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ANALYSIS**

TOPIC

**RAILWAYS BYPASSING THE
REFORMS TRACK**

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RAILWAYS BYPASSING THE REFORMS TRACK

Context

- The recent Railways (Amendment) Bill, 2024, introduced in the Lok Sabha, has sparked discussions about whether it truly addresses the core issues or merely scratches the surface.

Key Features of the Railways (Amendment) Bill, 2024

- **Statutory Backing for the Railway Board:** The Bill seeks to amend the Railways Act, 1989, to provide statutory backing to the Railway Board, which has been functioning without such sanction since its inception.
- **Decentralization and Autonomy:** One of the primary objectives of the Bill is to decentralize powers and grant greater autonomy to railway zones.
 - ♦ It includes empowering zones to manage budgets, infrastructure works, and recruitment, thereby improving operational efficiencies.
- **Independent Regulator:** The Bill proposes the establishment of an independent regulator to oversee various aspects of Indian Railways, including tariffs, safety, and private sector participation.
 - ♦ It is expected to safeguard stakeholder interests and encourage competition.
- **Merging of Acts:** The Bill aims to merge the Indian Railway Board Act, 1905, into the Railways Act, 1989.
 - ♦ This consolidation is intended to simplify the legal framework governing Indian Railways.
- **Financial and Regional Development:** The Bill introduces provisions to expedite superfast train operations and infrastructure upgrades, particularly benefiting regions like Bihar.
 - ♦ It includes extending the Arunachal Express via the Siwan-Thawe-Kaptanganj-Gorakhpur route, with significant financial implications.

Issues and Concerns in the Bill

- **Administrative Changes vs. Structural Reforms:** While the Bill grants the government authority to determine the number of board members and set qualifications, terms, and appointment procedures for the chairman and members, these changes largely formalise existing practices.
 - ♦ The Bill's explicit changes appear administrative, but the broader issues of corporatisation, independent regulation, and autonomy for railway zones remain unaddressed.
- **Autonomy and Decentralization:** The Bill's provisions for decentralizing powers to railway zones have been a long-standing demand. Increased autonomy would allow zones to manage budgets, infrastructure projects, and recruitment independently, potentially boosting efficiency and responsiveness.
 - ♦ However, the Bill's current form does not explicitly address these measures, leaving the extent of decentralization and its implementation unclear.
- **Persistent Reform Gap:** Expert committees over the years have proposed key measures such as corporatisation, restructuring the Railway Board to reflect a corporate business model, and granting zones full financial and operational autonomy.
 - ♦ These measures aim to boost efficiency by empowering zones to independently manage budgets, infrastructure projects, and recruitment. However, the Railway ministry has historically shown little enthusiasm for these reforms.
- **Independent Regulation:** Another significant concern is the lack of an independent regulatory body to oversee various aspects of Indian Railways, including tariffs, safety, and private sector participation.
 - ♦ The absence of such a regulator could hinder efforts to ensure fair competition and protect stakeholder interests, which are crucial for the sustainable development of the railway sector.
- **Financial Implications and Regional Development:** The Bill introduces Section 24A, which allows the government to expedite superfast train operations and infrastructure upgrades in specific regions.
 - ♦ While this provision aims to enhance regional connectivity and development, it raises questions about the financial implications and the equitable distribution of resources across different regions.

Other Challenges in Indian Railways

- **Safety Issues:** Recent accidents, such as the collision involving the GFCJ container train and the Agartala-Sealdah Kanchanjunga Express, highlight ongoing safety challenges. The slow rollout of the Kavach signalling system, which prevents collisions, is also a point of concern.

- **Staffing and Training:** There are significant shortages in frontline staff, such as loco running staff and station staff.
 - ♦ Training programs like **Project Saksham** have been criticized for being ineffective and not reaching all necessary personnel.
- **Operational Efficiency:** Indian Railways has a large workforce, which includes powerful unions. This can lead to inefficiencies and difficulties in implementing changes and improvements.

Key Suggestions

- **Enhance Zonal Autonomy:** Grant more financial and operational autonomy to railway zones.
 - ♦ It would empower zones to manage budgets, infrastructure projects, and recruitment independently, potentially improving efficiency and responsiveness.
- **Corporatisation of Production Units:** Consider corporatising railway production units to enhance their efficiency and competitiveness.
 - ♦ It could lead to better management practices and innovation in railway manufacturing.
- **Independent Regulation:** Establish an independent regulatory body to oversee railway operations.
 - ♦ It could help ensure transparency, accountability, and fair competition, especially if there are moves towards privatisation.
- **Public-Private Partnerships (PPPs):** Encourage PPPs for infrastructure development and service improvements.
 - ♦ It could attract private investment and expertise, leading to better services and facilities for passengers.
- **Improve Freight Services:** Expand and diversify the freight basket to include more high-value and time-sensitive goods.
 - ♦ It could increase revenue and reduce the dependency on passenger fares.
- **Focus on Safety and Maintenance:** Prioritise safety and regular maintenance of railway infrastructure. It includes modernising signaling systems, upgrading tracks, and ensuring timely inspections and repairs.
- **Digital Transformation:** Invest in digital technologies for better operational efficiency and customer service. It includes online ticketing, real-time tracking of trains, and digital platforms for grievance redressal.
- **Environmental Sustainability:** Incorporate measures to reduce the environmental impact of railway operations.
 - ♦ It could include adopting green technologies, increasing the use of renewable energy, and promoting energy-efficient practices.

Conclusion and Way Ahead

- The Railways (Amendment) Bill, 2024, represents a step towards modernizing the legal framework governing Indian Railways. However, its focus on administrative changes rather than comprehensive structural reforms has drawn criticism.
- For the Bill to achieve its intended goals, it must address key issues such as granting greater autonomy to railway zones, establishing an independent regulatory body, and ensuring equitable financial investments across regions.
- Only then can Indian Railways truly enhance its operational efficiency and meet the growing demands of the nation's transportation needs.

Source: BL



Mains Practice Question

Despite numerous attempts at reform, the Indian Railways continues to grapple with inefficiencies and underperformance. To what extent has the Indian Railways been successful in implementing transformative reforms, and what are the key challenges hindering its progress?