



AUDIT REPORT
ON
THE ACCOUNTS OF
PAKISTAN RAILWAYS
AUDIT YEAR 2024-25

AUDITOR-GENERAL OF PAKISTAN

SERVING THE NATION BY PROMOTING ACCOUNTABILITY, TRANSPARENCY AND GOOD
GOVERNANCE IN THE MANAGEMENT AND USE OF PUBLIC RESOURCES

FOR THE CITIZENS OF PAKISTAN.

PREFACE

Articles 169 and 170(2) of the Constitution of the Islamic Republic of Pakistan 1973, read with Sections 8, 12 and 15 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 require the Auditor-General of Pakistan to conduct audit of receipts and expenditure of Pakistan Railways and its subsidiaries.

This report is based on audit of the accounts of Pakistan Railways for the financial year 2023-24. Further, this report also includes observations pertaining to previous years which were observed during audit. The Directorate General of Audit Railways, Lahore conducted audit on test check basis during the year 2023-24 with a view to report significant findings to the stakeholders. The sectoral analysis has been added in this report covering strategic review and overall perspective of audit results. The main body of the Audit Report includes significant systemic issues and audit findings. Relatively less significant issues are listed as Memorandum for Departmental Accounts Committee (MFDAC) in **Annexure-1**. These shall be pursued with the Principal Accounting Officer at DAC level and in cases where the PAO does not initiate appropriate action, the audit observations shall be brought to the notice of Public Accounts Committee through next year's Audit Report.

Thematic Audit as an across audit concept, exploring freight management in Pakistan Railways, has been made part of this report.

Impact Audit has been adopted as a novel approach in auditing by evaluating final outcomes of a specific intervention and results have been incorporated in this report as a separate chapter.

Audit findings indicate need for adherence to the regulatory framework besides instituting and strengthening internal controls to avoid recurrence of similar violations and irregularities. This report has been finalized in the light of discussions in the DAC meetings.

There are certain audit paras which were also reported in last years' Audit Reports for the financial year 2019-20 to 2023-24. Recurrence of such irregularities is a matter of serious concern.

The Audit Report is submitted to the President of Pakistan in pursuance of Article 171 of the Constitution of Islamic Republic of Pakistan 1973, for causing it to be laid before both houses of Parliament.

Islamabad
Dated:

(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

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ABBREVIATIONS & ACRONYMS

AGM	Additional General Manager
AGPR	Accountant General Pakistan Revenue
BoQ	Bill of Quantities
BQM	Port Bin Qasim
CAO	Chief Accounts Officer
CCFM	Chief Customer Facilitation Manager
CCM	Chief Commercial Manager
CCP	Chief Controller of Purchase
CCS	Chief Controller of Stores
CCTV	Close Circuit Television
CCU	Coronary Care Unit
CDA	Capital Development Authority
CDL	Central Diesel Locomotive
CDR	Call Deposit Receipt
CEE	Chief Electrical Engineer
CEN	Chief Engineer
CFT	Cubic Foot
CEO	Chief Executive Officer
CME	Chief Mechanical Engineer
CMM	Chief Marketing Manager
COPS	Chief Operating Superintendent
CPEC	China Pakistan Economic Corridor
CPO	Chief Personnel Office
CRRC	China Railway Rolling Stock Corporation
CSF	Concrete Sleeper Factory
CSR	Composite Schedule of Rates
DAC	Departmental Accounts Committee
DAGP	Department of Auditor-General of Pakistan
DC	District Collector
DDWP	Departmental Development Working Party
DE	Diesel Electric
DG	Director General
DiD	Difference-in-Differences
DISCOs	Distribution Companies
DP	Draft Para
DS	Divisional Superintendent
DVS	Damaged Vehicle for Sick Line

Dy	Deputy
ECG	Electrocardiogram
ECNEC	Executive Committee of the National Economic Council
ERP	Enterprise Resource Planning
FA&CAO	Financial Advisor and Chief Accounts Officer
FAM	Financial Audit Manual
FBR	Federal Board of Revenue
FDA	Freight Deposit Account
FED	Federal Excise Duty
FIA	Federal Investigation Agency
FIR	First Information Report
FOB	Free on Board
FY	Financial Year
GEU	General Electric Universal
GFR	General Financial Rules
GITA	Goods in Transit with Afghanistan
GM	General Manager
GM/M&S	General Manager Manufacturing and Services
GM/W&SI	General Manager Welfare and Special Initiative
GPF	General Provident Fund
GST	General Sales Tax
HCW	High-Capacity Wagons
HDUs	High-Definition Units
HESCO	Hyderabad Electric Supply Company
HIMS	Hospital Information Management System
HP	Horsepower
HSR	Huanang Shandong Ruyi
HQ	Headquarters
HR	Human Resource
HSD	High Speed Diesel
HTXR	Head Train Examiner
ICU	Intensive Care Unit
IESCO	Islamabad Electric Supply Company
IIMCT	Islamic International Medical College Trust
IOW	Inspector of Works
IPD	Indoor patient Department
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standards of Supreme Audit Institutions
KBX	Karachi Bunder
KCR	Karachi Circular Railways

KM	Kilometer
KPI	Key Performance Indicators
KPK	Khyber Pakhtunkhwa
KPT	Karachi Port Trust
KW	Kilowatt
LARECHS	Lahore Railway Employees Cooperative Housing Society
LD	Liquidated Damages
LESCO	Lahore Electric Supply Company
LOCO	Locomotive
LOMS	Locomotives on Miscellaneous Services
LON-SDR	Lodhran-Shahdara
MAS	Material Accounting System
MD	Managing Director
MFDAC	Memorandum for Departmental Accounts Committee
MGPR	Moghalpura
MoR	Ministry of Railways
MTBF	Medium Term Budgetary Framework
MYP	Marshalling Yard Pipri
NBP	National Bank of Pakistan
NCS	M/s Nadeem Cleaning Service
NHA	National Highway Authority
NLC	National Logistics Cell
NOC	No Objection Certificate
OEM	Original Equipment Manufacturer
OPD	Outdoor patient Department
OPR	Operating Profit Ratio
P&L	Property and Land
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PC-1	Planning Commission Form-1
PCI	PEPSI Cola International
PD	Project Director
PECOM	Punjab Civil Officers Mess
PIL	Pakistan Intermodel Limited
PKM	Passengers Kilometers
PMBQ	Port Muhammad Bin Qasim
PMDC	Pakistan Medical and Dental Council
PO	Principal Officer
POL	Petroleum, Oil and Lubricants
PPP	Public Private Partnership

PPRA	Public Procurement Regulatory Authority
PR	Pakistan Railways
PRACS	Pakistan Railway Advisory and Consultancy Services
PRC	Project Review Committee
PRCH	Pakistan Railway Cairns Hospital, Lahore
PRECHS	Peshawar Railway Employees Cooperative Housing Society
PRFTC	Pakistan Railways Freight Transportation Company
PRHR	Pakistan Railway Hospital Rawalpindi
PRP	Pakistan Railway Police
PRSP	Pakistan Railways Strategic Plan
PSDP	Public Sector Development Program
PSI	Pounds Per Square Inch
PSO	Pakistan State Oil
RAILCOP	Railway Constructions Pakistan Limited
RFID	Radio Frequency Identification
RFP	Request For Proposal
Rs	Rupees
SAP	Systems, Applications & Products
SBP	State Bank of Pakistan
SDGs	Sustainable Development Goals
Sft	Square Feet
SNGPL	Sui Northern Gas Pipelines Limited
SOE	State Owned Enterprise
SOPs	Standard Operating Procedures
SqYd	Square Yard
TC	Transfer Certificate
TEUs	Twenty Feet Equivalent Units
TORs	Term of References
ToT	Transfer of Technology
UAC	User Acceptance Certificate
UNICEF	United Nations Children's Fund
USG	Ultrasound Sonography Test
WAPDA	Water and Power Development Authority
WHT	Withholding Tax
ZBKC	High Capacity Open Top Bogie Wagon
ZCU	Ziyang China Universal

EXECUTIVE SUMMARY

The Directorate General Audit Railways, Lahore has the mandate to conduct audit of receipts and expenditure of Pakistan Railways and its subsidiaries. This office conducts regularity audit (financial attest and compliance with authority audit) and specialized audits of the financial and business operations of Pakistan Railways. Audit of receipts and expenditure was carried out on test check basis in accordance with international best practices as adopted by the Department of the Auditor-General of Pakistan. The Directorate General of Audit Railways carried out this audit by spending Rs 237.13 million with human resource comprising 134 officers and staff by utilizing 33,500 man-days. Resultantly, compliance audit observations having monetary value of Rs 110.37 billion pertaining to budgetary and non-budgetary areas such as land, scrap etc. have been included in this report. Moreover, it is mentioned that 48 audit paras having monetary value of Rs 79.14 billion included in this report, are of recurring nature; these issues had been reported in previous five years audit reports.

This report has been finalized in the light of twenty-seven (27) DAC meetings held during the period from August 2024 to February 2025.

Scope of Audit

The Directorate General Audit Railways, Lahore has the mandate to conduct audit of 173 formations in addition to 39 PSDP Projects of Pakistan Railways and 04 subsidiary companies under the control of Ministry of Railways. Total expenditure of these formations was Rs 167.37 billion including revenue expenditure of Rs 140.03 billion and development expenditure of Rs 27.34 billion. The revenue receipts of PR were Rs 88.79 billion, which had been utilized against revenue expenditure for the financial year 2023-24.

Audit coverage relating to expenditure and revenue receipts for the Audit Year 2024-25 comprises 81 formations of Pakistan Railways having total expenditure of Rs 106.51 billion and revenue receipts of Rs 45.81 billion for the financial year 2023-24. In terms of percentage, the audit

coverage for expenditure was 63.64% of auditable expenditure and for revenue receipts was 51.59% of auditable receipts. Out of total 81 formations planned for current audit year 2024-25, 57 formations, covering expenditure Rs 90.68 billion and revenue receipts Rs 14.61 billion, have been audited during the first phase, from July to December 2024.

This audit report also includes audit observations resulting from the audit of expenditure of Rs 13.90 billion and receipts of Rs 6.87 billion for the financial year 2022-23 pertaining to 15 formations including 03 subsidiaries of Pakistan Railways. Resultantly, this audit report includes audit result of 72 formations covering expenditure Rs 104.58 billion and revenue earnings Rs 21.48 billion. Moreover, 08 significant paras relating to specialized reports have also been included in this audit report.¹

In addition to this compliance audit report, separate reports on financial attest audit on the accounts of PR (FY 2023-24), financial attest of a foreign aided project (FAP), thematic audit and two impact audits were also issued during the period from July to December 2024. The results of financial attest audit were separately reported; however, results of thematic and impact audits have been incorporated in this report as separate chapters.

Recoveries at the instance of Audit

During the current audit activity, recovery of Rs 36,811.29 million was pointed out. As a result of follow up of previous audit reports, management recovered an amount of Rs 1,461.52 million which has been verified by Audit from January to 31st December, 2024.

Audit Methodology

The audit methodology included examination of relevant files, documents, review of financial data, site visits, surveys and discussions with the management. Audit was planned on the basis of understanding of

¹ (i) Special Audit of Private Bank Accounts maintained by different entities of Pakistan Railways-Audit Year 2023-24
(ii) Performance Audit Report on Public Private Partnership of trains in Pakistan Railways-Audit Year 2023-24

internal control environment, risk assessment and understanding of accounting system of Pakistan Railways. Analytical procedures were also performed through different combination of variables. Detailed audit of selected samples was carried out keeping in view planned audit focus, risk and materiality.

Audit Impact

Pakistan Railways made certain achievements/rectifications during the financial year 2023-24, on various audit recommendations as mentioned below:

- Pakistan Railways has adopted an Enterprise Resource Planning (ERP) system specifically for Human Resource Management during the financial year 2023-24. The implementation of additional ERP modules, including assets management, is in progress. The digitization of these vital areas, has been recommended in audits for over a decade, emphasizing the importance of modern financial operations within Pakistan Railways.
- Pakistan Railways (PR) management rectified its financial statements 2023-24, by proper classification of assets valuing Rs 142.06 billion previously declared as ‘Deferred Assets’. This issue had contributed to repeated audit findings on the financial statements of PR resulting into ‘Qualified and Adverse Opinion’ over the last decade.
- The implementation of Land & Property Rules, 2023² by PR, with the approval of the Federal Cabinet during the financial year 2023-24, was made possible based on several audit recommendations.
- PR stopped irregular allowances namely Fixed Daily Allowance drawn by Pakistan Railways Police and Health Allowance drawn

² S.R.O No. 768(1)/2023 dated 22nd June, 2023

by PR Medical department in pursuance of Audit recommendations.

Comments on Internal Controls

The Principal Accounting Officer is responsible for ensuring that a proper system of internal controls exists within the entity. Audit observed certain lapses and included numerous observations on weak internal controls in this audit report; a few of those, are mentioned below:

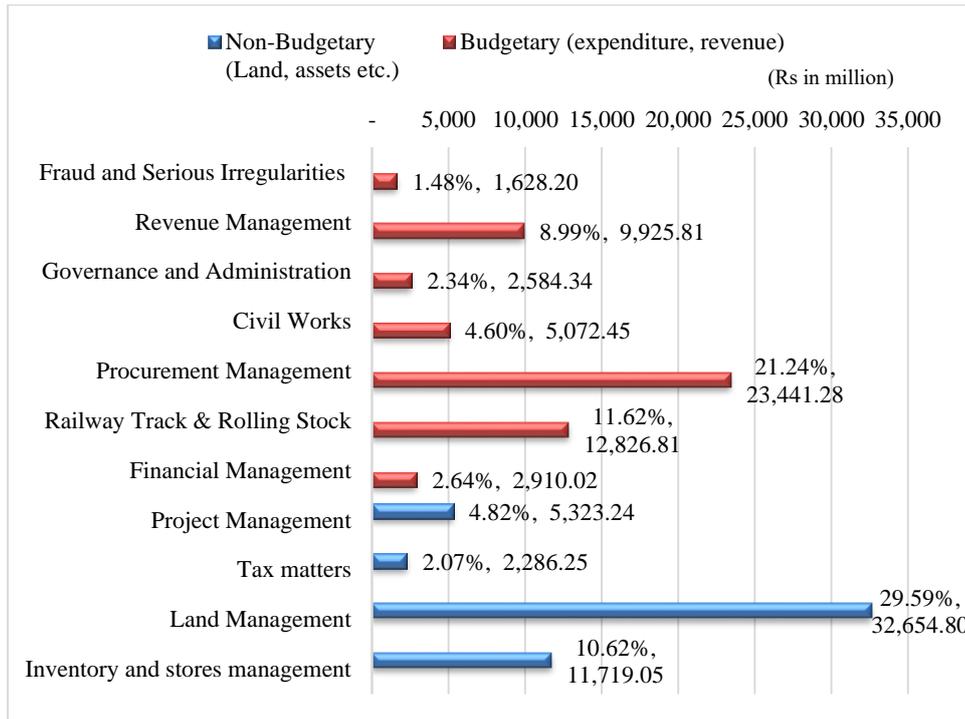
- Loss on account of deficiencies in rolling stock due to non-implementation of an SOP regarding prevention of theft of Railway material.
- Loss of revenue earnings for non-booking of available freight wagons despite demand owing to missing management controls.
- Non-repair of locomotives due to non-receipt of drawings from the OEM as per agreement, exposing poor contract management.
- Unauthorized expenditure beyond the scope and financials of projects due to poor financial controls.
- Unauthorized maintenance and operation of private bank accounts by different entities of Pakistan Railways.
- Lapses in HR management i.e. utilization of staff in excess of sanctioned strength.
- Shortcomings in contract management i.e. delays in execution of works/supply of material and non-replacement of warranty claims.

In order to improve the control environment, there is a dire need to revisit the critical business processes and efficiently design and implement effective controls across the entity.

Category-wise summary of compliance audit report (FY 2024-25)

Audit findings are summarized in eleven major categories based on their nature as budgetary and non-budgetary observations. Detail of audit findings is given in classified summary of audit observations in Table 2.3 of chapter 2.

Breakup of Audit Paras- Audit Report 2024-25



In addition to the evaluation of the financial statements of PR, audit also evaluated three major areas of PR i.e. land management, risk management and controls. The segregated analysis of current year's observations depicted that issues in land management were of more serious nature than risk management and controls. This situation showed that there was a loose oversight of the senior management over the asset management and compliance with applicable laws and regulations. After evaluation of three critical areas, current audit report highlighted key audit findings and has proposed recommendations.

The key audit findings of the report

- i. Unauthorized utilization of land and buildings by institutes and clubs of PR without approval of the Federal Government – Rs 19,126.11 million.³
- ii. Unauthorized inclusion of excess land in Katchi Abadies and non-relocation on Provincial Government land – Rs 15,205.28 million.⁴
- iii. Non-disposal of scrap/released material – Rs 9,336.62 million.⁵
- iv. Loss due to excess consumption of fuel by locomotives due to defective rolling stock and infrastructure – Rs 5,851.46 million.⁶
- v. Loss due to non-provision of 67,366 freight wagons to the contractors – Rs 5,711.59 million.⁷
- vi. Encroachment of Railway land by private and Government departments – Rs 5,634.07 million.⁸
- vii. Non-mutation of 75.425 acres of Railway land – Rs 4,101.51 million.⁹
- viii. Unnecessary procurement resulting in blockage of capital – Rs 1,479.15 million.¹⁰
- ix. Loss due to excess payment of custom duty –Rs 1,372.87 million.¹¹
- x. Theft of material and deficiencies in Coaching and Goods Stock – Rs 1,357.16 million.¹²
- xi. Non-perseverance of Pakistan Railways interest against the claims of M/s NLC– Rs 1,354.75 million.¹³

³Para 2.6.1

⁴Para 2.5.44, 2.5.47 & 2.5.49

⁵Para 2.5.82

⁶Para 2.5.89

⁷Para 3.8.2.3 Observation1

⁸Para 2.5.45

⁹Para 2.5.48 & 2.5.56

¹⁰Para 2.5.83

¹¹Para 2.5.19

¹²Para 2.5.1 to 2.5.2

- xii. Non-provision of minimum agreed business by GITA contractors – Rs 1,313.87 million.¹⁴
 - xiii. Irregular payment of Fixed Daily Allowance, Disparity Reduction Allowance and Mileage Allowance – Rs 1,191.77 million.¹⁵
 - xiv. Loss due to non-recovery of liquidated damages and penalty charges – Rs 849.86 million.¹⁶
 - xv. Irregular advance payment to a firm without approval of Railway Board – Rs 754.70 million.¹⁷
 - xvi. Non-deduction of advance tax– Rs 653.18 million.¹⁸
 - xvii. Loss due to non-execution of civil works and infructuous expenditure on manufacturing of sleepers – Rs 632.95 million.¹⁹
 - xviii. Non-replacement of defective material and irregular substitution of parts– Rs 535.97 million.²⁰
 - xix. Loss due to outsourcing of trains below the actual occupancy and incorrect determination of annual bid & passenger fare – Rs 435.31 million per annum.²¹
 - xx. Irregular inclusion of newly purchased wagons in special repair of coaches and wagons project – Rs 380.70 million.²²
 - xxi. Unauthorized deposit and utilization of Right of Way charges by circumventing established budgetary parameters and financial regulations – Rs 364.35 million.²³
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¹³Para 3.8.2.3 Observation 3

¹⁴Para 3.8.2.3 Observation 4

¹⁵Para 2.5.27, 2.5.33 & 2.5.36

¹⁶Para 2.5.103

¹⁷Para 2.5.104

¹⁸Para 2.5.20 & 2.5.24

¹⁹Para 2.5.62 & 2.5.63

²⁰Para 2.5.68 & 2.5.86

²¹Para 2.5.29 & 2.5.34

²²Para 2.5.14

- xxii. Poor contract management resulting into non-provision of drawings and refusal of OEM to repair a GEU-40 locomotive - Rs 357.42 million.²⁴
- xxiii. Misappropriation and embezzlement of material and cash- Rs 295.19 million.²⁵
- xxiv. Irregular expenditure on staff working in excess of sanctioned strength – Rs 91.89 million.²⁶
- xxv. Loss to Pakistan Railways due to fake Damaged Vehicles for Sick line (DVS) – Rs 33.72 million.²⁷
- xxvi. Non-production of auditable record by PR management.²⁸

Recommendations

- i. Governance issues in development works be addressed adequately and management be improved.
- ii. Land management policy be implemented in letter and spirit to augment Railway receipts. Management may retrieve all encroached land, besides adopting necessary corrective measures with regards to title of land.
- iii. The inventory management including disposal of scrap material over the system may be strengthened.
- iv. Contract management may be strengthened for revenue as well as expenditure schemes.
- v. PR may take robust measures to achieve economy and efficiency in utilization of operational fuel (HSD oil).

²³Para 2.5.61

²⁴Para 2.5.12

²⁵Para 2.5.3, 2.5.4 & Para 3.8.2.3 Observation 11

²⁶Para 2.5.31

²⁷Para 3.8.2.3 Observation 10

²⁸Para 2.6.8

- vi. Proper planning for procurement and execution of works be made to avoid unnecessary procurement and cost overrun of the works.
- vii. Cases of fraud, embezzlement and shortage/theft of material and cash be investigated appropriately for fixing responsibility and taking remedial measures to cap such recurrences in future.
- viii. Recovery policy be reinforced for speedy realization of Railways receipts besides establishing a dedicated receivables section.
- ix. Freight management be improved by hiring specialists from open market in order to increase freight revenue.
- x. Public private partnership coupled with effective contract management be strengthened in order to achieve maximum envisaged benefits.
- xi. Sub-standard / defective material be got replaced or recovery be affected from the defaulters immediately.
- xii. Human Resource rationalization policy be formulated and enforced to avoid financial burden on PR.
- xiii. Management and financial controls be strengthened and recurrence be avoided.
- xiv. Inquiries be initiated and finalized at the earliest.
- xv. Disciplinary action be taken against those found at fault for non-production of record.

AUDIT REPORT SNAPSHOT

Scope of Audit

Revenue receipts: Rs 88.79 billion
 Revenue expenditure: Rs 140.03 billion
 Development expenditure: Rs 27.34 billion

Total formations: 216
 Formations planned: 81
 Audit coverage: Expenditure 63.64% Revenue 51.59%

Audit Output

Formations audited: 72 (including lean period)
 Expenditure Audited: Rs 104.58 billion
 Receipts Audited: Rs 21.48 billion
 Amount of irregularities: Rs 110.37 billion
 Recoveries pointed out: Rs 36.81 billion
 Recoveries effected: Rs 1.46 billion

Audit opinion on PR accounts FY 2023-24

Appropriation Accounts	Qualified
Commercial Accounts	Qualified

Audit Impact

- Implementation of Enterprise Resource Planning (ERP) system-HR module
- Rectification of financial statements on account of misreporting under head Deferred Assets amounting to Rs 142.06 billion
- Stoppage of irregular allowances in Railway Police and Medical Departments
- The implementation of the Land & Property Rules, 2023

FINANCIAL HEALTH

RESOURCES AND SPENDING (FY 2023-24)

1. Total resources of Pakistan Railways were Rs 178.55 billion including Railways earnings Rs 88.79 billion, grant-in-aid Rs 57.00 billion and investments by Federal Government Rs 32.82 billion.
2. Total expenditure of Pakistan Railways was Rs 167.37 billion which comprised of revenue expenditure of Rs 140.03 billion and development expenditure of Rs 27.34 billion.

FINANCIAL POSITION OF PR

DEFICIT/LOSS Rs 51.37 Billion (2023-24) Rs 48.19 Billion (2022-23) ↑	GOVERNMENT SUBSIDY Rs 57.00 Billion (2023-24) Rs 47.50 Billion (2022-23) ↑	CURRENT LIABILITIES Rs 20.00 Billion (2023-24) Rs 26.72 Billion (2022-23) ↓	Permanent Debt with SBP Rs 43.16 Billion (2023-24) Rs 43.16 Billion (2022-23)
Inventory/Stores (Suspense) Rs 10.99 Billion (2023-24) Rs 10.45 Billion (2022-23) ↑	Assets (Fixed Assets) Rs 374.66 Billion (2023-24) Rs 211.17 Billion (2022-23) ↑	Human Resource (Pay & Pension) Rs 91.18 Billion (2023-24) Rs 74.56 Billion (2022-23) ↑	Budgetary Controls (Excess/Savings) Rev Exp Rs (4.47) Billion PSDP Rs (5.48) Billion (2023-24) Rev Exp Rs 1.03 Billion PSDP Rs (2.74) Billion (2022-23) ↑

Source: Financial Statements and Appropriation accounts of PR FY 2022-23 & 2023-24

The above mentioned comparative analysis of financial variables of PR indicates that it is primarily an expenditure-oriented entity facing an increasing budget deficit. The entity heavily relies on the financial assistance and PSDP from Federal Government for its operational and developmental needs. A significant part of its revenue expenditure is allocated to pay and pensions, which have increased by Rs 16.63 billion compared to the previous financial year (2022-23). Further detail of public financial management issues is provided in Chapter 2 of the instant report.

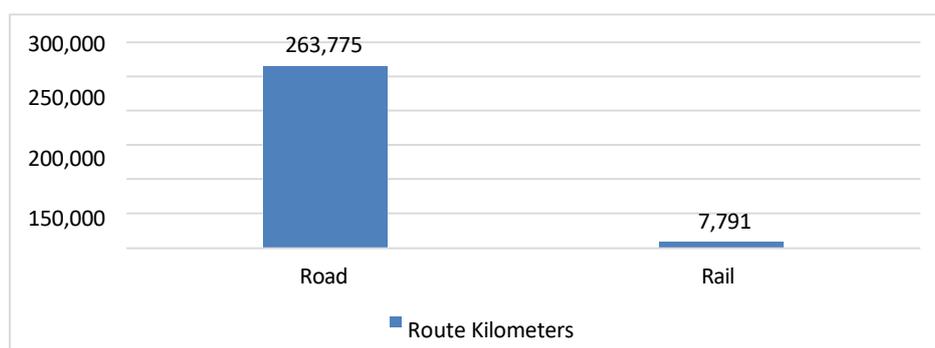
SECTORAL ANALYSIS

A well-organized transport system plays a vital role in a country's economic development by providing transportation services and infrastructure that improves connectivity, facilitates trade, reduces transportation costs, promotes tourism and contributes to government revenue through taxes. The transport sector in Pakistan mainly comprises road, rail, aviation and sea transport. National Transport Policy of Pakistan 2018 comprehensively discussed all modes of transport prioritizing road transport over rail, air and maritime transport. Therefore, road transport is the dominant mode for both passengers and freight, whereas rail transport has a smaller share.

Comparison of Road and Rail transport

Road transport is the prioritized mode of transportation in Pakistan, carrying 93% of passenger traffic and 94% of freight. On the other hand, share of railway in passenger and freight transport was 3% and 4% respectively. The road sector comprises Highways and Motorways network which is 263,775 km long²⁹; whereas, PR has a total track length of 11,881 kilometers, with 7,791 route kilometers.

Comparison of road and rail network (Route kilometers)



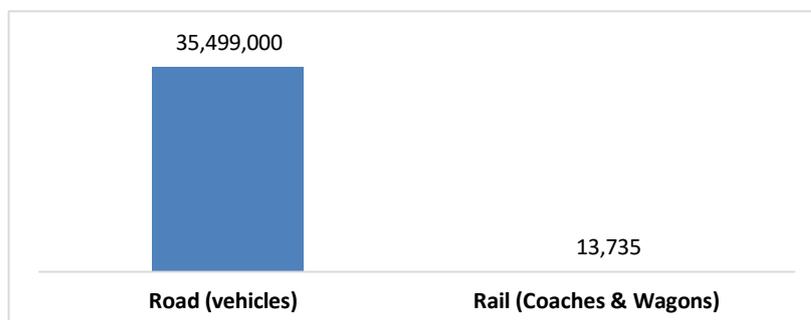
Source: Economic Survey of Pakistan and PR Year Book 2023-24

Pakistan Railways is the exclusive railroad service provider of the country with the mission to provide a competitive, safe, reliable, market-

²⁹ National Freight & Logistics Policy 2020 and Economic Survey of Pakistan 2023-24

oriented, efficient, and environment-friendly mode of transport. However, it has faced operational deficits over the years due to comparatively unmatched expansion of the road sector, resulting in a decline in its viability and turning it into a loss-making public sector organization.

A comparison of road and rail vehicles 2023-24



Source: The Pakistan Development Review 2024, PR Year Book 2023-24

PR had been the predominant mode of goods traffic in Pakistan till 1965. It handled 73% of freight traffic of the country, at its peak between 1955-1960. This percentage nosedived to less than 4% in the year 2022-23. During the decade of seventies, freight earnings were 64% of the total earnings of PR. The same ratio plummeted by 50% in the year 2023-24 and freight earnings of PR, in the same year, were only Rs 28.12 billion amounting to 32% of the total earnings. The passenger earnings contributed 56% of total earnings during the same period.³⁰ Unfortunately, PR role as one of the drivers for economic development of the country has plunged due to meager Government investment in the sector.

Comparison of PSDP allocation on PR and NHA

Description	(Rs in billion)					Total
	2019-20	2020-21	2021-22	2022-23	2023-24	
NHA	154.47	118.67	113.75	101.35	156.5	644.74
PR	16	24	30.03	32.65	32.82	135.50
PR to NHA (%)	10.36	20.22	26.40	32.22	20.97	21.02

Source: Economic Survey of Pakistan 2019-20 to 2023-24 and MoR

³⁰ Pakistan Railways Year Book 2023-24

The government has prioritized upgradation and development of road infrastructure, resulting in repositioning of public trust in the road network, in comparison to Pakistan Railways. As shown above, the PSDP allocation on Railway during the last five years was only Rs 135.50 billion as compared to Rs 644.74 billion on the national highways ratifying the fact that Railway has been neglected by Federal Government in the matter of resource allocation.

The road transport system over the years had been facing multiple issues despite prioritization by the Government. These include, a largely obsolete truck fleet, poorly trained drivers, overloading which damages roads, poor fuel efficiency, non-implementation of rules and regulations governing the road transport etc.

Analysis of Pakistan Railways

The analysis of Pakistan Railway presented in the succeeding paragraphs is based on key statistics from Year Books, Green Book (performance-based budget) under the Medium Term Budgetary Framework (MTBF), Economic Survey of Pakistan and Financial Statements of Pakistan Railways.

Principle statistics

The total track length of PR was reported as 11,881 kilometers with 7,791 route kilometers along with the number of Railway stations at 461 whereas the rolling stock consisted of 446 locomotives, 1,836 coaching vehicles and 11,899 freight wagons as on 30.06.2024.

Three years' comparison of Rolling Stock (2021-22 to 2023-24)

Rolling Stock (Numbers)	2021-22	2022-23	2023-24
Locomotives	466	455	446
Coaching Vehicles	1,785	1,854	1,836
Freight Wagons	14,101	13,301	11,899

Source: PR Year Books 2021-22 to 2023-24

The table above shows that the number of rolling stock, which includes locomotives, passenger coaches, and freight wagons, has decreased compared to last year. The audit found that a PSDP project for the procurement/manufacture of 820 freight wagons and 230 passenger

coaches was poorly managed by PR, leading to delays in acquiring these coaches and wagons.

Key Performance Indicators

The performance analysis by outputs included in the Green Book 2023-24 duly approved by the Finance Division depicted that Ministry of Railways (MoR) used total twenty-five (25) key performance indicators (KPIs) under eleven (11) areas of output.³¹ These KPIs were related to Railway policies formulation, Railway services, Infrastructure Development (Track, Stations, Bridges, Shelters, Signaling, Electric Power), Rolling Stock availability, Business Development & Operations and Governance. The performance analysis by KPIs as reported by MoR is provided in **Annexure-2**. The status of achievement of targets against KPIs is tabulated below:

Achievement of KPIs Targets (FY 2023-24)

Areas of Output	Achievement	No. of KPIs
a. Railway policies formulation, services, Infrastructure development (Track, electric, Shelters, Signaling) Rolling stock availability and Governance	100 % and above	16
b. Railway services, Infrastructure development- Bridges and Rolling stock availability (repair & maintenance)	50 % and above	05
c. Rolling stock availability- (procurement of new wagons)	Less than 50%	01
d. Infrastructure Development-Stations, Rolling stock availability-(procurement of new coaches), Business development and Operations	No achievement	03
Total		25

Source: Green Book FY 2023-24 (Ministry of Railways)

Audit analyzed the KPIs by dividing them into four categories on the basis of percentage of achievement declared by Pakistan Railways. Under the first category, the achievements shown by PR were overstated, taken on overall average ignoring time and cost overrun of the projects. The repair of accidental locomotive was not carried out due to non-availability of drawings to be provided by the OEM whereas, the projects regarding signaling system were not yet completed despite revisions of concerned

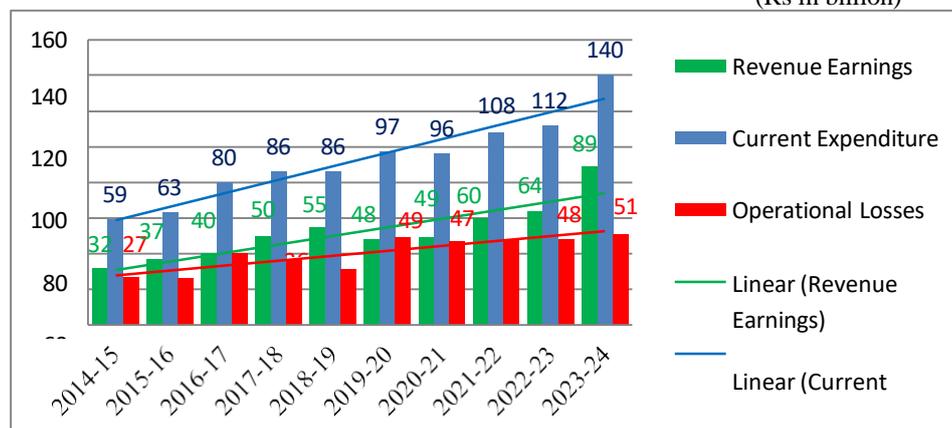
³¹Key Performance Indicators-Analysis by output FY 2023-24 (Ministry of Railways)

PC-Is. Audit further observed with respect to the second and third categories of KPIs, that a PSDP project regarding procurement/manufacture of 820 freight wagons and 230 passenger coaches was extensively mismanaged by PR which eventually resulted into delay in procurement of coaches and wagons instead of delay by the manufacturer as per justification provided by PR management. The last category where no achievement was shown with regard to establishment of dry ports was attributed to non-availability of funds whereas, Audit observed that there was saving of Rs 5.48 billion under the development grant for the FY 2023-24.

Colossal losses of PR

PR has recorded annual operating losses ranging from Rs 27 billion to Rs 51 billion over the last ten years. Aggregate loss during 2014 -15 to 2023-24 was Rs 404 billion which is graphically presented below:

Operational losses of Pakistan Railways (2014-15 to 2023-24)
(Rs in billion)



Source: Financial Statements of PR FY 2014-15 to 2023-24

The analysis indicates that there has been a persistent increase in current expenditure as compared to revenue earnings over the past decade, resulting in widening of the gap between these two variables. This trend reflects poor control over current expenditure by PR, leading to a rising operating deficit. Specifically, the deficit surged during the financial year

2019-20 and stabilized at an average of Rs 48 billion until 2022-23, before increasing to a record high deficit of Rs 51 billion in 2023-24. A major contributing factor to this uncontrollable expenditure is the continuous rise in pay and pension costs, largely driven by the centralized policy of the Federal Government.

The mandatory expenditure on account of pay & pension had a gradual increasing trend. Pay & Allowances were accounted for as Rs 41.34 billion for the year 2023-24 which was 29.53% of total revenue expenditure and increased by 16.32% as compared to previous year. Similarly, expenditure on pension payment was Rs 49.84 billion for the year 2023-24 which was 35.60% of total revenue expenditure and increased at the rate of 27.73% as compared to previous financial year.

Operating activities of PR

The core business of PR comprises carriage of passengers, goods and parcels while non-core business includes leasing of land. PR owns 167,690 acres of land. The 145,000 acres of land is used for operational purposes. The remaining 33,000 acres is the “Right of Way” entitled to PR. Since the land is not put to any productive use, land encroachments have become a regular phenomenon in PR. In 2022, PR reclaimed 267 acres of land in Punjab, 133 acres of land in Khyber Pakhtunkhwa, from Sindh PR reclaimed 106 acres of land, and 23 acres of land in Baluchistan. From the total surface area, the commercial land was of 91 acres, 309 acres were residential, and 104 acres were agricultural.

The below mentioned comparative analysis indicates that major contributing factor in Railway revenue is passenger earnings followed by freight. PR spends large portion of its resources on mobilization of passenger trains; however, carriage of goods has significant profit margins to adjust the cost of passenger trains. The passenger earnings contributed 56% in the total earnings of PR and stood at Rs 49.5 billion comparatively freight earnings though increased by Rs 10.29 billion this year but contributed 31.6% during the year 2023-24. This substantial increase in freight earnings represents comparatively better freight business management as compared to previous year. Whereas, the non-core

revenue was 9.27 % of total earnings which had been under realized portion of earnings viz-a-viz its potential. The freight earnings have larger margin of subsidizing the passenger operations. The operating profit ratio of freight trains always showed positive trend whereas normally in Pakistan Railways the operating profit ratio of passenger trains remained more or less negative. The comparative analysis showed that PR had more passenger earnings as compared to freight earnings. It is pertinent to mentioned that in the freight operation PR catered seven freight trains per day during last year, as compared to hundred passenger train per day to earn the respective earnings. The operating efficiency of freight trains was higher viz-a-viz passenger trains. The core and non-core revenue of PR is tabulated below:

Revenue earnings core & non-core business for the year 2021-22 to 2023-24
(Rs in billion)

Description		2021-22	2022-23	2023-24
Core Business	Passenger	30.37	34.77	49.55
	Goods	22.96	18.03	28.12
	Parcel and others	1.65	1.72	2.89
	Sundry Earnings	5.11	9.20	8.23
	Total	60.09	63.72	88.79

Source: Financial Statements of PR 2021-22 to 2023-24

Development portfolio of PR

Pakistan Railways' development portfolio is a vital component of national transportation infrastructure. It aims to modernize and improve the country's Railway network. However, it has been facing challenges for several decades, in which financial constraints and operational inefficiencies are chronic impediments. Railways' PSDP is a critical sector for Pakistan's economic development and connectivity. By addressing challenges and capitalizing on the opportunities, the government and stakeholders can work towards a more efficient and sustainable Railway system. The analysis of Pakistan Railways development sector revealed that thirty-nine (39) PSDP projects were approved by the competent forum whereas, PR was allocated Rs 32.82 billion against thirty-two projects during the financial year 2023-24. The PR incurred Rs 27.34 billion for the projects against which the allocation was provided. Remaining seven

(07) projects could not be initiated mainly due to non-allocation of funds. The breakup of development expenditure among Infrastructure, Rolling Stock and others is given below:

Breakup of PR development expenditure (FY 2023-24)

Description	Total Projects	Expenditure Rs in billion	Percentage (%)
Infrastructure	14	5.40	20
Rolling Stock	05	19.91	73
Others	13	02.04	07
Total	32	27.35	100

Source: Financial Statements and PR Year Book 2023-24

The most important among the seven unexecuted projects was Main Line-1 (ML-1) upgrade project which aims to upgrade the 1,872-kilometer ML-1, the backbone of Pakistan Railways network, to international standards. This project has the capacity to significantly improve freight and passenger transportation by modernizing the country's railway network. The cost of the project has been reduced by 25% and it will be executed in phases as it is infrastructural development and time taking project. As the core objective of the project is to improve freight and passenger transportation, the project has a potential to multiply the current earnings of PR. The execution in the phases and provision of funds through foreign loan will reduce negative impact on the earnings of PR.

Chronic issues in PR

Factors responsible for the deterioration in Pakistan Railways include:

- Failure of PR to adopt the open track access policy, approved in 2011, reflects bureaucratic hurdles and governance failures. The track access policy invited the private train operators to invest and earn by improving railway infrastructure. The private parties in return would pay fixed charges to PR.
- PR has no sufficient resources to replace and maintain its outdated infrastructure and rolling stock which is otherwise hazardous for public safety.
- Heavy dependence on limited number of freight customers and

commodities with the reduced market share.

- Non-hiring of duly qualified professionals in commercial and marketing departments of Pakistan Railways.
- The labour unions in PR have also played a major role in resisting reforms, ensuring inefficiencies and substantial losses to the exchequer.

Public Private Partnerships in PR

The government is encouraging private sector involvement in PR through Public Private Partnerships (PPPs), which can help to attract investment and expertise. PR issued a policy document on “Pakistan Railways and Public Private Partnerships” in 2021 under the legal framework of Public Private Partnership Authority (Amendment) Act, 2021 wherein thirteen (13) potential PPP areas and projects were highlighted. The important potential PPP projects include KPT-Pipri dedicated freight corridor & model rail terminal; the project envisages improvement in the efficiency of freight transport reducing congestion in Karachi, Thar Coal field rail connectivity, Rehabilitation of Track ML-2 (1254 Kms) and ML-3 (545 Kms), induction of 1,000 passenger coaches and 5,000 freight wagons and development of Railway lands for commercial exploitation. Under the overarching umbrella of PPP Authority (Amendment) Act, 2021 PR had outsourced the commercial management of different short and long route passenger trains to the private parties in order to enhance revenue earnings and better service delivery to the passengers. Resultantly, PR had been able to reduce the operational deficit of major long route outsourced trains. PR may take advantage of public private partnerships preferably for commercial management of long route trains than otherwise. PR may introduce best practices from private sector in its train operations particularly in terms of provision of better public service and formulation of customer friendly human resource capacity building policies to match the business potential of private partners.

Conclusion

With the foregoing analysis, it is concluded that the most critical area of concern for Pakistan Railways is its deteriorating operational and

financial condition. Pakistan Railways can become a viable entity if it successfully develops and implements an effective and practicable business plan. Key steps may include promoting public-private partnerships (PPPs), addressing operational inefficiencies, early execution of ML-1 project and focusing on financial viability and profitability, as indicated by ongoing efforts to remove reliance on federal finances.

Chapter -1 Public Financial Management

Public Financial Management (PFM) is a system of laws, regulations, and processes that ensure public funds are used efficiently and effectively. It is largely governed by Public Finance Management Act-2019 in Pakistan. Financial management encompasses budgeting, revenues, expenditure, assets, debts and accounting systems. A good accounting system provides a structured framework to accurately record, track, and report government revenue and expenditure, enabling transparent oversight of public funds, identifying potential issues like fraud or mismanagement, and facilitating informed decision-making through reliable financial data.

Pakistan Railways (PR) maintains two sets of accounts i.e. appropriation accounts and commercial accounts. Appropriation account means accounts relating to expenditure brought into account during a financial year to several items specified in the schedules of expenditure authenticated by the competent forum. The appropriation accounts of PR present summarized position of current expenditure from revenue grant and development expenditure from capital grant against allocated budgets for a complete financial year. The Commercial accounts (Financial Statements) of Pakistan Railways are comprised of (i) Profit and Loss account showing operating surplus/(deficit) of the entity (ii) Balance Sheet exhibiting classified accounts balances under assets and liabilities. The cash flow statement, summarizes the cash inflows and outflows, has not been prepared by Pakistan Railways. The Financial Statements are required to be prepared in compliance with the requirements of IFRS as adopted in Pakistan by the Institute of Chartered Accountants of Pakistan. However, the financial accounting system of Pakistan Railways is not based on IFRS.

This chapter highlights key issues identified during the financial attest audit of appropriation and commercial accounts of PR, which contributed to Qualified Opinion on both account sets for the financial year 2023-24.

1.1. Audit Issues

1.1.1. Assets management:

Assets management is the process of managing assets to increase their value and minimize risk. It had been an area of major concern for PR. Major components of assets management in PR are comprised of land and buildings, infrastructure, rolling stock and inventory of stores. Following key audit issues identified during audit of the accounts of financial year 2023-24 in the area of assets management:

- a) Overvaluation of fixed assets due to non-recording of depreciation expense, losses, thefts and accidents etc.³²
- b) Non-reconciliation and non-recovery of account receivables (claims).³³

1.1.2. Accounting and auditing:

PR has a well-organized accounting system operated as per its Accounts Codes, which provide the specific principles and procedures. However, following issues were identified during audit of the PR accounts for the financial year 2023-24:

- a) Mismatching of accounting principle for recording of revenue and expenditure i.e. revenue on accrual basis and expenditure on cash basis.³⁴ This resulted into non-recording of accrued liability on account of:
 - (i) Interest and exchange risk premium on foreign loans, and
 - (ii) Gratuity, commutation, pension, arrears of GPF, PM package and contractor bills etc.
 - (iii) Interest on long-term debt (overdraft with SBP)

³² Observation No. (ii) of Auditor's Report on Commercial Accounts of PR 2023-24

³³ Observation No. (vi) of Auditor's Report on Commercial Accounts of PR 2023-24

³⁴ Observation No. (i) of Auditor's Report on Commercial Accounts of PR 2023-24

- b) Non-adjustment of inventory/ store suspense balances and Railway remittances/transfer divisional.³⁵
- c) Unauthorized booking of capital expenditure to revenue and vice versa.³⁶
- d) Unauthorized adjustments on account of unverified TCs/ without acceptance and supporting vouchers.³⁷
- e) Incorrect booking of interest on GPF as receivable from the Federal Government.³⁸

Conclusion:

The expectations of stakeholders are based on desired levels of public service delivery through optimal utilization of financial resources, which is dependent upon correct and current information for policy makers and public finance managers. The financial attest audit of the accounts of PR for the financial year 2023-24 led the Audit conclude that PR has significant issues in its accounts hampering the process of good governance through informed decision making. The non-implementation of IPSAS/IFRS coupled with inefficient mobilization of financial resources has led Pakistan Railways (PR) to be a loss-making enterprise.

Audit recommends following actions in order to bring the PR accounts as per international standards ensuring transparency and good financial management practices to achieve optimal organizational outputs:

- Uniform policy for recording of revenue receipts & expenditure and policy for gain on sale of scrap be ensured.
- Policy for recording of depreciation, thefts and losses in the accounts be formulated.
- Availability of cash balances under security deposits of private parties and GPF account be ensured.

³⁵ Observation No. (v) of Auditor's Report on Commercial Accounts of PR 2023-24

³⁶ Observation No. (iv) of Auditor's Report on Appropriation Accounts of PR 2023-24

³⁷ Observation No. (iii) of Auditor's Report on Appropriation Accounts of PR 2023-24

³⁸ Observation No. (iv) of Auditor's Report on Commercial Accounts of PR 2023-24

- Adjustment of all suspense accounts be made within the same financial year.
- Implementation of ERP system across the entity including all modules of PFM be facilitated.

Chapter 2

PAKISTAN RAILWAYS

2.1 A) Introduction

Pakistan Railways is a state owned enterprise with a mission 'to provide a competitive, safe, reliable, market oriented, efficient and environment friendly mode of transport'. It is managed by the Railway Board. The Secretary, Ministry of Railways is the Principal Accounting Officer and also ex-officio Chairperson of the Railway Board. The affairs of Pakistan Railways are administered by the following authorities.

- i. CEO/Senior General Manager
- ii. GM/Manufacturing
- iii. GM/Welfare and Special Initiatives

The core functions of Railway operations are administered by the Chief Executive Officer/Senior General Manager, who is assisted by three Additional General Managers in infrastructure, Mechanical and Traffic units besides the Principal Officers of respective departments. There are seven operational divisions viz Peshawar, Rawalpindi, Lahore, Multan, Sukkur, Karachi, Quetta and one Workshop Division at Moghalpura Lahore. Each division is administered by a Divisional Superintendent (DS). The DS is assisted by Divisional Officers in their respective fields. The fields include Civil, Mechanical, Electrical, Signal & Telecom Engineering, Traffic, Commercial, Personnel, Vigilance, Accounts, Police, Property & Land and Stores. Likewise, manufacturing unit is headed by the General Manager/Manufacturing & Services (M&S) who is assisted by MD/Locomotive Factory Risalpur, MD/Carriage Factory Islamabad and MD/Concrete Sleeper Factories Lahore.

The welfare activities of Pakistan Railways are administered by the GM/Welfare and Special Initiatives (W & SI), who is assisted by the Director General/Pakistan Railway Academy Walton, Director Education and Chief Health & Medical Officer.

The administrative head of the Railway Accounts Department is Member Finance in the Railway Board who is assisted by three Financial

Advisors & Chief Accounts Officers. Moreover, there is a Chief Internal Auditor who heads the Internal Audit Wing and reports directly to the Principal Accounting Officer.

Pakistan Railways owns four subsidiary companies namely Pakistan Railways Advisory & Consultancy Services (PRACS), Railway Constructions Pakistan Limited (RAILCOP), Pakistan Railway Freight Transport Company (PRFTC) and REDAMCO (Railway Estate Development and Marketing Company). Each company is headed by a Managing Director/Chief Executive Officer.

PRACS was established in 1976 as a public limited company. Its main objectives are to prepare the feasibility reports for new Railway lines and render technical assistance in connection with the designing, modernization and maintenance of Railway installations, workshops, bridges and rolling stock. Presently, its main activities are sale of Railway tickets and managing certain trains under the umbrella of PPP.

RAILCOP was established in 1980 as a public limited company. Its main objective is to develop and upgrade Railway infrastructure.

PRFTC was established in 2015 with the objective to explore avenues of public private partnership and to enter into joint venture with private entities, domestic as well as international, for procurement of rolling stock (locomotives & hoppers wagons) or to bring in any other private investment in Railway system as and when required.

REDAMCO was established in 2012 with the objective to manage the assets of PR primarily related to land. REDAMCO remained dysfunctional from October 2019 to November 2022 and was revived by the Federal Cabinet in May 2022.

B) Comments on Budget & Accounts

Pakistan Railways prepares two sets of accounts i.e. Appropriation Accounts and Commercial Accounts. The revenue and capital grants in comparison with actual expenditure are presented in Appropriation accounts, whereas in commercial accounts, Financial Statements are presented. Since last decade, the qualified audit opinion is being given on

Appropriation Accounts and qualified and adverse audit opinion on Commercial Accounts. Qualified audit opinion was given on both Appropriation and Commercial Accounts of Pakistan Railways for the year 2023-24. The comments on Appropriation and Commercial Accounts are given hereunder:

2.1.1 Comparative analysis of revenue grant and expenditure

A comparative analysis of revenue grant and expenditure has been given hereunder:

Revenue grant and expenditure FY 2023-24

(Rs in million)

Items	Original Allocation	Supplementary Allocation	Final Allocation	Expenditure	Variation	
		(Surrender)			Excess/ (Saving)	%
Grant No. 85* Revenue Expenditure						
Voted	128,000.00	15,500.00	143,500.00	138,902.58	(4,597.42)	3.20
Charged	1,000.00		1,000.00	1,125.36	125.36	0.11
Total	129,000.00	15,500.00	144,500.00	140,027.94	(4,472.06)	3.09

Source: Appropriation Account of PR 2023-24

Grant No. 85 (Revenue) also includes budget and expenditure of Assistance of Federal Government (Grant No. 85) amounting to Rs 57,000.00 million.

The comparison of budget and expenditure clearly showed that the actual expenditure incurred under “voted” portion of revenue grant was less than the final allocation and there was savings of Rs 4,597.42 million (3.20%). The expenditure incurred under “Charged” portion was Rs 1,125.36 million; even though liability of interest on foreign loans was outstanding. The overall savings under both heads of revenue grant was 3.09%. Therefore, reasons for savings/unspent amount need to be explored; besides the cancellation of a large number of cheques at the close of FY despite the availability of funds may also be explained.

