INDIAN RAILWAYS TECHNICAL SUPERVISORS ASSOCIATION

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No:IRTSA/ CHQ/ MOR /2019-6 Date:09.08.2019

Shri. Piyush Goyal,
Hon'ble Minister for Railways,
Govt. Of India,
Railway Board,
Rail Bhawan,
New Delhi – 110001

Dear Sir,

Sub: Appeal against: 1) Corporatization of Production units (PUs) of Rolling Stock; &
2) Private passenger train operators to provide Passenger service.

Ref: 100 days action plan of Ministry of Railways, CRB's Note No.2019(E&R)/10(10)/12, dated 18.06.20419.

While appreciating the initiative of the Railways to take some effective steps to improve the efficiency, productivity and expeditious development of the Railway through the 100 Days Plan of Action (cited above); we would like to draw your kind attention towardsa couple of vital aspects thereof which have created a lot of apprehensions and much heartburning among the Railway employees about their survival besides possibility of causing serious loss to the nation if the proposals are implemented forCorporatization of Production Units (PUs) of Rolling Stock &allowing private passenger train operators.

1.CORPORATIZATION OF PRODUCTION UNITS (PUs) OF ROLLING STOCK

1.1 **PUs are fully equipped & capable of meeting the requirement:**Indian Railway is fully equipped and capable ofmanufacturing passenger coaches &locomotives for its ever growing requirements - including those for the world class Rolling Stock. Seven Production units enable Indian Railways for continuously upgrading its passenger coaches and locomotives. First production unit Chittaranjan Loco Works (CLW) was started in the year 1950 and latest one Modern Coach Factory (MCF) stated its production in 2011-12. Every Production Units of Indian Railways proved their worth and they are able to deliver all the needs of Indian Railways according to the dynamic changes.

1.2 **HIGHER PRODUCTION & INCREASED PROCTIVITY WITH REDUCEDSTAFF STRENGTH** IN ALL PRODUCTION UNITS OF RAILWAYS:

All the Production Units of Railways are giving higher production even as the staff strength has been the same or even reduced over the years. Staff per unit has came down drastically as apparent from the following statistics:

CONTINUOUS INCREASE IN PRODUCTION & PROCTIVITY IN IR PUS WITH REDUCEDSTAFF STRENGTH FROM 2011-12 TO 2017-18

Production Units	Activity	2011-12			2017-18		
		Staff Strength	Prod./ Outturn	Staff per unit	Staff Strength	Prod./ Outturn	Staff per unit
Chittaranjan Loco Works (CLW)	Locos	12,525	246	**50.9**	11,495	377	**30.5**
Diesel Locomotive Works (DLW)	Locos	5,896	259	**22.8**	6,109	321	**19.0**
Integral Coach Factory (ICF)	Coaches	12,208	1511	**8.1**	11,363	2503	**4.5**
Rail Coach Factory (RCF)	Coaches*	8,077	2064	**3.9**	7,518	2465	**3.0**
Modern Coach Factory (MCF)	Coaches		18		2,382	711	**3.4**
Diesel Modernisation Work (DMW)	Locos	3,719	112	**33.2**	3,663	130	**28.2**
	New locos		*26*			*12*	
	Re-built		*86*			*18*	

* *Equivalent number of GS Coaches*

1.3 A brief about the PUs of Indian Railways is enclosed in Annexure-I.

1.4 Comparative Staff strength of PUs of Indian Railways in the last 5 years is shown in Annexure-II and Growth in production in PUs is shownin Annexure-III

A perusal of Annexure II & III will reveal the following facts:

a) As against total capacity of 500 locomotives and 4200 coaches, Production Units manufactured 734 locomotives and 6076 coaches in the year 2018-19. This shows that the performance of these Units is very good.

1.5 **Advantages of in-house manufacturing of Rolling Stock**

a) Production Units (PUs) of Railways have the capability& capacity toassimilate and adopt new technology as well as to enable IR to own the technology.

b) Cost of locomotive & coaches manufactured by PUs is much lower than the market.

c) It costs much less to maintain assets manufactured in Indian Railway's own factories as many critical subassemblies are also manufactured here.

d) PUsenable import substitution and promote ancillary industries.

