

NATIONAL COORDINATION COMMITTEE OF RAILWAYSMEN'S STRUGGLE (NCCRS)

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No.NCCRS/2021

Dated: July 2, 2021

The Chairman and Chief Executive Officer,
Railway Board,
New Delhi

Respected Sir,

Sub: Appeal against Corporatization of Production Units (PUs) of Rolling Stock of Indian Railways

- 1) National Coordination Committee for Railwaymen's Struggle (NCCRS), reconstituted to lead united struggle against privatization and corporatization of Indian Railways with the participation of all major Unions and Associations, would like to draw your kind attention towards apprehensions and much heartburning among the Railway Employees about their survival besides possibility of causing serious loss to the nation on the proposals for Corporatization of Production Units (PUs) of Rolling Stock of Indian Railways.
- 2) Indian Railway Production Units are not only piece of land and factory but they are the living entity and represent Government of India, a symbol for Nation's confidence. Not only industrial development, socio-economic improvements brought by these PUs in their respective districts/states are immeasurable. Prior to the formation of Production Units, Indian Railways were importing locos, coaches and even under frames of coaches from countries like USA, U.K, Australia, etc. at higher cost and not maintaining any supply schedule.
- 3) Indian Railway and their PUs travelled a long way to convert bare land into a self-sufficient infrastructure. They possess huge land of 35.9 sq.km with well developed infrastructure for factories, housing and other facilities. They can be termed as mini townships on their own with near self-sufficient infrastructure of housing, hospitals, schools and world class sports facilities, generation of electricity through wind and solar plants, etc. Most of the Production Units can be expanded at minimal cost, by utilizing surplus space available within their premises or in the adjoining Railway land as well as through more effective utilization of infrastructure and Machines.
- 4) Indian Railways PUs are having the capacity to manufacture 10,000 coaches and 900 locomotives per year. They enable Indian Railways for continuously upgrading its passenger coaches and locomotives. 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. True to the basic character of Railways, PUs of Railways adopted to the changes according to the market's demand. They have state of art manufacturing technologies and skilled human resources.
- 5) Started from manufacturing all steel passenger coaches, now ICF, RCF and MCF are capable of manufacturing Semi High Speed Train set "Vande Bharath Express", Tejas, High Speed self-propelled Accident Relief Trains, DEMUs, Air-conditioned EMUs, etc. Coaches produced by I.R.

PU can easily run at the speed of 160 kmph. Started from manufacturing steam locos, followed by diesel locos of different variants, PUs of Railways upgraded them to manufacture 3 phase IGBT electric locos which can be operated at 160 kmph. WAP-7HS, latest addition successfully tested for the speed of 180 kmph. High Speed Rolling Stock can be designed and produced through in-house improvisation, as has been done by ICF Chennai in respect of Train18 (Vande Bharat Express).

- 6) PUs improved their productivity in terms of staff utilization. Staff per unit has come down drastically over the years. Between the year 2011-12 and 2017-18 staff per unit produced came down from 50.9 to 30.5 in CLW, 22.8 to 19 in DLW, 8.1 to 4.5 in ICF, 3.9 to 3 in RCF and 33.2 to 28.2 in DMW indicating higher human resources efficiency.
- 7) No other factory in the world makes locos and passenger coaches cheaper than Indian Railways Production Units. Capital investment done on Indian Railway Production Units are very minimum considering their production over the years and value of coaches and locos produced by them.
- 8) In the year 1995 Indian Railways imported 24 coaches from Alstom LHB for total cost of Rs.131.37 cores at an average cost of Rs.5.5 cores per coach. Now, average cost of LHB coaches produced by Indian Railway PUs are brought down to Rs.2 cores. Bringing down the cost of manufacturing of LHB coaches is a proof for high efficiency and cost effectiveness of Indian Railway PUs.
- 9) Similarly Indian Railways has proposed to purchase 200 electric locomotives from Japan to use on DFC at a cost of Rs.20 crore per locos, where as electric locos produced by Indian Railway PUs cost around Rs.12 crore only.
- 10) All existing diesel and electric locomotives numbering around 12,500 are produced by CLW, DLW and DMW. Total cost of these locos on today's value will be around Rs.1.6 lakh crore. Similarly, now available 70,000 coaches were manufactured by ICF, RCF and MCF. Value of these coaches on today's value will be around Rs.1.5 lakh crore. Making IR PUs as corporation will escalate the cost of locos and passenger coaches, resulting in increased ticket fare.
- 11) These coaches and locos are designed and manufactured according to the need of Indian passengers, track and service conditions. There is very good coordination available between the Production Units and Zonal Railways at various levels. Coordination is monitored at various levels, including Railway Board and RDSO. Zonal Railways, Workshops and Depots will also lose their control over safe maintenance of rolling stocks if PUs are corporatized.
- 12) **The proposal for Corporatization of Production Units will add to the over-heads. Corporatization/Privatization will increase the cost of the Rolling Stock due to the payment of Dividend to the investors, repayment for loan capital and interest and pressure of the private corporate participants for a higher profitability. Corporate Tax would also be added to the price of the Rolling Stock, which will ultimately be paid by the users of the Railways.**
- 13) In the process of Corporatization, Railways will get only the depreciated value of the precious land, infrastructure, high value machines and other assets of the 7 Production Units on their transfer to the proposed Corporate Company as per Discounted Cash Flow (DCF) System. Moreover, Corporate does not bring fund from new source, they only depend on Indian public money.
- 14) Corporatization of PUs and eventual Privatization will have serious consequential impact on the Railways, with the employees losing the security of their jobs, losing pensionary benefits besides losing periodic revision of pay and pension to meet with ever growing inflation and other existing privileges.

- 15) Profit making Public Sector Undertakings and other organisation functioning under Ministry of Railways, like Container Corporation of India, IRCTC, IRCON, Rail Vikas Nigam Ltd, RITES Ltd, IRFC, RailTel, etc and DFCCIL, which is expected to start its full operation in short period of time, are already hived-off from Indian Railway Budget. These PSEs are open for disinvestment and monetization of assets.
- 16) Nation and working class is having bitter past experience of Corporatization in Telecom Industry. 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. It is not justified to blame the efficiency of the employees of BSNL, MTNL and VSNL loss in their business. Losses were on account of Corporatizations of the Telecom Department and promotion of Corporate Sector in Telecom to grow manifold at the cost of BSNL, MTNL and VSNL.
- 17) Corporatization is not essential to bring new technologies. By hiving off PUs of Indian Railways, Government is not going to get new source of investment, not going to create new jobs, not going to stop job loss and not going to reduce the cost.
- 18) It is, therefore, requested to reconsider the proposal of Corporatization of Rolling Stock Production Units of Indian Railways and all the existing Production Units, which are going to be commissioned in future for Indian Railways, may please be allowed to remain entirely with Railways.

Thank you

Yours faithfully,



(Shiva Gopal Mishra)
Convenor NCCRS
and
General Secretary

- √Copy to: All Constituents of the NCCRS – For information.
- √Copy to: All Affiliated Unions of AIRF – For information.