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## A STUDY OF USER PERCEPTION TOWARDS PROPOSED PRIVATISATION OF INDIAN RAILWAY

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### MANJULA BAI

Faculty Member, Department of Post Graduate Studies and Research in Commerce  
Kuvempu University, Shankaragatta, Karnadaka, India

### N.M.GAYATHRI

Faculty Member, Department of Post Graduate Studies and Research in Commerce  
Kuvempu University, Shankaragatta, Karnadaka, India

### Abstract

*This paper is designed to study the extent of knowledge about privatisation and to deal with such segment, to know the optimistic and pessimistic influence on railway passenger and perception of railway passenger about proposed privatisation of Indian Railway. From the study it was confirmed that people do, have the knowledge about the proposed privatisation, but they prefer many improvements after privatisation. Indian railway has to take more possible steps to enhance the level of awareness towards the passenger about the proposal of privatisation of Indian railway on the basis of the present study. A privatised management structure for Indian railway thus is best suited to optimise the objectives of both passenger and shareholders. If the privatisation is happened, it may bring about the fundamental change in the relationship between the management of railway and the government.*

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### Introduction

In the liberalisation era, competitiveness of the industry is it public or private assumes great importance for their very survival. The question of privatisation of public enterprises arises because of their poor financial and operative performance. Public enterprise in India incur chronic losses, requires state financed equity injection and credit from banking system. Privatisation which is used to mean the transfer of both ownership and control of the firm from public sector to the private sector has been viewed as a possible remedy to overcome the malaise of public sector. Programme to private enterprise in transition economies should be evaluated in terms of three broad dimensions

1. The corporate governance mechanism
2. They create the supporting institutions

3. The faster and the extent to which they create a self sustaining economic and political reform process.

Today private initiative is being encouraged even in the development of infrastructure like power, Roadways, Telecommunication etc. It is also believed that privatisation will also reduce the role of the state, lessen the state's fiscal deficit by decreasing the demand for continued financing firms from the exchequer and improve the efficiency and the competitive strength of the public sector enterprises.

### **Indian Railways**

Indian railways are an Indian state owned Enterprises, owned and operated by the Government of India through The ministry of railways. It is one of the largest railway networks, comprising of 1, and 15,000 km of track over a route of 65000 kms and 7500 stations. In 2011, Indian Railway carried over 8900 million passenger daily.

Railways were first introduced to India in 1853 from Bombay to Thane. In 1951 the system nationalised as one unit. The Indian Railway becoming one of the largest Networks in the world operates over 29 states and also provides limited international services to Nepal, Bangladesh and Pakistan.

### **Statement of the Problem**

Privatisation is the process of transferring any of sources, control and management from public to private to reform and enhance efficiency in an organisation. In this route India also considered to bring more efficiency and objectivity in public sector through privatisation. Hence many manufacturing and service organisations are privatized, except Indian railways. In the 2014 there was discussion about railway privatisation which thought about bringing FDI on Indian railway to improve overall structure of it. There are few attempts been made by other researchers to know about prons and cons of Indian railway which in public sector but no research has been made on attempt to know prons and cons of Indian Railway if it is privatized, so here I undertake this paper to deal with such segment, to know the optimistic and pessimistic influence on railway passenger and perception of railway passenger about proposed privatisation of Indian Railway.

### **Objectives of the Study**

1. To study the causes behind proposed privatisation of Indian railway.
2. To study the possible various changes in financial position of the Indian railway that is influenced by Privatisation.
3. To study for overcoming the limitation of Indian Railway and to study the new proposal towards Indian Railways.
4. To study the current satisfaction and proposed expectations of passengers towards the service of Indian Railways.

5. To study the prospective protection measures in control mechanism of Indian Railways through Privatisation.
6. To study the effect on Cost and Benefit structure on Indian Railways by Privatisation.
7. To study the response of present railway passenger toward proposed Privatisation of Indian Railway.

### Review of Literature

Mrs B.Chaitra and Dr.U Vani(November 2013) in their articles studied on various services offered by Indian Railways and also various schemes offered to its passengers by Indian Railways and present infrastructure and other connecting facilities of Indian Railways and satisfaction level of passengers towards it. They stated that in Indian railway ,the passenger prefer to travel only with the main reason ,because the fare on Indian Railway is very low compared to other modes of transport and some are unhappy with its certain infrastructure because of poor maintenance.

