सत्यमेव जयते
Goverment Of India

Reforms in Passenger train Operations

Ministry of Railways

Government of India

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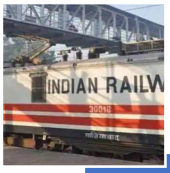
Reforms in Public Private partnership in passenger Train Operations



Railways

- Fixed Infrastructure
- Operational Infrastructure
- Crew/Guard
- Traction Power

Private Entity

- Finance, procure, operate and maintain trains
- Determine and Collect fares and non fare revenue
- Pay revenue share, haulage and energy charges, concession fee etc.

Need for Reform

The rail network in India, the fourth largest in the world, is owned and operated by state-owned Indian Railways. With a network of 67,000km, Indian Railways operates 13,000 passenger trains, carrying 23 million passengers, and 9,000 freight trains, transporting 3.05 million tonnes of freight, daily. With its very wide network touching almost every nook and corner of the country, Indian Railways plays a crucial role in facilitating a balanced and inclusive socio-economic development of the country. Over time, there has been a manifold increase in passenger and freight traffic without commensurate enhancement in the capacity of the system. In this context, Indian Railways is mounting a frontal endeavour to overcome the challenges of saturated infrastructural capacity, the need for enhancing the modal share in the freight sector and towards realising the huge potential in passenger business. Accordingly, in recent years, large scale investments have been made in the capacity enhancement works to alleviate congestion over Indian Railway network. Over the last six years more than Rs 7 Lakh crorehas been infused to generate additional capacity with focus on multi tracking, new lines, traffic facility works, yard remodelling, electrification andeasing out bottlenecks.

Indian Railways has also embarked on an ambitious plan to build two dedicated freight corridors (Eastern and Western corridors) of around 3350 Km. These two corridors will only be used for running of freight trains and will decongest the two busiest routes of Indian Railways. These two corridors are planned to be commissioned by 2022. Two of the sections of Eastern and Western Dedicated Freight Corridors have been inaugurated by Hon'ble PM in December 2020 and Jan 2021. The additional capacity so released will form the pathway

for introduction of modern rolling stock to meet the ever-burgeoning demand of passenger movement. The vision is poised to be realised soon.

There was unmet demand due to Covid and imposition of lockdown for saving lives of citizens. In the future this demand needs to be met.Moreover, the quality of passenger train services in India also needs to be significantly improved to meet the rising aspirations of people of India.

Post unlocking in the pandemic year of 2020, Indian Railways decided to resume operations of passenger trains in gradual manner from 1 June 2020and introduced 200 train services. Initially the demand was low but it picked up soon as economic activities across the country resumed. In September 2020, Indian Railways took an initiative to start 40 Clone trains (20 pairs). As the name suggests, these clone trains are a replica of the original trains on a route, aimed at meeting high demand by passengers. The clone trains are introduced based on the patronization of already operating Special trains with limited stoppages/halts and faster transit time. The Clone trains are run ahead of the already operating Special trains by Indian Railways. The average speed of clone trains is higher than the existing special trains.

The demand for passenger trains has witnessed a V-shape recovery post unlocking and all indicators suggest that demand for passenger traffic will continue to grow. Indian Railways has to make concerted efforts to meet the evergrowing demand and endeavour to continuously improve the quality of the services.To address this quality and quantity gap, Indian Railways, in a 'first-of-its-kind' initiative, has decided to invite private entities to invest in the operation of passenger trains through Public Private Partnership (PPP) mode. This New India New Railway initiative is expected to garner an investment of about Rs 30,000 Crore from private sector. The objective of this initiative is to introduce modern technology rolling stock with reduced maintenance, reduced transit time, enhanced safety features, world class travel experience to passengers, and also reduce the demand-supply deficit in the passenger transportation sector.

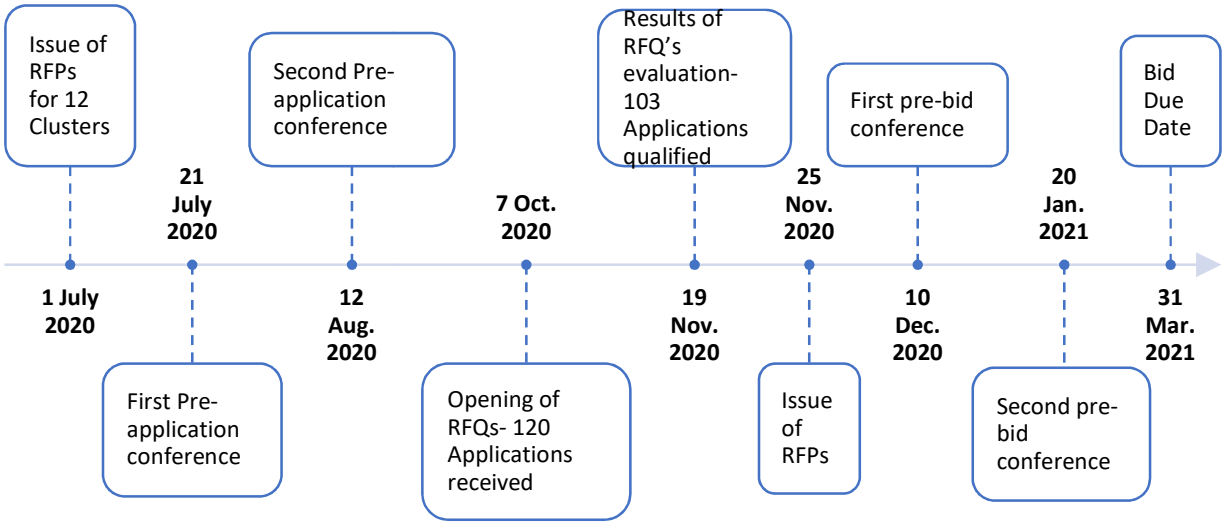
Approach and Present impact

Ministry of Railways has identified over 150 pairs of Train services for introduction of 151 modern Train sets or Rakes through private participation. These services have been formed into 12 Clusters across the Indian Railway network. Each train shall be of minimum length of 384 meter (equal to 16 cars of Indian Railways' trains).

