Prepare for the Coming Revolutionary Storms!

No to Privatisation of Indian Railways

A collection of articles published in the website of the Communist Ghadar Party of India

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Publisher's Note

Workers of the Indian Railways are waging a determined struggle against privatisation. All the federations and unions of railway workers have come together under one banner of struggle against rail privatisation — National Coordination Committee of Railwaymen’s Struggle.

This pamphlet is a collection of five articles that were published by the Communist Ghadar Party of India (CGPI) in its website www.cgpi.org during the months of April – June 2021. They have been edited for publication. These articles bring out the growing opposition to the privatisation of Indian Railways amongst rail workers and broad masses of people. They show that it is both necessary and possible to defeat the privatisation program.
Growing Opposition to the Privatisation of Indian Railways

26 April 2021

Indian Railways is a lifeline of the country. Nearly 800 crore people travel on the Indian Railways every year. It is the only reliable and affordable means of long distance travel for crores of workers, between their place of work and their home town or village. Over 110 crore tonnes of goods are transported on Indian rail lines every year, from food to coal to cars. About 68,000 kilometres of rail routes connect different parts of our vast country. With nearly 16.5 lakh workers, including about 4 lakh on temporary contracts, it is the country’s largest public sector employer. The annual revenue of Indian Railways exceeds Rs 2 lakh crore. Over 165 years, assets worth about Rs 6 lakh crore, excluding the value of huge amount of land it owns, have been built with public money. It is truly the lifeline of the country and has played a vital role in the development of the country.

Despite the vital role played by Indian Railways in the economy and life of the people, this valuable asset is being privatised for the benefit
of Indian and foreign monopolies. These monopolies are eyeing the profitable operations of Indian Railways.

The privatisation of Indian Railways will hurt both lakhs of workers and crores of rail passengers as the experience of other similar privatisations in India and other countries has shown.

Workers of Indian Railways, being the largest organised section of the Indian working class, have to not only resolutely oppose the privatisation of Indian Railways but also provide leadership to opposition of anti-worker, anti-people privatisation of all other public sector enterprises.

Rail workers took a decisive step to strengthen their unity to oppose privatisation of the Indian Railways when on 29 October 2020 it was decided to reconstitute the National Coordination Committee of Railwaymen’s Struggle (NCCRS). National leaders of 16 major federations, unions and category-wise associations – All India Railwaymen’s Federation (AIRF), National Federation of Indian Railwaymen (NFIR), Bharatiya Rail Mazdoor Sangh (BRMS), All India Loco Running Staff Association (AILRSA), All India Guards Council (AIGC), All India Station Masters Association (AISMA), All India Train Controllers Association (AITCA), Indian Railway Ticket Checking Staff Organisation (IRTCO), Indian Railway Signal and Telecommunications Maintainers Union (IRSTMU), All India Track Maintainers Union (AITMU), All India Railwaymen’s Confederation (AIRC), Indian Railway Loco Running Men’s Organisation (IRLRLMO), Railway Karmachari Track Maintainer’s Association (RKTMA), Dakshin Railway Employees Union (DREU), Indian Railway Technical Supervisors Association (IRRTA), All India SC & ST Railway Employees Association (AISCTREA) – of the Indian Railways as well as the Kamgar Ekta Committee (KEC) came together from all over the country on that day to unitedly oppose the Government’s plan to privatise and corporatise the Indian Railways. It may be remembered that it was the NCCRS which led the historic railway strike in 1974.

The necessity for organisation and unity was acknowledged at that meeting by all constituents of the reconstituted NCCRS. They committed to work together to oppose privatisation and corporatisation, irrespective of their differences.

As a first step, NCCRS decided to bring out a booklet, “Unite to Defeat Privatisation and Corporatisation of Indian Railways” to mobilise all the rail workers and their families for intensifying their struggle.
From September 2020 onwards, the KEC has been organising a series of meetings in the series “Unite against Privatisation!” (See www.cgpi.org for reports of the previous meetings) National leaders of a large number of unions and federations of public sector establishments and services as well as people’s organisations, activists and interested citizens have been very seriously participating in these meetings. One important conclusion that has been repeatedly voiced in the ten meetings held so far is that we need to come together irrespective of union and political affiliations and together oppose privatisation. There is a need to educate the people at large about how privatisation will adversely affect them. A strong movement against privatisation must be built up by mobilising all sections of our people, the workers, women, youth, retired people and all the consumers and users! Several organisations have already been acting on this resolution, by using social media as well as print media to spread awareness.

As soon as the Modi-led NDA Government came back into power in 2019, it announced a 100-day Action Plan for ‘unbundling and restructuring the Indian Railways’ . This was nothing but a plan for privatisation of the Indian Railways. The plan was strongly opposed by rail workers all over the country. An important milestone in the unity of rail workers to fight against privatisation of railways was achieved when a joint forum consisting of seven associations and unions of rail workers – AIGC, AILRSA, AISMA, AIRTU, AITCA, IRTCSO, RMU, as well as KEC and Lok Raj Sangathan (LRS) organised a meeting in Mumbai on 2 August 2019 to oppose the Plan.

One part of the Action Plan of the Government was to corporatise the seven production units of the Indian Railways. Workers know from their experience that corporatisation is the first step towards privatisation. Rail workers waged a successful struggle through joint actions across all the production units and forced the Government to defer their plan of corporatisation.

Many recommendations of the 100-day Plan were along the lines of those of the Bibek Debroy Committee, constituted by the Modi Government in September 2014. The major thrust of the Debroy Committee was to dismantle the Indian Railways step by step and hand it over to private operators and hence they were resolutely opposed by all the railway trade unions.

In order to support the growing struggle of rail workers against privatisation, CGPI brought out a booklet in May 2018, entitled “Unite to Defeat Privatisation of Indian Railways”. Thousands
of copies of the booklet were distributed among rail workers to make them aware of how the privatisation of Indian Railways has been going on step by step over the years and it has been pursued irrespective of the party in power.