S.Ghandhimathi and Dr.S.Saravananan, (Nov 2013) In their articles, they stated that changing passenger preference, improved competitive offerings and emergence of new technologies often drive firms to introduce new services and improve existing service offering in case of the Indian railways Since the Indian Railways has no competition, it can ignore aspects such as quality of service, customer satisfaction and product promotion.

### Scope of the Study

The study scope covers the passengers who are travelling by train especially from the origin point of Shimoga.

The study scope covers the response of passengers towards proposed Indian Railway with the specific element consideration such as cost, infrastructure, Fare etc.

The study scope studies the prons and cons of Indian railway privatisation with the assumption of benefits, cost and development

In this study the word USER, refer to the passengers who travel in Indian Railways.

### Research Methodology

**Sample Size:** A study sample size is limited to 50 passengers, selected randomly.

**Sampling Design:** Out of 50, 10 are students, 10 young men, 10 young women, and 10 old women and remaining 10 are old men

**Primary Data:** Primary data will be collected from passenger, who is travelling by train, that is from shivamogga and some part of information will be collected from employees of Railway Department.

**Secondary Data:** Secondary data will be collected through journals, magazines, Newspaper and Reports of Indian railway and websites of Indian railways.

## Conceptual Framework

### Reason for Privatisation of Indian Railway proposal

- Indian railway enjoys a monopoly on railroad transportation in the world's second fastest growing economy .Rising demand for coaches locos and wagons cannot be met immediately .Even though there was a record for purchase of 18000 wagons during 2012-2013,still there was inadequacy.
- The another reason is that, it is the major source of investment by the central government. Funds can be diverted to other infrastructural development if Indian railways are privatized.

### Advantages through Privatisation

**Corruption Under Control:** Privatisation in Indian railways is a necessary now as it will help control corruption in the sector which will eventually increase in productivity and thus improve the profits; this can also ensure control the price hike and keeping the rail fare under check.

**Better Infrastructure:** Narendra Modi's addressed in his speech during the inauguration of katraline in Jammu, that "we want railway stations to have a better facilities than airports, this is our dream and it is not a difficult thing to do"

**Win-Win Situation:** Again Narendra modi also addressed that, if private parties would be allowed to invest then both will be benefited. Private parties would be ready to invest because this is a good project economically and would benefit everyone. This would be a WIN-WIN situation project and we want to move ahead in this direction in the coming days he said.

### Disadvantage from Proposed Privatisation of Indian Railways

#### Threats of Private Monopolises

There is always a threat from the private monopolies if right policies are not adopted. The characteristics of the railway are such that monopolies will mushroom in case the right policies are not adopted.

## Analysis and Interpretation

### Opinion about Various Facilities of Indian Railways

SI No	Particulars	Infrastructure good or not		CRM		Time management		Economical or not	
		No of respondent	%	No of respondent	%	No of respondents	%	No of respondents	%
1	Strongly agree	3	6	0	0	3	6	9	18
2	Agree	19	38	14	28	9	18	22	44
3	Neural	16	32	26	52	11	22	13	26
4	Disagree	12	24	8	16	22	44	2	4
5	Strongly disagree	0	0	2	4	5	10	4	8
	<b>Total</b>	50	100	50	100	50	100	50	100

Source: (Survey)

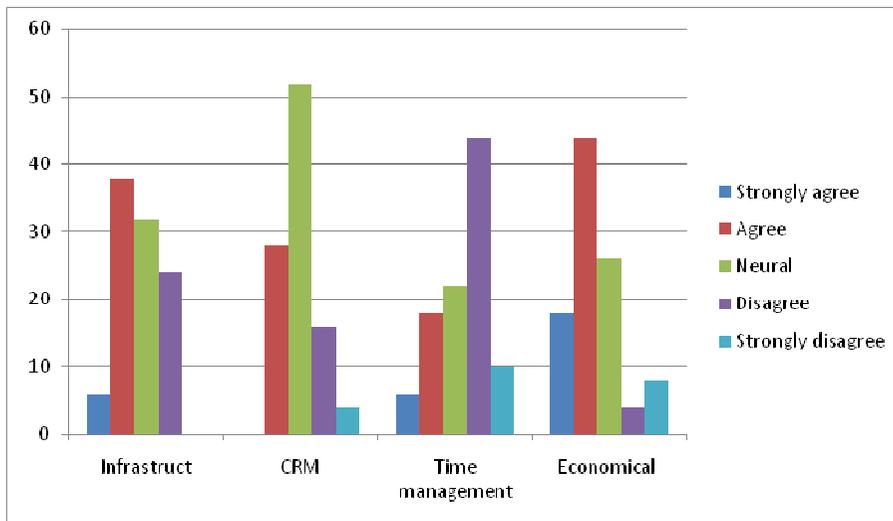
## Analysis

From the above table with regard to the infrastructure facility provided by the Indian railways it is clear that 6% of the respondents strongly agree, 38% of respondents opined agreed, 32% opined Neutral, 24% of the respondents disagreed about the above statement

From the above table with regard to the CRM facility provided by the Indian railways it is clear that none the respondents strongly agree, 28% of respondents opined agreed, 52% opined Neutral, 16% of the respondents disagreed about the above statement and 5% strongly disagree.

