

1. In context of the critical public service role played by the railways, it is difficult to argue that its problems will be solved by privatisation, rather there is a need to work on other options. Discuss.

Answer:

Indian Railways is a state-owned enterprise and world's 3rd largest rail network, 4th largest rail Freightcarrier, and 8th largest employer (1.4million work force). It carries 23 million passengers and 3 million tonnes of freight every day and also transports 90% of the total coal moved in India. Also, it is :

- One of the cheapest and most convenient mode of public transport.
- Particularly suited for long distance journey, it provides a strong mode of national integration.
- Best for long haulage of bulky materials such as coal, petroleum and other ores.
- Helpful in growth of agriculture and industries as it connects hinterlands to port and other major towns and cities.
- Its ancillary manufacturing and services industries generate employment for millions.
- Deployed by the armed forces e.g. for movement of troops, in critical situations

Despite this, the problems with Indian railways are many and there have been demands for privatization.

Some of the reasons for this are:

- Indian railways being a monopoly of the state, it has less incentive to be competitive and is poorly managed.
- Populist policies such as non-revision of ticket fare and overcrowding of routes (announcement of new trains) has led to deterioration in the quality of services offered.
- It is barely able to meet its operational expenses and thus has little means of investment in capacity expansion or improvement in infrastructure.
- Passenger safety is apparently a neglected aspect because of poor accountability.
- It is unresponsive to the needs of people and the economy and continues to run on a century old model.

Based on these grounds, it is argued that privatisation will make Railways more competitive and bring in the much needed investment, managerial skills and capital.

However, there is no guarantee that privatization will be able to solve these problems. There are various issues such as:

It is difficult to find a buyer who can manage such humungous resources – human, physical and financial.

- Even if buyer/buyers are available, the basic issue that remains is that railways is not merely a commercial entity – it fulfils important social obligations of the state viz. provision of affordable means of transport.
- Management of railway personnel- privatisation may lead to many job losses and informalisation, which may create social unrest.
- Increase in regional disparity as private players will not be motivated to invest on routes which will not give them expected returns.
- Increase in railway passenger tariffs may make it unaffordable for many.
- Rise in cost of essential commodities
- Roadblocks to business like policy uncertainty, absence of regulator to create a level playing field, rent seeking, lack of incentives for investors and procedural issues may prevent successful privatization of Indian Railways.

Thus, other options are required to be explored such as:

- Recommendations of Bibek Debroy Committee: partial privatization through retaining the rail-track and infrastructure as a publicly-owned monopoly, while rolling stock

operations for passengers and freight should be opened up to the private sector; sub-urban services can run as joint ventures and private entry may be allowed in competition with Indian Railways; increase in passenger fares may be linked to better services.

- Judicious use of huge land and infrastructure pool available with railways including subletting to private sector.
- Withdrawing from non-core activities like hospitals and schools.
- Innovative solutions like revenue generation through advertisements at stations and trains.
- Cutting on costs like fuel and electricity bills and exploring development of captive solar or bio-waste plants.

In 2016-17, Indian Railways was able to earn highest ever freight revenue of 1.67lakh crore and a positive growth in passenger revenue despite tepid economic growth. This shows the enormous potential of railways in transport sector, which can be fully realized not only by privatisation but also by exploring other reform measures.

PRACTICE QUESTIONS

Answer the following Questions

1. The irony of high consumer prices when farmers do not receive adequate margin for their produce calls for an overhaul of agriculture marketing. Discuss the various steps taken by government in this regard. Also suggest ways to further reduce the gap between consumer prices and farmer realisation.

(150 words)
2. Identifying the key elements under the Mission for Integrated Development of Horticulture (MIDH), briefly explain how it can lead to holistic development of the horticulture sector in India. Also elaborate the factors which act as roadblocks for the efficient supply chain of Fruits and Vegetables sector in India.

(150 words)