British Rail Privatization

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Abstract

This paper analyzes the principal features of the British Rail Privatization Policy to help policy makers in India draw lessons and avoid the pitfalls. British Rail activities were spread over to the passenger and freight services, engineering factories, shipping and hovercraft business, hotels and train catering services. The privatization of supporting services and railway operations was completed in a phased manner to restore the profit motive, improve efficiency, increase investment, and reduce government subsidy. Although the British Rail privatization generated substantial revenue (around £4.4 billion) for the British exchequer, it is replete with problems, such as the lack of coordination and accountability due to separation of infrastructure and services; poor safety record; continuation of government involvement and subsidy; and absence of appreciable improvement in the quality of services. This paper evaluates the need for BR privatization, the strategy adopted, the role of government after privatization and performance analysis of BR in terms of safety, punctuality and investment to learn lessons for India and also suggest a framework as to how the privatization policy for Indian Railway’s could be handled.