2.1.2 Comparative analysis of capital grant and expenditure

A comparative analysis of capital grant and expenditure has been given hereunder:

Capital Budget and Expenditure FY 2023-24

(Rs in million)

Capital Grant No.133 of Pakistan Railways						
Items	Original allocation	Supplementary Allocation	Final Allocation	Expenditure	Variation	
		(Surrender)			Excess/ (Saving)	%
Voted (Capital)	33,000.00	(177.49)	32,822.51	27,344.94	(5,477.56)	16.60
Suspense & credits	-	-	-	4,872.10	4,872.10	-
Total	33,000.00	(177.49)	32,822.51	32,217.04	(605.46)	1.84

Source: Appropriation Account of PR 2023-24

The expenditure incurred by the management under capital grant for the financial year 2023-24 was much lesser than the final grant and resulted in savings of Rs 5,477.56 million (17%). This occurred due to weak budgetary controls and resulted in non-utilization of financial resources invested by the Federal Government and placed at the disposal of PR for utilization. Therefore, the reasons for savings need to be explained.

2.1.3 Comparative analysis of Financial Statements of Pakistan Railways

The analysis of Financial Statements of Pakistan Railways i.e. Profit and Loss Account and Balance Sheet for the FY 2023-24 is given hereunder.

2.1.3.1 Profit & Loss Account:

Pakistan Railways suffered net loss of Rs 51,374.73 million during the FY 2023-24. It was Rs 3,179.45 million (6.60%) higher as compared to previous year.

Comparative analysis of Profit and Loss Account of PR (FY 2021-22 to 2023-24)

(Rs in million)

Particulars	2023-24	2022-23	2021-22	Variation	%
				Increase	
				(Decrease)	
1	2	3	4	5 (2-3)	6
Gross Earnings	88,792.47	63,717.92	60,091.72	25,074.55	39.35
Total Working Expense	139,050.35	111,914.79	107,136.39	27,135.56	24.25

Operating Surplus/ (Loss)	(50,257.88)	(48,196.87)	(47,044.67)	(3,186.36)	(6.61)
Interest on Debt and GPF	1,125.36	-	442.89	-	-
Miscellaneous Receipts	8.51	1.59	1.73	6.92	435.22
Net Profit / (Loss)	(51,374.73)	(48,195.28)	(47,485.82)	(3,179.44)	(6.60)

Source: Financial Statements of Pakistan Railways FY 2023-24 (Commercial Account)

The comparative analysis of profit & loss account indicated that:

- i) The working expenses amounting to Rs 139,050.35 million were much higher than the gross earnings of Rs 88,792.47 million. This resulted in operational loss of Rs 50,257.88 million. This indicated that Railway administration could not achieve even the breakeven point this year.
- ii) Interest on overdraft Rs 5.59 billion was accrued during the year 2023-24 which was not charged to Profit & Loss Account.
- iii) Federal Government provided subsidy (Grant in Aid) of Rs 57,000.00 million to set off loss of Rs 51,374.73 million.
- iv) PR received Rs 5,625.27 million more assistance viz-a-viz deficit and recorded that amount in Railway Reserve Fund.

2.1.3.2 Balance Sheet

Comparative analysis of Balance Sheet of PR (FY 2021-22 to 2023-24)

Particulars	2023-24	2022-23	2021-22	(Rs in million)	
				Variation	
				Increase/ (Decrease)	%
1	2	3	4	5 (2-3)	6
Capital & Net Worth	340,502.92	276,904.39	247,333.94	63,598.53	22.97
Revenue Reserves	26,052.78	57,293.28	57,988.55	(31,240.50)	(54.53)
Long Term Liabilities	81,984.52	80,930.46	79,673.37	1,054.06	1.30
Current Liabilities	19,999.31	26,722.45	24,497.01	(6,723.14)	(25.16)
Total Liabilities & Capital	468,539.53	441,850.58	409,492.87	26,688.95	6.40

Fixed Assets	374,655.63	211,173.42	186,858.84	163,482.21	77.42
Deferred Assets	0	142,056.51	142,056.51	(142,056.51)	(100)
Current Assets	93,883.90	88,620.67	80,577.52	5,263.23	5.94
Total Assets	468,539.53	441,850.60	409,492.87	26,688.93	6.40

Source: Financial Statements of Pakistan Railways FY 2023-24 (Commercial Accounts)

The Balance Sheet reflected the following areas of concern:

- i) The overdraft facility of PR was converted by SBP into long-term debt of Rs 43,157.38 million including suspended markup of Rs 4,563.30 million.
- ii) Federal investment of Rs 142,056.51 million mis-reportedly declared as Deferred Assets in balance sheet during 2022-23 was adjusted in proper classes of fixed assets during the year 2023-24.
- iii) Accounts receivables under current assets were increased by Rs 3,855.31 million which adversely affected the liquidity of PR.
- iv) Consolidated Financial Statements of PR as a holding company, along with its subsidiaries i.e. PRACS, REDAMCO, RAILCOP and PRFTC has not been prepared. Therefore, the overall health of the PR could not be ascertained.

2.1.4 COMMENTS ON THE FINANCIAL STATEMENTS OF SUBSIDIARIES OF PAKISTAN RAILWAYS

There are four subsidiaries of Pakistan Railways, each headed by a Managing Director/Chief Executive Officer. These companies are registered under the company's Ordinance 1984 repealed by Companies Act 2017 and their financial audit is conducted by Chartered Accountants.

- a) Pakistan Railways Advisory & Consultancy Services (PRACS)
- b) Pakistan Railway Estate Development Company (REDAMCO)
- c) Railway Constructions Pakistan Limited (RAILCOP)
- d) Pakistan Railway Freight Transport Company (PRFTC)

A) PAKISTAN RAILWAYS ADVISORY & CONSULTANCY SERVICES (PRACS)

Comparative analysis

PRACS earned net profit after tax Rs 59.95 million during the FY 2023-24 against last year after tax loss of Rs 138.02 million. This indicated that net profit of the company has increased by Rs 197.97 million (143.44%) as compared to previous year.

Profit & Loss Account (FY 2022-23 & 2023-24)

(Rs in million)

Particulars	2024	2023	Variation	%
Revenue net	385.45	123.61	261.84	211.82
Cost of revenue	(276.85)	(217.65)	(59.19)	27.20
Gross profit/(Loss)	108.61	(94.04)	202.64	215.48
Administrative expenses	(79.42)	(57.36)	22.06	38.45
Operating profit/(Loss)	29.19	(151.40)	180.59	119.28
Other income	43.45	11.75	31.30	266.34
Profit/(Loss) before tax and levies	72.23	(139.65)	211.89	151.72
Minimum tax levies	(12.28)	(1.55)	(10.73)	694.68
Profit/(Loss) before tax	59.95	(141.20)	201.15	142.46
Taxation	-	3.18	3.18	100
Profit/(Loss) after tax	59.95	(138.02)	197.97	143.44

The analysis of profit & loss account revealed following facts:

- i. The company earned gross profit of Rs 108.60 million during FY 2023-24 showing an increase of 215.48%. This increase in profit was contributed by higher increase in revenue by Rs 261.84 million (212%) and reduction in cost of company's operations by Rs 59.19 million (27%) as compared to previous year.
- ii. Revenue of train management of Faiz Ahmed Faiz and Rehman Baba Express Rs 1,335.91 million and contract fee paid to PR Rs 1,304.35 million was not reported in P&L account for the year 2022-23. Only net revenue of Rs 31.56 million was reported which tantamount to window dressing and concealment of financial information in contravention of IFRS.

- iii. As per clause 4(a) of agreement dated 01.06.2023 for E-ticketing services for Rehman Baba Express with M/s Book me Tickets, 3.5% commission was agreed on tickets sold. PRACS had neither paid commission of Rs 2.23 million on booking of Rs 63.76 million in contravention to the agreement to M/s Book me, nor this commission was recorded in the P&L account.
- iv. The company remained dependent on PR for its revenue generation and profit making. Business ventures from open market were not explored due to lack of initiative and poor business management.
- v. Comparison of gross revenue generated from four operating activities shows that PRACS sustained loss of Rs 43.36 million on sale of tickets and Rs 3.22 million on heritage cell department as detailed below: -

(Rs in million)

Operating activities	Revenue	Cost	Profit (Loss)
Commission income on sale of tickets	121.35	164.71	(43.36)
Income from commercial management of train	76.55	60.88	15.66
Consulting income	186.66	47.15	139.51
Heritage cell department income	0.89	4.10	(3.22)

- i. The administrative expenses were increased by 38% during FY 2023-24 which caused reduction of operating profit.
- ii. The net profit was increased by 266% due to higher interest income from investment of funds in banks.

Balance Sheet (FY 2022-23 & 2023-24)

(Rs in million)

Particulars	2024	2023	Variation	%
ASSETS				
Non-current assets				
Property and equipment	30.79	22.36	8.43	37.68
Deferred tax assets	-	-		
	30.79	22.36	8.43	37.68
Current Assets				
Trade receivable-net	377.17	291.73	85.44	29.29

Particulars	2024	2023	Variation	%
Advances, deposits, prepayments and other receivable	98.73	166.43	(67.69)	(40.67)
Short term investment	75.34	-	75.34	
Tax refunds due from government	212.93	198.48	14.45	7.28
Cash and cash equivalents	153.99	161.45	(7.46)	(4.62)
	918.16	818.09	100.08	12.23
Total assets	948.96	840.45	108.50	12.91
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital	100.00	100.00	0	0
100,000,000 ordinary shares of Rs.1 each				
Issued, subscribed and paid up share capital	72.00	72.00	0	0
Retained earnings	602.97	524.76	78.22	14.90
	674.97	596.76	78.21	13.11
Non-current liabilities				
Staff retirement benefits	220.01	199.70	20.31	10.17
	220.011	199.70	20.31	10.17
Current liabilities				
Trade and other payables	40.15	42.45	(2.31)	(5.43)
Provision for taxation	13.82	1.55	12.28	794.68
	53.97	43.10	9.97	22.67
Contingencies and commitments				
Total liabilities	273.98	243.69	30.28	12.43
Total equity and liabilities	948.96	840.45	108.50	12.91

The analysis of balance sheet revealed following facts:

- i. Low assets turnover ratio of 1: 0.41 indicated inefficient use of assets and underutilization of capacity to generate revenue.
- ii. Trade receivables of the company were raised up to Rs 377.17 million from Rs 291.73 million during FY 2023-24. This rising trend indicated that company failed to recover the receivables.
- iii. The chartered accountants M/s Fazal Mahmood & Co. was hired without concurrence of the AGP.

B) COMMENTS ON THE FINANCIAL STATEMENTS OF REDAMCO

REDAMCO earned net profit after tax of Rs 29.32 million during the FY 2023-24 against last year profit after tax of Rs 1.26 million. This

indicated that during 2023-24 net profit of the company was increased by Rs 28.06 million.

Comparative analysis

Financial statements of REDAMCO and comments thereon are given in the succeeding paragraphs:

Profit & Loss Account (FY 2022-23 & 2023-24)

(Rs in million)

PARTICULARS	2024	2023	Variation	%
Income	89.22	10.24	78.97	770.97
Marketing/advertisement cost	(1.08)	-	(1.08)	100
Transaction advisory services	(10.03)	-	(10.03)	100
Gross Profit	78.11	10.24	67.87	662.57
Administrative expenses	(42.97)	(8.16)	(34.81)	426.29
Profit before taxation	35.14	2.08	33.06	1590.74
Taxation	(5.82)	(0.82)	(5.01)	610.82
Profit after taxation	29.32	1.26	28.06	2228.53

The analysis of profit & loss account revealed following facts:

- i. The company's earnings increased from Rs 10.24 million to Rs 89.22 million whereas, the administrative expenses increased by four times as compared to previous FY 2022-23.
- ii. The major cause of profit was increase in activities of the company in the year 2023-24 after revival in November 2022.
- iii. It was observed that company earned interest income of Rs 54.85 million from short term investments in various private bank accounts including Rs 22.78 million in Bank Al-Falah through Term Deposit Receipt without approval of Finance Division.

Balance Sheet (FY 2022-23 & 2023-24)

(Rs in million)

PARTICULARS	2024	2023	Variation	%
Non-current assets				
Property, plant and equipment	16.86	5.15	1171	227.41
Deferred tax assets	0.15	0	0.15	100.00
Security deposit	0.47	0.47		-
	17.48	5.62	23.725	210.99
Current assets				
Advances	0.50	0.05	.045	948.51
Income tax refund due from the government	30.83	26.82	4.01	14.93
Short term investment	22.78	0	22.78	100.00
Bank balances	236.82	101.83	134.98	132.55
	290.93	128.7	161.815	126.04
Total assets	308.40	134.32	174.07	129.59
Share capital and reserves				
Authorized capital	0.10	0.10	-	
10000 (2023:10,000) Ordinary shares of Rs.10 each				
Issued subscribed and paid up capital	0.10	0.10	-	
Unappropriated profit	32.60	3.29	29.32	892.38
	32.70	3.39	29.32	866.02
Current liabilities				
Employee benefits payable	-	1.23	(123)	(100.00)
Trade and other payables	275.69	129.71	145.99	112.55
	275.69	130.94	144.76	110.55
Total equity and liabilities	308.40	134.32	174.08	129.59

The analysis of balance sheet revealed following facts:

- i. Asset turnover ratio of only 1: 0.29 describes that company was not using its assets as efficiently to generate revenue.
- ii. The company has slightly more current assets than current liabilities and can barely pay its short-term obligations.

- iii. The assets of the company increased by Rs 174.07 million viz-a-viz the liabilities increased by Rs 145.99 million which shows the company hardly earned profit.
- iv. The chartered accountants M/s Grant Thornton Anjum Rehman was hired without concurrence of the AGP.

C) COMMENTS ON THE FINANCIAL STATEMENTS OF RAILCOP AND PRFTC

The financial statements of RAILCOP and PRFTC have not been approved by their respective boards and not provided to Audit till finalization of this report. Therefore, comments on the accounts of RAILCOP and PRFTC could not be offered.

2.2 Audit Profile of Pakistan Railways

(Rs in million)

Sr.#	Description	Total Nos.	Audited	Expenditure audited	Revenue/ Receipts audited
1	Formations (Phase-I FY 2023-24)	57	57	90,680.96	14,608.65
	Formations (Lean Period FY 2022-23)	15	15	13,903.77	6,868.90
2	Assignment Accounts SDAs Etc. (excluding FAP)	-	-	-	-
3	Authorities/Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Projects (FAP)	01	01	112.51	-
Total		73	73	104,697.24	21,477.55

2.3 Classified Summary of Audit Observations

Audit observations amounting to Rs 110.37 billion were raised in this report during the current audit of Pakistan Railways and its subsidiary companies. This amount also includes observations on items having non-budgetary outlay/previous years such as land, scrap, inventory etc. Summary of the audit observations classified by nature is as under:

Compliance Audit Report 2024-25

(Rs in million)

Sr.#	Classification	Non-Budgetary (Land, assets etc.)	Budgetary (expenditure, revenue)
1	Fraud and Serious Irregularities		1,628.20
2	Revenue Management		9,925.81
3	Project Management	5,323.24	
4	Tax Matters	2,286.25	
5	Governance and Administration		2,584.34
6	Land Management	32,654.80	
7	Civil Works		5,072.45
8	Procurement Management		23,441.28
9	Inventory and Store Management	11,719.05	
10	Railway Track & Rolling Stock		12,826.81
11	Financial Management		2,910.02
	Total	51,983.34	58,388.91
	Grand Total		110,372.25

2.4 Comments on the Status of Compliance with PAC Directives as on 31.12.2024

Audit Year	Total Paras	Actionable Points	Compliance received	Compliance not received	Percentage of compliance
1985-86	34	34	24	10	70%
1986-87	29	29	25	04	86%
1987-88	31	31	19	14	61%
1988-89	19	19	11	08	58%
1989-90	41	41	29	12	71%
1990-91	42	42	37	05	88%
1991-92	36	36	20	16	55%
1992-93	99	13	04	09	31%
1993-94	67	67	52	15	77%
1994-95	123	123	76	47	61%
1995-96	153	21	13	08	62%
1996-97	65	05	0	05	0%
1997-98	56	07	07	07	100%
1998-99	50	28	13	15	46%
1999-00	58	56	39	17	69%
2000-01	48	48	29	19	60%
2001-02	28	28	10	18	36%
2003-04	24	11	03	08	27%
2004-05	22	22	17	05	77%
2005-	46	46	35	11	76%
2006-07	34	34	18	16	53%
2007-08	68	29	07	22	24%
2008-09	101	101	39	62	37%
2009-10	151	72	01	71	1%
2010-11	88	03	0	03	0%
2011-12	97	0	0	0	0%
2012-13	73	0	0	0	0%
2013-14	59	39	0	39	0%
2014-15	86	0	0	0	0%
2015-16	84	43	0	43	0%
2016-17	49	01	0	01	0%
2017-18	70	12	0	12	0%
2018-19	79	07	01	06	14%
2019-20	114	103	03	100	3%

Compliance of PAC directives remained in the range 27% to 100% during the period of 1985-86 to 2008-2009 except 1996-97. However, after the year 2009 the compliance of PAC directives was significantly declined and reached between 3% to 14% till 2019-20. Non-compliance of PAC directives is challenging the course correctives measures on part of PR, resulting in recurrence of irregularities of similar nature.

2.5 Audit Paras

Fraud and Serious Irregularities

2.5.1 Theft of material – Rs 1,044.90 million

Para 1802 of Pakistan Railways General Code provides that any defalcation or loss of cash, from stores or other property belonging to Government, should be reported immediately after its discovery, to the head of division or department, and in serious cases to the General Manager. Copies of the reports should be sent simultaneously to Financial Advisor and Chief Accounts Officer. The General Manager should bring every important case to the notice of the Railway Board, as soon as possible.

During audit of different formations of Pakistan Railways from May to September 2024, twenty-five (25) instances of theft valuing Rs 1,044.90 million were observed (**Annexure-3**). No concrete efforts were made by Railway management to recover the stolen material despite lapse of considerable period.

The matter was taken up with the management from August to November 2024 and discussed in various DAC meetings. In most of the cases, DAC directed the PO concerned and IG/PRP to investigate the theft cases and initiate disciplinary action against the responsible employees of Mechanical and Police departments. DAC further directed to expedite action on FIRs and take action against the responsible officers and staff if delayed or non-reporting of theft observed. Compliance of DAC directives was awaited.

Audit recommends that theft cases may be investigated to fix responsibility for the loss and amount involved be recovered from defaulters. Moreover, security measures to safeguard public assets be strengthened.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20, 2021-22, 2022-23 and 2023-24 vide paras No 2.5.7, 2.5.27, 2.5.1 and 2.5.2 having financial impact of Rs 991.25 million. Recurrence of same irregularity is a matter of serious concern.

2.5.2 Loss due to deficiencies in coaching and goods stock – Rs 312.26 million

Revised Standard Operating Procedures (SOP) regarding prevention of theft of Railway material as communicated vide Deputy Inspector General/Operations, Pakistan Railways Police Letter No. M-504/8-PRP/2014-15 dated 20.11.2019 lays down detailed internal controls to stop theft/pilferage of material from Railway coaches and wagons. These controls entail:

- Divisional officers/officials would monitor theft/cannibalization of material from coaches and wagons,
- Anti-theft measures would be ensured in damaged vehicles booked for Moghalpura/Hyderabad which included police and C&W escorts,
- Cannibalization of parts from passing through goods trains would be prohibited and separate registers of cannibalization for UP/DN trains would be maintained,
- Provision of boundary wall around all yards with proper searchlights.

During audit of different formations of Pakistan Railways from May to October 2024, it was observed in twelve (12) instances that internal controls to prevent theft as suggested in the above mentioned revised SOPs were not put in place due to which deficiencies of fittings i.e. screw coupling, floating lever, buffer plunger etc. in coaching and goods stocks were occurred (**Annexure-4**). This resulted in loss of Rs 312.26 million to PR due to slackness of management.

The matter was taken up with the management from May to October 2024 and discussed in DAC meeting held on 30.01.2025. DAC directed the PO (CME/C&W) to develop and implement an improved mechanism to minimize deficiencies in the rolling stock and ensure proper accountal of deficiencies. The revised and improved mechanism should be finalized and shared with Audit within one month. DAC further directed that the deficiencies pointed out by Audit be probed and action be taken

against the persons found at fault. Compliance of DAC directives was awaited.

Audit recommends that PR may take up the issue seriously and devise a strategy with the help of concerned departments to minimize such losses. Disciplinary action be taken against those held responsible for non-implementation of SOP besides recovering the amount from them.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20, 2021-22 & 2022-23 and 2023-24 vide paras No 2.5.6, 2.5.66, 2.5.54 & 2.5.1 having financial impact of Rs 261.90 million. Recurrence of same irregularity is a matter of serious concern.

2.5.3 Misappropriation of material – Rs 264.95 million

Para 372 of Pakistan Railways Code for the Accounts Department provides that the defalcation or loss should be reported to the Accounts Officer and Statutory Audit and should be investigated by the Executive in association with Accounts representative with a view to fix responsibility.

During audit of different formations of Pakistan Railways from May to October 2024, fifteen (15) cases of shortage of material valuing Rs 264.95 million were noticed. Audit was of the view that the material had been misappropriated due to weak internal controls and security measures (**Annexure-5**).

The matter was taken up with the management from May to October 2024 and discussed in various DAC meetings. In most of the cases, DAC directed the PO concerned to submit revised reply along with documentary evidence and copies of inquiry reports where conducted within one week to Audit. Compliance of DAC directives was awaited.

Audit recommends that special stock verification/detailed inspection may be conducted and finalized at the earliest and action be taken against those held responsible besides recovery of the amount involved. Internal controls regarding inventory management be strengthened to avoid recurrence.

2.5.4 Embezzlement by forgery of record – Rs 6.09 million

Rule 4 (3) of the Public Sector Companies Corporate Governance Rules-2017 provides that the Chief Executive is responsible for the management of the Public Sector Company and for its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Act and these rules. His responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During audit of RAILCOP in May 2024, it was observed that an Engineering Consultant appointed by the company for Karachi and Sukkur office on 07.01.2022 was assigned the additional charge of Project Director Karachi on 02.02.2022. The employee had drawn cash Rs 2.25 million by forging the record and misappropriated material valuing Rs 3.84 million. RAILCOP management reported the matter to FIA for investigation on 31.07.2023 but no avail. This resulted in loss Rs 6.09 million to RAILCOP due to misappropriation of cash and material by the project director.

The matter was taken up with the management in May 2024 and discussed in DAC meeting held on 10.09.2024. DAC directed the CEO/RAILCOP to pursue the matter with FIA vigorously and submit report to Audit. Compliance of DAC directives was awaited.

Audit recommends that matter be vigorously pursued with FIA for recovery of the misappropriated amount and material from the culprit. Internal controls be strengthened to avoid recurrence.

DP# 24201

Note: The issue was also reported earlier in the Audit Reports for Audit Year 2018-19 and 2023-24 vide para No. 2.4.9 and 2.5.4 having financial impact of Rs 23.23 million. Recurrence of same irregularity is a matter of serious concern.

Revenue Management

2.5.5 Non-recovery of Railway dues from government departments – Rs 4,000.89 million

Para 316 (a) of Pakistan Railways Code for the Accounts Department stipulates that the amounts due to Railways for services rendered, supplies made or for any other reasons are correctly and promptly assessed and recovered as soon as they fall due.

During audit of different formations of Pakistan Railways, it was observed in twenty-five (25) instances that an amount of Rs 4,000.89 million was recoverable from various government departments and authorities including Food Department, Postal Department, NBP, District Governments etc. up to June 2024 (**Annexure-6**). Railway management failed to realize Railway dues within prescribed time due to poor accounts receivable management.

The matter was taken up with the management from July to December 2024 and discussed in various DAC meetings. DAC directed the PO concerned to recover amount pointed out in the paras from relevant departments/sponsors, file recovery suits & expedite the inquiry proceeding where directed and submit revised reply along with documentary evidence to Audit. Compliance of DAC directives was awaited.

Audit recommends that action be taken against those held responsible for non-recovery of Railway dues in time besides ensuring recovery of amount by filing recovery suits under intimation to Audit.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 vide paras No 2.5.67, 2.5.19, 2.5.68, 2.5.60 and 2.5.86 having financial impact of Rs 5,777.45 million. Recurrence of same irregularity is a matter of serious concern.

2.5.6 Non-recovery of Railway dues from private parties – Rs 2,603.62 million

Para 316 (a) of Pakistan Railways Code for the Accounts Department stipulates that the amounts due to Railways for services rendered, supplies made or for any other reasons are correctly and promptly assessed and recovered as soon as they fall due.

During audit of different formations of Pakistan Railways from April to November 2024, it was observed that in seventy-six (76) cases an amount of Rs 2,603.62 million was recoverable from various private parties on account of rental charges, damages to wagons, detention charges, under charges, demurrage charges and electric charges up to June 2024 (**Annexure-7**). Railways management failed to realize the Railway dues from private parties due to poor accounts receivables management.

The matter was taken with the management from July to December 2024 and discussed in various DAC meetings. In most of the cases, DAC directed the PO concerned to expedite efforts and ensure early recovery of outstanding charges within one month and share status of recovery along with documentary evidence with Audit. Compliance of DAC directives was awaited.

Audit recommends that action be taken against those held responsible for non-recovery of Railway dues in time besides ensuring recovery of amount under intimation to Audit.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20, 2020-21, 2021-22 and 2023-24 vide paras No 2.5.66, 2.5.18, 2.5.69 and 2.5.83 having financial impact of Rs 3,135.14 million. Recurrence of same irregularity is a matter of serious concern.

2.5.7 Non-realization of Railway earnings resulted in accumulation of station outstanding – Rs 1,735.02 million

According to Para-30.21 of Pakistan Railway Commercial Manual, Station Masters and Goods Supervisors should interest themselves in the clearance of outstanding in their books. At the end of each month they should check the list of outstanding (S.N. 59) with the inward books and

send a report of outstanding of one month and over to the Chief Commercial Manager's Office where suitable actions should be taken for their early clearance.

During audit of different formations of Commercial & Transportation Department in May to October 2024, it was observed in seven (07) instances that an amount of Rs 1,735.02 million was appearing as outstanding in station balance sheets as on 30.06.2023. These amounts represent earnings of PR which were not realized from contractors and consignors. Thus, non-realization of Railway earnings resulted in accumulation of station outstanding to Rs 1,735.02 million as on 30.06.2023 due to poor accounts receivable and revenue management (**Annexure-8**).

The matter was taken up with the management in July to November 2024 and discussed in various DAC meetings. In most of the cases, DAC directed the PO to ensure monthly meeting with the FA&CAO/Revenue regarding clearance of station outstanding. DAC further directed the PO to expedite efforts for clearance of station outstanding, improve monitoring of station outstanding and issue instructions for reporting station outstanding in the charge handing over reports of relieving officers. Compliance of DAC directives was awaited.

Audit recommends that effective steps be taken to recover the outstanding amount from concerned parties and internal controls regarding accounts receivable and revenue management be strengthened to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2021-22 & 2023-24 vide paras No. observation 3 and 2.5.83 having financial impact of Rs 911.57 million. Recurrence of same irregularity is a matter of serious concern.

2.5.8 Non-recovery of electrical overhead crossing charges from DISCOs –Rs 1,043.05 million

Para 316 (a) of Pakistan Railways Code for the Accounts Department (Vol-I) stipulates that the amounts due to the Railway for

services rendered, supplies made or any other reasons are correctly and promptly assessed and recovered as soon as they fall due.

During audit of four (04) formations of Electrical Department and Pakistan Locomotive Factory, Risalpur from March to August 2024, it was observed that charges of 297 authorized and 811 unauthorized electric wire overhead crossings amounting to Rs 1,043.05 million were outstanding against DISCOs. PR management failed to safeguard interest of Pakistan Railways as the existence of unauthorized electric wire overhead crossings indicates that Railway track was crossed without obtaining NOC and payment of requisite charges.

(Rs in million)

Sr. #	DP #	Formation	Number of crossings	Amount
1	24A051	Electrical Department, Sukkur	107 unauthorized	507.00
2	24729	Pakistan Locomotive Factory, Risalpur	191 unauthorized	262.20
3	24083	Electrical Department, Karachi	113 unauthorized	197.40
4	24987	Electrical Department, Multan	297 authorized 400 unauthorized	76.45
Total			1,108	1,043.05

Thus, negligence of Railway management resulted in unauthorized crossings of Railway track and non-recovery of electric wire overhead crossing charges of Rs 1,043.05 million.

The matter was taken up with the management in July to December 2024 and discussed in DAC meetings held on 22.10.2024 and 04.02.2025. The PO (CEE/I) apprised the DAC that a committee of three ministries i.e. Railways, Finance and Power Division is already working on this issue. DAC directed the PO to expedite efforts to resolve the issue through committee already constituted by PAC. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for unauthorized crossing of Railway track without NOC and payment of overhead crossing charges. The process of regularization of overhead crossings and recovery of outstanding amount may be expedited and

internal controls regarding Railway track crossings should be strengthened to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Year 2021-22 vide para No. 2.5.76 having financial impact of Rs 286.80 million. Recurrence of same irregularity is a matter of serious concern.

2.5.9 Inordinate delay in collection of Railway earnings by NBP – Rs 450.25 million

According to the cash collection agreement between Pakistan Railways (PR) and the National Bank of Pakistan (NBP) dated April 9, 2021, all authorized branches of NBP under Schedule-I are required to collect Railway earnings between 3:30 PM and 5:30 PM on daily basis, including Saturdays. Branches under Schedule-II and Schedule-III are required to collect Railway earnings on Saturdays, Sundays, and holidays also, while 13 branches at important stations, as listed in Schedule-III, must also collect on Eid days, such as Eid ul Fitr and Eid ul Azha. The NBP branches at Jhelum, Lalamusa, Margalla, and Taxila fall under Schedule-I.

During audit of Commercial & Transportation Department, Rawalpindi in October 2024, it was observed that NBP collected station earnings of Rs 209.40 million from the Jhelum, Lalamusa, and Taxila stations with a delay of two (02) to seven (07) days excluding Sunday during financial year 2023-24 in violation of agreement. Further, daily earnings of these stations were being collected in next day morning instead of collecting between 3:30 PM and 5:30 PM due to which earnings automatically detained for one day at stations. In addition to above, cash collection from the Margalla station was not handled by NBP, and booking clerk himself deposited station earnings of Rs 240.85 million for the period from July 2022 to September 2024 at Rawalpindi station at his own risk. This resulted in non-collection and inordinate delay in collection of station earnings Rs 450.25 million (Rs 209.40+Rs 240.85) in violation of agreement.

The matter was taken up with the management in October 2024 and discussed in DAC meeting held on 16.01.2025. DAC directed the PO

(CCM) to issue instructions, in the light of today's discussion, to all concerned for strict compliance regarding deposit of cash of Railway Stations without any delay and take up the issue with NBP management. Compliance of DAC directives was awaited.

Audit recommends that the matter may be taken up with NBP to ensure timely collection of Railway earnings from the aforementioned four stations. Internal controls be strengthened to avoid recurrence.

DP# 24817

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2022-23 & 2023-24 vide paras No. 2.6.2 and 2.5.89 having financial impact of Rs 1,090.38 million. Recurrence of same irregularity is a matter of serious concern.

2.5.10 Loss of earnings due to non-auction of vending stalls/ restaurants/ parking stands –Rs 60.27 million

Para 807 of Pakistan Railway Code for the Engineering Department stipulates that all Railway land should be managed on commercial lines and Railway administration should endeavor to develop the resources of, and put to profitable use, any areas in its occupation which are lying idle and can be put to profitable use.

During audit of Commercial and Transportation Departments, Multan and Sukkur in April 2024, it was observed that Pakistan Railways sustained loss of earnings Rs 58.59 million due to non-auction of vending stalls, restaurants, and parking stands at various stations in Multan and Sukkur division. Audit further observed that 12 vending stalls in Sukkur division were auctioned but possession was not handed over to the successful bidders causing loss of Rs 1.68 million. This resulted in loss of potential earnings of Rs 60.27 million due to negligence and inefficiency of Railway management.

The matter was taken up with the management in May 2024 and discussed in DAC meeting held on 08.10.2024. DAC directed the PO to develop SOP for assessment and reassessment of benchmarks of vending stalls, parking stands etc. and acceptance of rates below benchmark. DAC

further directed the PO to expedite the auction of vending stalls after reassessing the benchmarks and submit a comprehensive reply along with documentary evidence to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends that auction of sites be ensured and sites be handed over to the successful bidders without further delay in order to augment Railway receipts.

DP# 24076 & 24120

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2019-20 and 2023-24 vide paras No. 2.4.60, 2.5.83 and 2.5.53 having financial impact of Rs 1,868.77 million. Recurrence of same irregularity is a matter of serious concern.

2.5.11 Loss due to non-booking of available freight wagons despite demand – Rs 32.71 million

Para 16.1 (a) of Pakistan Railway Commercial Manual provides that the arrangements for working goods traffic should be so organized as to obtain the best possible results in terms of wagon loads and train loads. In order to attain the maximum output and efficiency from a transport system, each wagon should be given as full a load, as possible. The utilization of wagons for the purpose of conveying less than the full economical load means loss of carrying capacity on the Railway and consequently loss of output.

During audit of the Commercial & Transportation Department, Peshawar in May 2024, it was observed that loaded 642 ZBKC wagons were received from Karachi and unloaded at Pir Piai and Kundian stations during the period from October 2023 to February 2024. Audit observed that Railway management received demand of 400 ZBKC wagons for downward booking at the loading stations of Peshawar division during the said period. However, only 171 wagons were booked and 190 wagons were returned empty to Karachi. Thus, non-booking of 190 ZBKC wagons despite demand put the Pakistan Railways into loss of freight earnings of Rs 32.71 million.

The matter was taken up with the management in May 2024 and discussed in DAC meeting held on 04.02.2025. DAC directed the PO (COPS) to consult with DS Peshawar and provide comprehensive reply along with documentary evidence to Audit. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for loss due to non-booking of wagons despite demand and availability, besides taking action against those found at fault. Internal controls be strengthened to avoid recurrence.

DP# 24158

Project Inventory Issues

2.5.12 Irregular/unauthorized expenditure beyond the scope and financials of the project – Rs 3,616.68 million

As per PC-I of Special Repair of 100 D.E. Locomotives to improve availability & reliability dated April 2019, the existing staff of Central Diesel Locomotive Shop, Rawalpindi and Diesel Shop Karachi Cantt will be utilized and no labour charges will be booked.

During audit of Project of “Special Repair of 100 Locomotives (New) for improving the reliability/availability of running locomotives” in September 2024, it was observed that an amount of Rs 2,748.20 million under foreign exchange component was approved in the PC-1 only for procurement of spare parts of 15 (AGE-30) locomotives. The special repair of locomotives was required to be carried out in Railway workshops without booking cost of labour charges to the project. However, Pakistan Railways executed a contract with M/s Wabtec Transportation Systems for the procurement of material and service charges for special repair/up-gradation of 15 (AGE-30) D.E. locomotives valuing Rs 6,364.88 million (US\$ 22,920,000 x Rs 277.7) against the approved cost of Rs 2,748.20 million on 05.09.2023. Further, the contract cost included service charges of Rs 565.76 million without provision in the PC-I. This led to excess expenditure of Rs 3,616.68 million.

The matter was taken up with the management in October 2024 and discussed in DAC meeting held on 26.12.2024. DAC directed the PO (PD SR-100) to get the PC-I of the project revised from the competent authority and share its copy with Audit and in future ensure observance of PC-I strictly. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for incurring excess expenditure and unauthorized payment to contractor on account of service charges causing loss to PR. Remedial measures be adopted to avoid recurrence and regularization of the issue.

DP# 24647 & 24650

2.5.13 Irregular inclusion of newly purchased wagons in project of special repair of coaches and wagons -Rs 380.70 million

Clause-12 of revised PC-I regarding implementation schedule provides that special repair of old age bogie wagons having age of almost 20 to 40 years will be special repaired. Moreover, Clause 5 of revised PC-I regarding project's objectives provides that the objectives of the project is to procure essentially required imported/locally manufactured spares for special repair, heavy repair, deferred maintenance of stabled 600 passenger coaches and 1200 bogie wagons to improve their availability, reliability, safety.

During audit of project "special repair of 600 passenger coaches and 1200 bogie wagons" in August 2024, it was observed that Railway management irregularly included 235 newly purchased hopper and container wagons having age of 3 to 5 years in the project against the provision of 20 to 40 year of age. An amount of Rs 380.70 million (235x1.62 million) had been incurred on special repair of these wagons. These wagons also had two years' warranty period. Further, spares parts including principal assemblies and log life parts costing US\$ 736,959 for their 3 years' maintenance were also purchased with these wagons. Moreover, these wagons were mostly used by private contractors and cost of repair should have been recovered from concerned contractors in terms of rules ibid instead of irregular inclusion in project. This resulted in

unauthorized expenditure of Rs 380.70 million on special repair of 235 hopper and container wagons by irregular inclusion in the project.

The matter was taken up with Railway management in August 2024 and discussed in DAC meeting held on 04.02.2025. DAC directed the P.O (CME/C&W) to justify inclusion of High Capacity Hopper Wagons in the PC-I and submit revised comprehensive reply along with documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for irregular inclusion of newly purchased wagons in special repair of wagons project against provision of PC-I besides, adopting remedial measures to avoid recurrence.

DP# 24551

2.5.14 Unauthorized expenditure in excess of approved cost of the projects –Rs 448.79 million

As per the directives issued during the Departmental Development Working Party (DDWP) meeting held on 18.08.2022 (Agenda-4), the project “Replacement of old and obsolete signal gear (LON-SDR)” was granted a 3rd extension with a clear mandate to complete the project within the approved cost and timeline. The DDWP explicitly instructed that no further extensions would be granted and that all expenditures must remain within the approved budget. Any expenditure exceeding the approved cost requires administrative approval to ensure financial discipline and accountability.

During audit of different formations of Pakistan Railways in August 2024, it was observed that Railway management incurred an amount of Rs 448.79 million in excess of approved cost of the works. The expenditure was made without obtaining the necessary administrative approval, which was required to authorize any spending beyond the approved budget.

- i) During audit of the project replacement of old and obsolete signal gear (LON-SDR), it was observed that an amount of Rs 1,393.72

million was incurred against the approved cost of Rs 1,180.00 million for local component i.e. building, establishment, and logistics. This resulted in excess expenditure of Rs 213.72 million.

- ii) In revised PC-I of project special repair of 600 passenger coaches and 1200 bogie wagons, an amount of Rs 858.85 million was provided for special repair of 373 passenger coaches and power vans. Whereas, management incurred expenditure of Rs 1,091.69 million which resulted in excess expenditure of Rs 235.07 million (29%).

This resulted in unauthorized expenditure of Rs 448.79 million over and above the approved project cost.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 07.02.2025. DAC directed the POs to reconcile the expenditure of the projects with Accounts, get the PC-I revised from competent forum and submit revised reply along with copy of revised PC-I to Audit. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to ascertain the factual position behind the unauthorized expenditure and responsibility be fixed for approving and executing the spending without proper authorization. Immediate steps be taken to regularize the excess expenditure under intimation to Audit.

DP# 24692 & 24656

2.5.15 Infructuous expenditure on transfer of technology- Rs 378.29 million

According to article 33 of agreements dated 07.12.2012 for procurement of ZCU-20/30 locomotives, the seller/manufacturer shall supply technology for overhauling and maintenance of various systems/equipment installed in the locomotives. Complete technical information, general & critical measuring tools, equipment including drawings, jigs, fixtures for repair, overhauling and maintenance of electronic fuel injection system shall be provided. Further complete technical information

for trouble shooting along with necessary tools and equipment for Electronic Fuel Injection shall be provided.

During audit of Mechanical Department, PR Headquarters, Lahore in August 2024, it was observed that an agreement dated 07.12.2012 was executed between Pakistan Railways and M/s CRRC Ziyang Co. Ltd for procurement of ZCU-20/30 locomotives. Pakistan Railways paid an amount of US \$ 573,264 to M/s CRRC Ziyang Co. Ltd for transfer of technology for normal and heavy repair. In addition, an amount of US \$ 797,362 was also paid for procurement of plant and machinery for the said locomotives against maintenance contract dated 15.07.2017. Audit observed that ten locomotives were held up for major overhauling while many were running overdue due to non-availability of tools for qualification and desired software. The contractor has not transferred the technology for normal and heavy maintenance of locomotives under procurement and maintenance contract which resulted in infructuous expenditure of Rs 378.29 million. This was also causing loss of potential revenue due to held up of locomotives.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 07.02.2025. DAC nominated the DG Vigilance and Dy: CME/Loco to inquire the matter, to fix responsibility & suggest course corrective measures and submit report to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for wasteful expenditure due to non-acquisition of complete transfer of technology as per agreement. Course corrective measures be adopted to avoid recurrence.

DP# 24271

2.5.16 Poor contract management resulting into non-provision of drawings and refusal of OEM to repair a GEU-40 locomotive - Rs 357.42 million

According to clause 16 of contract DP/55 DEL/2015 dated 20.06.2015 for purchase of locomotive, the seller (General Electric

Company, USA) was required to provide drawings listed in annexure BA18.

During audit of the project “Re-commissioning of 05 Accidental DE locomotives” in August 2024, it was observed that a GEU-40 DE locomotive No.9021 purchased in 2017 from General Electric Transportation Company, USA met with an accident on 13.05.2017 at Bhollari–Kotri (Karachi Division) and was included in the project for recommissioning. The platform assembly of the locomotive was damaged along with other parts and equipment. According to contract, the General Electric Transportation was bound to provide necessary drawings for repair of locomotives in case of any accident. However, the drawings of the locomotives were not provided to PR and due to non-availability of drawings PR was at the mercy of OEM (General Electric, USA) for repair of locomotive. Meanwhile General Electric was merged with Wabtec Corporation in 2019. Three international tenders were floated for repair of loco No. 9021 but Wabtec had not shown interest in recommissioning of the locomotive on the grounds that the requisite assembly fixtures of GEU-40 locomotive were not available with them. Thus, non-repair of locomotive due to non-provision of drawings of critical assembly fixtures resulted in held up of a GEU-40 Locomotive valuing Rs 357.42 million since 2017 due to weak contract management. The issue would also impact future maintenance of the entire fleet of GEU-40 Locomotives available with PR.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 24.12.2024. DAC directed the PO (CME/Loco) to share revised reply with Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired regarding closure of project without obtaining the drawings from OEM. The issue be taken up with Wabtec USA with not only in respect of GEU-40 locomotive no. 9021 but for entire fleet of the same class of locomotives.

DP# 24216

2.5.17 Non-operational furnace machine due to non-pursuance with SNGPL for required gas pressure – Rs 90.18 million

As per CP-0116 dated 05.12.2022 of M/s CRRC Tangshan (S.No.3) and letter No. DP/230 Coaches/2021 dated 04.09.2023 of Director Procurement conveyed the detailed technical parameters of “bogie hearth resistance furnace machine” i.e. 14 PSI natural gas pressure is required for operation of manufacturing coaches.

During audit of project procurement/manufacture of 820 high-capacity bogie freight wagons and 230 passenger coaches in August 2024, it was observed that “bogie hearth resistance furnace machine” valuing Rs 65.05 million was procured. As per technical specification and parameters provided by the M/s CRRC (seller), 14 PSI natural gas pressure was required for operation of bogie hearth resistance furnace machine. Whereas, existing natural gas pressure was approximately 4-5 PSI and gas provider could provide pressure up to maximum 7 PSI. This indicated that furnace was purchased without keeping in view the available gas pressure. PR paid Rs 25.13 million to SNGPL on 24.11.2023 for installation of new gas pipeline to enhance the gas pressure to meet the operating requirement of furnace but despite lapse of more than 12 months, the installation was not started. This resulted in non-operating of furnace machine valuing Rs 90.18 million due to not pursuing the issue with SNGPL for provision of desired level of gas pressure.

The matter was taken up with the formation in August 2024 and discussed in DAC meeting held on 07.02.2025. DAC directed the PO (CME/C&W) to submit revise reply addressing questions raised by Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter may be probed to fix responsibility for wasteful expenditure on procurement of “bogie hearth resistance furnace machine” not suitable in existing work conditions. Matter of installation of new gas pipeline may be expedited to ensure desired gas pressure for working of bogie hearth resistance furnace.

DP# 24330 & 24333

2.5.18 Non-enhancement of electric load resulted in delay of TOT-Rs 51.18 million

According to NEPRA's Consumer Service Manual 2021, maximum time limit for installation of electric connection (above 500 kW but not exceeding 5000 kW) is 76 days from depositing the demand notice dues date.

During audit of project procurement/manufacture of 820 high-capacity bogie freight wagons and 230 passenger coaches in August 2024, it was observed that an amount of Rs 51.18 million was paid to IESCO in May 2023 for enhancement of electric load from 2000 KW to 3000 KW in connection with installation and operation of TOT against project of 230 passenger coaches at Carriage Factory, Islamabad. However, Railway management failed to get the electric load enhanced despite lapse of more than one year. Thus, unjustified delay by the IESCO in enhancement of electric load despite receipt of Rs 51.18 million resulted in delay of TOT due to poor pursuance by Railway management.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 07.02.2025. DAC directed the PO (CME/C&W) to submit revise reply addressing questions raised by Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter be taken up with higher authorities of IESCO to expedite the enhancement of electric load under intimation to Audit.

DP# 24334

Tax matters

2.5.19 Loss due to excess payment of customs duty -Rs 1,372.87 million

According to Pakistan Customs Tariff for the FY 2023-24 regarding Railway carriage & wagons and rolling stock provides that custom duty on import of Railway rolling stock is admissible at uniform rate of 3%. Further, section XVII vehicles, aircraft, vessels and associated transport equipment under section 86 of the First Schedule of the Customs

Act, 1969 cover the Railway or tramway locomotives, rolling-stock and parts thereof; Railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signaling equipment of all kinds and the Custom Import Tariff 2023-24 provides rate of Custom Duty as 3%.

During audit of following formations in August 2024, it was observed that Pakistan Railways imported spare parts and material for locomotives and high-capacity bogie wagons and paid customs duty ranging from 11 % to 20% instead of 3%.

(Rs in million)

Sr. #	DP No	Formation	Customs duty paid in excess
1	24208	Project of Re-commissioning of 05 accidental locomotive	28.22
2	24326	Project of procurement/manufacture of 820 high-capacity bogie freight wagons and 230 passenger coaches	1,333.86
3	24545	Project of special repair of 600 passenger coaches and 1200 bogie wagons	10.79
Total			1,372.87

Thus, excess payment of customs duty Rs 1,372.87 million resulted in loss to PR due to negligence of Railway management.

The matter was taken up with the management in August 2024 and discussed in DAC meetings held on 19.12.2024 and 04.02.2025. DAC directed the POs to get clarification on this issue from FBR and share with Audit. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired regarding excess payment of custom duty and take up the matter with Custom authorities for refund adjustments. Internal controls be strengthened to avoid recurrence.

2.5.20 Non-deduction of taxes from contractors in violation of FBR instructions – Rs 633.36 million

In terms of section 236-A of income tax ordinance 2001 states that any person making sale by public auction / tender of any property or goods shall collect tax including award of any lease to any person @ 10% and 15% from the filers and non-filers, respectively, for further remittance

to Income Tax authorities on the day the tax is deducted. Further, as per eleventh schedule of sales tax act 1990 amended up to June 2024, a withholding agent, shall deduct an amount equal to 80% of the sales tax invoice on procurement of crush stone.

During audit of 16 different formations in March to October 2024, it was observed in twenty-two (22) instances that an amount of Rs 633.36 million was not deducted from the suppliers/contractors and employees on account of income tax, sales tax, and customs duty in complete disregard to FBR instructions/Sales Tax and Income Tax Ordinance. This resulted in loss of Rs 633.36 million to public exchequer due to slackness of Railway management and weak internal controls (**Annexure-9**).

The matters were taken up with the management from July to October 2024 and discussed in various DAC meetings. In most of the cases, DAC directed the concerned PO to recover the amount involved and submit revised reply along with documentary evidence to Audit. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for non-deduction of taxes and action be taken against those held responsible besides recovery of amount from the concerned.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20, 2021-22, 2022-23 and 2023-24 vide paras No 2.5.70, 2.5.34, 2.5.26 and 2.5.82 having financial impact of Rs 2,119.15 million. Recurrence of same irregularity is a matter of serious concern.

2.5.21 Attachment of Pakistan Railways bank accounts by FBR– Rs 185.27 million

As per Section 160 of the Income Tax Ordinance 2001, the withholding agent would be personally liable to collect/deduct advance income tax u/s 236A of said ordinance. In case of failure to collect and deposit of the advance income tax, the Commissioner would serve notice u/s 140 read with section 69 & 138, for the purpose of recovering tax within time specified therein. The Commissioner may proceed to recover from the taxpayer the said amount by attachment and sale of any movable

or immovable property of the taxpayer if tax amount not paid within specified time.

During audit of the Chief Commercial Manager in August 2024, it was observed that Railway management failed to remit Federal Excise Duty to FBR. Consequently, FBR authorities attached the bank account of Pakistan Railways and an amount of Rs 185.27 million was deducted as per provisions of Income Tax Ordinance 2001. This resulted in loss of Rs 185.27 million to PR due to attachment of its bank account by FBR. This depicts weak financial controls and slackness of the management.

The matter was taken up with the management in October 2024 and discussed in DAC meeting held on 07.01.2025. DAC directed the PO (CCFM) to maximize the efforts for refund/adjustments and submit revised reply along with supporting documents to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter be investigated to fix responsibility and action be taken against those held responsible. A mechanism regarding collection of withholding taxes, its timely remittance and reconciliation with FBR be devised under intimation to Audit.

DP# 24310

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20, 2021-22 and 2023-24 vide paras No 2.5.38, 2.5.75, 2.5.77 and 2.5.88 having financial impact of Rs 1,774.41 million. Recurrence of same irregularity is a matter of serious concern.

2.5.22 Loss due to non-remittance of taxes deducted at source with FBR –Rs 30.61 million

Rule 43 (a) of the Income Tax Rules, 2002 provides that where the tax is collected or deducted by the Federal Government or Provincial Government and will be deposited on the same day the tax was collected or deducted. Further, Section 205, a further tax, default surcharge is also payable/recoverable at the rate of 18% per annum on the amount of tax not collected or deducted or having collected or deducted but not paid.

During audit of following formations in August and October 2024, it was observed that an amount of Rs 30.61 million was collected from contractors but the same was not remitted to FBR. Every year FBR attaches Pakistan Railways' bank accounts due to this negligence of Railway management. Further, PR had to pay surcharge and penalty charges on the amount of tax collected or deducted but not paid to FBR.

- i. CSF management procured cement, steel, HSD oil and other items valuing Rs 331.97 million during the year 2023-24. However, income tax Rs 6.57 million and 1/5th of sales tax Rs 9.70 million were deducted at source but not deposited with FBR by Accounts Officer/CSF. This resulted in loss of Rs 16.27 million to national exchequer due to non-remittance of taxes.
- ii. Commercial & Transportation Department, Rawalpindi collected Rs 89.48 million on account of storage and service charges for containers arrived at Islamabad Dry Port, along with FED at 16% amounting to Rs 14.34 million, for the year 2023-24. However, no evidence regarding remittance of the collected FED with FBR was provided to the Audit. This indicates that FED was collected at Islamabad Dry Port but not remitted to FBR.

The matter was taken up with the management in August and October 2024 and discussed in DAC meetings held on 09.01.2025 and 16.01.2025. DAC directed the POs (MD/CSF and CCM) to expedite efforts for early remittance of outstanding amount and share its report with documentary evidence to Audit. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for non-remittance of taxes deducted at source with FBR. Course correctives measures be adopted to avoid recurrence.

