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Source : Smita Sri

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# Bibek Debroy: The railways — Palimpsest(Essay, Economy,Transport)

How many railway stations are there in India? Oddly enough, the answer isn't straightforward, because there isn't an unambiguous definition of "station". How does one count a halt, which may be because of operational reasons and not commercial ones? Does one have a handle on the number of abandoned stations? How does one count a station that has two different gauges passing through? And have you heard of Srirampur and Belapur stations in Maharashtra? On one side of the track, the station is called Srirampur. On the other side, it is called Belapur.

Therefore, though the "official" IR (Indian Railways) figure on number of stations is 7,112, a figure that is 8,000-plus isn't necessarily wrong. Not all stations are equally important and there is a classification from A1 to F. This is a precise definition, but we needn't get into that. Suffice to say, A1, A and B stations are more important than the others. A1 and A categories add up to 407. If we wish to prioritise resources spent on station development, these are indeed the

ones we should focus on. The station with the most annual revenue is CST Mumbai, followed by Dadar.

Let's think of a railway route as a track that takes us from point X to point Y. Some stations are junctions, in the sense that more than one route passes through that station. To be called a junction, the norm is that at least three routes must pass through the station. A junction leads to additional problems of switching and signalling.

Roughly, there are around 300 railway junctions. Which junction has most routes passing through? Obvious responses about a busy railway station won't work. "Busy" originating or terminating stations aren't junctions. Actually, Mathura is the junction with most routes (six broad gauge, one metre gauge) passing through. Roughly, a cluster of 23 ordinary stations will have a junction, because that's when one will confront another route. There are exceptions like Nagpur and Ajni stations, where distance between the two stations is only three kilometres. But in general, the distance between two stations is between six and eight km and the distance between two junctions is between 100 and 150 km.

To make the point, I am going to use a simple example. Think of a single line track between two ordinary stations. At any specific point in time, only a single train, moving in either of the two directions, can be on that track.

In jargon, in this simple example, that track between two stations is called a block section. Time will be spent on decision-making and the operating of signals, on the driver's perception and response, and on the train clearing that block section. Let's say 10 minutes for all this. What's a reasonable speed for this train? Remember this isn't a Shatabdi or a Rajdhani. It stops at both stations.

The answer is that anything more than 30 km/hour is impossible. If for computational simplicity if we take the distance between two stations as 10 km, half an hour per train (adding the 10 minutes). Thus two trains per hour, 48 trains per day, even if one ignores time required for maintenance of

track. That's the capacity of this block section.

I recently met a MP who wanted more stops, more trains and greater punctuality. That's a logical impossibility. Out of 1,219 block sections on IR, 233 are at between 100 and 120 per cent capacity, 193 at between 120 and 150 per cent capacity and 66 at more than 150 per cent capacity.

This is especially serious on the high-density network, that between the metros. If you want more, and faster, trains between Jodhpur and Jaisalmer, that's never going to a problem, not today. But that's not where people want more trains. There is an unaddressed issue of unviable routes. There are routes on which there are few trains. There is Ledo and there is Tundla. Within Delhi, there are stations on Delhi Ring Railway.

But for the high-density network, options are limited. Here are some:

(1) Use technology to improve efficiency, including signalling. (Automatic signalling can de facto increase capacity by splitting the block into segments.)

(2) Reduce stops between junctions, so that throughput of trains through ordinary stations is faster.

(3) Back-of-the-envelope, badly-strained capacity is probably around 5,000 km of track. At Rs 10 per km, find the required Rs 50,000 crores. But since these capacity constraints are on high-density networks, they don't fit the category of national priority projects and GBS (gross budgetary support) won't be available for this.

