

NOTE

Turning Railways Around

Bharat Jhunjhunwala writes :

Minister of Railways Laloo Prasad Yadav has turned the Indian Railways around and made it profitable. The Mid-term review of the Indian economy by the Planning Commission notes that China's rail network is about the same size as of India's but Chinese railway carries 2.5 times the goods compared to India's. Forty percent income of Indian Railways is used in payment of salaries to the workers against 25 percent for China. The Rakesh Mohan Committee constituted by the government to draw a roadmap for the revival of Indian railways noted that about 25 percent of the staff of the railways was surplus. But the issue is controversial.

Mere slashing labour strength cannot make the Railways more efficient. What is desperately needed is checking of unlimited corruption and loot.

During the budget presentation in February 2006, Mr Yadav did not make a single comment on strategies to raise the productivity of workmen. He committed to pay higher amount to the Staff Benefit Fund and to improve the facilities in railway colonies such as construction of new clubs for officers. There is not much to cheer about in his 2007 budget.

The Rakesh Mohan Committee said that an independent agency should be established to determine the freight and passenger fares chargeable by the railways. Presently these are determined by the Rail Ministry. This arrangement was suitable as long as all the activities were undertaken in-house by the railways. The situation is since fast changing. For example, the rail ministry has established a company Concor that owns wagons and pays money to the railways for haulage only. Many countries have experimented with restricting the railways to provision of rail track only. Passenger coaches and locomotives are owned by private operators. Such experiments can succeed only if there is an independent regulatory authority that fixes the rates for haulage impartially. This recommendation of Rakesh Mohan Committee was rejected by the predecessor Rail Minister Nitish Kumar and Mr Yadav has taken no initiatives in this direction. It's denationalisation by the back-door.

The railway is running many trains on unprofitable routes. The money for new projects is allotted among states according to a formula since the budget of 2002-03. The railways construct new lines in every state according to this formula even if the route is unprofitable.

Another issue is of track renewal. Rakesh Mohan Committee expressed concern that the expenditure on maintenance was declining. The backlog of track renewal increased from 3,548 km to 11,211 km during the nineties. The BJP government imposed a safety surcharge to raise funds for this and 12,138 km tracks were renewed up to 2005 against a target of 16,538 km up to 2007. Mr Yadav however has maintained this trend.

Regional imbalance in allocating railway funds that has been a hallmark of Indian parliamentary culture for long despite the prescribed 'formula' continues to plague Laloo Yadav's 'pro-people' railway budget for 2007-08. Commuters may heave a sigh of relief that at least there is another year of 'no hike in passenger fares'. And this will definitely sell in vote market. ❄❄❄