

Past, Present and Future

By

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Abstract

In this paper the past performance of Railways has been revisited highlighting various reasons for the continuous decline of this, one time, a Prime & Prestigious organization.

1. Failure of successive governments in allocating sufficient funds for maintaining important assets like, track, locomotives, signalling etc for efficient railway operation.
2. Large-scale recruitments without merit for political gains.
3. Investments on mega projects on political and other considerations rather than keeping Railway needs in view.
4. Mis-management by non-professionals who neither had any knowledge of this highly technical and complex organization nor any loyalty to it.
5. Frequent restructuring of Railway Board although India is continuing with same Railway Board since 1947 and doing fine.
6. Completely demoralized work force including officers, supervisors and staff.
7. Corruption at every stage especially at the top and lack of accountability.

Lessons have to be learnt from the past mistakes. A number of recommendations have been made for revival of this vital National Organisation.

EXECUTIVE SUMMARY

1. Pakistan Railways was showing profit till 1971-72. Thereafter, the performance continued to decline firstly due to ever declining share of Pakistan Railways allocations in the transport sector with the result that vital assets e.g. track, locomotives, signalling system and freight wagons etc. became overage. This adversely affected railways operations and its financial performance. Secondly, in absence of a proper Transport Policy by Government of Pakistan, even the bulk and long distance traffic (e.g. imported wheat, fertilizer and oil products), for which railways is most suitable and economical means of transport, was assigned to road. Thirdly in 1990, instead of properly diagnosing the real causes of decline, non-professionals who had little knowledge of such a highly complex and technical organization took over its management. They resorted to frequent re-organization of Railway Board and tried more than 15 combinations during the past 24 years. This was catastrophic and the results are before everyone. They only accelerated the decline.

1. Former General Manager (CEO) Pakistan Railways / Member Mechanical Engg. Railway Board / Addl. Secy. MOR, (December 2014)
2. **This raises a question whether Organizational structure was the problem or roots of the problems were somewhere else and the so-called “experts” were wrongly trying to solve it through re-structuring.**
3. It may be mentioned that India is still continuing with the same concept of Railway Board, headed by a railways professional since 1947 and doing fine!
4. 21 non-professional and non-technical chairmen were posted in the past 24 years but none from the Railways.
5. (Extract from Organization order dated 20.9.1963 issued by Govt. of Pakistan)

The Board is “The highest technical Authority for Evaluation and determination of all technical problems connected with the working of the Pakistan Western Railway. The nature of problems arising on the railway is diverse and highly technical. Four to five specialized engineering fields are involved apart from the distinct and exclusive transportation, commercial and rating problems peculiar to railway working. Moreover, the commercial nature of railway operations has moulded its financial and accounting system and sets it apart from the system followed in other spheres of Government activities.

6. The Standing Committee of the National Assembly for Railways, considered the set-up of Railway Board in a meeting held on 12.4.1995. **They were of the considered opinion that a Railway man should head the Railway Board being the highest technical body of a highly complex technical department.**
7. It is imperative that to arrest further decline Railway Board headed by a Railway Professional, must be revived with full authority eliminating the veto powers of planning Division and day-to-day references to Ministry of Finance. Railway Board should have full powers to manage Railways as was the case in the past, and they should go to Government only for policy decisions.
8. Planning Commission has been a big impediment for railways development projects. Their Veto powers must be withdrawn and they should be made accountable for delaying processing of PC-1s etc.
9. Railways carried much larger volume of passenger and freight traffic in the past on this very system with single track from Lodhran to Raiwind even with low powered slow speed steam and diesel locomotives, old signaling system and obsolete 2 axle freight wagons, as shown below:

Year	1978-79	2005 -06	2012-13
Freight traffic (Billion tonne- kilometers)	9.37	4.77	0.42
Passenger traffic (Billion passenger kilometers)	16.71	21.99	17.39
Numbers of Freight trains run	91,303	16,224	1,414
Numbers of Passenger trains run	151,620	86,077	33,368
10. There was, therefore, no need for heavy investment on double track at this stage and the funds could have been utilized in other weaker sectors to improve railways overall working.

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11. World Bank, in 1994-96 also examined this project and was deadly against double track due to low traffic volume. On the other hand they vigorously pursued the policy of “Private Trains Operations” utilizing the spare capacity available on Pakistan Railways network.
12. There are other more economical methods of increasing sectional capacity. Double track is the most expensive and adopted as a last resort. *Pakistan being a rich country, with no accountability, adopted this method!*
13. In addition to capital investment of Rs. 8.32 billion, on Khanewal-Raiwind section, **railways shall have to bear an extra expenditure of Rs. 1.37 billion per year as extra maintenance cost of second track.** (Expenditure on double track from Lodhran to Khanewal is not included in above figures.)
14. Pakistan Railways will never be able to generate extra revenues **assignable to double track** for many years to come to justify the investment!
15. ***Multi-million dollar investments on gigantic projects were squandered, on considerations other than improving the Railways operations and its financial health. Leading trading firms influenced decision making, creating a culture of kickbacks with complete disregard to Railways needs.***
16. Similarly non-standard locomotives were imported at huge cost to the detriment of railways operations. Whole fleet of 69 locomotives imported in 2003 was grounded in 2008 as against a normal life span of 20 to 30 years. This brought the freight traffic on railways to a grinding halt.
17. New batch of 58 locomotives now being imported have yet a new make of high r. p. m. diesel engines fitted on them. Maintenance of additional inventory of costly imported spare parts requiring additional funds not only affects the maintenance of new fleet but also the old one.
18. PIA has only two makes of planes: Boeing and Airbus. Railways should also standardize two makes of standard and world renowned diesel engines.
19. Electrification must be introduced in phases on top priority if Pakistan Railways has to get out of the mess of poor and costly maintenance of diesel engines. A detailed study on the subject will surely justify electrification along with setting-up power plants exclusively for electrification.
20. Rolling stock (locomotives, passenger coaches and freight wagons) must be modernized so that each train can haul maximum payload at maximum speed to avoid expensive sectional capacity enhancing requirements.
21. Vast and very valuable railways land especially in big cities should be exploited through Public Private Partnership.
22. In order to revive Railways, we must learn from the past mistakes. “If you continue to do what you are doing, you will continue to get what you are getting”.

1. INTRODUCTION

- 1.1 The subject for today's paper is "Present and Future" of Railways. However I have tried to cover past also to show what Railways did (or did not do) to reach the present dismal state when it is at the verge of financial collapse.
- 1.2 Future of Pakistan Railways depends on National Policies of the Government whether or not they are really serious to revive the organization. Unless we learn from past mistakes (or blunders) and take immediate steps to focus in the right direction, there will be no future. Any brief surge in performance due to isolated and un-coordinated steps (e.g. introduction of a batch of new locomotives) will be a temporary bubble and downward decline will continue in the long run.

2. WHY RAILWAYS?

- **Five times more fuel efficient than roads.**
- **Most suitable for bulk and long distance haulage.**
- **Most environments friendly.**
- **Safest mode of transport.**
- **Strategic Importance.**

One train can take the load of 120 ten-tonner trucks off the road!

Imagine:

- **Savings in imported fuel and spare parts for road transport!**
- **Savings in road maintenance.**
- **Reduction in road accidents and saving of precious lives.**

3. BRIEF HISTORY OF RAILWAYS PERFORMANCE

- 3.1 Running of a large number of short distance stopping passenger trains in the past, on political considerations, led to heavy losses to Pakistan Railways. There was hardly any justification to run these trains keeping in view the development of extensive road network and that too parallel to the railway track.
- 3.2 A number of these trains were, therefore, withdrawn in the past. However there are still many loss making trains running on the system. These may either be withdrawn or the Government should pay PSO (Public Sector Obligation) up front i.e. in the beginning of financial year rather than picking-up this amount as a loss at the end of financial year.
- 3.3 Fast non-stop intercity trains are the need of the day and are highly patronized. Running of non-stop Karachi Express between Lahore and Karachi proved that even Passenger trains could yield substantial profit!

