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No.AIRF/Sub-Committee 186 Dated: April 29, 2015

**The Chairman,**
High Level Railway Restructuring Committee,
New Delhi

Dear Sir,

**Sub: Views of AIRF on the Interim Report of the Committee for Mobilization of resources for major projects and restructuring of Railway Ministry and Railway Board**

The Terms of Reference of the Committee, as embodied in Ministry of Railway's(Railway Board) letter No. **ERB-I/2014/23/39 dated 22.09.2014**, is as follows:-

1. **Reorganizing and Restructuring the Railway Board and subsequently the Department so that policy making and operations are separated, the Department does not work in silos, policy making focuses on long term and medium term planning issues and operations focuses on day – to – day functioning of the Organization.**

2. **Promote exchange of Officers between the Railways and other departments.**

3. **Estimate financial needs of the place to raise resources, both internally and for outside the Government, to enable Railways to meet the demands of the future.**

4. **Examine and suggest modalities for implementing the existing Cabinet decision on setting up a Rail Tariff Authority and give recommendations.**

The representatives of the AIRF appeared before the Committee on 29.10.2014 and 10.11.2014. AIRF also submitted its written statement vide letter **No.AIRF/Sub-Committee 186 dated 23.12.2014**.

AIRF has been shocked while going through the report, that the Committee has interpreted the Terms of Reference in its own way and stated that the Terms of Reference amounts to a blueprint for reforming the Indian Railways. This interpretation is not at all acceptable to AIRF. The report is overloaded with anti-labour recommendations and it is a roadmap for privatization of the Indian Railways, which AIRF cannot accept lying low and may cause serious strain in industrial relation, resulting in confrontation.

On the demands of AIRF and other Central Govt. Employee's Organizations 7th Pay Commission has been appointed headed by **Justice A. K. Mathur**, Retired Judge of Supreme Court.

> The Committee vide para **7.13** of its recommendation stated as follows:-
>
> **"…. The improvement in Indian Railways operating ratio between 2004 – 2005 to 2007 – 2008, by increasing the payload on wagons, was negated by the 6th Pay Commission award, though it did enable IR to meet its substantially increased wage obligations for the using its own resources. ………. growth of gross revenue receipts, which was more than that of non wage expenses, has fallen behind with the recent rise in non – wage expenditure. With another round of wage increases expected from the 7th Pay Commission, though hopefully not as destabilizing as the 6th Pay Commission, revenue growth can be expected to fall quite a bit behind, in a business – as – usual scenario".**

The recommendation of the 6th Pay Commission was accepted after rounds of discussion between the Government and Organized Labour. The wages of the Railwaymen and other Central Government Employees reviewed and revised periodically by appointment of the Central Pay Commissions headed by eminent men of jurisprudence.

The Committee made an uncalled for remark of destabilizing the economy.

The Committee vide **para 1.22** and **1.23** has drawn 10 years roadmap. This is roadmap has utterly failed to decide, whether Railways should run as a social organization or as a commercial organization. This basic principle needs to be decided for drawing policy for the Indian Railways.

Down below **para 2.12** at page 41, the Committee has drawn essential component of restructuring of the Indian Railways. The Committee has recommended for unbundling of the Indian Railways into two independent organizations, one responsible for track and infrastructure and another for operation of trains and also to set up independent umpire, i.e. **Regulatory Authority**, to decide the matter of running of both freight and passenger trains by other entities in competition with the Indian Railways.

As an example, we have the saddest experience of unbundling of organization and entry of private players in BSNL and Air India as example which was quoted in **para 11** of our letter dated **23.12.2014**. The Committee in its report at **para 2.26** stated its experience of Container Corporation of India, which reads as follows:-

> **"Initial response to the policy was encouraged with 14 operators signing and agreement with the Indian Railways to run Container Trains in the first year of registration. In the subsequent year, however, the number came down to 2……."**

Similarly, the experience of freight trains operation scheme of July, 2010, has been expressed vide para **2.27**. Failure of other such scheme has also been figured in **para 2.24, 2.25, 2.29** etc. The experiences are sad.

The Committee has recommended for formation of a company in the style and name **"Indian Railway Manufacturing Company**". In the event of the same, the company will have to pay different taxes as levied on the companies. This will push the cost of rolling stock, which will ultimately tell upon the finance of the Indian Railways.

Construction Unit has been termed as "**non-core activities"**. The Railways is yet to be reached in inaccessible areas of J&K and North East and other remote localities of the country. Intensifying construction activities are required for decongestion of as many as 1219 sections where line capacity is over saturated as cited in table **1.2** of the instant report. We are afraid that, no outside agencies can undertake these works independently.

The Committee has suggested running of police force, including RPF, schools and hospitals, by the outside agencies. So far RPF is concerned, the Committee has suggested that private security agencies should be deployed for the purpose. The RPF is engaged for protecting Railway properties scattered all over the country, covering presently 66,000 km of railway track, bridges, safety of the travelling public. These huge works cannot be undertaken by private security.

Schools and hospitals have been set up as a welfare measure at places where there is high concentration, running to thousands of employees as a social welfare measure. So far the schools are concerned, railway men are subject to periodical transfer. In Railway Schools their children get overriding facility for admission. This will not be possible if, schools are privatized or even if, the existing schools are merged with Kendriya Vidyalaya as proposed by the Committee because Kendrriya Vidyalaya do not provide any such facilities exclusively for Railwaymen's children.