From the above table with regard to the Time management provided by the Indian railways it is clear that 6% the respondents strongly agree, 18% of respondents opined agreed, 22% opined Neutral, 44% of the respondents disagreed about the above statement and 10% strongly disagree.

From the above table with regard to whether the Indian railways is economical or not, it is clear that 18% of the respondents strongly agree, 44% of respondents opined agreed, 26% opined Neutral, 4% of the respondents disagreed about the above statement and 8% strongly disagree.



## Interpretations

From the diagram it is clear that all respondents show a positive opinion about the infrastructure facilities provided, but only a few disagree, this may be because of the less hygiene in the Indian railway.

From the diagram it is clear that all respondents are neutral toward the CRM of the Indian railways, majority say that they agree to the CRM provided. This may be because Customer relation management is becoming a boom in the present scenario.

From the above diagram it clear that of 44% respondents, opined that Indian railway timings is bad. This may be because of their past experience that there were frequent late comings.

From the above diagram with regard to whether the Indian railways is economical or not, it is clear that ,44% of respondents opined agreed, because the passengers clearly compare the railway fare with other modes of transport like buses, taxi act and judge that the prices of Indian railway is fairer.

**Relations to Indian Railway Services, Timings, Price, Performance and Cleanliness**

SI no	particulars	Services		Timings		price		performance		Cleanliness	
No	Respondents	No	%	No	%	No		No	%	No	%
1	Excellent	3	6	1	2	6	12	0	0	1	2
2	Good	25	50	9	18	16	32	18	36	4	8
3	Fair	20	40	13	26	24	48	21	42	14	28
4	Bad	2	4	25	50	3	6	10	20	22	44
5	Very Bad	0	0	2	4	1	2	1	2	9	18
		<b>50</b>	<b>100</b>	<b>50</b>	<b>100</b>	<b>50</b>	<b>100</b>	<b>50</b>	<b>100</b>	<b>50</b>	<b>100</b>

Source:(Survey)

**Analysis**

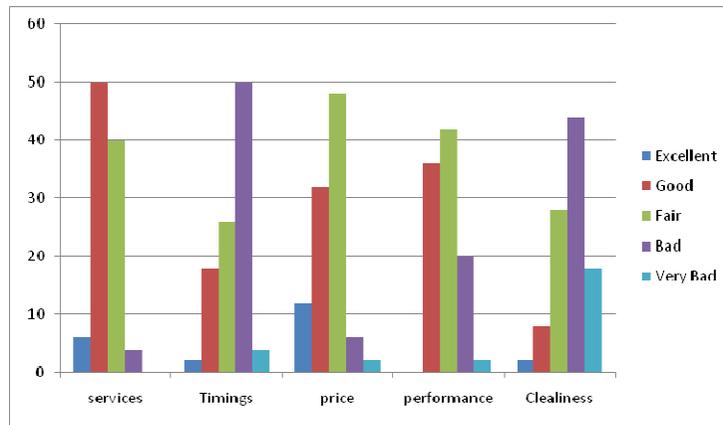
From the above table it is clear that out of 50 respondents,6% of the respondents opined that the services offered by Indian railway are excellent,50% states as good,40% opined fair,4% respondents have bad opinion and no respondents opinion was very bad.

From the above table it is clear that out of 50 respondents with regard to timings,2% of the respondents opined that timings of Indian railway are excellent,18% states as good,26% opined fair,50% respondents have bad opinion and 4% respondents opinion was very bad.

From the above table it is clear that out of 50 respondents with regard to the fares by the Indian railways,12% of the respondents opined that the fares offered by Indian railway are excellent,32% states as good,48% opined fair,6% respondents have bad opinion and 2% respondents opinion was very bad.

From the above table it is clear that out of 50 respondents, none of the respondents opined about the performance offered by Indian railway are excellent, 36% states as good, 42% opined fair, 20% respondents have bad opinion and 2% respondents' opinion was very bad.