3.4 Drop in freight traffic was mainly due to :

- Reduced availability of locomotives for Freight Business. (Lack of funds for replacement and maintenance).
- Diversion of greater number and better locomotives to passenger traffic while the Freight got the “hand me downs”.
- Authority to allocate freight traffic by NLC, who assigned bulk and long distance traffic suitable for rail transport to NLC trailers and when these were not available to road trucks. (Truck mafia)
- Tough competition from road especially after introduction of NLC.
- Transport policy of the Government whereby even Government traffic was not assigned to Railways. (Truck mafia)
- Non-replacement of very slow and prone to high incidences of failure en-route and obsolete freight wagons thereby increasing transit time as compared to road.
- Bureaucratic and half hearted marketing approach.
- Changing Import and Export patterns of Wheat, Fertilizer, Rice and movement of White Oil by Pipeline to Southern Punjab near Mahmud kot.

4. HISTORICAL DATA SHOWING TRAFFIC HANDLED BY PAKISTAN RAILWAYS OVER THE YEARS

PASSENGER AND FREIGHT TRAFFIC CARRIED BY PAKISTAN RAILWAYS			
Year	Number of Passengers carried (Millions)	Total Passenger Kilometers (Billions)	Tonne Kilometers (Billions)
1978- 79	145.71	16.71	9.37
1984-85	94.70	17.81	7.20
1985-86	82.93	16.85	8.27
1986-87	78.14	16.92	7.82
1987-88	81.24	18.54	8.03
1988-89	84.69	19.73	8.36
1989-90	84.59	20.37	7.22
1990-91	84.90	19.96	5.71
1991-92	73.30	18.19	5.96
1992-93	59.04	17.08	6.18
1993-94	61.71	16.38	5.94
1994-95	66.46	17.55	5.66
1995-96	73.73	18.90	5.08
1996-97	68.80	19.11	4.61

1995-00 Avg.	67.96	18.85	4,37
2000-05 Avg.	72.83	21.99	4.77
Year	Number of Passengers carried (Millions)	Total Passenger Kilometers (Billions)	Tonne Kilometers (Billions)
2005-10 Avg.	80.58	20.97	5.47
2010-11	64.90	20.61	1.76
2011-12	41.10	16.09	0.40
2012-13	41.96	17.39	0.41

5. WHAT WENT WRONG?

Everything!

- After 1971 large-scale recruitments were resorted to political gains.
- Whenever overstuffed railways tried to reduce staff strength, some governments filled-up all the vacancies though not needed by railways. (A la PIA!)
- Induction of such staff who neither had the skill nor loyalty towards railways adversely affected railways' performance.
- Promotions, postings and transfers were and are resorted to political affiliation or other considerations rather than professional competence and administrative acumen thereby demoralizing dedicated and honest professionals who watch from the sidelines railways going down!
- Another major factor was political. Politicians could take credit (and benefits) for building road projects which are completed within shorter period of time as against railways projects that normally are not completed within the tenure of a government. So extra allocations were made for roads.
- Pakistan Railways became a vehicle for Political Mileage instead of a financially self-reliant vibrant Commercial concern.
- Allocations for railways were greatly reduced in successive National Plans.
- Insufficient allocations caused essential assets to deteriorate adversely affecting railways performance.
- Mega projects were executed though railways did not urgently need these.
- Huge raise in wages and pension.
- Phenomenal rise in fuel prices from time to time.
- Devaluation of the rupee.

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12% of the revenues are now being spent on operation and maintenance as against 71% in 1971-72 on account of above factors.

- Diverting most of funds for large projects starved other essential projects causing further deterioration in railways performance.
- **Frequent and uncalled for tinkering of Railway Board in the name of “Restructuring.”**
- **The final rot started from 27th December 2007 on the assassination of Benazir Bhutto. In the frenzy that followed her killing 19 locomotives, 300 coaches, 500 Freight wagons and 21 stations were burnt and destroyed in Sindh. The Pakistan Railways has never recovered from that destruction.**

**6. HISTORY OF FREQUENT MEDDLING WITH STRUCTURE OF PAKISTAN RAILWAYS BOARD
(Main Cause for Sinking of Railways)**

- 6.1 Since performance of railways was continuously declining due to various reasons stated above, the “elite” service group saw an opportunity to grab the post of Secretary/Chairman Railways! They managed a decision that Government may appoint Chairman Railway Board by selection among the officers of Federal Govt. or officers from Railways.
- 6.2 For the past 24 years 21 Chairmen have been posted as Secretary / Chairmen Railways but none from Railways! The result was that by the time a Chairman could differentiate between 7 Up and 6 Dn he was replaced by another novice to start all over again!
- 6.3 Unfortunately none of the repeated restructuring could make any dent in the constantly declining performance and financial health of Pakistan Railways.
- 6.4 **This raises a question whether Organizational structure was the problem or roots of the problems were somewhere else and the so-called “experts” were wrongly trying to solve it through re-structuring.**
- 6.5 With the same organizational set-up the railways continued to throw-up a profit as late as 1972-73 – which proves that there was nothing wrong with its organizational set-up. What went wrong then?
- 6.6 It is just like treating a patient suffering from malnutrition and the surgeons resorting to MRIs of head and frequent brain surgeries!
- 6.7 Following history, especially the frequency of restructuring Railways Board, clearly indicates that so called “experts” were themselves not sure what to do! They did not have the vision to see across the border where Indian Railways are still working with the same structure of Railway Board since 1947 and earning profit.

**1- 20.8.1959 Railway Board Ordinance
(M. Ayyub Khan)**

- Total Members=3
- 1-Member Transportation & Commercial (MT).
 - 2-Member Engineering (ME).
 - 3-Member Finance (MF).
 - Chairman (CM) to be from 1 & 2 above.

(Chairman a Railway Professional).

2- 1962

PRESIDENT'S ORDER NO. 33 OF 1962

(M Ayyub Khan)
(Creation of PWR and PER)

Total Members=4

1- Chairman ex-officio Secretary

2- Vice-Chairman

3-Member T & C (MT)

4-Member Finance (MF)

(One out of 1 & 2 to be Mechanical Engineer)

(Chairman a Railway Professional)

3- 20.9.1963

ORGANIZATION ORDER NO 1

Total Members=4 (as above)

(Extract from above organization order)

The Board is “The highest technical Authority for Evaluation and determination of all technical problems connected with the working of the Pakistan Western Railway. The nature of problems arising on the railway is diverse and highly technical. Four to five specialized engineering fields are involved apart from the distinct and exclusive transportation, commercial and rating problems peculiar to railway working. Moreover, the commercial nature of railway operations has moulded its financial and accounting system and sets it apart from the system followed in other spheres of Government activities.”

4- 1970

DISSOLUTION OF ONE UNIT

Total Members=4

1962 Board continue

(Chairman a Railway Professional)

5- 30.8.1974

**BIFURCATION OF MIN. OF COMMUNICATION AND
MIN. OF RAILWAYS**

6- 1978

ORDINANCE TO AMEND RAILWAY ORDER 1962

(Fazal Ilahi Chaudhry)

Total Members=5

1- Chairman ex-officio Secretary

2-Member Civil Engg. (MC)

3- Member Mechanical Engg. (MME)

4-Member T & C (MT)

5-Member Finance (MF)

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(Chairman to be one of 2, 3 & 4)

(Chairman a Railway Professional)

7-15.3.1982 **PO 95 of 1982** (Zia ul Haq)

Total Members=5 1-Merging of Railway Board (Lahore) and MOR

2- Chairman (Railway man) to be Ex-Officio Secy. Railways.

(Board as in 6 above continues)

8- 15.11.1990 **FUNCTIONS AND RESPONSIBILITIES OF RAILWAY BOARD**

Total Members=5 Chairman as ex-officio secretary.

Same Board as 6-above

(Chairman a Railway Professional)

“The Board enjoys all the powers of the Federal Government under the Railway Act 1890 (IX of 1890)”

9- 14.10.1993 ORDINANCE (Wasim Sajjad Actg. President)

Federal Govt. to appoint CM Rly Board by selection among the officers of Federal Govt. or officers from Railways.

First Non-professional DMG Secretary / Chairman posted on 20.12.1990

(Not a single Chairman was ever selected from Railways after 1990!)

10- 20.10.1997 SEGREGATION OF MOR & RAILWAY BOARD AND ITS LOCATION BACK TO LAHORE.

