

TELEPHONE : 23365912 (P&T)
23343493 (P&T)
81-22270 (Rly.)
81-22769 (Rly.)
Fax : + 91-11-23363167

A.I.R.F.

TELEGRAM : RAILWAYMEN
E Mail:-airfindia@yahoo.co.in
E Mail:-airf@ndb.vsnl.net.in



All India Railwaymen's Federation

(Estd, 1924)

4, STATE ENTRY ROAD,
NEW DELHI-110055
INDIA

No.AIRF/Sub-Committee 186

Dated: December 24, 2014

The General Secretaries,

All Affiliated Unions,

Dear Comrades,

Sub: Brief on the meeting of the HLRRRC with the representatives of the recognized federations

A meeting was held today with **Dr. Bibek Debroy**, Chairman, **High Level Railway Restructuring Committee** (HLRRRC), in Rail Bhawan, wherein I handed him over a copy of our attached representation.

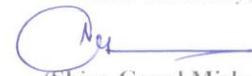
Though I opposed all sorts of outsourcing/privatization/corporatization of any activities in the Indian Railway System, it seems, the agenda of the Government of India is to corporatize our vulnerable Production Units and also to bring private players in many other activities.

I explicitly told the Chairman of the said committee that the Railway Industry should not be disturbed, and any such action of corporatization/privatization/outsourcing shall be like playing with the fire ball. I clearly told them that the AIRF would try to stop it with all its might.

The Chairman of the committee advised another round of meeting of the said committee between **2nd and 10th January, 2015**. We will definitely meet the committee again and will try to convince them on our point of view.

In case of any new eventuality, we will inform you, but at the same time it is advised that, we must start mobilization at the grassroots level to prepare the cadre for giving them a befitting reply, as and when required.

Yours fraternally,


(Shiva Gopal Mishra)
General Secretary

Encl: As above

The Chairman,
High Level Railway Restructuring Committee,
New Delhi

Dear Sir,

Sub: Committee on Restructuring of Railway Ministry and Railway Board

In continuation to our submission upon **High Level Railway Restructuring Committee** on **29th October, 2014 and 10th November, 2014**, we submit as under:-

1. Total Source of Railway's Assets

Assets of Indian Railways(in crore)

| | <u>1950-51</u> | <u>1980-81</u> | <u>2000-01</u> | <u>2012-13</u> | |
|---|----------------|----------------|----------------|----------------|---------------|
| Capital-at-Charge (Budget Surplus) | 827.00 | 6096.3 | 43,051.88 | 1,83,488.08 | |
| Internal Generation | 28.2 | 1352.1 | 20,289.13 | 1,05,886.79 | 36.59% |
| Total | 855.2 | 7448.4 | 63,341.01 | 2,89,374.87 | |

Internal generation of the Indian Railways is out of surplus funds, generated after payment of dividend to general revenue, lease charges to the IRFC and undertaking social obligations for running the Railways below the operational cost in passenger service and carrying some items of freight traffic below the operational cost. Thus, 37% of the total capital of the assets of the Indian Railways has been created out of sweat and blood of the Railwaymen.

2. Role of the Railwaymen in increasing productivity

Passenger Traffic

| | <u>2005-06</u> | <u>2012-13</u> | <u>Variation</u> |
|--|----------------|----------------|------------------|
| Number of Passengers Originating (in million) | 5725 | 8421 | (+) 47.09 |

| | | | |
|----------------------------------|---------|-----------|-----------|
| Passenger Kilometres(in million) | 615,614 | 1,098,103 | (+) 78.38 |
|----------------------------------|---------|-----------|-----------|

Freight Traffic

| | | | |
|--|------|---------|-----------|
| Freight Traffic Tonnes originating (in millions) | 6824 | 1014.15 | (+) 48.62 |
|--|------|---------|-----------|

| | | | |
|----------------------------------|---------|---------|-----------|
| Net TonneKilometres(in millions) | 441,762 | 692,637 | (+) 56.79 |
|----------------------------------|---------|---------|-----------|

| | | | |
|------------------|--------|--------|-----------|
| Route Kilometres | 63,332 | 65,436 | (+) 03.32 |
|------------------|--------|--------|-----------|

| | | | |
|--|------|-------|-----------|
| <u>Staff Strength(in thousands)</u> | 1416 | 1,307 | (-) 07.70 |
|--|------|-------|-----------|