In 2014, when the Debroy Committee recommended the corporatisation and privatisation of the whole of Indian Railways, the strong opposition by rail workers forced the then Railway Minister, Suresh Prabhu, to announce that the recommendations of the Debroy Committee would not be implemented. Even the Prime Minister, Narendra Modi had to announce in front of thousands of workers of the Diesel Loco Works (DLW), Varanasi in December 2014 that the Indian Railways would never be privatised and asked workers not to believe such “rumours”!!

What has unfolded since then and especially in the last few years clearly demonstrates that the Prime Minister and successive Railway Ministers, one after another, have been telling the same lie. The privatisation of Indian Railways has been pursued even more vigorously after that. The Railway Ministry has begun the process to introduce 150 private trains on select and profitable 109 routes. A mere perusal of the 109 routes reveals that all revenue earning routes are selectively being handed to private operators leaving the loss-making sections with the railways. The bidders have already been shortlisted and the final bids are expected to be received by 30 June 2021.

The privatisation of railway stations in the name of their redevelopment and modernisation has actively begun. The stations and surrounding land is being handed over for commercial development and management on 30 to 60 years of lease. In the first phase 123 stations have been taken up. Work on the first two stations at Habibganj (Bhopal), Madhya Pradesh and Gandhinagar, Gujarat is already at an advanced stage. The initial bids for eight more stations have already been received. The privatisation of the prestigious New Delhi and CSMT, Mumbai stations is of particular interest to many capitalists due to the very precious real estate around both these stations.

The plan to run private freight trains on the Western and Eastern Dedicated Freight Corridors on their completion in 2022 was announced in the Union Budget of 2021.
On 16 March 2021, the Railway Minister informed the Lok Sabha, “So far, 87 land parcels, 84 railway colonies, four hill railways and three stadiums across the country have been identified for asset monetisation.” Monetisation means that these assets of the Indian Railways will be handed over to capitalists on long lease for making profit.

All these facts indisputably show the relentless efforts to privatise the Indian Railways. Faced with the strong opposition to privatisation of the Indian Railways, the Government spokesmen continue to lie about and deny their intentions. Even in March 2021, the Railway Minister, Piyush Goyal announced in the Lok Sabha, “Indian Railways will never be privatised. It is a property of every Indian and will remain so”, and that it will remain with the Government of India. He had made a similar statement in the Parliament in July 2019 when the 100-day Action Plan was strongly opposed by rail workers.

Over the years, many organisations have been working to build up a strong opposition to the planned privatisation of the Indian Railways.

A number of category-wise associations, unions and passenger associations like AIGC, AILRSA, AISMA, AIRTU, Mumbai Suburban Railway Passengers Association (MSRPA), Thane Railway Pravasi Sangathan (TRPS), All India Rail Yarti Parishad (AIRYP), Madhya Nagri Railway Pravasi Sangh (MNRPS), Tejaswani Mahila Pravasi Sangathan (TMPS), Mumbai Rail Pravasi Sangh (MRPS), Kalyan-Kasara Passenger Welfare Association (KKPWA), Railway Passenger Janhit Sangharsh Manch Titwala (RPJSM) and others along with KEC, LRS and CGPI organised a seminar in Mumbai in October 2017 to highlight the ill-effects of privatisation on the safety of rail workers and passengers.

For mobilising the support of rail passengers to the struggle of rail workers against privatisation of the Indian Railways, a leaflet brought out by KEC and LRS was distributed in thousands in Mumbai during 2019. The leaflet brought out how privatisation is against the interests of passengers and that Government’s claims about benefits of privatisation are false, as seen from life experience in our and other countries.

Along with rail workers, rail passengers have also begun to understand that privatisation of the Indian Railways is not in their interest. Rail services will become more expensive and safety will
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be compromised after privatisation. Unprofitable services will be withdrawn leading to a large number of people getting deprived of rail services.

The support of rail passengers to rail workers is contributing to the growing strength of the opposition to privatisation. Rail workers rightly believe that with their unity and support of rail passengers they will not only be able to halt but reverse the anti-worker, anti-people privatisation of the Indian Railways.

Rail Privatisation – In whose Interest?

26 April 2021

Privatisation of Indian Railways is being carried out at the behest of Indian and foreign monopolies who want to acquire vast infrastructure, land and workforce of the Indian Railways at cheap prices. This is the real reason for step-by-step privatisation, pursued by all the parties that have been in power for several decades. Privatisation of the Indian Railways has been accelerated during the last few years again at the insistence of monopolies as they are looking for new avenues for reaping maximum profits to come out of the economic crisis, persisting since 2008.

People are however told that the purpose of privatisation is to provide better services by modernising Indian Railways. They are further told that the Government does not have money to modernise Indian Railways so private capital from Indian and foreign capitalists is being invited.

A close examination of various proposals to invite capitalists to invest in ‘modernisation’ reveals how assets built with public money are being handed over for private profit and how privatisation would make an essential service like railway unaffordable for large number of working people of the country.
Indian Railways has invited private players to run 151 trains on 109 routes in 12 clusters from 2023 onwards. Indian Railways will provide all the infrastructure like tracks, signalling system. The contract for private train operation will initially be for 35 years. Capitalists will be required to only invest in ‘modern coaches’ but will also have the freedom to lease existing coaches from Indian Railways and upgrade them.

Private players have asked for a number of concessions before final bids are submitted by 30 June 2021. They want Indian Railways to offer them an alternate route in case the offered route is not profitable to them. They are also insisting that Indian Railways should not itself run any train one hour before and after their private train from any station within 50 km. Further they do not want Indian Railways to run any train till the capacity utilisation of the private train reaches 90%. In other words, private operators want Indian Railways to ensure that private train operation is profitable. They do not want Indian Railways to compete with them so that they can charge any fare without worrying about passengers having other options. Private operators have already been assured the freedom to fix train fares.