1.6 PUs of Indian Railways are having total 49,500 staff strength as per Book of sanction.

1.7 **Self-reliant infrastructure developed over the decades**

a) All seven Production Units of Indian Railways are having huge land in their possessionfor expansion with very good infrastructure both for industries, housing and other facilities. an Railway and their PUs travelled a long way to convert bare land into a self-sufficient infrastructure.

b) All seven PUs can be termed as mini townships on their own with near self-sufficient infrastructure of housing, hospitals, schools & world class sports facilities, etc. ICF Chennai is 100% self-reliant on electricity by having its own solar plant.

c) Not only industrial development, socio-economic improvements brought by this PUs in their respective districts/states are immeasurable.

d) True to the basic character of Railways, PUs of Railways adopted the changes according to the market's demand.

e) They have state of art manufacturing technologies & human resources.

1.8 **Corporatization of Productionwill be detrimental & loosing preposition:**

a) On simple arithmetic, Railways need to pay 30% more than the present cost of production in the form of corporate tax.

b) Coaches manufactured by BEML, already existing PSE, are not cheaper than coaches manufactured by Railway PUs and no unit is available to manufacture coaches at less than the manufacturing cost of PUs of IR.

c) Value of Railway PUs cannot be measured in money terms alone, the variety of improvement they brought in & around their location are immense.

d) They are not only piece of land & factory but they are the living entity & represent Government of India, a symbol for Nation's confidence.

e) Setting up of "Indian Railway Rolling Stock Company" will requirelicensing regulations, opening all activities including manufacturing & maintenance of rolling stocks & locos, assets creation, etc. towards to private. It will only escalate the cost of rolling stock which is being manufactured now as part of Railway activities.

1.9 **Bitter past experience of Corporatization in Telecom industry**

a) Department of Telecommunication was converted into corporations by splitting them as BSNL, MTNL and VSNL. VSNL has already met its end, MTNL is about to be winded up and BSNL is limping for its survival.

b) It is not justified to blame the efficiency of the employees ofBSNL, MTNL and VSNL loss in their business.Losses were on account of Corporatizations of the Telecomdepartment and promotion of Corporatesector in Telecom to grow many fold at the cost of BSNL, MTNL and VSNL.

1.10 Corporatization of PUs and eventual privatization will have serious consequential impact on the Railways, with the employees losing the security of their jobs, losing pensioner benefits besides losing periodic Revision of Pay & Pensionto meet with ever growing inflation other existing Privileges.

2. PRIVATE PASSENGER TRAIN OPERATORS TO PROVIDE WORLD CLASS PASSENGER SERVICE

2.1 **Complexities of Train Operation**:

a) Train operation is made up of complex civil, mechanical,electrical and signal & telecommunication systems besides traffic control & operation

b) There are hundreds of thousands of moving parts in a train. If a railway service is to be reliable and safe, the equipment must be kept in good working order and regular maintenance is the essential ingredient to achieve this.

c) Train control is done precisely through combining onboard and wayside support system &equipments involving all technical departments besides traffic & operation departments.

d) Indian Railways ensures safe and stable train running through time tested train operation procedures and operation control, which cannot be provided by inexperienced private players.

2.2 **Harmful & Hazardous impact of Private Train operators**:

a) Allowing private passenger train operators even in bits & pieces will jeopardize safe train operation.

b) Private operators will concentrate only on profit and to get the maximum return on investment as quickly as possible. As a result maintenance work will be compromised - especially for the Tracks - and there will be severe deterioration in the system. Rail operation will become unsafe because of lack of maintenance.

c) Private entry in train operation will only escalate the fare rates.This will have far-reaching impact on the society as a large section of the people is entirely dependent on Railways for sustaining their livelihood.

d) All the revenue earning routes will be taken over by private operators and Railways will be left with loss making branch lines.

e) Radical reform of allowing full private participation in Railways in UK was counterproductive and Government reversed its decision and brought back the Railways into public ownership.

f) After independence, private railways were nationalized to build up the nation and to provide a cost-effective passenger and goods transport system, which brought India to what it is today. Allowing private train operators will be like going back one step in the course of history.

