing to pay more revenue share will get the licence. There were only two bidders and that too only for three centres. One was IRCTC of Railways and the other was Mega engineering private company. The centres were Mumbai 2 and New Delhi 1&2.For Delhi-2 the Mega engineering offered to pay 54 paise for every 100 rupees earned. **The private does not want to pay**

revenue share. They want free licence. According to a parliament reply, the railways have cancelled the tender.

2.NATIONAL MONETISATION PIPELINE

Finance Minister has announced a national asset monetisation plan to privatise the infrastructure assets like roads, railways, telecom, airport, port, power distribution, power generation, storage warehouses, gas pipelines, mining, telecommunications towers, etc in four years 2022-2025.According to the plan they will mobilise 6 lakh crores rupees from leasing infrastructure assets to private. This amount is 5.4% of the 111 lakh crore proposed for National Infrastructure Pipeline. As **no investors are coming to invest in infrastructure i.e. green field** they will be allowed to use the already built infrastructure with public fund on lease. **This is called brown field.** The amount so mobilised will be again reinvested in the green field.

Out of 6 lakh cr 1.52 lakh crore will be mobilised through monetisation of Railway Assets. The assets listed for monetisation are as follows with the amount to be mobilised. The NMP also lists full potential for asset monetisation which also is listed below.

S.No.	Assets	Number/Km/Distance		Amount in Rs Crores for NMP
		Potential	NMP	
1	Stations – 5.5%	**7325**	**400**	**76250**
2	Passenger Trains – 5%	**13169**	**90**	**21642**
3	Track – 2%	**67956 Km**	**1400 Km**	**18700**
4	Goods Sheds – 21%	**1246**	**265**	**5565**
5	Konkan Railway	**741 Km**	**741 Km**	**7250**
6	Hill Railways	**5**	**5**	**630**
7	Dedicated Freight Corridors Eastern and Western – 20%	**2843 Km**	**673 Km**	**20178**
8	Railway Colonies and Stadiums			**2250**

STATIONS

The Indian Railway Station Development Corporation (IRSDC) was formed in 2012 and the government has been trying to privatise stations since 2016. First they tried to privatise 400 stations. Then reduced it to 50. Finally they called bidders for 23 stations. Up to 2022 only one station HABIBGANJ near Bhopal could be privatised. The station was renamed as Rani Kamalapathy station and recently inaugurated by our Prime Minister

The monetisation of 400 stations constitute 50% of railway asset monetisation. The private is not willing to pay lease rent or lease premium and they do not come for station development. They also want platform ticket sale which railway is not willing to. Even 99 year lease has been accepted by the government. Therefore monetisation of 76250 crore is uncertain. To a question in LokSabha, the railway minister said that **"it is difficult to estimate the revenue from monetisation of railway stations."** This is the fate of 50% of monetisation. They said that the station monetisation will be executed by Station Development Corporation(IRSDC) which has now been wound up and the task has been handed over to Rail Land Development Authority. By 2021-22, Rs.17000 crores of monetisation should have been completed as per the NMP. So far not a single station after Habibganj has been leased out. But due to Monetisation of railway assets many railway jobs related to Stations, IOW, electrical staff, cleaners, health workers, construction workers, as well as many other railway jobs will be lost. If Stations are privatised the fares will immediately double and all facilities will be charged.

TRAINS

The proposal is monetisation of 90 passenger trains.We have already seen what happened to 150trains.As per NMP the monetisation of trains to Rs.7002 crores is to take place only in 2022-23.The present status of monetisation of trains is '0'.

DEDICATED FREIGHT CORRIDOR

The Dedicated eastern and western freight corridors are nearing commencement of operation by June 2022.No private came forward to invest in the 2843 kmRs.83000 cr project except for a small stretch by Tatas. Railway from its own sources and from the government's budget support along with loans from JICA and World Bank constructed the project. JICA loans (47%), World Bank loans (17%) and the Ministry of Railways' share (36%).

