

Debroy committee charted the Railways' path towards viability & competitiveness, but most recommendation still work-in-progress

Debroy, who passed away late last week, had a special interest in railways, which is reflected in his series of limericks and the 2015 report.

Written by [Dheeraj Mishra](#)

New Delhi | Updated: November 9, 2024 06:48 IST

6 min read

-
-
-
-
-



The Debroy committee also recommended a major overhaul of IR's accounting system, which was subsequently taken up. (Express archive)

The landmark report of the 2015 expert committee on Railway Reforms, headed by the late economist Bibek Debroy, did clear the decks for a complete overhaul of the national transporter to achieve economic viability in operational terms and recover its loss of competitiveness in the transportation market. While some of the recommendations have been taken on board: including the phasing out of the separate Rail Budget, the redesignation of the Chairman of Railway Board as Chief Executive Officer (CEO) and a plan to accord more powers to General Managers (GMs) and Divisional General Managers (DRMs) to take decisions “independently”, the overarching recommendation on “liberalisation” of Indian Railways has not been taken on board yet.

[Ashwini Vaishnaw](#), Minister for Railways, Information & Broadcasting, Electronics & Information Technology, told [The Indian Express](#) that the government has taken the report seriously and implemented most of the important recommendations, especially the empowering of officers. The government also partially acted upon the recommendation for decentralisation to the division level of the mega organisation, the treatment of divisions as independent business units and DRMs being empowered to handle all types of tenders of the division.

Debroy, the renowned economist and polymath, who [passed away late last week](#), had a special interest in railways, which is reflected in his series of limericks and the 2015 report titled *The Committee for Mobilization of Resources for Major Railway Projects and Restructuring of Railway Ministry and Railway Board*. The committee was constituted on September 22, 2014, which submitted its final report in June 2015. The committee had made a total of 40 recommendations, out of which, 19 were fully accepted, 7 were partially accepted and 14 recommendations were rejected.

Advertisement

“The Major recommendation of the Debroy committee was to empower field officers. General Managers (GMs) and Divisional Railway Managers (DRMs) and Branch officers have been empowered. Along with this the committee had recommended to integrate and synergise technology in the railways. This is being implemented with Vande Bharat Trains and KAVACH systems. On the line of the expert committee, the Gati Shakti Vishwavidyalaya was established. We are also working on developing the skill set of the workforce in the Railways and empowering Railway officers,” Vaishnaw told *The Indian Express*.

Liberalisation of Railways

The committee dealt with a range of issues related to the Indian Railways from decision-making structure, accounting system, human resource management & employee costs, multiplicity of different channels of entry into the IR, high revenue expenditure and low capital expenditure, financial status to setting up an Independent Regulator etc.

At the top of the recommendation was liberalisation of Indian Railways. While clarifying that by the term “liberalisation”, it does not mean “privatization”, the committee said that the entry of new operators into railways will be a viable option for encouraging growth and improving services. The committee also said that a regulatory mechanism to promote a healthy competition and to protect the interest of all stakeholders is an essential prerequisite.

“Make private sector, both foreign and domestic entry in IR more attractive and viable by changing the existing norms,” said the committee. In view of the opposition from railway unions and political parties, the government did not accept this yet and said that it is under the purview of the Rail Development Authority (RDA).

Advertisement

An official of the Ministry of Railways said, “Unlike other departments, government support in Railways is required for maintaining better passenger facilities. Privatisation can work for the Goods system, but it will not be appropriate for the passenger system. The government felt that its intervention and support should continue and this is why the liberalisation part was rejected.” The official further said that Railways do have some projects based on the Public Private Partnership (PPP) model, but that is limited.

It was the Debroy expert panel which recommended that the chairman of the Railway Board be re-designated as CEO to expedite decision making. “The Railway Board becomes a bit like a corporate board of IR (Indian Railways). The Chairman of the Railway Board should be like a CEO. He/She is not first among equals and should therefore have the powers of final decision-making and veto (in the case of a divided view),” reads the recommendation of the panel. It was accepted by the government and the first Chairman and CEO of Railway board was appointed in September 2020 after the government reconstituted the board in new form.

Off Load the off-line services

Apart from this, the committee said that Indian Railways, in addition to its core function of running trains, is engaged in various other activities which are un-remunerative in nature, like provision of security to its customers through Railway Protection Force (RPF), medical and educational facilities to its employees etc, which lays additional burden on IR. The offloading of these services is under the consideration of the government.

The Debroy committee also recommended a major overhaul of IR’s accounting system, which was subsequently taken up. With regards to this, in a response to a question in parliament, Ministers of Railways on December 20, 2017 said, “Ministry of Railways has embarked upon Accounting Reforms project, wherein Accrual Accounting is now being

rolled out on all Indian Railways to prepare its financial statement on Accrual basis in addition to cash based financial statements.”

With regards to the setting of an independent Rail Regulator, the government approved the constitution of Rail Development Authority (RDA) in April, 2017. Its mandate is to provide expert advice to the Government on pricing of services, measures for enhancement of non-fare revenue and promoting competition.

Similarly, acting on the another recommendation on safety, Ministry of railways created ‘Rashtriya Rail Sanraksha Kosh’ (RRSK) on April 01, 2017 for replacement/renewal/upgradation of critical safety assets, with a corpus of Rs. 1 lakh crore for five years. In 2022-23, the government extended RRSK for another period of five years with Gross Budgetary Support (GBS) of Rs 45,000 crores.



Subscribe to receive the day's headlines from The Indian Express straight in your inbox

In the end, the Debroy committee recommended “a vibrant performance assessment system driven by enhanced objectivity and transparency”. To this, the Ministry of railways said in the parliament that it is “Under Examination”.