The private passenger trains will be run only when they are profitable. As soon as the passenger traffic fell due to the pandemic, the private Tejas trains were suspended. They were resumed when the traffic picked up but were again suspended when the traffic fell again due to the second wave of the pandemic. Providing reliable service is not the aim of private train operators.

Private trains are not expected to enhance the overall operational efficiency of the Railways. It is actually likely to worsen the operations of trains run by Indian Railways. Railway workers are already under pressure to give priority to private Tejas trains at the cost of other trains. As the number of private trains increase, the punctuality and service of Indian Railways trains will get more and more affected. Private operators are expected to insist on high penalties for non-performance by Indian Railways.

Privatisation of passenger trains will not bring in investments for expansion and upgradation of the railway network, particularly of tracks, which is the major bottleneck today. As much as 40% of Indian Railways’s 1,219 line sections are utilised beyond 100%, according to a February 2015 white paper of Indian Railways. Technically, a section using more than 90% of its capacity is considered saturated.
Public money is being spent to upgrade the infrastructure before it is handed over to private operators for running trains at a higher speed. A project to upgrade tracks and signalling and systems for running trains at higher speed on Mumbai-Delhi and Mumbai-Howrah routes at the cost of over Rs 13,000 crore has been taken up and is scheduled for completion by 2023, in time for operation of private trains on these routes. People are asking why the Indian Railways itself cannot run high speed trains on these routes and offer better service once the infrastructure has been upgraded.

Capitalists have been demanding that passenger fares must be increased by removing any element of subsidy and they are also insisting that freight on goods be reduced. The Government has used the pandemic to raise passenger fares surreptitiously. Since the pandemic broke out, the Indian Railways has kept regular train service suspended even after one year and is running only limited number of them as special trains. The fare for these trains is roughly 25% higher than regular trains. This high train fare will become the base for private operators. Private operators have already been given the freedom to fix train fares.

Bulk of the users of the Indian Railways are working people who want safe, comfortable and affordable service. Uaffordable trains will deprive crores of people of an essential means of transport. Modernising cannot be used as an excuse for raising fares to assure profits of monopolies. Lakhs of working people using railways to travel to their places of work in large cities everyday will be badly impacted.

The Union Budget for 2021-22 laid major emphasis on monetisation of the assets of public sector enterprises, including railways. The Finance Minister announced, “Railways will monetise Dedicated Freight Corridor (DFC) assets for operations and maintenance, after commissioning.” Two corridors, Western DFC from Dadri in Uttar Pradesh to JNPT in Mumbai and the Eastern Corridor from Sohnewal (Ludhiana) in Punjab to Dankuni, near Kolkata in West Bengal, are being built at the cost of about Rs 80,000 crore and are expected to be operational in 2022.

Indian Railways believes that the cost of moving goods on DFCs will come down by 50% and the time to transport even more, as the average speed of a goods train on DFCs will more than double from the present.

Having spent such a large amount of public money on constructing DFCs, the Government wants them to be handed over to capitalists so that they, instead of Indian Railways, can reap the benefit! Monetisation in effect means that public money will be used for creating modern infrastructure and then it will be handed over to capitalists for earning profit. Indian Railways will only earn fees from capitalists for use of DFC tracks and other infrastructure while giving away the most lucrative freight business to capitalists.

In the name of modernising railway stations to provide better services to passengers, they are being privatised. Most of the railway stations are located in the heart of cities where they occupy large areas of very valuable land. Big real estate companies and corporates want Indian Railways to take up station redevelopment so that this land is made available to them on long lease of 35 to 60 years for earning large profits.

Redeveloped stations will have modern facilities like shopping mall, food plaza, hotels, etc. but most of them will be of little use to the
bulk of passengers. For example, a 5-star hotel is being built above the railway tracks as a part of the redevelopment of Gandhinagar station in Gujarat and the operation of that hotel has been handed over to a big corporate hotel chain, the Leela Group.

Going by the experience of modernised airports, most working people will find the cost of these facilities at such stations beyond their reach, where even a cup of tea will cost over Rs 100 and a bottle of water will cost twice the regular price.

In order to provide regular flow of income to private developers, the Indian Railways has decided to levy user development fee at the stations being modernised, the way it is being charged at all redeveloped airports. The fee will be made a part of the ticket and will be charged even from passengers arriving at a redeveloped station, who will spend hardly a few minutes at the station and not use any of the facilities. In due course, the plan is to charge the user development fee for use of every station above a certain size irrespective of whether the station has been redeveloped or not. People will thus be contributing directly to the profit of a developer besides paying for every service at redeveloped stations.

Capitalists are being further helped by designating station redevelopment as infrastructure projects. This will allow them to get bank loans at lower interest rates and avail tax concessions on profit.

Redeveloped stations will make many lakh porters, hawkers and other service providers jobless for the benefit of a few capitalists.

Besides land at railway stations, big corporates are also interested in vacant land of railways and land occupied by railway colonies,

which too are in the heart of cities. Indian Railways owns approximately 4.81 lakh hectares of land, out of which, 90% is used for tracks and structures including stations, colonies, among others. while 0.51 lakh hectares land is lying vacant.

Railway land is being offered on long lease for housing and commercial development for which Indian Railways will just earn lease rent.

Along with Indian monopolies, foreign monopolies are also interested in privatisation of Indian Railways. In 2014 itself 100% FDI was permitted in 17 key areas of railways. The supply of high-power electric locomotives is now monopolised by Alstom of France. They were awarded a contract by Indian Railways to supply 800 locomotives at the cost of about Rs 19,000 crore and set up a factory in Bihar for making them. Similarly, the supply of high-power diesel locomotives has become the monopoly of GE of USA with the contract to supply 1000 locomotives at the cost of $ 2.5 billion (Rs 18,500 crore) and setting up of a factory for the same. In 2020, Indian Railways announced its plan to electrify all rail routes so such expensive diesel locomotives will only be used in case of failure of electric locomotives!

The supply of metro trains has also been monopolised by Alstom as well as Bombardier of Canada, which was acquired by Alstom recently, with some supplies by the public sector BEML.

