Viability of Bullet Train Project

What is the issue?

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- India is planning its first high-speed railway.
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- Some see the project as a non profitable extravaganze.
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What is the project about?

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- India is considering establishing a high-speed train corridor between Ahmedabad and Mumbai based on the Japanese Shinkansen technology.
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- The project will be funded and executed by Japan.
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- The Japanese are providing a 50-year loan of Rs 88,000 crore of the total project cost of Rs 1,10,000 crore.
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- The rest will come from the central government and state governments of Gujarat and Maharashtra.
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What is the financial viability?

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- A project viability report was done, but the details haven’t been shared with the public.
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- Projections have shown that the train service will need to carry nearly 1 lakh passengers a day to keep fares at a reasonable levels.
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- The current traffic is only about 18,000 per day.
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- This means that either fare will have to be raised well above air fares, or that the system will have to be subsidised perpetually.
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Has Japanese funding been really generous?

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- Japan’s loan is claimed to be “virtually interest-free”.
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- While the interest rate of 0.10% being offered to India sounds great, according to a financial analyst, the average Indian inflation at 3%, and Japanese at 0% has serious implications.
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- The rupee will hence depreciate 3% every year vis-a-vis the yen.
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- So over 50 years, the sum to be repaid will be well over twice of Rs 88,000 crore.
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- This will be a huge burden on future generations. .
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Is this advantageous for our passenger needs?

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- 95% of rail users in India do not use even the present fast trains like Shatabdi as they find the fares to be costly.
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- So, the bullet trains can address only a small population that already has the option of air travel.
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- The cost of the Mumbai-Ahmedabad bullet train project is almost as much as the entire annual rail budget which stood at Rs 1,21,000 crore last year.
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- The Indian railway system, with over 13,000 trains running every day, carries more than 8 billion passengers per year plus 1,000 million tonnes of freight over the whole country.
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- A big bang bullet for the few or a large, improved and safer system for all is

the choice that we need to make, as finances are limited.
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- Notably, there is no mention of transfer of technology anywhere in the agreement, which is the norm for big projects.
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Source: Indian Express

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