

People Power**Skewed Priorities in Infrastructure**

The recent political controversy surrounding the bifurcation of Eastern Railway and the creation of East Central Railway with its headquarters at Hajipur once again raises two questions: the role of government in running enterprises, and the plight of the infrastructure sector. It is by now well-recognized that public sector is often a euphemism for political patronage and private aggrandizement. Politicians in power or out of it, and career bureaucrats as a rule have no respect for economic logic or wealth creation. A few more jobs to cronies, promise of illusory gains to constituents, cushy rehabilitation for favoured sidekicks, luxurious jaunts, and kickbacks in contracts and purchases are the golden eggs which make PSUs so attractive. In this anxiety to make a killing while the going is good, if the golden goose itself perishes, well, it's too bad! In any case that is the problem for successors.

This cynical approach has been the hallmark of PSU management. For decades, state monopoly in the telecom sector held back services and growth and caused misery to hapless consumers. Happily, the march of technology, with ever more efficient and cheaper services on offer, ended this monopoly. But even now we have the absurd situation of paying more for long distance calls within the country than for overseas calls through internet telephony! All this in the name of protecting the revenues of inefficient state monopolies and private oligopolies. Airlines have been managed as private fiefdoms of the presiding ministers. Any attempt to inject competition and efficiency, and invite investment is resisted fiercely with predictable invocation of pride in national carriers. Oil sector has suffered decades of loot by meddlesome politicians, and even now monopolies continue despite the facade of opening up. Steel plants were once the favoured trophies. But again decades of wasteful practices and sloth led to disastrous consequences. And when a competent manager makes valiant efforts to improve efficiency and profitability, he is often victimised, as the chief executive of the public

sector behemoth, Rashtriya Ispat Nigam, has discovered to his chagrin. The mismanagement of the power sector has been too well-documented to need elaboration.

Not surprisingly, Railways, the largest employer in the world, are a treasured monopoly for personal aggrandizement. Obviously the transport sector needs major state presence in the foreseeable future. No matter how much we detest state's role, large infrastructure cannot be built through private initiative. High capital costs, long gestation periods, low rates of return, vulnerability to state policies, and political vagaries make private investment in rail transport and roads risky, difficult and unattractive. State is a necessary evil. But it does not require a genius to recognise that the problem is not about where an office is located, but how to modernize the railways and make them efficient and economical.

Freight traffic in railways, which was close to 80% in 1950's is now at a precarious 20%. Precious fossil fuels are consumed on expensive and polluting road transport. Railways have too many short-distance, slow moving passenger trains, and too few long-distance fast trains. Passengers have to plan weeks in advance, and wait with trepidation for ticket confirmation as departure date approaches. Many of the tracks are in a state of disrepair, and are unsafe at any speed! Where the track is in good shape, signaling is outdated, forcing low frequency of operations despite heavy demand. Public transport in cities is in shambles. Image-savvy state governments can only think of expensive international airports as new fashion statements, but have no time for planning or investment in viable transport systems. Rs 2000 crore investment is planned for daily overseas traffic of 200-300 passengers, making it a ludicrous proposition. The modern day Mary Antoinettes mock at the plight of millions of passengers – if they don't get rail tickets, why can't they fly?

Mamata Banerjee's populist rhetoric might yet serve a useful purpose if it focuses our attention on what is wrong with our rail transport. Certainly the state will have to play a critical role in laying and managing the rail track and controlling traffic. But should it also run trains? Can't we separate track and station management from train running?

National Air Ports Authority runs airports, but we can still have multiple airlines competing. It is time we recognized political shenanigans for what they are, and focused attention on the real issue of providing modern, efficient, sustainable infrastructure as an engine of economic growth and symbol of human liberty.

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