Indian Railways’s own production units were meeting the entire requirement of locomotives and coaches so far and at a small fraction of the costs that are being forked out to the monopolies.

Capitalists see a big opportunity of profit in huge assets of Indian Railways of nearly Rs 6 lakh crore and its scale of operations. The total
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revenue of the Indian Railways in 2018-19 was a little over Rs 2,00,000 crore which would place it among the ten largest companies of the country, if it was an independent corporation. This large operation has been built over more than 150 years with public money. Capitalists are eyeing the profitable parts of this large revenue, leaving the socially necessary but often not profitable activities (to connect far flung areas of the country and to carry essential goods), with the Indian Railways.

The purpose of the claim that private players are being invited to provide better services to people is only to win their support for privatisation of Indian Railways. It is not in the interest of crores of working people. It will only serve the interests of big Indian and foreign monopolies.

Protest action in Madurai organised by SRMU on 1 February 2021 against the plan to privatisate Indian Railways

Step by Step Privatisation of Indian Railways

14 May 2021

Indian Railways plays a vital role in the country’s economy. Many generations of workers and their families have contributed to building it. This key institution is being systematically broken up and privatised stealthily part by part by the Government of India. During the last 25 years, every Government, irrespective of the political party in power at the centre, has been carrying out the privatisation of Indian Railways in the name of “restructuring”, “rationalisation” and “modernisation”.

By now there is hardly any activity of Indian Railways, including transport of goods and passengers, which remains untouched by privatisation drive.

Today the privatisation of Indian Railways is being pursued on a number of fronts simultaneously.

Indian Railways is being systematically broken up into different corporations. Corporatisation means to convert some activity of Indian Railways into a business of a separate corporation, under Government ownership to start with. These separate companies
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can be sold to some private monopoly capitalist, either partly through sale of shares, or fully, as a strategic sale. An important aim of corporatisation is to weaken the unity of rail workers as they get divided into different companies.

By now, about two dozen corporations have been formed for activities that were previously run by Indian Railways. (See Box 1)

In 2020, a major plan of corporatisation of seven production units of railways, which produce coaches and engines, was announced. Due to very strong opposition of workers, it has been deferred for the time being.

Corporatisation is the first step towards privatisation. Shares of six corporations have already been sold in the stock market. These are – Indian Rail Finance Corporation Ltd, IRCTC Ltd, IRCON Ltd, Rail Vikas Nigam Ltd, RailTel Corporation of India Ltd and RITES Ltd

The Government is moving in the direction of breaking Indian Railways into a track-owning company and train operating companies. While the track-owning company will remain Government owned, train operating companies can be Government owned or privately owned. The track owning company will provide its infrastructure to both government and privately owned train companies at a fee. Capitalists will provide passenger and goods services only on profitable routes. Indian Railways will be left with loss-making, but socially necessary services.

The plan for private passenger and goods train services has already been launched. The introduction of private passenger trains began

Step by Step Privatisation of Indian Railways

**Box 1: Corporatised Rail Activities**

**Activities Separated from Indian Railways and Corporatised**

- Indian Railway Catering and Tourism Corporation Ltd. (IRCTC) – Provides catering and online ticket reservation services. Also running private Tejas trains.
- IRCON International Ltd. – Provides consultancy services in India and other countries for new rail lines.
- Indian Railway Finance Corporation (IRFC) – Arranges capital from market to buy engines, wagons and coaches and lease them to Indian Railways.
- Container Corporation of India Ltd. – Runs container trains.
- Mumbai Railway Vikas Corporation (MRVCL) – Builds new suburban rail lines in Mumbai Metropolitan Region and strengthening suburban railway infrastructure.
- Rail Vikas Nigam Ltd. (RVNL) – Builds new rail infrastructure, including electrification of rail routes, all over the country.
- Dedicated Freight Corridor Corporation Ltd – Builds new rail lines dedicated for running goods trains at high speed.
- High Speed Rail Corporation Ltd – Responsible for bullet train project between Mumbai and Ahmedabad.
- RAILTELE Corporation of India Ltd – Provides telecommunication services for use of railways, Government and private sector.
- RITES Ltd. – Provides design services to Indian and other railways.
- Rail Land Development Authority (RLDA) – Responsible for commercially developing free land of railways through private developers.
- Indian Railway Stations Development Corporation Ltd (IRSDCL) – Responsible for modernisation and commercial development of railways stations through private developers.

**Activities Started as Separate Rail Corporations**

- Konkan Railway Corporation – Provides railway services to coastal districts of Maharashtra, Goa and Karnataka.
- Metro Rail Corporations – Delhi, Mumbai, Chennai, Kolkata, Bengaluru, Kochi, Jaipur, Amravati (Andhra Pradesh), Maharashtra (Pune, Nagpur), Gujarat, Madhya Pradesh, Uttar Pradesh, etc. as joint venture with respective State Governments for building and running metro train services.
in 2019 with Tejas trains and is now being further pushed with the introduction of 151 privately run trains on 109 routes over the next few years. The routes selected for private trains are the busiest routes and the most profitable for Indian Railways.

The Union Budget of 2021 has announced the plan to introduce private goods trains on the Western and Eastern DFCs, when they are completed in 2022.

Another area of privatisation of railway stations has been opened up in the name of their modernisation for improving passenger amenities. A new organisation, the Indian Railway Stations Development Corporation has been formed for this purpose. The management of amenities like food stalls, retiring rooms, power, platform maintenance, parking at railway stations after their modernisation for the agreed period of lease, 8 to 30 years, will be in the hands of the private developer. Private developers are also being given freedom to develop the space on the stations and land around it commercially for shopping malls, hotels, and residential purpose. The lease on this land will be up to 60 years. Passengers will be required to pay ‘user fee’ at these privatised stations as a part of their ticket. This will also accrue to capitalists. Modernisation and privatisation of 110 stations has already begun.