DP# 24370 & 24867

2.5.23 Loss due to depositing of WHT from Railway treasury instead of recovery from contractors – Rs 29.79 million

Section 153(1)(a) of Income Tax Ordinance 2001 provides that every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan for a non-resident person for the sale of goods shall at the time of making the payment, deduct tax from the gross amount payable at the rate specified in Division III of part III of the First Schedule. Further, as per Section 3 sub-section 2(1)(a) and sub-section 7 of Sales Tax Act read with Eleventh Schedule of the act, taxable supplies specified in the Third Schedule shall be charged to a tax at the rate of seventeen per cent of the retail price. Moreover, the federal and provincial government departments, autonomous bodies and public sector organizations are required to deduct 1/5th of sales tax as shown on invoice.

During audit of Commercial & Transportation Department, Sukkur in March 2024, it was observed that Railway management failed to withhold income tax and general sales tax Rs 29.79 million from the bills of contractors. However, by extending favor to the contractors Railway management irregularly paid these taxes from Railway treasury in June 2023. This resulted in loss of Rs 29.79 million to Pakistan Railways due to the payment of withholding tax from Railway treasury instead of recovery from the suppliers.

The matter was taken up with the management in June 2024 and discussed in DAC meeting held on 16.01.2025. DAC directed the PO (CCM) to expedite efforts for recovery of outstanding amount and share its report with documentary evidence to Audit. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for non-deduction of WHT from contractors. Action be taken against those found at fault besides recovery of the amount involved.

DP# 24116

2.5.24 Loss due to levy of additional tax/default surcharge by FBR – Rs 19.82 million

As per section 205 1A, 1B and 205 (3) of Income Tax Ordinance 2001, A person who fails to pay advance tax under section 147 or the tax so paid is less than ninety per cent of the tax chargeable for the relevant tax year, shall be liable for default surcharge/additional tax. Further, a person who fails to collect or deduct tax, as required under Division II and Division III of Part V of this Chapter or Chapter XII or fails to pay an amount of tax collected or deducted as required under section 160 on or before the due date for payment shall be liable for default surcharge/additional tax.

During audit of Pakistan Railway Freight Transportation Company (Private) Limited in April 2024, it was observed that the company failed to pay income tax Rs 25.49 million for the tax year 2016 despite issuance of several notices by FBR. Therefore, FBR levied default surcharge/additional tax of Rs 19.82 million under section 205 of Income Tax Ordinance 2001. The bank accounts of PRFTC were attached by FBR in 2022 and had collected Rs 45.31 million inclusive of tax amount and surcharge. This resulted in loss of Rs 19.82 million to the company due to slackness of the management.

The matter was taken up with the management in May 2024 and discussed in DAC meeting held on 27.10.2024. The CEO/PRFTC apprised the DAC that PRFTC had won legal cases against FBR. DAC directed the PO to expedite efforts for refund from FBR and submit documentary evidence to Audit. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for above discrepancies and action be taken against those held responsible. Tax management be strengthened to avoid recurrence.

DP# 24036

Note: The issue was also reported earlier in the Audit Report for Audit Years 2022-23 vide para No 2.5.69 having financial impact of Rs 27.00 million. Recurrence of same irregularity is a matter of serious concern.

2.5.25 Excess payment to the contractors due to application of incorrect GST on supply of stone ballast – Rs 7.47 million

Clause 3 of Sales Tax Act 1990 describes the scope of GST as subject to the provisions of this Act, there shall be charged, levied and paid a tax known as sales tax at the rate of 18% of the value of taxable supplies made by a registered person in the course of furtherance of any taxable activity carried on by him and goods imported into Pakistan.

During audit of Civil Engineering Department, Karachi in August 2024, it was observed that three contracts for supply of stone ballast by road at different location over Karachi division were executed with three different contractors. According to bidding documents, rates to be quoted inclusive of all taxes including GST. The rates were quoted by the bidders for the supply of stone ballast, stacking, loading, and all charges including carriage, royalty, lead, lift, handling etc. The GST was applied on all the stated items which was incorrect as GST was applicable only on the value of stone ballast. This resulted in acceptance of incorrect rates and excess payment of Rs 7.47 million to the contractors on account of GST.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 28.11.2024. DAC constituted an inquiry committee comprising of Dy: CEN/Design, Dy: CEN/South and Dy: F.A/PR to probe into the matter to fix responsibility and suggest course corrective measures coupled with recommendations and submit report to Audit and other concerned within one month. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix the responsibility for acceptance of incorrect rates and excess payment to contractors. Amount involved be recovered from the contractors under intimation to Audit.

DP# 24257

2.5.26 Irregular deduction of income tax from rental charges by PSO - Rs 7.06 million

According to clause 1 of Section 49 of Income Tax Ordinance 2001, the income of Federal Government is exempt from tax under this ordinance.

During audit of the Property and Land Department Headquarters and Lahore Division in August 2024, it was observed that Pakistan Railways used to submit a tax exemption certificate issued by FBR to PSO every year for the payment of rental charges of leased sites for non-deduction of withholding tax. Audit observed that an amount of Rs 47.08 million was required to be deposited by PSO as land lease charges in advance. However, M/s PSO only paid an amount of Rs 40.02 million after deducting withholding tax Rs 7.06 million due to non-furnishing of tax exemption certificate by PR. This resulted in loss of Rs 7.06 million to PR due to irregular deduction of withholding income tax due to the negligence of PR.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 23.01.2025. DAC directed the PO (DG/P&L) to examine the matter in coordination with CCFM and submit revised comprehensive reply along with documentary evidence to Audit. DAC further directed the CCFM to circulate tax exemption certificate of Pakistan Railways to all concerned to avoid this irregularity in future. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for non-provision of tax exemption certificate to PSO besides recovery of amount from PSO as PSO had deducted income tax from Federal Government income against the provision of Income Tax Ordinance.

DP# 24447

Governance and Administration

2.5.27 Irregular payment of Fixed Daily Allowance -Rs 1,085.45 million

According to para 12(16) of Schedule II of Rules of Business 1973, the Finance Division is responsible for framing of rules on pay and allowances, retirement benefits, leave benefits and other financial terms and conditions of services. Moreover, Para 12 (h) of Rules of Business 1973 provides that no division shall, without previous consultation with Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation or which in particular involve a change in terms and conditions of service of Government servants on statutory rights and privileges, which have financial implications.

During audit of Pakistan Railways Police from August to November 2024, it was observed that the Secretary/Chairman Railways allowed 20 days Fixed Daily Allowance w.e.f. 01.07.2022 in respect of all PRP personnel irrespective of the fact that whether the employee was on touring duty or otherwise and without the approval of Finance Division. The matter was earlier reported through Para 4.2.1 of Performance Audit Report on the Role of Pakistan Railways Police in Safeguarding Railways (Audit Year 2022-23) and also discussed in DAC meeting held on 03.02.2023. DAC directed an inquiry headed by Member Finance and AGM/Traffic and report to Audit latest by 13.02.2023. However, no compliance received till finalization of Audit Report. The current expenditure on account of Fixed Daily Allowance for the financial year 2023-24 was Rs 1,085.45 million (**Annexure-10**).

The matter was taken up with the management from August to November 2024 and discussed in DAC meetings held on 02.01.2025 and 04.02.2025. DAC directed the PO (IG/PRP) to expedite efforts either for regularization of expenditure or start recovery of paid amount under the said allowance and submit revised comprehensive reply along with

documentary evidence to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends that the recurring expenditure on account of Fixed Daily Allowance granted to PRP may be got regularized from the Finance Division or recovery may be affected under intimation to Audit.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2022-23 and 2023-24 vide paras No 2.6.4 and 2.5.61 having financial impact of Rs 393.61 million. Recurrence of same irregularity is a matter of serious concern.

2.5.28 Loss due to provision of electricity at lower rate to domestic consumers – Rs 485.15 million

According to instructions circulated by General Manager, Operations, Lahore vide letter dated 28.01.2013, cost of electricity charges was required to be recovered from the consumers at no profit no loss basis. Further, the Senate Standing Committee on Railways during meeting dated 30.08.2018 directed the Secretary, Ministry of Railway to prepare the concrete proposal for direct supply of electricity to consumers of PR by WAPDA to avoid financial loss to PR on account of tariff difference. Furthermore, Federal Minister for Railway also requested to Federal Minister for Energy (Power Division) vide letter No. W.I/2013-Elect/1(Pt) dated 04.12.2018 to intervene the matter for early accomplishment of task regarding handing over of Railway colonies to DISCOs well in time to avoid further loss to government exchequer.

During audit of the Electrical Engineering Department and Pakistan Railways Steel Shop Moghalpura in November 2023 to March 2024, it was observed that Pakistan Railways sustained a loss of Rs 485.15 million due to provision of electricity to domestic consumers on lower rate than the rate of purchase from DISCOs at Workshops, Multan and Sukkur, Lahore and Karachi divisions for the year 2022-23. The task regarding shifting of Railway residential colonies to respective DISCOs for the purpose of direct billing had not been accomplished in violation of the directives of the Senate Standing Committee on Railway and Federal Minister for the Railways in 2018. This resulted in loss of Rs 485.15

million to Pakistan Railways due to violation of above instructions. This depicts negligence and slackness on the part of management.

The matter was taken up with the management in July 2024 and discussed in DAC meetings held on 10.10.2024, 22.10.2024 and 04.02.2025. DAC directed the CEE to complete the handing over of electric supply of all Railway colonies to DISCOs within three months and share report with Audit. DAC further directed the CEE to submit revised comprehensive reply along with documentary evidence to Audit within one week and after reconciliation, the recovery be got verified from Audit. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for non-compliance of above instructions and action be taken against those held responsible. Audit further recommends that distribution network of domestic Railway colonies be handed over to respective DISCOs for direct billing to minimize the loss.

DP #24023, 24058, 24077 & 12506

Note: The issue was also reported earlier in the Audit Reports for Audit Year 2019-20 and 2023-24 vide paras No. 2.5.85 and 2.5.70 having financial impact of Rs 348.10 million. Recurrence of same irregularity is a matter of serious concern.

2.5.29 Loss due to outsourcing of trains below the actual occupancy – Rs 378.23 million per annum

The 10th Railway Board decision regarding outsourcing of trains provides that “AGM/Traffic and MD/PRFTC to take the lead and should finalize the proposal keeping in consideration all the parameters, including fare and freight charges analysis, bench marking and opportunity cost in comparison in existing tariff. Business growth study and future forecast should be carried out relating to freight. Chambers of Commerce and Industry in all the Provinces should be consulted as well as major trader groups all over the Pakistan. The Board approved outsourcing of the passenger as well as freight trains as per benchmark that offered by the private sector should be more than earning by Railways with adjustment of variation in composition of trains/rakes”.

During audit of the Chief Marketing Manager in August 2024, it was observed that Pakistan Railways suffered a loss of Rs 378.23 million per annum due to outsourcing of Sir Syed Express train (35-Up/36-Down) and Mianwali Express train (147 Up/148 Down) below the actual occupancy. The actual occupancy of Sir Syed Express and Mianwali Express as per actual earnings for the year 2019-20 was 84.30% and 43.46% respectively. However, these trains were outsourced on 04.05.2021 at 67.57% and on 31.08.2021 at 30.09% respectively of the potential earning for 2021-22, which was 16.73% and 13.37% respectively below the actual occupancy of 2019-20. This resulted in loss of Rs 378.23 million per annum to Pakistan Railways due to uneconomical award of the contract.

The matter was taken up with the formation in August 2024 and discussed in DAC meeting held on 16.01.2025. DAC directed the PO (CCM) to submit revised comprehensive reply along with documentary evidence showing the actual occupancy rate before and after outsourcing of trains to Audit within one week. DAC also constituted an inquiry committee comprising FA&CAO/Revenue and DG/Vigilance to probe the matter and furnish report within one month. Compliance of DAC directives was awaited.

Audit recommends that the matter may be probed to fix responsibility for awarding of contract below the actual occupancy. Remedial measures be adopted to avoid recurrence.

DP# 24320

2.5.30 Non-realization of PR share out of left over insurance premium from Postal Life Insurance Company–Rs 132.43 million

Para-316 (a) of Pakistan Railway Code for the Accounts Department stipulates that the amounts due to Railway for services rendered, supplies made, or for any other reasons, are correctly and promptly assessed and recovered as soon as they fall due.

During audit of the Chief Commercial Manager in August 2024, it was observed that the passenger insurance agreement between Pakistan Railways and Postal Life Insurance Company Limited was expired on

06.02.2023 and an amount of Rs 176.57 million was lying with Postal Life Insurance Company Limited. However, Pakistan Railways failed to recover 75% of share of left-over insurance premium from Insurance Company in violation of agreement. This resulted in non-realization of PR share of Rs 132.43 million from the Postal Life Insurance despite lapse of about 22 months.

The matter was taken up with the formation in August 2024 and discussed in DAC meeting held on 16.01.2025. DAC directed the PO (CCM) to expedite efforts for realization of Pakistan Railways' share on account of left over insurance premium from Postal Life Insurance Company and share its report with documentary evidence to Audit. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for non-realization of PR share besides recovery of the amount involved.

DP# 24317

2.5.31 Irregular expenditure on staff in excess of sanctioned strength – Rs 91.89 million

Para 111 of Pakistan Railways Establishment Code provides that the number of posts sanctioned for each grade in a department shall in no case be exceeded without the sanction of the authority competent to create a post, either permanent or temporary, in the grade.

During audit of different formations of Pakistan Railways from May to October 2024, it was observed in six (06) instances that 133 employees of different categories were working in excess of the sanctioned strength. This resulted in irregular expenditure of Rs 91.89 million on pay & allowances of staff working in excess (**Annexure-11**).

The matter was taken up with management from July 2024 to October 2024 and discussed in DAC meetings held on 30.01.2025 and 04.02.2025. DAC directed the POs to coordinate with concerned DS and take up the matter with CPO for regularization of employees working in excess of sanctioned strength. Compliance of DAC directives was awaited.

Audit recommends that responsibility for irregular expenditure on pay and allowances of excess staff be fixed and necessary corrective action be taken.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20,2021-22, 2022-23 and 2023-24 vide paras No 2.5.11, 2.5.65, 2.5.36 and 2.5.60 having financial impact of Rs 374.95 million. Recurrence of same irregularity is a matter of serious concern.

2.5.32 Unjustified manufacturing of crossings and switches from a private contractor instead of Railway Workshops – Rs 86.82 million

Para 807(1) of Pakistan Railway General Code provides that every public officer should exercise the same vigilance in respect of expenditure incurred from Government revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During audit of the Civil Engineering Department, Headquarters Office, Lahore in August 2024, it was observed that a tender was awarded to M/s Al-Tech Engineers & Manufacturers Lahore valuing Rs 109.90 million for manufacturing of 20 sets of crossings and switches each of 100 RE 1:16 and 100 RE 1:12. It is worth mentioning that Pakistan Railways has manufacturing facilities of these crossings and switches in Track Workshop, Raiwind (RAILCOP), Bridge Workshop Jhelum and Signal Shop, Lahore but work was not assigned to these workshops of PR. PR regularly paid monthly salaries to idle staff. Audit observed that formal quotations were not obtained from RAILCOP, Bridge Workshop Jhelum and Signal Shop, Lahore and tender committee approved the rates of private contractor being 6.54% and 11.27% less than rates of Signal Shop. Analysis of rates of signal shop revealed that 79% cost comprised of labour and on-cost which could have been avoided if the job was assigned to Signal Shop. Thus, PR suffered loss of Rs 86.82 million due to unjustified manufacturing of crossings and switches from a private contractor.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 05.11.2024. DAC nominated

DG/Vigilance to inquire the matter with following TORs: (i) capacity of Railway shops i.e. Signal Shop, Bridge Workshop Jhelum and Track Workshop Raiwind to manufacture crossings and switches, (ii) comparison of rates of Railway shops and private contractor, (iii) savings or loss due to manufacturing of crossings and switches from private contractor and (iv) impact of manufacturing of crossings and switches from private contractor on Pakistan Railways. DAC further directed that inquiry report should be finalized and submitted to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for unjustified assignment of a job to a private contractor which could have been better done in Railways' own manufacturing facilities. Internal controls may be improved to avoid recurrence.

DP# 24286

2.5.33 Irregular payment of Disparity Reduction Allowance -Rs 69.84 million

The Federal Government granted Disparity Reduction Allowance @ 25% in 2021 and further granted @ 15% in 2022 of the basic pay of Pay Scales 2017 admissible to civil employees of the Federal Government, (including employees of the Federal Secretariat, attached departments and subordinate offices) who had never been allowed additional allowance /allowances equal to or more than 100% of the basic pay (whether frozen or not) vide notification No. F.No.1 4(1)R-3/2021-90 dated 03.03.2021 and F.No. 1 4(1)R-3/2021-69 dated 23.02.2022.

During audit of following formations of Pakistan Railway Police in August and September 2024, it was observed that PRP personnel were drawing Adhoc Relief Allowance w.e.f. 1st July, 2019 as remaining amount of Special Allowance @ 50% of basic pay at the level of its admissibility on 30.06.2011 of basic pay scales of 2008. This allowance was granted with the approval of Prime Minister of Pakistan in order to enhance the salary of Railway Police to bring at par with other law enforcing agencies. This special allowance was neither adjusted in Pay Scales 2017 retrospectively nor in subsequent revised Pay Scales 2022.

Later on, all PRP personnel were also granted Disparity Reduction Allowance @ 25% and 15% in 2021 and 2022 respectively. Audit is of the view that in the presence of 100% Special Allowance (Ad-hoc relief 2010) though granted in piece-meal (i.e. 50% in 2010 and remaining 50% in 2019), Disparity Reduction Allowance was not admissible to PRP personnel in the light of Finance Divisions' notifications cited above. Therefore, payment of both allowances at the same time was not justified. This resulted in irregular payment of Disparity Reduction Allowance @ 25% and 15% amounting to Rs 69.84 million to PRP personnel for the financial year 2023-24.

(Rs in million)

Sr. No	DP No.	Formation	Amount
1	24376	Inspector General/PRP, Lahore	7.63
2	24687	Railway Police, Sukkur Division	62.21
Total			69.84

The matter was taken up with the management in October 2024 and discussed in DAC meeting held on 02.01.2025. DAC directed the PO (IG/PRP) to seek clarification from Finance Division and submit revised reply along with documentary evidence to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends that anomaly may be eliminated in this case and only one allowance is to be retained keeping in view the financial benefit of personnel. Payment of Disparity Reduction allowances be stopped forthwith besides its recovery under intimation to Audit.

2.5.34 Loss due to incorrect determination of annual bid and passenger fares of outsourced trains – Rs 57.08 million per annum

According to minutes of 10th Railway Board meeting dated 20.05.2020, the Board approved outsourcing of the passenger as well as freight trains as per benchmark that offer by the private sector should be more than earning by Railways with adjustment of variation in composition of trains/rakes. Further, Note to Clause 4.3.1 of Bid documents regarding outsourcing of commercial management of Ghouri Express train dated 10.07.2021 provides that subject to correction and

increase in passenger fare, parcel and luggage rates, fare of seat and berth enforced over the Railway network in case of any increase shall be levied to this train as per Fare and Rate table or in nominated train fares PR reserve the right to adjust potential earning in case there is a discrepancy/error found between potential earning mentioned in the bidding documents and actual potential earning of the train.

During audit of the Chief Marketing Manager, H.Q. Offices, Lahore in August 2024, it was observed that Pakistan Railways suffered loss of Rs 57.08 million per annum due to incorrect determination of annual bid and passenger fares of Ghouri Express, Badar Express and Mianwali Express trains.

1. The Ghouri and Badar Express trains were outsourced w.e.f. 31.08.2021 and 04.05.2021 respectively for Rs 176.806 million per annum at 78.16% and 66.85% occupancy level of the potential earnings. The contractors voluntarily increased the occupancy level by 5.84% and 8.00% of the potential earning w.e.f. 29.03.2023. The potential earnings on 29.03.2023 based on the current fares was Rs 206.03 million and Rs 210.33 million, therefore, correct recoverable annual bid amount was Rs 330.50 million per annum ($\text{Rs } 206.03 \times 84\% + \text{Rs } 210.33 \times 74.85\%$). However, Railway management incorrectly revised the annual bid amount at Rs 285.16 million per annum. This resulted in loss of Rs 45.34 million per annum ($\text{Rs } 330.50 - \text{Rs } 285.16$) to Pakistan Railways.
2. The full potential earning of Mianwali Express train was Rs 368 million per annum after increasing 10% fare on 01.11.2021 on the last running fares as per fare table dated 15.12.2019. However, Railway administration calculated the full potential earning as Rs 329 million per annum after increasing 10% fare on 01.11.2021 by taking incorrect fares of the Mianwali Express train as per fare table dated 19.07.2019 instead of fare table dated 15.12.2019. This resulted in loss of Rs 11.74 million per annum [$(\text{Rs } 368 - \text{Rs } 329) \times 30.09\%$] to Pakistan Railways.

The matter was taken up with the management in October 2024 and discussed in DAC meeting held on 16.01.2025. DAC constituted an inquiry committee comprising FA&CAO/Revenue and DG/Vigilance to inquire the matter, fix responsibility and submit report to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for incorrect determination of annual bid and passenger fares. Short recovered amount be recovered besides adoption of corrective measures to avoid recurrence.

DP# 24321 & 24322

2.5.35 Increased security risk due to non-repair of security equipment-Rs 45.09 million

Pakistan Railways Police Act, 1977 provides that Pakistan Railways Police would be responsible for the safety of passengers and goods transported by Pakistan Railways, the protection of Railway property, the prevention, inquiry and investigation of offences committed in relation to Pakistan Railways and for matters connected therewith.

During audit of different formations of Pakistan Railways Police Department in August to November 2024, it was observed in eight (08) instances that various surveillance equipment, including CCTV cameras, walk-through gates, scanning machines, mine detectors, Metal detectors and VHF base sets having approximate value Rs 45.09 million, were non-functional since long. The non-functionality of these surveillance items demonstrates lack of due diligence on the part of the Railway Police. Further, the failure to ensure timely repair or replacement of these items jeopardized the security of Railway assets and passengers. Hence, non-repair and non-utilization of security equipment valuing Rs 45.09 million put the life of passengers and property of Railways at risk (**Annexure-12**).

The matter was taken up with the management in October to November 2024 and discussed in DAC meeting held on 02.01.2025. DAC directed the PO (IG/PRP) to expedite efforts for early repair of security gadgets. DAC further directed the PO to submit SOPs and revised reply

along with documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that maintenance of all security gadgets may be improved to achieve maximum security benefits. Besides, security gadgets be provided as per requirement of each major Railway Station to improve safety and security of passengers and Pakistan Railways.

2.5.36 Irregular payment of mileage allowance to running staff working on stationary duties – Rs 36.48 million

In terms of Ministry of Railways Islamabad letter No. 25/29/02 (E-II) dated 21.10.2002 no one who is not actually working on train should be paid mileage allowance. Further in terms of the Federal Minister for Railways directives dated 10.06.2021 circulated vide PR Headquarters letter No. 101-T/049-FMR/10th June, 2021 dated 07.07.2021, all the payments made illegal to running staff on account of running allowance for performing stationary duties be recovered from them in installments.

During audit of following formations of Pakistan Railways in August and September 2024, it was observed that a number of Drivers/Assistant Drivers/Dy: Drivers were working in other offices and performing stationary duties instead of their actual duty with trains. However, mileage/running allowance at the rate of 55% of basic pay was irregularly paid to them in contravention of instructions *ibid*. This resulted in irregular payment of Rs 36.48 million on account of mileage/running allowance to stationery staff due to weak internal controls and slackness on the part of management.

(Rs in million)

Sr.#	DP#	Formation	Period	Amount
1.	24507	Mechanical Department, Lahore	2023-24	19.49
2.	24354	Mechanical Department, Rawalpindi	2022-24	10.69
3.	24906	Commercial & Transportation Sukkur	2022-24	3.65
4.	24938	Mechanical Department, Peshawar	-	1.53
5.	24619	Mechanical Department, Multan	2023-24	1.12
Total				36.48

The matter was taken up with the management in October 2024 and discussed in DAC meeting, held on 30.01.2025 and 04.02.2025. DAC

directed the PO (COPS) to submit revised comprehensive reply along with documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that irregular payment of mileage allowance to stationary staff may be stopped forthwith besides recovery of the amount involved under intimation to Audit.

2.5.37 Unjustified hiring of private security agency for safeguarding the MYP Yard - Rs 30.32 million per annum

Para 1801 of Pakistan Railway General Code provides that every public officer should exercise the same vigilance in respect of public expenditure and public funds generally as a person of ordinary prudence would exercise in respect of the expenditure and the custody of his own money. Moreover, notification dated 20.09.2016 issued by Ministry of Railways specify that the territorial limits within which Pakistan Railways Police shall perform its functions shall extend over the entire infrastructure of Pakistan Railways.

During audit of the Mechanical Department, Karachi in September 2024, it was observed that Pakistan Railways hired a private security agency M/s Bahria Security Systems & Services w.e.f. 01.07.2024 for safeguarding of MYP yard at a cost of Rs 30.32 million per annum. Even though yard security is the responsibility of Pakistan Railway Police as per MoR Notification dated 20.09.2016. Furthermore, the effectiveness of security agency was also questionable as 13 distributor valves had been stolen in two months after hiring the agency. The Audit was of the view that entrusting of security function to the private agency contrary to the assigned responsibility of Pakistan Railway Police was unjustified. This resulted in loss of Rs 30.32 million per annum to PR due to unjustified engagement of private agency for security.

The matter was taken up with the management in November 2024 and discussed in DAC meeting held on 07.02.2025. DAC directed the PO (CME/C&W) to submit revise reply addressing questions raised by Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that the matter may be inquired for entrusting of security function to the private agency instead to its own police department. Remedial measures be adopted to avoid such recurrence.

DP# 24790

2.5.38 Irregular allotment of break van of Rehman Baba Express without open competitive bidding-Rs 30.00 million

Rule 21 of PPRA Rules 2004 described open competitive bidding as, “Subject to the provisions of rules 22 to 37 theprocuring agencies shall engage in open competitive bidding if the cost of the object to be procured is more than the prescribed financial limit which is applicable under sub-clause (i) of clause (b) of rule 42alternative methods of procurements.”

During audit of the Pakistan Railway Advisory and Consultancy Services (PRACS) in April 2024, it was observed that commercial management of Rehman Baba express was taken over by PRACS from Jan, 2023 and also obtained the 2nd portion of break van having capacity of 2.1 ton at the rate of Rs 27.21 million per annum. The subject break van was irregularly sublet to M/s Lasani Cargo on three quotations basis w.e.f. January 2023 at the rate of Rs 1.92 million per month without open competitive bidding. Although, the rate was revised to Rs 2.37 million and Rs 2.57 million but the break van was still running on temporary basis from January 2023 to March 2024 (15 months). This resulted in irregular allotment of break van of Rehman Baba Express without open competitive bidding at the rate of Rs 30.00 million per annum.

The matter was taken up with the management in May 2024 and discussed in DAC meeting held on 27.08.2024. DAC directed the MD/PRACS to submit revised comprehensive reply along with documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for irregular allotment of break van without open competitive bidding. Course corrective measures be adopted to avoid recurrence.

DP # 24009

2.5.39 Unauthorized appointment of legal advisor and incurrence of infructuous expenditure– Rs 19.27 million

Ministry of Law, Justice and Human Rights letter No. 20(1)/87-LA dated 22.11.2004 provides that no legal advisors, advocates and consultants shall be appointed/engaged by any department in future without the prior approval of the Ministry of Law, Justice and Human Rights. Further, no department would pay to their legal advisor fee exceeding Rs 100,000. In case the fee is less than Rs 100,000 even then the same will be fixed in consultation and with approval of the ministry of law, justice and human rights.

During audit of the Railway Constructions Pakistan Limited (RAILCOP) in March 2023, it was observed that a Legal Advisor was appointed for one year vide letter dated 15.11.2021 on monthly salary Rs 483,000. According to terms & conditions of his appointment, he was not allowed to work with any other public or private organization, as part time, during his appointment in RAILCOP. Audit observed that in violation of terms of appointment, he was working as team member/expert in School for Law and Development, Islamabad. Moreover, as per Ministry of Railways notification dated 26.04.2022 he was directed to assist and support Ministry of Railways/Pakistan Railways on key legal and legislative issues in addition to his assignment in RAILCOP. His contract was revised vide letter dated 02.01.2023 with monthly salary of Rs 592,000 along with company maintained chauffeur driven car and 270 liters petrol. The legal advisor was appointed without approval of Ministry of Law, Justice and Human Rights and during his stay, RAILCOP had not assigned him any task instead all legal matters were outsourced. This indicated that unauthorized and infructuous expenditure of Rs 19.27 million was incurred by RAILCOP on appointment of a legal advisor.

The matter was taken up with the management in September 2023 and discussed in DAC meeting held on 07.02.2025. DAC directed the PO (MD/RAILCOP) to submit revised reply showing performance of the Legal Advisor during his tenure along with documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that responsibility may be fixed for appointment of legal advisor without prior approval of Ministry of Law, Justice and Human Rights. Expenditure incurred on the pay & allowances of the legal advisor may be got regularized from the competent authority and internal controls be strengthened to avoid recurrence.

DP# 12279

Note: The issue was also reported earlier in the Audit Reports for Audit Year 2019-20 and 2021-22 vide paras No. 2.5.10 and 2.5.41 having financial impact of Rs 101.75 million. Recurrence of same irregularity is a matter of serious concern.

2.5.40 Non-recovery of loss on account of damages to rolling stock from responsible personnel – Rs 12.81 million

Para 372 and 373 of Pakistan Railways Code for the Accounts Department provides that the defalcation or loss should be reported to the Accounts Office and Statutory Audit and should be investigated by the Executive in association with Accounts representative with a view to fix responsibility. The Accounts Officer should call for a complete report detailing the nature and extent of the loss, the error or neglect of rules by which such loss was rendered possible and the prospects of effecting a recovery.

During audit of following formations of Pakistan Railways in April 2024, it was observed that different DE Locomotives, coaches and track were damaged due to derailment, collision with road vehicles and with other locomotives, which caused loss of Rs 12.81 million to PR. However, the said loss has neither been booked in the accounts of PR nor adjusted through write-off or recovery from the persons responsible for accidents.

(Rs in million)

Sr.#	DP #	Formation	Description	Amount
1	24066	Commercial and Transportation Department, Multan	Loco accident	6.75
2	24148	Commercial and Transportation Department, Rawalpindi	Accidents/derailments of rolling stock	2.80
3	24111	Commercial and Transportation Department, Sukkur	Accidents/derailments of rolling stock	2.09
4	24161	Commercial and Transportation Department, Peshawar	Train accidents	1.17
Total				12.81

The matter was taken up with management in May 2024 and discussed in DAC meeting held on 24.10.2024. DAC directed the COPS/Safety to streamline the process of account of accidental losses in books of accounts in consultation with FA&CAO/PR and DGM (to ensure allocation of budget for accidental losses). Moreover, all pending inquiries of accidents should be finalized expeditiously, specific responsibilities be fixed, corrective actions be taken and inquiry reports be shared with Audit. Compliance of DAC directives was awaited.

Audit recommends that responsibility may be fixed and action be taken against the person(s) held at fault under E&D Rules and precautionary measures may be taken to avoid recurrence.

Note: The issue was also reported earlier in the Audit Report for Audit Years 2023-24 vide para No 2.5.72 having financial impact of Rs 221.24 million. Recurrence of same irregularity is a matter of serious concern.

2.5.41 Unjustified sparing of employees on sports quota– Rs 11.52 million per annum

Para 723(v) of Personnel Manual states that the staff required for sports tournaments, training in various sports and athletic events should not ordinarily, be granted special casual leave for more than 15 days at a stretch and if special circumstances warranting exceptional treatment exist, prior approval of the Divisional Superintendent in respect of the division and the respective Deputy Heads of Departments for the extra divisional offices must be obtained but the period involved should in no case exceed 45 days at a time.

During audit of Mechanical Department, Lahore in August 2024, it was observed that eighteen (18) employees of Mechanical department Lahore working under different HTXRs had been spared on sports quota since long and in few cases since 1985. The employees were drawing their pay and allowances regularly; however, they had not attended the office since long period in violation of rule *ibid*. This resulted in unjustified sparing of employees beyond 45 days and loss on account of pay and allowances amounting to Rs 11.52 million for the FY 2023-24 due to weak internal controls.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 07.02.2025. DAC directed the PO (CME/C&W) to issue instructions to all concerned that relieving orders of employees for sports activities should be for defined period according to the rules and in case of violation, action be taken against the defaulters. DAC further directed the PO to submit revise reply, along with copy of instructions issued, to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter may be probed and action be taken against those held responsible. Course corrective measure be adopted to avoid recurrence under intimation to Audit.

DP# 24747

Note: The issue was also reported earlier in the Audit Report for Audit Year 2021-22 vide para No. 2.5.38 having financial impact of Rs 156.967 million. Recurrence of same irregularity is a matter of serious concern.

2.5.42 Irregular and unjustified enhancement in financial incentives to Railway Board members – Rs 6.90 million

In terms of Finance Division (Regulations Wing) OM, F.No.7.4(3) R-4/2011 dated 23.01.2024 regarding clarification on consultation/ approval of Finance Division in matters effecting Federal finances, pay & allowances and their revision of all Government employees including those employed in autonomous/semi-autonomous/corporate bodies require prior approval of Finance Division.

During audit of the Ministry of Railways Islamabad in October 2024, it was observed that directorship fee of board member and its committees for attending the meetings was enhanced by 140 % from Rs 25,000 to Rs 60,000. In addition, the rate of mileage allowance was fixed @ Rs 25 per km which was contrary to the rate of Rs 10 per km fixed by the Finance Division which was revised to Rs 15 in August 2023. The enhancement of directorship fee and mileage allowance was irregular and unjustified as PR is getting the financial assistance from the Federal Govt. and enhancement in financial incentives to Railway Board members

affected the federal finances and increased the deficit of PR by Rs 6.90 million.

The matter was taken up with the management in October 2024 and discussed in DAC meeting held on 26.12.2024. DAC directed the PO (SRB) to submit revised reply along with documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for irregular and unjustified increase in directorship fee of Board members besides taking action against those held responsible. Amount involved be got recovered and internal controls be strengthened to avoid recurrence.

DP# 24845

2.5.43 Fraudulent drawl of millage allowance – Rs 5.06 million

According to Rule 2.4(ii) of a Manual on Travelling Allowance Rules, journey between two places should be performed by the shortest of the two or more practicable routes or by the cheapest of such routes, if it is equally short. When there are alternate Railway routes and the difference between them in terms of cost and time is not great, travelling allowance may be allowed by the route actually used. The shortest route is that by which a traveler can arrive at his destination most speedily by the ordinary modes of travelling. If a Government servant has travelled by a route which is cheaper but not the shortest, he may be allowed mileage allowance for the route actually used.

During audit of Commercial & Transportation Department, Sukkur, Rawalpindi, Headquarter Office and Multan in June and October 2024, it was observed that certain employees were fraudulently drawing mileage allowance amounting to Rs 5.06 million as detailed below:

- i. PR Guards drew mileage allowance by claiming different number of kilometers travelled for same up and down side stations. The guards claimed mileage allowance for a distance of 214 km from Rohri to Khanpur, however, on their return from Khanpur to Rohri a distance of 321 km was claimed from January 2023 to May 2023. This resulted in fraudulent drawl of mileage allowance Rs 3.50

million due to claiming of different kilometers for the same stations.

- ii. A Guard grade-III was working as a Senior Assistant Station Master at Rawalpindi Railway station during the period from March 2020 to September 2024 but regularly drawing mileage allowance amounting to Rs 1.19 million by submitting fake duty record on G-3 form.
- iii. A Guard working in Railway Control Office, Headquarters Office, Lahore since long, had been paid mileage at 77% of his basic pay instead of allowed rate of 55%. Thus, he was paid excess mileage allowance of Rs 0.22 million during July 2023 to May 2024.
- iv. The rate of mileage allowance was variable according to pay stages however, guards and STEs of Multan were paid mileage allowance at maximum rate. This resulted in overpayment of mileage allowance Rs 0.15 million.

This resulted in fraudulent drawl of mileage allowance amounting to Rs 5.06 million.

The matter was taken up with the management in August and October 2024 and discussed in DAC meeting held on 04.02.2025. DAC directed the PO (COPS) to submit revised comprehensive reply along with documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter may be probed at large over the Railway system besides recovery of the amount involved. Internal control be strengthened to avoid recurrence.

DP# 24941, 24907, 24601 & 24767

Land Management

2.5.44 Unauthorized inclusion of excess Railway land in katchi abadies – Rs 8,257.17 million

Para 803 of Pakistan Railway Code for the Engineering Department provides that it is duty of Railway administration to preserve unimpaired the title to all land in its occupation and to keep it free from encroachment.

During audit of Property & Land Department, Sukkur and Karachi Divisions in August-September 2024, it was observed that as a result of survey of katchi abadies conducted by the representative of Pakistan Railways and Directorate of Katchi Abadies, Railway management issued NOC for their regularization established before 23rd March, 1985. It was mutually agreed between PR and Directorate of Katchi Abadies that boundary wall would be constructed to avoid encroachments. Audit observed that area of three (03) katchi abadies of Sukkur division was increased by 9.13 acres. Similarly, area of three (3) katchi abadies of Karachi division was increased by 37.47 acres.

(Rs in million)

Sr.#	DP No.	PR Division	Original area (acre)	Expanded area (acre)	Excess area (acre)	Value of excess land
1	24509	Sukkur	21.52	30.65	9.13	118.04
2	24699	Karachi	59.86	97.33	37.47	8,139.13
Total			81.38	127.98	46.6	8,257.17

Main reason of these encroachments was non-implementation of decision regarding construction of boundary wall against regularized katchi abadies despite laps of twenty-four years. This resulted unauthorized occupation of 46.6 acres Railway land valuing Rs 8,257.17 million due to negligence and poor land management.

The matter was taken up with the management in October and discussed in DAC meeting held on 23.01.2025. DAC directed the PO (DG/P&L) to take up the matter with the authorities of katchi abadies, Government of Sindh at the highest level and resolve the issue within three months and submit report to Audit. Compliance of DAC directives was awaited.

Audit recommends that all unauthorized encroachments should be removed and matter may be taken up with higher authorities of Government of Sindh for construction of boundary wall around all regularized katchi abadies. Land management may be improved to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20,2020-21 and 2023-24 vide paras No 2.5.106, 2.5.21 and 2.5.8 having financial impact of Rs 5,643.05 million. Recurrence of same irregularity is a matter of serious concern.

2.5.45 Non-provision of alternative land in lieu of land occupied by Shalimar Hospital – Rs 6,670.08 million

Rule 287(B)(2) of General Financial Rules (GFR) of the Federal Government regarding transfer of government land and buildings provides that in the case of transfers to and from the Railway Department, the full market value will be charged in each case.

During audit of Property and Land Department Workshops Division Moghalpura, Lahore in August 2024, it was observed that 18 acres prime commercial land situated at Shalimar Link Road, Lahore was handed over to Shalimar Businessmen Trust Hospital on 25.08.1975 under the commitment that the Government of Punjab would provide alternative land of equal value to Pakistan Railways. It is worth mentioning that despite lapse of almost 50 years, Pakistan Railways failed to get alternative land and suffered loss of rental income amounting to Rs 650.16 million. This resulted in loss to Pakistan Railway due to non-transfer of land equivalent to present DC value of Rs 6,670.08 million.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 05.12.2024. DAC constituted an inquiry committee comprising Chief Finance & Accounts Officer/Ministry of Railways and D.G/Vigilance to inquire the matter, fix responsibility and submit report to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends that strenuous efforts may be made either for swapping of land equivalent to present DC value or recovery of cost of land at present DC value under intimation to Audit.

DP# 24381

2.5.46 Encroachment of 8,372.72 marlas Railway land – Rs 5,634.07 million

According to Para 803 of Pakistan Railways Code for the Engineering Department, it is the duty of Railway administration to preserve unimpaired the title to all land in its occupation and to keep it free from encroachment.

During audit of fourteen (14) formations of Property & Land Department and Commercial & Transportation Department in August-November 2023, it was observed that 8,372.72 marlas commercial Railways land valuing Rs 5,634.07 million was encroached by private parties and government departments, during the period from 1980 to 2024 (**Annexure-13**). Thus, PR was deprived of valuable assets and potential earnings due to unauthorized occupation of Railway land.

The matter was taken up with the management from October to December 2024 and discussed in various DAC meetings. In most of the cases, DAC directed the PO concerned to file recovery suit and expedite efforts for recovery of the outstanding amount and share status of the recovery along with documentary evidence with Audit. Compliance of DAC directives was awaited.

Audit recommends that action be taken for early retrieval of land/sites and responsibility be fixed against those found negligent. Land management be improved to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20, 2021-22 and 2023-24 vide paras No 2.5.49, 2.5.8, 2.5.11, 2.5.14 and 2.5.7 having financial impact of Rs 21,164.20 million. Recurrence of same irregularity is a matter of serious concern.

2.5.47 Non-relocation of katchi abadies from Railway land to Provincial Government land – Rs 5,422.68 million

As per survey of katchi abadies dated 17.04.2001, NOC for land of katchi abadies established before 23.03.1985 but falls within operational/commercial areas was not recommended for regularization instead whole katchi abadi need to be shifted/relocated on Provincial Government land.

During audit of Property and Land Department, Sukkur and Karachi in August-September 2024, it was observed that during survey conducted by the representative of Pakistan Railways and Directorate of Katchi Abadies, NOC for land of katchi abadies established before 23.03.1985 but falls within operational/commercial areas was not recommended for regularization. It was decided that whole katchi abadi will be shifted/relocated on Provincial Government land. Following katchi abadies of Sukkur and Karachi division were required to be relocated on provincial land:

(Rs in million)					
Sr.#	DP No.	PR Division	Area (acre)	DC value	Value of land
1	24425	Sukkur	2.23	13.60	30.33
2	24700	Karachi	45.41	24.18	1,097.82
		Karachi	177.46	24.20	4,294.53
Total			225.1		5,422.68

The above katchi abadies measuring 225.1 acres having value of Rs 5,422.68 million were not relocated on land of Provincial Governments despite lapse of twenty-four years since decision dated 17.04.2001 due to negligence and poor land management.

The matter was taken up with the management in October & November 2024 and discussed in DAC meetings held on 10.12.2024 and 23.01.2025. DAC directed the PO (DG/P&L) to take up the matter with the concerned authorities of the Provincial Governments at the highest level and resolve the issue within three months and submit report to Audit. Compliance of DAC directives was awaited.

Audit recommends that matter may be taken up with higher authorities of the provincial government for relocation of katchi abadies against which NOC was not issued by the Railways. Land management be improved to avoid recurrence.

2.5.48 Non-mutation of land in favor of Pakistan Railways- Rs 4,082.19 million

The Presidential Order 1 and 2 of 1970 subsequently covered through Article No. 274 (2) of the Constitution of Islamic Republic of Pakistan provides that the property and assets owned by Railways were

ordered to be transfer back in the name of Federal Government. Railways again became Federal subject along with its assets including land.

During audit of Property & Land Department, Sukkur in August 2024, it was observed that title of 69.425 acres Railway land valuing Rs 4,082.19 million in Sadiqabad was not mutated in favor of Pakistan Railways by the Board of Revenue Punjab in violation of rules ibid as well as orders of the Supreme Court of Pakistan. This resulted in non-mutation of land valuing Rs 4,082.19 million in favor of PR due to negligence of Railway management.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 19.12.2024. DAC was not satisfied with the reply submitted by the PO (DG/P&L). DAC directed the PO to submit revised comprehensive reply along with supporting documents to Audit within one month positively. Compliance of DAC directives was awaited.

Audit recommends that matter be taken up at an appropriate level to resolve the issue without further loss of time.

DP# 24427

Note: The issue was also reported earlier in the Audit Report for Audit Year 2023-24 vide para No. 2.5.6 having financial impact of Rs 13,853.52 million. Recurrence of same irregularity is a matter of serious concern.

2.5.49 Unauthorized establishment of katchi abadies at Railway land– Rs 1,525.43 million

According to Para 803 of Pakistan Railway Code for the Engineering Department it is duty of Railway administration to preserve unimpaired the title to all land in its occupation and to keep it free from encroachment.

During audit of the Property & Land Department, Sukkur in August 2024, it was observed that Railway management issued NOC for regularization of (15) fifteen katchi abadies over Sukkur Division established before 23rd March, 1985. Audit observed that four katchi abadies measuring 83.53 acres were established without NOC of PR. The

management failed to retrieve land from illegal occupants till August 2024. This resulted in unauthorized establishment of katchi abadies on Railway land valuing Rs 1,525.43 million due to negligence and poor land management.

The matter was taken up with the management in October 2024 and discussed in DAC meeting held on 19.12.2024. DAC nominated the DG/Vigilance to conduct inquiry and fix responsibility within one month and submit report to Audit. Compliance of DAC directives was awaited.

Audit recommends that land unauthorizedly occupied by katchi abadies may be got vacated from encroachers and land management be improved to safeguard Railway land. In addition, compliance of DAC directives may also be expedited.

DP# 24430

2.5.50 Illegal commercialization of residential plots of Peshawar Railway Employees Cooperative Housing Society – Rs 289.92 million

As per directives of Executive Committee of Railway Board dated April 2002 approved the policy regarding commercialization of plots in Railway Housing Societies. The committee approved commercialization charges at 50% of the average of the D.C price and current market value of land. Market value will be considered only if it will be higher than DC value.

During audit of Peshawar Railway Employees Cooperative Housing Society (PRECHS) in May 2020, it was observed that there was no commercial plot in layout plan of the said society. During physical verification, Audit observed that most of the residential plots were utilized for commercial activities including hostels, shops and workshops. Railway management failed to recover the commercialization charges of Rs 289.92 million. This resulted into loss of Rs 289.92 million due to non-recovery of commercialization charges.

The matter was taken up with the management in September 2021 and discussed in DAC meeting held on 07.02.2025. DAC nominated the

DG Vigilance to inquire the matter and submit report to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of the DAC at the earliest.

DP# 11199

Note: The issue was also reported earlier in the Audit Report for Audit Year 2023-24 vide para No. 2.5.11 having financial impact of Rs 177.37 million. Recurrence of same irregularity is a matter of serious concern.

2.5.51 Loss of land due to failure of management to establish ownership in the court of law - Rs 242.04 million

Para-803 of Pakistan Railway Code for the Engineering Department emphasizes the need to preserve unimpaired the title to all land in its occupation and kept it free from encroachments with a view to obviate any litigation accurate plans of all Railway land should be maintained and boundaries adequately demarcated and verified therewith regular intervals.

During audit of Property & Land Department, Rawalpindi in September 2024, it was observed that PR auctioned 5.017 kanals of land worth Rs 230.38 million near Nur Station yard for establishment of Marquee on 06.02.2024 and the highest bid of Mr. Muhammad Asif Khan at annual rent of Rs 11,660,000 was accepted. Possession of the site could not be handed over to the successful bidder due to court case. The petitioners claimed the ownership of site in question and requested the court of law to restrict Railway management to interfere in his property against which an ex-parte judgment had already been passed in his favor on 05.05.2010 and 22.12.2015. It is worth mentioning that Railway management failed to establish the ownership of land in the court of law and matter was subjudice till finalization of audit report. This resulted in loss of land valuing Rs 242.04 million due to negligence on the part of management.

The matter was taken up with the management in September 2024 and discussed in DAC meeting held on 23.01.2025. DAC directed the PO (DG/P&L) to hire an experienced lawyer, pursue the court case vigorously

and expedite efforts for retrieval of Railway land. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of the DAC at the earliest.

DP# 24640

2.5.52 Loss due to wrong fixation of benchmark- Rs 229.43 million

Clause 4 of the policy regarding licensing of Railway land for marquee/marriage lawn stipulates that the base rate for annual rent will be calculated on the basis of 10 % of the average of market and DC price (commercial rate) of the approved sites of big cities and 8 % of the average of market and DC price for small cities.

During audit of Property & Land Department, Rawalpindi in September 2024, it was observed that auction of Railway land measuring 6.34 Kanal for Marquee at Wattan Woollen Mills Westridge Rawalpindi was held on 10-11-2020. Total value of 6.34 kanal land was Rs 365.07 million at DC rate of Rs 2,879,080 per marla. Therefore, benchmark for annual rent @ 10 % of DC value of land was required to be fixed at Rs 36,506,734. However, Railway management by extended undue favor to the contractor by fixing the benchmark @ Rs 2,500,000 in contravention to the policy and contract was awarded to Syed Ejaz Hussain at annual rent of Rs 2,507,000 for a period of five (05) years. Resultantly, wrong fixation of benchmark caused loss of Rs 229.43 million to PR on account of rental charges for the period from 30.01.2021 to 29.01.2026 due to non-observance of policy.

The matter was taken up with the management in September 2024 and discussed in DAC meeting held on 23.01.2025. DAC directed the DS Rawalpindi to examine the matter in detail and submit revise reply along with documentary evidence to Audit within one week. DAC further directed the DG/P&L and DS Rawalpindi to issue instructions that, in future, in case of deviation from approved policy a one-time dispensation should be obtained from DG/P&L or CEO/Sr. GM and share its copy with Audit. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for wrong fixation of benchmark against the policy in vogue. Amount of loss be recovered from those found at fault or the contractor in possession of Marquee under intimation to Audit.

DP# 24634

Note: The issue was also reported earlier in the Audit Reports for Audit Year 2023-24 vide para No. 2.5.10 and 2.5.17 having financial impact of Rs 229.39 million. Recurrence of same irregularity is a matter of serious concern.

2.5.53 Loss of land due to inordinate delay in filing review petition – Rs 150.54 million

Para 7(1) (o) of SRO 285 (1) 2021 dated 08-03-2021 provides that the Principal Accounting Officer (PAO) shall be responsible for safe custody of assets including maintenance of assets and inventory registers. PAO shall ensure that the maximum possible returns are achieved on each and every asset falling under the oversight of the ministry, division, department or sub-ordinate office.

During audit of Ministry of Railways, Islamabad in October 2024, it was observed that lease of six (06) acres land to Pakistan Railway Co-operative Housing Society (PRECHS) Quetta near Sardar Bahadur Khan Sanatorium was cancelled in the light of directives of Executive Committee of Railway Board dated 25.11.1999. Whereas, the management of society illegally allotted 118 plots through balloting during 2009. The matter was decided against PR by the Balochistan High Court on 27.09.2022. Audit observed that orders of the High Court were challenged in the Supreme Court of Pakistan on 19.01.2023 with a delay of 48 days which was dismissed on 20.07.2023 being time barred. The Secretary/ Chairman Railways directed to inquire the matter on 28.08.2024 which had not been finalized till finalization of Audit report. Thus, due to inordinate delay in filing of appeal, PR lost its valuable land worth Rs 150.54 million.

The matter was taken up with the management in October 2024 and discussed in DAC meeting held on 07.02.2025. DAC directed the PO

(SRB) that inquiry already ordered on the matter by the Secretary/ Chairman Railways be finalized as soon as possible and submitted to Audit. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of the DAC at the earliest.

DP# 24843

2.5.54 Irregular auction and agreement coupled with excess land encroached by the lessee of marquee at Karachi Cantt- Rs 79.53 million

According to instructions issued by the Property & Land Directorate on 18.03.2024 the area of marquee includes all kind of structure including marquee, kitchen, toilet, bridal room and parking etc. It should be ensured that no excess area be utilized by the lessees. Moreover, as per bid documents the contractor was not allowed to construct any permanent structure except bridal room, wash room, kitchen and store.

During audit of Karachi Division for the audit year 2024-25 it was observed that two plots measuring 2250 sq yards each were leased out to M/s Al-Hamd Engineering and contractors for marquee through open auction at Rs 22.80 million per plot per annum. The agreements were executed in January and February 2023, whereas possession was handed over in March 2023 with delay of one and two months. The lessee submitted his own lay out plan on 26.01.2024 which was approved by the divisional management on 12.03.2024. Audit observed following irregularities in this lease.