11- 28.1.1998 ORDINANCE (M Rafiq Tarar)

Total Members=6 **(NOT A SINGLE TECHNICAL MEMBER! See how complex and highly technical duties Board Members had to perform!– ref: Notification of 15.11.1990**

1- Secretary to be Ex-Officio Chairman.

2-4- Members from Private sector=3 (Part time)

5- GM Railways

6- Member Finance (MF)

12- 21.2.2000 RAILWAY BOARD RE-MERGED WITH MOR AT ISLAMABAD.

13- 22.4.2000 ORDINANCE. (M Rafiq Tarar / Musharaf)

Total Members=18

- 1- Secretary MOR-----CM
- 2- Secretary M/O Communication
- 3- Secretary Defence
- 4- Secretary Finance
- 5- Secretary P & D
- 6- GM Operations RLY
- 7- GM (Material & Services)
- 8- AGM Infrastructure Rly
- 9- AGM Passenger Rly
- 10- AGM Freight
- 11- Member Finance (MF)
- 12-14- Private Sector =3
- 15-18- Provincial Reps (Co-opted members)=4

Plus an Executive Committee for day-to-day decisions, comprising:

- 1- Secy MOR / CM
- 2- GM Rlys.
- 3- GM (Material & Services)
- 4- Member Finance (MF)

Decisions to be approved by Railway Board later!

COULD A BOARD OF 18-MEMBERS EVER MEET FOR DAY-TO-DAY AND URGENT DECISIONS OF HIGHLY TECHNICAL AND COMPLEX NATURE?

14- 6.11.2002 ORDINANCE (Pervaiz Musharaf)

Total Members=10 **(No Senior Technical Officer from Railways)**

1. Secy. Rlys./ Chairman
2. Secy. MO Communications
3. Secy. Finance
4. Secy. P & D
5. GM Operations
6. GM (Material & Services)

7. Member Finance (MF)

8-10. Private Sector=3

- 6.8 The greatest tragedy is that at present, Railway Board does not exist in any form. Secretary / Chairman has no senior technical member to advise him in the highly complex and technical affairs assigned to Board. It is a one-man show in which all decision making has been hijacked by the Politicians and even the Chairman is left helpless. Policy making and future planning is no longer based on the technical needs of the Railway but on the whims of Politicians instead that is totally illegal and fatal for Railways. The Country got rid of dictators, but not the Railways. It is being run (or mis-run) on the whims of a single non-professional non-technical person. This system is liable to impair the sense of responsibility, crush initiative, check progress and delay business to an extent, which is fatal to any commercial enterprise.
- 6.9 If you try to run Railways like Auqaf department, result is before everyone: a department full of dead locomotives and dying infrastructure. Build tombs and we'll have a full-fledged Railway Auqaf department at our hands.
- 6.10 Interference from the MOR in day to day working of railways must be stopped. Frequent visits by the Minister and Chairman to the Railways Head Quarter should stop so that the officers are left alone to concentrate on their jobs instead of preparing frivolous Briefs and Presentations to justify their visits to Lahore.

7. RAILWAY BOARD HEADED BY NON-PROFESSIONALS

- 7.1 Frequent restructuring of Railway Board headed by non-professional and non-technical Chairmen has been the major cause of continuous decline of Railways. Railway board comprised of a Railway man as Chairman assisted by 3 highly experienced and senior technical Railway officers as members of the Board. Lately, since 1990, not only the Chairmen posted were non-professional but at times there was not a single technical member in the Board! The result is obvious.
- 7.2 It is a pity that the Chairmen were posted from such organizations whose own departments are in shambles! If they could not manage their own departments for which they had (presumably) the expertise, how could they manage a highly technical and multi-disciplined department? They could-never command loyalty and respect from the railways people!
- 7.3 Indian Railways is still continuing with the pre-1947 Railway Board with a Railway man as its Chairman / Secretary. That is the only railway in black. There was no reason to try restructuring the Pakistan Railways Board again and again.
- 7.4 Ministry of Railways and Railway Board were merged. (Presidents Directive 95 of 1982) Board moved to Islamabad. Chairman was given the status of Ex-officio Secretary to Govt. of Pakistan.
- 7.5 ***A clear directive was given to the Railway Board to draft an ordinance to clothe the reconstituted arrangement with legality. This directive has not been complied with so far.***
- 7.6 21-officers of Federal Government (other than Railway man), including officers from DMG, Customs, Police and Army etc. were posted as Secretary / Chairman since 1990 without any legal cover, in contravention to the provisions of the Presidential Ordinance-33 of 1962 as amended in 1978 which is the last legislation in the field.

7.7 The posting of Secretary / Chairman Railway Board from all possible services except Railways has failed to bring about any improvement in the Railways but has, on the other hand, brought the Railways to the brink of total collapse. It is high time, further experimentation is stopped. We must go back to the original shape of Railway Board with a Railway man as Chairman / Ex-Officio Secretary. There was no reason to try restructuring the Board again and again.

8. DECLINING SHARE OF PAKISTAN RAILWAYS IN TRANSPORT SECTOR

8.1 Pakistan Railways till 70s was the major carrier for freight and passenger traffic. Since road network had not developed, Railways ran long distance as well as short distance branch line trains. Consequently the government allocated major share of outlay in the transport sector for railways development. Till 1971-72 PR continued to make profit. However, with government shift towards roads, the railways share in the transport sector was gradually and sharply reduced.

8.2 PR began to regress with the establishment of NLC. GOP also preferred NLC and even long distance bulk traffic was assigned to NLC rather than Railways though the later had the capacity to move a large share of the freight traffic.

8.3 Following table shows how the allocations to Railways were reduced adversely affecting the condition of its important assets

(Rupees in Billions)

Description	Plan size	Transport sector	Rail Share	Road share %	Rail Share %
1st Plan 1950-55	4.860	0.928	0.478	24.5	51.50
2 nd Plan 1955-60	10.600	1.500	1.138	21.1	75.90
3 rd Plan 1960-65	13.200	2.060	1.150	35.6	55.80
4th Plan 1970-78	75.540	13.6	2.923	46.0	21.40
5 th Plan 1978-83	153.21	31.156	5.566	38.0	17.90
6 th Plan 1983-88	279.00	32.366	7.400	36.6	23.00
7 th Plan 1988-93	350.00	39.130	8.485	53.1	21.7
8 th Plan 1993-98	752.00	130.57	11.5	57.2	8.80

8.4 Inadequate allocations made for Railways were not utilized judiciously. Funds were squandered away on mega projects (not urgently required by Railways) thereby completely starving the critical sectors. Again the result of a non-existent / non-technical Railway Board.

9. RESULTANT CONDITION OF ASSETS

9.1 Inadequate allocations to Railways persistently over the years resulted in fast deterioration of railway assets, which could not be replaced or rehabilitated. This was one of the main reasons for continuously deteriorating performance of railways. Following table shows the result

PAKISTAN RAILWAYS – ASSETS (JUNE 2014)

Description	Total	Overage	% Of Overage
D.E. Locomotives	520	302	58
Passenger Coaches	1763	1100	55
Freight Wagons	21175	9757	46
Track Kilometers	9027	6179	68

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Bridges	13841	6179	64
Signaling & Telecommunications	Obsolete		90
Machinery			60

10. LOPSIDED PRIORITIES OF PROJECTS

10.1 In absence of proper Railway Board headed by a Railway man, heavy investments are made on projects having no co-relation with other essential projects without which overall system efficiency can not improve. People having little knowledge of historical working of railways make investments decisions on personal whims. Even full service life of an officer is not enough to acquire complete knowledge of working of different departments of railways. Non-professional chairmen consider themselves to be more knowledgeable and competent than all the senior technical railways officers put together! So whatever funds were allocated to railways were not invested at the right places.

11. WATERTIGHT DEPARTMENTALISM

11.1 Unfortunately the railway people work in watertight departments. Civil, Mechanical and Signal engineering departments strive to push their development projects: firstly to improve the working of their departments to avoid any criticism for detention to trains etc. and secondly for other obvious reasons. There is no coordination at any level to critically analyze as to how these projects will affect the overall efficiency of the railway system.

11.2 PC-1s are accordingly made in isolation without any consideration to their relevance and contribution to over all performance level of railways. Even at highest level, no meaningful analysis is done to ensure that all departments are upgraded to the optimal and same level to ensure maximum overall financial and operational benefits with minimum investment!