To prepare for introduction of private passenger and goods trains, the Government had approved the formation of the Rail Development Authority in 2018 which is an advisory/recommendatory body. The Authority will recommend about ‘Pricing of services commensurate with costs’ (which means privatisation of train operation), and creation of ‘positive environment for investment’ (which means providing attractive terms for private capital).

While the programme of privatising Indian Railways has been accelerated during the last six years by the BJP-led Government, it was initiated by the Congress-led Government headed by Narasimha Rao in 1994, as part of the overall programme of liberalisation, privatisation and globalisation.

Various committees were set up from time to time by both Congress and BJP-led Governments by saying that their purpose is to rationalise and restructure the Indian Railways to improve its efficiency. (See Box 2)

Their real purpose has invariably been to open up new areas for capitalists to make private profit from activities that have traditionally been carried out by the Indian Railways and leave the non-profit generating ones to be run by the Government with public money.

First it was suggested that Indian Railways should engage in only those activities that are directly related to its ‘core’ activity and that all ‘non-core’ activities can and must be outsourced or corporatised. “Core” activity was defined to be goods and passenger transport.

Over the years a large number of activities such as cleaning of railway stations, washing of trains, food catering, loading/unloading of bed rolls, maintenance of air conditioning of A/C coaches were outsourced. Important activities like production of locomotives, coaches and wagons, maintenance
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Outsourcing means to give out some particular activity, which has so far been carried out by the workers of Indian Railways, on contract to a private operator.

The first attempt to privatise goods transport was made in 2006 when the policy for running container trains by private operators was announced. Based on this policy 19 companies including the Container Corporation of India Ltd. (CONCOR) were licensed to run the container trains. These container trains are run on demand of licensed private container train operators on payment of the haulage charge due.

Indian Railways also used the Public-Private-Partnership (PPP) model to push the privatisation programme. While it is called a partnership, PPP is in reality an extremely unequal and lopsided arrangement, where the private company is assured of profits while the State, as representative of the people, bears all the risks. The State provides a guaranteed rate of return on the private capital invested. This way losses, if incurred, are passed on to people while profit goes into private pockets.

The PPP model has become the preferred method for capitalists to profit from various rail operations such as running railway stations, high-speed rail corridors, elevated rail corridors, freight terminals, leasing of wagons, loco and coach manufacturing, and captive power generation.

With the opening up of 17 key areas of railways for 100% foreign direct investment (FDI) in 2014, more avenues were created for private Indian and foreign capital. Two high value diesel and electric locomotive manufacturing plants with foreign capital from GE of USA and Alstom of France are already under operation at Madhepura and Marhora in Bihar and they have been assured long term business.

It is evident that the privatisation of Indian Railways has been going on stealthily step by step for more than two decades. It was carried out, to begin with, in the form of outsourcing and PPP. Now it is being carried out openly.

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**Box 2: Committees Set Up to Justify Privatisation**

1994: Three committees were set up to recommend reforms in Indian Railways – (1) Prakash Tandon Committee on Organisational Structure and Management Ethos; (2) Gupta-Narain Committee on Rationalisation of Management Services and (3) Poulose Committee on Railways Capital Restructuring.

2001: The Expert Group on Indian Railways, headed by Dr Rakesh Mohan, Former Director General, National Council of Applied Economic Research, New Delhi, submitted a report titled “Policy Imperatives for Reinvention and Growth”. It proposed dividing railway activities into ‘core’ and ‘non-core’ and outsourcing and corporatisation of non-core activities.

2011: A committee under the chairmanship of Sam Pitroda on the “Modernisation of Indian Railways” gave a push to privatisation through Public-Private-Partnership form.

2014: Committee for Mobilisation of Resources for Major Projects and Restructuring of Railway Ministry and Railway Board, was set up under the chairmanship of Bibek Debroy, Member Niti Ayog. It recommended introduction of private passenger and goods train in competition with Indian Railways.
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It is a programme which will ultimately lead to the transfer of all profitable activities of the Indian Railways to capitalists. Only ownership of tracks, signalling system and related infrastructure will be left with Government-owned Indian Railways, along with loss-making passenger and freight operations.

International Experience of Rail Privatisation

21 June 2021

The study of rail privatisation in various countries of the world shows that the only gainers have been capitalist monopolies. People have lost heavily. (See Boxes on Britain, Japan, Malaysia, Latin America, Argentina, Brazil and Mexico). Rail privatisation enabled these monopolies to access the vast infrastructure, built with public money. The international experience also shows that capitalists run private rail services only as long as they are able to reap maximum profits. If rail operations do not fetch the expected rate of profit, the capitalists get their government to bail them out. The experience of so many countries show that after privatisation, the private owners make little investment in creating new rail infrastructure.

Privatisation of railways has led to sharp increases in rail fares despite the payment of subsidies by the respective governments to private operators. It has led to the closure of non-profitable routes. Private operators further increased their profits by resorting to dynamic fares, which means highest fares are charged during peak hours, when most working people need to travel to places of work.
work or return home. In most cases, soon after privatisation, less profitable routes were stopped, leading to severe deterioration in services. Most of the curtailment was done with passenger services. Goods services also got reduced when a large number of low traffic rail routes were closed.

Immediately after privatisation, the numbers of workers were sharply reduced and large use of contract and untrained workers were resorted to, in order to cut costs.

Deterioration in safety was observed as maintenance was neglected, to cut costs. Old infrastructure was not replaced in time, to avoid having to spend on new investment. Workers were over-worked, affecting safety. After privatisation of railways in Argentina, a series of accidents, resulting in loss of dozens of lives, led to mass protests by people. This forced the renationalisation of railways in that country.

British Rail too saw increase in accidents after privatisation. Many untrained workers were employed on temporary contract, to save money.

Corporatisation of state-owned railways was justified by claiming that the Government would not be required to financially support them. The experience of France and Switzerland shows that this is not true. (See box about Government Support after Corporatisation). Governments acceded to the demand from private companies that they are assured a guaranteed return on investment. While fares may not have been raised, pockets of capitalists were filled with public money.

