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EDITORIAL ANALYSIS

Reform Express — Incremental Fixes or the Structural Overhaul Indian Railways Needs?

 MINT

25 March 2026

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GS3


 Mint

MAINS RELEVANCE:

GS Paper 3



INTERVIEW ANGLE

"Indian Railways combines policymaker, operator, regulator, and service provider in one entity. Is the Reform Express approach of incremental reforms sufficient, or does India need to structurally separate these functions?"

WHY IN NEWS

Union Minister Ashwini Vaishnaw announced five new reforms under the Reform Express initiative, bringing the total for 2026 to nine, covering cargo modernisation, construction quality, and passenger convenience.

The Editorial Argument

Mint argues that while the Reform Express initiative is welcome, the reforms remain incremental — addressing symptoms rather than the structural disease. Indian Railways simultaneously serves as **policymaker, infrastructure owner, operator, service provider, and regulator** — a concentration of functions that weakens accountability, blurs incentives, and discourages competition.

The Operating Ratio Problem

Indian Railways' **operating ratio** (expenditure per Rs 100 of revenue) has hovered between **96-98%** in recent years — meaning for every Rs 100 earned, Rs 96-98 is spent on operations, leaving almost nothing for investment. This compares poorly with:

RAILWAY SYSTEM	OPERATING RATIO
Chinese Railways	~65%
Japanese Railways (JR)	~75%
European average	~80%
Indian Railways	~98%

Cross-Subsidisation — The Hidden Tax

The editorial highlights Indian Railways’ structural cross-subsidisation: **passenger fares are kept artificially low** (often below cost), and the deficit is recovered through **inflated freight charges**. This makes rail freight uncompetitive against road transport, pushing cargo to trucks.

PARAMETER	RAILWAYS	ROAD
Freight modal share (2020)	27%	65%
Freight modal share (2000)	36%	58%
Trend	Declining	Increasing

Despite having the 4th largest network, Indian Railways’ freight share has been declining for two decades — the opposite of what a growing economy needs.

What Reform Express Does Right

The editorial acknowledges the five new reforms address real pain points:

- **Salt containers:** Reduces 5-8% per-trip loss from corrosion
- **Flexible wagon designs:** Optimises capacity for specific routes
- **Cancellation reform:** Reduces passenger inconvenience
- **Digital boarding change:** Modernises the ticketing experience

What Reform Express Does Not Address

- ❶ **Structural separation:** No plan to separate infrastructure ownership from train operations
- ❷ **Private train operations:** Limited progress beyond Tejas Express pilots
- ❸ **Freight pricing reform:** No cross-subsidisation correction
- ❹ **Regulator independence:** Rail Development Authority (RDA) recommended but never constituted
- ❺ **Land monetisation:** Railways owns massive urban land holdings that could fund modernisation

The Bibek Debroy Committee Recommendations (2015)

The editorial cites the **Bibek Debroy Committee** which recommended:

- Separation of policymaking, regulation, and operations
- Creation of an independent Railway Regulatory Authority
- Rationalisation of passenger fares
- Private sector participation in train operations
- Converting Indian Railways into a holding company with subsidiary operating units

A decade later, most recommendations remain unimplemented.

UPSC RELEVANCE

Operating ratio, Dedicated Freight Corridors, Railway Board structure, Bibek Debroy Committee, Kavach, IRCTC

Infrastructure development; transport sector reforms; public sector efficiency and accountability

“Reform Express has 9 reforms but does not address structural separation or cross-subsidisation. Is incremental reform enough for a system carrying 8.5 billion passengers annually?”

★ FACTS CORNER — KNOWLEDGEPEDIA

REFORM EXPRESS 2026:

Total reforms: 9 (2 cargo + 1 construction + 2 passenger + 4 earlier)

Announced by: Union Minister Ashwini Vaishnaw

INDIAN RAILWAYS SCALE:

Route km: 68,000+ (4th largest globally)

Passengers: ~8.5 billion/year

Freight: ~1.5 billion tonnes/year

Operating ratio: ~98%

Budget FY2026 capex: Rs 2.52 lakh crore

Employees: ~12 lakh

FREIGHT MODAL SHARE:

Railways: 27% (declining from 36% in 2000)

Roads: 65% (increasing from 58% in 2000)

Target (National Rail Plan 2030): 45%

KEY COMMITTEES ON RAILWAY REFORM:

Bibek Debroy Committee (2015): structural separation

Sam Pitroda Committee (2012): modernisation

Rakesh Mohan Committee (2001): restructuring

OTHER RELEVANT FACTS:

DFC: Eastern (1,337 km) + Western (1,506 km)

Kavach: indigenous train protection system

First Indian railway: April 16, 1853 (Mumbai-Thane)

Railway Budget merged with Union Budget: 2017

Railway Board restructured: 2020 (unified CRB as CEO)

Sources: [Mint](#), [The Print](#)

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