12. PACKAGING OF PROJECTS

12.1 A fully technical Railway Board headed by a railway man having life long knowledge of the weaknesses and strengths of various sectors and officers of railways can ensure balanced investments.

12.2 Instead of executing the projects department wise, most effective mix of projects has to be worked-out and followed as a policy. Only such packages can improve working of all departments and overall improvement in railway operations.

13. REVIEW OF ONGOING / SANCTIONED PROJECTS

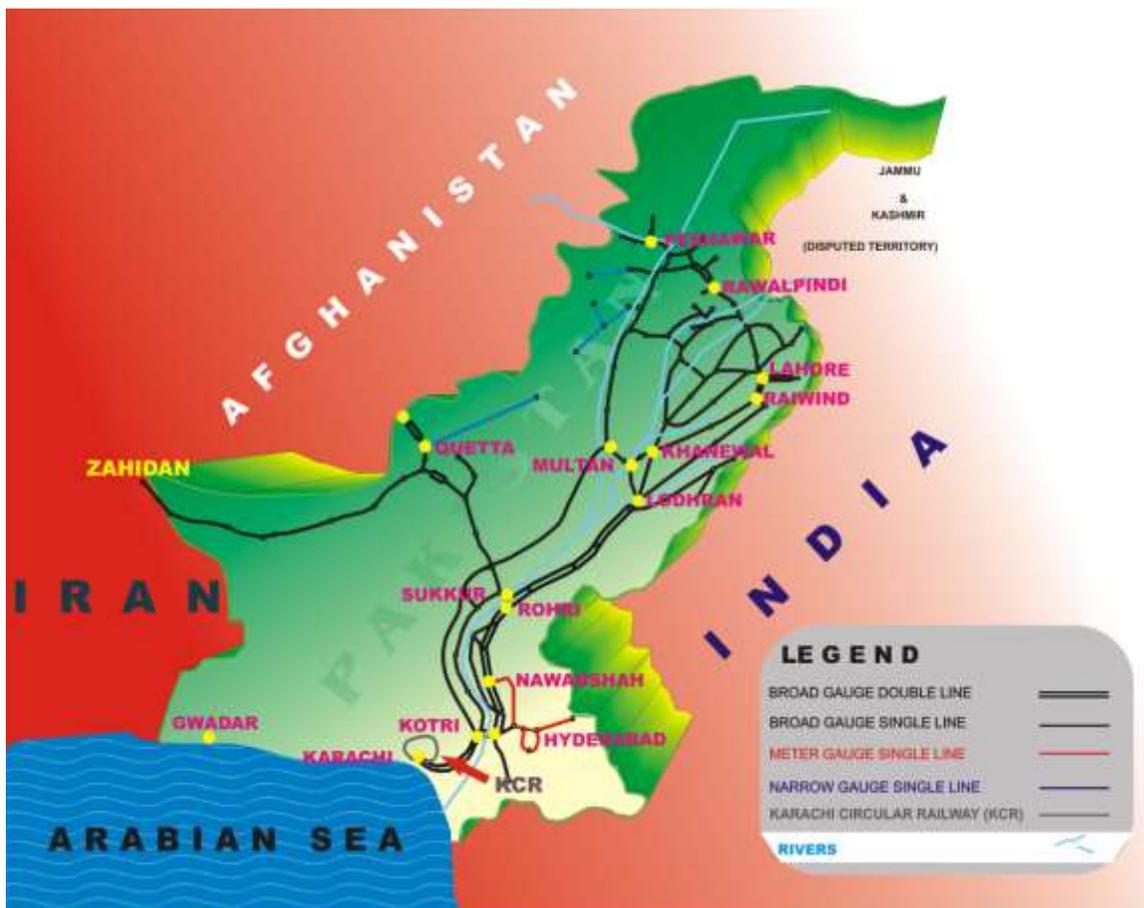
13.1 Frequently railway projects take long to complete due to different reasons. One main reason has been reduction in allocated funds by Ministry of Finance. This situation must be avoided and funds according to sanctioned PC-1 must be released well in time. However when this is inevitable, the Board must review the mix of projects and re-assign priorities to those projects which are more critical for Railways.

13.2 No honest appraisal of completed projects is carried-out to learn lesson from failure of the completed projects.

14. COMMENTS ON 3-MEGA PROJECTS

A. DOUBLING OF TRACK FROM SHER SHAH TO RAIWIND

- 14.1 On account of poor performance especially delays in passenger carrying trains the Public, the media and everyone wrongly believed that it was on account of single railway track from Lodhran to Raiwind.
- 14.2 If you look at the rail track map, there is double track from Karachi to Lodhran. Traffic after Lodhran is distributed in 3 directions. Lodhran to Raiwind via pakpattan and Kasur, Lodhran to Khanewal and lodhran to Khanewal via Shershah and Multan. From Shershah some traffic is diverted towards Kundian, Mianwali and Attock. From Khanewal some traffic gets diverted towards Faisalabad. So density of traffic beyond Lodhran gets distributed in many directions.



- 14.3 Railways carried record freight traffic of **9.375 Billion ton kilometers** in 1978-79 and **20.373 Billion Passenger kilometers** in 1989-90 with this very single track with low powered slow speed locomotives including steam locomotive requiring watering etc. every 100 miles, changing locomotives at different point's enroute, old and manual rather antique signal and communications systems. A few diesel locomotives available were also of 1800 HP. In the year

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2002 and 2005 when double track from Lodhran to Raiwind was approved, the railways was carrying much less traffic with high powered locomotives going through between Lahore and Karachi, much improved signalling and Tele-communication systems and modern brake system fitted on rolling stock permitting higher speeds.

See the comparison:

Year	1978-79	2005 -06	2012-13
Freight traffic (Billion TKMs)	9.37	4.77	0.42
Passenger traffic (Billion PKM)	16.71	21.99	17.39
Number of Freight trains run	91,303	16,224	1,414
Number of Passenger trains run	151,620	86,077	33,368

Interesting Conclusions can be drawn from the above statistics.

- 14.4 World Bank and other donor agencies analysed the then sectional capacity and were strongly against heavy investment on doubling the track, as sufficient capacity was available. World Bank was vehemently pursuing the policy of PPP (Public Private Participation) for allowing private trains on Pakistan Railways network where sufficient spare capacity was available (on single track). Otherwise they would have advised to build-up extra capacity before implementing PPP.
- 14.5 The Pakistan Railways in 2003-04 was running over 220 Passenger and over 80 Freight trains daily on the network without any major problems. Now when the Pakistan Railways is running about 65 passenger trains and hardly any freight train, it is going full blast for doubling of track from Lodhran to Raiwind and from Shahdara to Lala Musa!! This is sheer wastage of funds which should have been used for improving the condition of locomotives, rolling stock, track and other assets. It's an irony and a big joke that the track has been doubled but no provision had been made for the Signalling Equipment for Double Track.
- 14.6 It is the responsibility of commercial and operating department of railways to workout the traffic forecast for years to come and see if the required number of trains can be run on the existing system with the available rolling stock. Demand of double track or extra rolling stock should come from the Operations Wing, which runs trains, if it feels the pinch of Line Capacity due to Single Track.

The Doubling of track project from Khanewal to Raiwind, in my opinion was Pakistan Railways' most unproductive project! *

- 14.7 Alternate routes, prime among them being the line along the Right Bank of the Indus from Kotri and the Lodhran-Pakpattan-Kasur-Raiwind Line, instead, should have been developed properly to take care of any additional traffic in the near future. Higher speed trains on Lodhran Pakpattan Kasur Raiwind section could have served the travelling needs of a large population in this area.
- 14.8 Doubling the track is not only capital intensive but also needs substantial funds every year to maintain it. In order to avoid this heavy extra expenditure, international experts recommended following alternate and more economical measures to increase systems' capacity:
1. Increase the size of trains.
 2. Rolling stock should be fitted with modern and more efficient braking system allowing higher speeds.

3. High capacity high-speed freight wagons be utilized.
4. Increase speed of trains.

* Excerpt from a paper by a genius and expert on Railway operations, Mr. Iqbal Samad Khan, former Chief Operating Superintendent and General Manager Pakistan Railways.