2.3 **Revival of an Old rejected idea undernew names**

a) Dr. Debroy Committee report recommended for unbundling the activities of Indian Railways, by setting up an independent RRAI(Railway Regulator Authority of India)with quasi-judicial power, setting up of Indian Railway Manufacturing Company (IRMC), bringing back licensing regulations etc.

b) 100 days action programme of “Private passenger train operators” and “Indian Railway Rolling Stock Company” will lead to complete privatization of Railways.

3. <u>PUBLIC-PRIVATE-PARTNERSHIP (PPP) WILL END FINANCIAL AUTONOMY:</u>

a) In the Union Budget presented to the Parliament, Hon'ble Finance Minister said that, 50 lakh crore investments needed in Railway for infrastructure improvement during 2018-2030 and proposed for Public-Private-Partnership (PPP) for development and completion of tracks, rolling stock manufacturing and delivery of passenger & freight services.

b) Public-Private-Partnership (PPP) on Railways will end the control of the Government on the Railways over the working and finances to meet with social obligations under which Goods & Passenger traffic are subsidised as the Private investors will insist on drawing maximum profit for their investment and will not allow any subsides. They will rather insist on increasing the fares.

c) No doubt, funds are required for the development of the Railways. But this should not be done through Public-Private-Partnership (PPP) but through public borrowing and reduction of subsides.

4. It is, therefore, requested that,

a) All the existing manufacturing units & which are going to be commissioned in future for Indian Railways may please be allowed to remain entirely with Railways.

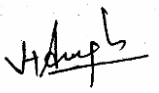
b) For Administrative convenience & for quick decision making a separate Production Unit directorate shall be formed at Railway Board. More independent powers may be delegated to this directorate and to the respective General Managers.

c) Allowing Private train operators may please be stopped.

d) Funds may please be raised by floating Railway Bonds, loans from the Banks and reducing or at least rationalizing subsidies and concessions or paying for them from State or Central Revenue.

Thanking you

Yours' faithfully,



(Harchandan Singh),
General Secretary, IRTSA

Encls: 3 Annexure

Copy for information &favourable consideration to:

1) Shri. Suresh Angadi, Hon' Minister of State for Railways, Railway Board, New Delhi-110001

2) Shri Vinod Kumar Yadav, Chairman, Railway Board, Rail Bhavan, New Delhi-110001

Annexure-I

1. Chittaranjan Locomotive Works

CLW: The initial product of Chittaranjan Locomotive Works was Steam Locomotive. In the period 1950-1972 Chittaranjan Locomotive Works turned out a total number of 2351 Steam Locomotives. From 1968 to 1993 CLW produced 842 Diesel Locomotives and from 1961 till 31-03-18 total 6379 nos. of Electric locomotives of different typeswere produced. Spread over an area of 18.34 sq. km, CLW houses workshops, offices, water treatment plant, sewage treatment plant,schools, college, markets,staff quarters, cinema hall, open andindoor stadium and auditorium. It has transformed itself from being a manufacturer of Steam Locomotives to that of Diesel locomotives and finally to modern, high power, Electric Locomotives. CLW is producing state-of-the-art 3-phase locos with all modern features of latest “Insulated Gate Bipolar Transistor” (IGBT)

2. Diesel Locomotive Works

DLW: Diesel Locomotive Works came into existence on August 1961. It started production withWDM-2 & YDM-4 Locos. First electric loco WAP-7 turned out in Feb 2017. Highest ever Annual outturn of 334 locomotives including 317 HHP and 2 electric locomotives achieved in 2017. Successfully converted two old diesel loco WDG3A into Electric loco WAGC3, for the first time in world in March 2018.