Efficiency Index

| | | | |
|--|-----|-------|-----------|
| Traffic Unit(per thousand employees) (Traffic Unit represents passenger km and Net Tonne KMs) | 799 | 1,467 | (+) 83.60 |
|--|-----|-------|-----------|

3. Increase/decrease in Railway fare, vis-à-vis increase in WPI and CPI as percentage basis

| | <u>Average rate of per passenger km</u> | <u>Fare percentage of 24.4 increase/decrease</u> |
|---------|---|--|
| 2004-05 | 24.4 | 0.41 |
| 2005-06 | 24.5 | (+) 0.41 |
| 2006-07 | 24.7 | (+) 0.82 |
| 2007-08 | 25.7 | (+) 4.05 |
| 2008-09 | 26.09 | (+) 1.52 |
| 2009-10 | 25.9 | (-) 3.83 |
| 2010-11 | 26.3 | (+) 1.54 |
| 2011-12 | 27 | (+) 2.66 |
| 2012-13 | 28.5 | (+) 5.55 |

4. WPI(Base 2004-05)

| | |
|---------|------|
| 2009-10 | 3.89 |
| 2010-11 | 9.56 |
| 2011-12 | 8.93 |
| 2012-13 | 7.37 |

5. CPI(Base 2001=100)

| | |
|---------|-------|
| 2009-10 | 12.43 |
| 2010-11 | 10.44 |
| 2011-12 | 8.34 |
| 2012-13 | 10.47 |

6. Social Service Obligation undertaken by I.R.

| | |
|---------|-----------|
| 2008-09 | Rs.11,478 |
| 2009-10 | Rs.14,977 |
| 2010-11 | Rs.15,714 |

| | |
|---------|------------------------------|
| 2011-12 | Rs.17,652 |
| 2012-13 | Rs.20,000 |
| | ----- |
| | Rs.79,903 (in 5 yrs.) |
| | ----- |

7. Payment of Dividend to General Revenue

| | |
|---------|------------------|
| 2008-09 | 4717.67 |
| 2009-10 | 5543.34 |
| 2010-11 | 4941.25 |
| 2011-12 | 5656.03 |
| 2012-13 | 5348.94 |
| | ----- |
| | 26,147.23 |

8. Lease Charge – Re-payment of Loan to IRFC

| | |
|---------|--------------------------------|
| 2010-11 | 6338 cr. |
| 2011-12 | 7597.93 cr. |
| 2012-13 | 9209 cr. |
| | ----- |
| | 23,144 cr. (for 3 yrs.) |

9. Operating Ratio of Indian Railways

| | |
|---------|-------|
| 2005-06 | 83.72 |
| 2006-07 | 78.68 |
| 2007-08 | 75.94 |
| 2008-09 | 90.64 |
| 2009-10 | 95.28 |
| 2010-11 | 94.59 |
| 2011-12 | 94.85 |
| 2012-13 | 90.02 |

10. Comparative Statement of Growth

| <u>Year</u> | <u>Growth of Infrastructure Industries (other than Railways)</u> | <u>Growth of Indian Railways</u> |
|-------------|--|----------------------------------|
| 2007-08 | 5.2 | 9.8 |
| 2008-09 | 2.8 | 7.7 |
| 2009-10 | 6.6 | 8.8 |
| 2010-11 | 6.6 | 5.9 |
| 2011-12 | 4.4 | 7.5 |

(Source: Office of Economic Advisor, Department of Industrial Policy and Promotion published in Indian Railway Year Book 2011-12 at page No.8 & 9.)

11. Impact of formation of Corporation of certain departments of Government of India

Telecommunication had been a government departmental under direct control of Ministry of P&T of Central Government and was regularly generating surplus every year, which was cross-subsidizing the Postal Department under the same ministry.

The government subsequently decided to form **Bharat Sanchar Nigam Ltd.**, dismantling the department of Telecommunication, which is running in huge loss, and presently during the year 2013-14, BSNL's loss on landline is to the tune of Rs.14,000 crore. This apart market share of the BSNL has been gradually declining every year, and in one year only, its market share has come down from 15.66% to 11.70% in May 2014.

12. **Indian Airlines** is the other mode of transport carrying less than one percent of Railway passenger. The Central Government have injected Rs.13,000 crore during last two years, i.e. 2011-12 and 2012-13 for survival of Indian Airlines.