5. Length of block sections be reduced where necessary.
 6. Signaling and telecommunication systems be improved.
 7. Introduce electrification.
- 14.9 People who knew all this and its financial implications (Capital investment and heavy extra yearly maintenance cost) termed the project as the **last nail in Railways coffin!** They were so very right.
- 14.10 **So! Now we have double track. Hope all are happy. We have the double track but no trains!**
- 14.11 Railways used to run 13 to 14 freight trains daily from Karachi. Till recent past, not a single freight train was running from Karachi because of non-availability of Locomotives. (Hats off to planning!)
- 14.12 Railways will neither be able to have proper return on the investment nor will they be able to generate substantial extra revenues (**assignable to double track**) to off-set the extra yearly maintenance cost. **THIS PROJECT IS LIKE A BOTTOM-LESS PIT.**

Some Data about double track: KHANEWAL TO RAIWIND

Total distance from Khanewal to Raiwind	266 km
Total cost of doubling of track.	Rs. 8.32 Billion
Total cost of new signaling system.	\$ 129.5 Million
Maintenance cost of single track.	Rs. 3.6 Million/km
Maintenance cost of double track.	Rs. 7.2 Million/km
Extra maintenance cost	3.6X 266= Rs. 957 Million/Year
Interest on Capital says at 5%	Rs. 416 Million /Year
Total Extra burden on Railways	Rs. 1.37 Billion /year

Note: Costs of Rs. 3.678 Billion incurred on doubling of track from **Lodhran to Khanewal via Multan** has not been included in above figures.

- 14.13 So this will be extra perpetual yearly drain on Railway revenues thereby increasing losses and the state Bank's Overdraft.
- 14.14 Capital and Maintenance intensive projects like doubling of track must be undertaken only if absolutely essential and when all other capacity generating measures have been exhausted.

Further tragedies.

The doubling of track also resulted in:

- 1- Uprooting of infrastructure of Electric Traction. While the whole world is gradually increasing electric traction, instead of further extending electric traction, our *Experts* decided to do away with what ever we had!
- 2- Entire signaling system on the section had to be replaced at a cost of \$ 130 million. This was not included in the PC-1 for double track. The new system is not likely to be completed before 2016 and the trains, which were losing 20 minutes at an average per train from Multan to Lahore due to single track, are now losing about 35 minutes on double track!

(Proper planning would have ensured simultaneous execution and completion of interrelated projects.)

B. IMPORT OF NON-STANDARD LOCOMOTIVES

- 14.15 In early eighties Pakistan Railways had 19-different makes of locomotives. Maintaining adequate inventory of even important spare parts for so many types of locomotives was impossible due to paucity of funds. It was, therefore, decided to minimize the types of locomotives. A number of obsolete type's locomotives were thus gradually eliminated. Idea was to standardize and restrict the types of locomotives to 2 or 3 for economical maintenance and for better reliability. This policy continued for some time and the Railways standardized two makes of diesel engines viz GE / USA and GM/USA. These were and are state of the art engines and their worldwide population was more than any other make. A large number of manufacturers were in the market to supply spare parts for these engines and, therefore, tough competition kept the prices of spares down.
- 14.16 However Political and non-professional top administration scrapped this policy and non-standard locomotives were imported on account of other considerations completely ignoring the havoc this would create in times to come!

PERFORMANCE OF THESE LOCOMOTIVES

- 14.17 Classic example is that of 69-locomotives imported in 2003 at a cost of \$ 93 million (fob). Railways were faced with a monopoly situation for import of their spare parts and had to pay exorbitant prices. Their reliability was also poor and the entire fleet was grounded after 5 years service. (Standard locomotives give a service of 20 to 30 years) So cheaper locomotives in the beginning ultimately proved to be most expensive in the long run. Grounding of such a large fleet also brought the railways to almost a grinding halt upsetting all revenue and operating targets.
- 14.18 There is other side of story also. While Chinese locomotives are performing well in China, why did they fail so miserably within a short span of time in Pakistan? It is alleged that important spare parts like air and oil filters were not imported for timely replacement thereby ruining the diesel engines? The case needs a thorough probe to arrive at any conclusion. (may have political undercurrents.) Either the people who imported sub-standard locomotives or the ones who failed to maintain these must be made accountable.

- 14.19 58-more locomotives are being currently imported with yet another make of diesel engine. The “Caterpillar” engines fitted on these locomotives are of highest international standard. However firstly these are high rpm engines (1800) as against railways standard of 900 to 1000 rpm and, therefore, would be comparatively uneconomical to maintain and operate. These are best suited for earth moving machinery and stationary applications. Secondly the railways have to maintain spare parts inventory for these engines also needing extra funds. Railways had a bitter experience of trying out 10-French (Pielstik) engines with 1500 r. p. m. These could not be maintained and had to be thrown-out and replaced with standard engines. How will railways manage 1800-r. p. m. engines? No one wants to learn any lessons from the past!
- 14.20 **Locomotive and railways track specifications once considered rather sacrosanct were rarely amended. Now not only specifications are changed to suit certain suppliers but tender documents are also tailor made for certain bidders.**

IMPACT OF NEW TYPES OF ENGINES ON THE MAINTENANCE OF EXISTING LOCOMOTIVES.

- 14.21 Railways never got enough funds for spares for maintaining existing classes of locomotives. Thrusting a new class of engine on railways, every time a new batch of locomotives is imported, will make things worst. Locomotives availability for traffic will suffer if spares for all classes of engines are not available.
- 14.22 PIA has short listed only two types of planes, Boeing and Airbus. Why can't Pakistan Railways standardize two types of reliable engines?
- 14.23 Government should give cash allocation of foreign exchange for purchase of locomotives to avoid compromising on technical specifications dictated by loan conditions set by donors.

C. PROCUREMENT OF 40-POWER VANS BY PR AT EXORBITANT RATES.

- 14.24 Hard earned tax payer's money went down the drain by procuring 40-power vans by Pakistan Railways at exorbitant rates as shown below:

- Rate of Imported Power Van (fob) Rs. 120 Million
- Total value for 40-Power Vans **Rs. 4800 Million**

PR could have saved **Rs. 4000 Million** as under:

- Installing brand new imported Gen sets Rs. 15.4 million / set*
- Refurbishing the existing coaches Rs. 4.6 million / coach
- Total cost per power van Rs. 20.00 million
- Total for 40 Power Vans **Rs. 800.00 million**

* Set comprises 2-main and one small generating sets.

This could have saved Rs. 4000 M for already financially doomed Railways.

15. ROLE OF PLANNING DIVISION

- 15.1 Procedure for preparation of PC-1 itself is quite lengthy but their approval by Planning Commission is very time consuming and at times quite frustrating. Autocratic attitude of Planning Commission with its “Veto” powers and complete ignorance of its Bigwigs about

Mid Term Symposium on Means of Transportation – Present and Future

railways and the importance and urgency of railways development projects has caused great set-back to Railways. If one important project is not approved, the benefit of investments in other related projects is greatly reduced.

- 15.2 Planning Commission failed to carry-out economic analysis of the PC-1s submitted, using modern techniques with the result that most productive projects were vetoed while projects based on inaccurate and presumed figures were cleared. (e. g. approval of projects for double track).
- 15.3 In 1994-96 Government was actively considering setting-up of IPPs. A heavy quantity of oil was to be supplied to these power plants. Pakistan Railways visualized the golden opportunity for turning around the loss making organization.
- 15.4 At the same time World Bank and Pakistan Railways were actively pursuing PPP (Public Private Partnership) as part of Privatization policy, for introduction of RECOs (a generic name for Rail Equipment Companies). RECOs were to bring their own private trains, run them on PR network utilizing spare system capacity and pay substantial amount to Railways as “Track Access Charges.”
- 15.5 PR made out PC-1 for manufacture of 550 “high capacity-high speed” tank wagons for transporting the extra oil.
- 15.6 Planning Division “Vetoed” it on the ground that upcoming RECOs would bring their own tank wagons for this traffic. Hectic and repeated efforts were made to convince them that firstly RECOs were still uncertain and, if at all they materialized, PR would either sell or lease the tank wagons to them, as they would not be able to get tank wagons right away. Thirdly PR needed 3000 such wagons to replace obsolete, slow speed, maintenance intensive low haulage 2-axle wagons. No Way. The fat additional secretary would not move. VETOED! ----- **RECOs never materialized. Railways lost a golden opportunity of turning around.**
- 15.7 After 18-years, Pakistan Railways is now procuring 300 such wagons to be in service by 2016:
- | | |
|---------------------------|--------------|
| Capacity to transport oil | 1.134 tonnes |
|---------------------------|--------------|
- Will generate 1.226 Billion Tonne / Kms / year
 - Will earn revenue of Rs.2.696 Billion / year
- 15.8 **Had Planning Division agreed to the proposal, Railways would have earned about Rs. 18x5=90 billions in the past 18 years.** (5 billion earning capacity of 550 at the above rate for 300 H C wagons). However the Additional Secretary outweighed Rs. 90 billion railways revenues eventually going to GOP thereby cutting the losses of railways and may be reduction in taxpayers’ agony!

