

INDIAN RAILWAYS TECHNICAL SUPERVISORS ASSOCIATION

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No:IRTSA/CHQ/Memo.2020-10

Date:- 07.09.2020

Shri Piyush Goyal
Hon'ble Minister for Railways
Rail Bhavan, New Delhi-110001

Sub: Public Private Partnership in Passenger Train Operation.

Ref: 1) Notice inviting Request for Qualification dated 30.06.2020.

2) Request for Qualification (RFQ) & Project Information Memorandum (PIM) (No.2020/Trans.Cell/Elect./) for twelve individual clusters.

0.1) Indian Railways decided to introduce private operated passenger trains and published Request for Qualification (RFQ) & Project Information Memorandum (PIM) documents. The scope of private entities includes designing, procurement, financing, operation and maintenance of passenger trains on selected routes with the right to determine and collect the fares. Private entities will be required to offer share in the Gross Revenue.

0.2) According to PIM, the Private entity shall have the freedom to decide on the fare to be charged from its passengers and the configuration of each train as well as its coaches shall be determined by the private entities. Facilities now available free in IR trains, preferred seat options, carrying luggage / baggage, Wi-Fi connection, bed roll, etc. can be charged by private entities.

0.3) IRTSA submit the following points which may adversely affect interest of Nation, Railways, Rail passengers and working class for your kind consideration and perusal,

1) PROFIT MAKING UPPER CLASSES WILL BE TAKEN AWAY BY PRIVATE TRAINS, RAILWAYS WILL CONTINUE TO BEAR SOCIAL SERVICE OBLIGATION AND LAW & ORDER COSTS.

1.1) Private operators are free to operate only profit making classes of AC sleeper & AC Chair car. In the year 2018-19 out of 841 crore passengers originated, 55 crore passengers (only 6%) travelled in all reserved classes. Railway earned Rs. 32,159 crore (63% of total income through passenger business) from this 6% of all reserved passengers. Subsidized classes of sub-urban, ordinary second class & sleeper class will be left to Railways.

1.2) Wide gap in the earnings between upper class and other classes is clearly evident in terms of passenger earnings per passenger KM. In the year 2018-19 IR earned 44.13 paise per passenger KM on overall average. Upper class earnings per passenger KM is 139.78 paise, which is 217% higher than overall average. Passenger revenue in terms of earnings per passenger kilometre for different classes during 2018-19 was as under

Segment	Earnings per passenger KM in paise	% on overall average
Non-suburban:		
Upper class	139.78	217.0%
Second Class-Mail/Express (incl. sleeper class)	38.95	-11.7%
Second Class-Ordinary	21.27	-51.8%
Suburban: (all classes)	19.18	-56.5%
Overall average	44.13	

1.3) By opening out upper class to private train operators, major part of profit share will be taken away by the private operators. Net social service obligation Rs.38,314crore and law and order cost Rs 5,100 crore will continue to borne by IR.

2) PRIVATE TRAINS WILL BE ALLOWED TO EARN MORE BY INCREASING FARE & BY COMPROMISING PASSENGER CARRYING CAPACITY

2.1) The freedom to decide on the fare will be used as a tool to increase the fare by means of dynamic pricing etc. Combination of private trains will invariably be available for AC upper class travelers only; there won't be any non AC sleeper class & ordinary class. Facilities now available free in IR trains, such as preferred seat options, carrying luggage / baggage, Wi-Fi connection, bed roll etc. will be charged

additionally. Private operators by running only upper class charging 30% more fare than IR's fare can earn more than IR trains by carrying less passengers.