- i) Layout plan indicated total area as 11786 sq yards instead of 4500 sq yards resulting in occupation of 7286 sq yards excess land by the lessee. As per lay out plan the said land was occupied for parking. This resulted in loss of revenue of Rs 73.83 million per annum ($7286 \times 22,800,000/2250$) being rent of excess land.
- ii) In violation of agreement, the lessee built pacca structure and 30 feet high boundary wall all around the 11786 square yards.

- iii) The delay of one to two months in handing over of possession after execution of agreements caused loss to PR Rs 5.70 million (22,800,000/12 x 3).
- iv) Clauses favoring to the contractor were inserted in the agreement in contravention to the terms & conditions of the bid documents.
- v) Date of execution of agreement was not mentioned and date of signatures of the Divisional Superintendent was forged from January 2024 to February 2024.
- vi) The release material of previous structure was missing.

The matter was taken up with the management in December 2024 and discussed in DAC meeting held on 30.01.2025. DAC nominated the DG Vigilance, CF&AO and CEN/S&C to inquire the matter, fix responsibility & suggest course corrective measures and submit report to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of the DAC at the earliest.

DP# 24A058

2.5.55 Unauthorized construction of 43 shops by lessee of stacking plot – Rs 28.45 million

Para 10 of policy for leasing of Railway land for stacking purposes dated 26.11.2018 provides that the licensee shall not sublet or assign the site in case of violation of this clause or any other clause hereof, the license shall be terminated with immediate effect and Pakistan. Further, para 12 provides that the licensee shall be bound to use the Railway land only for stacking purposes. In case of any other commercial activity on the licensed land found, Pakistan Railway shall be at liberty to cancel the agreement without giving any notice and repossess the land.

During audit of Property and Land Department, Karachi in September 2024, it was observed that land measuring 1.74 acres was leased out to Mr. Riaz Memon for stacking purposes vide agreement dated 01.09.2016 for a period of one year further extendable for one year. On

expiry of second term on 31.08.2018, the land was neither got vacated from the lessee nor put for auction. However, Railway management irregularly extended the agreement for another one year i.e. up to 31.08.2019. The land was being utilized by the ex-lessee on temporary arrangement basis on occupancy charges from October 2019 to August 2024. The lessee had occupied 1.91 acre land instead of 1.74 acre and had not paid rent for excess area. The lessee had also constructed 43 shops on the stacking plot in violation of policy during 2019 and subletting the shops to other parties, whereas, Railway management failed to retrieve the land. This resulted in loss of Rs 28.45 million (Rs 20.947 premium of shops + rent Rs 22.45 - occupancy charges Rs 14.94) due to negligence and connivance of PR management.

The matter was taken up with management in September 2024 and discussed in DAC meeting held on 30.01.2025. The PO (DG/P&L) apprised the DAC that matter has been inquired by an inquiry committee. DAC directed the PO to share copy of the inquiry report with Audit within two days. DAC further directed the PO to take action in the light of recommendations of the inquiry committee and share compliance report with Audit. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of the DAC at the earliest.

DP# 24752

2.5.56 Non-mutation and taking possession of land despite making payment – Rs 19.32 million

Sub Section (2) of Section 17 of the Land Acquisition Act 1894 stipulates that whenever, owing to any sudden change in the channel of any navigable river or other unforeseen emergency, it becomes necessary for any Railway Administration to acquire the immediate possession of any land for the maintenance of their traffic or for the purpose of making thereon a river-side or Ghazi Ghat station, or of providing convenient connection with or access to any such station. It becomes necessary for the District Officer (Revenue) to acquire the immediate possession of any land for the purposes of maintaining traffic.

During audit of Civil Engineering Department, Multan in September 2024, it was observed that 48 kanals of land was acquired from private owners for a PSDP project Left Guided Bund at Sher Shah. However, PR could take the possession of the land on emergent basis as required under Land Acquisition Act 1894. The Project Director bypassed the procedural requirements and directly deposited Rs 19.32 million with the District Collector on 13.11.2023. The Deputy Commissioner/Multan issued a notification for preliminary investigation of the land by mentioned therein that “Land is required to be taken by the Provincial Government at the expenses of DS/Multan”. This indicated that the Provincial Government would be the owner and will retain legal title of the land. This resulted in loss of Rs 19.32 million to PR due to non-mutation of land in the name of PR despite lapse of more than one year.

The matter was taken up with the management in September 2024 and discussed in DAC meeting held on 07.02.2024. DAC directed the PO (CEN) to expedite efforts for acquisition and transfer of title of land in favor of PR and share its status along with documentary evidence with Audit.

Audit recommends the compliance of the directives of the DAC at the earliest.

DP# 24970 & 24971

Note: The issue was also reported earlier in the Audit Report for Audit Year 2020-21 vide para No. 2.5.2 having financial impact of Rs 977.19 million. Recurrence of same irregularity is a matter of serious concern.

2.5.57 Loss of revenue to PR by permitting the lessee to utilize the land free of cost - Rs 10.29 million

According to clause 1 of the policy for leasing of Railway land for marquee/ marriage hall circulated vide PR headquarters letter No. 473-W/10577/2019/P&L dated 20-05-2019, the plan for declaring the land as available for marriage lawn/marquee shall be sent to Director P & L for approval of the Additional General Manager/Infrastructures (AGM/I). PR headquarters letter No.473-W/Misc/Lease/P&L/24 dated 18-03-2024 further clarifies that area of marquee includes all kind of structures

including marquee, kitchen, toilets, bridal rooms and parking etc. It should be ensured that no extra area be utilized by the lessee.

During audit of Property & Land Department, Rawalpindi in September 2024, it was observed that 3.93 kanal of commercial land for marquee purpose at Margalla Railway station vide revised divisional tracing plan No. LP-197/MGLA 01-10-19/Rwp was approved by the AGM/I on 10.12.2019. However, Railway management leased out the land with reduced area of only 02 kanal (10450 Sft) at annual rent of Rs 1,101,000. Audit observed that after getting possession of site on 08.02.2021, the lessee requested for provision of a gate in order to utilize the parking area of station for marquee that was allowed to the contractor without any consideration by the Railway management on 08.03.2021. This resulted in loss of Rs 10,293,675 to PR by allowing the lessee to use 14700 Sft parking area of station free of cost by extending undue favor during the period from 08.03.2021 to 07.02.2026.

The matter was taken up with the management in September 2024 and discussed in DAC meeting held on 23.01.2025. DAC constituted inquiry committee comprising DG Vigilance and CF&AO to inquire into the matter fix responsibility and suggest course corrective measures and share its report with Audit. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of the DAC at the earliest.

DP# 24639

2.5.58 Loss due to irregular execution of lease agreement in violation of policy - Rs 8.71 million

The serial no. 7 of both policies of Railway land 2016 and revised policy 2019 for leasing of marriage lawn/marquees states that the annual rent will be increased @ 15% compound per annum of the approved bid price for remaining years respectively.

During audit of Property & Land Department, Quetta in September 2024, it was observed that Railway management executed an agreement with M/s Inayat Ullah on 26.03.2019 for leasing of Railway officers

marriage lawn at annual rent of Rs 7,156,000 with 5% annual compound increase in rent instead of 15%. The agreement was executed for five years and the lessee paid Rs 39.54 million. Audit was of the view that total rental charges for five years by compounding annual increase @ 15% were required to be Rs 48.25 million as per policy in vogue instead of Rs 39.54 million. This resulted in loss to PR amounting to Rs 8.71 million on account of less recovery of annual rent charges due to connivance of Railway management and weak internal controls.

The matter was taken up with the management in September 2024 and discussed in DAC meeting held on 28.01.2025. DAC nominated the DG Vigilance to inquire the matter of less provision of annual increase in rent of Railway officers marriage lawn, fix responsibility, suggest course corrective measures and submit report to Audit. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24567

Note: The issue was also reported earlier in the Audit Report for Audit Year 2019-20 vide para No. 2.5.50 having financial impact of Rs 887.00 million. Recurrence of same irregularity is a matter of serious concern.

2.5.59 Unauthorized donation of Railway land to District Government Quetta – Rs 4.95 million

Rule 286 of GFR provides that except as expressly provided otherwise in any rule or order made by Government, no land belonging to Government may be sold or made over to a local authority, private party or institution for public, religious, educational or any other purpose, except with the previous sanction of Federal Government.

During audit of Property & Land Department Quetta in September 2024, it was observed that District Govt. Quetta vide letter dated 27.05.2008 requested for provision of Railway land free of cost for widening and improvement of Brewery Road. The DS Quetta handed over the site to District Government, Quetta and forwarded the request of

District Government to HQ Office, Lahore for provision of land free of cost. The request of District Government, Quetta was regretted by Headquarter offices vide letter dated 10.10.2008. Handing over of land without lease agreement and approval from HQ office was irregular. This caused loss of Rs 4.95 million to PR due to handing over the land without any consideration.

The matter was taken up with the management in September 2024 and discussed in DAC meeting held on 23.01.2025. DAC directed the PO (DG/P&L) to file recovery suit and expedite efforts for recovery of the outstanding amount and share status of the recovery along with documentary evidence with Audit. Compliance of the directives of DAC was awaited.

Audit recommends that matter may be inquired to fix responsibility for handing over the land without approval of headquarters and non-retrieval the same after rejection of the proposal by headquarters. Course corrective measures be taken to avoid recurrence.

DP# 24571

Civil Works

2.5.60 Non-recovery of Railway dues on account of assisted sidings/ level crossings – Rs 3,738.49 million

Para 316 (a) of Pakistan Railways Code for the Accounts Department stipulates that the amounts due to Railways for services rendered, supplies made or for any other reasons are correctly and promptly assessed and recovered as soon as they fall due.

During audit of seven (07) formations of Pakistan Railways Civil Engineering Department from August to September 2024, it was observed that in seven (07) instances an amount of Rs 3,738.49 million was recoverable from various government departments and private parties such as NHA, Defense, Provincial Highway Department, etc. on account of operational and maintenance charges of level crossings and sidings up to 30.06.2024 (**Annexure-14**). Railway management failed to streamline

accounts receivable management due to which these dues had accumulated.

The matter was taken up with the management in October to December 2024 and discussed in various DAC meetings. DAC directed the PO (CEN) to expedite efforts for timely recovery of maintenance and operational charges and submit revised comprehensive reply along with documentary evidence to Audit within one week. DAC further directed the PO to arrange meeting with DENs every 15 days to check status of recoveries. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2023-24 vide para No. 2.5.85 having financial impact of Rs 476.36 million. Recurrence of same irregularity is a matter of serious concern.

2.5.61 Unauthorized deposit and utilization of Right of Way charges by circumventing established budgetary parameters and financial regulations - Rs 364.35 million

Para 26.42 of Pakistan Railways Commercial Manual provides that the appropriation of departmental receipts to departmental expenditure or any other purpose is strictly prohibited, except for payment of wages pay and pension to a limited extent and for urgent departmental expenditure necessitated by floods, earthquakes and accidents with the approval of Railway board and consultation of FA & CAO. In any other case prior approval of the President of Pakistan is required.

During audit of the following formations in August 2024, it was observed that Railway management irregularly deposited Rs 364.35 million, received as NOC charges for Right of Way, land leased charges of fly overs and Design vetting charges and processing fee, in Deposit Works Account instead of Revenue Account-III. The amount was kept in Deposit Works Account to expense it out in future without following budgetary parameters.

(Rs in million)

Sr. #	DP No.	Formation	Amount
1.	24294	Civil Engineering Department, Headquarters, Lahore	276.85
2.	24225	Civil Engineering Department, Lahore	63.50
3.	24630	Civil Engineering Department, Rawalpindi	24.00
Total			364.35

The Senior Management Committee of Pakistan Railways in its meeting dated 19.01.2023 decided that NOC charges for getting passage from Railway Right of Way shall be utilized for up-gradation/improvement of Railway infrastructure whereas, the Chief Engineer, Headquarters was authorized for utilization of Design vetting charges and processing fee. The decision to utilize Railway revenue without depositing it in the Railway revenue was not backed by the approval of President of Pakistan and against the rules *ibid*. This resulted in unauthorized deposit of Rs 364.35 million and utilization of Right of Way charges, land leased charges of fly overs and Design vetting charges and processing fee by circumventing established budgetary parameters and financial regulations.

The matter was taken up with the management in August 2024 and discussed in DAC meetings held on 31.10.2024, 14.01.2025 and 07.02.2025. DAC directed the PO (CEN) to provide revised reply showing valid justification and authority along with documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

2.5.62 Irregular utilization of funds beyond the original scheme of a civil work-Rs 328.28 million

Para 1801 of Pakistan Railway General Code provides that means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence.

During audit of Civil Engineering Department, Quetta in August 2024, it was observed that Rs 550.11 million was deposited by the Project Director, Quetta Development Package for the widening of Joint Road in 2018. Out of total amount Rs 550.11 million; Rs 328.28 million was

allocated for civil works. Railway management failed to execute civil works during the currency of the sanctioned estimates. However, Railway management incurred funds on the works that were not included in above said estimates as detailed below.

- i) Amount of Rs 22 million was irregularly placed at the disposal of Headquarters, in addition to its allocated share.
- ii) Amount of Rs 31.76 million was spent on the beautification of Quetta Railway Station which was not included in the approved estimate.

The matter was discussed with the management in August 2024 and discussed in DAC meeting held on 07.02.2025. DAC nominated the DG Vigilance to inquire the matter, fix responsibility, suggest course corrective measures and submit report to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24745

2.5.63 Infertuous expenditure on manufacturing of sleepers – Rs 304.67 million

Para-1801 of Pakistan Railway General Code provides that means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part. As per extent rules, the useful life of a sleeper is 40 years.

During audit of Concrete Sleeper Factories in August 2024, it was observed that 89,037 vossloh sleepers (2750 mm) valuing Rs 304.67 million manufactured by CSF, Khanewal during June 2015 to June 2017 were lying at CSF, Khanewal. These sleepers had passed almost 1/5 of their useful life i.e. from 08 to 10 years out of 40 years. Audit was of the view that these sleepers were manufactured without need assessment and if actual requirement was taken in view then this wasteful expenditure could

have been avoided. This resulted in infructuous expenditure Rs 304.67 million due to unnecessary manufacturing and non-utilization of sleepers.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 09.01.2024. DAC directed the D.G/Vigilance to conduct inquiry, fix responsibility and suggest course corrective measures within one month and submit report to Audit by 10.02.2025. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24362

2.5.64 Loss due to unjustified conversion of unmanned level crossing into manned level crossing by the Private Housing Societies through KPK Provincial Government -Rs 200.00 million

According to clause (ii) of the Pakistan Railways policy regarding construction of new level crossings on the Railway system dated 23.02.2019, construction of all kind of new level crossing on Main Line-I (Karachi to Peshawar via loop and chord lines) would be completely banned. Sponsoring agency either government or non-government should bear the cost of overhead bridge or underpass for crossing the Railway track. Furthermore, according to decision taken in 25th meeting of Senior Management Committee dated 19.01.2023, one-time NOC charges of Rs 200.00 million would be charged for permitting passage through underpass/ flyover to private firm/entities.

During audit of Civil Engineering Department, Peshawar in September 2024, it was observed that PR suffered a loss of Rs 200.00 million due to unjustified conversion of unmanned level crossings No. 134 & 135 on main line into manned level crossings by paying Rs 200.00 million through KPK Provincial Government instead of directly approaching PR by the two Private Housing Societies namely Muslim Education City & Royal Homes. The level crossing No. 134 was constructed at front gate of Royal Homes in 2021 whereas level crossing No. 135 was constructed at front of Muslim Education City gate in 2022 by extending the width of existing road from 12ft to 24ft to facilitate the

owners of the developing societies. Audit was of the view that the real sponsors for PR were the private owners of the housing societies instead of KPK provincial government. As per policy of PR, the societies were required to approach PR authorities for construction of fly over/under pass for crossing the Railway track toward societies for which one-time NOC charges were Rs 200.00 million. This resulted into loss of Rs 200.00 million (Rs 100.00 X 2) due to unjustified conversion of unmanned to manned level crossings to provide access to housing societies.

The matter was taken up with the management in September, 2024 and discussed in DAC meeting held on 14.01.2025. DAC directed the PO (CEN) to submit revised reply along with documentary evidence. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for unjustified conversion of level crossings by private housing societies through provincial government instead of directly approaching PR. Course corrective measures be taken to avoid recurrence.

DP# 24726

2.5.65 Undue favor to defaulter contractor-Rs 102.60 million

According to clause 26.1 of special condition of the contract, if the contractor fails to complete the works within time prescribed in agreement, then contractor shall pay to employer liquidated damages/charges for such default @ 0.5% per week. Provided that total LD charges shall not exceed 5% of the contract cost. Further, as per clause 35.2(ii) of the general conditions of contract if supplier failed to execute the agreement or failed to complete the work, he will be blacklisted for a period of 05 years along-with forfeiture of performance security.

During audit of Civil Engineering Department, Lahore in August 2024, it was observed that an agreement No. 08 was executed with Ch. Muhammad Sharif & Co on 07.10.2021 for supply, stacking and loading into Railway wagons 1,000,000 CFT 2” size mechanically crushed stone ballast at cost of Rs 44.95 million with a completion period up to 06.01.2022. The contractor had supplied less than 50% quantity of ballast

valuing Rs 19.95 million till August 2024. It is worth mentioning that instead of penalizing the contractor, Railway management awarded another contract agreement No. 45 dated 01.09.2023, valuing Rs 102.60 million for supply of 1,000,000 cft stone ballast with delivery period of 09 months i.e. up to 01.06.2024, to the same contractor who already failed to complete his previous contract. Railway management instead of initiating action against the contractor for non-supply of previous quantity of ballast within stipulated time period, awarded another contract of similar item. This resulted in irregular award of contract Rs 102.60 million to a defaulter contractor by extending undue favor.

The matter was taken up with management in August 2024 and discussed in DAC meeting held on 31.10.2024. DAC directed the CEN to submit revised comprehensive reply along with documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for not taking action against the contractor and awarding second contract of similar item to a defaulter contractor. Course corrective measures be adopted to avoid recurrence.

DP# 24234

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20, 2022-23 and 2023-24 vide paras No. 2.5.65, 2.5.4 and 2.5.19 having financial impact of Rs 629.567 million. Recurrence of same irregularity is a matter of serious concern.

2.5.66 Loss due to less provision of gatekeepers and application of incorrect wage rate in the estimates of deposit works- Rs 34.06 million

According to Para v-iii of the policy regarding construction of new level crossings on the Railway system issued vide letter No.128-W/0/Policy/(W-I) dated 23.02.2019 addition of 33% extra posts of Gatekeepers should be included in the estimate for Sunday and Gazetted holidays, casual leave etc.

During audit of Civil Engineering Department, PR Headquarters in August 2024, it was observed that estimates of three level crossings were approved without inclusion of 33% extra gatekeepers. Against estimate of L-xing No.165, only three (3) gatekeepers were provided for one way only against the requirement of six (6) gatekeepers for dual carriage way. Further, it was observed that static wage rate of Rs 25,000 and Rs 32,745 was used in the estimates against the minimum wage rate approved by the Finance Division w.e.f. 01.07.2023. Wages of gatekeepers were provided for five years but annual increase was not applied. Thus, PR suffered loss of Rs 34.06 million due to less provision of gatekeepers and application of lesser wage rates.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 05.11.2024. DAC directed the P.O (CEN) to expedite efforts for recovery of amount pointed out in the para from sponsors and share documentary evidence with Audit within one week. DAC further directed the PO to revise SOPs and issue instructions to all concerned for recovery of annual increase in the operational and maintenance charges. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24281

Procurement Management

2.5.67 Mis-procurement by violating the clauses of agreement- Rs 21,796.33 million

Rule 4 of PPRA rules 2004 provides that procuring agencies while engaging in procurements shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value of money to the agency and the procurement process is efficient and economical.

During audit of Mechanical Department, HQ, Lahore in August 2024, it was observed that 55 GEU-40 locomotives procured from M/s General Electric at a cost of US\$ 213.69 million. The locomotives were

put into service in the year 2017. Audit observed that mis-procurement was made due to supply of locos in violations of articles 4.4, 11, 16, 21.2 and 22.1 of the agreement as detailed below.

- i. The supplier had not supplied the locomotives according to standard specification/climatic conditions, resultantly electronic panels in some of the locomotives had failed during the warranty period due to climatic conditions. The contractor replaced the failed panels against warranty but replacement was not done in the whole fleet of locomotives. As a result, the entire fleet of newly purchased locomotives was facing the same issue due to climatic conditions and resulting in increased cost of maintenance many times as purchase orders valuing Rs 234.91 million & Rs 26.22 million for procurement of electronic cards and replacement of panels on unit exchange basis were issued to M/s Wabtec. Further, 31 locomotives instead of 06 traction motors were running on 05 traction motors and 05 were running on 04 traction motors, due to defective cards/ panels which indicated that the locos were hauling with less loads of almost 2,400 tons only instead of 3,400 tons resulting into loss of freight revenue and wastage of fuel.
- ii. The supplier was required to provide training to PR engineers & staff for the minimum period of 38.5 man months against payment of US \$ 786,050 in terms of Article 4 (X) whereas, no such training was arranged by the OEM as per record.
- iii. The supplier was required to provide certain drawings/ technology and instruction books via electronic media and hard copies against payment of US \$ 171,885. However, no such drawing / technology was provided which creating hindrance in maintenance of locomotives e.g. an accidental locomotive was held up after disassembling due to non-availability of desired drawings.
- iv. Fuel tank/underframe of locomotive No. 9024 was cracked due to material failure on 22.07.2023 which was a serious and alarming issue because main frames are always of robust design and are long

life. This indicated poor quality of material utilized in the locomotives.

- v. Axle gear (long-life assembly) made in China was fitted in the locomotives instead of GE USA.
- vi. The average life of most of electronic items/panels was not communicated by the supplier which was also creating problems of inventory management regarding stock levels.

From the foregoing, Audit was of the view that defective procurement of locomotives valuing Rs 21,796.33 million (213,689,506 x US \$ 102 at exchange rate of 2015) was made that caused loss to Railway.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 07.02.2025. DAC nominated the DG Vigilance and Deputy CME/Loco to inquire the matter, fix responsibility, suggest course corrective measures and submit report to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends that matter may be referred to investigation agencies to probe the matter.

DP# 24274

Note: The issue was also reported earlier in the Audit Reports for Audit Year 2023-24 vide para No. 2.5.45 having financial impact of Rs 4.76 million. Recurrence of same irregularity is a matter of serious concern.

2.5.68 Loss due to non-replacement of defective material – Rs 377.79 million

Para 761 of Pakistan Railways Code for the Stores Department stipulates that store should be checked with the standard specifications or drawings on which the order is based. In rare cases where orders have been made to a sample, a standard sealed sample shall be held by the inspecting officer, and stores be accepted only if they are up to the standard sample.

During audit of seven different formations, it was observed that in twenty (20) instances defective material was supplied. Railway management made payment for defective material valuing Rs 377.79

million and the defective material was not replaced till finalization of audit report due to absence of proactive inventory management (**Annexure-15**).

The matter was taken up with the management in August to December 2024 and discussed in various DAC meetings. In most of the cases, DAC directed the DG Vigilance to conduct inquiry to probe the matter, fix responsibility and submit report to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 vide paras No 2.5.16, 2.5.7, 2.5.30, 2.5.20 and 2.5.49 having financial impact of Rs 1,966.34 million. Recurrence of same irregularity is a matter of serious concern.

2.5.69 Irregular procurement on quotations instead of tendering process – Rs 363.62 million

PPRA Rule 12 (2) provides that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu. PPRA Rule 9 provides that procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned.

During audit of RAILCOP in May 2024, it was observed that the company procured cement, steel and other building material valuing Rs 363.62 million, for different projects i.e. Allama Iqbal Open University campuses at Sargodha/Sahiwal/Attock/Gilgit, Government College University, Lahore/Kala Shah Kaku and Institute of Business Administration, Mirpurkhas etc. in 2022-23, either on single quotation or on three quotations basis instead of through tendering process in violation of rules *ibid*.

The matter was taken up with the management in May 2024 and discussed in DAC meeting held on 10.09.2024. DAC directed the CEO/RAILCOP to make arrangements for preparing annual procurement plan and observe PPRA Rules in letter and spirit. DAC further directed the PO to submit revised comprehensive reply along with documentary evidence duly vetted by RAILCOP Board to Audit within one week. DAC nominated the DG/Vigilance to inquire the matter and submit report to Audit within one month. Moreover, DAC directed the CEO/RAILCOP to approach the PPRA for clarification on this issue. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24178, 24184, 24186 & 24196

Note: The issue was also reported earlier in the Audit Reports for Audit Year 2022-23 vide para No. 2.5.8 having financial impact of Rs 62.059 million. Recurrence of same irregularity is a matter of serious concern.

2.5.70 Irregular award of contract agreement due to non-obtaining of performance security – Rs 303.45 million

As per section 39 of PPRA Rules, 2004, where needed and clearly expressed in the bidding documents, the procuring agency shall require the successful bidder to furnish a performance guaranty which shall not exceed 10% of the contract amount. Further, as per instruction to bidders the successful bidder shall furnish to the employer a performance security in the form and the amount stipulated in the conditions of contract within 14 days after the receipt of acceptance letter. In case of failure, sufficient ground for annulment of the award and forfeiture of bid security exists.

During audit of six (06) different formations from April 2024 to September 2024, it was observed that a number of agreements were executed with different contractors for procurement of materials, transportation of GITA containers and commercial management & passenger facilitation of passenger train. The contractors were required to furnish performance security within the stipulated time period but failed to do so. Despite the fact, the Railway management executed the contract

agreements in violation of the provisions PPRA Rules. This resulted in irregular award of contract agreements by extending undue favor to contractors amounting to Rs 303.45 million (**Annexure-16**).

The matter was taken up with the management from April 2024 to September 2024 and discussed in various DAC meetings. In most of the cases, DAC directed the concerned PO to ensure collection of performance guarantee in every procurement case in advance without fail. The PO was further directed to submit revised reply along with documentary evidence including instructions issued for collection of performance guarantee in and warring letters to the concerned officials/officers. Compliance of DAC directives was awaited.

Audit recommends that the matter may be investigated for failure to obtain performance security and extension of undue favor to the contractors. Contract management controls be strengthened to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 vide paras No 2.5.28, 2.5.5, 2.5.36, 2.5.38 and 2.5.41 having financial impact of Rs 143.76 million. Recurrence of same irregularity is a matter of serious concern.

2.5.71 Loss due to non-repairing of defective turntable – Rs 49.58 million

Rule 8 of PPRA Rules-2004 states that, all procuring agencies shall devise a mechanism, for planning in detail for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future.

During audit of Mechanical Department, Lahore in August 2024, it was observed that a computerized turntable installed at Loco Shed Lahore on 05.08.2018 became defective on 17.10.2019 just after one year of installation. The turntable repeatedly became out of order and got repaired on 15.11.2020, 31.12.2020 and 26.02.2021. Finally, turntable became

totally defective on 03.04.2021 and different parts of the turntable were stolen due to which old turntable was operated manually. This resulted in wastage of investment of Rs 49.58 million due to non-operation of turntable.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 04.02.2025. DAC directed the CEN to coordinate with COPS and submit comprehensive reply along with documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for procurement of defective turntable and non-repairing to defective turntable. Course corrective measures be taken to resolve the issue.

DP# 24402

Note: The issue was also reported earlier in the Audit Report for Audit Year 2019-20 vide para No. 2.5.18/11313 having financial impact of Rs 99.177 million. Recurrence of same irregularity is a matter of serious concern.

2.5.72 Irregular award of contracts on through/ market rate without approval of AGM/I – Rs 198.48 million

In terms of Pakistan Railways Composite Schedule of Rates (CSR)-2021-22 (electrical works), in case the operation of a non-scheduled item is considered unavoidable by any Chief Electrical Engineer/Infrastructure or a Divisional Superintendent for the execution of a particular electrical infrastructure work under his control, he will submit the detailed particulars of such item(s) along with the rate analysis and necessary justification, for the approval of Additional General Manager/ Infrastructure.

During audit of five (05) formations of Pakistan Railways in August and September 2024, it was observed that different types of material were procured and works were executed on through /market rates instead of CSR 2016/CSR 2021-22 (electrical works). Neither the rate analysis of material/ works was prepared nor approval of the AGM-I for

the through rates was solicited. This resulted in irregular award of contract and un-authorized expenditure amounting to Rs 198.48 million.

(Rs in million)

Sr. #	DP #	Formation	Amount
1	24658	Civil Engineering Department, Quetta	164.52
2	24304	Deputy General Manager, PR, H.Q. Lahore	14.29
3	24222	Civil Engineering Department, Lahore	11.46
4	24061	Electrical Engineering Department, Lahore	5.26
5	24724	Civil Engineering Department, Peshawar	2.95
Total			198.48

The matter was taken up with the management from May 2024 to September 2024 and discussed in DAC meetings held on 22.10.2024, 31.10.2024, 07.01.2025, 14.01.2025 and 16.01.2025. DAC directed the PO concerned to issue a notification in light of DAC directions, with the approval of CEO/Sr. GM to all relevant branches for strict compliance. DAC further directed to submit revised comprehensive reply along with documentary evidence duly vetted by the AGM/Infrastructure to Audit within one week and expedite the inquiry proceeding where directed. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

Note: The issue was also reported earlier in the Audit Reports for Audit Year 2021-22 vide para No. 2.5.20 and 2.5.23 having financial impact of Rs 30.67 million. Recurrence of same irregularity is a matter of serious concern.

2.5.73 Non-supply of material till finalization of work orders- Rs 111.80 million

Clause (ii) of purchase order provides that purchaser shall be entitled to purchase elsewhere without notice to contractor on the account and at the risk of the contractor the stores or any consignment thereof, which the contractor has failed to deliver or dispatch.

During audit of Project of Special Repair of 100 Locomotives (New) for improving the reliability/availability of running locomotives in September 2024, it was observed that different purchase orders for

procurement of spare parts on FOB basis for special repair of locomotives were placed on M/s Waris International Lahore and M/s Albario Engineering Lahore from 2021 to 2022. The locomotives against which the purchase orders were issued had been turned out after special repair but material valuing Rs 111,797,933 was not supplied by the contractors. The extended delivery period had also expired ranging from 6 months to 2.5 years. Instead of cancellation of purchase orders after forfeiture of security deposit and initiating blacklisting process, no action has been taken against the contractors by extending undue favor. This resulted in non-supply of material valuing Rs 111.80 million.

The matter was taken up with the management in September 2024 and discussed in DAC meeting held on 24.12.2024. DAC nominated the DG/Vigilance to probe the matter and submit the report to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24605

Note: The issue was also reported earlier in the Audit Reports for Audit Year 2021-22 and 2023-24 vide para No. 2.5.59 and 2.5.33 having financial impact of Rs 342.84 million. Recurrence of same irregularity is a matter of serious concern.

2.5.74 Mis-procurement due to award of work agreements in non-transparent manner –Rs 49.03 million

Rule 23 and 36 of Public Procurement Rules, 2004 provides that procuring agencies shall formulate precise and unambiguous bidding documents and shall also include qualification criteria; and all bids received shall be opened and evaluated in the manner prescribed in the bidding document. Moreover, Instructions to Bidder of Standard Bidding Documents for Construction Works for small work-2007 of PEC provides that the bidding documents establishing the bidder's eligibility to bid and its qualifications to perform contract shall be furnished by the contractor.

During audit of Deputy General Manager, PR, Headquarters office, Lahore in August 2024, review of bidding documents, tender register of procurement of 23 civil works valuing Rs 49.03 million tendered under single stage single envelope method of procurement at Mayo Garden and Headquarters revealed following discrepancies:

- i. Bidding documents used for procurement of works were devoid of bid evaluation criteria. Hence, bid evaluation was defective.
- ii. The bidders neither furnish the documents establishing bidder's eligibility/ capability nor there was any mention of the same in the bid evaluation.
- iii. The bid evaluation merely mentioned CSR 2016 rates (above or below) without any financial value of bids. Financial evaluation without mentioning of the financial bid does not serve the purpose.
- iv. In certain procurement cases there was electric portion but the bid evaluation committee did not include any qualified/ relevant member from electric department.
- v. In some cases, works included non-scheduled/ through rates items for which due diligence was not exercised as it was not supported with documentary evidence showing market surveys.

This resulted in mis-procurement of works valuing Rs 49.03 million as works were not awarded in a transparent manner.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 09.01.2025. DAC directed the PO (DGM) to submit revised comprehensive reply along with documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that mis-procurement be got regularized from the competent authority. Effective measures be adopted to ensure

compliance with applicable rules in letter & spirit to avoid such recurrence.

DP# 24300

2.5.75 Irregular award of contract due to irregular acceptance of cheque as performance security – Rs 47.21 million

According to Financial Advisor and Chief Accounts Officer letter No.HAC/GAS/Misc/2004 dated 10.09.2005, all deposits by contractors exceeding Rs 25000 may be accepted only in the form of pay orders/bank drafts/CDRs instead of cheque or cash.

During audit of Project of Special Repair of 100 Locomotives (New) for improving the reliability/availability of running locomotives in September 2024, it was observed that purchase order No. 19/0006/SR-100 (New) 2-23 dated 11.06.2024 valuing Rs 47,206,748 with delivery period of six months was issued in favor of M/s R.D Associates Lahore. The contractor deposited 5% security deposit Rs 2,400,000 in shape of cheque issued in favor of CCP instead of bankers cheque or pay order in favor of FA&CAO. Railway management accepted the cheque in contravention of conditions and rules *ibid* and irrevocable Letter of Credit was opened in favor of contractor. This not only resulted in irregular award of contract amounting Rs 47.21 million but also against the interest of PR.

The matter was taken up with the management in October 2024 and discussed in DAC meeting held on 26.12.2024. DAC directed the PO to seek clarification from PPRA authorities, in the light of directions given during the meeting, and submit revised reply along with documentary evidence regarding 5% performance guarantee obtained to Audit within one week. DAC further directed the PO to revise policies and SOPs keeping in view the time taken in processing of tenders, purchase orders and opening of LCs and revised policies and SOPs be shared with Audit. Compliance of DAC directives was awaited.

Audit recommends that clarification of PPRA may be furnished to Audit. Further, copies of revised policies and SOPs formulated in the light of DAC directives may also be shared with Audit.

DP# 24648

2.5.76 Loss due to irregular award of a contract -Rs 35.89 million

Rule 42(c) of PPRA Rules, 2004 stipulates that a procuring agency shall only engage in direct contracting if (i) the procurement concerns the acquisition of spare parts or supplementary services from original manufacturer or supplier (ii) only one manufacturer or supplier exists for the required procurement and procuring agency shall specify the appropriate fora, which may authorize procurement of proprietary object after due diligence. Besides, according to offer letter of M/s Waris International (contractor) dated 21.03.2022, the service engineers will start repair in 30 to 60 days after final payment of parts and service charges shall be paid after completion of repair work.

During audit of Civil Engineering Department, Headquarters Office, Lahore in August 2024, it was observed that Pakistan Railways procured a Mobile Flash Butt Welding Machine at a cost of Rs 495.23 million and put in service in March 2018. The said machine met with an accident on 12.10.2019. M/s Waris International being local agent of M/s Plasser & Theurer, Austria estimated the cost of repair and offered cost of repair Rs 129.81 million including spare parts valuing Rs 98.49 million and service engineer charges Rs 31.32 million. Instead of direct contracting with the OEM, the contract was irregularly awarded to M/s Waris International local agent of M/s Plasser & Theurer, Austria through M/s RAILCOP which caused extra cost on account of 15% profit to be paid to RAILCOP. M/s RAILCOP issued two purchase orders valuing Rs 129.81 million and Rs 13.04 million (additional parts) dated 30.09.2022 and 22.01.2024 respectively. According to offer of the contractor the amount of service charges was full and final which was required to be paid after satisfactory completion of task. However, contractor claimed extra service charges of Rs 12.65 million. Thus, PR suffered loss of Rs 23.24 million as 15% profit/commission of RAILCOP and Rs 12.65 million on account of additional service charges.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 03.12.2024. DAC directed the CEN to

provide revised reply with complete documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for irregular award of contract and payment of additional amounts. The amount of loss may be recovered from the persons found at fault under intimation to Audit. Procurement and contract management be improved to avoid recurrence.

DP# 24292

2.5.77 Wasteful expenditure due to excess purchase over annual consumption/ requirement-Rs 30.65 million

Para 124 of Pakistan Railways Code for the Stores Department stipulates that minimum and maximum limit should be laid down for the quantity of each " stock item "of stores in a depot at any time below or above which the balances should not ordinarily be allowed to go. Further, Para 128 (ii) stipulates that the fixation of a high limit would involve unnecessary locking up of capital, risk of deterioration of stores, extra storage and protection arrangements, increased labour charges.

During audit of Chief Controller of Purchases, Lahore in August 2024, it was observed that following material was procured in excess of the annual consumption/requirement through three purchase orders by ignoring their shelf-life and warranty period.

(Rs in million)

Sr.#	Purchase Order No. & date	Item	Annual average consumption	Quantity purchased	Sufficient for period	Shelf life	Value of excess purchase
1	10/0010/01-0/1-2023 dated 01.01.2024	Mobil Gear 6800 SYN	5,712 kg	10,500 kg	02 years	15 months	21.29
2	11/0003/00-0/1-2022 dated 09.04.2024	Varnish synthetic resin	1,436 liters	6,000 liters	4 years	18 months	4.27
3	12/0012/00-0/1-2022 dated 06.11.2023	Fire Bricks J type	1,183 bricks	8,285 bricks	7 years		4.26
4		Fire Bricks E type	17 bricks	1,356 bricks	80 years		0.83
Total value of material purchased in excess of annual average consumption							30.65

Fire bricks J and E type were purchased for 7 and 80 years whereas their warranty was valid for 15 months from the date of its receipt or 12 months from the dated of its placement in service whichever is earlier. Thus, procurement of material in excess of average annual consumption by ignoring their shelf life and warranty period resulted in wasteful expenditure of Rs 30.65 million.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 04.02.2025. DAC nominated the DG Vigilance to inquire the matter of excess procurement of material, fix responsibility, suggest course corrective measures and submit report to Audit within one month. DAC further directed the PO (CCP) to revise SOPs regarding need-based procurement and periodic revision of stock levels under intimation to Audit. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24466

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20,2021-22, 2022-23 and 2023-24 vide paras No 2.5.22, 2.5.28, 2.5.19 and 2.5.48 having financial impact of Rs 1,904.49 million. Recurrence of same irregularity is a matter of serious concern.

2.5.78 Mis-procurement of common user items without open framework agreement –Rs 29.35 million

Rule 16A of PPRA Rules-2004 regarding procurement of common user items, services and commodities through framework agreements provides that the Procuring Agency shall arrange the procurement through framework agreements of recurrent or common use items, services including maintenance services and those commodities, whose market prices fluctuate during the term of the agreement, for a maximum period of three years.

During audit of following formations, it was observed that Railway management made frequent purchases of common user items valuing

Rs 29.35 million such as building material, stationery, sanitary and painting material in small quantities on quotation basis instead of through execution of framework agreements during 2023-24.

(Rs in million)

Sr.#	DP#	Formation	Amount
1	24595	Civil Engineering Department, Rawalpindi	23.72
2	24302	Deputy General Manager, PR, Headquarters, Lahore	5.63
Total			29.35

This resulted in mis-procurement of common user items valuing Rs 29.35 million due to negligence of management.

The matter was taken up with the management in August and September 2024. DAC in its meetings dated 09.01.2025 and 14.01.2025 directed the PO (CEN) to issue instructions to all concerned that in future, procurement plans should be prepared by all concerned/divisions and procurements should be made through framework agreements instead of piecemeal procurements and submit complete documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed mis-procurement of common user items without framework agreements and non-compliance of PPRA rules. Course corrective measure ne taken to avoid recurrence.

2.5.79 Unjustified licensing of stalls to M/s PCI at lower rates – Rs 20.95 million per annum

Para 1801 of Pakistan Railways General Code states that “means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held responsible for any loss sustained by government through fraud or negligence.

During audit of Commercial and Transportation Department, Lahore Division in November 2024, it was observed that Pakistan Railways executed an agreement on 22.12.2023 with M/s PCI for exclusive rights of supply & sale of carbonated soft drinks, juice and mineral water over the Railway network for three years. M/s PCI was allowed to build Kiosks on specified Railway stations for sale of PCI products at special flat rate of Rs 720 per square feet per year. Audit

further observed that the rate of stalls other than M/s PCI was Rs 11,279 per square feet per year. This resulted in loss of Rs 20.95 million per annum to Pakistan Railways due to award of agreement to M/s PCI at extraordinary lower rates.

The matter was taken up with the management in November 2024 and discussed in DAC meeting held on 16.01.2025. DAC directed the PO to share the documentary evidence regarding exclusive selling rights of PCI in PR with similar examples in other departments to Audit today. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for award of contracts at extraordinary lower rates. Course corrective measures be adopted to avoid recurrence.

DP# 24A037

Note: The issue was also reported earlier in the Audit Reports for Audit Year 2019-20, 2021-22 and 2023-24 vide paras No. 2.5.84 and 2.5.49 and 2.5.21 having financial impact of Rs 637.91 million. Recurrence of same irregularity is a matter of serious concern.

2.5.80 Procurement from technically non-responsive bidder – Rs 16.63 million

Rule 29 of the Public Procurement Rules 2004 states that procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding documents. Failure to provide for an unambiguous evaluation criteria in the bidding documents shall amount to mis-procurement in terms of PPRA rule 36(b)viii the financial proposal of bids found technically non-responsive shall be returned un-opened to the respective bidders.

During audit of Electrical Engineering Department, Multan in March 2024, it was observed that 03 Nos. of 100 KVA Diesel Generators valuing Rs 16.63 million were procured from the non-responsive firm as the firm had no past performance history in PR. Moreover, GST invoice provided by the contractor had also no reference to the brand name of the

Generator. This resulted in procurement of DG sets valuing Rs 16.63 million from non-responsive bidder.

The matter was taken up the management in March 2024 and discussed in DAC meeting held on 10.10.2024. DAC directed the CEE/I to submit a revise comprehensive reply along with documentary evidence to Audit within one week. DAC further directed the PO to share documentary evidence showing authenticity of DG sets and inspection report of DG sets with Audit. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for irregular procurement from non-responsive firm. Internal controls be strengthened in order to avoid such recurrence.

DP# 24051

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide observation No.1 having financial impact of Rs 24,461.11 million. Recurrence of same irregularity is a matter of serious concern.

2.5.81 Loss to the public exchequer by extending undue favor to the contractor – Rs 10.52 million

According to DCO/Sukkur letter 147-SAC/auction/Rohri/2018 dated 29.09.2022, the contractor was required to clear the outstanding dues within seven days otherwise the contract will be terminated and security money will be forfeited.

During audit of Commercial & Transportation department, Sukkur in March 2024, it was observed that contract of restaurant at Rohri Station was awarded to a contractor on 29.09.2018. PR management by extending undue favor allowed the contractor to run/operate the restaurant without recovery of WHT amounting to Rs 5.65 million for 1st to 5th year from 2018-19 to 2023-24 and 30% of bid amount for 5th year extension of contract amounting to Rs 4.87 million since 08.04.2023. PR management neither terminated the contract nor forfeited the security money but allowed the contractor to operate restaurant till finalization of audit report. This resulted in loss of Rs 10.52 million to the public exchequer due to the connivance of Railway management.

The matter was taken up with the management in June 2024 and discussed in DAC meeting held on 08.10.2024. DAC directed the PO (CCM) to inquire the matter, fix responsibility and take suitable action. The court case should be pursued vigorously in the court of law by engaging a competent lawyer. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24123

Inventory and stores management

2.5.82 Non-disposal of scrap/released material – Rs 9,336.62 million

Para 2403 of Pakistan Railways Code for the Stores Department provides that the Store Department should arrange for the regular collection of all scrap from consuming departments and for its disposal to the best advantage of the Railways. If scrap is to be disposed off by public auction, arrangements should be made for its collection at convenient points for the purpose of such sales.

During audit of different formations of Pakistan Railways in August and September 2024, thirty-four (34) cases of accumulation of scrap and released material were observed. This indicated that scrap/released material was not disposed of due to poor inventory management which resulted in blockage of capital amounting to Rs 9,336.62 million (**Annexure-17**).

The matter was taken up with the management in August 2024 and September 2024 and discussed in various DAC meetings. In most of the cases, DAC directed the concerned PO to speed up efforts and ensure early disposal of scrap in coordination with concerned divisions. DAC further directed the PO to revise SOPs to ensure efficient and effective disposal of condemned rolling stock by proper grouping of condemned rolling stock for the same auction. DAC further directed the PO to share revised SOP and progress report along with documentary evidence with Audit. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20, 2021-22, 2022-23 and 2023-24 vide paras No 2.5.57, 2.5.29, 2.5.18 and 2.5.47 having financial impact of Rs 6,212.045 million. Recurrence of same irregularity is a matter of serious concern.

2.5.83 Unnecessary procurement resulting in blockage of capital – Rs 1,479.16 million

Para 124 and 2401 of Pakistan Railways Code for the Stores Department provides that a maximum and minimum limit should be laid down for the quantity of each stock item of stores in a depot at any time below or above which the balances should not ordinarily be allowed to go. Furthermore, Para 2233 stipulates that the Stores Department of every Railway should be organized to deal effectively with the disposal of surplus stock, either by sale or issue, or transfer to other Railways.

During audit of different formations, seventeen (17) instances of unnecessary procurement and non-utilization of material were observed. Neither the material was utilized by the consumer nor was disposed off after due diligence.

(Rs in million)

Sr. No.	Details of irregularity	Period	Amount
1	Material procured in excess of requirement	Sep 2021 to Jun 2024	705.65
2	Material not used for period ranging 2 to 16 years	June 2008 to Dec 2022	705.23
3	Material lying above maximum	As on 30.06.2024	68.28
Total			1,479.16

This resulted in blockage of capital amounting to Rs 1,479.16 million due to poor inventory management by Pakistan Railways (**Annexure-18**).

The matter was taken up with the management from August 2024 to October 2024 and was discussed in various DAC meetings. In most of the cases, DAC directed the DG Vigilance to conduct inquiry to probe the

matter, fix responsibility and submit report to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20, 2021-22, 2022-23 and 2023-24 vide paras No 2.5.22, 2.5.28, 2.5.19 and 2.5.48 having financial impact of Rs 1,904.49 million. Recurrence of same irregularity is a matter of serious concern.

2.5.84 Loss due to less production of brake blocks on account of non-functioning of Capula Furnace -Rs 356.76 million

Para 1247 of Pakistan Railways Code for Mechanical Department stipulates that all works should be carried out as rapidly as possible. Para 1248 further provides that all delays in the advice of date of completion by the Mechanical Department should be regularly taken up.

During audit of Mechanical Department, Workshops Moghalpura in August 2024, it was observed that Cupola Furnace in the Foundry Shop was not functional and casting of Brake Blocks for Carriage and Loco was suffering badly. The production of the Brake Block was decreased by 73% as compared to 2022-23 and annual targets were also not achieved. This resulted in delay of repair works of rolling stock and idleness of staff despite payment of huge salaries and overtime allowance.

Sr.#	Description	Production		2023-24 Target	Difference	Unit rate	Decrease %	Loss due to less Production
		2022-23	2023-24					
1	Brake Block DE-2991	35,600	9,670	60,000	50,330	4,145	73%	208,617,850
2	Brake Block V-775	100,030	51,750	156,000	104,250	1,421	48%	148,139,250
Total								356,757,100

The matter was taken up with the management in August 2024, management replied that procurement of hard coke was not made by the CCP office to keep the furnace operational. DAC in its meeting held on 24.12.2024 directed the PO (CME/Loco) to streamline systems and

develop SOPs duly approved by the SMC and CEO/Sr.GM. to ensure in time supply of productions elements and avoid idle labour and production units. DAC further directed the PO that procurement plan should be prepared well in time to ensure timely availability of material for production. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for non-procurement of hard coke. Course corrective action be taken to operate the furnace and to avoid recurrence. In addition, compliance of DAC directives may also be expedited.

DP# 24492

2.5.85 Unauthorized cannibalization of parts without documentation by the maintenance contractor- Rs 229.64 million

Article 8.1 (f) of the maintenance contract No. PR/DEL Maintenance/2017 dated 15.07.2017 provides that seller shall ensure that schedule of required parts will be amended and submitted every half yearly well in time keeping in view of the utilization of spare parts to ensure the availability of parts during currency of the contract.

During audit of Mechanical Department, HQ, Lahore in August 2024, it was observed that LC dated 29.10.2020 amounting to US\$ 14.64 million for supply of third year spare parts was opened by including 1310 new/additional spare parts valuing US\$ 14.38 million and 18 diesel engine parts valuing US\$ 0.26 million which were not covered in maintenance contract. Audit observed that maintenance contractor M/s CRRC Ziyang completely failed to assess the desired parts in violation of clause ibid and provided another list in January 2023 containing 193 additional parts valuing Rs 229.64 million (US\$ 832,013 X Rs.276). The procurement of these parts could not be finalized due to short span of time as the contract was to be expired on 31.07.2023. As a result, the contractor unauthorizedly cannibalized hundreds of these parts from other locomotives without documentation to overhaul rest of the locomotives and therefore, changing the available locomotives into unavailable or dead. The parts valuing Rs 229.64 million were cannibalized unauthorizedly by the contractor which resulted into stoppage/held up of locomotives.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 07.02.2025. DAC nominated the DG Vigilance and Dy: CME/Loco to inquire the matter, fix responsibility, suggest course corrective measures and submit report to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24276

2.5.86 Irregular substitution of parts instead of warranty claims- Rs 158.18 million

Para 1801 of Pakistan Railway General Code provides that means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained through fraud or negligence on his part.

During audit of the Mechanical Department, Headquarters Office, Lahore in August 2024, it was observed that 93 warranty claims were lodged in connection with the maintenance contract for ZCU/20/30 locomotives against M/s CRRC Ziyang. Audit observed that against 43 warranty claims valuing US \$ 573,103.71, the contractor offered other parts, which were available with the contractor at New Diesel Shed Lahore whereas, the parts under warranty claims were to be imported. The offer was accepted by the Railway management in May 2024 on the grounds that claimed items were not immediately required and would be needed at the time of major overhaul. It is worth mentioning that ten locomotives were held up in loco shop since May 2023 for want of major schedule/overhaul and many locomotives were running overdue and Railway was in dire need of those parts as evident from record. The resulted in irregular substitution of parts and blockage of capital Rs 158.18 million (US\$ 573,103.71 X Rs 276) by extending undue favor to the firm instead of claiming the parts under warranty.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 07.02.2025. DAC nominated the DG Vigilance and Dy: CME/Loco to inquire the matter, fix responsibility,

suggest course corrective measures and submit report to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24269

2.5.87 Loss due to pre-mature failure of material – Rs 137.95 million

Para 807 (i) of Pakistan Railway General Code provides that every public officer should exercise the same vigilance in respect of expenditure incurred from Government revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During audit of Project of Special Repair of 100 Locomotives (New) in September 2024, it was observed that long life spare parts such as armatures assy, crankshafts, traction motors valuing Rs 96.38 million were fitted in different locomotives during classified repair from July 2018 to September 2021. The fitted spare parts became defective just within a period of 1.5 year to 3.4 years and were replaced at cost of Rs 137.95 million during the special repair of said locomotives under the project. This depicted that spare parts were substandard as the same could work only for a short span of time after classified repair. This resulted in loss of Rs 137.95 million to PR due to pre-mature failure of spare parts being substandard.