Railways is dead-long live Planning Division!

- 15.9 **Indian Prime Minister Mr. Narendra Modi, during his Independence Day speech on 15th August 2014, said that he found that Planning Commission was a big impediment in accelerated development of the country and, therefore, he was going to abolish it!**

16. ROLE OF FINANCE DIVISION

- 16.1 Similarly all issues including development projects are delayed for seeking approval of Ministry of Finance even for minor issues. Ministry of Railways is the only ministry having a full-fledged Member Finance. Idea obviously was that due to peculiar nature of working, the railways couldn’t afford delays for referring each and every case to Finance. Member Finance was thus

fully authorized to act on behalf of MOF. This situation no more exists. Now many issues have to go through 2-steps, first through Member Finance and then MOF. Double delays!

17. ROLE OF ESTABLISHMENT DIVISION

17.1 During good old days, Railway Board had full authority to deal with all establishment matters pertaining to railways (Except postings of officers in highest grades). These powers were also withdrawn and given to Establishment Division thereby treating railways at par with other government departments. All these steps were totally against the basic philosophy of having a fully authoritative Railway Board for efficient railway operations.

17.2 In 1990 Management Services Division, on the recommendation of World Bank, conducted a study. The recommendations included:

1- ***The Board may be headed by Railway man.***

2- ***The Board may be delegated full powers and responsibility in Financial, establishment and operational matters in managing railways. Prior approval of Government may be sought in Policy matters only.***

18. ROLE OF POLITICIANS

18.1 It is the normal function of railways administration to work out yearly revenue funds requirement for day-to-day operations and Capital funds for 5-year plans. PC1s are accordingly made out for projects pertaining to different viz, Civil, Mechanical, Signal and telecommunication departments etc. The PC1s are then scrutinized and approved by the concerned authorities.

18.2 However in many cases, this heavy burden is taken over by politicians concerned, and with the expertise they acquire by interaction with trading companies representing big foreign manufacturers, decide what is best for Railways! Non-professional top men, who are posted in Railways for short periods, either join hands or have little knowledge about the possible consequences. In any case they couldn't care least!

19. ROLE OF TRADING HOUSES

19.1 Trading houses representing big foreign manufacturers took the already rampant corruption especially at the top, to new heights. They convince the politicians and the top management what is best for railways. Railway administration is ordered to submit PCIs urgently. (Railways administration has been reduced to a PC-1 churning out machine) They get their projects approved and executed. They even manage to get the specifications and tender documents altered to suit their principals! Frequently value of such projects is unnecessarily inflated for personal gains. Railway people involved follow the line completely ignoring the fact that loans for financing these huge projects have to be returned with interest. Also unnecessarily high investment will reduce the return on investment or IRR.

20. ROLE OF RAILWAY OFFICERS

20.1 Officers also contributed their share in the downfall of railways. Due to prevailing circumstances explained above, most of them became silent spectators or became yes men. Officers who dared to differ or gave their honest opinion were snubbed, insulted, or transferred to

Mid Term Symposium on Means of Transportation – Present and Future

unimportant posts or far flung places. (One most sensible and experienced Director planning was sent home!) Even bold officers, therefore, choose to keep quiet to avoid insults.

- 20.2 Railways used to be one of most prestigious organization. The pay scales, attached perks and romance attached to rail travel were great incentives for technical people to join it. This used to be first choice of Engineers seeking employment in public sector. Only the best engineers joined the department after tough competition through CES. Times have changed. Private sector with lucrative salaries attracts the competent engineers and supervisors. On the other hand railways has lost all its charm. The quality of officers and staff joining railways is, therefore, not the same as it used to be. This has naturally affected the railway planning and operations.
- 20.3 Re-motivating the demoralized officers and work force is an uphill task. It is however possible only if top administration is honest and loyal to railways and can infuse confidence in the employees that the department is being managed by senior technical people having life long experience of railways and not by an alien officer from another department having no knowledge of railways.
- 20.4 At times officers devoid of any sense of proportion are assigned to important posts. At one time (2004-09) when sufficient locomotives were available for traffic, the top man decided to assign maximum and best locomotives to passenger traffic in an effort to establish an all time passenger traffic record ignoring freight traffic. His mission should have been to strike a balance between passenger and freight traffic to generate maximum revenues. (What was Board specially Member Finance doing?)
- 20.5 Railway Officers are mostly self-centered and live in a confined shell. They don't socialize or maintain contacts with other relevant agencies in their field of activities or higher level of policy makers. They also failed to interact with policy makers, media and public at large to disseminate information about their achievements, future plans and real problems faced by the organization. They could have used the forums of media (TV and Print), professional bodies e.g. Engineering Congress and CILT (Chartered Institute of Logistics and Transport) etc. for this purpose. Holding short but regular seminars inviting media, policy makers, politicians and representatives from general public would have helped. Their education would have avoided unnecessary criticism and would have dispelled wrong notions about railway working. The false myths, like doubling of track being the only major problem, could have been dispelled in time.
- 20.6 Publicity and Public relations department of Railways has also been very ineffective in this respect.
- 20.7 The marketing efforts were too bureaucratic, lethargic and half-hearted. The officers failed to come-up with innovative ideas to face the new challenges and make efforts to discourage customers from going away to alternate modes of transport.
- 20.8 The Railway Board/MOR failed to forcefully plead the case of Railways for allocation of needed funds and to get a policy decision so that all the bulk Govt. traffic e.g. wheat, fertilizer and oil products etc. should have moved by train when railways had the spare capacity.

21. ROLE OF MEDIA

Media, over the years, have become very strong, effective and efficient. They dig out required information very promptly and come-up with facts for information of general public. There are many competent "Abbasies" doing Investigative Reporting. The media should have created a strong Investigating Cell, individually or collectively, to look into the real reasons of "Fall of National Empires" like PIA, Steel Mill, Pakistan Railways and Power sector etc. to highlight real issues and suggest remedies. Since serving officers don't have enough guts to disagree with higher bosses or politicians

for obvious reasons, the Media could have played an important role. They could have used expertise of retired officers and subject specialists from the private sector for this purpose.

22. INCOMPETENT AND DEMORALIZED HUMAN RESOURCES

- 22.1 Railway men, officers, supervisors and labour alike used to be an excellent workforce far superior in every respect compared to other Govt. departments. This once prestigious organization with all its salaries, perks and romance attached to railways travel attracted and recruited only the best.
- 22.2 They are still capable of turning dreams into realities. But alas! Their dreams have been shattered due to rampant corruption at every, especially at the highest level. Huge investments are made on projects not urgently required by railways. No one is sincere for betterment of railways. What future one can expect for railways when the PM of the country says that it does not matter if the railway is going down because there are countries without railways and the railways minister says people should travel by buses if there are no trains!
- 22.3 Railway men thus lost all hopes that some competent top management would sincerely manage the railways ignoring all other pressures. They were heartbroken. Their ambitions, their hopes and their dreams gradually evaporated in thin air like a dwindling flame of an earthen "Diya" with last drops of oil! The staff, officers and supervisors, therefore, also started taking things easy. This also contributed to decline of railways.
- 22.4 There are a large number of examples of how railway men achieved unattainable goals which could be termed close to miracles!
- 22.5 Railways need fully qualified, trained and dedicated work force for maintenance of highly complicated and delicate assets such as locomotives and signalling systems etc. Recruitments of skilled staff on the bases of lists received from politicians rather than merit is another reason for poor maintenance and upkeep of railways assets. At one time, out of 500 locomotives, only 170 were available for traffic. Even the locomotives overhauled with expensive new spare parts did not give the normal service and broke down prematurely.
- 22.6 No priority is given to training of modern management and financial techniques. Generally incompetent or unwanted officers are posted in training institutes. Quality of training thus suffers badly.