Whenever private operators were in crisis and started making losses, they raised their hands and governments were forced to bail them out, by extending financial help or by renationalising them. For the private owners of rail companies, losses are to be borne by governments while profit belongs only to them!

A myth is created that state owned enterprises cannot provide efficient, high quality rail services to people. The Government owned Swiss Federal Railways (SBB) is considered to be one of the best in the world. Two of the world’s largest railways in Russia and China continue to be state owned. Most of the railways in Europe remain predominantly Government owned despite their corporatisation.

The world-famous Moscow Metro and its stations, built in the 1920s-30s by the then socialist USSR, continue to be state-owned and are still considered one of the best in the world. Railways played a vital role in the construction of the socialist Soviet Union in 1930s and 1940s. (See Box on Railways in the former Soviet Union)

In sum, the claims of benefits of privatisation/corporatisation for users and for society have not been realised. On the contrary, users are worse off after privatisation. Workers have suffered immensely in every case of rail privatisation. In many cases, the Government’s budget to support railways increased after privatisation. Once in private hands, railways, which is a public good, ceases to serve the public interest of providing safe, affordable transport to the public. It begins to be geared to fulfil monopoly capitalist greed for maximum profits.
No to Privatisation of Indian Railways

International Experience of Rail Privatisation

Failed Privatisation of British Rail

The privatisation of British Rail was carried out through the Railways Act of 1993 with promises of a better, cheaper service for rail users. British Rail was broken up into dozens of companies and privatised. Around 25 private companies operated passenger trains and six companies ran freight trains across the country. Railway infrastructure such as tracks, signalling and stations was maintained by another private company, Railtrack.

Railtrack did not reinvest profits in the railway infrastructure, leading to deterioration of the tracks and, as a consequence, accidents. Railtrack started facing major financial problems in 2001 and a new Government-owned company, Network Rail took over maintenance and renewal in 2004.

After 25 years, rail services in England have effectively been renationalised. When the number of passengers reduced due to the pandemic in 2020 and losses increased, the Government took over the losses of all the private rail companies from 1 April 2020. Rail companies are now considered ‘public non-financial corporations’ in Government records.

Even before the pandemic broke out in 2020, private companies had refused to continue their operations on many routes and forced the Government to take them back.

The British Government had to set up a group in June 2020 to review the future of British Railways as a large number of people have been asking for renationalisation. A recent opinion poll in Britain showed that 75% of the people were in favour of re-nationalisation of British Rail.

The UK Government has released a White Paper recently, on 20th May 2021, containing a plan for the Railways based on the review. The plan unbundles the privatised railway system of the 90s and once again brings tracks, trains, fares and ticketing under a single public body that will come into being in 2023. It is expected that private operators will be contracted to operate trains. The new model will be like an operation contract, where operator will get a fee and with some sharing of revenue to incentivise them to attract more passengers.

The Minister for Rail Privatisation had declared in 1993, “I see no reasons fares should increase faster under privatisation. In many cases they will be more flexible and will be reduced.” On the contrary, rail services in Britain became more expensive after privatisation. Between 1995 and 2015, passenger fares increased by an average of 117%, with increases of over 200% on many routes.

The monthly season tickets in Britain cost five times more than those in France and Italy and three times more than in Germany. Rail travel in Britain, instead of being more comfortable and efficient, is slower and more overcrowded than the predominantly publicly owned rail services in Germany, France, Italy and Spain.

Private companies have invested very little fresh capital. Over 90% of new investment in recent years has come from taxpayer funding or Government guaranteed borrowing.
Capitalists continued to receive financial support from the British state. The contracts required private operators to be compensated for various reasons. For example, if a train got delayed, the Government-owned Network Rail had to compensate the private company. If the Government asked a new train to be run and the traffic was below a specified level, the Government had to pay for the loss.

Rail subsidy actually increased from £2.7 billion in 1992–93 to £7.3 billion in 2018–19. In 2013–14, the Government gave £3.8 billion to the private rail companies. The UK Government subsidised National Rail to the tune of £4.2 billion in 2016-17, and gave £5.7 billion in loans to Network Rail, the public body that manages the United Kingdom’s rail infrastructure.

Between 2007 and 2011, just five companies received almost £3 billion from the Government. This allowed them to declare operating profits of £504 million and over 90% (£466 million) of it was paid to shareholders. So, the entire profit and income of capitalists came from British people as dividend.

People of Britain have paid a heavy price for the privatisation of British Rail, both directly and indirectly. They pay much higher fares for much worse quality of service. Public money is paid to capitalists every year to ensure their profit. Whenever private rail companies suffer losses, they force the renationalisation of their rail service; losses incurred by private companies have to be absorbed by the British Government. The cycle of privatisation, renationalisation and reprivatisation has been repeated for the benefit of capitalists a number of times for some of the routes. The cost of this cycle to people keeps mounting, while capitalists keep getting richer.
Japan

Privatisation of railways in Japan, carried out in 1987, is referred to by champions of privatisation as a model for its benefits. Japan National Railway was broken into six regional rail companies and one freight company. After privatisation, private rail operators were allowed to enter commercial and real estate businesses. Today, non-transportation revenues for some of the private operators make up 30% to 60% of their total revenue! Railway companies operate shopping centres, restaurants, and hotels.

Champions of privatisation hide the fact that people of Japan continue to pay a price for rail privatisation even today. Japan National Railway first built a modern rail infrastructure using public money, particularly after the Second World War, before handing it over to private companies. This included completely new rail lines as well as signalling & communication system for running its famous Shinkansen (bullet trains). Huge loans were taken by the Government to build modern infrastructure but the responsibility for repaying loans stayed with the Japanese Government after privatisation!

Even after over 30 years of privatisation, rail lines for new Shinkansen routes are being built with Government money and then handed over for use to private companies!!

So, the so-called successful rail privatisation in Japan is based on the continued use of public money to build modern infrastructure and then handing it over to capitalists for earning private profit.