The matter was taken up with the management in October 2024 and discussed in DAC meeting held on 24.12.2024. DAC constituted an inquiry committee comprising DG/Vigilance and FA&CAO/PR to probe the matter of premature failure of material, fix responsibility, suggest course corrective measures, give recommendations and submit report to Audit and other concerned within one month. Compliance of DAC directives was awaited.

Audit recommends that course corrective measures may be adopted to avoid recurrence besides expediting the compliance of DAC directives.

DP# 24646

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para No. 2.5.56 having financial impact of Rs 29.12 million. Recurrence of same irregularity is a matter of serious concern.

2.5.88 Loss due to inconsistent management practices in scrap sales – Rs 20.75 million

Para 2411 of Pakistan Railways Code for the Stores Department provides that reserve prices based on the best bids obtained at past auctions and any other information available should be fixed by the Controller of Stores or the Depot Officer for each item of scrap to be sold in order that the items may be withdrawn from the sale if the bids are found unsatisfactory. Bids lower than the reserve prices may however be accepted by the Depot Officer where found expedient, provided the officer doing so records his reasons in writing.

During audit of Commercial & Transportation Department, Sukkur in June 2024, it was observed that management issued two sales tenders for the disposal of 52 condemned wagon in 2023. First tenders opened on 13.06.2023 was filed by AGM/Mechanical on the recommendations of tender committee, due to lower rates as compared to the sales rates of CCS Office, Lahore despite being 38-60% higher than the Last Filed Rate. The second tenders were opened on 07.10.2023 and accepted even lesser than last rejected rates, by disregarding the criteria used in first tenders. This inconsistent evaluation by management put the Pakistan Railways into loss of Rs 20.75 million.

The matter was taken up with the management in June 2024 and discussed in DAC meeting held on 24.12.2024. DAC directed the PO to submit revised comprehensive reply, along with supporting documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for using inconsistent management practices in scrap sales. Internal controls regarding sale of scrap may be improved.

DP# 24805

Railway Track & Rolling Stock

2.5.89 Loss due to excess consumption of fuel - Rs 5,851.46 million

In terms of Chief Operating Superintendent, PR letter No. 39-FA/0/2 dated 28.03.2022, a locomotive consume 22 liters fuel in case of one minute detention/stoppage out of scheduled running.

During audit of different formations of Pakistan Railways from April 2024 to October 2024, it was observed in seventeen (17) instances that a large number of trains were detained on account of defects in rolling stock, signal and electric failures and engineering restrictions. Thus, PR suffered loss of Rs 5,851.46 million on account of excess consumption of fuel due to train detentions. In addition to financial loss punctuality of trains was also affected (**Annexure-19**).

The matter was taken up with the management from April to October 2024 and discussed in various DAC meetings. In most of the cases, DAC directed the COPS to ask concerned Divisional Superintendents about actions taken against the employees found at fault for train detentions pointed out by Audit. DAC further directed the PO to make comprehensive analysis of train detentions and develop SOPs to make drivers and other officers/officials responsible for train delays/detentions and submit revised comprehensive reply along with documentary evidence to Audit within two weeks. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

Note: The issue was also reported earlier in the Audit Reports for Audit Year 2022-23 and 2023-24 vide para No. 2.5.58 and 2.5.71 having financial impact of Rs 4,922.97 million. Recurrence of same irregularity is a matter of serious concern.

2.5.90 Loss due to non-provision of wagons to contractors as per quota – Rs 1,387 million

As per clause 3.1 of agreement between cargo contractors and Pakistan Railway for running of freight train from Karachi Bandar to

Lahore and Badami Bagh, the carrier shall endeavor in its normal circumstances to provide to the contractor one ZBC having 60-ton capacity per working day for transportation of contractor's cargo from Karachi Bandar to Badami Bagh and vice versa. Moreover, clause 3.3 provides that in case the contractor remains unable to fulfil its obligation he will be subjected to fine for the 1st three days of default and after that the case will be referred to the Headquarters for cancellation of contract with the respective contractor.

During audit of Commercial and Transportation department, Karachi in April 2024, it was observed that there were 43 contractors working with PR, as per agreement, it was the responsibility of Pakistan Railways to provide wagons to contractors as per quota and each contractor was to load one Railway Wagon (ZBC) per day. It was observed that not even on a single day, all contractors had been provided wagons for loading for the period from July 2022 to July 2023. Resultantly, PR suffered loss of Rs 1,387 million due to short loading of wagons.

The matter was taken up with the management in May 2024 and discussed in DAC meeting held on 07.02.2025. DAC nominated the DG Vigilance to inquire the matter, fix responsibility, suggest course corrective measures and submit report to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24131

2.5.91 Loss due to non-utilization of operational locomotives – Rs 1,221.17 million

The Chief Mechanical Engineer/Loco vide letter dated 23.10.2023 directed that keeping in view the present operational requirements over Pakistan Railways, competent authority has decided to store the locomotives in good order to save the operational and maintenance expenditure. It was further directed that these locomotives should be

placed in good working order and be started after every one week period and record of the same must be maintained properly.

During audit of Mechanical Department, Lahore in August 2024, it was observed that fifteen (15) operational locomotives were held up in old and new loco sheds Lahore in good order. These locos were held up keeping in view the present operational requirements to save the operational and maintenance expenditure despite the fact that PR was paying a huge amount to NLC on account of rent of locos. The rental amount of Rs 1,221.17 million paid to NLC for 247 days could have been saved by utilizing stored operational locos. Further, different parts of these locos were used for cannibalization; resultantly their good order could not be authenticated. This would result in additional financial loss to PR Rs 1,221.17 million due to poor contract management.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 07.02.2025. DAC directed the PO (CME/Loco) to submit revise reply addressing questions raised by Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to held up the operational locomotives in good order and utilizing rental locos of NLC. Course corrective measures be taken to avoid recurrence.

DP# 24954

2.5.92 Deviation from standard procedures in operation of luggage/ brake vans – Rs 997.91 million per annum

PPRA Rule 4 stipulates that procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

During audit of Chief Commercial Manager, HQ, Lahore in August 2024, it was observed that Pakistan Railways allotted 19 Nos. luggage/brake vans to the private contractors on temporary basis for Rs 997.91 million per annum without following open competitive bidding process. This resulted in irregular allotment and running of luggage/brake

vans having contract value amounting to Rs 997.91 million per annum by violating PPRA Rules.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 07.02.2025. DAC directed the PO (CMM) to submit revised reply addressing questions raised by Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for irregular allotment of luggage/brake vans in violation of the rules. Course corrective measures be adopted to avoid recurrence.

DP# 24314

2.5.93 Loss due to procurement of bogie tank wagons without need assessment – Rs 894.38 million

Rule 8 of PPRA Rules, 2004 states that, all procuring agencies shall devise a mechanism, for planning in detail for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future.

During audit of Mechanical Department, Lahore in August 2024, it was observed that sixty-nine (69) bogie tank wagons (ZBTO) were lying idle in goods yard Lahore from April to July 2024. The wagons were not utilized by PSO due to self-transportation of HSD oil to PR. These wagons were purchased during the year 2015-16 having average life of 45 years. However, just after eight years, these wagons became useless for Pakistan Railways and were standing idle. This depicted that these wagons were procured without any contingency plan which resulted in loss of Rs 894.38 million.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 07.02.2025. DAC directed the PO (CME/C&W) to submit revise reply addressing questions raised by Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that contingency plan for alternate use of the wagons may be chalked out or matter be taken up with the PSO for the utilization for alternate destinations.

DP# 24748

2.5.94 Wastage of resources due to inoperative track machines– Rs 803.75 million

Para 1801 of Pakistan Railway General Code provides that “means should be devised to ensure that every Railway Servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part”.

During audit of Civil Engineering Department, HQ, Lahore in August 2024, it was observed that 21 track machines, cranes and material lorries became defective during the period from 2015 to January 2024. Despite lapse of 9 years the PR management remained unable to repair/rehabilitate these machines due to poor assets management. Purchase value of 11 track machines was Rs 803.75 million whereas value of remaining 10 track machines was not available with the Senior Mechanical Engineer/ Track Machines. This resulted in Wastage of resources due to inoperative track machines and cranes valuing Rs 803.75 million.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 03.12.2024. DAC directed the PO (CEN) to submit a revised comprehensive reply along with supporting documents to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that efforts may be made for repair of these machines and be utilized for the purpose they were procured. Assets management should be improved to avoid recurrence.

DP# 24298

Note: The issue was also reported earlier in the Audit Report for Audit Year 2021-22 vide para No. 2.5.18/11313 and 2.5.47/11307 having

financial impact of Rs 110.885 million. Recurrence of same irregularity is a matter of serious concern.

2.5.95 Wasteful expenditure on account of overhauling of locomotives due to non-observance of maintenance schedule- Rs 643.92 million

As per maintenance contract No. PR/DEL Maintenance/2017 dated 15.07.2017, the seller shall provide three years complete maintenance service, spare parts etc. for all ZCU-20/30 locomotives. Article 8.1 (f) further provides that seller shall ensure that schedule of required parts will be amended and submitted every half yearly well in time keeping in view of the utilization of spare parts to ensure the availability of parts during currency of the contract. Further, in terms of manufacturer maintenance Manual for ZCU-20 locomotives, the Intermediate overhaul is scheduled at 400,000 KMs or 18000 h/ 3 years and termed as 1st medium maintenance for locomotives and top end overhaul for Diesel Engine. The 2nd medium maintenance of locomotive is scheduled at 800,000 KMs or 36000 h/6 years which is termed as in-frame overhauling for Diesel Engine.

During audit of Mechanical Department, HQ, Lahore in August 2024, it was observed that prescribed maintenance schedule for ZCU 20/30 locomotives was not observed due to negligence of Mechanical Department. The maintenance contractor M/s CRRC Ziyang turned out only 25 locomotives after 1st medium overhaul @ one loco per month against the target of three locos per month during first two years of contract and 34 locomotives in third year of contract. Eventually certain ZCU-20 locomotives reached out the limit of 2nd medium maintenance (in-frame overhaul) having run over 36000 hours/ 6 years. It was observed that instead of 2nd medium maintenance, 1st medium maintenance (top end overhauling or intermediate overhauling) of these locomotives was done at cost of Rs 643.92 million (including overhead & contractor's supervision Charges of Rs 257.55 million). Moreover, the locos turned out after top end overhauling witnessed frequent troubles and led to reduction in overall availability to 72 % of the said locomotives for operational purposes. This resulted in wasteful expenditure of Rs 643.92 million incurred on account

of 1st medium maintenance instead of 2nd medium maintenance due to negligence of management.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 07.02.2025. DAC nominated the DG Vigilance and Dy: CME/Loco to inquire the matter, fix responsibility, suggest course corrective measures and submit report to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24275

2.5.96 Loss of freight earnings due to over detention of wagons - Rs 437.95 million per annum

Para 1801 of Pakistan Railways General Code stipulate that means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and also for any loss arising from fraud or negligence on the part of any other Railway servant to the extent it may be shown that he contributed to the loss by his own action or negligence.

During audit of Mechanical Department, Multan in September 2024, it was observed that 331 No. of damaged wagons were lying in yards at Samasatta and Khanewal. These wagons were waiting for their turn to be dispatched to C&W Shop Moghalpura. However, it was observed that PR had demand of 322,250 wagons during the period from July 2021 to June 2024 whereas, PR management provided only 254,884 wagons and failed to provide 67,366 wagons. Audit was of the view, that the over detention of wagons costed loss of freight earnings of Rs 437.95 million per annum.

The matter was taken up with the management in September 2024 and discussed in DAC meeting held on 04.02.2025. DAC directed the PO to expedite efforts for early transportation of DVM wagons and submit

revised comprehensive reply along with documentary evidence to Audit within two weeks. Compliance of DAC directives was awaited.

Audit recommends that rolling stock management be improved and rolling stock lying idle in different yards be examined for utilization. Internal controls be strengthened to avoid recurrence.

DP# 24623

2.5.97 Irregular charging of cost for items procured after locomotive turned out – Rs 191.47 million

According to para 1801 of Pakistan Railways General Code, means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part

During audit of two projects in August and September 2024, it was observed that spare parts valuing Rs 191.47 million were received after turning out of the locomotives but cost of these spares was irregularly issued and charged to already turned out locomotives. This resulted in irregular charging of cost to the locomotives under the project Rs 191.47 million.

(Rs in million)

Sr.#	DP#	Formation	Amount
1	24217	Procurement/manufacture of 820 high-capacity bogie freight wagons and 230 passenger coaches	150.77
2	24828	Project of Special Repair of 100 Locomotives (New) for improving the reliability/availability of running locomotives	40.70
Total			191.47

The matter was taken up with the management in August and September 2024 and discussed in DAC meeting held on 07.02.2025. DAC directed the PO (CME/Loco) to submit revise reply addressing questions raised by Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that reasons of charging the cost to the locomotives on account of parts not installed during special repair be explained. Internal controls be strengthened to avoid such recurrence.

2.5.98 Loss due to utilization of heavy locomotives on shunting services – Rs 110.16 million

Fuel economy measure circulated by Chief Operation Superintendent dated 28.03.2022 provides that success of Railway operation is squarely dependent upon the lesser consumption of fuel with maximum achievement of results i.e. transportation of masses and goods at the involvement of minimum cost and higher yield.

During audit of Mechanical Department, Lahore in August 2024, it was observed that despite availability of light shunting locomotives (950 HP to 1500 HP) in working condition, management of loco shed Lahore utilized 2000 HP locomotives for shunting purposes in violation of the instructions ibid from July 2022 to June 2024. The utilization of such heavy locos for shunting purposes caused excess consumption of HSD oil and resulted into loss to PR valuing Rs 110.16 million.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 04.02.2025. DAC directed the POs (CME/Loco & COPS) to probe case of excess consumption of HSD oil on utilization of heavy locomotives on shunting services, take course corrective measures, expedite efforts for regularization of excess consumption of HSD oil on merit and share status along with documentary evidence with Audit. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24411

2.5.99 Loss due to excess consumption of HSD Oil on account of locos on miscellaneous services (LOMS)-Rs 109.26 million

In terms of COPS letter No. 39-FA/02 dated 06.06.2022, HSD Oil/fuel is very important component in train operation which consumes major portion of the annual budget of the department. Keeping in view the importance of the fuel, reduce consumption of fuel by 25% on account of LOMS.

During audit of different formations of Pakistan Railways from August 2024 to October 2024, it was observed in six (06) instances that the actual consumption of HSD oil was 710,143 liters against the fixed quota of 316,664 liters for the financial year 2023-24. The excess consumption of 393,479 liter HSD oil valuing Rs 106.31 million was due to non-observance of fuel economy measures to minimize the fuel consumption on account of LOMS. This resulted in loss of Rs 109.26 million due to excess consumption over and above the fixed quota of HSD oil (**Annexure-20**).

The matter was taken up with the management from August 2024 to October 2024 and discussed in DAC meetings held on 30.01.2025 and 04.02.2025. DAC directed the POs (CME/Loco & COPS) to probe cases of excess consumption of HSD oil on LOMS, take course corrective measures, expedite efforts for regularization of excess consumption of HSD oil on merit and share status along with documentary evidence with Audit. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

2.5.100 Award of luggage and brake van contracts at lower rate – Rs 89.97 million

Rule 4 of PPRA Rules-2004 provides that procuring agencies, while engaging in procurements, shall ensure that procurements are conducted in fair & transparent manner, the object of procurement brings value for money to the agency and procurement process is efficient and economical.

During audit of Commercial & Transportation Departments, Peshawar and Rawalpindi in May and October 2024, it was observed that PR suffered loss of Rs 89.97 million due to award of luggage van and brake van contracts without open competition on lower rates.

- i. Luggage van contract of 1Up/2Dn Khyber Mail awarded to M/s A.A Enterprises expired on 09.02.2024, the contract was neither extended by seeking consent of private partner nor bidding process was initiated well before time rather the luggage van was allotted

to M/s ASTN on temporary basis w.e.f. 10.02.2024 till further auction at the rate of Rs 130.00 million per annum which was Rs 20.42 million below the last contract.

- ii. The contract of brake van portion of Rahman Baba Express was awarded to M/s New Fayyaz Cargo without advertisement on 27.12.2023 at reduced rate of Rs 40.00 million per annum whereas the contract was previously running at Rs 44.99 million per annum. This not only resulted into irregular award of contract without open competition but also caused loss of Rs 4.99 million per annum to PR.
- iii. Four luggage vans and nineteen brake vans were outsourced to contractors on temporary basis for 8 to 654 days, during 2021 to 2024. The outsourcing was done at lower rates as compared to the last bid due to which PR suffered loss of Rs 65.56 million.

The matter was taken up with the management in May and October 2024 and discussed in DAC meeting held on 04.02.2025. DAC directed the P.O (CMM) to submit revised comprehensive reply along with documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for irregular award of contract at lower rate. Internal controls be strengthened to avoid such recurrence.

DP# 24163, 24156 & 24912

Note: The issue was also reported earlier in the Audit Report for Audit Year 2019-20 and 2023-24 vide para No. 2.5.84 and 2.5.42 having financial impact of Rs 636.72 million. Recurrence of same irregularity is a matter of serious concern.

2.5.101 Loss due to uneconomical haulage of passenger train- Rs 80.88 million

Para 1801 of Pakistan Railway General Code provides that means should be devised to ensure that every Railway servant realizes fully and

clearly that he will be held personally responsible for any loss sustained through fraud or negligence on his part.

During audit of Commercial and Transportation department, Karachi in April 2024, it was observed that the destination and originating station for Karachi Express (16Dn/15 Up) was Karachi Cantt. The rake of said train was used to be hauled from Karachi Cantt to Karachi City washing line whereas a washing line is also available at Karachi Cantt Station. It was further observed that haulage of Sukkur express (145Up /146Dn) was made from the rake of Karachi express (16Dn/15 Up) and vice versa. This process (shunting) takes an extra one hour and 40 minutes coupled with extra consumption of fuel. This resulted in loss of Rs 80.88 million per month on account of wastage of fuel.

The matter was taken up with the management in May 2024 and discussed in DAC meeting held on 24.10.2024. DAC directed the COPS to submit a revised comprehensive reply along with documentary evidence within one week to Audit. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for irrational haulage. Course corrective measure be taken to avoid losses and recurrence.

DP# 24130

2.5.102 Loss due to self-decanted coal wagons – Rs 7.53 million

Section 4.9 of the agreement between Pakistan Railways Freight Transportation Company (PRFTC) and Huanang Shandong Ruyi (HSR) dated 7th July 2015 provides that the coal shall be measured at the weighing station at the loading point and at the weighing station at the unloading point. In the event the short delivered coal quantity for any shipment is more than one percent of the received coal quantity for such shipment, the transporter (PRFTC) shall pay liquidated damages to the company calculated according to schedule 3 which shall be calculated as the product of the landed coal price at the unloading point and short delivered coal quantity.

During audit of Pakistan Railway Freight Transportation Company in April 2024, it was observed that 03 coal wagons were self-decanted during June 2023 and February 2024 and the coal quantity of 178.23 M. tons valuing Rs 7.53 million was lost. This resulted into loss to the company as PRFTC had to pay the same amount to HSR under the agreement.

The matter was discussed with management in May 2024 and discussed in DAC meeting held on 27.08.2024. The CEO/PRFTC apprised the DAC that freight charges of two wagons amounting to Rs 704,060 had been adjusted against the FDA. The claim of 3rd wagon was under process and would be decided soon. DAC directed the PO to share inquiry findings and latest status of the claims with Audit. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24039

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para No. 2.5.67 having financial impact of Rs 62.15 million. Recurrence of same irregularity is a matter of serious concern.

Financial Management

2.5.103 Loss due to non-recovery of liquidated damages and penalty charges – Rs 849.86 million

According to para 316 (a) of Pakistan Railways Code for the Accounts Department, the amounts due to the Railway for services rendered, supplies made, or for any other reason, are correctly & promptly assessed and recovered as soon as they fall due.

During audit of different formations of Pakistan Railways in August 2024 and September 2024, nine (09) cases of non-recovery of liquidated damages charges on account of non-completion of works within time, penalty on account of over loading & non-provision of loading summaries and penalty on late payment of Railway dues amounting to Rs 849.86 million were observed (**Annexure-21**).

The matter was taken up with in August and September 2024 and discussed in various DAC meetings. DAC directed the POs to get the already recovered amount verified from Audit by providing requisite documentary evidence, expedite efforts for recovery of remaining outstanding amount and submit revised reply to Audit. Compliance of DAC directives was awaited.

Audit recommends that responsibility for non-recovery of LD and penalty charges be fixed. Course corrective action may be taken to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 vide paras No 2.5.23, 2.5.71/10589, 2.5.70/10990, 2.5.68 and 2.5.33 having financial impact of Rs 304.81 million. Recurrence of same irregularity is a matter of serious concern.

2.5.104 Irregular advance payment to a firm without approval of Railway Board – Rs 754.70 million

As per instructions of Ministry of Railways dated 13.09.2017, all concerned should obtain prior approval of the Board in respect of all draft contracts involving advance payment to a contractor in future. Non-compliance of this directive may be treated under E&D rules. Para 4.2.15.3 of Audit Policies and Procedures Manual further provides that the intended purpose of the advance payment should be stipulated clearly in the contract.

During audit of Ministry of Railways Islamabad in October 2024, while reviewing record of the Director Procurement, it was observed that an agreement amounting to US \$ 22.920 million was executed with M/s Wabtec Transportation System USA for procurement of material and services for the special repair / up-gradation of 15 AGE-30 locomotives on 05.09.2023. Audit observed that a clause of advance payment of US\$ 2,714,751 was inserted in the agreement and paid to the contractor as milestone payment on 14.05.2024 without the approval of Railway Board and mentioning the intended purpose as ‘advance payment’ in violation of

rules *ibid*. This resulted in irregular advance payment of Rs 754.70 million (US \$ 2,714,751 x Rs 278) by extending undue favor to the contractor.

The matter was taken up with the management in October 2024 and discussed in DAC meeting held on 07.02.2025. DAC directed the PO (SRB) to submit revised reply addressing questions raised by Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for irregular advance payment besides taking action against those held responsible. Internal controls be strengthened to avoid recurrence.

DP# 24904

Note: The issue was also reported earlier in the Audit Report for Audit Year 2019-20 vide para No. 2.5.80 having financial impact of Rs 3.21 million. Recurrence of same irregularity is a matter of serious concern.

2.5.105 Non-recovery of maintenance charges of rolling stock from other departments – Rs 520.58 million

Para 316(a) of Pakistan Government Railway Code for the Accounts Department provides that the amounts due to Railway for services rendered, supplies made, or for any other reason, are correctly and promptly assessed and recovered as soon as they fall due.

During audit of Mechanical Department, HQ, Lahore in August 2024, it was observed that an amount of Rs 520.58 million was outstanding against various departments i.e. Defense Department, Pakistan Post, Governor House Punjab, Chief Minister Secretariat Punjab etc. on account of maintenance charges of rolling stock dedicated for their exclusive use for the period from 2008-09 to 2023-24. Railway management had not made any strenuous efforts for recovery of the outstanding charges. This resulted in non-realization of bills receivables Rs 520.58 million due to negligence on the part of management.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 30.01.2025. DAC directed the PO (CME/C&W) to expedite efforts for recovery of the outstanding charges

and share status of the recovery along with documentary evidence with Audit. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24268

2.5.106 Non-recovery from different firms – Rs 389.99 million

Para 316 (a) of Pakistan Government Railway Code for the Accounts Department provides that the amounts due to Pakistan Railways for services rendered, supplies made, or for any other reason, are correctly and promptly assessed and recovered as soon as they fall due.

During audit of Pakistan Railway Advisory and Consultancy Services (PRACS) in April 2024, it was observed that receivables Rs 389.99 million were outstanding against different firms for the period ranging from 2005-06 to 2022-23. As per aging of bills receivable an amount of Rs 57.73 million was more than nine years old for the period ranging from 2005 to 2015. Neither strenuous efforts were made for recovery of long outstanding nor any policy was framed to write off doubtful debts.

The matter was taken up with the management in May 2024 and discussed in DAC meeting held on 27.10.2024. DAC constituted an inquiry committee comprising FA&CAO/Revenue, CCM & MD/PRACS to inquire/ reconcile the matter, give recommendations and share report with Audit within one month. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP # 24002

2.5.107 Irregular execution of deposit work without recovery of supervision and land lease charges – Rs 125.50 million

Para-935 of Pakistan Railway Code for Engineering Department provides that no work asked for by local bodies, private individuals, etc., should be commenced till a detailed estimate for the same has been

sanctioned by the competent Railway authority and the full estimated cost thereof deposited with the Railway.

During audit of Civil Engineering Department Rawalpindi in September 2024, it was observed that an agreement was executed between PR and M/s BSM Developers (Pvt.) Limited for construction of underpass on Railway track in connection with New Metro City Housing Scheme at Gujar Khan. The estimated cost of the project was 376.00 million and Railway management directed the sponsor to deposit the same before execution of work. The contractor deposited partial amount of Rs 250.50 million. However, Railway management by extending undue favor to the contractor started the work without recovery of remaining amount of Rs 125.50 million on account of supervision and land lease charges.

The matter was taken up with the management in September 2024 and discussed in DAC meeting held on 16.01.2025. DAC directed the PO (CEN) to submit revise comprehensive reply along with documentary evidence to Audit within one week. DAC further directed the PO to expedite efforts for recovery of remaining amount and share report with Audit. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for execution of work without recovery of full estimated cost. Course corrective measures be adopted to avoid recurrence.

DP# 24625

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20 and 2023-24 vide paras No 2.5.15, 2.5.26, 2.5.29 and 2.5.58 having financial impact of Rs 584.31 million. Recurrence of same irregularity is a matter of serious concern.

2.5.108 Unjustified imposition of late payment surcharge by SEPCO – Rs 84.43 million

As per clause 4 of Advance Payment Agreement between Pakistan Railways and Sukkur Electric Power Company ‘no late payment surcharge will be levied on electric connections of Pakistan Railways in case of advance payment’.

During audit of Electrical Engineering Department, Sukkur in March 2024, it was observed that LP Surcharge of Rs 84.43 million was imposed on electricity bills of Railway stations over Sukkur Division in contravention of above mentioned clause of the agreement. PR management failed to safeguard interest of the organization. This indicated that unjustified late payment surcharge was imposed by SEPCO due to which PR suffered loss of Rs 84.43 million.

The matter was taken up with the management in March 2024 and discussed in DAC meeting held on 10.10.2024. DAC directed the PO (CEE/I) to develop SOPs duly approved by the CEO/Sr. G.M and approach SEPCO authorities to reconcile and resolve the late payment surcharge issue permanently. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24029

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2020-21, 2021-22, 2022-23 and 2023-24 vide paras No 2.5.11, 2.5.53, 2.5.70 and 2.5.92 having financial impact of Rs 79.80 million. Recurrence of same irregularity is a matter of serious concern.

2.5.109 Irregular expenditure without pre-audit by AGPR – Rs 76.42 million

Finance Division vide letter No. Dy-923-DS (B-II)/2021 dated 07.06.2021 while allocating funds of Rs 300 million against new demand specifically for Railway Division (Ministry of Railway) for ERE and Non-ERE of the division, issued directives that pre-audit of the Railway Division be authorized to the AGPR as per Controller General of Accounts Ordinance 2001.

During audit of Ministry of Railways Islamabad in October 2024, it was observed that MoR incurred expenditure Rs 76.42 million on account of POL, repair & maintenance of vehicles, entertainment & gifts, purchase of furniture, re-imburement of medical charges, cash award, honorarium and TA/DA through AO/Payment MoR without pre-audit of Accountant General Pakistan Revenue (AGPR), Islamabad during 2023-24 in violation

of directives of Finance Division. This resulted in irregular expenditure of Rs 76.42 million without pre-audit by AGPR in violation of directives of Finance Division.

The matter was taken up with the management in October 2024 and discussed in DAC meeting held on 07.02.2025. DAC directed the PO (SRB) to stop further payments through AO/Payments MoR, take corrective measures and submit revised reply along with documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24842

2.5.110 Non-approval of regulations regarding Railway Police Welfare Fund-Rs 50.00 million

Section 18 of Pakistan Railways Police Act, 1977 provides that the Inspector-General may with the prior approval in writing of the Federal Government make regulations consistent with this Act and the rules.

During audit of Inspector General, PR Police in August 2024, it was observed that PRP management operating a fund for the welfare of Railway Police department. Reportedly, this fund was financed from rental earnings of PSO petrol pump and Marriage Hall set up in Railway Police Line, Lahore besides regular monthly subscription from all PRP officers and staff. An amount of Rs 12.29 million was deposited in the fund during the financial year 2023-24. The modus operandi of this welfare fund was drafted by PRP management as Regulation No. 7. However, approval of the Federal Government on this regulation in terms of above mentioned provision of the PRP Act, 1977 was not obtained. Foregoing in view, Audit ascertained that PRP was secretly maintaining a substantial balance amounting to more than Rs 50.00 million in private bank account(s) in the name of 'PRP Welfare Fund' without approval of the Federal Government. The detail of disbursements from the fund was not shared with audit.

The matter was taken up with the management in August 2024 and discussed in DAC meeting held on 02.01.2025. DAC directed to PO (IG/PRP) to submit revised reply along with documentary evidence of case referred to Finance Division for approval of regulations regarding PRP welfare funds and follow up the case for seeking approval. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

DP# 24373

2.5.111 Unjustified payment to DISCOs – Rs 29.80 million

Para 1801 of Pakistan Railways General Code provides that means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained through fraud or negligence on his part.

During audit of Electrical Engineering Department, Workshops and Karachi Divisions in March 2024, it was observed that PR made unjustified payment of Rs 29.80 million to LESCO and HESCO against electricity bills for the sites/colonies that had been handed over/shifted to the above DISCOs for direct billing to the consumers.

(Rs in million)					
Sr. #	DP #	DISCO	Month of handing over of colonies to DISCO	PR made payment for the month	Amount
1	24079	HESCO	February 2022 to April 2024	October 2022 to May 2024	28.00
2	24025	LESCO	December 2022	January & February 2023	1.80
Total					29.8

The matter was taken up with the management in April 2024 and discussed in DAC meetings held on 10.10.2024 and 22.10.2024. DAC pended the para for discussion in the next meeting of DAC and directed the PO (CEE/I) to provide documentary evidence in support of reply and get the facts verified from Audit. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired at an appropriate level to fix the responsibility and action be initiated against responsible(s) for the negligence with recovery of loss.

2.5.112 Unauthorized utilization of supervision charges -Rs 15.49 million

Para 1801 of Pakistan Railway General Code provides that every public officer should exercise the same vigilance in respect of public expenditure and public funds generally as a person of ordinary prudence would exercise in respect of the expenditure and the custody of his own money.

During audit of Civil Engineering Department, Lahore in August 2024, it was observed that management of Lahore Division received 10% supervision charges amounting to Rs 15.49 million from sponsoring agency against construction of overhead bridge in 2023-24. Instead of depositing the supervision charges in revenue account-III of Pakistan Railways, Railway management irregularly incurred this amount on civil works related to service building, residential building/lower staff and residential building/other during the financial year 2023-24. This resulted in unauthorized utilization of supervision charges Rs 15.49 million due to weak financial management controls.

The matter was taken up with management in August 2024 and discussed in DAC meeting held on 31.10.2024. DAC directed the CEN to submit revised comprehensive reply along with documentary evidence to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for non-transferring the amount into revenue account and utilizing the same without any authority. Internal controls be strengthened to avoid such recurrence.

DP# 24239

2.5.113 Loss due to Low Power Factor Penalty– Rs 13.25 million

Bulk Supply Tariff C-1 to C-3 of WAPDA applicable to all electricity consumers including Pakistan Railways stipulates that average

Power Factor of a consumer at the point of supply shall not be less than 90 percent. In the event of the said Power Factor falling below 90%, the consumer shall pay a penalty of two percent increase in fixed charges corresponding to one percent decrease in Power Factor below 90 percent.

During audit of following formations in September and October 2024, it was observed that an amount of Rs 13.25 million was paid to concerned DISCOs on account of low power factor penalty during the period from 2017 to 2024.

(Rs in million)

Sr. #	DP No.	Formation	Period	Amount
1	24572	CDL Workshops Rawalpindi	2017-24	8.35
2	24871	Electric Department, Rawalpindi	2022-24	4.18
3	24030	Electric Department, Rawalpindi	2021-23	0.72
Total				13.25

PR management failed to maintain the load of bulk supply properly, due to which PR suffered loss of Rs 13.25 million on account of low power factor penalty.

The matter was taken up with the management in September & October 2024 and discussed in DAC meetings held on 10.10.2024 and 07.02.2025. DAC directed the P.O (CEE) to provide power factor improvement plants within six months, ensure repair and maintenance of power factor improvement plants in time to avoid recurrence of low power factor penalty in future. DAC further directed the PO to submit a comprehensive report to Audit. Compliance of DAC directives was awaited.

Audit recommends the compliance of the directives of DAC at the earliest.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para No. 2.5.74 having financial impact of Rs 5.14 million. Recurrence of same irregularity is a matter of serious concern.

2.6 Significant issues related to Specialized Audit Reports

2.6.1 Unauthorized utilization of Railway land - Rs 19,126.11 million

According to Rule 45 of GFR, no department or authority may, without previous consent of the Ministry of Finance, issue any orders which involve any grant of land, or assignment of revenue, or concession, grant, lease, or license of mineral or forest rights or right to water power, or any easement or privilege in respect of such concessions; or in any way involve any relinquishment of revenue. Further, Rule 286 of GFR provides that except as expressly provided otherwise in any rule or order made by Government, no land belonging to Government may be sold or made over to a local authority, private party or institution for public, religious, educational or any other purpose, except with the previous sanction of Government.

During special audit of private bank accounts maintained by different entities of Pakistan Railways in May 2024, it was observed that Railway management had established various institutes and officer clubs by utilizing 452.89 kanals of land valuing Rs 19,126.11 million without approval of the Federal Government in violation of rules *ibid* (**Annexure-22**). This depicts the misuse of powers/authority and breach of trust by Railway management being the custodian of Railway land.

The matter was taken up with the management in July 2024 and discussed in DAC meeting held on 19.09.2024. The chair constituted a committee comprising Divisional Superintendent /Lahore, FA&CAO / Revenue and CPO to review the rules and regulations of the clubs i.e. PECOM, Islamabad Club, Gymkhana Lahore, D.H.A Club, Air-force Club, and study their modules and will give financial module and make SOPs regarding investment and expenditure. The committee will come up with a comprehensive report having comparative analysis with regard to its structural, administrative and financial system of operations for utilization of the funds within one month. The committee should submit its report to audit and Railway administration latest by 30-10-2024.

Audit did not agree with the directions of the chair as the same did not address audit observation. Audit recommends that the CEO/Senior General Manager Pakistan Railways may refer the matter to Ministry of Law and Ministry of Finance for clarification regarding depositing of income generated through Railway land in private bank accounts, utilization of Railway land for Railway officer clubs and sport institutes at the earliest.

DP# 24A059

2.6.2 Loss of guaranteed freight revenue due to rejection of freight wagon bids-Rs 16,500.00 million

Clause 1.3 (a) of invitation for Request for Proposal (RFP) provides that bids will be evaluated based on highest yield per wagon per annum for each group on the rate offered by the bidder subject to limitation of yard to handle these trains. Moreover, Clause 1.3 (h) provides that if more than one bid is received for one destination beyond the capacity of the terminal to handle these trains the highest bid will be considered as the successful bid.

During audit of Public Private Partnership (PPP) for management of trains in Pakistan Railways, it was observed that Railway management floated Request for Proposal (RFP) on 27.02.2021 for outsourcing of all freight wagons/trains for two years to boost Railway earnings. All fit and unfit freight wagons were divided into eight groups and invited the private sector to offer guaranteed revenue. Technical bids were opened on 26th July 2021, all 13 private parties were technically qualified and financial bids were opened on 12th August, 2021. Despite evaluation of financial bids according to highest offer for each group with separate destination as specified in RFP, the Railway management accepted offers of four bidders for Rs 4,631 million for 9 coal trains. While offers for Rs 16,500 million of other 1st highest bidders in each group with separate locations were rejected irregularly being below the benchmark rates (**Annexure-23**). Whereas, no benchmark rates were mentioned in advertisement, pre bid meetings and in RFP. Therefore, different bidders had also complained before Grievance Redressal Committee and court of law for unjust rejection of their financial proposals. Resultantly Pakistan Railway was

deprived of guaranteed revenue of Rs 16,500.00 million from freight business due to negligence of Railway management.

The matter was taken up with the management in July 2024 and discussed in DAC meeting held on 24.09.2024. DAC directed the PO (CMM) to submit a comprehensive detailed reply against the audit observations along with documentary evidence to audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter be referred to external investigation agency in order to probe and fix responsibility for unfair rejection of financial bids in violation of tenders conditions and loss of guaranteed freight revenue.

DP# 24A068

2.6.3 Irregular award of contracts to technically non-responsive bidders-Rs 7,233 million

As per Appendix-1 of bidding documents regarding criteria for technical evaluation of bidders for outsourcing the commercial management of passenger trains the qualifying marks for technical evaluation were 60% including 40% marks for experience of similar projects, 20% for financial health, 15% for income tax payer, 15% for availability of relevant staff, machinery and 10% for availability of computerized booking system.

During audit of Public Private Partnership (PPP) for management of trains in Pakistan Railways, it was observed that Railway management defined five parameters for technical evaluation with 60% qualifying marks. Seventy-five (75) marks were awarded to commercial management of train/road, related staff and machinery and financial health. M/s Nadeem Cleaning Service (NCS) submitted bids for commercial management of 6 mail/passenger trains. The NCS had submitted irrelevant experience documents related to staff and machinery pertaining to janitorial services. Moreover, the bank balance of the bidder was also less than the minimum threshold of Rs 15 million. The bidder was technically non-responsive as per defined parameters. Whereas, the technical evaluation committee mala-fidely assigned 50 out of 75 marks to the other

bidders, while, M/s NCS was awarded total 65 marks to declare the bidder as technically qualified against the said criteria. Resultantly, M/s NCS won the bids of 6 trains in final financial evaluation and acceptance letters were issued on 3rd February, 2022 irregularly. Furthermore, the performance security from non-scheduled bank was accepted by the PR management in order to further facilitate him. This showed that undue favor was extended to the bidder and contracts of 6 passenger trains valuing Rs 7,233 million were awarded to technically non-responsive bidder in violation of tender documents.

The matter was taken up with the management in July 2024 and discussed in DAC meeting held on 24.09.2024. DAC directed the PO (CCM) to submit revised comprehensive reply along with documentary evidence to audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter be referred to external investigation agency in order to probe and fix responsibility for extending undue favor to the bidder in violation of tenders conditions.

DP# 24A069

2.6.4 Loss due to non-leasing of Railway land as per Railway land and property rules-Rs 5,088.16 million

According to rule 2 of Railway Land and Property Rules-2023, these rules shall be applicable while utilizing Railway land and property for improvement of its financial health through revenue generation to sustain its operations and service delivery. Further, clause I (6) and clause II (5) of appendix-B of annexure-1 of rule 6 regarding leasing of Railway land for school, health care unit and public welfare projects the Railway management may recover 50% of DC value (residential) as on time NOC fee and Rs 5 per square feet as annual rent in advance for five years. Moreover, the agreement shall be executed on five (05) years term basis.

During special audit of private bank accounts maintained by different entities of Pakistan Railways in May 2024, it was observed that Railway management itself utilized 452.89 kanals of Railway land for officers clubs and sports institutions without the approval of the Federal

Government. Management of clubs and institutes had not paid any compensation to Pakistan Railways for utilization of the above said land. Audit is of the view that had the Railway management leased out the land by adopting short term leasing under Railway Land and Property Rules-2023, PR could have earned Rs 5,088.16 million. However, Railway management failed to utilize the land for improvement of its financial health under rules ibid. This resulted in loss of Rs 5,088.16 million due to negligence on the part of Railway management (**Annexure-24**).

The matter was taken up with the management in July 2024 and discussed in DAC meeting held on 19.09.2024. The chair constituted a committee comprising Divisional Superintendent /Lahore, FA&CAO / Revenue and CPO to review the rules and regulations of the clubs i.e. PECOM, Islamabad Club, Gymkhana Lahore, D.H.A Club, Air-force Club, and study their modules and will give financial module and make SOPs regarding investment and expenditure. The committee will come up with a comprehensive report having comparative analysis with regard to its structural, administrative and financial system of operations for utilization of the funds within one month. The committee should submit its report to audit and Railway administration latest by 30-10-2024.

Audit did not agree with the recommendations of the chair as the same did not address audit observation. Audit recommends that the CEO/Senior General Manager Pakistan Railways may refer the matter to Ministry of Law and Ministry of Finance for clarification regarding depositing of income generated through Railway land in private bank accounts, utilization of Railway land for Railway officers' clubs and sport institutes at the earliest so that unauthorized occupation of land by officer clubs and sports institutes be retrieved and be utilized as required under Railway land and property rules 2023 for improvement of financial health of PR.

DP# 24A060

2.6.5 Non-recovery of withholding tax from private parties of outsourced passenger and freight trains-Rs 2,098.44 million

Clause 6.1.1 (Financial commitments) of contract agreement regarding outsourcing of passenger trains provides that the contractor will deposit with CCT, Lahore seven days round trip amount in advance along with applicable taxes if any. Furthermore, Section 160 of the Income Tax Ordinance 2001, provides that the withholding agent would be personally liable to collect/deduct advance income tax u/s 236A of said ordinance.

During audit of Public Private Partnership (PPP) for management of trains in Pakistan Railways, it was observed that Railway management outsourced 17 passenger trains to private parties during the year from 2020 to 2023. During the currency of the contract period, the private parties of passenger trains deposited earning of Rs 10,538.00 million to Pakistan Railways. Whereas, 10% advance/withholding tax under section 236A of Income Tax Ordinance 2001, amounting to Rs 1,053.80 million was not recovered by Railway management. Similarly, the private parties deposited Rs 10,446.37 million freight earning of outsourced freight trains (coal and cargo) during the period from July 2017 to June 2023, but withholding tax amounting to Rs 1,044.64 million was also not recovered and deposited with national exchequer by Railway management (**Annexure-25**). The Tax matters of the private parties were in court of law and resultantly FBR used to attach the accounts of PR on the pretext of withholding agent. This resulted into loss to Railways in revenue earnings due to attachment of accounts and loss to national exchequer amounting to Rs 2,440 million due to negligence of Railway management.

The matter was taken up with the management in July 2024 and discussed in DAC meeting held on 24.09.2024. DAC directed the PO (CCFM) to expedite efforts for recovery of withholding tax. DAC further directed the PO to take up matter with Member Finance to resolve the issue and share details to Audit and as well as this forum. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for non-recovery of withholding tax from private parties of outsourced

passenger/freight trains. The amount of withholding tax be recovered from defaulters under intimation to Audit.

DP# 24A071

2.6.6 Loss due to unjustified withdrawal of show cause notice without resolving the issue-Rs 1,101.00 million

Para 1801 of Pakistan Railway General Code provides that every public officer should exercise the same vigilance in respect of public expenditure and public funds generally as a person of ordinary prudence would exercise in respect of the expenditure and the custody of his own money.

During audit of Public Private Partnership (PPP) for management of trains in Pakistan Railways, it was observed that Railway administration issued show cause notice dated 18.02.2023 to the contractor (M/s Imran Enterprises) of Thal Express train (129 Up/130 Down) on occurrence of the following serious violations:

- i) Abandonment of the commercially outsourced train - Thal express without any reason
- ii) Running of the outsourced train by deceiving PR administration
- iii) Violation of the commitments under clause 2.6.2 (a) and clause 10
- iv) Financial burden of Rs 14 million per annum due to deployment of 20 employees against extra stoppages and non-payment of stoppage charges coupled with abandonment of train without any lawful authority.
- v) Financial damages to PR amounting Rs 107 million for the month of February-April 2023, Rs 473 million 22nd April 2023 to 21st April 2024 and Rs 521 million for the period 20th April 2024 to 19th April 2025 (Total Rs 1,101 million)

Surprisingly, the PR administration extended favor to contractor and withdrawal the said notice on 10.08.2023 without resolving the issue and recovery of financial loss/damages from the contractor. This resulted in loss of Rs 1,101 million due to unjustified withdrawal of show cause notice.

The matter was taken up with the management in July 2024 and discussed in DAC meeting held on 01.10.2024. DAC directed the PO (CCM) to include FA&CAO/Revenue in Dispute Resolution Committee as a member in future. DAC further directed the PO (CCM) to submit comprehensive reply along with documentary evidence in the light of today's discussion to audit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility on the persons found at fault, performance security be forfeited or financial loss/damage be recovered from the contractor or person(s) held responsible and internal controls be strengthened to avoid such recurrence in future.

DP# 24A073

2.6.7 Unauthorized depositing of Railway earnings into private accounts – Rs 519.46 million

According to Para 1402 of Pakistan Railways General Code, all money received by or tendered to Government Officers on account of revenues should be deposited in full in the treasury or bank specified by the Ministry of Finance in consultation with the State Bank of Pakistan without any delay.

During special audit of private bank accounts maintained by different entities of Pakistan Railways in May 2024, it was observed that Railway officer clubs and sports institutions had unlawfully deposited the income generated from use of Railway land for the period from 2018-19 to 2022-23 amounting to Rs 519.46 million into twenty-nine (29) private bank accounts, opened and operated without the approval of Finance Division, instead of Railway treasury (**Annexure-26**).

The matter was taken up with the management in July 2024 and discussed in DAC meeting held on 19.09.2024. The chair constituted a committee comprising Divisional Superintendent /Lahore, FA&CAO / Revenue and CPO to review the rules and regulations of the clubs i.e. PECOM, Islamabad Club, Gymkhana Lahore, D.H.A Club, Air-force Club, and study their modules and will give financial module and make

SOPs regarding investment and expenditure. The committee will come up with a comprehensive report having comparative analysis with regard to its structural, administrative and financial system of operations for utilization of the funds within one month. The committee should submit its report to audit and Railway administration latest by 30-10-2024.

Audit did not agree with the recommendations of the chair as the same did not address audit observation. Audit recommends that the CEO/Senior General Manager Pakistan Railways may refer the matter to Ministry of Law and Ministry of Finance for clarification regarding depositing of income generated through Railway land in private bank accounts, utilization of Railway land for Railway officers' clubs and sport institutes at the earliest so that the income generated by officer clubs and sports institutes be deposited in Railway treasury.

DP# 24A061

2.6.8 Non-production of record

As per Section 14 (2) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition. Further, DAC in its meeting held on 28.03.2023 advised the Audit to plan for review of all the transactions of private bank accounts maintained by different entities of Railway administration.

During special audit of private bank accounts maintained by different entities of Pakistan Railways in May 2024, Railway management refused to provide the auditable record of following entities for examination/scrutiny to Audit (**Annexure-27**).

Sr. #	Entities
1	Divisional Superintendent, Multan
2	Divisional Superintendent, Sukkur
3	Divisional Superintendent, Rawalpindi
4	Divisional Superintendent, Karachi
5	Secretary Pakistan Railways Mayo Gardens Officers Club, Lahore
6	Inspector General Pakistan Railways Police
7	Divisional Sports Officer, Lahore
8	Pakistan Railways Sports Board, Lahore

9	Carson Institute, Lahore
10	Director General, Pakistan Railway Academy Walton, Lahore.

The matter was taken up with the management in July 2024 and discussed in DAC meeting held on 19.09.2024. The chair constituted a committee comprising Divisional Superintendent /Lahore, FA&CAO / Revenue and CPO to review the rules and regulations of the clubs i.e. PECOM, Islamabad Club, Gymkhana Lahore, D.H.A Club, Air-force Club, and study their modules and will give financial module and make SOPs regarding investment and expenditure. The committee will come up with a comprehensive report having comparative analysis with regard to its structural, administrative and financial system of operations for utilization of the funds within one month. The committee should submit its report to audit and Railway administration latest by 30-10-2024.

Audit did not agree with the recommendations of the chair as the same did not address audit observation. Audit recommends that Railway administration ensure timely provision of requisite record for audit scrutiny as and when required, enabling Audit to discharge its statutory duties. Disciplinary action be taken against the persons responsible.

DP# 24A067

CHAPTER 3

THEMATIC AUDIT REPORT ON FREIGHT MANAGEMENT IN PAKISTAN RAILWAYS

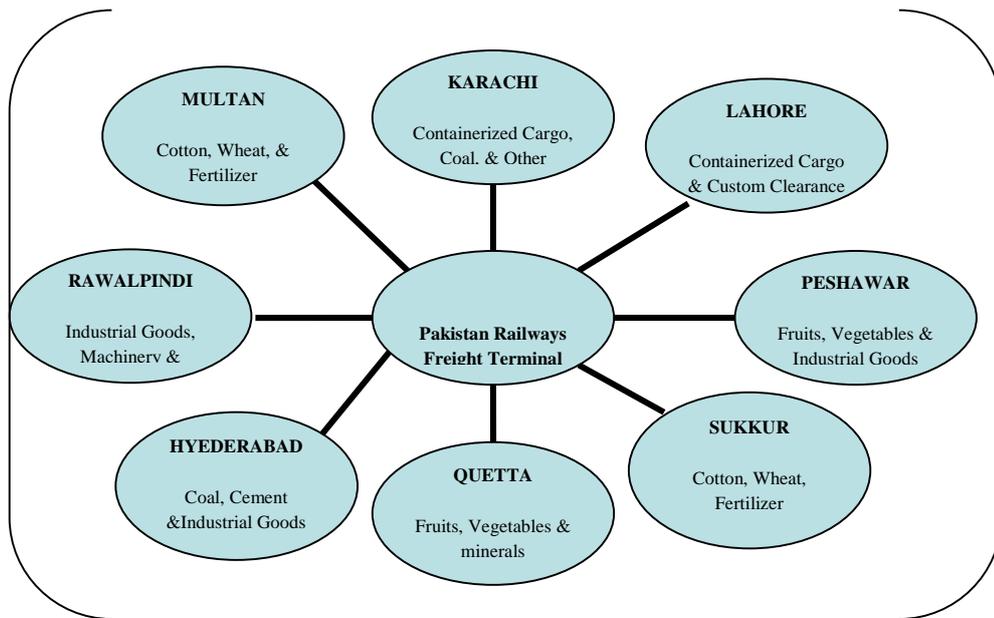
3.1. Thematic Audit of Freight Management in Pakistan Railways

3.1.1. Introduction

Pakistan Railways (PR) is a State-Owned Enterprise (SOE) with the aim to ensure provision of a competitive, safe, reliable, market oriented, efficient and environment-friendly mode of public and commercial transport. It mainly functions from its headquarters at Lahore under the administrative control of Ministry of Railways. The core function of PR is to provide passenger and freight traffic services. However, PR has been running in losses since late 1970s and has been kept afloat through grants by the Government of Pakistan.

Freight management, a process entailing oversight and management of goods' delivery, has a positive correlation with global trade competitiveness on one hand and an efficient transport sector on the other. Efficient transport network reduces production and freight costs, which in turn serve as a catalyst for domestic commerce. Freight is the only lucrative business segment as well as the backbone of revenue of any Railway sector in the world. However, the market share of Pakistan Railways has consistently shrunk and instead taken up by the road sector, over the years. There are twenty four (24) major freight terminals over the Railway system with 8328 transportation personnel³⁹, dedicated for provision of services to clients. Some of the major commodities that are handled include PTA (chemical for Rayon Manufacture), Petroleum oil and lubricants (POL), wheat, coal, fertilizers, Rock Phosphate, cement, sugar, oil seed containers and Goods in Transit with Afghanistan (GITA) etc. Some of the major freight terminals of Pakistan Railways are illustrated below:

³⁹ Yearbook 2023-24 (page 174)



These terminals play a crucial role in Pakistan Railways' freight operations, providing facilities for cargo handling, storage and transportation.