Private entrepreneurs are also running their Airways, but **Sahara** has been totally closed and **Kingfisher Airlines** is under serious threat of closure, and the same is the condition of the **Spice Jet**. Kingfisher Airlines is unable to return the loan, taken from the Public Sector Banks, amounting to thousands of crores of rupees.

13. **Status of Railway Projects**

Railway projects are sanctioned on political pressure/consideration. Sanctioned projects could not be completed within the targeted timeframe, resulting in blocking of money without any result(operation) and cost skyrocket.

During last 30 years, 676 projects worth Rs.1,57,883 crore were sanctioned, only 317 projects could be completed, rest 359 projects are pending completion, that require Rs.1,82,000 crore. (Source: Para 1.18 of MR's Budget Speech on 08.07.2014).

Discrepancy in Project Estimate – An example

The **Dedicated Freight Corridors**(both Eastern and Western) were initially estimated to over Rs.28,000 crore (Source: Economic Survey 2008-09 para 9.61)has been revised to Rs.50,761 crore. (Economic Survey 2010-11 para 11.71).

14. **Attempt for induction of FDI in the Railways**

- (a) Former successive governments, while permitting FDI, kept Indian Railways and Atomic Energy out of the ambit of FDI on account of certain strategic and reasons related to Nation's security. Now, permitting 100% FDI in Indian Railways shall be a U-Turn in the policy of the previous government that has been in vogue since Independence due to reasons cited above. This will prove to be a serious economic burden on the Indian Railways, not only at present, but also more and more in future. The conditionality of the FDI is not clear and regular fluctuation in the exchange rate between Rupee and Dollar will tell upon badly on the burden of the FDI.

It is pertinent to mention that, in the year 1947 Dollar was at par with Rupee, in 1996 ratio raised to 1:6.35, in 1991 1:25.69 and in 2014 it is 1:63 +.

- (b) It is worthwhile to mention observation of the **Economic Survey 2010-11:-**

“India has been more fortunate in that – (a) its growth was largely domestic economy driven”
(para 6.13 of Economic Survey for the year 2010 -- 2011)

15. **Over capitalization – Apprehensions**

The present government has proposed to introduce Bullet Train in this country. Before finalization of the decision, a bird's eye view on per capita income of India, as compared to Japan, where Bullet Trains are already plying, is necessary, which reveals that, in Japan per capita income is 35481\$, while in India, per capita income is 5238\$ as per Purchasing Power Parity(PPP) for the year 2013. Therefore, before introduction of such high cost infrastructure, payment capacity of the country needs to be taken into account. It may also be noted that, for introduction of Bullet Train lines in Japan, both Central and State Governments of that country finance for the same in the ratio of 2:1.

In our opinion, therefore, a realistic survey needs to be undertaken for assessing the utility of Bullet Trains and their economic/commercial viability.

Keeping in view excessively heavy load of traffic on **Diamond Quadrilateral Routes**, there is urgent need of laying additional track for decongesting the overburdened route for economic health of the Indian Railways besides connecting far-flung areas of the country on social consideration.

16. It is further pertinent to point out that, there is large scope for internal generation of funds in Indian Railways by adopting various measures, which could be discussed bilaterally, the additional quantum of investment required for overall development of the Indian Railways infrastructure needs to be provided by the government as recommended by the **High Power Safety Review Committee** appointed by Ministry of Railways(Government of India) under the Chairmanship of **Dr. Anil Kakodkar**. In this context, it may be appreciated that the Government of India, over the years, have provided substantially high economic support the Corporate Houses and the industrialists of this country, which is obviously clear from the following:-

(a) **Revenue Foregone by Government of India**

Revenue collected through Corporation Tax, Income Tax and Union Excise Duty is about Rs.9 lakh crore annually. The amount of revenue foregone on those accounts amounted to Rs.4.94 lakh crore during 2011-12 and 5.28 lakh crore during 2011 – 2012 and 2012 – 2013 respectively.

(b) **Bank Loan Waived**

During the period from 2001-2013, Rs.2,04,549 crore bank loan has been waived, out of this, Rs.1,45,303 crore waiver was of Corporate Houses.

17. Evidently, funding by the government for the development of the Indian Railways' infrastructure to the tune of around rupees five lakh crore is well within the capacity of the Central Government. Where-after, low FDI would be required.