Malaysia

In Kuala Lumpur, the capital of Malaysia, the first light rail transit (LRT) line, STAR LRT was built by a private company and commissioned in 1998. The contract to build and operate the second LRT was also given at the same time to another private company, PUTRA. When the financial crisis hit Malaysia in 1997-98, both the private companies stopped repaying loans and stopped the construction work. Both the companies declared themselves bankrupt, forcing the Government to take them over.

The experience of Malaysia again showed that capitalists run railways only as long as they are profitable. When they face losses, they stop honouring their commitment and force the state to nationalise railways.

France

The French National Railway, SNCF, a company since the nationalisation of railways in 1938, regularly receives financial help from the Government. In 2016, SNCF received 14 billion euros in subsidies from the Government and still had 47 billion euros of debt in 2017. The Government decided to absorb most of the debt.

Further, SNCF was given 2.3 billion euros for renewal of main rail lines and another 1.5 billion euros for renewing bridges and structures.
Experience of Rail Privatisation in Latin America

Eight Latin American countries – Argentina, Bolivia, Brazil, Chile, Costa Rica, Guatemala, Mexico and Peru – privatised railways to one extent or another in the 1990s, with the support and push of the World Bank.

The International Transport Workers Federation (ITF) carried out a study in 2001 to evaluate the impact of privatisation. Their findings showed the following:

Within less than a decade of privatisation, as profits were not as per their expectation, most of the private operators asked the contracts to be revised even though contracts were for long durations.

Rail fares increased for most urban commuter services. In general, privatised passenger service concessions required subsidies to be paid by the state.

Loss-making services were closed down even if they were socially necessary. This is what happened with inter-city passenger services in Latin America.

Private companies reduced cost mainly by cutting jobs, which occurred on a very large scale. Direct railway employment was typically reduced by 75%. The World Bank financed private companies to carry out the reduction. Some new jobs were created, but they were mainly through contractors and sub-contractors.

Argentina

Argentina’s rail network was broken up into three parts – freight, intercity passenger and metropolitan commuter rail (in Buenos Aires, the capital of Argentina). The freight services were further divided into six regional companies, similar to the old private structure before nationalisation in 1948. They were privatised on lease of 30 years in 1996. The state remained owner of the fixed assets – tracks and stations – and rolling stock, which were leased to private companies as part of the contracts. Contracts included subsidy to be paid for passenger services.

Argentina had a rail network of 47,000 km (India’s rail network length is about 68,000 km) before its privatisation in 1993. Soon after privatisation, the railway network was quickly reduced to one-fourth of its capacity. By 1998 some 793 railway stations had been closed.

The closing of much of the rail system also led to the emptying of many rural towns dependent on the railways, creating ghost towns and therefore to a dismantling of the development that had taken place there since the arrival of trains. Argentinian agriculture found itself in the difficult position of shipping its goods less efficiently using road transport, which cost around 70% more than state-owned rail services.
The number of workers was drastically reduced from 94,800 in 1989 to approximately 17,000 in 1997.

Private companies did not make the investment in locomotives and rolling stock which were required to increase capacity, and thus service quality and passenger numbers declined.

Within a few years, private operators asked for an increase in the subsidy to cover operating expenses and some investment.

Under privatisation, substantial Government subsidies continued in order to keep the system from collapsing. The capitalists received subsidy of nearly 700 million dollars in just one year in 2011. Over the years, Government subsidies to private companies increased to levels similar to losses incurred under the state management of railways. While rail services were much more limited, infrastructure had deteriorated.

Private operators increased fares by between 40% and 60% within five years. In addition, they were granted further fare increases of 80% on average – between 50 and 100% depending on the operator — spread over four years. Argentina’s metropolitan passengers were paying around three times more for the same journey within ten years of privatisation compared to what they paid before. Privatisation shifted the burden of costs from the Government to the passengers.

Overcrowding and lack of safety, lighting and hygiene became common complaints of passengers.

The safety of passengers suffered the most. Two major accidents within a span of six months in 2011 and 2012 in the capital city of Buenos Aires led to the death of more than 60 people. That brought people to the streets, demanding renationalisation. This demand could not be ignored any more. Privatisation was ultimately reversed in Argentina in 2015, with the creation of a new public sector rail company which took over the entire rail system.

The experience of rail privatisation in Argentina is very relevant for India. The large-scale closure of routes and tracks, increase in fares, as well as neglect of safety there can be expected in India, too, on privatisation of Indian Railways.

**Brazil**

The restructuring and privatisation of the state-owned rail lines began in 1993 as a part of the Brazilian Government’s general privatisation programme. Brazil Railways, RFFSA was restructured into six regional railways, and they were privatised by the end of 1997. The operational assets were leased for 30 years while RFFSA retained ownership of the infrastructure, but the private companies were responsible for running services and maintaining and renewing the infrastructure.

Passenger kilometres declined by more than half between 1995 and 1999. Safety suffered. The accident rate on one of the lines increased by around 50% in the year after the privatisation as compared to the worst year in the six years before that. The
accident rate on another line increased by around 20%. Even three years after privatisation began, the Government had failed to deliver on its promise that privatisation would lead to a reduction in accidents.

The impact of privatisation on workers was huge. Within three years, the number of workers was reduced roughly to half.

No significant new track was built after privatisation. Most of the capital for investment was mobilised through the state-owned investment bank. Private operators refused to honour their contract to invest in building a new line.

Like in Argentina, private companies in Brazil asked for renegotiation of the contracts within a few years as they did not find them profitable enough.

As in many other countries private rail companies in Brazil too have asked the Government to reimburse them for the losses due to fall in traffic consequent to the COVID pandemic.

Rail privatisation in Brazil too led to anti-people outcomes – closure of loss-making routes, neglect of safety, big loss of jobs, no new investments – and whenever capitalists suffered losses, the state was asked to bear them.