During the year 2023-24, PR carried 7,854,912 freight tons and 7,814,953,015 ton-kilometers were earned averaging 944.91 kilometer.⁴⁰ The average speed of PR freight trains was 19.30 kilometer per hour.⁴¹ The total number of freight wagons (in terms of 4-wheeler) carried on each train was 54.10 out of which only 31.5 wagons were loaded and remaining were hauled empty.⁴² PR had 447 locomotives out of which 226 were in working condition. Out of the total number of locomotives, only 88 locomotives (20%) were dedicated for freight trains.⁴³

⁴⁰ PR Yearbook 2023-24 (Page 148)

⁴¹ PR Yearbook 2023-24 (Page 158)

⁴² PR Yearbook 2023-24 (Page 158)

⁴³ PR Yearbook 2023-24 (Page 158)

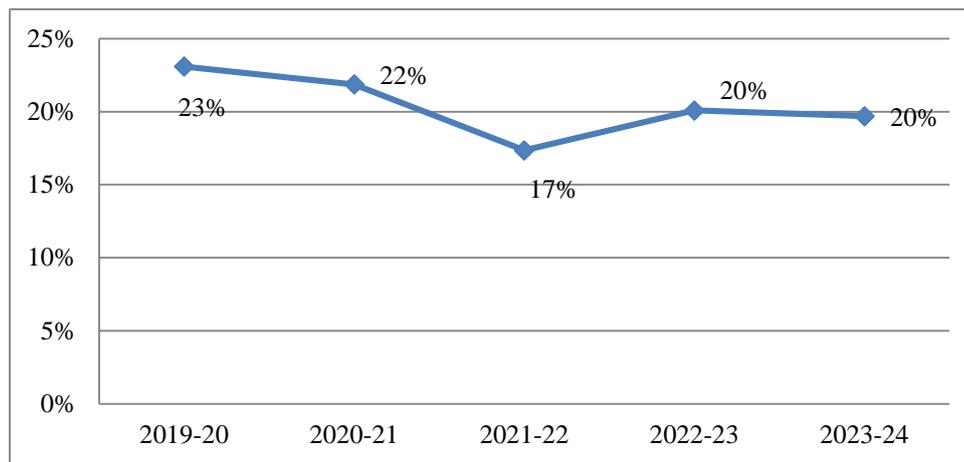
Status of Locomotives

Status of Locomotive	2019-20	2020-21	2021-22	2022-23	2023-24
On Books	472	462	461	458	447
Unavailable (Held Up or under repair)	243	235	233	223	221
Available (for Passenger & Freight trains)	229	227	228	235	226
Available for Freight Trains	109	101	80	92	88

Source: Data / Reports from office of the Chief Mechanical Engineer/Loco

A graphic presentation of locos dedicated for freight business is as follows.

Dedicated Locomotives for Freight Trains



PR had been the predominant mode of goods traffic in Pakistan till 1965. PR handled 73% of freight traffic of the country, at its peak between 1955-1960. This percentage nosedived to less than 4% in the year 2022-23.⁴⁴ During the decade of seventies, freight earnings were 64% of the total earnings of PR. The same ratio plummeted by 50% in the year 2023-24 and freight earnings of PR, in the same year, were only Rs 28.12 billion amounting to 32% of the total earnings.⁴⁵ Unfortunately, PR role as one of the drivers for economic development of the country has plunged due to meager Government investment in the sector.

⁴⁴ PR Yearbook 2023-24

⁴⁵ PR Yearbook 2023-24

Comparison of PSDP allocation on PR and NHA

(Rs in billion)

Description	2019-20	2020-21	2021-22	2022-23	2023-24	Total
NHA	154.47	118.67	113.75	101.35	156.5	644.74
PR	16	24	30.03	32.65	32.82	135.50
PR to NHA (%)	10.36	20.22	26.40	32.22	20.97	21.02

Source: Economic Survey of Pakistan 2019-20 to 2023-24 and MoR

The government has prioritized upgradation and development of road infrastructure, resulting in reposition of public trust in the road network, in comparison to Pakistan Railways. As shown above, the PSDP allocation on Railway during last five years was only Rs 135.50 billion as compared to Rs 644.74 billion on the national highways ratifying the fact that Railway has been neglected by Federal government in the matter of resource allocation.

3.2. Background

The transport and the logistics sector in Pakistan is diverse in composition and comprises railways, roads, ports, shipping, aviation and the logistics services. The road transport dominates the mix and carries about 94% of the freight traffic and around 93% of all passengers. Motorway and the National/Provincial highway constitute less than 10% of the total road network but carry almost the entire freight traffic.⁴⁶

Over-reliance on road transport poses significant economic and social problems including congestion of traffic, deterioration of road infrastructure, poor safety, surge in number of road accidents and hazardous levels of air pollution. There are about 500,000 registered trucks and pickups operating in Pakistan, of which the majority are obsolete and have rigid suspensions. These trucks have limited speed, consume fuel heavily and deteriorate the road surface. The operation of these old trucks is highly inefficient in terms of time, cost and environmental standards. The axle load had not been effectively controlled and over-loaded trucks cause severe damage to the national and the provincial highways.

⁴⁶ National Freight & Logistics Policy 2020

The movement of freight by rail instead of road network is expected to cater to all the aforementioned social and economic problems. While the PR police can ensure appropriate security of the freight transferred, the PR management can also countercheck that rails run for this purpose are in compliance with environmental standards.

Globally, passenger services are subsidized, and railways acquire sustainability in its operations through goods transportation/freight business, but same priority has not been accorded to Pakistan Railways by the Government. This is evident from the fact that the number of freight trains was 20 in year 2019-20 which further decreased to 15 (25%) in 2023-24.⁴⁷

On the other hand, freight carried was 7,412,000 tons in 2019-20, which decreased by 22% in FY 2022-23 and then again increased by 6% in FY 2023-24 w.r.t. FY 2019-20. The increase in tonnage carried is only due to increased transportation of Coal for Yousafwala and other contractors. PR has no contingency plan in case the Government stops production of electricity by coal, the freight earnings of Pakistan railways would drastically have decreased. The table below shows freight carried (Tons in thousand) during the period 2019-20 to 2023-24

Year	Freight Carried (Tons in Thousands)	Percentage w.r.t. 2019 - 20	Status (Increase/Decrease)
2019-20	7412	-	-
2020-21	8213	11%	Increase
2021-22	8098	9%	Increase
2022-23	5748	-22%	Decrease
2023-24	7854	6%	Increase

Source: Data/ Reports from office of the Chief Commercial Manager and PR Year Book 2023-24

Pakistan is committed to attainment of Sustainable Development Goals (SDGs) and adopted the same in 2016 as its own national development agenda. The National Economic Council approved the National SDGs Framework in 2018.⁴⁸ The theme selected for audit is closely connected to the fulfillment of United Nations SDGs 8, 9,11, 12 and 13. Moreover, National Transport Policy 2018 aims to make PR

⁴⁷ PR Year Book 2023-2024

⁴⁸ <https://pakistan.un.org/en/sdgs>

profitable and a superlative service provider for passengers and freight traffic. Similarly, Pakistan Vision 2025 had at its crux that PR would be revolutionized into a profit bearing organization by increasing its train speed and freight share.

The thematic audit of “Freight Management in Pakistan Railways” analyzed the actions taken by Railway management for optimization of rail freight operations. The thematic audit highlighted the freight management issues in the light of aforementioned policies and the following five SDGs:

- i. **SDG 8** – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all i.e. PR to enhance the total number of employees by employment contracts and prioritize their health and safety.
- ii. **SDG 9** – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation i.e. build electrified lines, improve infrastructure and cater to any climate-related risks.
- iii. **SDG 11** – Make cities and human settlements inclusive, safe, resilient and sustainable i.e. avoidance of rail accidents
- iv. **SDG 12** – Ensure sustainable consumption and production patterns i.e. sustainable procurement clauses, adequate disposal of Railway equipment waste, recycling of waste, and environmental management system
- v. **SDG 13** – Take urgent action to combat climate change and its impacts i.e. PR to ensure rail machinery complies with international environmental standards.

3.3. Establishing Audit Theme

The audit theme selected with respect to the fact that effective freight management strategy could help Pakistan Railways to achieve sustainability in its operations, contribute towards national economic growth and enhance the well-being of the people. The theme also selected keeping in view that PR had its own executive departments as well as an

ancillary company with regard to freight management. Therefore, it had the expertise to set its priorities and enhance freight management in line with national prioritized goals 2018.

1.3.1. Reasons of Selections

According to the World Bank research, a single freight train can replace one hundred trucks at a time from the road. Rail transport is also more cost-effective mode of logistics, where one gallon of fuel can transport one tonne of goods up to 250 miles compared to just 90 miles by road with the same quantity of fuel. As per NHA report 2016; the international regulations overseeing the long-haul traffic specify that the articulated trucks (trailers) should constitute at least 50% of the truck fleet. However, in Pakistan, the articulated trucks comprise only 12% of the total fleet composition. As the CPEC projects mature, estimates are that an additional 100,000 trucks will be needed to transport construction material and handle increased volumes of trade. The efficient movement of freight by rail can help reduce the demand for the additional trucks, in turn easing congestion, reducing the deterioration of roads and facilitating faster, safer, economical and environmental friendly movement of freight by rail.⁴⁹

The improvement in the rail infrastructure, with transfer of freight to rail from road shall yield the following broad benefits, namely:

- i. Enhanced and efficient movement of freight by rail.
- ii. Saving of time and reduced vehicle operating cost.
- iii. Improved export competitiveness in the region.
- iv. Enhanced rail/freight safety, lower rates of accidents due to better quality of track, engines and the freight bogies.
- v. Lesser congestion and deterioration of roads.
- vi. Better emission quality and environmental standards.
- vii. Provision of improved security vis-a vis PR police.

⁴⁹ National Freight & Logistics Policy

- viii. The efficient rail-based freight service shall create healthy competition with the freight by road; and
- ix. The improved rail freight service will help provide an enhanced level of service at competitive prices to the customer.

Therefore, the audit theme was selected in the light of the aforementioned benefits that PR may accrue on account of efficient freight management. The selection of current theme of audit was also based on following factors of concern observed including: PR's loss of market share; stagnant business growth; lack of investments in capacity enhancement & modernization; deficiency in number of locomotives and other rolling stock; decrease in number of freight wagons; improper repair maintenance and utilization of rolling stock and insufficient use of IT by PR.⁵⁰

3.3.2. Purpose/Objectives

The thematic audit had following objectives:

- i. Review of the current state of freight business management in Pakistan Railways.
- ii. Analysis of PR freight business strategies and related processes.
- iii. Examination of the adequacy of freight infrastructure and rolling stock.
- iv. Assessment of the efficiency and effectiveness of freight management processes in Pakistan Railways.
- v. Review the safety measures and protocols for freight transportation and their implementation.
- vi. Assessment of the basic facilities provided to freight clients.
- vii. Review of funds provided by Federal Government and their utilization.

⁵⁰ PR annual audit reports during last decade

3.3.3. Scope

Scrutiny and analysis of record/information relating to freight business of Pakistan Railways for the period from 2019-20 to 2023-24 was undertaken at Pakistan Railways, Headquarters office, Ministry of Railways, Islamabad, and at major freight terminals: Lahore, Karachi, Multan, Peshawar, Sukkur and Rawalpindi.

3.4. Legal Framework of Governing the Theme

Legal framework adopted for the current assignment included Railway Act, 1890 as amended from time to time, Pakistan Railways Traffic Manuals, Pakistan Railways code for the Commercial Department, Pakistan Railways Goods Tariff, Pakistan Railways General Code, Pakistan Railways Mechanical Code, Pakistan Railways Accounts Codes, Income tax ordinance 2001. These codes and manuals have been used as criteria. Moreover, the policies and directives of the MoR and Federal Government have also been considered while conducting the audit.

3.5. Stakeholders and Governmental Organizations Identified as Directly/Indirectly Involved

It was very important that all stakeholders and Governmental organizations be kept informed of the changing financial position of Pakistan Railways keeping in view the complexity and diversity of its operations. The following Governmental Organizations were directly and indirectly involved as major stakeholders.:

- i. Ministry of Railways
- ii. Government of Pakistan
- iii. State Bank of Pakistan
- iv. Ministry of Finance
- v. Ministry of Defense
- vi. Ministry of Industries & productions
- vii. General Public

3.6. Role of Important Organizations

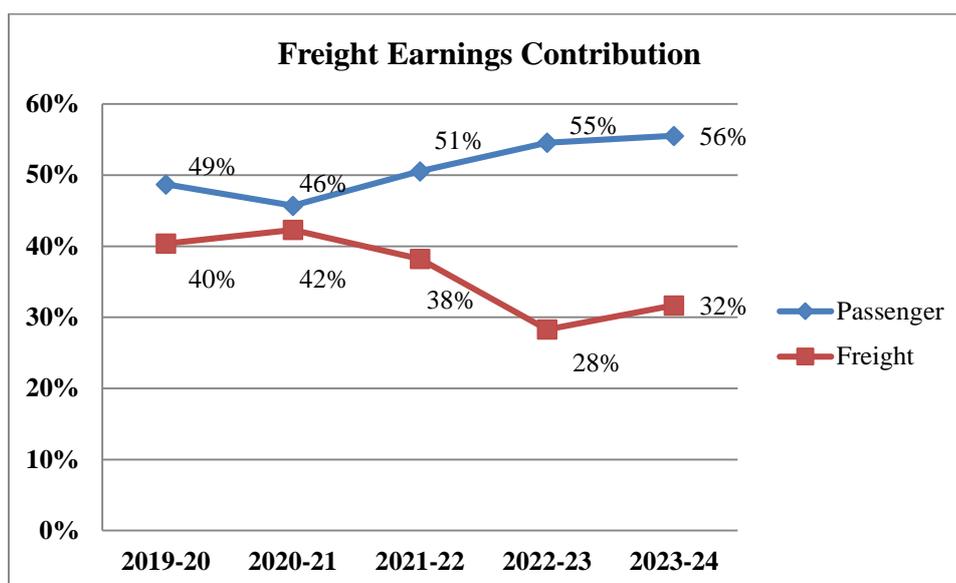
Ministry of Railways is mainly responsible for formulation of strategies related to freight management. The Traffic and Commercial departments of PR is responsible for the core business activities of managing the flow of rail traffic and generating revenue through passenger and freight services.⁵¹ This department plays a crucial role in the day-to-day operations, strategic planning, and profitability of Pakistan Railways, as it oversees everything from train scheduling, freight management, customer service, and business development. The Chief Engineer (C&W) and Chief Engineer (Loco) are responsible for availability of locomotives and freight wagons. The CCP & CCS are responsible for providing maintenance stores and spares for efficient and safe running of freight trains/freight Wagons. The Chief Controller of Stores is responsible for stocking of depots, distribution of material, and management of scrap, surplus and obsolete material.

3.7. Organization's Financials

Pakistan Railways overall revenue earning have increased by 86% during the reporting period i.e. FY 2019-20 to FY 2023-24 - while freight revenue has contributed to this increase, revenue from passenger and sundry sources has declined: The total revenue of Pakistan Railways significantly increased from Rs 47.58 billion (2019-20) to Rs 88.72 billion (2023-24), registering an increase of 86%. The revenue from freight increased by 46%, from Rs 19.02 billion to Rs 28.11 billion. Nevertheless, in relative terms, contribution of freight revenue to total revenue stands reduced from 40% to 32% during reported period. On the passenger side, revenue saw a considerable jump, both in nominal terms 113% (from Rs 23.17 billion to Rs 49.26 billion) as well as in terms of overall contribution to the total revenue (from 49% to 56%) during the same reporting period (**Annexure-28**). The graph below shows an uneven nature of freight

⁵¹ These departments comprise of Chief Operating Superintendent, Chief Commercial Manager, Chief Marketing Manager, Chief Traffic Manager / Dry Ports, Chief Commercial Manager / Freight, Chief Operating Superintendent / Safety and Director I.T. All these Principal Officers and experts are headed by Additional General Manager/Traffic who reports to Chief Executive Officer / Senior General Manager

revenue which again brings us back to the lack of an effective and implementable business plan.



Source: Data/ Reports from office of the Chief Marketing Manager and FA&CAO/Revenue

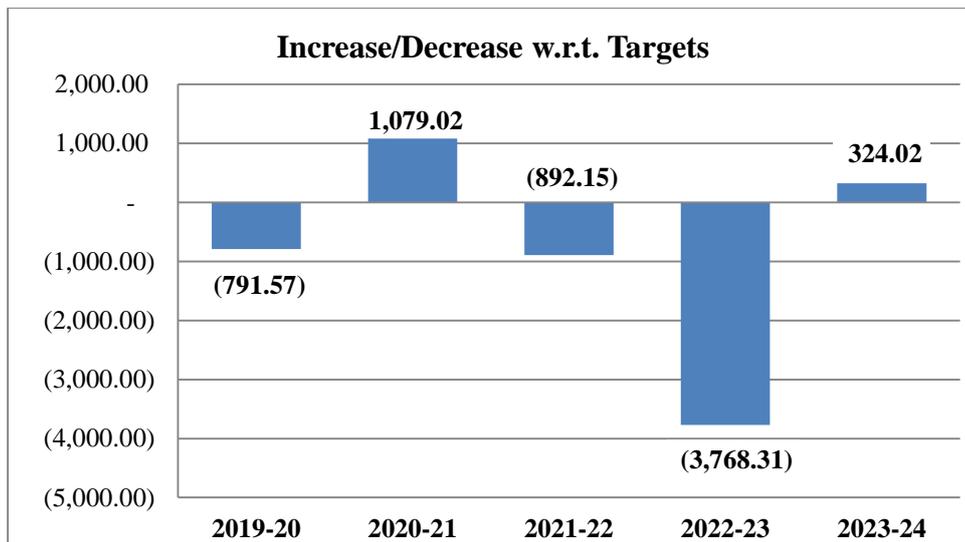
Lack of achievement of budgetary targets - During the period 2019-20 to 2023-24, audit observed that Railway management failed to achieve their budgetary targets three times, ranging from 4% to 17%. FY 2023-24 reflected only 1% increase from the fixed target of revenue.

Earnings and budgetary targets

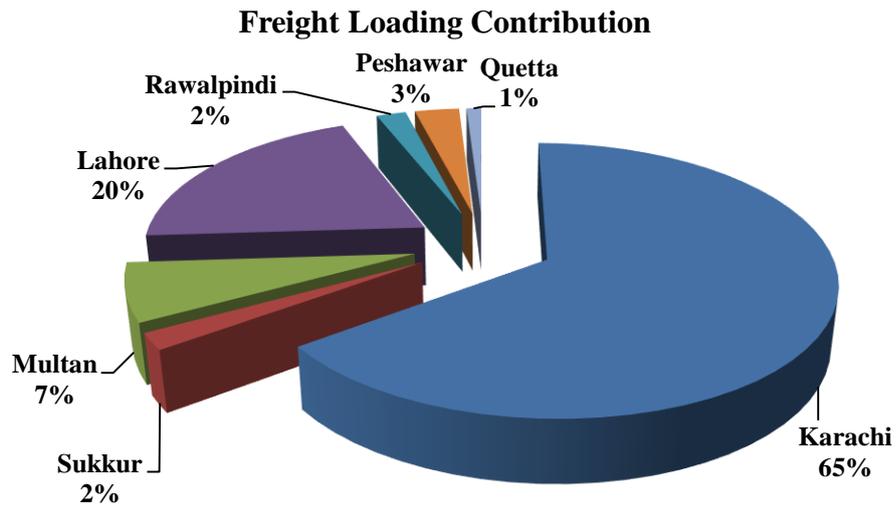
(Rs in million)				
FY	Budgetary Targets (Rs)	Earnings (Rs)	Increase/ (Decrease)	Percentage
2019 – 20	20,000.00	19,208.43	(791.57)	-4%
2020 – 21	19,500.00	20,579.02	1,079.02	6%
2021 – 22	23,850.00	22,957.85	(892.15)	-4%
2022 – 23	21,800.00	18,031.69	(3,768.31)	-17%
2023 – 24	27,795.00	28,119.02	324.02	1%

Source: Data/ Reports from office of the Chief Marketing Manager

Audit observed that performance of freight traffic departments was below par and failed to achieve the given targets.

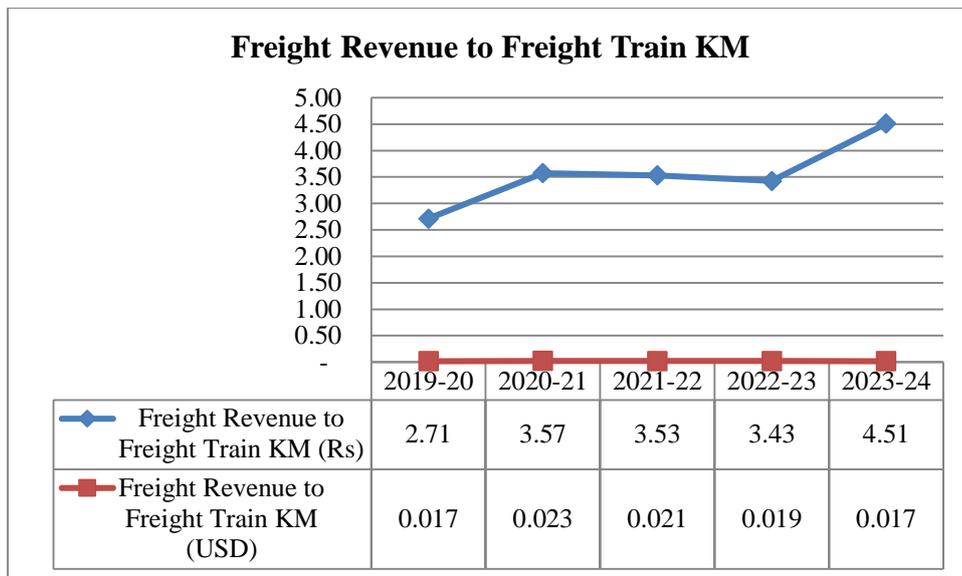


Analysis of Division Wise Freight Loading Contribution indicates that major share (65%) of the total loading was collected/earned from the Karachi Division. Major share in freight loading was 65% generated by Karachi Division during last six years and 20% was earned by the Lahore Division while only 15% of total freight loading was generated by the remaining divisions and sources (**Annexure-29**).



Source: PR Year Book 2023-24

Freight Revenue (Freight Traffic KM Rs per KM freight carried) has seen a positive increase: Freight revenue to freight traffic KM tons ratio calculated was suggested by Railway Reform Toolkit (World Bank 2017) to ascertain sustainability of PR. Data for the toolkit was extracted from Yearbook and Commercial Accounts of Pakistan Railways for the FY 2019-20 to 2023-24 (**Annexure-30**). This ratio indicated increase in revenue earned per kilometer freight carried. In 2019-20, PR earned Rs 2.71 per kilometer freight carried which increased by 66% to Rs 4.51 per kilometer freight carried in 2023-24.



Source: PR Year Books and commercial accounts of PR for the years 2019-20 to 2023-24

Audit observed that there was an upward trend in rupee per kilometer from Rs 2.71 per km to Rs 4.51 km but when it was converted in USD, then the trend seemed almost the same as before. This showed that there was no significant improvement in freight business of PR during the period 2019-20 to 2023-24. Moreover, with increase in revenues, the operating cost had also increased due to increase in fuel prices and increase in salaries of staff involved. Therefore, the effect of increase in revenue was offset by increase in cost.

3.8. Field Audit Activity

Field Audit activity was conducted on the basis of segregation from desk audit activity and record was requisitioned from concerned stakeholders. The record was carefully scrutinized to report material irregularities and suggest remedial measures to be taken up at policy level. The thematic audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) as envisaged in Financial Audit Manual (FAM) of DAGP.

3.8.1. Methodology

The audit methodology included various steps in sequential and independent manners i.e. examination of relevant files/documents, review of financial data, site visits and discussion with the management. Audit was planned on the basis of understanding of internal controls environment, risk assessment and understanding of accounting system of Pakistan Railways.

3.8.2. Audit Analysis

Audit analysis was comprised of review of internal controls and detailed assessment of capacity utilization along with impediments affecting the performance of PR in the freight sector.

3.8.2.1 Review of Internal Controls

Internal controls related to freight management were studied and analyzed to get an overall understanding. The specific instances of internal control weaknesses found through observations and evaluation of internal control system mainly relate to weaknesses in risk identification, operational reporting, compliance controls, financial management, procurement management, inventory management, assets management and project management.

There was an inadequate monitoring of significant controls and a failure to correct material weaknesses in controls. Pakistan Railways had not been able to modernize its accounting, reporting, and financial management system. All these issues had a serious and material impact on the financial stability and profitability of the entity.

3.8.2.2. Critical Review

Rail freight is important to the economic development because of its wider community benefits compared to road transport and significant implications for national budgets. Over the years, PR's performance has been criticized for its deteriorating quality of services. Railways used to be the predominant mode of goods transportation in Pakistan till 1965 with 73% of freight traffic. However, it had failed to maintain its position in the

goods traffic. Following were the key reasons for the poor performance of PR in freight sector:

A) Inadequate redressal of issues causing decline in freight

Audit observed that PR has poor mechanism to resolve the grievances of freight clients as a result, disputes often escalate, causing financial losses and damaging relationships. A well-established redressal mechanism is essential to ensure transparency, accountability, and customer satisfaction in the rail freight sector. In addition to above, there were numerous factors responsible for decline in freight business of Pakistan Railways. The factors responsible for diversion of goods traffic to road network are discussed below:

i. Loss of freight business in respect of international and Government sectors

At the time of inception of Pakistan, the Director General Supply and Development who was the sole agency of all the Government departments and autonomous bodies entrusted the clearance and dispatch work to Pakistan Railways. The clearance organization at Karachi cantt was under the control of District Controller of Stores Shipping handled all types of imported material of Pakistan Railways and other Government departments at both federal and provincial level. However, on reorganization of the DG/Supply and Development, the purchasing powers were delegated to most of the Federal and Provincial departments and they were allowed to make procurement of items needed by them at their own end and they were also entrusted clearance and dispatch work to Pakistan Railways. The major dent in freight earning of Pakistan Railways was made when Railway employees at DCOS shipping embezzled the material of UNICEF during 90s and due to this act of employees, Railway could not maintain its confidence.⁵² Consequently, Railways lost its poise and grandeur in being the forerunner of efficient and secure transportation of freight. Government departments shifted to road network. Railway management failed to pursue this case vigorously in order to incentivize

⁵² Inquiry Report conducted by DCOS Shipping, Karachi

the Government departments to shift back to Pakistan Railways as a means of transport.

ii. Non-establishment of Railway Regulatory Authority

The Ministry of Railways is responsible for the control of Pakistan Railways as well as to guide and formulate its overall policy. Before 1973, Pakistan Railways was operated as a commercial organization with complete operational and financial autonomy. After 1973, Pakistan Railways' budget was merged with the federal budget and Pakistan Railways was included in federal legislative list in the 1973 Constitution. Consequently, an independent Ministry of Railways was created during 1974. In 1982, the Railway Board was merged with Ministry of Railways and Chairman of the board became ex-officio secretary to the Ministry of Railways. At this juncture, the Railway operations and policy decisions were amalgamated. The frequent experiments in formulation, separation and merger of the board with Ministry of Railways created a lot of administrative and functional problems, which culminated in the decline of operational activities of Pakistan Railways including its freight business.

However, in order to overcome all the above issues and to ensure optimum functioning of Pakistan Railways, Government of Pakistan ordained the establishment of a Railway Regulatory Authority under Railway Regulatory Authority Ordinance 2002. Unfortunately, despite a lapse of 22 years, the authority had not been established.

iii. Fixed rail fare and undefined delivery period

The fixed freight rates and undefined delivery period have contributed towards the declining freight business of PR. Conversely, road rates of all commodities are flexible and are subject to the volume of road traffic. Road cargoes offer quicker deliveries at door step within their committed time, whereas, PR on the other hand, takes longer time to deliver freight.

iv. Governance Problems

Lack of good governance was also one of the contributory factors for the deterioration of freight business of Pakistan Railways. It was run as

a purely bureaucratic organization rather than a smart commercial organization with focus on profit maximization. There was no focus on digitalizing its freight operations to make decisions on the basis of business analytics.

v. Lack of research and development

PR has no dedicated research and development department. Research methodology was not used to analyze different incentives/schemes/options for improving PR's freight business. Non-availability of authentic data and statistics severely hampered the ability to formulate policies beneficial in achieving desired results.

B) Inefficient management of marketing strategies with no contingency plan

Audit observed that carriage of most of the commodities transported via rail, substantially decreased by the following percentages; cement (85%), oil seeds (93%), peddy & rice (97%) and diesel/furnace oil (100%). These figures were observed till date of Audit by taking the FY 2015-16 as the base year. It is pertinent to mention that coal and coke is the only commodity which depicted a 172% increase in its transportation through rail. The same transportation of coal and coke could not be readily undertaken via road due to its weight and deteriorating impact on the road surfaces. Yet, this transportation was drastically shifted to rail, despite the fact that it posed similar environmental and economic risks to PR. It is evident that increase in freight earnings is only due to increased transportation of Coal. Pakistan Railways has no contingency plan in case Coal transportation is decreased. PR freight business is mainly dependent on single commodity i.e. coal which may not be available in the long run.

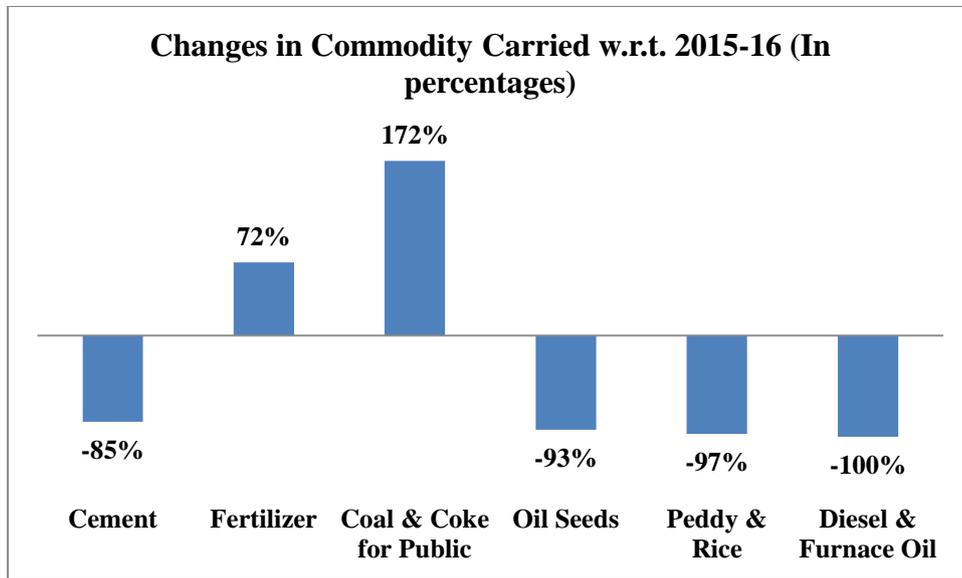
Audit was of the view that PR management did not adopt appropriate measures to retain its business operations. The freight commodities trend is tabulated below.

(Figure in thousand Tons)

Commodities	2015-16	2019-20	2020-21	2021-22	2022-23	2023-24	Difference w.r.t. 2015-16	Percent age change
Cement	283	222	4	17	22	43	- 240	-85%
Fertilizer	107	195	-	11	33	184	77	72%
Coal & Coke for Public	881	3,357	3,699	3,329	1,785	2,392	1,511	172%
Oil Seeds	58	6	7	1		4	- 54	-93%
Peddy & Rice	35	1	3	27	5	1	- 34	-97%
Diesel & Furnace Oil	857	-	-	-	-	-	- 857	-100%

Source: PR Year Books 2015-16 to 2023-24 and Chief Operating Superintendent Office

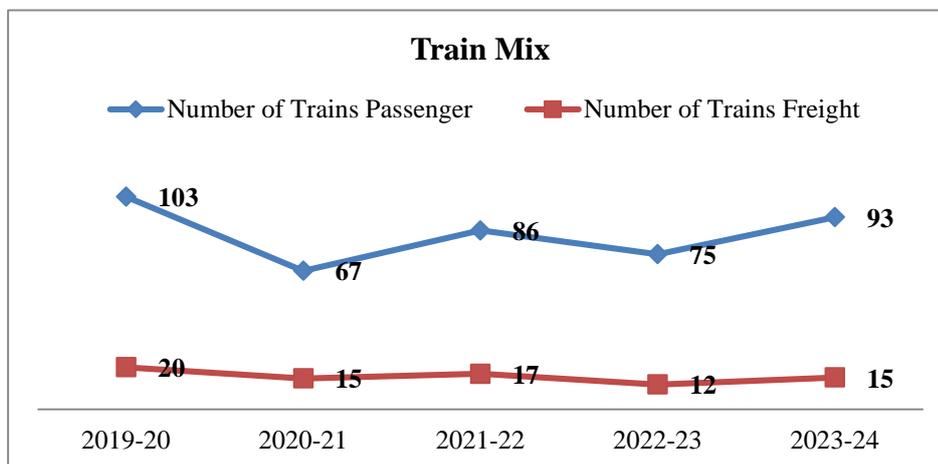
The graphical representation is as follows:



C) Optimal level of train mix neither determined nor achieved by PR

An analysis of last five (05) years' train mix indicates that the PR was not able to determine an optimum level of train mix to ensure a balance in the number of passenger and freight trains. The passenger trains saw an abrupt decrease (10%) from 103 to 93, and the number of freight trains

also decreased (25%) from 20 to 15 over the reported period. In 2022-23, the decreasing percentage was 27% and 41% respectively. In 2019-20, the freight to passenger train ratio was 1:5 while in 2024 this ratio changed to 1:6. This is indicative of a policy cut on the discharge of public service obligations by bringing reduction in passenger traffic. Despite this, the losses have not come down which points to deeper issues of mismanagement and inefficiencies in the utilization of resources.



Source: Data /Reports from the office of the Chief Operating Superintendent

D) Dismantling of Railway track

Pakistan Railways was incurring financial loss which was an indication of the fact that its revenue from both passenger and freight train services was not enough to meet its expenditure. This deficit could have been reduced by increasing revenue by improved passenger and freight services which were largely dependent on availability of reliable and state of the art rolling stock and track. Audit noticed that the freight track at East & west Wharf, Karachi and Peshawar to Lundi Kotal were either dismantled or covered with road infrastructure. Some of the pictorial evidence is as follows:



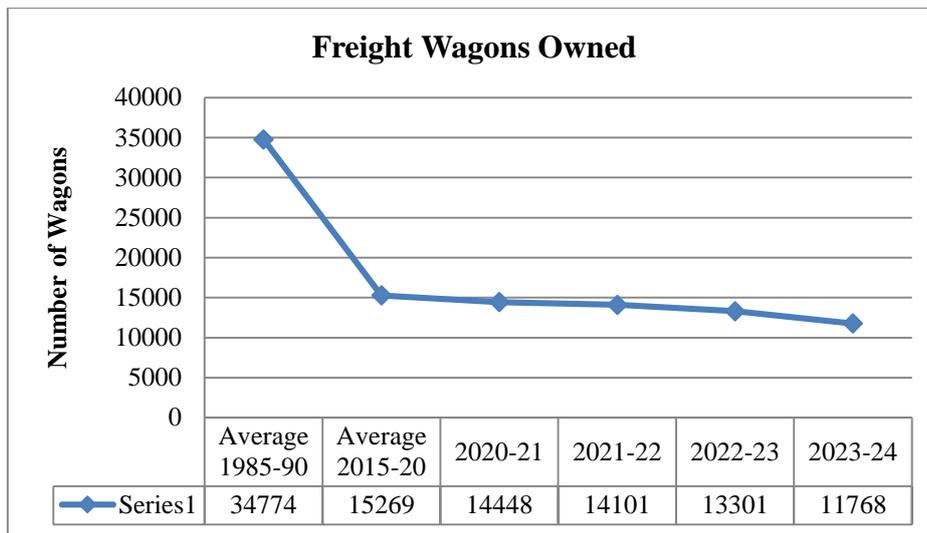
(East Wharf, KPT, Karachi)



(Track Position – Peshawar to Lundi Kotal)

E) Reduction in freight wagons owned

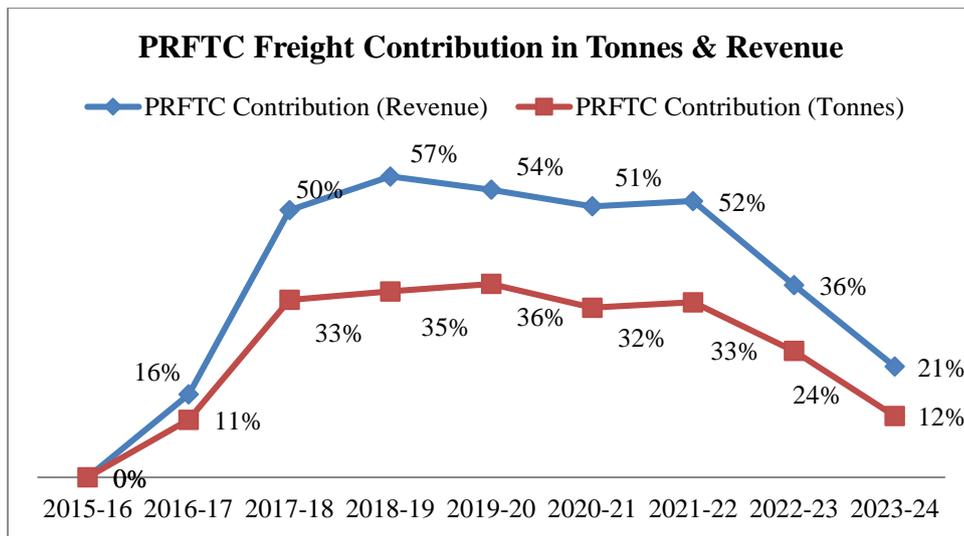
Freight wagons owned by PR in 1985-90 were 34,774 which was reduced to 11,768 (66%) in 2023-24, as depicted in the table below:



Source: PR Year Books 2023-24 and Chief Mechanical Engineer/C&W Office

F) PRFTC contribution towards freight carried and freight earnings

Pakistan Railway Freight Transportation Company (PRFTC) Private Limited was established in 2014 as a private limited company under Companies Ordinance 1984 (now operated under Companies Act 2017). The objective to set-up the company was to attract freight traffic to Pakistan Railways, in order to make it a commercially viable and self-sustaining organization. Audit observed that since inception of PRFTC, the freight contribution in tons was only between 11% to 36% and similarly in revenue, it was between 16% to 57% (**Annexure-31**). The graph below depicts that PRFTC's contribution is decreasing significantly in terms of tons & revenue during the period 2015-16 to 2023-24.



Source: PR Year Book 2023-24, COPS, CMM and PRFTC office data

The market shares of Pakistan Railways kept on declining due to persistent deficit since 1975, shift of resources to other modes of transportation, introduction of NLC which directly competed with Pakistan Railways and roads having steadily become the preferred mode of transportation. It could be said without ambiguity that if PR had been managed professionally it could have discovered its true potential.

G) Poor mechanism of loading & unloading of hopper wagons

Audit observed at MYP that bracket assemblies of hopper wagons had been damaged at loading/ unloading points. As a result, body structure of most of ZBKHS hopper wagons had been disfigured and damaged badly. Further to this, the welders - SS welders at MYP sickness, employed for repair work were bereft of professionalism, lacked provision of basic safety requirements and repair equipment, owing to the burden of work that had escalated with the lapse of time.⁵³ Therefore, Audit ascertained that non-availability of materials and dearth of resources, coupled with inefficiency and lethargy of available staff resulted in adoption of poor rail maintenance practices by PR. The pictorial evidence of ZBKHS hopper wagons is as follows:

⁵³ Rolling Stock Management Report of MD/PAEMS 2024



H) Inadequate management of Freight Wagons:

Management of freight wagons at Marshaling Yard Pipri was inadequate. Audit observed the following discrepancies:

- i. **Freight stock management at MYP** – It was observed at departure yard that certain loading points i.e. 2C1,7, 16A & 81 etc. were used by a number of contractors. Individual contractors had not been allocated a separate or single point/line for loading coal. This caused excess shunting due to formation of loads, further resulting in wastage of fuel, crew and locomotives. One line could have instead been designated for each contractor's loading.
- ii. **Out of course detachments** – PRFTC transported coal to Yousafwala and Jamshoro. Coal loading for Yousufwala had ceased since 07.07.2024 due to conveyer belt problems at unloading points resulting in piling up of 75,000 tons of coal at port. Presently, PRFTC transported coal only to Jamshoro with an average load of 2200 tons per day which resulted in detention/blockage of approximately 25000 tons of coal. PRFTC reported that the out of course detachment of high-capacity wagons due to mechanical faults, after clearing and transshipment to other wagons was enormously high i.e. up to 71 days.
- iii. **Occurrence of Frequent cases of wheel defects** – Hopper wagons were made functional in the year 2016-17 but within 08 years of service serious wheel defects in them, came to the fore. Pakistan Railways inspection data from May 2024 to June 2024 revealed the

serious nature of defects in wheels i.e. hollow tire in ZBKs bogies. Technically, such fault within the service life of 08 years was unexpected and therefore very alarming for train operation and safety, but no remedial action was taken.

- iv. **Blockage of material & capital of 820 HCW projects at main store Reti Line, Karachi** – Pakistan Railways commenced a PSDP project regarding procurement/manufacture of 230 passenger coaches and 820 High-Capacity Wagons with an aim to improve the speed of the Passenger & freight trains. The 6th & 7th consignment of material against 230 passenger coaches and 820 High-Capacity Wagons had arrived at Reti line depot on 17.06.2024 and 13.06.2024 respectively. However, the material i.e. sheets, plates, channels, wheels, axel assemblies etc. were left out in the open space. The pace of transportation of the consignment to MGPR and Risalpur was very slow pace as only 6 % of total Nos of packages had been transported till date for 820 HCW, as shown in table below:

Description	820 HCW
Packages	4297
Weight/Volume	9500 M. tons/1600 CBM
Receipt at Port	08.07.24
Receipt at Depot	13.07.24
Dispatched Packages	271
Dispatched in %age	6%
Balance Package	4026
Balance in %age	94%

3.8.2.3. Significant Audit Observations

i. Non-execution of Pakistan Railway Strategic Plan

The National Transport policy 2018 stipulates many important dimensions to be implemented by Pakistan Railways. These include; rationalization of the tariff structure, flexibility to change tariffs, removal of bias favoring passenger services over freight, tracking access charges to enable private operators to enter the market, market regulation, staff reduction, changing from a bureaucratic organization to a corporate entity

operating along commercial lines, improving business processes, developing a Public Sector Obligation (PSO) mechanism, improving rolling stock maintenance including establishing an asset management system and strengthening the Railway safety management system. The need for reform was further reflected in the Pakistan Railway Strategic Plan 2020 (PRSP). The purpose of the plan was to enhance Railway share in transportation and to reduce cost thereby contributing towards economic development and service delivery. Many of the prior PRSP priorities were incorporated in Pakistan’s National Transport Policy 2018.

The current position depicts that PR could not implement the aforementioned policies to steer PR’s freight management towards improvement. The extent to which PRSP and National Transport Policy reforms have been incorporated by PR are entailed below:

Sr #	Reforms	Status
i.	Railway operation in Pakistan will be organized to become more commercially viable.	Not initiated yet
ii.	Railway infrastructure will remain in the public sector. Private sector participation in Railway operations and maintenance will be encouraged and promoted in ways that serve the public interest.	In respect of freight business of PR, PRFTC was established but it has failed to attract private sector.
iii.	Defined Railway role in the transport sector will be supported by appropriate levels of investment.	Not initiated yet
iv.	A methodology for calculating compensations for meeting Public Service Obligations will be developed, agreed and implemented. The process of getting Public Sector Obligations from the government, including provincial and local governments, if any, will be initiated as per the agreed framework.	No such methodology has been developed so far.
v.	For freight, rail transport will focus on the provision of long-haul transport, particularly of container, trailer and bulk commodities, to reduce the share of freight moving on the road network.	No significant increase in rail freight share during 2019-20 to 2023-24
i.	The network will handle a balance of freight and passenger services. A minimum level of passenger service will be defined in line with socio-economic plans.	No level of passenger and freight service has been defined.

Sr #	Reforms	Status
vii.	Railway infrastructure will be modernized and expanded to improve capacity, provide connectivity across the country and improve reliability of services.	Modernization of infrastructure not initiated yet
viii.	Direct connectivity to, and intermodal connections between the ports, dry ports and industrial areas will be enhanced.	Not initiated yet
x.	A sustainable asset management regime for both fixed assets and rolling stock will be adopted.	Not initiated yet
xi.	Rail safety will actively be promoted.	Not initiated yet
xii.	New technology will be adopted to enhance ease freight connectivity.	Not initiated yet
xiii.	Improve environmental protection, including addressing rolling stock emissions and noise.	Not initiated yet
xiv.	Fares will reflect the willingness and ability to pay, allowing targeted Public Service Obligations regulations to be considered.	Not initiated yet
xv.	Enhancement of rail related statistics will be pursued to support evidence-based decision making.	Not initiated yet

Audit is of the view that PR may take up the matter with the Federal Government regarding transportation of the government sector consignments and movement of freight beyond 500 Kms through PR for inclusion in National Transportation Policy and its obligatory implementation in order to make PR self-sustainable.

Audit recommends that in order to ensure the long-term success and sustainability of PR, the government urgently needs to implement the reforms included in the PRSP and National Transport Policy.

ii. Omission of essential cost factors in cost structure and rate calculation of freight trains

Section 3.3 of World Bank's Toolkit-2017 for improving rail sector performance regarding Costing Railway Services and Traffics stipulates that a Railway service is most competitive when it delivers a better price and service mix to its customers than its competitors. Cost levels are critical as the costs incurred in the provision of the services will ensure the overall financial sustainability of the Railway entity. Therefore, a well-run Railway system will devote considerable attention to measuring and

controlling costs. Audit found the following discrepancies in cost structure and rate calculation of freight trains:

- i. The cost structure of freight trains was bereft of any provision in respect of development of infrastructure network i.e. tracks, bridges, signals etc.
- ii. No provision for depreciation cost of the rolling stock i.e. locomotive and wagons etc. was made in the cost structure of freight trains
- iii. Basis used for determination of variable cost and fixed costs were not clear
- iv. Segment costing in respect of passenger service and freight service was not employed.
- v. No provision for 6.5% profit on the Federal Government 's Investments in Pakistan Railways was made.

Further, Audit found that neither PR has a dedicated costing mechanism, nor the post of costing experts available within the Commercial Branch. Pakistan Railways' freight train operations were hampered by a lack of a robust system to accurately calculate costs and earnings for each booked train. This manual and fragmented approach hindered effective financial management and limited the organization's ability to optimize operations and maximize revenue. To address this, Pakistan Railways should invest in developing a comprehensive software solution. This system would automate cost calculations, track earnings, and provide management with in-depth analysis tools. The software would enable data-driven decision-making, allowing Pakistan Railways to identify profitable routes, optimize pricing strategies, and improve overall operational efficiency.

Audit apprehended that non-inclusion of the above costs in the cost structure did not provide conclusive information to the Railway management for determining freight rates. Consequently, freight rates had not been receptive to the fluctuating market conditions. Further PR management should develop dedicated software for freight trains.

iii. Utilization of Pakistan Railways dry ports just as parking facility for road freight customers

Pakistan Railways owns four dry ports at Karachi, Lahore, Islamabad and Azakhel. Audit observed that out of these four dry ports, two dry ports of Lahore and Islamabad were being utilized exclusively for customs clearance of goods. Both these dry ports had not earned any revenue on account of Railway freight. However, Azakhel dry port had earned a marginal amount of Rs 6.345 million during the period 2021-22 to 2023-24 on account of Railways freight. This was a trivial sum in comparison to the total earning of Azakhel Dry Port amounting to Rs 1917.89. However, all three dry ports earned income on account of service, labor handling, crane and weighment charges as tabulated below.

(Rs. in million)

FY	Freight Earnings (Azakhel Only)	Dry Ports Earnings			Total with Freight Earnings	Total Without Freight Earnings	Percentage of earning (other than freight)
		Azakhel	Islamabad	Lahore			
2021-22	5.78	608.13	130.37	102.65	841.15	835.37	99.31%
2022-23	0.06	565.43	118.88	148.31	832.62	832.57	99.99%
2023-24	0.51	744.33	113.81	255.59	1,113.73	1,113.22	99.95%
Total	6.35	1,917.89	363.06	506.55	2,787.50	2,781.16	

Source: Chief Traffic Manager/Dry Ports Office

No marketing strategy had been adopted by Railway management and offered to freight clients to enhance containerization and generate freight revenue. The snapshot of parking facilities at Islamabad dry port are given below:



(Islamabad Dry Port)

Audit recommends that a comprehensive strategy be adopted to enhance freight business at all three dry ports, under intimation to audit.

iv. Weak security arrangement resulting in theft of 411 distributor valves valuing Rs 567.18 million and loss of freight earning due to stabled wagons

According to para 15.1 read with Para 15.3 of Commercial Manual, the arrangements for working goods traffic should be so organized to obtain the best possible results in terms of wagon loads, train loads, and to ensure a quick turn round of stock.

Audit observed that 411 distributor valves were stolen from freight wagons over the Railway system from July 2022 to June 2024. Out of total 411 theft cases, FIR against 234 cases had not been registered. The value of each distributor valve was about US\$ 5000.00. This resulted in a loss of Rs 567.18 million to the public exchequer due to negligence and weak security arrangement on the part of Railway management. It is pertinent to

draw attention to the fact that all the above wagons were stabled at yards, as Railway Police did not allow use of wagons till completion of investigation in cases where FIRs were lodged and in cases where no FIR was lodged the Railway management stopped placement of distributor valve in wagons before registration of FIRs as per SOP. This further resulted in a very alarming situation for freight business of Pakistan Railways as 411 freight wagons remain stabled at yard till date, resulting in deprivation of freight earnings.⁵⁴

v. Non-loading of wagons at full capacity

Railway administration transported 10263496.6 tons imported coal through High Capacity Hopper Wagons (ZBKH) from Port Muhammad Bin Qasim to Yousafwala during 2019-20 to 2023-24 by using 170,998 Nos. High Capacity Hopper Wagons; loading 60 tons instead of 70 tons i.e. carrying capacity of the wagons. However, 146,619 Nos. wagons could have been utilized instead, if the carrying capacity of wagons i.e. 70 tons was kept in view. This resulted in excess utilization of 24,379 No. of wagons due to slackness on the part of Railway management (**Annexure-32**). This also resulted in extra operating cost to haul 24,379 wagons. The excess wagons could have been effectively utilized elsewhere and contributed to the overall freight earnings.

vi. Loss of revenue due to under charging of freight

As per CCM's office letter No. 2-M&R/6989-R /IV dated 19.05.2010 and 14.06.2010, "the minimum weight for charges for loose commodities like coal / rock phosphate / Sulphur and such other loose commodities when loaded in ZBKC ZBC having carrying capacity of 61 tons has been fixed as 58 and 59 tons instead of 60 and 61 tons. Audit observed that Railway commercial staff deputed at Bin Qasim (BQM) loading points of Karachi Division charged freight on actual loading instead of fixed carrying capacity of 58 and 59 tons. This resulted in a loss of Rs 424,467 to the PR on account of weight being under charged as detailed in (**Annexure-33**).

⁵⁴ This issue has also been highlighted in Audit Report 2024-25 vide Draft Para No. 24266

vii. Premature booking of 420 No. high-capacity wagons for nominated repair

According to para-15.71 of Pakistan Railways Commercial Manual, the handling contractors are responsible to the Railways for any loss or damage to goods caused by neglect, carelessness or dishonesty of labour or other persons employed by them, to the full extent of the claim. Further, as per agreement with different freight contractors, if rolling stock incurs damage due to any act of the contractor during loading/unloading, cost of the damage shall be recovered from the contractor.