2.2) Comparison between IR operated Chennai-Tirunelveli Nellai Express and proposed private train between the same cities shows that proposed private train will carry 322 (-17.7%) passengers less than IR train, but will earn 14.5 lakh per trip (119.7%) additionally as shown in the table below,

	Passenger carried	Passenger Income (Rs. in thousand)
Indian Railways operated Chennai-Tirunelveli, Nellai Express (combination of A/C 2 tier, A/C 3 tier, Sleeper & Ordinary classes)	1816	1214.63
Proposed private train Charging 30% more by dynamic pricing etc (combination of A/C 2 tier and A/C 3 tier, classes)	1494	2668.536
Difference between Railway operated express and private train	-322	1453.91
Difference in %	-17.7%	119.70%

3) AVERAGE SPEED OF PROPOSED PRIVATE TRAINS WILL REMAIN MORE OR LESS THE SAME ASOF TRAINS OPERATED BY INDIAN RAILWAYS. LINE CAPACITY WILL BE COMPROMISED IF SPEED OF A FEW PRIVATE TRAINS IS INCREASED.

3.1) The clause of passenger trains to be operated by the private entity shall be designed to operate at a maximum service speed of 160 kmph holds no merit. Average speed of TEJAS express runs between Chennai and Madurai is marginally more than proposed private train between the same destinations. Average speed of Nellai express running between Chennai and Tirunelveli is marginally less than proposed private train between the same destinations as shown in the table below,

Stations		Proposed private trains			Existing IR Trains		
Origin	Destination	Running time	Distance covered KM	Ave. speed KMPH	Running time	Distance covered KM	Ave. speed KMPH
Chennai Area	Madurai	6 hrs 15 mts	466	74.6	6 hrs 30 mts	496	76.3
Madurai	Chennai Area	6 hrs 20 mts	466	73.6	6 hrs 30 mts	496	76.3
Tirunelveli	Chennai Area	10 hrs	624	62.4	11 hrs 10 mts	653	58.5
Chennai Area	Tirunelveli	10 hrs 5 mts	624	61.9	10 hrs 55 mts	653	59.8

3.2) Even if Railways tend to increase the average speed of a few private trains by allowing them to run at a higher service speed than IR trains, it will drastically reduce the line capacity. Freight trains and other passenger trains having lesser average and service speed need to be sidetracked to allow higher speed trains to overtake them. This will further reduce the average speed of existing IR operated freight and passenger trains. Hence Railways will end up in reducing its passenger carrying capacity rather than increasing it.

4) RESTRICTION ON INTRODUCTION OF NEW TRAINS BY IR

Another important clause which may not allow introduction of new trains by IR in these profit making routes is "No new similar scheduled train will depart the originating station in the same origin destination route within 60 minutes of the Scheduled departure of the private trains"

5) TERMINAL CAPACITY CONSTRAINTS NOT ADDRESSED – WILL HAVE ADVERSE IMPACT ON PUNCTUALITY OF TRAINS

Infrastructure in terminals and major junctions for passenger facilities, freight handling and for maintenance could not be improved in proportion to the number of trains, adding complexity to already saturated line capacity. Without improving the terminal facilities particularly without adequate platforms, addition of new private trains will only affect the punctuality of trains.

6) BENEFITS OF COMMISSIONING OF DEDICATED FREIGHT CORRIDOR (DFC) AND FOCUSED CAPACITY ADDITIONS IN HIGH DENSITY NETWORK (HDN) & HIGHLY UTILISED NETWORK (HUN) WILL ALL GO TO THE PRIVATE TRAIN OPERATORS LEAVING INDIAN RAILWAYS IN SHAMBLES

6.1) Track capacity released for passenger business due to commissioning of Dedicated Freight Corridors (DFC) will be utilized to the advantages of private entities.

6.2) In its submission to the Parliamentary Standing Committee (2019-20) Railway Ministry said that, In order to utilize the available financial resources in focused manner 58 projects costing Rs. 32,562 Crore, 19 projects pertain to high density route (HDN), 30 projects of highly utilized network (HUN) and other capacity enhancement projects as 9 nos. are targeted to be completed in December 2021.