From the above table it is clear that out of 50 respondents, with regard to cleanliness,2% of the respondents opined that are excellent,8% states as good,28% opined fair,44% respondents have bad opinion and 18% respondents opinion was very bad.



### Interpretation

From the above diagram it clearly states that majority 50% respondents are opined that Indian railway service is very good. But no one opined that Indian railway service is very bad. This is because at present railway services are in an optimistic and comfortable level.

From the above diagram it clear that out of 50 respondents, half of respondents opined that Indian railway timings is bad. This may be because of their past experience that there were frequent late comings.

From the above diagram it clearly states that majority respondents are opined that Indian railway prices are fair because it is convenient for their travel.

From the above diagram it clearly states that no respondents are opined that Indian railway performance is excellent. But 42% opined that Indian railway performance is fair. This may be because of the journey or travel in trains.

From the above diagram it clearly states that majority respondents (44%) are opined that Indian railway cleanliness is bad...This may be because Indian railway does not include advance methods of cleanliness like Green toilet ECT...

### Findings

- From the survey data it is clear that the young adults are frequently travelling in trains, because to fulfil their certain commitments such as jobs, family etc.
- Well educated is much favour of railway privatisation
- At present only few passenger like to travel by train because of its poor network.
- From the survey, it is clear that more number of the respondents is aware about the proposal of Indian railway privatisation because it may be the influence of media like Television, news paper, magazine, etc...
- Many passengers in India welcome the proposal of privatisation of Indian railway because they may be thinking that it gives high priority for development rather than high costs

- Average passenger neutralise about railway privatisation as they may think that the privatisation of Indian railway would not enhance their welfare as it lead to increase in fare price
- Women passengers much prepare security rather than infrastructure, speed well structure railway station and luxurious services. Because the trains are large in nature compare to other mode of transport, there may be a high risk for their life and things.
- Majority of the passenger are unhappy with present time norms of Indian railways
- From the survey, it is clear that more number of respondents think that the proposal of privatisation of Indian railway lead to good time measurement because these respondents have experienced that the time management is bad.
- From the survey it is clear that equal number of respondents is perceived that enhancing services and also increase infrastructure facility than increase in employment, time keeping, safety and security and also more number of railway stations are needed.
- In overall findings, it is clear that Indian railways are much dominance nature in controlling power and authority due to monopoly.
- If privatisation occurs there will be a chance to increase in the number of ownership due to increase in number of investors.
- If privatised, there will be expansion of various facilities which are provided in the metropolitan cities like metro rail, bullet trains, intercity express trains etc...
- If there is privatisation the most beneficiaries are the government, investors as well as passengers.

### Suggestions

- From the study it is clear that the young adults have high prefer to travel in Indian railway. So the privatisation of Indian railway must design its plan in such a way that it can attract more youths.
- More number of respondents is well educated; they can easily understand the purpose of the Indian privatisation .So the privatisation should be to fulfil the requirements of the desired people.
- Most of the respondents travel occasionally due to poor network coverage .So government should bring about privatisation which can lead to cover large number of areas.
- On right manner privatisation of Indian railways will fulfil increase in infrastructure, Increase in employment, time management, high safety and security and also increase more number of railway stations, so it is suggested to bring privatisation.
- It is likely to suggest that privatisation of Indian railways have to adopt new technology like CCTV camera for security purposes.
- The privatisation of Indian railways should provide WI-FI facility, audio player facility, and Television facility for mattering modernity with high expectation of passenger.

## Conclusion

It is well known that offering better services is essential for the growth of Indian railway. It is equally important to make the passenger aware of the proposal of privatisation of Indian railway. Still Indian railway has to take more possible steps to enhance the level of awareness towards the passenger about the proposal of privatisation of Indian railway on the basis of the present study.

Some constructive and viable suggestions have been made.

- Privatisation will transfer control over their pricing and investment decisions from the hands of precedent led by bureaucrats to those of an independent, professionally minded Board of Directors, who would presumably manage them, depending upon the incentives structure offered for them in the best interest of their customers as well as their shareholders.
- A privatised management structure for Indian railway thus is best suited to optimise the objectives of both passenger and shareholders. If the privatisation is happened, it may bring about the fundamental change in the relationship between the management of railway and the government.
- If the suggestive measurements have been considered earnestly by the Indian Railway and policy makers, it is hoped that the proposal of Indian railways will shine and bring many opportunities to Indian in the near future.
- Finally it is concluded that, Indian railways enjoy a monopoly in the country economy, it can make any policy or procedure or its own. So for eradicating this system it must privatise to fulfil the needs and requirements of the passengers.

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