It was observed that 420 No. ZBKC's were found damaged due to mishandling by contractors' staff during loading /unloading process at different loading points in Karachi Division during the period 2022-23 to 2023-24. These ZBKC's were prematurely booked to Moghalpura and Hyderabad for nominated repair. This adversely affected the availability of wagons and also led PR to incur an extra expenditure on their repair amounting to Rs 8.09 million. The latter had still not been recovered from the contractors. The entire situation depicted negligence on part of Railways management for failing to supervise the loading/unloading process, which in turn caused damage to rolling stock, led to non-utilization of wagons and negatively impacted the revenue stream.

High Values Paras

Observation 1:

Management failure to provide 67,366 demanded wagons resulting in loss-Rs 5,711.59 million

According to para 15.1 read with Para 15.3 of Commercial Manual the arrangements for working goods traffic should be so organized to obtain the best possible results in terms of wagon loads, train loads and to ensure a quick turn round of stock.

During audit in October 2024, it was observed that the freight contractors in Karachi division demanded 322,250 wagons whereas, Railway management provided only 254,884 wagons to them and failed to provide 67,366 wagons during the period from July 2021 to June 2024. Audit is of the view that if Pakistan Railways had fulfilled the demand of

freight contractors by providing 67,366 wagons, an amount of Rs 5,711.59 million could have been earned (**Annexure-34**). It is worth mentioning that Karachi Division had 310,893 wagons at its disposal to haul during the period under consideration.

Further, M/s Shalimar Oil Mover Company Peshawar had also placed a demand for 40 to 45 ZBKCs wagons for daily transportation of loose bulk Bauxite Ore from Burhan Railway station KPK to MYP/Pipri but Railway management was biased to accommodate a contractor who offered demand for bulk train daily⁵⁵. Gross negligence on part of management in non-provision of freight wagons not only adversely affected the revenue of PR but also diverted the customers to road transport.

Audit recommends that the matter be inquired to fix responsibility for non-provision of wagons and course corrective measures be adopted to avoid such a recurrence.

Observation 2:

Non-recovery of freight and demurrage charges – Rs 1,855.79 million

Para 316 (a) of Pakistan Railways Code for the Accounts Department stipulates that the amounts due to Railways for services rendered, supplies made or for any other reasons are correctly and promptly assessed and recovered as soon as they fall due.

During audit in October 2024, it was observed that an amount of Rs 1,855.79 million was outstanding on account of freight, demurrage, under charges and missing of tank wagons payment, cost of contents and penalty charges from M/s PSO, Cabinet Division and Pakistan Military Basic Supply Depot (**Annexure-35**). Audit observed that freight charges had been accumulated since 2005, but no strenuous efforts were made by Railway management for clearance of outstanding dues. An amount of Rs 1,855.79 million was not cleared due to negligence of PR management.

⁵⁵ Letter No. DS PSW/SOM/BRM/1001 dated 20.10.2024

Audit recommends that the matter be investigated to fix responsibility for non-recovery freight charges. The outstanding amount be recovered without further loss of time under intimation to audit. Financial management controls should be strengthened to avoid recurrence of such an issue.

Observation 3:

Unresolved issues between Pakistan Railways and M/s NLC regarding availability of locos, additional running of locos and late payment charges-Rs 1,354.75 million

As per clause 9 of agreement executed between Pakistan Railway and National Logistic Cell for leasing of Locomotives to PR by NLC, in the event of any dispute between the parties under this agreement, it shall be resolved amicably by director NEFT (NLC) and AGM/Traffic Pakistan Railways. Otherwise, the matter shall be referred to dispute resolution board (DRB) for resolution. Any dispute between the parties which cannot be settled amicably within 30 days by the operating committee, then the matter will be referred to DRB and if the latter cannot settle the dispute within another 60 days, then the dispute may be submitted by either party for settlement in accordance with the Arbitration Act 1940.

During audit in October 2024, it was observed that a contract agreement was made in November 2014 for hiring of 10 overhauled GMU 30 (3000 HP) locomotives from National Logistic Cell on lease basis for 12 years. There were very serious disputes between Pakistan Railways and NLC regarding availability of locomotives, additional running of locomotives and late payment of lease charges. An amount of Rs 1,354.75 million had been accumulated against Pakistan Railways from 2016-17 to 2023-24 as both parties had conflicting viewpoints on the aforementioned issues. However, neither party had referred the case for arbitration as per the clause of the agreement nor resolved the issues themselves. It is pertinent to mention that this agreement is due to expire within the next two years and will cause serious financial problems for Pakistan Railways on account of payment of pending amount.

Audit recommends that matter may be taken up with NLC to resolve the long outstanding issues in order to safeguard the interest of Pakistan Railways.

Observation 4:

Loss due to non-fulfillment of contractual obligations by GITA contractors – Rs 1,313.87 million

PPRA Rule 4 stipulates that Procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical. Further, as per clause 3.1.1 and 3.1.2 of the agreement executed between Pakistan Railways and M/s Irfanullah and M/s Ocean Mark, the later will endeavor to transport six trains per month of containers from Karachi Port and Port Muhammad Bin Qasim to Azakhel Dry Port. In case of their failure to transport minimum 120 TEUs Containers per month, penalty charges per wagon should be recovered as short transportation charges on levied rates from FDA.

During audit in October 2024, it was observed that two contractual agreements were awarded to the M/s Irfan Ullah & Co. and M/s Ocean Mark Shipping in February 2021 for transportation of GITA containers from KPT, PMBQ to Azakhel Dry Port. Audit observed that as per agreements, M/s Irfan Ullah and M/s Ocean Mark Shipping were required to transport minimum of 120 TEUs GITA containers from KPT, PMBQ to Azakhel Dry Port every month and if the contractor fails to transport agreed containers, PR would be entitled to receive penalty charges per wagon. The contractors failed to transport agreed quantity of containers and transported only 196 TEUs against the committed quantity of 8640 TEUs containers. This resulted in loss to Pakistan Railways amounting to Rs 1313.87 million due to non-claiming/recovery of penalty charges by extending undue favor to contractors in violation of the aforementioned rules

Audit recommends that recovery of the amount on account of monthly shortfall quantity of GITA containers may be initiated, and a

mechanism be set up for prompt settlement of dues. It is further recommended that disciplinary proceedings may also be initiated against the persons found at fault for violating the rules.

Observation 5:

Unverified weighment of coal valuing Rs 9,003.36 million

According to para 15.1 of Pakistan Railway Commercial Manual, goods tendered for dispatch must be weighed or measured in presence of the sender or his agent before booking and result recorded on the consignment note. Further, para 15.2 provides that when the weight of a consignment has already been declared by senders on the Consignment Note such declaration should invariably be tested by weighing it. Moreover, para 15.5 states that at station, provided with weighbridges, the whole of the consignment or more wagon load should be weighed. Further Para 15.9 also stipulates that at the weighbridge the wagon should be passed on the way bridge and the result of weighment recorded in the weighment register. Separate register should be maintained for local and foreign traffic, and copy of the entries in the register for each month should be submitted to the Account Office.

During audit in October 2024, it was observed that PRFTC booked coal weighing 2013274.05 tons having freight value amounting to Rs 9,003.36 million (**Annexure-36**) on the basis of weighment sheet of Weigh Bridge of PRFTC by the freight contractors without any verification by the concerned Railway official from Port Bin Qasim station during 2021-22. Audit observed that neither the concerned Railway official was available at the time of weighment, nor the weighment sheets issued by the weighbridge contractor were verified by the Railway official. Audit is of the view that weighment of wagons in the absence of Railway representative was unauthentic, and the freight charges calculated on the basis of unverified weighment sheets could also not be considered as authentic. Therefore, booking of freight amounting to Rs 9003.36 million was irregular/ unauthorized. It is also worth mentioning that goods staff at port Bin Qasim had no record of weighment of containers made by another freight contractor i.e. DP World. In the absence of non-verification of

weighment sheet, non-presence of concerned Railway official at the time of weighment and non-availability of weighment sheets with goods staff, the chances of over loading could not be overruled.

Audit recommends that weighment of coal may be made as per codal provisions in order to avoid overloading and loss to Pakistan Railways. Course corrective measures be adopted to avoid recurrence of such gross negligence.

Observation 6:

Unjustified deductions from freight bill on account of dip shortage – Rs 637.00 million

Para-1801 of Pakistan Railway General Code provides that every public officer should exercise the same vigilance in respect of public expenditure and public funds generally as a person of ordinary prudence would exercise in respect of the expenditure and the custody of his own money. Means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and for any loss arising from fraud or negligence on the part of any other Railway servant to the extent it may be shown that he contributed to the loss by his own action or negligence.

During audit in October 2024, it was observed that Pakistan State Oil (PSO) deducted an amount of Rs 637.00 million from freight bills of Pakistan Railways on account of dip shortage during the period 2010-11 to 2023-24. This resulted in loss to Pakistan Railways as amount was deducted unilaterally without any reconciliation with Pakistan Railways as tabulated below.

(Rs in million)

Sr.#	Period	Amount	Station
	2011-2014	59	Lal Pir
2	2015-2018	169	Lal Pir
3	2019-2020	68	Chak Pirana
4	2021-22	317	Lal Pir, Chak Pirana & Taru Jabba
5	2022-23	17	Chak Pirana
6	2023-24	7	Chak Pirana
Total		637	

Source: Chief Commercial Manager Freight, Office

Audit recommends that the matter may be taken up at higher level for recovery/adjustment of the amount deducted by the PSO and setting up of a mechanism for prompt measurement of HSD oil, agreeable to both PR and PSO.

Observation 7:

Irregular deduction of 2% withholding income tax by M/s PSO from the freight charges – Rs 172.38 million

As per FBR SRO No 947 (I)/2008 dated September 05.2008 provided that income of the provincial and federal governments is exempt from income tax.

During audit in October 2024, it was observed that an amount of Rs 172.38 million was deducted irregularly by the PSO on account of 2% income tax during the period from 2016 to 2020 as the Pakistan Railways is exempt from income tax as provided in the rule mentioned above. Railway management did not take up the matter with PSO for irregular deduction of income tax up till now.

Audit recommends that the matter may be inquired at an appropriate level to fix responsibility for gross negligence, as well as recovering the amount involved from PSO.

Observation 8:

Non-recovery of freight and storage charges against confiscated goods by Custom Department-Rs 70.57 million

According to para 316 (a) of Pakistan Government Railway Code for the Accounts Department, the amounts due to the Railway for services rendered, supplies made, or for any other reason, are correctly & promptly assessed and recovered as soon as they fall due.

During audit in October 2024, it was observed that Railway management failed to recover Rs 70,578,445 on account of freight and storage charges against goods that were confiscated by Custom department at Islamabad Dry Port for the period from 24.03.2006 to 06.03.2024. This resulted in loss of Rs 70.57 million to Pakistan Railways due to negligence on part of Railway management.

Audit recommends that matter be taken up with custom authorities at an appropriate level for prompt recovery of the Railway dues under intimation to Audit.

Observation 9:

Non-completion of project regarding online tracking system for cargo handling, freight wagons and locomotives– Rs 54.66 million

According to clause 9.2.1 and 27 (C.1) of the agreement executed between Ministry of information Technology and M/s Interactive Convergence Pvt. Limited, the Project Review Committee (PRC) will consist of total five members inclusive of two members from Pakistan Railways. The PRC will also act as approval committee and will be responsible for signing on all deliverables and approving any change requests to a delivered artifact. Pakistan Railways representative on the review committee will identify the key representatives of the user community. The vendor request for payment shall be made to the vendee in writing, accompanied by a provisional acceptance certificate provisional invoice describing as appropriate, the system or sub system (s), delivered, pre-commissioned, installed and operationally accepted and project milestones achieved certification by the project consultants and upon fulfillment of other obligations stipulated in this agreement.

During audit in October 2024, it was observed that Ministry of Information Technology sponsored a turnkey project namely online tracking system for cargo handling, freight wagons and locomotives valuing Rs 54.66 million in 2009. The project was required to be completed in 2011 but was extended up to June 2015. However, no anticipated benefit was derived from the project as tracking of freight wagons and locomotives could not be made functional due to slackness on the part of Pakistan Railways as detailed below.

- i. The project was required to be completed on 24.10.2011 but project was prematurely closed in June 2015 without completion.

- ii. On 05.06.2015, the secretary/chairman Ministry of Railway directed that Pakistan Railways would call a meeting regarding pending activities of the project. Consequently, a meeting was held under the chairmanship of AGM/T and it was decided that final demonstration of the project be given by the vendor on 13.06.2015 so that project review committee could decide the fate of software sign off and remaining project activities.
- iii. On 12.06.2015, Railway management pointed out numerous faults in the system and declared the project incomplete. The milestones i.e. supply/delivery, installation and operation of tracking hardware, RFID readers etc. were not achieved. However, the Project Review Committee signed the User Acceptance Certificate (UAC) on 13.06.2015. The UAC was also signed by the three officers of Pakistan Railways i.e. Deputy COPS/G, Director IT and Deputy CEN/Telecom.
- iv. The vendor succeeded to get payment of Rs 11.00 million (Rs 10,996,875) on the basis of User Acceptance Certificate directly from National Information Technology Board (NITB) without completing even a single milestone out of seven milestones.
- v. There was shortage of hardware material provided to vendor i.e. out of 184 trackers supplied to vendor, 121 were shown as installed in locomotives were not traceable and remaining 63 trackers were missing. Further, 201 RFID readers issued to vendor were not available in any locomotive.

This depicted that the project failed and tracking material was either lost or taken away by the vendor due to inefficiency of Railway management resulting in wasteful expenditure of Rs 11.00 million on account of development, customization and implementation of software application, training & installation of devices. Furthermore, the initiative taken by Ministry of IT for improvement in freight operations of PR was rendered inoperable by PR management. PR has to incur expenditure on freight module in ongoing project of ERP which could have been avoided

if total allocation of Rs 54.66 million by Ministry of Information Technology was used judiciously.

Audit recommends that the matter may be inquired for fixing responsibility for loss to the government exchequer and non-achievement of envisaged benefits of the project. The amount of loss should also be recovered from the person held responsible under intimation to audit.

Observation 10:

Loss to Pakistan Railways due to fake DVS – Rs 33.72 million

Para 1801 of Pakistan Railways General Code states that “means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held responsible for any loss sustained by government through fraud or negligence. Furthermore, as per clause 3.1 of agreement between cargo contractors and Pakistan Railway for running of freight train from Karachi Bandar to Lahore and Badami Bagh, the carrier shall endeavor in its normal circumstances to provide to the contractor one ZBC having 60-ton capacity per working day at Karachi Bandar and Badami Bagh for transportation of contractor’s cargo from Karachi Bandar to Badami Bagh and vice versa. Moreover, clause 3.3 provides that in case the contractor remains unable to fulfil its obligation he will be subjected to fine for the 1st 3 days of default and after that the case will be referred to the Headquarters for cancellation of contract with the respective contractor.

During audit in October 2024, it was observed that cargo contractors of 501UP/502 DN remained unable to provide agreed load to Pakistan railways but due to connivance of commercial and transportation staff with the contractors, the wagons were shown as DVS without shifting them to sick line and providing the same at some future time when required by the contractor. Railway officials extended undue favor to these contractors by declaring ZBC wagons as DVS. Audit observed that 194 DVS wagons shown as DVS by commercial and transportation staff did not arrive in sick line, Lahore for necessary repairs but the same were mentioned as DVS by the commercial and transportation staff of Badami Bagh Railway Station. Moreover, no fitness certificate indicating the work

undertaken on these wagons was provided by the mechanical department. This reflects that the DVS were fake. Consequently, loss of Rs 33.73 million was incurred by PR on account of declaration of freight wagons as fake DVS.⁵⁶

Audit recommends that matter of fake DVS be inquired and responsibility be fixed under intimation to audit. Internal controls be strengthened to avoid such a recurrence.

Observation 11:

Embezzlement of cash by Commercial Supervisor Goods-Rs 24.15 million

According to Para 2150 of Pakistan Railways Code for Traffic (Commercial) Department, the stations should remit the entire collections to Pakistan Railways Cash Office. No part of the cash should be retained without prior orders and all shortages should be made good before remitting the collections. For this purpose, cash includes Bank Drafts Credit Notes, Warrants, etc., mentioned in paragraph 2144. Para 1801 of Pakistan Railway General Code provides that means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained through fraud or negligence on his part.

During audit in October 2024, it was observed that the charge of commercial supervisor goods/ KBX was handed over by Mr. Rafaqat Mehboob to Mr. Wasif Ali on 03.10.2023 in compliance with transfer orders dated 22.09.2023. Scrutiny of charge handing over report indicated that cash amounting to Rs 24.151 million was short at the time of handing over of charge i.e. 03.10.2023. Audit observed that instead of taking any legal and disciplinary action against the accused, the official had been reinstated to service just three months after his suspension, without recovery of full amount. Railway management extended undue favor to the defaulter and was reticent to improve its internal controls.

⁵⁶ This issue has been highlighted vide Draft Para No. 24995

Audit recommends that matter may be inquired at an appropriate level to fix responsibility for not taking any legal action and for the accused person's reinstatement to his official position. Action should be taken against all those found guilty, under intimation to audit.

Observation 12:

Booking of freight without receipt of freight charges- Rs 9.35 million

According to para 25.24 (b) of Commercial Manual of Pakistan Railways, one-month average freight charges to be placed to their credit in FDA by the parties. Further, rule 1.12 of Goods Tariff Part-1 No. 3 also provides that except in the case of dangerous and other goods specifically provided for in the classification of goods for which prepayment of freight is compulsory, all charges must be paid either when goods are presented for dispatch or at the time of delivery.

During audit in October 2024, it was observed that M/s Pakistan Intermodel Limited (PIL) had no or very short/low balance in Freight Deposit Account (FDA) that was insufficient to meet the freight charges against the booked wagons. However, Railway management booked 102 wagons from Jumah Ghot to Prem Nagar dry port without receipt of freight charges amounting to Rs 9,354,445 from M/s (PIL) during September 2023 in violation of the rule ibid. This resulted in booking of freight wagons without recovery of freight Rs 9.35 million by extending undue favor to the contractor (**Annexure-37**).

Audit recommends that matter may be inquired to fix responsibility for extending undue favor to the contractor to book wagons without recovery of freight charges. Course corrective measures be adopted to avoid such a recurrence.

Observation 13:

Loss of revenue due to non-levy of local haulage charges on Goods booked from Reti Line to upcountry – Rs 3.15 million

Para – 4.2 of Goods Tarrif Part- I, provides that booking between Kemari, MFY and TPY to Up country stations an additional local haulage charges of Rs 2,260 per wagon will also be levied per 4-wheeler.

During audit in October 2024, it was observed that Railway commercial staff working at Hump Yard Reti line Karachi did not charge the local haulage charges in addition of normal freight on the consignment booked from (TPY) Reti line Karachi to upcountry for the period from July 2023 to June 2024. This resulted in loss of Rs 3.15 million (**Annexure-38**).

Audit recommends that the matter may be inquired at an appropriate level for fixation of responsibility and ascertainment of actual loss. The amount should be recovered from those responsible, under intimation to audit.

Observation 14:

Robbery due to loose security arrangement-Rs 2.45 million

Para-1801 of Pakistan Railway General Code provides that means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained through fraud or negligence on his part.

During audit in October 2024, it was observed that cash amounting to Rs. 2,445,000 was looted by five armed persons from Goods Cash office Karachi Bunder (KBX) on 24.11.2022. This demonstrated that no security arrangements were in place as the accused conveniently managed to break into the cash office, plunder the Government money and flee from site. It was the responsibility of the management to deploy Railway Police at cash office in order to safeguard the Government treasury. FIR was lodged on 24.11.2022. However, neither the accused was arrested, nor the looted money was retrieved. The Railway management did not tighten the security arrangement as the KBX yard, rendering it in an unsafe condition due to the pendency of the following matters: its boundary wall was totally damaged, no iron gate was installed at entry and exit points, non-availability of lighting and CCTV arrangement through passage for general public and non-deployment of security guard by cargo contractors as per agreement.

Audit recommends that matter be inquired for sloppy security arrangements. The security arrangements along the line should be tightened under intimation to audit.

3.9. Departmental Response

The report was discussed in DAC meeting held on 21.01.2025. The Chair appreciated the efforts made by Audit in highlighting the issues in thematic audit report on freight management in Pakistan Railways. The chair also directed the concerned POs to take course corrective measures to address observations/issues pointed out by Audit.

3.10 Way Forward

Pakistan Railways can emulate significant features of other countries' rail freight models to improve its efficiency. Different railway systems are currently prevalent in the world – some privatized, some state-owned and some a mix of both. The following section entails the patterns adopted by UK and Japan that PR may adopt.

Strategies/policies adopted by the best Railways in the world to enhance freight business

UK Railways

In the case of UK, there is no restriction on new freight operators to enter the market. In order to encourage open access, the infrastructure manager manages many key elements of the railway operations that have been segregated. These include: maintenance of tracks and infrastructure; capacity allocation; timetabling and route setting. Under the segregated structure, multiple entities liaison with each other to ensure efficient operation of the railway. This also encourages competition between the freight railway operators.

In UK, there is an independent statutory body regulator for Rail and Road with the following strategic objectives:

- To support a better service for Railway Freight Customers by using its powers to hold the Railway industry to account for performance and standards of service across the Railway network.

- Promote an increasingly dynamic and commercially sustainable Railway freight sector.

In order to achieve these objectives, it has established freight customer panels, holds freight customer events and plays an important part in facilitating freight customers-track access.

In Pakistan, the only regulator is Parliament's Standing Committee which is a powerless body with negligible contribution towards promotion and improvement of Railways. Therefore, Pakistan can endeavor to adopt the aforementioned attributes to encourage competition and enhance efficiency of railway freight system.

Indian Railways

Pakistan can also implement the strategy adopted by Indian Railways to encourage competition and efficiency of the freight system. In order to flourish freight business, the Indian government allowed private and public sector operators to enter the container operation segment. IR had to haul all container trains, regardless of whether they were trains of Concor an IR subsidiary or of the new entrants. This model had the advantage that essential factors of railway operation such as slot allocation and timetabling could be integrated into a single organization, making it possible to operate the railway system smoothly. In terms of promoting private participation and competition, several new entrants entered the market and started a competition.

Japan Railways

Since PR has not entered into any significant public-private partnership to overhaul the rail freight system, it can currently also draw inspiration from Japan's rail model. In Japan, a single state owned freight Railway operator is functioning and providing nationwide freight services. Despite the fact that there has not been competition among freight railway operators in Japan, several forwarders compete in the scope of off-rail

transport services, and they play a role in increasing the freight volume in the railway sector.⁵⁷

Pakistan can adopt the practices best suited to its circumstances to ameliorate rail freight operations. It can draw inspiration from the above three international rail models to increase its freight earnings and efficiency. The appropriate institutional model to operate freight Railway will vary according to circumstances.

3.11. Recommendations

Based on the aforementioned observations, audit recommendations are as under:

Overarching Freight Management Policy

- A comprehensive investment plan may be chalked out by the Railway management to improve freight share and to maintain a proper mix of freight and passenger trains.
- Freight Traffic must be operated in compliance with the Sustainable Development Goals as adopted by Pakistan.
- PR may take the matter regarding movement of freight beyond 500 Kms through Railway in National Transportation Policy and its obligatory implementation in order to make PR self-sustainable.

Upgradation of Rail Infrastructure

- Modernization of rail tracks and rolling stock may be undertaken to enhance their capacity and frequency to carry large volumes of freight. This would also include regular maintenance of the locomotives and freight wagons.
- Electrification of freight corridors may be conducted. This will not only be cost-effective but will also improve the efficiency of freight trains.

⁵⁷ (www.sciencedirect.com, Comparison of three models for introducing competition in rail freight transport)

Enhancement of Trains Scheduling/Routing System

- A dynamic freight trains' schedule which is receptive to everyday traffic conditions and freight demand should be adopted. This will make the entire system of freight management in Pakistan Railways more efficient and reliable.
- Dismantled rail tracks at East & west Wharf, Karachi and Peshawar to Lundi Kotal be restored at priority to ensure efficient provision of freight and passenger services.

Freight Pricing Reforms

- PR must generate train-wise, route-wise costing data for determination of freight rates, passenger fares and to benchmark/base price for outsourcing the commercial management of trains.
- Competitive freight pricing models may be adopted to incentivize more freight customers to use rail. Freight rates should be responsive to market conditions and demand.
- PR management should develop dedicated software for freight trains.

Technological Innovation to Enhance Freight Management

- A real time advanced tracking system of freight must be introduced at priority to improve security and reduce chances of theft.

Establishing Public Private Partnerships

- PR must work in partnership with private logistics and transportation companies for improved management of the freight supply chain. Private firms can further pitch in technological innovation and expertise in freight operations.

3.12. Conclusion

Pakistan Railways was predominantly responsible for effective transportation of freight traffic from the country's inception till 1965. However, contemporary times depict evasion of responsibility and dominance of unscrupulous practices in the PR management, as the latter's

role of being a harbinger of economic development in the country has now become stagnant. PR management has failed to emulate an overarching and comprehensive policy for freight management till date. The repercussions of such gross negligence are adverse as well as wide-ranging. There has been negligible government investment in the railways' freight sector, as the authorities have instead focused on upgradation and maintenance of road network to transport majority of the freight traffic. There has been a significant loss of freight due to poor security arrangements, non-establishment of Railway Regulatory Authority, failure to charge market competitive rail fares and lack of technological innovation in the sector. Moreover, PR's dry ports and freight wagons have also failed to function at their optimum capacity to reap benefits to the country. There has been a dearth of commitment by the PR management to ensure implementation of any freight projects in their true letter and spirit. The current system is an exigent need of overhaul. The aforementioned recommendations including: implementation of an overarching freight policy, upgradation of rail infrastructure, enhanced trains scheduling system, freight pricing reforms and technological innovation may be adopted in their entirety. PR will have to undertake concerted efforts to steer the system towards an increase in freight revenue. Without any coherent and meaningful reform, efficient freight management in Pakistan Railways will remain elusive.

4.1 IMPACT AUDIT

PUBLIC PRIVATE PARTNERSHIP OF TRAINS FOR IMPROVED EARNINGS AND PUBLIC SERVICE DELIVERY



4.1 Impact Audit of Public Private Partnership of Trains for Improved Earnings and Public Service Delivery

4.1.1 Introduction:

Public-Private Partnership (PPP) is a collaborative agreement between the government and private sector entities for the purpose of financing, designing, implementing, and operating public infrastructure and services⁵⁸. PPP is a common global practice which aims to provide enhanced public services on the basis of shared risks and profitability. Taking cue from global private interventions in the public sector, the Government of Pakistan issued a comprehensive policy document on PPP in 2007, titled “Private participation in providing more and better public services through improved infrastructure”. Under the overarching umbrella of the national policy, Public Private Partnership Authority Act, 2017 (amended from time to time) was promulgated to provide a legal basis to public sector in Pakistan to take advantage of private contributions in achievement of national development goals. By invoking the legal framework given under the P3A Act, Pakistan Railways (PR) issued a policy document on Public Private Partnerships in 2021, highlighting thirteen (13) types of arrangements for future PPP endeavors. The PR introduced outsourcing of commercial management of selected passenger trains as its flagship PPP project to tap under realized potential revenues and ensure better service delivery to its clients in collaboration with private sector.

4.1.1.1 Background:

The commercial management of trains can be traced back to 2006 when PR sublet Hazara Express to its subsidiary company M/s PRACS, on the basis of average revenue for last three years as the sole criteria for this subletting. Later on, with the formulation of its Track Access Policy in June 2010, PR invited private parties to use Railway track and infrastructure for private train operations on experimental basis.

⁵⁸ <https://urcapk.com/> “Public-Private Partnerships (PPPs) in Pakistan: A Catalyst for Development”

Consequently, private parties had to pay an agreed amount of tariff for each kilometer of track used, the arrangement was abolished halfway and the track access was never practically granted to the successful bidders, consequently, bringing the whole process under litigation. Furthermore, in the absence of national legal framework, PR approached ECNEC to seek permission for private commercial management of those passenger trains which were not generating enough revenue to meet their operational costs in 2010. After the approval from ECNEC, the private sector was offered commercial management and passenger facilitation of three trains namely Business Express (2012), Shalimar Express (2012) and Karachi Express/Night Coach (2013); however, the initiative was not successful due to poor contract management, rate revisions, payment defaults and litigation issues.⁵⁹

After the promulgation of P3A Act 2017, the Railway Board in its meeting on 20th May, 2020 approved the outsourcing of passenger as well as freight trains after formulation of policy framework for public private partnership.

4.1.1.2 Role of the program:

The initiative was introduced with an aim to increase income, improve service delivery, revenue leakages, lessen human resource cost and contribute to national exchequer by partnership with private sector.

4.1.2 Overview:

The outsourcing of commercial management of passenger trains under public private partnership model had following core objectives:

- i) Increase in passenger earnings by revenue sharing, reduction in ticketless travelling and lessening of human resource deployment
- ii) Improvement in public service delivery through value addition
- iii) Positive contribution to national exchequer through taxation

⁵⁹ Special Audit Report on Privatization of Trains Operation in Pakistan Railways Audit Year 2015-16.

The agreements with private parties regarding commercial management of passenger trains included commercial, operational and financial commitments for the contracting parties. Significant attributes of agreement commitments are given below:

A. Commercial commitments:

- i) Charging of 10% extra fare from passengers for provision of additional services to passengers
- ii) Transfer of ownership of immovable infrastructure built by private parties to PR after expiry of the contract.
- iii) Compliance with fare, concession and refund policy of Pakistan Railways
- iv) Provision of information regarding number of passengers to PR and payment of agreed amount of penalty/fine on booking of passengers/luggage beyond the train's carrying capacity
- v) Reservation of quota for PR employees and accommodation of personnel of defense services

B. Operational commitments:

- i) By Pakistan Railways
 - (a) Provision of dedicated racks and operationally fit and fully energized locomotives
 - (b) Major repair and maintenance of rolling stock
 - (c) Prompt watering of trains at washing lines and en-route
- ii) By Private Parties
 - (a) Petty repairs of train coaches en-route
 - (b) Security and safety of passengers and their luggage
 - (c) Frequent en-route cleanliness of train coaches
 - (d) Provision of clean drinking water and hygienic food to travelling passengers and operating staff

- (e) Provision of value added services to the passengers i.e. Wi-Fi, water dispensers, liquid soap in toilets, tissue papers and luggage porter

C. Financial commitments:

- i) Advance payment of seven days round trip and withholding tax
- ii) Deposit of Performance Security with PR
- iii) Financial exposure to PR by the private parties

4.1.3. Scope & Methodology:

a. Scope:

Audit was conducted for the period from 2019-20 to 2023-24 covering revenue earnings and operating cost of selected sample of eight trains. The objectives of the initiative such as increase in revenue generation, tapping of revenue leakages, reduction in HR cost, contribution to national exchequer and delivery of better public service have been gauged by using difference-in-differences method. Financial statistics for one year preceding the initiative (condition without) have been juxtaposed against those pertaining to one year after the intervention (condition with), while providing for a grace period of two years immediately after the initiative, to assess real world outcomes. The financial year 2020-21 has been considered as an outlier due to suspended train operation during the period of COVID-19 pandemic; therefore, it has been excluded from the analysis.

b. Methodology

The impact of initiative was assessed by targeted sampling of train population and comparing selected sample of outsourced trains with its PR operated counter parts keeping in view close similarities in composition, route and number of stoppages. The sample of outsourced trains selected for the audit assignment was designated as treatment group and the one operated by PR was treated as control group. Comparisons were made on the basis of both qualitative and quantitative variables.

Quality of service delivery, as a qualitative variable, in treatment and control group trains was ascertained through responses to field survey questionnaire, containing nineteen questions on six parameters, from on board passengers randomly selected for the purpose. The survey was conducted for each train in the sample, obtaining feedback of one hundred passengers per train including 70% male and 30% female passengers.

Complaints data was also obtained to cross-examine interview results for ruling out potential biases on the part of interviewer and interviewee. Increase in revenue generation, as a quantitative variable, was assessed by breaking up the variable into two contributing factors; revenue share received by PR and variable operating cost of trains. A comparative analysis was drawn from revenue and variable operating cost statistics pertaining to pre and post initiative periods after providing for a span of two years as grace period for the initiative to have its impact. The impact of additional factor of tax contribution to national exchequer has not been compared as the factor is contained to the extent of outsourced trains and same is not applicable to PR managed trains.

4.1.4. Findings:

4.1.4.1 Reduction in revenue earnings with outsourcing of trains

The impact of outsourcing of commercial management of trains on revenue earnings was gauged by comparing operating profit ratios (OPR) of selected binaries from treatment and control groups.

Pairing of trains in Treatment and Control Groups

Pair #	Treatment Group	Control Group
1	Fareed Express (Route length-1243km)	Awam Express (Route length-1255km)
2	Subak Kharam (Route length-289km)	Subak Raftar (Route length-289km)
3	Rawal Express (Route length-289km)	Islamabad Express (Route length-303km)
4	Shah Latif Express (Route length-67km)	Saman Sarkar (Route length-67km)

A. Year-wise comparison of profitability of trains in each pair:

The year-wise profitability ratio of trains in each pair of trains has been calculated by taking revenue earnings and variable operating cost as factors of analysis for each train as tabulated below:

Pair-1: Farid Express vs Awam Express

(Rs in million)			
Year	Financial Variables	Outsourced Train (Fareed Express)	Railway-managed Train (Awam Express)
2019-20	Earnings	664.04	1360.00
	Variable operating cost ⁶⁰	839.00	1416.00
	Operating Profit/(Loss)	-175.00	-57.00
	Operating Profit Ratio (%)	-26%	-4%
2020-21	-	-	-
2021-22	Earnings	1161.00	1788.00
	Variable operating cost	1223.00	1768.00
	Operating Profit/(Loss)	-62.00	20.00
	Operating Profit Ratio (%)	-5%	1%
2022-23	Earnings	1363.00	337.00
	Variable operating cost	1101.00	378.00
	Operating Profit/(Loss)	262.00	-41.00
	Operating Profit Ratio (%)	19%	-12%
2023-24	Earnings	2394.00	1489.00
	Variable operating cost	1692.00	2104.00
	Operating Profit/(Loss)	702.00	-615.00
	Operating Profit Ratio (%)	29%	-41%

Source: Reports on train-wise earnings and operating cost from PR, CCM and CMM Offices respectively.

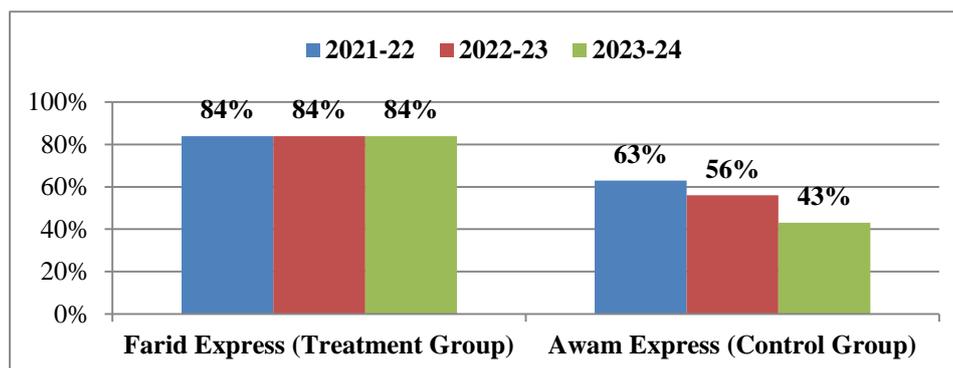
Note: Financial Year 2020-21 has been excluded due to suspended train operation during COVID-19 pandemic.

A statistical comparison between condition with and condition without periods in terms of earnings and variable operating cost for outsourced train depicts that the earnings increased by 260% whereas the variable operating cost has shown comparatively lesser increase of cent percent, thereby, indicating a positive trend for operating profit ratio by

⁶⁰ Variable operating cost includes cost of HSD fuel, operating staff, repair & maintenance etc.

55%. On the other hand, the same statistics for Railway operated train showed a meager increase of 9% in earnings coupled with substantial increase in variable operating cost by 49%, thereby, indicating a negative trend for operating profit ratio by (-37%). The cumulative impact in terms of difference-in-differences is 92% between treatment and control group. PR operated train has to increase its revenue generation by two times to match the revenue generation volume of outsourced train. The key reason behind this substantial difference-in-differences for both groups is change over time in the respective occupancy levels.

Occupancy (%) of Treatment and Control Group



Source: Reports on train wise actual and potential earnings from PR CCM Offices.

The occupancy level for outsourced train was nevertheless fixed by virtue of contractual obligations and the same ensured a steady stream of revenues for the organization whereas the occupancy level of PR operated train had decreased by 32% during same period. There was a relatively sharper incline in variable operating cost of outsourced train. Hence, occupancy levels have proven to be more potent factor behind profitability in train operations as compared to variable operating cost, a possible outcome of addition of pull factors for passengers in outsourced trains in terms of provision of better onboard services such as attachment of luggage van and dining car managed by private partner.

Pair-2: Subak Kharam vs Subak Raftar

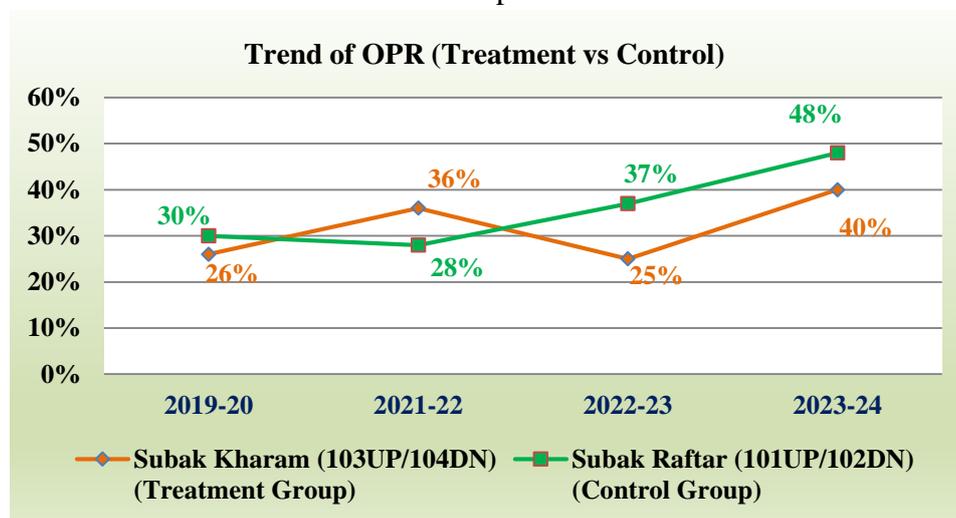
(Rs in million)

Year	Financial Variables	Outsourced Train (Subak Kharam Express)	Railway- managed Train (Subak Raftar)
2019-20	Earnings	198.00	218.00
	Variable operating cost	147.00	153.00
	Operating Profit/(Loss)	51.00	65.00
	Operating Profit Ratio (%)	26%	30%
2020-21	-	-	-
2021-22	Earnings	16.00	14.00
	Variable operating cost	10.00	10.17
	Operating Profit/(Loss)	6.00	4.17
	Operating Profit Ratio (%)	36%	28%
2022-23	Earnings	421.00	500.27
	Variable operating cost	316.00	316.00
	Operating Profit/(Loss)	105.00	184.00
	Operating Profit Ratio (%)	25%	37%
2023-24	Earnings	527.00	603.00
	Variable operating cost	315.00	315.00
	Operating Profit/(Loss)	212.00	288.00
	Operating Profit Ratio (%)	40%	48%

Source: Reports on train wise earnings and operating cost from PR CCM and CMM Offices respectively.

Note: Financial Year 2020-21 has been excluded due to suspended train operation during COVID-19 pandemic.

The data in above table shows that there was a difference-in-differences of 11% in revenue earnings between both groups during the condition without and condition with period.



The operating profit ratio for control group had a steady incline during post initiative phase while the treatment group had a sharper downward trend during grace period and a slightly lower parallel upward surge past the grace period as compared to control group. The occupancy level for outsourced train remained constant during post initiative period by virtue of contractual obligations but occupancy levels for PR operated train remained significantly lower than its counterpart during grace period and matching the same level during year of comparison. The PR managed train generated more revenues as indicated by operating profit ratio due to changes in train composition by addition of extra coaches on demand on special occasions.

Pair-3: Rawal Express vs Islamabad Express

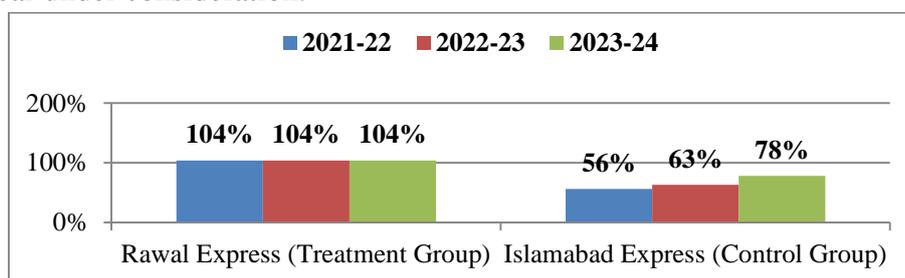
(Rs in million)

Year	Financial Variables	Outsourced Train (Rawal Express)	Railway-managed Train (Islamabad Express)
2019-20	Earnings	213.00	194.00
	Variable operating cost	147.00	157.00
	Operating Profit/(Loss)	66.00	37.00
	Operating Profit Ratio (%)	31%	19%
2020-21	-	-	-
2021-22	Earnings	16.00	12.00
	Variable operating cost	10.00	10.48
	Operating Profit/(Loss)	6.00	1.52
	Operating Profit Ratio (%)	36%	12%
2022-23	Earnings	421.00	416.13
	Variable operating cost	316.00	326.00
	Operating Profit/(Loss)	105.00	90.13
	Operating Profit Ratio (%)	25%	22%
2023-24	Earnings	537.00	500
	Variable operating cost	315.00	324.00
	Operating Profit/(Loss)	222.00	176.00
	Operating Profit Ratio (%)	41%	35%

Source: Reports on train wise earnings and operating cost from PR CCM and CMM Offices respectively.

Note: Financial Year 2020-21 has been excluded due to suspended train operation during COVID-19 pandemic.

The comparison of earnings for treatment and control group depicts that PR operated train has performed slightly better than outsourced train although the variable operating cost for PR operated train has constantly remained approximately 10 million higher than outsourced train for each year under consideration.



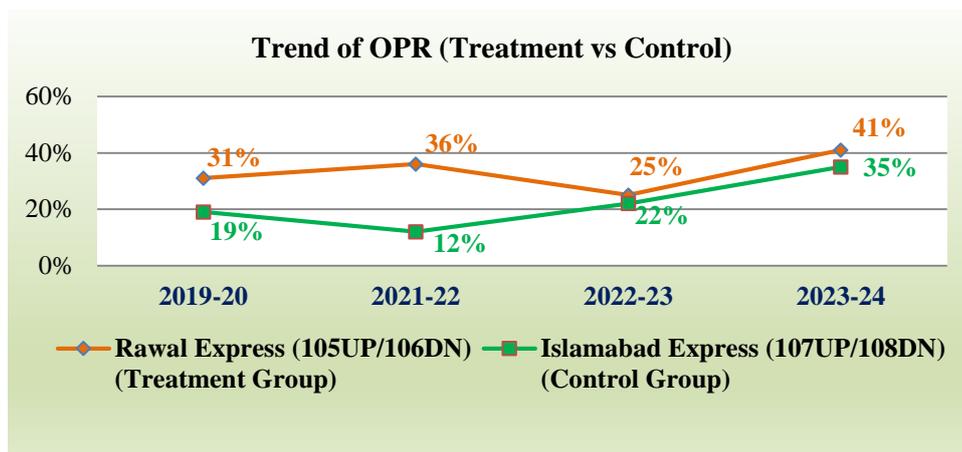
Source: Reports on train wise actual and potential earnings from PR CCM Offices.

The anomaly and deviation from occupancy trend is due to the fact that PR operated train charges full fare from every passenger as it has no midway stoppage. The non-availability of additional facilities of dining and luggage in short route outsourced trains nullifies the pull factor of better service delivery.

The trend analysis based on aforementioned year-wise operating profit ratios and resulting difference-in-differences has been calculated as shown below:

	2019-20	2021-22	2022-23	2023-24	Difference 2019-20 -2023-24
Rawal Express (Treatment)	31%	36%	25%	41%	10%
Islamabad Express (Control)	19%	12%	22%	35%	16%
Difference-in-differences (10 - 16)					-6%

The trend analysis based on operating profit ratio clearly illustrates that PR operated train had a cumulative difference-in-differences of 6% which leads to the results, that treatment group lagged behind the control group after comparison of all relevant factors.



The trend lines along x-axis depicts changes in operating profit ratio over a span of four years inclusive of condition without and condition with periods. The rate of change during grace period is marked by a gradual decline in terms of OPR with respect to outsourced train while, on the other hand, the PR operated train has a steady growth right from the grace period. The year of analysis had seen parallel trend in both groups OPR with treatment group being slightly better of the two.

Pair-4: Shah Latif Express vs Saman Sarkar Express

Year-wise Operating Profit/(Loss) from train operation

(Rs in million)

Year	Financial Variables	Outsourced Train (Shah Latif Express)	Railway-managed Train (Saman Sarkar)
2019-20	Earnings	79.00	8.42
	Variable operating cost	35.00	27.00
	Operating Profit/(Loss)	44.00	18.58
	Operating Profit Ratio (%)	55%	-221%
2020-21	-	-	-
2021-22	Earnings	18.00	6.00
	Variable operating cost	28.00	24.00
	Operating Profit/(Loss)	-11.00	18%
	Operating Profit Ratio (%)	-63%	-316%
2022-23	Earnings	47.00	27.36

Year	Financial Variables	Outsourced Train (Shah Latif Express)	Railway-managed Train (Saman Sarkar)
	Variable operating cost	83.00	64.00
	Operating Profit/(Loss)	-36.00	-37.00
	Operating Profit Ratio (%)	-77%	-134%
2023-24	Earnings	61.00	33.00
	Variable operating cost	108.00	64.00
	Operating Profit/(Loss)	-47.00	-31.00
	Operating Profit Ratio (%)	-78%	-93%

Source: Reports on train wise earnings and operating cost from PR CCM and CMM Offices respectively.

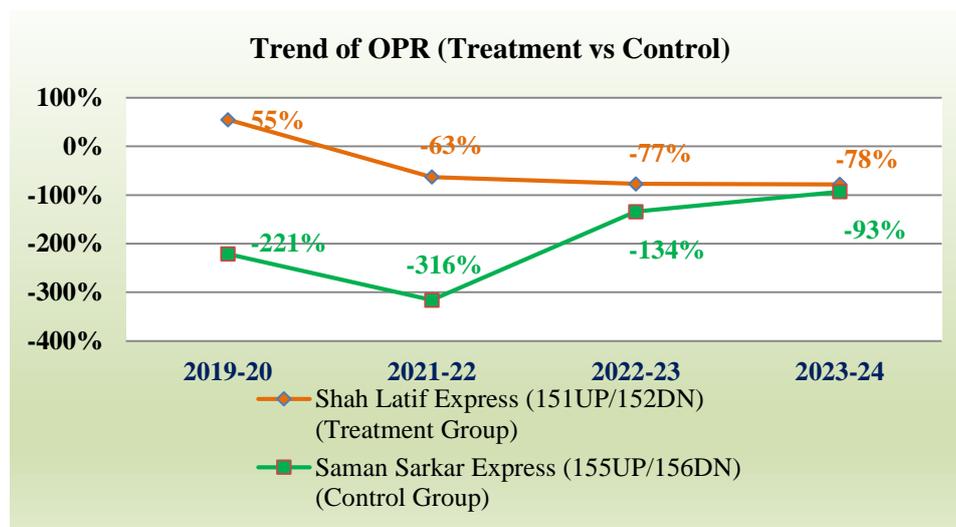
Note: Financial Year 2020-21 has been excluded due to suspended train operation during COVID-19 pandemic.

The statistical data in above table illustrates that earnings of the outsourced train decreased by 22% coupled with an increase of 209% in variable operating cost. Both factors of earnings and variable operating cost have contributed to erosion of net revenues with variable operating cost having greater share of this decline in OPR. On the other hand, earnings of PR operated train increased by four times with percentage increase in variable operating cost equal to its counterpart. Resultantly, the difference-in-differences in terms of OPR for both treatment and control group comes to -151%, leading to the conclusion that PR operated train has performed far better than the outsourced train.

Operating Profit Ratios of trains for the year 2019-20 to 2023-24 and Difference-in-Differences

	2019-20	2021-22	2022-23	2023-24	Difference 2019-20 -2023-24
Shah Latif (Treatment)	55%	-63%	-77%	-78%	-23%
Saman Sarkar (Control)	-221%	-316%	-134%	-93%	128%
Difference-in-differences (-23 – 128)					-151%

The trends depicted in graphical presentation show rate of change in OPR in both treatment and control groups covering condition without and condition with periods.



The initiative for outsourcing of Shah Latif Express was taken at a point in time when its OPR was positive. The span of time, covering post initiative period, witnessed a significant incline in OPR of PR operated train, however, the decline in trend line of outsourced train almost remained stagnant from pre-initiative to post-initiative period but could not record upward movement viz-a-viz the PR operated train. However, the difference-in-differences decreased at the end of grace period, the culminating year of audit assignment further reduced the wide gap which clearly depicted better performance of PR managed train as compared to the outsourced train.

4.1.4.2 Impact on public service delivery

Public service delivery in PR is a multifaceted variable influenced by various factors. A comprehensive passenger survey was designed and conducted keeping in view the influencing factors during this impact audit in order to measure the quality of public service delivery in both groups of trains. The quality of public service delivery was analyzed by taking responses in the following categories based on influencing factors:

- i) Booking/reservation and waiting lounge facility
- ii) Train boarding and luggage carrying
- iii) Passenger amenities on board
- iv) Food quality
- v) Staff behavior
- vi) Safety and security of passengers

The quality of public service delivery was assessed on the basis of availability and quality of passenger amenities on the following rating scale:

Rating Scale	Very Good	Good	Neutral	Bad	Very bad	Not Available
	5	4	3	2	1	0

The above mentioned six categories of influencing factors of public service delivery have been assessed on the basis of nineteen indicators which have been rated according to the rating scale for comparative analysis between treatment and control group.