- (a) It is our considered opinion that, for introduction of new dream projects, like Bullet Trains, the government may resort to FDI, but the burden of the same should not be linked with the Indian Railways.
- (b) Freight traffic, which is the backbone of the Indian Railway's financial health, should not be outsourced and whatever new assets are added to the system, production, maintenance and operation of the same should be with the Railwaymen only.
- (c) Indian Railways can also think of generating internal resources by floating Railway Bonds for the Railwaymen and other general public with tax benefit Under Section 88(C) of the Income Tax Act, which is likely to generate handsome amounts of fund to meet with the developmental needs of the Indian Railways.

18. **Emotional attachment of the Railwaymen with the railway working**

Railwaymen are the second line of defence of the country, and Railwaymen played important role during Chinese aggression in 1962, there was massive exodus of civil population near Arunachal Pradesh and north bank of the Brahmaputra River. Currency notes were burnt under the orders of Dy. Commissioner, Tejpur(Sonitpur), Assam, jailed prisoners were freed, but the Railwaymen did not leave their duty post, continued Railway connection to facilitate movement of Army. In this connection, extract from the Special Gazette, published by the Railway Board during Railway Week 1963, is given below:-

“On the night of 20/21 November, 1962 following the exodus of Civil Population from Rangapara North in the wake of reported Chinese advance, Shri Rakhil Das Banerjee, (Station Manager, Rangapara North) bravely struck to his post in the station, displaying an extra ordinary sense of duty and great courage, he ensured safe custody of Railway Cash amounting to Rs.26 lakhs”.

Similarly, when Pakistan attacked India during 1965, the Railwaymen at the Western Sector saved lives of thousands and thousands of people by sacrificing their own lives while bomb was exploded on oil tankers (Railway Wagon Tanker) they parted the burning wagons from the rest, but in the effort, a good number of Railwaymen were burnt alive.

Apart from the above, Railwaymen are working round-the-clock in all the 365 days of the year, sacrificing their lives, for carrying over 23 million of passengers and 3.5 million of freight traffic daily.

It is worth-mentioning to quote the extract of the **High Level Safety Review Committee**, headed by **Dr. Anil Kakodkar**:-

about 1600 railway staff were killed and 8700 injured while working during the period from 2007 -08 to October, 2011 which is substantially more than 1019 deaths and 2118 injuries in train accidents for the period from 2007-08 to 2010-11. It is to be noted that casualties in train accidents include a large chunk of 723 deaths and 690 injuries due to unmanned level crossing accidents attributed to the negligence of road users.”

19. Our views

Indian Railway is common-men’s transport that needs requirement of variety of rail users, right from poorest chunk to well-off people. This is more a social organization than a business industry which is rendering valuable services to the society commuting between home and workplace daily and carrying millions of passengers across the country from one end to another.

Indian Railway has been extending various types of concession, like free travel for cancer patient, concession to Sr. Citizen, physically challenged persons, armed forces, media persons, sportspersons, public representatives etc.

Indian Railways has been carrying relief materials free of cost during floods, earthquake and other natural calamities and war like situations at the borders.

Railwaymen are against dismantling of present structure of the Railway Board in the Ministry of Railways.

In the matter of inducting FDI in the Railways, Railwaymen are totally opposed this decision of the Government of India to induct FDI Indian Railways. If imposed, this will create serious industrial unrest, leading to total dislocation in Railway Services. It may incidentally be mentioned that there was not a single man day lost in the Indian Railway since 1974.

For expansion of the Indian Railways, the general exchequer should reimburse the social service obligation cost and exempt Railway from the payment of dividend, lease charges to IRFC, as has been done in case of

industrial houses where huge amount of taxes has been foregone and bank loans amounting to crores of rupees has been waived-off.

So far restructuring of the Railway Board is concerned; modernization of the Indian Railways, by adoption of latest technological advancement definitely warrants specialization in different fields. Therefore, it would be imperative to continue with separate departmental heads at the apex level in the Ministry of Railways for smooth and efficient functioning of the particular department. Nevertheless, some mechanism may be developed to break inter-departmental monopoly and synchronize intra-departmental decision making for better policy making, but direct induction of Civil Servants from other departments of the Government of India would, however, not prove to be conducive for the development of the Indian Railways, rather detrimental to it as those who have long association with this industry, can only run this peculiar organization in an efficient manner.

Yours faithfully,

(Shiva Gopal Mishra)
General Secretary