

7. **Discuss the opportunities & challenges in privatisation of railways in India. (150 words) 10**

Approach:

- Introduce by giving brief about privatisation of railways in India.
- Mention the opportunities arising out of privatization of railways.
- Enlist the challenges involved in this regard.
- Conclude by giving a way forward.

Answer:

Since independence, Indian Railways has been under state control. The future of Indian Railways as a state owned-organization, however, came into question post-liberalization. The privatization of Indian Railways has been recommended by the erstwhile Planning Commission of India and now by NITI Aayog.

Privatization of railways will provide following opportunities:

- **Capital infusion and better management:** The private sector will bring in fresh investments into the sector along with their expertise and professionalism in management of railways.
- **Improved Infrastructure:** It will help in improving safety, reduction in travel time etc., which will be in consonance with NITI Aayog's strategy for **New India @75 targets**.
- **Improved Quality of Services:** It will foster competition leading to overall betterment in the quality of services and solving issues like lack of punctuality, cleanliness of coaches and platforms etc.
- **Technology Infusion:** The entrance of private players can act as a possible impetus to the research and development helping in accommodating the latest technology in railways coaches, safety and traveling experience.
- **Safer travel experience:** Private participation can lead to better accountability and monitoring, which will help in reducing the number of accidents and will help gain higher monetary savings in the long run.

However, the road to privatization of railways faces following challenges:

- **Absence of an independent regulator:** The Bibek Debroy committee has pointed out that in the absence of an independent regulator the balance of power seems tilted in favor of the government, which will conflict with the interests of private firms.
- **Coverage Limited to Lucrative Sectors:** Routes, which are less popular, may be neglected, which may have negative impact on connectivity rendering some parts of the country virtually inaccessible. For example, regions with rugged terrain and low population density like Himalayan states and Northeastern states.
- **Issue of Cross-Subsidization:** Indian Railways tend to cross-subsidize passenger fares through freight revenue, which translates to below cost pricing. Thus, it may get difficult for private players to compete.
- **Concerns of marginalized communities:** As the private sector doesn't provide for reservation, it will harm the interest of marginalized communities, who get reservation under the government jobs in railways.

Faced with the above challenges, the role of government cannot be completely ruled out. It is necessary that the government through this participation establish competent authorities for necessary vigilance of railways in the areas of safety, tariff regulation, station development, catering and other activities, which are central to a successful corporate practice endorsement.

Under a constrained state budget, and without additional investment, the collaborative efforts of private players are crucial for dividing responsibilities and promoting equitable and holistic development of railways.