If operationalized, 55% of the goods traffic in the existing routes will shift to dedicated freight corridor and will go out of Indian Railways, because it is managed by dedicated Freight Corridor Corporation. The budget announces that once operational the entire DFC will be monetised means will go to private. Private will willingly take over it as it is plum profit making. They are for profit making services only. As per NMP 673 km of eastern and western DFC of 2843 km will be monetised for Rs.20,178crores during 2021-2022 and 2024-25.The first slot of monetisation of Rs.10089 cr is to take place only in 2023-24.

OTHERS

The **1400 km track, signal, overhead power systems (OHE)** and all are taken as a single package and going to be leased for ₹.18700cr. Rail movement in that package will soon be joined by the private train operation along with existing Indian Railways. Of the other monetisation plans only **playground** monetisation is for Rs350 cr in 2021-22 and Rs 450 cr in 2022-23.So far no monetisation of play grounds has taken place. **Hill Rails** for Rs 460 cr have to take place only in 2022-23.**Konkan Railway** monetisation of Rs 7281 cr is to take place only in 2023-24., **265 Goods Sheds** have been decided to be monetised for about Rs 5565 crore in three financial years. Indian Railways currently manages 1246 good sheds.

Therefore the monetisation of railways is not going to yield for green field investment of National Infrastructure Pipeline.

3. NATIONAL RAIL PLAN

While the national infrastructure pipe line is not yet completed finance minister announced that railway will implement NRP from 2021 to 2051.The 35.8 lakh crore plan proposes that on completion of this project the railways freight share will rise up to 45% from 28% .Goods train speed will go up to 50kmph from 25kmph.

Passenger train speed will go up to 160-180kmph.The plan does not say where the funds will come from and what happened to national infrastructure pipeline. Even the economic survey this year presents both the plans without a honest review of the both.

The **NRP proposes that by 2031 entire goods trains would be in the hands of private and Indian Railways will not require possessing any wagons. Also entire profit making passenger trains will be in the hands of private. Only loss making passenger trains will be with the IR.**

The NRP also elaborates on freight sharing between Indian Railways and DFC. Accordingly, if IR is taken to be 100% DFC- 0% in 2021, IR will change to 64% DFC 36% in 2026, IR 48% DFC 52% in 2031, and IR 39% DFC 61% in 2041. Thus the majority of freight transportation will go to the DFC. It should also be noted that according to the NRP, Indian Railways will no longer be required to keep wagons if the ownership of the wagons currently in the possession of IR and IRFC is transferred to the private sector within ten years. In that case Indian Railways will go without goods and passenger earnings. It cannot give any concession and salary or pensionand will be forced to go the BSNL or AIRINDIA way.

4.RATIONALISATION

Chief economic adviser has recommended to railways to rationalise railway bodies. According to the plan all the 8 production units which are producing Engines, Coaches, Wheels and Axles like ICF Chennai, RCF Kapurthala, MCF Raebareily, CLW Chitharanjan have to be first corporatized and then will be privatised. The plan also says that railway hospitals should be handed over to CGHS or private. Railway schools should be handed over to Kendriya Vidyalaya or state governments or to private. Closure of various Organizations are proposed. Central Organization for Railway Electrification (CORE), Central Organization for Modernization of Workshops (COFMOW) Centre for Railway Information Systems (CRIS) and Indian Railway Organization for Alternative Fuel (IROAF) (already closed on September 7, 2021) should be Wound up.

Recommendation to withdrawal of Railway board/ MOR direct involvement in Institute of Rail Transport, which is then treated as 'Privately run body'. Zonal Railways Training Institutes **(ZRTIs) be open to all people (apart from railway employees) in logistics sector, who after completing the course work would be certified professionals.** Now there are 130 ZRTIs accross all 17 zones, but recommendation to each zone to have one ZRTI.

5.BHARAT GOURAV

Bharat Gaurav Trains scheme was recently introduced by Indian Railways with the sole purpose of showcasing the country's rich cultural heritage as well as magnificent historical places to the public. The Bharat Gaurav trains policy was brought out vide Commercial Circular No.14 dated 23.11.2021. Under this scheme, registered Service Providers shall be offered rakes under “Right to Use” model by Indian Railways (IR) for operations of Bharat Gaurav Trains.