3. Integral Coach Factory

ICF: ICF is capable of manufacturing many types / variants simultaneously. Every year new variants are added to the product mix. ICF invented and experimented with new type coaches such as, self propelled or special type coaches. ICF has produced 60,000 coaches since its inception in 500 plus different designs. The new age flagship Train set code-named Train 18 has been rolled out from the production shops of Integral Coach Factory (ICF) by the end of October, 2018. The 16 coach semi-high speed Train set consists of 16 coaches and is designed for Maximum Operating speed of 160 kmph.

4. Rail Coach Factory

RCF: After turning out its first coach in March 1988, RCF has moved on to become the largest and most modern coach manufacturing unit of Indian Railways. At present more than 28,000 RCF built coaches are traversing the length and breadth of our nation. Every year RCF is adding more than 1600 coaches to this fleet, which includes AC and Non-AC coaches for Broad Gauge.

5. Modern Coach Factory

MCF: Foundation stone for MCFwaslaidin February 2007. Initiallythis was envisaged as Public Private Participation (PPP) unit. However, since no private entrepreneur of repute with adequate capability was found, it was commissioned as full fledged production unit of Indian railways. MCF started its production in 2011-12 by producing 18 coaches with assistance from RCF. In the year 2017-18 MCF produced 711 coaches with all Bogies and Shells manufactured in its plant. In the year 2018-19 MCF manufactured 1140 coaches.

6. Rail Wheel factory

RWF: RWF is a specialized Production Unit for manufacturing rolling stock wheels and axles to reduce the dependency on import. The ultimate objective was that Durgapur Steel Plant and the Rail Wheel Factory should be able to totally meet Indian Railways requirement for standard wheels and axles so that their import could be stopped.

7. Diesel Loco Modernisation Works

DMW: The Foundation Stone of Diesel Component Works (DCW), Patiala was laid on October 24, 1981 and production started in 1986. A decision was also taken that DCW will do midlife Rebuilding of Diesel Locomotives after a service life of 18 years. Accordingly, Phase-II of the project was sanctioned and the work of Rebuilding started in 1989. The name of DCW was changed to Diesel Loco Modernisation Works (DMW) in July, 2003 to signify the modernisation of Diesel Locomotives being done in the unit. From 2017-18 DMW has started Electric Loco Sheds by supplying wheel sets for WAG7 electric locos. On Feb 2018 rolled out 3 phase WAP7 electric locomotive.

Annexure-II

STAFF STRENGTH OF PRODUCTION UNITS

S.N	PU	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	01.07.2019
1	**CLW**	12,525	12,354	12,352	12,227	11,933	11,610	11,495	10,955
2	**DLW**	5,896	6,143	6,246	6,204	6,248	6,216	6,109	5,798
3	**ICF**	12,208	12,187	11,775	11,944	11,312	11,342	11,363	9,940
4	**RCF**	8,077	7,992	7,945	7,909	7,738	7,673	7,581	7,581
5	**MCF**							2,638	2,198
6	**RWF**	2,441	2,536	2,628	2,626	2,565	2,460	2,372	1,556
7	**DLMW**	3,719	3,731	3,768	3,764	3,758	3,124	3,663	3,368

Annexure-III

GROWTH IN PRODUCTION IN PUs OF INDIAN RAILWAYS

S.N	PU		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	**CLW**	Electric Locos	246	270	264	250	280	292	377	413
2	**DLW**	Electric & Diesel Locos	259	294	304	266	330	334	321	276#
3	**ICF**	Coaches	1511	1620	1622	1704	2005	2277	2503	3262
4	**RCF**	Coaches *	2064	2675	2561	2063	2594	2546	2465	2864
5	**MCF**	Coaches	18	70	130	140	285	576	711	1140
6	**DLMW**	Locos	112	119	125	126	118	125	130	150
		New Loco	*26*	*40*	*50*	*66*	*3*	*11*	*12*	*60*
		Rebuilt loco	*86*	*79*	*75*	*60*	*115*	*114*	*118*	*90*

* *Equivalent number of GS Coaches*

 # Including 145 electric locos and 2 conversion loco