(4) While one figures out how to find resources, rationalise the number of trains. I said rationalise, I didn't say eliminate. Ignoring freight trains, does one need 13,000 passenger trains every day? Why have passenger trains with rakes of eight or nine coaches? Such a merger and consolidation has already been carried out for goods trains, and some doubled trains have more than 120 wagons. If all

trains (segregated into three groups: Rajdhani/Shatabdi/Duronto, mail/express, and ordinary) have a template of 24 coaches, there will be no additional shortages because of consolidation. One should probably start with the Allahabad-Kanpur-Varanasi-Mughalsarai stretch — symptomatic of capacity problems, since every day 400 trains pass through this stretch.

But IR is reluctant to touch (1) and (2) — and can't find the non-GBS of Rs 50,000 crores.

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# Current Affair Prelims-2015-Economy -Revision Notes

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# Congress isolated, most parties agree on GST Bill [ Polity , Economy ]

Even as political support for the Constitutional Amendment Bill for the goods and services tax (GST) seemed to grow, the Rajya Sabha select committee has mostly concurred with the Bill as proposed by the Modi government, sources privy to the matter told FE.

The House panel, which is to finalise its report on Monday, is learnt to have endorsed the 1% tax on interstate trade proposed for the

initial two years of the GST regime to give relief to manufacturing states.

The ruling coalition partners and many others including the Trinamool Congress largely supported the current version of the Bill as passed by the Lok Sabha and did not agree with the Congress party's proposals to include petroleum products in the GST from the start itself and cap the tax rate at 18% in the Constitution itself. The Congress may give a dissent note.

In parallel, the Centre has sought to give a sense of urgency to the executive processes to meet the April 1, 2016, deadline to launch the new tax. The finance ministry, sources said, has mooted a converged list of items to be exempted from GST for the ventral and state components of GST to keep administration simple. As far as area-based exemptions are concerned, they would be retained until the end dates already announced, while these, being incompatible with the GST, won't be extended.

The central government is also set to choose an IT company for building the necessary infrastructure.

Navin Kumar, chairman of GST Network, a joint venture between the federal and state governments, said that five bids for building the necessary IT infrastructure for GST have been received and that the partner would be identified by end of next month. While Kumar did not specify the names of the bidders, sources said TCS, Wipro, Infosys, Tech Mahindra and Microsoft have expressed interest in the project.

The Centre and the empowered committee of state finance ministers will work together to expedite the preparation of the draft central and state level GST statutes.

VS Krishnan, member, service tax and GST, said here at an interaction organised by industry chamber Ficci that there was a general consensus that the list of exemptions at the central and state levels needed to converge. At present, about 99 items are exempted by states from levy of VAT, while 219 items are exempted from central excise duty.

"When the lists of products that are exempted from central excise duty and state level VAT are converged, fewer items in the current list of

excise exemptions would get the duty benefit," said R. Muralidharan, senior director, Deloitte.

Krishnan said the broad policy of the central government was to phase out area-based tax exemptions, but in cases where incentives are committed in order to attract investments, the benefit would be "grandfathered", implying that these would be allowed for the full promised extent.

"Wherever sunset clauses (end dates for benefits) are mentioned in law, we will have to honour them," he said. These would include the area-based tax exemptions given to businesses in the northeast and in hill states. The official also said that states could determine their exemptions within the flexibility the new indirect tax regime would offer.

Senior officials said that the central government was fully prepared to meet the April 1, 2016, deadline for GST, but political observers remain sceptical about getting the Constitution (122nd Amendment) Bill passed in the Rajya Sabha in the forthcoming session of Parliament beginning July 21. The Bill was passed earlier in Lok Sabha but was referred to a select panel of the Rajya Sabha led by the BJP's Bhupender Yadav. The panel has to present the report by July 24.

Congress, the main opposition party in the Upper House, is learned to be preparing a dissent note on the Bill, saying it cannot support a Bill that was not "simple and comprehensive". Trinamool Congress has in the meantime offered to support the Bill.

The Congress wants an 18% ceiling for GST to be specified in the Constitution itself, besides dropping the provision for 1% tax that states could levy on exports for two years.

Registration of new traders on the IT network of GST would commence from January 31 and traders currently registered with state tax departments would be migrated to the new system.