23. CORRUPTION

- 23.1 Just like all over the country rampant corruption prevails all over the railways but "Mother of all corruption" lies at the top.

23.2 Multi-million dollar investments on gigantic projects were squandered, on considerations other than improving the Railways' operations and its financial health. Leading trading firms influenced decision making, creating a culture of kickbacks with complete disregard to Railways' needs.

- 23.3 No one even talks about controlling it for unless top man sets an example, they have no moral ground to curb corruption lower down. One time a top man did serious efforts to curb corruption at lower level. Petty thieves were thrown out of service but the major dacoits were given lucrative assignments!

Mid Term Symposium on Means of Transportation – Present and Future

23.4 None of the famous mega corruption cases at national level could be finalized and are kept lingering. No one is punished. How can the railways be different? It is part of the same country and same society!

24. ELECTRIFICATION

24.1 PR has miserably failed to economically and efficiently maintain diesel locomotives. This has played havoc with railways operations and its financial health. The main reasons:

- Deteriorating caliber of officers, supervisors and skilled staff.
- Care free attitude.
- Lack of accountability.
- Use of substandard critical spares which not only fail prematurely but also damage the other very expensive components.
- Not following the manufacturer's maintenance instructions strictly.
- Running locomotives without clean air and oil filters.
- Use of dirty lubricating Oil.
- Discouraging local firms of repute to manufacture parts/electronic cards with a view to import these at a much higher price through local agents of foreign manufacturers!

24.2 The malpractices are so deep rooted that it is difficult to reverse these. The only remedies are:

1. **Electrification.** This should be done on top priority. Though capital intensive, it will be economical in the long run, as diesel engines will be eliminated and with these all the above anomalies. Saving in diesel oil expensive lub oil and imported spare parts will be more than enough to justify this and for setting-up power stations exclusively for Electrification.
2. **Introduction of PPP.** Private parties will maintain their own diesel locomotives. Depending on the experience, maintenance of Pakistan Railways diesel locomotives can also be entrusted to them.

25. PRIVATISATION

25.1 Pakistan Railways assets including locomotives and freight wagons were fast becoming overage / obsolete, as regular and timely funds were not provided for years together by successive governments to replace or maintain these in good order. Resultantly railways share in freight traffic was shrinking fast.

25.2 A stage had reached where it became apparent that Government would never be able to provide huge outlays for large-scale replacement / rehabilitation of aging assets.

25.3 It was, therefore, proposed by the World Bank who was funding a number of railways projects in 1994-96, to invite international private sector to bring their trains and run on Pakistan Railways

network which had sufficient spare capacity and pay Pakistan Railways “track access charges.” These charges would have been substantial and could not only cover the maintenance of main lines and other infrastructure where private trains would be operating but could also generate enough funds for taking care of other track etc. which were in poor shape.

- 25.4 It was considered to be a golden opportunity for Pakistan Railways to turn around and eventually get out of red! A lot of spadework was done in consultation with World Bank for formulating legal documents regarding terms and conditions, operating and maintenance manuals and working out “track access charges” for various commodities.
- 25.5 The policy had been discussed earlier in great details with all the stakeholders to take them all aboard. Government of Pakistan approved the policy. Twice two mega international consortiums, comprising major international banks and locomotive manufacturers participated in the tenders issued. Evaluation was taken over from railways and given to PPIB, who filed the tenders on both the occasions without assigning any reason (!)
- 25.6 Then the bad luck struck Pakistan Railways again! An attempt was made to divert a plane. The plane however landed safely but all hopes of Railways revival crashed! The new government, without going through the details of policy, shelved “Privatization of Railways.”
- 25.7 Actually ‘Privatization’ was a misnomer as neither any section of the railways nor any unit / factory was proposed to be privatized. It was actually “**PPP- Public Private Partnership,**” as explained above.
- 25.8 The Policy is still valid and this is the only way for Pakistan Railways to modernize and improve its financial health.

**26. PAKISTAN RAILWAYS — PRESENT
(Regretfully!)**

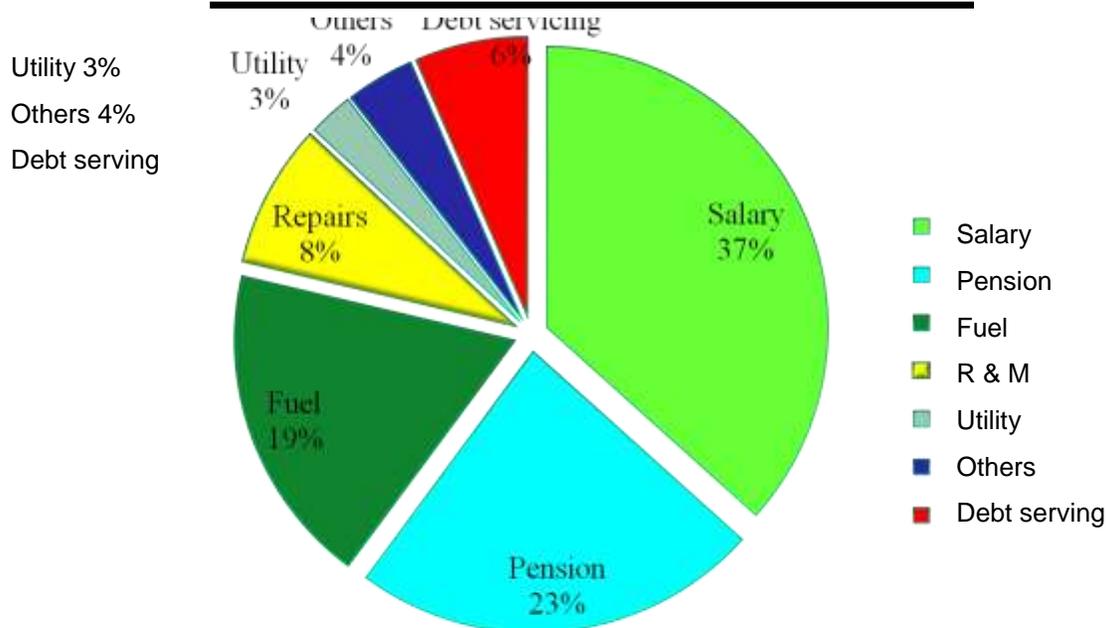
Revenue earnings.		Rs.	24.31 Billion
Expenditure.		Rs.	55.66 Billion
Deficit		Rs.	31 Billion
Debt.	Foreign	Rs.	21 Billion
	Domestic	Rs	34 Billion

TRAINS NOW

Trains	2008-09	2010-11	2011-12
Mail / Express	86	34	33
Intercity	140	70	34
Passenger	120	54	15
Mixed	92	36	9
International	12	6	5
Karachi shuttles	8	4	0
Total	458	204	96

Freight Trains from Karachi	Average / day
2008-09	7.8
2009-10	7.3
2010-11	3.9
2011-12	0.7

EXPENDITURE 2012-13



1

27. PAKISTAN RAILWAYS --- FUTURE (Hopefully!)

27.1 Future of Railways is linked with future of Pakistan and its national policies and planning. If the same culture of corruption and management by one man or by non-professionals persists, Railways have no future and the decline will continue. There is a saying ***“If you keep doing what you are doing, you will keep getting what you are getting!”*** However if the incumbent Government is serious to revive railways, they shall have to revert back to the well established and well tried out system of management of railways by railways professionals. Revival of Railways Board in its original shape with full authority is the only way out. The Board can then analyze the existing mess, look at various recommendations and options, prioritize, implement and monitor them effectively and efficiently on a regular bases.