Continued physical fitness in same medical classification, viz. A-1, A-2, A-3 etc. is absolutely necessary to continue in services. For appointment of Loco Running Staff, medical fitness in A-1 is a pre-condition. One is to continue with same medical classification till his retirement. This is a pre-condition for continuance in Railway Services. So far medical facilities are concerned, private hospitals will not be in a position to provide treatment to lakhs of beneficiaries, and in effect, Railwaymen and their family members will have to forego medical facilities.

It would be appreciated that, both education and health are important factors for the development of Human Development Index(HDI) and these entire set of population will be denied whatever existing facilities are available as a measure of inclusive growth. AIRF strongly opposes this move.

So far recommendation in **Chapter 5 --- Human Management in IR**, roll of the Railwaymen in increasing productivity between the period from 2005 – 2006 and 2012 – 2013 has already been stated in para 2 of AIRF's letter dated **23.12.2014** to the Committee. However, in precise, these are as follows:-

| | **2005 – 06** | **2012 – 13** | **Variation** |
|---|---|---|---|
| Passenger Kilometres (in million) | 615,614 | 1,098,103 | (+)78.38 |
| Net Tonne Kilometres (in million) | 441,762 | 692,637 | (+)56.79 |
| Staff Strength (in thousands) | 1416 | 1307 | (-)7.70 |
| Traffic Unit (per thousand employees) | 799 | 1467 | (+)83.60 |

The Committee vide **para 5.56** has opined against appointment of wards on compassionate ground. The Railwaymen working round-the-clock braving all odds. They render their best, unmindful of their future because of the fact that in any eventualities their family would be taken care of through the process of compassionate ground appointment. If the system is discontinued/pruned, then that much of unflinching service cannot be expected from the Railwaymen, which will tell upon badly on the Railway's working.

Regarding **LARSGESS**, this is a win-win situation. The employees are benefitted by appointment of their wards and Railways is benefited by drawing young force with much lower wages than their parents. The scheme has not been diluted, but the Safety Categories working in vulnerable positions were left out and they have only been included. The emotional attachment of the Railwaymen working in the Indian Railways has been well explained in **para 18** of AIRF's letter dated 23.12.2014.

Regarding merging of cadres of the Railways, as mentioned on **page 178,** suggested by the Committee, is not acceptable in view of the fact that in major organizations, needing specialized knowledge of various disciplines, especially in an era when the need for specialization is increasing due to day to day frequent advancements; a unified cadre will neither be desirable nor practical.

In chapter 6 of the report, budgetary relationship between the Government and the Indian Railways has been detailed out. 36.59 assets of the India Railways as on 2012–2013 have been created by internal generation contributed by the sweat and blood of the Railwaymen(Refer para 1 of AIRF's letter dated 23.12.2014). Social Service obligation discharged by the Indian Railways has already been drawn to the attention of the Committee(para 6 of AIRF's letter dated 23.12.2014). Vide **para 16** of AIRF's letter dated 23.12.2014, revenue forgone by the government and bank loan waival in favour of the Corporate Houses were brought to the notice of the Committee. This also did not find any place in the report. However, revenue forgone to the Corporate Houses during the period from 2010–2011, 2011–2012, 2012–2013 and 2013–2014 are again cited below:-

| Tax Head | 2010-11 | 2011-12 | 2012-13 | 2013-14 (P) | 2012 – 13 | 2013 – 14 (P) |
|---|---|---|---|---|---|---|
| | | ₹ Crore | | | %of GTR | |
| Corporate tax | 57912 | 61765 | 68720 | 76116 | 6.6 | 6.7 |
| Personal income-tax | 36826 | 39375 | 33536 | 40414 | 3.2 | 3.5 |
| Excise duty | 192227 | 195590 | 209940 | 195679 | 20.3 | 17.2 |
| Customs duty | 172740 | 236852 | 254039 | 260714 | 24.5 | 22.9 |
| **Total** | **459705** | **533583** | **566235** | **572923** | **54.6** | **50.3** |
| Gross Tax Revenue | 793072 | 889177 | 1036235 | 1138832 | | |

**(Economic Survey 2014-15, Vol. II, Table 2.5 at page 31)**

This is the first hand reaction of the AIRF on the Interim Report of the Committee. AIRF would be submitting a detailed note further, besides AIRF wanted to have a detailed discussion in the matter.

AIRF strongly oppose any private participation, induction of FDI, dismantling of the Railways structure. AIRF, however, agreed with Committee's view on devolution of financial and executive power to the Zonal General Managers and DRMs as proposed by the Committee.

Railways in India were constructed and worked by private sterling companies who were guaranteed by the government a fixed rate of exchange and a specified return on the capital invested by them. The government provided them land free of cost. Paid fixed subsidy for running the railway lines for years together. But private companies, being unable to run the Railway system, the government had to take over gradually.

**(Chapter 1 of the Indian Railway General Code, Vol. I, 1954)**

In time AIRF registers its strong objection on the roadmap as drawn in the report for privatization of the Indian Railways, induction of FDI, dismantling of Railway Board, amendment in the **Indian Railways Act and Railway Board Act,** as envisaged in the report of the Committee.

Yours faithfully,

(Shiva Gopal Mishra)
General Secretary