6.3) Another Sixty eight (68) Projects costing Rs. 79,830 Crore (67 Doubling projects and one Gauge Conversion project) have been identified as Critical Projects. The length of these 68 projects is 5,839 km, which are targeted to be completed in March 2024.

6.4) As far as Super Critical Projects are concerned, there is no shortage of money and the funds have already been arranged through Institutional Financing which has increased Railways' capacity for committed fund provision for essential projects.

6.5) Benefits of Rs. 1.12 lakh Crore seamless investment for capacity addition in HDN & HUN are going into the hands of Private train operators.

7) MAINTENANCE DEPOTS WILL LOSE THEIR WORKLOAD & SPACE, NO SCOPE FOR IMPROVEMENT IN IR'S TRAIN MAINTENANCE ACTIVITIES.

7.1) Maintenance depots will lose their workload since train maintenance will be the duty of private entities. IR will have to provide berth/ space to private entity in the existing maintenance depots or space in a proximate area on an as is where basis for up-gradation or setting up its maintenance depot. Private entity will bring its manpower, tools and plants as required for undertaking the maintenance obligations. This clause will leave no scope for Indian Railways to improve its own manpower, infrastructure in the future, since portion of already constrained maintenance depots will be taken over by private entities.

7.2) Since the responsibility of final certification before every trip is assigned to Indian Railways, Departmental inspectorial staff who certifies the rolling stocks of private operators will be scapegoat for all failures & accidents.

8) BITTER EXPERIENCE OF PRIVATIZATION OF CATERING AND COACH CLEANING ACTIVITIES IN RAILWAYS

8.1) IR couldn't address large passenger complaints in catering, coach cleaning and bed rolls that are handed over to contractors. Passenger satisfaction in contract managed catering and cleaning activities has come down drastically.

8.2) Catering services provided through Indian Railway Catering and Tourism Corporation (IRCTC) and by engaging outside agencies at stations and in trains are attracting many passenger complaints. CAG report on catering services in Indian Railways 2017, managed by IRCTC, observed many serious deficiencies, like sale of articles unsuitable for human consumption, contaminated foodstuff, recycled foodstuff, shelf life expired packaged and bottled items, unauthorized brands of water bottles, etc.

8.3) In many of the coach maintenance depot across Indian Railways, cleaning of coaches is being carried out by employees of private contractors. Cleaning work done by the contract employees are very much substandard attracting many passenger complaints. It is evident railway is only having bitter experience on privatization of its activities.

9) RAILWAY PRODUCTION UNITS & WORKSHOPS WILL LOSE THEIR WORKLOAD

9.1) Railway Production Units & workshops will lose their work loads. Integral Coach Factory, Chennai has developed indigenous capability & capacity to produce semi high speed train sets, inaugurated enthusiastically by Hon'ble Prime Minister. Other two Coach Production units RCF Kapurthala and MCF Raebareli are having state-of-the-art technologies to manufacture LHB coaches that can run at a speed of 160 kmph with minimum additional inputs.

9.2) Loco manufacturing PUs at Varanasi, Chittaranjan and Patiala came long way to update their infrastructure to manufacture 3 phase IGBT electric locos. Not only these PUs, two well-functioning wheel & axle plants will also lose their load.

9.3) Workshops will not get their POH work. All these PUs & workshops developed medium & small industries around them as their suppliers. Future of these industries will be in danger. Staff both in Railway and private will lose their work load.

10) DESIGN AND DEVELOPMENT OF NEW ROLLING STOCKS WILL STAGNATE, SINCE PRIVATE ENTITIES NOT GOING TO OWN PRODUCTION FACILITIES.

10.1) As per the RFQ private train operators have to design, build, finance and operate their trains. Around 2800 coaches and 120 locomotives may be required to run 109 pairs of private trains as per the RFQ announced by Railways.

10.2) Setting up of manufacturing unit including Design & Development facility from scratch may not be possible for the private entities and they may not venture into owning their own production unit to manufacture only fixed number of coaches and locomotives. In all probability they will purchase coaches and locomotives from outside.

