

Preface

Restructuring of the railways is currently an important area in international economic debate. Through most of their history, the world's railways have operated either under direct control or close regulation by government. These operational modes relate as much to the history of railway construction as to the economics of public utilities and limited transport competition. Sinking of large amounts of capital on railway projects with long gestation required the active agency of the state. The state also served as the guarantor of economic rates of interest and also as the preserver of 'natural monopolies' in transportation. Railway construction was also the source of considerable technological and engineering innovation during the 19th century, which laid the foundations of the modern industrial state. However, while the colonial objectives that guided railway construction in India placed the state mainly in the role of a financial arbiter, the Planning era placed the railways on the infrastructural pedestal on which the national development objectives were bestowed. The primary consideration that has kept the Indian Railways under the Government's wing was that, in addition to providing investment support, the state would participate directly in railway equity.

Indian Railways (IR), now entering the 150th year of service to the nation, is among the largest surface transportation networks in the world today. Its role as the provider of efficient transportation infrastructure that connects and develops regions and boosts industrial and agricultural development, has been the backbone for the development planning effort. The capital which has been sunk into the IR infrastructure has had far-reaching effect on the growth of the Indian economy in the post-Independence period. As a giant departmental organisation with a vast route-network of broad gauge, metre gauge and narrow gauge tracks that span the entire country, IR has transported people and commodities with almost equal fervour, touching the daily lives of all Indians. However, it is also apparent to one and all that this monolithic organisation is in the process of decay. What has led to this state of affairs? Many Committees such as the National Transport Policy Committee, the Railway Reforms Committee, the Railway Fare and Freight Committee, and very recently, the Rakesh Mohan Committee have tried to identify the malaise that ails IR. The White Paper on Indian Railways Projects and the Status Papers on Indian Railways have sought to do so from IR's own perspectives and have sought appropriate redressal.

Although it has been said that an enormous amount of research has been done on the railways in India, no study has actually sought to understand the process of decay. The availability of a longterm statistical database on the operations of IR is one of the principal attractions for any researcher. But to deal with the whole IR organisation would be an impossible task for a single researcher. Thus what the present study has attempted is to feel the pulse of the railways and to provide a bird's eye view of the problems which have brought IR to its present state. After painstakingly assembling an immense amount of data, the study has taken a tour of freight operations on IR, which is the basic lifeline of the railways. It is from these operations that any railway system earns adequate revenues to ensure its own survival. Any weakness that enters the railway freight system can thus have magnified future consequences, with shocks that may be felt years later. Study of the recent history of the Indian railway system, which takes us from the time of its nationalisation as a unified national carrier through 50 years of the Indian planning effort, has revealed that a single chain of fateful decisions - i.e. whether to initially invest in the railways, or to modernise them later, or to transport selected bulk-commodities on them, or to deny them budgetary support, or to go in for gauge conversion - in the course of the 150-year history of IR is taking its toll now. And the moot question at this hour, is whether to reorganise the Indian railways or to abort their operation. Whatever decision the policymakers take today will have consequences to be felt in the future, with or without the railways.

The study hopes to find some place in transportation research in India. The empirical findings and the database that has been assembled should provide scope for further research and a solid foundation to studies on the Indian railways. It is hoped that both policymakers, researchers and railway administrators, as well as ordinary IR enthusiasts will benefit from reading the study, and will join in arriving at the best collective solution to the problems that currently confront IR.