**Mexico**

In Mexico too, railways were split into three regional companies, plus a fourth company serving the capital, and a few shorter lines. Each of the three regional companies predominantly carry freight, and all were privatised by 1998 on lease of 50 years.

The major driving force of privatisation in Mexico was to facilitate cross-border goods traffic (to the USA) at reduced cost after the North American Free Trade Agreement (NAFTA) was signed.

After privatisation, unprofitable services, both passenger and freight were abandoned. All ‘less than full wagon-load’ freight services were eliminated, as were entire routes with low volumes. Passenger numbers fell by 80% in the first year. The priority of the private companies was to provide transport services to profitable large industrial customers.

Rail privatisation was clearly driven by the needs of US and Mexican capitalists, who wanted to maximise their profit out of the newly created free trade zone.

**Switzerland**

The Swiss Railway, SBB, turned into Government-owned corporation in 1999, receives state funding every year. In 2018, it received CHF 3.5 billion of public funding, without which it would have been in loss.

The Government promised to give additional support of CHF 800 million to partly make up for losses due to the pandemic.
Railways in the former Soviet Union

Soviet Union gave special attention to the development of railways from its first five-year plan of 1928 onwards to achieve its goals of industrialisation, development of far-flung regions of the country and building a socialist society. During the First World War and the civil war after the Great October Revolution, more than 60% of the Russian railway network of about 80,000 kilometres and more than 80% of the carriages and locomotives were destroyed.

Within the next 20 years the socialist state and its workers not only rebuilt the destroyed railway but expanded the network by one-third from pre-revolution level to 106,000 kilometres. Being the most energy efficient and economical mode of transport, rail transport was given the highest priority as a result of which 85% of freight (tonne-km) and 92% of intercity passenger (passenger-km) transport was carried out through railways by 1940.

During the Great Patriotic War (Second World War), railways played a key role in defeating fascist forces. Besides transporting military personnel, equipment and goods to war fronts, it helped in evacuating entire towns and factories from European regions to safer regions of Soviet Union. After the War, the rail network was further extended by 40% to 145,000 km, to make it the largest network in the world.

The difference in emphasis on rail transport given in Soviet Union in comparison with the United States of America can be seen from the graph on the next page.
The plan of the ruling class to privatise Indian Railways is running full steam ahead. The Central Government has taken advantage of the Corona pandemic to implement this programme on fast track. The repeated promises of successive prime ministers that Indian Railways will never be privatised stand nakedly exposed as blatant lies.

The Railway Minister has given a new name to privatisation. He has called it “asset monetisation”. The Minister explained that this means handing over the most profitable routes to private parties, redevelopment of stations through so called public private partnership, and other ways for private profits to be reaped out of public assets.

The railways are indeed sitting on colossal assets. These assets belong to the whole of society. To hand over these assets to private...
parties is anti-national. The Government has no right to hand over these assets to Indian or foreign capitalist monopolies — no matter under what name and with what justification this is carried out.

The railways issued instructions in November 2020 to all the railway zones to freeze all fresh recruitment and surrender 50% of all vacancies.

A massive onslaught is taking place on Indian Railways. It is at the same time an onslaught on the whole of society.

The international experience of rail privatisation shows that various claims of benefits of privatisation for users and for society are false. On the contrary, workers suffered immensely and users were much worse off after privatisation. Privatisation has led to complete neglect of safety, because capitalists do not want to invest in trained work force or ensure safety measures in their drive for maximum profits.

Wherever railways have been privatised, the state funded the new capitalist owners through massive handouts, to ensure them guaranteed maximum profits. The so called public private partnership has meant that losses are borne by the people, while profits are made by the capitalists.

Working people need access to safe and affordable rail travel. Handing this service over to the capitalists will ensure criminal neglect of this need.

Rail privatisation is anti-social and anti-national. The Indian bourgeoisie is pursuing this anti-national course uncaring about the consequences for society. Rail workers and the broad masses of people of our country cannot allow it to pursue this course.

Rail workers have taken up the challenge. They have declared that they will not accept privatisation under any name. They will wage a united struggle, cutting across all party and union affiliations.

Rail workers have taken a decisive step to strengthen their unity to oppose privatisation of the Indian Railways. They have reconstituted the NCCRS. All India leaders of 16 major federations, unions and category-wise associations – AIRF, NFIR, BRMS, AILRSA, AIGC, AISMA, AITCA, IRTSO, IRSTMU, AITMU, AIRC, IRLRMO, RKTMA, DREU, IRTSA, AISCTREA/AIREA – as well as the KEC have come together under one banner of struggle. It was under the banner of the NCCRS that rail workers carried out the historic railway strike in 1974.

The federations and unions of rail workers, together with the Kamgar Ekta Committee have been carrying out a massive sustained campaign amongst rail workers, as well as broad masses of people to build the unity of the people against rail privatisation. Many passengers’ associations have joined the common struggle. This will further strengthen the campaign against privatisation.

It is both necessary and possible to halt the programme of rail privatisation. The struggle of rail workers against privatisation enjoys the support of the broad masses of people of our country.

As the struggle against privatisation mounts, rail workers and their unions must preserve and strengthen their unity, regardless of party or union affiliation.
No to Privatisation of Indian Railways

We must not allow political parties of the capitalist class, whether Congress, BJP or any other, to sow discord amongst us and break our unity.

All parties of the ruling capitalist class are committed to the programme of rail privatisation. Rail workers do not want to struggle and sacrifice in order to replace one party of the capitalist class in Government with another party of the capitalist class which will implement the same programme of privatisation.

The struggle against the privatisation of Indian Railways is a struggle against the ruling capitalist class, headed by the monopoly capitalist houses. The programme of privatisation is a programme of the capitalist class. Rail workers cannot afford to let their struggle be hijacked by this or that party of the ruling class.

As workers step up the struggle against privatisation, we must keep as our strategic aim the replacement of the rule of the bourgeoisie with the rule of workers and peasants. Then we will be able to reorient the economy from being geared to fulfil monopoly capitalist greed to being geared to fulfilling human needs.

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