The launch of Bharat Gaurav Trains is an ominous sign of total privatisation of the Railways in the years to come. The earlier plan to privatise 150 trains along 101 routes in 12 sectors did not materialise due to the revenue-sharing clause. Only two players, including the Indian Railway Catering and Tourism Corporation (IRCTC), had submitted bids for the scheme with very low revenue sharing, resulting in the tender committee cancelling the bids.

In the Bharat Gaurav scheme, **the revenue-sharing clause has been removed,** sparking interest from private companies. The operators need to pay only for the right to use and haulage charges while enjoying the freedom to fix tariffs, halts, services and routes.

6.100 Gati Shakti Cargo Terminals and 400 Vande Bharat (Train 18) are also going to be PPP/ Private Players/ JV model.

II. IMPACT OF PRIVATISATION

1. NO PERMANENT JOB

Since 1998, except operation, all activities like catering, construction and maintenance of track and rolling stock like engine coach, wagon, signal etc have been outsourced. As a result in these departments number of staff have been reduced drastically. **Total railway employees who were 16.51 lakh plus 4 lakh casual labour in 1990 have come down to 12.5 lakh, a reduction of 4 lakhs in regular cadre and 4 lakh in casual**. All these activities including the incremental work have been outsourced and contractual employees are performing the duties. The huge reduction of employees has increased the work load on the existing employees and the risk for the passengers.

Workshop and artisan staff was 4.6 lakh in 2004 which has come down to mere **1.26 lakh in March 2021**areduction of 3.34 lakh. Track maintainers who were **4 lakh in 2000 are only 2.9 lakhnow**, a reduction of 1 lakh. Number of **Sanitary cleaners** in Indian railways **was 48000 in 2004**.Now there is **not even one employee** who is regular. **All the sanitary cleaners have been outsourced.** All the three departments alone have seen a reduction of 5 lakh regular employees.

It is not that that work has been done away with. But the entire work is carried out by contract workers. The net tonne kilometres which is total tonnes carried multiplied by total kilometres has increased 125% and passenger kilometres which is number of passengers travelled multiplied by total kilometres has gone up by 146%.Staff number should increase commensurately. But it is only 12.5 lakh. It should at least be 20 lakh. Yes **there are 20 lakh workers in Indian Railways constituted by 12.5 Lakh regular and 7.5 Lakh contract workers.** In**Integral Coach Factory Chennai**, according to information provided on RTI query there are 10,000 regular employees and 4000 contract employees.

These contract workers do not enjoy minimum wage notified by Central Government. Actually as per contract labour abolition and regulation rules, they must be paid wages equal to railway employees. EPF,ESI nothing is implemented to them. No job security. No workmen compensation. No maternity leave.

To the extent of number of contract labour, regular employment opportunity to unemployed youth is denied. Not only that, the social justice will be at peril.

2. SOCIAL JUSTICE AT PERIL.

In 2004, out of 48000 safaiwallahs 28000 i.e. 57% were SC employees and 1900 employees i.e. 4% were ST employees in permanent employment. Now the entire work is done by contract workers. In contract also the same percentage of SC/ST employees work, but with poor wages and living and working conditions, **social justice to the downtrodden is denied by privatisation.**

In 2019-20,**2.06 lakh workers are in SC community and 98000 are in ST community.**

If railways are privatised, then the regular employment will go for entire community. Apart from this the decent employment will go for SC/ST and OBC.

The employment situation in the country is becoming worse every day.The youth are becoming restless. Recent violent agitation in Bihar and UP is a manifestation of the same. For 35000 railway posts 1.25 crore youth applied and the struggle is for who should get it. There are 2.5 lakh vacancies in railways. As per a parliament reply, in central government, including railways, there are 8.53 lakh vacancies.

