

## Indian Railways' Corporate Train Model

### Why in News?

The Kashi Mahakal Express is the country's third 'corporate' train after the two Tejas Express trains started over the past few months.

### What is this corporate model?

- This is a new model being actively pushed by Indian Railways.
- In this model, the running of regular passenger trains will be outsourced to the Indian Railway Catering and Tourism Corporation (IRCTC).
- Around 100 routes will be leased out to private players to run 150 trains, something that is in the works.
- This is the same model that was used in the two Tejas Express trains running between Delhi-Lucknow and Mumbai-Ahmedabad.

### How does the model work?

- In this model, the **corporation takes all the decisions** of running the service - fare, food, onboard facilities, complaints etc.
- Indian Railways is free from these encumbrances and gets to earn from IRCTC a pre-decided amount, being the owner of the network.
- This amount has three components- **haulage, lease and custody**.

### How these components are worked out?

- **Haulage** - The haulage charge is to be paid by IRCTC.
- This includes use of the fixed infrastructure like tracks, signalling, driver, traction and pretty much everything needed to physically move the rake.
- **Lease** - IRCTC has to pay the lease charges on the rake as Indian Railways coaches.
- This is so as the coaches are leased to its financing arm, the Indian Railway Finance Corporation (IRFC).
- **Custody** - There is a per-day custody charge, of keeping the rake safe and sound while it is in the custody of the PSU.
- IRCTC has to pay Indian Railways a sum total of these three charges for the trains' runs in a day and then factor in a profit over and above this.
- This money is payable even if the occupancy is below expectation and the train is not doing good business.

## **What powers does IRCTC have?**

- Being a corporate entity, IRCTC insists that the coaches it gets from Railways are new and not in a run-down condition.
- The quality of the coaches has a direct bearing on its business.
- In this model, IRCTC has full flexibility to decide the service parameters and even alter them without having to go to Railway ministry.
- To that end, the business of running trains can be run with the independence needed to run a business with profit motive.
- This, policymakers believe creates the environment for enhanced service quality and user experience for the passengers.
- IRCTC gets the freedom to decide even the number of stoppages it wants to afford on a route, depending on the needs of its business model.

## **What is Indian Railways' benefit from this model?**

- Indian Railways doesn't have to suffer the losses associated with running these trains thanks to under-recovery of cost.
- This under-recovery is due to low fares and its own hefty overheads.
- The lease on its coaches is also taken care of.

## **Is this the same model for private train operators?**

- The model in which private train operators are sought to be engaged is different wherein along with haulage; the operator needs to agree to revenue sharing with Railways.
- The company willing to share the highest percentage of revenue will win the contract.
- Private players may not need to pay lease and custody charges.
- All this is because over the next 5 years, a lot of capacity will free up in the conventional railway lines for more passenger trains to run to cater to the demand.
- The government wants private players, its own PSU, along with Indian Railways, to share the load of pumping in more trains into the system.

**Source: The Indian Express**