

INDIAN RAILWAYS TECHNICAL SUPERVISORS ASSOCIATION

(Estd. 1965, Regd. No.1329, Website <http://www.irtsa.net>)

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No:IRTSA/ GS / CHQ/RB/2020-2

Date: 28-2-2020

Shri V. K. Yadav,
Chairman,
Railway Board,
Rail Bhawan, New Delhi – 110001.

Dear Sir,

Subject: Corporatization of Production Units (PUs) on Indian Railways – Suggestions for consideration of other options to achieve the objectives instead of Corporatization.

- Reference:**
- i) Your letter No. 2019/E&R/10(10)/12 dated 18.06.2019 Reg. 100 Days Action Plan of MOR
 - ii) Press statement dated 30-1-2020 regarding Corporatization of PUs of Railways.
 - iii) Our Memorandum No: IRTSA/CHQ/MOR/2019-6 Date:09.08.2019 to MOR & copy to you.

We highly appreciate the ambitious and laudable proposal of the Railways to increase the number of Trains from 15,000 at present to 20,000 per day and to run the same at a High Speed of 160 Kmph and Medium Speed of 130 Kmph within a specified period. In this regard we would like to make the following submissions for your kind and favorable consideration In reference to the Press Statement dated 30-1-2020 and your letter cited above.

- 1.1 We fully realize that, for achieving the dual objective of running about 33% more trains per day at 160 & 130 Kmph, the production of Rolling Stock of requisite quality shall have to be stepped up proportionately and Multiple tracks on high density routes shall be required to meet with the requirement of the said objectives of more Trains at higher speeds than at present;
- 1.2 We do understand that for meeting these objectives, Railways will require adequate Funds.
- 1.3 However, Corporatization of the Production Units-(through a unified management Company with PPP / Public Private Partnership) etc., is not the only option available to achieve the said objectives to raise requisite funds for increasing Production of Rolling Stock and Multi-Tracking of Railway Lines. Other options may also please be considered including the following besides others:-
 - 2.1 **OTHER OPTIONS (IN BRIEF):** We sincerely feel that the said objectives can be better achieved through more effective utilization of manpower, infrastructure and space in and around these PUs for their expansion and upgrading & modernizing the Machinery & Plants instead of Corporatization and the Funds may please be raised through other alternate measures instead of through Corporatization.
 - 2.2 **OUR COMMITMENT TO ACHIEVE THE OBJECTIVES:**

As one of the oldest & largest organization of lower management cadre of Railway Engineers / Technical Supervisors sincerely commit ourselves to fulfill our responsibilities towards achieving the above said objectives to expedite development of the Railways and that of the Nation as a whole. However we also feel that there is an essential need to consider all other alternatives as well, to fulfill the above said objectives before taking the final decision to corporatize the Production Units since it

will be an irreversible process and will have far reaching impact on the entire system of management and future performance of the said PUs.

3. LONG TERM LOSSES TO EMPLOYEES & PENSIONERS DUE TO PROPOSED CORPORATISATION OF PU OF RAILWAYS:

- 3.1 Corporatization of PUs will adversely affect the service conditions of the employees and pensioners of these Units – especially in respect of periodic revision (through CPCs) keeping them at par with other Central Government employees. As was the case with the erstwhile Employees & Pensioners of DOT after bifurcation and corporatization of a part thereof into MTNL & BSNL.
- 3.2 Reg. MTNL & BSNL: After being given a higher initial Pays the erstwhile employees of DOT have been denied the parity with the subsequent revision of Pay & Pension of Direct Recruits in these Corporates. They have also been denied the parity with the revised Pay Scales & Pension with those of Central Government employee & pensioners, after 6th & 7th Pay Commissions.
- 3.3 Reg. LIC & Banks & other PSUs: Employees and Pensioners of PSUs like LIC & Banks have never been granted a revision of Pension once it was fixed on their retirement.
- 3.4 Reg. RITES & IRCON: The Railway employees absorbed in Public Sector Undertaking like RITES & IRCON loose in the long run in respect of revision of Pay & Pension with other Central Government employees & Pensioners after each Central Pay Commission.
- 3.5 Similar is bound to be the fate of the PUs of Railways after Corporatization as that of MTNL, BSNL, LIC & Banks etc., as describe in preceding Sub-Paras 3.2 & 3.3.