3. NEGLECTED INFRASTRUCTURE

The main casualty of Privatisation is the investment in infrastructure. This government wound up planning commission and pre closed 12th plan. It abandoned 20 year plan to invest 35.30 lakh crores during 2012-32. It announced its own five year plan for 8.56 lakh crores for the period 2015-16 qto 2019-20. Investment target was not met. Our Finance Minister announced Rs 50 lakh crores plan for 12 years , 2018-2030. In budget 2020-21, abandoning this they announced NIP for the period 2019-20 to 2024-25 and abandoned it also midway and announced NRP ie national rail plan in 2021-22 budget for 30 years 2021 to 2051 to invest Rs 38.5 lakh crores. Thus they are changing the goals.

In the national transport of goods, railways share has come down from 84% to 28%. share of passengers has come down to 12% from 79% between 1950 and now. The average speed of goods trains remain 25 kmph and passenger trains 50 kmph.

YEAR	*Average Speed of Mail/ Express Trains*	*Average Speed of Goods Trains*
2014-15	**51**	**24.2**
2015-16	**50.95**	**23.4**
2016-17	**50.61**	**23.7**
2017-18	**50.25**	**23.3**
2018-19	**50.20**	**23.2**

According to recent CAG report, the average speed of Mail/Express trains in 2019-20 were only 50.6 Kmph. **Similar to Passenger services, the average speed of freight services also declined in the Railway system which is 23.6 Kmph in 2019-20.**

Even freight charges are cheaper than road in railways. Recently we saw the problem in coal movement by road due to wagon crisis. Wagon shortage is due to its cost increase. Entire wagon production has already been privatised. Private producers charge heavily due to which IR is unable to procure as much of wagons as required.

55% of traffic runs in 20% of network and routes are congested with 100 to 150% occupation. Doubling, quadrupling ,dedicated freight corridors, high speed dedicated lines for passengers and expansion of network to meet future demand are the requirements. Renewal of assets are overdue, need Rs 1.14 lakh cr as per CAG, failing which safety will be affected badly..

As Private Investment for Green Field Projects of Railways wasn't materialized, NIP envisaged 87% of this fund13.69 lakh crore, ie., Rs 11.9lakh crore to be invested by General Budget Support. Accordingly in4 years including 22-23, 8.51 lakh crore should have been given from budget support. But only 3.4 lakh crore was given as budgetary support crippling the project.

But Actual Budgetary support is 34% only ie.,far less than 87% commitment.

Year	2019-20	2020-21	2021-22	2022-23	Four years Total
Plan on NIP	**1,33,232**	**2,62,510**	**3,09,360**	**2,74000**	***9,79,102***
87%of NIP	**1,15,911**	**2,28,383**	**2,69,143**	**2,38,380**	***8,51, 818***
Budgetary support	**68104**	**29000(Revised) (70250(BE))**	**1,07,300**	**1,37,300**	***3,41,704***

4. SALARY AND PENSION IS IN QUESTION

According to the budget data, Indian Railways' total revenue stood at ₹ 1,74,694 crore and freight revenue at ₹ 1,13,487 crore. This means that as always, 65% of the revenue of the railways is from freight only. Therefore, if Indian Railways' **freight is handed over to the private sector and** the DFC which has the potential to grow and profit is privatized, **the total revenue of Indian Railways will not even be enough to cover the salaries of employees and pensioners.** An important issue, many railway employees need to understand clearly is that **the salaries and pensions of railway employees are paid only from the income of the Railways and not from the Central Government Consolidated Fund like other Central Government employees.**

5. SUBSIDY TO PASSENGER FARES AND VARIOUS CONCESSIONS

According to railways if a passenger ticket costs Rs.100/- to railways, they charge only Rs.53/- as fare. i.e. the railway gives a subsidy of 47%. In suburban fares, railways give subsidy of Rs.6000 crores.