10.3) Hence there won't be any technology transfer. Possibility of continuous updation of technologies and facilities as claimed cannot happen. Private operators will try to utilize their rolling stock for all 35 years of contract period, depriving Railways and its passengers from new technologies and facilities.

11) PRIVATE ENTITIES FAILURES & INCAPABILITIES WILL HAVE IMPACT ON ENTIRE IR SYSTEM

Any one inefficient private managed clusters will have serious implications in operation of trains in high density route the cluster is positioned. Any failure or accident happening to private train will adversely affect the punctuality of IR trains. Even for the accidents caused because of private trains, responsibility of rescue operation lies with IR and loss to Railway property has to be borne by Indian Railways.

12) LOSS OF EMPLOYMENT OPPORTUNITIES IN INDIAN RAILWAYS & QUALITY OF EMPLOYMENT WILL COME DOWN.

12.1) Indian Railways is one of the largest employers in the world. In the past IR used to offer good number of job opportunities for young aspirants from all walks of life. Because of downsizing job opportunities in IR is diminishing. In the year 2019 an unprecedented 47.45 Lakhs candidates applied for over 64,000 posts of Assistant Loco Pilots & Technicians, about 1.17 crores candidates appeared for over 63,000 posts in Level I (erstwhile Group D) posts and about 24.75 lakhs candidates appeared for over 13,500 posts for Junior Engineer (JE). Huge number of applications for different jobs in Railways shows massive unemployment level in the country. Privatization will only further increase the unemployment level.

12.2) Outsourcing of maintenance and other activities have only increased inadequately paid unorganized temporary staff even for technical work, diminishing the chances of continuing existing permanent technical jobs available in Railways. Basic social & monetary security even for qualified Engineers will be at stake, not to mention about technical staff and supporting staff. Most of the workforce will be turned into daily wage earners.

13) BITTER PAST EXPERIENCE OF PRIVATIZATION OF TELECOM INDUSTRY

13.1) In telecom sector when private players were allowed Department of Telecommunication was converted into corporations by splitting them as BSNL, MTNL and VSNL. VSNL has already met its end, MTNL is about to be winded up and BSNL is limping for its survival.

13.2) It is not justified to blame the efficiency of the employees of BSNL, MTNL and VSNL for loss in their business. Losses were on account of Corporatizations of the Telecom department and promotion of Corporate sector in Telecom to grow many fold at the cost of BSNL, MTNL and VSNL.

13.3) Even after reducing the staff strength for the past many years, finally, In case of BSNL, over 78,300 employees opted for (rather forced by the policy of Government) voluntary retirement which is over half of the company's total manpower. While as many as 14,400 employees of MTNL, accounting for 76 per cent of the total strength, opted for the VRS.

13.4) Hence it is feared that, privatization may start fragmentation of Indian Railway system and eventually end up in the hands of private entities in bits & pieces.

14) CONCLUSION

As explained in forgoing para operation of private trains may not achieve financial, operational & technological objectives projected by Government. Passenger fares for proposed private trains will be high and at the same time subsidies for lower classes operated by IR will also remain high. No transfer of technology or updation will happen. Level of passenger satisfaction will come down. Capacity addition may

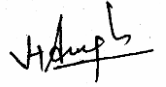
not happen at the expected level. Production Units, Workshops & maintenance depots will lose their workload. Most of the workforce will be made as daily wage earners. Indian Railways setup will be fragmented.

15) For the reasons explained above, keeping the interest of the Nation, Railways, Rail passengers and working class in view, Government is requested to withdraw the decision of allowing private passenger train operators on Railways.

Thank you

Thanking you

Yours' faithfully,



HARCHANDAN SINGH,
General Secretary.

Copy to (for kind information and necessary action)

- 1) **Hon'ble Minister for Finance, North Block, New Delhi-110001**
- 2) **Chairman Railway Board, Rail Bhavan, New Delhi-110001**