

Modi govt. makes first move to privatize Railways

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Taking the first step in divesting its near-total monopoly in the Railways, the Narendra Modi government Wednesday invited Request for Qualifications (RFQ) for private players for the operation of passenger train services on 109 Origin Destination (OD) pairs of routes through introduction of 151 modern trains.

The Railways had picked about 100 routes to run 150 private passenger trains in December last year.

Key Highlights

- The operation of these passenger trains is a part of a project that “would entail private sector investment of about Rs 30,000 crore,” the Railways Ministry said in a statement.
- The announcement of seeking private participation in operating passenger trains could effectively alter the very landscape of the railway network and would for the first time diminish the national transporter’s overarching control on trains, tracks and manpower.
- Keeping the time-tabling with the Railways would be important to ensure that all the busy time slots are not taken by private players, the official said.
- “RFQ is the first step of the process, in which it will be gauged who are the parties eligible, whether they have the technical know-how or not, etc... After the RFQ, there would be an RFP (Request for Proposal), which can be called the bidding process,” the railway official said.
- The official also added the Railways would subsequently constitute a Rail Development Authority — an independent body to decide rail fares to ensure pricing is commensurate with the expenses.
- On private participation in the Railways, the ministry, in its statement, said majority of the

trains would be manufactured in India in the future, and the private entity will be responsible for financing, procuring, operation and maintenance of the trains.

- Further, the ministry announced that the private entity shall pay fixed haulage charges and energy charges according to actual consumption, and a share in gross revenue determined through a transparent bidding process.
- Depending on the success of private train operators, the number can be expanded. However, he had clarified that the existing trains will continue to be with the railways, with operations staying with the transporter too.

SOURCE: The Print, Hindustan Times