- *Season ticket passengers constitute 64% of total suburban passengers. Monthly season tickets are charged at 1.5 times the single journey fare*
- *For quarterly season tickets one is charged 2.7 times the monthly season ticket fare.*
- *For girl students monthly season ticket is free up to graduation level. For boy students free up to plus 2 level. Beyond these levels the students are charged 50% of monthly season ticket fare of common passengers.*
- *For SC/ST students only 25% is charged and 75% is given as concession.*

- *Kisans who travels with their produce to towns to sell they are given market vendor season ticket at 1.5 times the common passenger season ticket.*
- *Apart from general subsidy of 47% in passenger fares Railways give 53 concessions to passengers amounting to Rs.2400 cr.*
- *Important among them is senior citizen concession amounting to Rs.1400 crores. In the name of covid this has been stopped. Woman passengers after 58 were given 50% concession whereas male and transgender passengers after 60 were given 40% concession.*

<u>The Government has replied in the parliament that the restoration of the Senior Citizen concession is not feasible.</u>

Persons with disabilities are given 50% concession in season tickets and 25 to 75% concession in all classes in express and ordinary trains. Patients with TB, Cancer, heart or kidney ailments etc. get 50 to 75% concession. In sleeper class and 3rd AC cancer patients get 100% concession.

Candidates travelling for UPSC and central staff selection commission get 50% in 2nd class. Doctors get 10% in all classes and nurses get 25% in 2nd and sleeper class. Conferences, tours, camps have concessions. There is a monthly season ticket named IZZAT for unorganised workers with Rs 1500 monthly income for travel up to 150 km charged at mere Rs.25 on recommendation of an MP. All these are social service obligations extended by the Railways in national interest.

<u>All these concessions will go if trains or routes are privatised.</u>

Worldwide the loss in passenger earnings are subsidised by the Governments there. Even private train operators in Britain are subsidised by British government. In India it is left to railways to mend for themselves.

6. ***RAILWAY LINES WILL BE CLOSED DOWN***

In Argentina, which also privatised railways, private players drastically cut down the length of network to one quarter of its capacity; many lines were closed down or discarded. Service quality and number of passengers has sharply declined. 70000 jobs were lost. 793 railway stations were closed. Many rural towns dependent on railways were abandoned and became ghost towns. Ultimately the government was compelled to announce complete nationalisation of the railway lines and services in 2015.

Indian Experience

We have experiences in our own country too. Reliance invested in rolling stock, electrification and signalling in Delhi Metro’s Airport line, and started operating the line. But, when it found that it was incurring losses, it had abandoned it. Delhi Metro Rail Corporation (DMRC) had to take it over and has been operating it since then.

<u>III.**CONCLUSION**</u>

When railway is unbundledas recommended by Bibek Debroy every financial transaction between those splinter units come under GST. For example, even the food served in running rooms are taxed @ 5% now a days. Every transaction will be taxed with 12% at an average. Will it make affordable?

Railway employees are Central Govt employees. Central or State govt employees are guaranteed protection of the job under article 309,310 and 311 of constitution. So they can not be denied job sighting closure of the industry. Once they brought under company ACT or under a corporation, they are liable for retrenchment with compensation . The motive for unbundling / corporatisation or converting as a company etc. is only to facilitate retrenchment when ever required.

As a conclusion, privatisation, monetisation, corporation whatever be the name used, it aim to

1) Reduce the expenditure under the head salary.

2) Reduce the number of employees

3) Abolish permanent job and convert it as contract jobs

4) Finally make the labours slaves.

5) Full freedom to increase fares

6) Abandon every service when it become not profitable as the financier desire

7) Loss making trains and railway lines will be closed down.

If the Government policies are not checked and reviewed properly, it will lead to job losses, worsening of the already alarming unemployment, loss of opportunities for the socially oppressed sections of our society like the SC/STs etc as there will be no reservation in jobs for them in the private sector. The conditions of the workers, the people and the entire economy will worsen. All the infrastructure including Indian Railways will be ruined intentionally by the Government.

In the interest of nation the people and the workers have to unite in the fight against destruction of railways and to save railways to save the nation. Almost all the organizations, Trade unions including left unions, socialist HMS, reformist unions BMS, AIRF and NFIR are also opposing Privatisation of Railways. But concerted efforts to United action is missing. Let us bring awareness among employees and public and consolidate our United Struggle to oppose Privatisation of Railways.

ALL INDIA LOCO RUNNING STAFF ASSOCIATION/ SOUTH ZONE