27.2 Following Major Projects are in the pipeline which if executed as planned, (Except 3 & 6 which are superfluous for another decade) and after revival of Railway Board may greatly improve the working and financial health of Railways:

(Rs. Billion)

S. No.	Project	Capital Cost
1	Procurement of 58 locomotives	19.4
2	Procurement of 202 new passenger coaches	15.6
3	Doubling of track from Shahdara to Lalamusa	13.6
4	Procurement of 500 High Capacity Wagons and 40 Power Vans	12.0
5	Replacement of signaling system Lodhran to Shahdara	10.7

Mid Term Symposium on Means of Transportation – Present and Future

S. No.	Project	Capital Cost
6	Doubling of track from Shahdara to Faisalabad	10.3
7	Rehabilitation of track (Revenue)	9.4
8	Rehabilitation of Khanpur Lodhran Section	9.0
9	Rehabilitation of 27 HGMU 30 locomotives	5.1
10	Special repair to 150 locomotives	5.0
11	Procurement of 530 High Capacity Wagons	4.1

27.3 There are a number of other approved projects also. Total requirement is around Rs. 40 Billion. Pakistan Railways is also working on some dream project e.g. Kashmir Railway, Track from China to Gwader, Gwader to Karachi. *(Laikin yey kahani phir sahee!)*

28. PSO (PUBLIC SECTOR OBLIGATION)

28.1 The entire network from Ruk to Sibi and beyond all over QTA division was built after 1888 to safeguard the British Empire after the Afghan debacle, the Russian expansionist policy and feared German invasion via Turkey/Iran during WWI. Over 200 kms of track from RUK to Sibi was laid down in 101 days! This network is not commercially profitable. The Government should, therefore, pick-up the operational cost of this section as PSO in the beginning of the year and not as “Loss” at the end of financial year.

28.2 It is true for other commercially non-viable sections and trains also.

29. PENSIONS

29.1 All government servants are paid pensions by the Federal Govt. and not from the revenues of the department concerned – Finance Services, WAPDA, Armed Forces and the Education Departments to name a few. Why then Railway be singled out for this liability. As such pension liabilities should be taken over by the Government and the PR should start with a clean slate. It is unfair to add it to the losses of Railways.

30. RECOMMENDATIONS

30.1 A large number of recommendations are available in numerous reports by different consultants, presentations and working papers neatly stacked in cold storage. Problem is not dearth of right recommendations. It is the absence of a competent professional body to prioritize, implement and monitor the implementation of these recommendations. Unless Railway Board is revived with full authority, no positive result can be expected as we have seen in the past 24 years. Pursuing a long-term policy, once it is agreed, is a must. If the priority and policy is changed every time a non-professional chairman or government is changed, railways will continue to move in circles.

30.2 I am, therefore, giving most important recommendations first. Unless these are implemented other numerous recommendations will be of academic interest only.

MAIN RECOMMENDATIONS

1. Revive the original Railway Board with Railway Professional as its Chairman/Ex-Officio Secretary. (The system is working well on Indian Railways without any major restructuring since 1947)
2. Restore full autonomy to the Board.
3. Working of Planning Commission should be critically reviewed and completely overhauled. Their Veto powers must be withdrawn and there should be accountability for abnormal delays in processing the PC1s.
4. Professionally competent retired Pakistan Railways Officers can be co-opted for their valuable contribution based on their vast experience whenever needed. As these officers won't have anything at stake, they will be free to give their input without fear or favour of the Bigwigs.
5. The General Manager should be the CEO of the Railways for implementing the policies laid down by the Board and running the railways.
6. The Pakistan Railway's Officer Cadre is in need of savage down sizing owing to its heavily bloated nature. There is a galore of BS-21 Officers with hardly anything to do. The result is that each is busy jockeying into a position of greater authority. The Officers Cadre be trimmed to 1978-79 levels when the Pakistan Railways was carrying five times more Freight Traffic and three times the current Passenger Traffic. A lean mean and keen cadre will result in savings of Millions with improved productivity as a bonus.
7. A proper Research and Development Directorate should be set-up with competent and willing officers to man it. It should not be made a dumping ground for unwanted officers. This department should then be tasked with working out essentially needed improvements in the Pakistan Railways – Short term plus long Term. The Planning Directorate in the Ministry of Railways should then work in close collaboration with this Directorate.
8. The Freight Wagon two axle fleet of 1920 vintage needs to be done away with on a regular annual basis. The top of the line locomotives hauling these vintage wagons is akin to a Merc Prime mover hauling a tractor trolley. India went in for Central Buffer Couplers (CBC) way back in the mid 1990s. These CBCs have enabled Indian Railways to now have trains of 5000 Gross tones hauled by 6000 HP Locomotives. We on the other hand are limited to 2250 Gross Tonnes because of the ancient hook and chain coupling. Pakistan Railways needs to make a beginning in this direction straight away. Forty of these wagons with air brakes can be accommodated in the loops of most stations on the main line. These should then be put to haul bulk traffic in Unit Block Trains for maximum productivity. These should be subjected to preventive maintenance and should run non-stop with double sets of crews resting on the new Brake Vans (Cabooses) equipped with sleeping facilities. The average speeds of these trains will then match the average speed of stopping Mail and Express trains.
9. The passenger trains similarly should be run with 25 to 27 coaches to become money-spinners. Shatabdis on the IR now run with 27 coaches mostly. For this plans should be made in advance to lengthen the platforms instead of waking-up when the Media shows people rolling on the track ballast!!
10. Substantial additional allocations be made to Railways for improving the condition of its assets and replacing overage assets e.g. Locomotives, signalling wagons, coaches etc.

Mid Term Symposium on Means of Transportation – Present and Future

11. Substantial additional allocations be made to Railways for improving the condition of assets and replacing overage assets e.g. Locomotives, signalling etc.
12. Introduce Electric Traction, in phases, on top priority to drastically cut down maintenance costs and reliability of Locomotives.

OTHER RECOMMENDATIONS

13. Ensure judicious investment in different sectors for achieving maximum overall efficiency of the system with minimum investment.
14. Put a hold on expensive double track projects till these are analyzed realistically in detail. Double track projects completed earlier be evaluated to see if the benefits and IRR envisaged in PC-1 have been achieved. This will show the way forward. The fund saved may be re-appropriated to fund other essentially required projects like Signaling, Locomotive Rehabilitation and High speed High Capacity Freight wagons.
15. Exploit vast real state, especially in major cities, through joint ventures/ private partnership.
16. Pakistan Railways is the owner of thousand of tones of high grade steel scrap in the form of abandoned railway lines and wagon and coach axles and old steam locomotives. Hundreds of kilometers of track abandoned long ago on closed lines is rotting or is being gradually stolen away by the Re-rolling Mills mafia. With the Steel Mills almost at a stand still it is a golden opportunity for the Pakistan Railways to start its own Steel Re-rolling Mill or auction this golden junk on an as is where is basis in a transparent manner. This should bring in Billions for the cash strapped Pakistan Railways for buying much needed Freight Cars and Coaches.
17. A realistic Transport Policy by the government should ensure that Railways have the “first right of refusal” for all government traffic.
18. PSO (Public Sector Obligation) must be provided in the beginning of financial year rather than picking it up at the end of financial year in the shape of “Loss.”
19. Concentrate on intercity fast trains leaving short distance traffic to roads.
20. No new loss making train should be introduced unless PSO is agreed and paid in advance.
21. Revive Railways Account service.
22. Standardize Locomotives (and other major equipment e.g. power van generating sets, track machines etc.) PIA has standardized 2-types of planes i.e. Boeing and Airbus. Railways should also standardize 2 makes of well known internationally renowned diesel engines.
23. Replace obsolete 2-axle slow speed high maintenance freight wagons with fast high-speed high capacity wagons. This will have a great economic impact as:
 - i- Locomotives requirement will be reduced.
 - ii- Sectional capacity will be released saving expenditure on other capital-intensive measure e.g. doubling of track, modern signaling etc.
 - iii- Reduced transit time with improved reliability will induce confidence in rail traffic.
 - iv- Operating and maintenance costs of the wagons will reduce sharply.

24. Commercial and Marketing department should be completely re-organized based on modern techniques and trends to ensure aggressive and effective marketing.
25. Publicity and Public Relations department should also be made more effective.
26. Media should set up strong "Investigative Cell" (or cells) to come up with real problems and remedies for major national issues.

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