The private entities would be selected through a two-stage competitive bidding process comprising of Request for Qualification (RFQ) and Request for Proposal (RFP). The RFQ

process is for pre-qualification and shortlisting of bidders based on their financial capacity to offer share in the Gross Revenue at RFP stage (bid parameter) for undertaking the project. The project has been structured as per standard guidelines on Public Private Partnership (PPP) model issued from time to time which ensures balanced allocation of risks and protects the interest of investors as well as the Authority.

Timelines and response in RFQs



The project has been designed as a partnership model with adequate safeguards to protect the interests of both parties. The private entity shall be responsible for financing, procuring, operation and maintenance of the trains. The private entity can procure trains through ownership model or leasing model. Indian Railways shall provide fixed infrastructure – access to track, stations, Over Head Catenary for traction, train control system, watering and cleaning lines. The Private Entity will be required to pay Indian Railways fixed haulage charges, energy charges and a share in Gross Revenue.

The salient features of the project are:

- **Operation and Maintenance:** Operation and maintenance of the passenger trains shall be the responsibility of private entity. IRwill provide berth/ space to private entity in the existing maintenance depots or space in a proximate area on as is where basis for up-gradation or setting up its maintenance depot and use of the same by the Concessionaire for maintaining its Trains.
- **Duration of journey on each Path:** The running time taken by a train from originating station to destination station shall be **comparable to the fastest train of IR** operating between same originating station and destination station on that

route (with a variation of plus or minus ten percent). IR shall provide a non-discriminatory access to the trains operated by the Concessionaire.

- **Exclusivity:** No new similar scheduled train will depart the any station within 20 km of the originating station in the same origin destination route within 60 minutesof the Scheduled departure of the Concessionaires Train. However, this restriction shall not apply in case capacity utilization of the Concessionaire Train is more than 80% in the previous threemonths for first year of operations and in previous year from second year of operations of the train.
- **The Crew (Driver and Guard) to be provided by Indian Railways:These are** required for operation of the **Trains**. The concessionaire shall have to train the crew of Indian Railways for operating the rolling stock introduced by theconcessionaire.
- **Concession Period:** Concession Period **will be for a period of 35 years** commencing from the AppointedDate.
- **Maximum Speed:** The passenger trains to be operated by the private entity shall be designed to operate at a **maximum service speed of 160 kmph**.
- **Determination of Fare:** The Private Entity shall have the **freedom to decide on the fare** to be charged from itspassengers.
- **Penalties for non-performance**: Pre-specified penalties shall be recovered from the Concessionaire for failure to meet the prescribed performance standards and outcomes. Similarly, penalties will be pre-specified in the Concession Agreement for the failure on the part of theRailways.
- **Technology for the Trains**

The trains could be either distributed power or loco hauled with faster acceleration/ deceleration characteristics. Proposed technology for the trains may *inter alia* includefollowing:

a) Improved passenger comfort, through use of bogies with superior ride index, efficient air conditioning with automatic temperature and humidity control, superior interiors and toilets, etc.

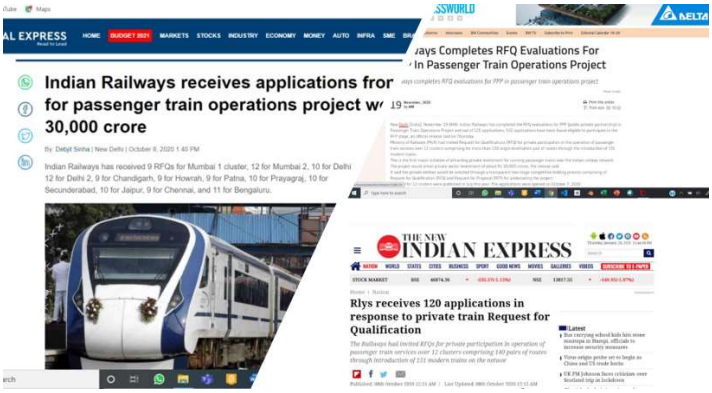
b) Higher acceleration/ deceleration characteristics to reduce journey time by around 10- 15% at existing maximum speed of 130kmph

c) GPS enabled passenger announcement system for on-board announcements for station arrivals, time to next station/destination, safety announcements,etc.

d) Friendly access to physically challengedpassengers

e) Energy efficient rolling stock with regenerative brakingmechanism

Future Impacts



This is first of its kind project to allow private participation in passenger segment of Indian Railways.This project may be the harbinger of increased public-private partnership in the Railways sector fostering growth for the sector and, in turn, for the economy as a whole. The project presents an unprecedented opportunity for investors to seize the first mover advantage by entering into Indian Railways Passenger Business and to reap the fruits of ever increasing demand for travel in India. The running of private trains will also encourage Indian Railways to improve its services to compete with the private sector.

The project envisages procurement mandatory sourcing via domestic production in India over a period of time. The project will give boost to domestic industry and fuel private participation in production on Railway passenger coaches in India.

The PPP in Passenger Train Operations project is one of the progressive steps in the Vikas Yatra envisioned by Hon'ble PM. The project is start of a transformative journey of private participation in passenger segment of Indian Railways which may give quantum jump to the quality of services.