4. COST OF CORPORATIZATION & ITS EFFICACY TO ACHIEVE THE OBJECTIVES:

- 4.1 Railways to be a looser vis-a-vis Cost of Assets: Railways will get only the depreciated value of the precious land, infrastructure, high value Machines and other assets of the 7 Production Units on their transfer to the proposed Corporate Company as per Discounted Cash Flow (DCF) System. Besides the Tax liabilities thereof, share of the Central Government in respect of its investment on these PUs may also have to be paid back or adjusted.
- 4.2 High Price of Rolling Stock after Corporatization: The proposal for Corporatization of Production Units, will add to the over-heads. PPP (Public Private Partnership) will increase the cost of the Rolling Stock due to the payment of Dividend to the investors, repayment for loan capital & interest and pressure of the private corporate participants for a higher profitability. Corporate tax would also be added to the price of the Rolling Stock, which will ultimately be paid by the users of the Railways.

These & other apprehensions apart, the inefficacy and possibilities of failures of Corporatization of Government departmental enterprises elsewhere (including BSNL & MTNL besides many others) in the country and in many other countries also may also please be considered before taking a final decision in the matter in respect of Corporatization of PUs.

- 4.3 Once the PUs are corporatized, Govt. of India/Railways will loose control over the management and will not have a say in decision making in respect to policy & management of these PUs.
5. OTHER OPTIONS: Keeping in view the said apprehension and possibilities of inefficacies of the Corporatization, we propose the following options to achieve the defined objectives instead of Corporatization of PUs. Most of the steps proposed below may have to be taken even after Corporatization, but if all of these steps are adopted instead of Corporatization, the objectives can be achieved more effectively

even while ensuring requisite control by the Railway Board / MOR over the policies of the Production Units.

6. PROPOSALS FOR CONSIDERATION TO MEET WITH THE DEFINED OBJECTIVES INSTEAD OF CORPORATIZATION OF PRODUCTION UNITS OF RAILWAYS.

- 6.1 Production of (about 33%) more Rolling Stock per year for running 20,000 trains (instead of 15,000 trains) per day at High Speed of 160 Kms./Hr & Medium Speed of 130 Kms/Hr.
- 6.2 Multi-Tracking of Railway Lines suitable for High Speed Trains at 160 Kms/Hr. and Medium Speed of 130 Kms / Hr. for 20,000 Trains per day.
- 6.3 Provision of Funds required to meet the above said objectives.

7. Alternative proposals to achieve the objectives:

It is requested that the following proposals may please be considered to achieve the defined objectives more effectively, to ensure better quality of Rolling Stock at a lower cost and raising of requisite Funds without Corporatization of PUs.

- 7.1 Review of proposed target of increasing the number of Trains per day from 15,000 to 20,000 in 5 years, keeping in view the present state of National and Global economy as well as the projected Occupancy Ratio and Operating Ratio and financial viability thereof.
- 7.2 Improvements through in-House Research & Development needs to be encouraged. High Speed & Medium Speed Rolling Stocks are already being produced in the existing Production Units including LHB Coaches at ICF, RCF & MCF suitable for 160 Kms/Hr.; Electric Locomotives are being produced at CLW & DLW, capable of running at 160 Kms/Hr. with high payloads. Higher speed WAP5 (upto 200 Km/hr) and WAP7 to run at 180 Km/hr have also been developed there but speed is restricted to 160 Km/hr due to track constraint.

Further upgrading & modernization can be done if required, through ToT (Transfer of Technology) for producing High Speed & Super-High Speed Rolling Stock. This way, Railways will be able to acquire and own modern technology without Corporatization.

- 7.3 In-House Design & Development of High Speed Rolling Stock: High Speed Rolling Stock has also been Designed and Produced through in-house improvisation, as has been done by ICF Chennai in respect of Train 18 (Vande Bharat Express). Further on and continuous motivation should be provided for such efforts.
- 7.4 Higher production Levels is Achievable by PUs if requisite Staff & Infrastructure are provided: All Production Units are giving much higher level of out-turn than the strength of Staff sanctioned or on Roll. They can increase the Production further if requisite number of Artisans, Technical Supervisors, Store & Lab Staff are provided & the Vacancies are filled up on war footing as well on a regular basis through either of the following methods:
 - 7.5 Expeditious & timely Recruitment through RRB by timely placing of indents at least one year in advance to cover the lead time as well as the unforeseen delays;
 - 7.6 Streamlining the procedural delays by further strengthening the newly started system of centralized Selections & Recruitment for all RRBs.
 - 7.7 Filling of all Vacancies in the intervening period (pending Recruitment through RRBs) by giving extension to Retiring Staff & Technical Supervisors under the Administrative (word added) Powers already delegated to the General Managers.
 - 7.8 Expansion of existing PUs for Better utilization of surplus land & Infrastructure of PUs: Most Production Units can be expanded at minimal cost, by utilizing surplus space available within their premises or in the adjoining Railway land as well as through more effective utilization of infrastructure and Machines.

7.9 Introduction of Multiple Shifts: Introduction of Multiple Shifts can substantially increase the utilization and productivity of infrastructure, Machinery & Man-Power – especially the CNC and other specialized costly machines. Multiple shifts are already running in CLW for some years. This can be started in other PUs also.

7.10 Conversion of One or more Railway Workshops as Production Units

One or more Railway Workshops (like Jamalpur, Golden Rocks, Parel & Kachrapara or any other Railway Workshop) may be converted into a Production Unit to step up the production of Rolling Stock at minimal additional cost and for better utilization & productivity of Man-power, machinery and infrastructure thereof.

7.11 Existing workload of these Workshops (to be converted as PUs) may be transferred to some other Workshops to utilize their capacity more effectively keeping in view the revised pattern of their workload over the years and installation of new machines.

7.12 A part of workload of the existing PUs may be transferred to other Railway Workshops to optimize utilization of their capacity.

7.13 Removal of ceiling Limit of Incentive Bonus in all PUs & Workshops: Removal of Ceiling Limit of Incentive Bonus in all Production Units & Workshops will substantially increase the Production and productivity of Man-power & Machinery.

7.14 Extension of Incentive Scheme / PCO Allowance to Design, Store, Lab & IT Staff: Extension of Incentive Scheme / PCO Allowance to Design, Store, C&M Lab, IT & other production related Staff, will ensure better Designing, effective Quality Control and requisite Material Management.

7.15 Delegation of more Powers to Shop In-charges and Lab, Store Depot and IT Section In-charges (SSE, CMS, CDMS & SE IT) with suitable Restructuring, Re-Designating them as Principal SSE and Re-classifying them in Group B (Gazetted) for better & more effective management, productivity and flawless quality control.

7.16 Delegation of more Powers & up-grading of General Managers & the Officers under them especially in the PUs besides those of the Railway Board, will further consolidate the position to achieve the defined objectives without Corporatization of PUs.

7.17 A) CONSIDERING THE ABOVE PROPOSALS FOR RAISING THE PRODUCTION OF ROLLING STOCK WITHOUT CORPORATIZATION; AND

B) Considering the serious impact of proposed Corporatization on the Service Conditions of the Employees and on the (old & future) Pensioners of the PUs in respect of their Pay Levels, Allowances and Pensionary Benefits etc. and revision thereof at par with the other Central Government employees;

C) It is requested that the proposal for Corporatization of Production Units may please be reconsidered.

8. Multi-Tracking of Railway Lines suitable for High Speed Trains with increased frequency.

8.1 Up-gradation & Multi-Tracking of Railway Lines, with up-graded Automatic Signaling system including those at all level Crossings etc., are all essentially required for High Speed Trains at 160 Kms/Hr. for 20,000 Trains per day.

8.2 Futuristic consideration for increasing the speed in viable future.

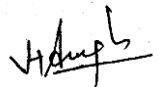
8.3 Provision of Funds required for requisite Infrastructure for producing 33% more Rolling Stock per year and for Multi-tracking of railway lines.

Funds required for meeting the defined objectives of raising production of High speed Trains and Multi-Tracking of Railway lines may please be raised through following methods (instead of Corporatizing PUs under PPP etc):

- 8.4 REALISTIC FREIGHTS & FARES: Linking Freights & Fares with Price Index ; Subsidy or Grant-In-Aid from General Budget for Concessions in Train Fares;**
- 8.5 LEASING OF SURPLUS LAND: Leasing out (instead of selling) of Surplus Railway Land in all Cities, Towns with a realistic provision for future expansion of Railways as well as protecting the rights of the Railways for requiring.**
- 8.6 PROMOTING TOURISM : Leasing surplus land to IRCTC & similar other agencies for Hotels & Tourism Resorts**
- 8.7 REVIEW OF MANDATE OF RLDA: Review of Mandate to “Railway Land Development Authority” may please be considered, keeping in view the above suggestions and other related aspects- especially to ensure adequate & realistic returns to the Railways on market rates and the Railways continuing to be the Primary Owners of the Land even during & after the long term Leasing thereof.**
- 9.1 Discussion with Stake Holders: a) Discussions with Stake holders, Staff Side & others may please be held with an open mind about these and other related issues.**
- 9.2 It is requested that representatives of IRTSA may also please be given an opportunity of having an Informal Meeting on this issue, at any date and time convenient to you Sir.**

Hoping for a favorable consideration; With kind regards,

Yours truly,



(Harchandan Singh)
General Secretary, IRTSA

Copy for information & favorable consideration to:
Member Rolling Stock, Railway Board, Rail Bhawan, New Delhi – 110001
Member Staff, Railway Board, Rail Bhawan, New Delhi – 110001