**Snapshot of passenger survey on Public Service Delivery
(Treatment vs Control Groups)**

Sr.#	Category	Sr.#	Service/ Facility	Treatment Group	Control Group
1	Booking/Reservation and Waiting lounge facility	1	Purchase of Ticket	5	4
		2	Waiting room facility on platform	5	3
2	Train boarding and luggage carrying	3	Punctuality of time-table	5	2
		4	Luggage carrying facility (Porter/Trolley)	1	2
3	Passenger amenities on board	5	Cleanliness of Train and Seats/ Berths	4	2
		6	Condition of toilets	2	1
		7	Availability of liquid soap in washrooms	1	0
		8	Availability of tissue-papers in washrooms	1	0
		9	Use of pesticides and killing of rats	3	2
		10	Facility of Wi-Fi (internet)	0	0
		11	Train lighting, fan, mobile charging	4	1
		12	Provision of bedding/ blankets	1	1
4	Quality of Food & Clean drinking water	13	Special arrangements for ladies in train	4	2
		14	Clean drinking water (Water dispensers)	0	1
5	Staff behaviour	15	Quality of food in train	4	2
		16	Conduct of ticket checking staff	5	4
		17	Conduct of reservation staff	5	3
6	Safety and security of passengers	18	Conduct of train attending staff	5	3
		19	Security checking in the train	4	3

i) Booking/Reservation and Waiting lounge facility:

As per passenger survey responses 82% of the passenger surveyed rated ease of purchasing ticket for outsourced trains as either good or very

good, while on the other hand, the percentage of positive responses for same indicator remained 59% for PR operated train passengers. Waiting room facility on the platform was rated from fair to very good by 95% of the respondents in outsourced trains while only 57% of the passengers had same opinion about same indicator in PR operated trains. Hence, the outsourced trains fared way better in ease of reservation and provision of waiting lounge facilities.

ii) Train boarding and luggage carrying facility:

The survey results in this category were based on responses from passengers in relation to two indicators namely punctuality of time-table and luggage carrying facility (porter/trolley). The treatment group had 94% positive responses, ranging from fair to very good from surveyed passengers and the control group could only obtain 42% of same response in terms of punctuality of trains. For second indicator of luggage carrying facility, control group scored 40% responses, ranging from fair to very good and treatment group lagged behind by scoring 27% of such positive responses from surveyed passengers. Resultantly, the survey results depicted that, although, the outsourced trains had better punctuality due to right of relative priority of passage but they could not provide better luggage carrying facility as compared to PR operated trains.

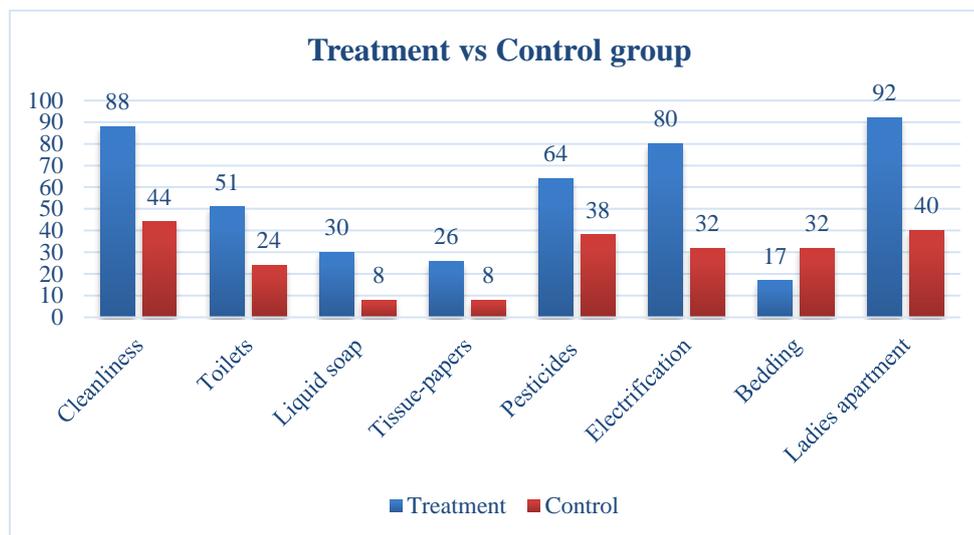
iii) Passenger amenities on board

The category of ‘passenger amenities on board’ is of particular interest to this audit assignment as a financial leverage, of charging 10% extra fare from passengers of outsourced trains, was provided for in contract agreement to provide additional facilities covered under this category. The comparative performance in relation to this category has been based on nine indicators covering additional facilities to be provided by outsourced trains.

The survey results depicted that trains included in treatment group were comparatively cleaner, condition of toilets was better, liquid soap and tissue papers in washrooms were somehow available, pesticides had been used for elimination of rodents, better electrified and female passengers had been provided with special arrangements to cater for gender

sensitivities. The PR operated trains had provided comparatively better bedding accessories as compared to its counterpart because of subletting of the same in control group. Both groups of trains could not provide internet facilities to the passengers due to issues with wayward connectivity with boosting towers. Conclusively, the treatment group was able to provide seven out of nine passenger amenities to its passenger way better than control group.

% of positive responses for public service delivery indicators



iv) Quality of food & clean drinking water

This category was based on two indicators of quality of food and clean drinking water. The quality of food was rated from fair to very good by 89% of respondents for outsourced trains, on the other hand, 52% of passengers from PR operated trains opined in the same way for quality of food. Water dispensers for availability of clean drinking water for passengers of treatment group trains were not provided as only 10% of the respondents rated the indicator from fair to very good, control group trains were slightly better equipped with the provision of clean drinking water as the same amenity has been sublet in PR operated trains.

v) Staff behavior

Customer care and facilitation are potent pull factors to attract passengers, staff behavior is leading reason for shaping client perception particularly in transportation sector. The category was assessed on the basis of three indicators namely conduct of ticket checking staff, conduct of reservation staff and conduct of train attending staff. All respondents from outsourced trains rated behavior of staff of these trains from fair to very good, indicating sound business practices and efficient human resource management of private sector. The PR operated trains lagged behind by a quarter in obtaining such positive responses in comparison to its counterparts.

vi) Safety and Security of passengers

The category was based on a single indicator of existence or absence of security checking on the trains. Outsourced trains were more safe and secure in passenger perception as 88% of the respondents from treatment group rated safety and security in trains from fair to very good as compared to 54% of passengers from control group who responded in the same way. The reason behind this perception of safety and security in outsourced trains is presence of dual layer of security apparatus in the form of private security personnel and regular PR police personnel.

4.1.5 Departmental Response

The report was discussed in DAC meeting held on 21.01.2025. The Chair appreciated the efforts made by audit in highlighting the issues in impact audit report on Public Private Partnership of Trains for improved earnings of PR and Public Service Delivery. The chair also directed the concerned POs to take course corrective measures to address issues pointed out by Audit.

4.1.6 Conclusion:

The impact of initiative on quantitative variable of increase in revenue generation was assessed through OPR to reach real outcomes by measuring difference-in-differences of treatment and control groups. It was observed that only one out of four trains in treatment group was able

to achieve profitability higher than its counterpart in control group. The reason behind this achievement is the fact that Fareed Express is the only long route outsourced train in treatment group sample and long route trains were provided with luggage and dining facilities which act as a pull factors. The remaining three binaries of both groups were short routed trains without availability of above mentioned facilities. The performance of outsourced trains on profitability ratio declined in proportion to length of route; Fareed Express, having longest route, led the group in terms of difference-in-differences with its counterpart while Shah Latif Express, having shortest route, performed worst amongst the treatment group trains on same parameters. Therefore, it can be statistically concluded that the impact of outsourcing of commercial management of trains in terms of profitability for PR was positive for long route trains which gradually declined as the length of the route shortened.

The results of passenger surveys and comparative analysis of treatment and control groups in relation to public service delivery indicated that outsourced trains had performed better on fifteen out of nineteen indicators across six categories as compared to PR operated trains. Conclusively, it can be logically stated that the outsourcing of commercial management of trains had a positive impact in terms of qualitative variable of public service delivery.

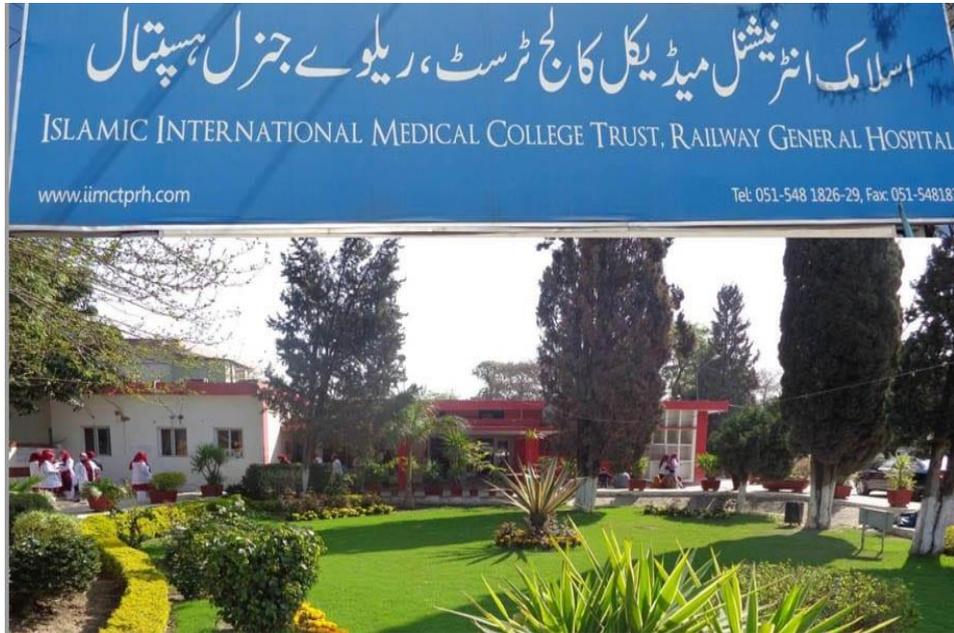
An additional stream of national income was also generated by the initiative in the form of levying of significant withholding tax on the private partners.

Problem statements are directionless without provision of pragmatic solution, therefore, it is recommended that PR may take advantage of public private partnerships preferably for commercial management of long route trains than otherwise. PR may introduce best

practices from private sector in its train operations particularly in terms of provision of better public service and formulation of customer friendly human resource capacity building policies to match the business potential of private partners.

4.2 IMPACT AUDIT

FRANCHISE AGREEMENT OF PAKISTAN RAILWAYS HOSPITAL, RAWALPINDI



4.2 IMPACT AUDIT OF FRANCHISE AGREEMENT OF PAKISTAN RAILWAYS HOSPITAL, RAWALPINDI

4.2.1 INTRODUCTION

Pakistan Railways (PR) provides healthcare facilities to its employees through a dedicated Medical Department, which aims to deliver efficient, timely, and cost-effective healthcare services to its current as well as retired employees and their dependent family members. PR had eight major hospitals located at Peshawar, Rawalpindi, Lahore, Moghalpura, Multan, Sukkur, Karachi and Quetta, under the central control of the Chief Medical & Health Officer and General Manager, Welfare and Special Initiatives (W&SI).

4.2.1.1 Background

Pakistan Railway signed a franchise agreement with Islamic International Medical College Trust (IIMCT); a public welfare trust, on 17.08.1998 for a period of 33 years extendable for another similar term. However, the contract would be renewed after every five years. The intervention was first of its kind in the history of medical department of PR where Pakistan Railway hospital, Rawalpindi entered in an agreement for hospital services under administrative control of PR⁶¹ however, subsequently⁶² the administrative control handed over to IIMCT for its management and operations. The essence of intervention was based on two basic deliverables; revenue sharing with PR earned from private patients and to improve and upgrade the hospital facilities to a level of teaching hospital recognized by Pakistan Medical and Dental Council (PMDC) for the welfare of Railway employees and the deserving population. After intervention, IIMCT had to establish new departments, upgrade the existing departments and enhance the bedded capacity in the Rawalpindi hospital from 150 to 350. The first revision of the said agreement was made in 2004 whereas, the second revision was made after delay of ten

⁶¹ Clause 25 of agreement 1998

⁶² Clause 22 of agreement 2019

years in 2019 after including new clauses favoring IIMCT and less favorable to PR.

Under the overarching umbrella of the national policy, Public Private Partnership Authority Act, 2017 (amended from time to time) was promulgated to provide a legal basis to public sector in Pakistan to take advantage of private contributions in achievement of national development goals. By invoking the legal framework given under the P3A Act, Pakistan Railways (PR) issued a policy document on Public Private Partnerships in 2021, highlighting outsourcing/privatization of PR hospitals as one of its arrangements for future PPP endeavors.

4.2.1.2 Role of the program

The franchise agreement between PR and IIMCT was not a commercial agreement but purely an academic venture with a vision to bring the Pakistan Railways Hospital, Rawalpindi to the standard of an excellent teaching hospital at cost and expense of IIMCT in the larger interest of Railways and its employees and deserving population of the area. Moreover, PR would have no liability for these improvements.

4.2.2 OVERVIEW

IIMCT is a public welfare trust a non-political, non-sectarian and non-commercial organization with no profit motives. It established its first medical college in 1996 and intended to raise it to multi faculty university under the umbrella of University Grant Commission (UGC). For the purpose IIMCT approached PR for the leasing of Rawalpindi hospital for its conversion as a teaching hospital to meet criteria of UGC. The intervention was initiated with the signing of franchise agreement between PR and IIMCT in 1998 with the purpose of revenue sharing with PR earned from private patients and to improve & upgrade the hospital facilities to a level of teaching hospital in order to enhance the medical cover for Railway employees and the deserving population.

The significant deliverables of the program included:

- i. Providing specialized medical cover free of cost to the serving/retired employees of Pakistan Railways and their

- families and dependents including provision of medicines, foods for indoor patients and diagnostic tests free of cost.
- ii. Fixation of quota for the children of Railway employees in the medical and nursing college.
 - iii. Creation of medical and surgical units as per PMDC requirements for outdoor and indoor services.
 - iv. Establishment of state of art pathology lab and operation theaters.
 - v. High level repair and maintenance services for medical equipment and the building.
 - vi. Providing additional facilities and sophisticated equipment without compensation.
 - vii. Arrangement of suitable trainings to paramedical, nursing staff, lab technicians of PR employees.
 - viii. Raising and conversion of Pakistan Railways Hospital, Rawalpindi into a teaching hospital and employing professionals as per PMDC requirements without financial liability on PR.
 - ix. Establishment of flying squad in the hospital for any emergency.
 - x. Providing reimbursement facility to PR patients due to non-availability of the services at PRHR (IIMCT) hospital, Rawalpindi, and
 - xi. Revenue sharing @ 33% with PR earned from private patients and 50% reserved beds availability for the patients of PR.

4.2.3 SCOPE AND METHODOLOGY

An impact audit is a pragmatic tool for assessing the effectiveness of a government initiative, program, or project. As Pakistan Railways has under the policy of Federal Government, taken up the outsourcing / privatization of hospitals currently being run by PR as key project for

future PPP endeavors. This impact audit has been conducted to provide the PR management insight analysis of its previous intervention though not commercially driven for better decision making. In this case, two Railway hospitals were selected for impact assessment; one with-intervention (Railway Hospital, Rawalpindi) under IIMCT represented as treatment hospital and the later without-intervention (PR Cairns Hospital, Lahore) represented as control hospital.

4.2.3.1 Scope

The impact assessment was based on the analysis of hospital data/reports from last three financial years i.e. 2021-22 to 2023-24. The performance of both the hospitals was compared through quantitative and qualitative analysis. Further, some specific areas were focused under quantitative and qualitative analysis, which are given hereunder: -

- A- Quantitative analysis (Statistical data)
 - i. Patient volume in the hospitals
 - ii. Beds availability for PR patients (overall and for railways employees)
 - iii. Diagnostic services
 - iv. Human resource management and analysis of reimbursements
 - v. Surgical operations carried out in both hospitals
 - vi. Gynecological and pediatric services
- B- Qualitative analysis through impact on Patients lives through questionnaire survey based on ten indicators

4.2.3.2 Methodology

Post-intervention comparative analysis was selected as methodology for this impact audit assignment of two Railway hospitals i.e. Pakistan Railways Hospital, Rawalpindi under IIMCT (Treatment Hospital) with intervention and Pakistan Railways Cairn Hospital, Lahore (Control Hospital) without intervention. The quantitative impact assessment was carried out for both the hospitals through statistical data of both hospitals in respect of patients' turnout, availability of beds for PR patients, surgeries carried out, diagnostics tests performed, gynecology and pediatric services provided to the PR patients viz-a-viz private patients

particularly in case of IIMCT. In addition to that, patient to doctor ratio, doctor to nurse ratio and doctor to surgeries ratio were also assessed for a better comparison. Moreover, the sharing of reimbursement burden by the IIMCT controlled hospital Rawalpindi was analyzed to see the trickledown effect of the intervention. The qualitative data represented the ten indicators divided into two categories against which the responses of the patients were documented in order to validate the results of quantitative analysis or otherwise.

4.2.4. FINDINGS

4.2.4.1 Impact on patients' turnout with treatment of Pakistan Railways, Hospitals

Patients turnout in general and provision of tertiary health care services in particular are key performance indicators for hospitals. As we move from primary and secondary to tertiary health care hospitals, the level of expansion and sophistication of health care facilities is gradually increased. Another yard stick for availability of health care facility in a hospital is number of beds available for serious patients.

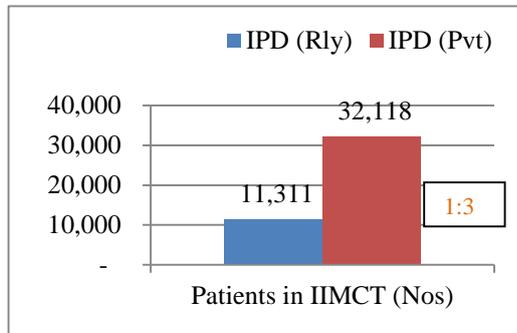
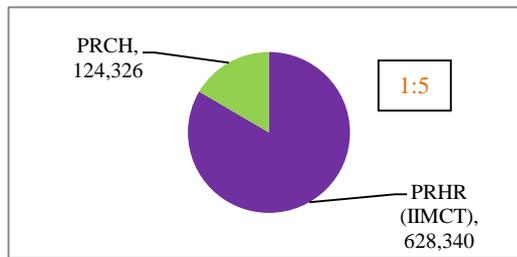
International Islamic Medical College Trust (IIMCT) hospital Rawalpindi was a 350 bedded hospital whereas its PR counterpart, Cairns Hospital Lahore, had capacity of 210 beds. A comparative analysis of total and category-wise segregation of both healthcare facilities is tabulated below.

**Financial year wise comparison of patient volume
(Treatment vs Control Hospital)**

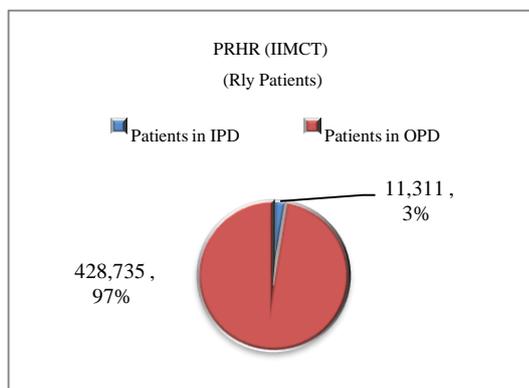
FY	Inpatient Department (IPD)		Outpatient Department (OPD)		Private Patients in PRHR (IIMCT)	
	PRHR (IIMCT)	PRCH	PRHR (IIMCT)	PRCH	IPD	OPD
2021-22	3,980	12,439	137,818	30,401	7,434	55,892
2022-23	3,480	10,223	145,210	31,619	13,235	60,055
2023-24	3,851	8,297	145,707	31,347	11,449	40,229
Total	11,311	30,959	428,735	93,367	32,118	156,176

Source: Monthly reports of hospitals for divisional meetings and for CMO office, Lahore.

The statistical data of patients revealed that IIMCT hospital, Rawalpindi catered to 628,340 number of patients including PR patients while Cairn hospital, Lahore had catered 124,326 number of patients in last three years. Interestingly, the total number of patients visiting treatment group hospital was five times more than the control group but, when the data for indoor Railway patients was juxtaposed for comparison, the ratio was reversed by three to one specifically for class of patients belonging to PR (32,118 Private & 11,311 Rly). It was also evident from record that treatment group hospital provided indoor health facilities to only 2.5% of total number of PR patients, while on the other hand, 17% of private patients were extended the same facility, depicting a preferential treatment for private patients. Cairns hospital, Lahore provided indoor facility to 25% of its visiting patients which was also numerically greater than its counterpart. As

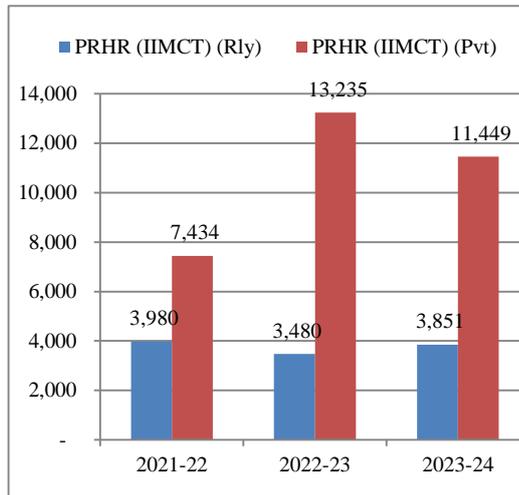
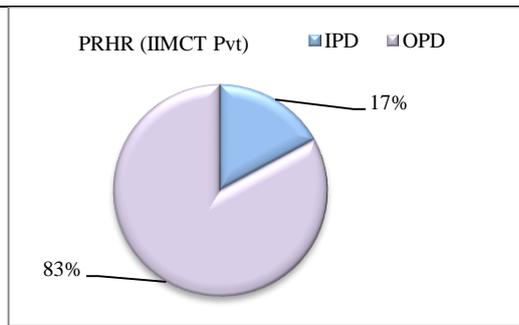


Description	PRHR (IIMCT) (Rly. Patients)	PRHR (IIMCT) (Pvt. Patients)	PRCH (Rly. Patients)
No of patients	440,046	188,294	124,326
Indoor Patients	11,311	32,118	30,959
%age of Indoor patients	2.57%	17.06%	24.90%



per agreement, PR to private patient ratio in all healthcare facilities in IIMCT hospital, Rawalpindi would be 50:50 which had been practically reduced to 25:75 specifically for indoor patients and the ratio had been readjusted for total volume by increasing the number of outdoor PR patients by the same degree.

Hence, clinical services were preferably provided to PR employees in treatment group while control group had no grounds for such discrimination and the whole facility was being used by PR employees.



4.2.4.2 Analysis of beds availability to Railway Patients in IIMCT

As per clause 10 of revised agreement (2004), IIMCT hospital, Rawalpindi was bound to upgrade the facility to a teaching hospital as per PMDC requirements. The implication of this responsibility was post treatment expansion of the said hospital from 150 to 350 beds with addition of thirteen new wards and training facility for under graduate and post graduate medical students (**Annexure-39**). The control group hospital had not undergone any expansion since its establishment. Although, the treatment group had undergone huge expansion but the admission of PR patients remained concentrated intensively (54%) to female medical, gynae and nephrology wards with minimum admissions in cardiology,

urology, ENT and neonatal wards. The pulmonology and dermatology wards remained in operational during last three years in treatment group hospital. The additional medical facilities introduced by the initiative in treatment group hospital were either preferentially provided to private patients or denied to the PR patients. Even in newly created nephrology ward, where PR patient admissions were relatively higher as compared to other wards, the ratio of private to PR patients remained 4:1 depicting three times comparative advantage extended to private patients (**Annexure-40**). Hence, the benefits of expansion and additional healthcare facilities could not be shared by PR patients on equal grounds with private patients as per provision of the contract.

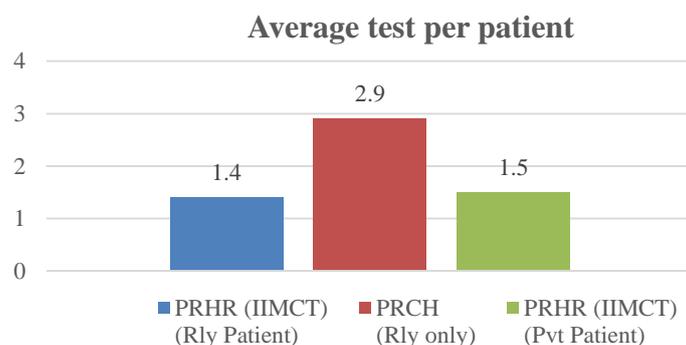
4.2.4.3 Comparison of diagnostic tests

Diagnostic tests are quantitative tools for diagnosis and prognosis of various ailments. A comparative analysis was made on the basis of number of diagnostic tests performed on each patient visiting both treatment and control hospitals. Cairns hospital, Lahore performed at an average three tests for every visiting patient whereas, IIMCT hospital, Rawalpindi could perform only half of diagnostic tests per patient as compared to the former. Hence, the diagnostic test to patient ratio of control hospital was two times the treatment hospital ratio, despite the fact that the treatment hospital was a teaching hospital equipped with state-of-the-art laboratories and highly qualified paramedical staff.

Comparison of diagnostic tests

Financial Year	PRHR (IIMCT) PR Patients	PRCH	PRHR (IIMCT) Pvt. Patients
2021-22	197,907	145,958	115,959
2022-23	220,342	138,778	75,381
2023-24	193,557	81,438	89,119
Total lab tests	611,806	366,174	280,459
No of Patients	440,046	124,326	188,294
Per Patient Test (Average)	1.4	2.9	1.5

Source: Hospital Registration data compiled on HMIS or manual



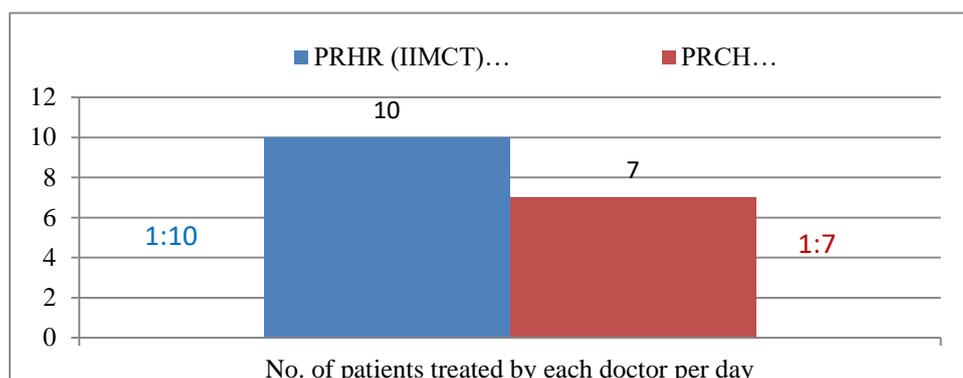
4.2.4.4 Analysis of human resources, HIMS and reimbursement of medical charges

The availability of healthcare staff indicates the quality of medical services in a hospital by virtue of availability doctors and paramedical staff to number of patients. Patient to doctor ratio in a given health facility determines the span of doctor time available for each patient and the quantum of time spent on each patient is directly related to success/failure of diagnosis, treatment and prognosis. The analysis of available data illustrated that doctor to patient ratio in IIMCT was 1:10 whereas, the same was 1:7 for Cairns hospital, Lahore which depicted that more doctor time was available for each patient presented for examination in Cairns hospital (**Annexure-41**). Another global adopted measure of the health of organizational structure in healthcare facility is doctor to nurse ratio is 1:4, whereas both treatment and control hospitals had lessor number of nurses as compare to doctors. The only distinctive attribute of IIMCT hospital, Rawalpindi's human resource was presence of trainee doctors and postgraduate trainees in large number because of the fact that the said facility was a teaching hospital. Hence, the inclination of patient volume towards outdoor patient department as compared to the indoor department of IIMCT hospital, Rawalpindi could be linked to the presence of trainee doctors in almost double the numbers of regular doctors. The reduction of indoor admissions and concentration of outdoor examinations for PR patients than agreed ratios may suggest outdoor examination by trainee doctors.

Human Resource Strength of Treatment and Control Hospital

Staff Position	(IIMCT+PRHR)	PRCH
Doctors	58	17
Doctor Trainees (HO/PGs)	170	0
Nurses	55	16
Paramedical Staff	58	97
Other support staff	159	25
Total	500	155

Source: Sanctioned strength and on roll position of concerned hospital



Hospital Information Management System (HIMS):

A Hospital Information Management System (HIMS) centralizes patient records, staff details, inventory, billing and scheduling. It helps healthcare professionals access patient data and hospital information whenever and wherever it's needed. It was observed that the HIMS was actively operational in the treatment hospital (IIMCT-PRHR), allowing both patients and doctors to access patient history and test results. Contrarily, there was no database or HIMS in PRCH for managing patients, human resources, inventory, and machinery/equipment. It indicated a significant gap in operational efficiency and data management.

Reimbursement of medical expenditure:

The financial burden of reimbursement of medical charges to pensioners and serving officials of PR and purchase of drugs and medicines shifted from PR to IIMCT after intervention in treatment group hospital which had been compared with control group hospital:

Reimbursement of medical expenditure in treatment vs control

(Rs in million)

Hospital	Budget	Expenditure reimbursed	Percentage
PRHR	29.84	24.8	16.89
RRCH	90.63	72.93	19.53
IIMCT	84.13	97.14	115.46
Total	204.6	194.87	4.76

Source: Hospital Accounts and Budget record

The above analysis exhibited that during 2021-22 to 2023-24, IIMCT disbursed an amount of Rs 97.14 million that showed a positive trend, this expenditure would have been charged to PR if this intervention had not occurred. In-depth analysis revealed that as per agreement clauses 2(C), 2(D) and clause 3 of agreement 2019, the IIMCT made short reimbursement of Rs 13.86 million which needs to be recovered from IIMCT as given hereunder. On the other side, PRCH reimbursed medical expenditure of Rs 72.93 million from Railway budget against allotment of Rs 90.63 million.

Summary of short reimbursement of medical expenditure by IIMCT during last two FY's

(Rs in million)

Description	2022-23	2023-24	Total
Amount Reimbursed by IIMCT	30.47	34.07	64.54
Required to be reimbursed	39.20	39.20	78.4
Short reimbursement	8.73	5.13	13.86

Source: Hospital Accounts and Budget record

4.2.4.5 Analysis of number of surgical operations carried out in both hospitals

The number of surgeries performed by a hospital not only indicates the level of hospital (primary, secondary and tertiary) but also sheds light on the availability of high end professional medical expertise. There were two distinctions between treatment and control hospitals which were necessary to be stated for comparative analysis in terms of tertiary healthcare provision Cairns hospital Lahore also serves as referral hospital for PR patients from all over Pakistan which implies that generally more serious and chronic patients are treated by this hospital. The IIMCT hospital, Rawalpindi is a teaching hospital with large number of trainee

doctors who are supervised by consultants, therefore, these consultants are available for students as well as patients. The analysis of data on surgeries conducted during the audit assignment period was done on the basis of three parameters for control and treatment hospitals. In addition to that, the surgeries were divided into two major categories i.e. major and minor surgeries. Major surgeries included open gallbladder, thyroid and nephrectomy whereas minor surgeries comprised of hydrocele, circumcision, dressings etc. IIMCT hospital, Rawalpindi performed 24% of all surgeries on PR patients as compared to 76% on private patients, the preference remaining tilted towards private patients, ignoring parity in provision of all kinds of services to PR patients as per agreement. However, the major surgeries performed in PRHR for Railway patients were 15 times higher than those performed in PRCH Lahore. Conversely, the number of minor surgeries performed in the later was four times higher than the treatment hospital. Despite the fact that IIMCT had more number of doctors, particularly consultants, every doctor performed less than one surgery per month for PR patients while four surgeries per month for private patients on average. Cairns hospital Lahore, performed three surgeries per month per doctor despite the fact that it was not a teaching hospital and technical expertise were governed by public organization eligibility criteria. Whereas, Cairns hospital Lahore comparatively had been more efficient in providing tertiary healthcare facilities despite financial constraints.

Surgeries performed in Treatment vs Control Hospital

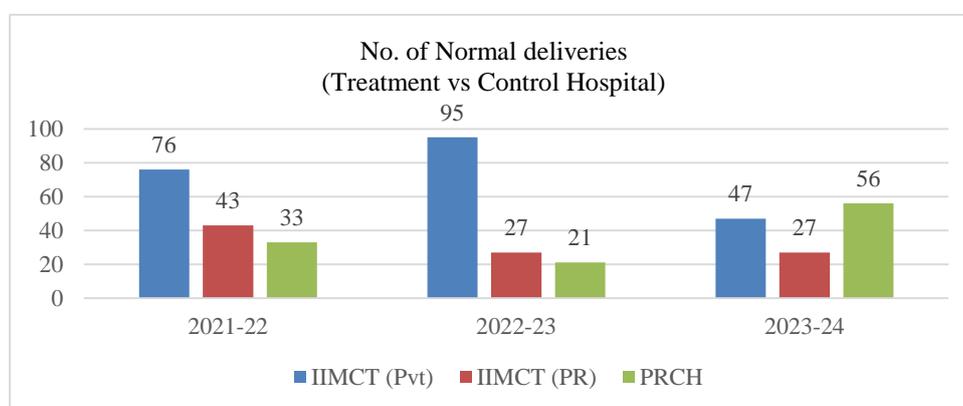
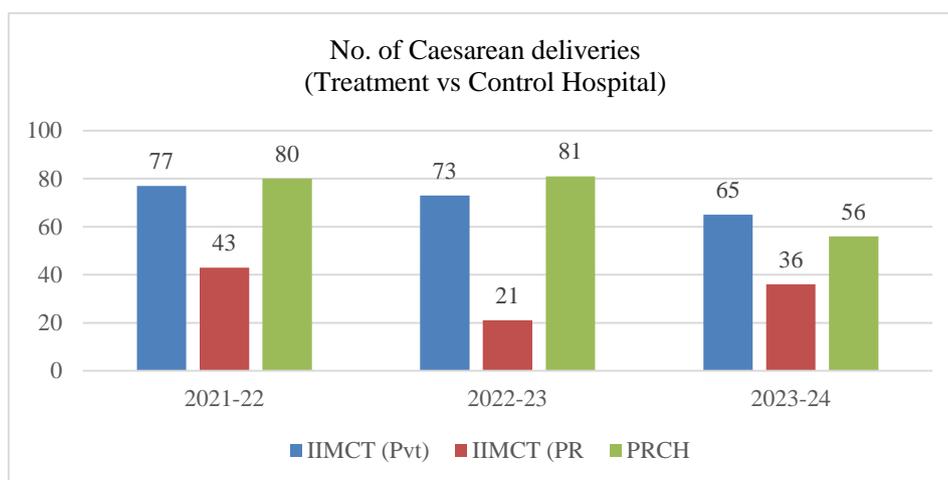
Financial Year	PRHR (IIMCT Rly Pat's)	PRCH (Rly Pat's)	PRHR (IIMCT Pvt. Pat's)
Minor Surgeries	445	1868	4,124
Major Surgeries	334	22	3,095
Total	779	1,890	7,219
No of Doctors	58	17	58
Surgeries per Doctor	13	111	124
No of months in three FY's	36	36	36
No of surgeries per Doctor Per month	0.36	3.08	3.44
Total surgeries in IIMCT (Rly 779+Pvt 7,219) = 7,998	10% (779/7,998)	-	90% (7,219/7,998)

Source: Monthly report of hospitals for divisional meeting and for CMO office

4.2.4.6 Analysis of gynecological and pediatric services

The gynecology department in a hospital is important because it provides comprehensive healthcare for a normal reproductive process and it is also most frequently visited department of any public hospital. PR hospitals provide services for childbirth including antenatal and postnatal care. Childbirth with surgical intervention is a specialized and tertiary care health service and number of caesarean deliveries performed by a hospital indicate level of specialized care in childbirth process. A comparative analysis based on statistical data for normal and caesarean deliveries had been made to gauge the availability and provision of primary and tertiary healthcare in gynecology departments of both hospitals.

Comparison of Surgeries, SVD and other Patients (Treatment vs. Control)



The data for caesarean deliveries related to PR patients showed that a total number of 317 caesarean surgeries were performed in both treatment and control hospitals; Cairns hospital, Lahore performed 217 surgeries, leading the way by performing 68% of the total caesarean surgeries. IIMCT hospital Rawalpindi performed 32% caesarean surgeries for PR patients and 68% for private patients, thereby, extending preferential tertiary healthcare treatment to private patients against the provision of the contract. The equation was reversed for provision of primary healthcare; the treatment hospital performed 69% of total normal deliveries in both hospitals. PR patients had share of only 31% for normal deliveries against the reserved quota of 50% of total normal deliveries performed by IIMCT hospital, Rawalpindi (**Annexure-42**). Therefore, it can be statistically inferred that Cairns hospital, Lahore provided relatively better specialized healthcare services to PR patients in gynecology department than IIMCT hospital, Rawalpindi, whereas, primary healthcare facilities were more readily available in treatment hospital. The treatment hospital remained preferentially tilted towards private patients in provision of both primary and tertiary healthcare services to private patients in relation to PR patients.

4.2.4.7 Impact on Patients lives

Patient satisfaction level is the corner stone of availability and quality of services provided by a healthcare institution. The input of end user of medical services in treatment and control hospitals had been taken as a qualitative variable to assess the impact of long-term initiative and authenticate results of statistical comparative analysis performed on quantitative variable. The qualitative variable of 'patient satisfaction level' was assessed on the basis of two major categories; measured through patient responses on ten indicators (**Annexure-43**) in control and treatment hospitals.

- A- Core medical facilities to patients in the hospital,
- B- Allied facilities in the hospital.

A. Core medical facilities to patients in the hospitals (Treatment verses Control Group)

The first category of core medical facilities to patients was assessed on the basis of four indicators which encompassed most influential factors in determination of performance of a hospital in this category. The differences in terms of number of doctors, existence of hospital pharmacy and diagnostic labs in treatment and control hospitals had already been illustrated in quantitative analysis.

Facilities	Grading & Evaluation Criteria		Benchmark	PRCH	PRHR	Difference (Result)
Availability of Dr's and Specialist	Yes	1	Yes	81%	91%	10%
	No	0				
Provision of Medicines	0 to 25%	10	25% to 50%	78%	72%	6%
	25% to 50%	5		18%	18%	0%
	100%	0		4%	10%	-6%
Lab Tests (Internal)	More than 2	1	More than 2	33%	84%	51%
	2 or less	0		67%	16%	51%
Lab Tests (External)	More than 2	1	2 or less	50%	38%	12%
	2 or less	0		50%	62%	12%

The survey results predicted that availability of doctor and specialist was relatively higher in IIMCT hospital, Rawalpindi to a degree of 10% as compared to Cairns hospital, Lahore despite the fact that the former was a teaching hospital and houses trainee doctors three times the number of regular doctors including seventy postgraduate trainees who were authorized medical practitioners. Both hospitals performed equally with negligible difference in provision of medicine to PR patients. On average, IIMCT hospital, Rawalpindi performed more than two diagnostic tests on each patient than its counterpart, whereas, Cairns hospital, Lahore performed better in conducting one to two tests per patient. It is pertinent to mention here that treatment hospital was bound by agreement to upgrade pathology labs to state of art standards along with expansion of operations. Half of the respondents asserted that Cairns hospital, Lahore referred patients for more than two diagnostic tests to any other diagnostic

facility. On the other hand, 62% PR patients opined that they had been referred to another diagnostic facility for one or two lab tests by IIMCT hospital, Rawalpindi. Although, the indoor testing facility in treatment hospital was better than the control hospital but the quantum of referral to external diagnostic facilities did not reflect substantial difference.

B- Allied facilities in the hospitals

The second category of ‘allied facilities in the hospitals’ was assessed on the basis of six indicators most closely related to the category.

Basic Facilities	Grading and evaluation criteria		Benchmark	PRCH	IIMCT	Difference (Results)
Registration Time	5-10 minutes	1	5-10 minutes	85%	72%	13%
Sitting Facilities	Yes	1	Yes	90%	93%	-3%
	No	0				
Discrimination in-between Private and PR employees	Yes	1	No	-	62%	12%
	No	0				
Environment & Cleanliness	Excellent	10	5	28%	35%	-7%
	Good	5		63%	58%	5%
	Poor	0		9%	7%	2%
Quality of Medical Treatment	Excellent	10	5	25%	42%	-17%
	Good	5		62%	48%	14%
	Poor	0		13%	10%	3%
Professional Attitude of Para medical Staff	Excellent	10	5	34%	26%	8%
	Good	5		52%	60%	-8%
	Poor	0		14%	14%	0%

Both hospitals performed same on the indicator of ‘professional attitude of para medical staff’, responses ranging from good to excellent. Patients rated IIMCT hospital, Rawalpindi slightly better by 2% to 3% on the indicators of ‘environment and cleanliness’, ‘sitting facilities’ and ‘quality of medical treatment’. Cairns Hospital, Lahore was assessed better by a considerable lead (13%) in terms of ease of access to doctors and specialists through the indicator of time taken for registration. The most significant result of patient survey was the response, of 62% of the respondents on the indicator of ‘Discrimination in-between Private and PR

employees', that PR patients had been discriminated against private patients in provision of healthcare facility at IIMCT hospital, Rawalpindi. The survey results on qualitative variable validated the results of comparative analysis where it had been statistically drawn that PR patients had been discriminately treated in terms of provision of tertiary healthcare facilities.

4.2.5 Departmental Response

The report was discussed in DAC meeting held on 21.01.2025. The Chair appreciated the efforts made by audit in highlighting the issues in impact audit report on Franchise Agreement of Pakistan Railways Hospital, Rawalpindi. The chair also directed the concerned POs to take course corrective measures to address issues pointed out by Audit.

4.2.6. CONCLUSION

The intervention was first of its kind in PR medical department wherein a divisional level hospital was handed over to a public welfare trust for operations, upgradation and expansion with a view to provide better healthcare services to the employees of PR and deserving population. IIMCT hospital, Rawalpindi, under the said arrangement, expanded from 150 to 350 bedded hospital and its status changed to a teaching hospital with addition of thirteen new departments. The expansion and upgradation did not reflect itself in provision of tertiary healthcare facilities to PR patients due to the fact that their private competitors were preferentially treated particularly in case of prolonged illness and subsequent indoor admissions. The share of PR patients under the provision of the agreement was decreased, firstly by contractual amendments and secondly by discrimination in provision of services. The treatment hospital acted as clinical facility for PR patients by catering 80% of them in outpatient department to set right the contractual statistics. Against a provision of parity, the bed availability for PR to private patient remained 1:4 in treatment hospital, the diagnostic test to patient ratio and number of surgeries per doctor per month for PR patients remained respectively twice and thrice as good in Cairns hospital, Lahore as compared to IIMCT hospital, Rawalpindi, despite the fact that the later had

three times the doctor strength of the former and the same was coupled with the presence of postgraduate trainee doctors in substantial numbers. The intended upgradation and expansion under the initiative did little to ameliorate the financial woes of PR medical department as the amount of reimbursement of medical charges against non-availability of in-house healthcare services had not been decreased. The specialized healthcare for gynecology and pediatric in IIMCT hospital Rawalpindi remained comparatively tilted towards private patients than PR patients, particularly in terms of surgical interventions. The qualitative surveys, through responses from PR patients on selected indicators, validated the results of quantitative analysis that PR patients had been discriminated against private patients at IIMCT hospital, Rawalpindi, whereas, patient responses on other indicators of ambiance and allied facilities for both hospitals remained comparatively neutral. Moreover, the one third of revenue from indoor private patient earnings, as per provision of the agreement, was never shared with PR. Therefore, quantitative analysis and qualitative surveys had led Audit to conclude that the initiative had neither made significant positive impact in provision of better healthcare facilities nor contributed towards revenue earnings of PR. The intended outcomes could not be achieved due to flawed contract management and inefficient monitoring mechanism of PR.

Critical analysis coupled with pragmatic recommendations paves way not only for future decisions but also aids in current management. PR can only reap the benefits of private partnerships in promoting welfare of its employees and generation of additional revenues by sound contract management and development of robust monitoring mechanism to proactively thwart breaches of the contract.

Annexures

MFDAC

Sr #	DP No.	Subject
1.	24003	Loss on account of operation of Heritage Department-Rs 4.34 Million
2.	24005	Irregular cash payments to employees for office use - Rs18.63 million
3.	24007	Fraudulent payment to supplier on quotation/estimate bill- Rs.0.48 million
4.	24010	Non-writing off advances granted to MoR against Khushal khan Khattak Express despite acceptance of reconciliation- Rs.33.59 million
5.	24011	Loss on train management of Rehman Baba Express due to acceptance of higher rate without feasibility- Rs.79.53 million
6.	24012	Irregular transfer/utilization of PSDP funds received from PIU for renovation and maintenance of rest house of PRACS- Rs.16.98 million
7.	24013	Non-adjustment/recovery of mobilization advance – Rs 5.92 million
8.	24014	Mis-procurement of IT related items due to violation of PPRA Rules- Rs.3.98 million
9.	24017	Irregular expenditure on account of pay & allowance due to irregular/unauthorized reappointment of PRFTC employees- Rs.1.15 million
10.	24020	Irregular/unauthorized enhancement of pay & allowances without approval of competent authority and against legal opinion- Rs.0.96 million
11.	24022	Excess consumption of electricity by ARC Furnace - Rs 4.78 million
12.	24024	Financial loss due to delayed payment to LESCO- Rs.2.59 million
13.	24026	Temporary mis-appropriation of funds due to non-adjustment of misc. advance local purchase- Rs.2.18 million
14.	24033	Loss on account of excess payment to SEPCO-Rs 21.99 million
15.	24035	Loss of potential saving due to delay in completion of solar system installed at DS Office Multan- Rs.3.9 million
16.	24037	Non-recovery on account of monthly share of PRFTC from Pakistan Railways – Rs 200 million
17.	24038	Loss due to default by the contractor- Rs.11.76 million
18.	24040	Loss due to Non-recovery of Loan and Advances- Rs.4.3 million
19.	24041	Loss due to double payment to contractor – Rs 1.74 million
20.	24042	Un-justified payments on account of pay and allowances to Ex-CEO PRFTC- Rs.9.74 million
21.	24043	Loss of interest income on bank deposits due to non-submission of form 29 & A – Rs 1.21 million
22.	24044	Irregular reimbursement of medical charges- Rs.1.58 million
23.	24046	Unjustified expenditure on account of shifting and renovation of PRFTC Office- Rs.1.31 million
24.	24047	Irregular expenditure on appointment of officers and staff-Rs.316.19 million

Sr #	DP No.	Subject
25.	24048	Irregular expenditure on official vehicles -Rs 3.29 million
26.	24052	Loss due to non-adjustment on account of excess payment to SEPCO against reference No. 24 38523 0023900U- Rs.2.07 million
27.	24053	Loss due to wasteful/un-justifiable Irregular/unjustified issuance of HSD oil to non-CBI station self-declared as CBI Station- Rs.1.57 million
28.	24054	Loss due to wasteful/un-justifiable expenditure on account of establishment charges on closed/out of orders Power House Sukkur- Rs.22.25 million
29.	24055	Loss due to extra consumption of electricity due to non-availability of water storage tanks and control valves with DWT pumps- Rs.20.67 million
30.	24056	Loss due to non-disconnection of electric feeder RPH 2- Rs.7.33 million
31.	24057	Loss of electricity charges due to non-installation of water storage tanks with DWT pumps- Rs.25.17 million
32.	24062	Unauthorized utilization of Deposit Misc. funds for Revenue works- Rs 3.08 million
33.	24065	Irregular appointment of staff on TLA Basis against policy- Rs.3.47 million
34.	24069	Non-consideration of loss of HSD Oil due to accidents & derailments- Rs 6.35 million
35.	24072	Incurrence of Excess Expenditure due to non-compliance of austerity measures- Rs.2.09 million
36.	24074	Loss of earnings due to short composition of trains- Rs.58.05 million
37.	24075	Un-authorized cash withdrawal from station earnings- Rs.3.61 million
38.	24078	Misappropriation of 37710 liters of HSD oil valuing- Rs.9.46 million
39.	24082	Unjustifiable expenditure on salaries of meter readers of colonies handed over to HESCO- Rs.3.32 million
40.	24086	Non-reconciliation of payments with DISCOS resulting into less accountal of Electric Expense of Karachi Division- Rs.10.1 million
41.	24089	Irregular issuance of cable for connection of newly installed meter by HESCO.- Rs.1.07 million
42.	24091	Irregular expenditure due to splitting up of the procurement- Rs.4.86 million
43.	24092	Loss of earnings due to late issuance of allotment- Rs.2.56 million
44.	24093	Loss of potential earnings due to non-achievement of targets- Rs.1483.9 million
45.	24094	Loss due to underscoring the importance of prudent decision-making in auction of vending stall- Rs.2.8 million
46.	24098	Loss due to mis-use of official vehicles- Rs.3.16 million
47.	24099	Irregular drawl of POL Rs. 13.018 million
48.	24100	Irregular payment of pay & allowances of Guards – Rs 27.054 million
49.	24102	Irregular contract for hiring of buses for transshipment of passengers – Rs 23.907 million
50.	24103	Loss of potential earning due to non-restoration of 23-Dn/24-Up Akbar Express- Rs 195.28 million

Sr #	DP No.	Subject
51.	24105	Unauthorized payment to local bus association (private vehicles contractor)- Rs.0.91 million
52.	24106	Loss of earnings due to non-achievement of targets- Rs.190.2 million
53.	24108	Loss due to running of Sibi- Hurnai Passenger- Rs.1.91 million
54.	24110	Unauthorized payment to private vehicles- Rs.1.03 million
55.	24112	Loss due to unjustified contractual appointment & mis-utilization of Staff- Rs.5.38 million
56.	24118	Recoverable unjustified payment to running staff- Rs.1.4 million
57.	24122	Loss due to undue favor to contractor- Rs.3.21 million
58.	24124	Loss due to irregular occupied space of Cafe line at Rohri Station- Rs.29.39 million
59.	24125	Loss due to wrong fixation of Rates of container carrying rolling stock- Rs.5.24 million
60.	24126	Loss due to Extra haulage of goods train from Jhampir to Marshalling Yard Pipri due to non-provision of Way Bridge and fixation of freight rates at lower- Rs.11.62 million
61.	24127	Loss due to Non/Late allotment of stacking space to the cargo contractor- Rs.1.79 million
62.	24128	Misappropriation of Cash- Rs.24.15 million
63.	24132	Loss due to deduction of dip-shortage charges by PSO from revenue of PR- Rs.29.06 million
64.	24135	Irregular execution of agreement regarding coolie contract- Rs.8.45 million
65.	24136	Irregular occupation of Railway godown on account of goods on ground- Rs.33.32 million
66.	24138	Loss of revenue due to decrease in parcel earnings- Rs.4.05 million
67.	24141	Misappropriation/embezzlement of government money- Rs.2.49 million
68.	24143	Unjustified payment of Mileage allowance- Rs.49.98 million
69.	24144	Theft of station earnings/cash- Rs.0.51 million
70.	24146	Loss on account of excess area occupied by Parking stand contractor- Rs.2.39 million
71.	24149	Irregular expenditure on account of repair & maintenance/ procurement from Deposit works - Rs 4.839 million
72.	24151	Loss of earnings due to non-auction of vending stalls/car parking stands- Rs.10.95 million
73.	24154	Mis-procurement due to splitting up the procurement of similar items- Rs.2.89 million
74.	24155	Irregular/Unauthorized expenditure from deposit works- Rs. 3.377 million
75.	24159	Loss of revenue due to award of parking contract at lower rate and execution of defective agreement- Rs.1.95 million
76.	24160	Loss on account of refund of wharfage charges- Rs.61.74 million

Sr #	DP No.	Subject
77.	24162	Acceptance of fake bank instrument as bid security – Rs 5.05 million
78.	24164	Irregular/Fraudulent receipt of earning share by the contractor- Rs.1.37 million
79.	24165	Irregular/ unauthorized subletting of contract by the contractor- Rs 40.37 million
80.	24166	Loss due to irregular award of contract without tendering- Rs.17.79 million
81.	24167	Mis procurement & irregular award of contracts due to defective prequalification Rs 1.27 billion- Rs 1210.31 million
82.	24168	Mis-procurement by extending undue favor to private contractor over public sector enterprise – Rs 347.21 million
83.	24169	Irregular payment without approval of CEO RAILCOP- Rs.131.28 million
84.	24170	Irregular disbursement of cash to vendors / employees Rs 47.81 million.- Rs 47.81 million
85.	24172	Unfair view of financial statements due to under state expense and liability Rs 16.33 million
86.	24173	Loss due to quoting un-justified rates in bid and delay in execution of project- Rs.5.49 million
87.	24174	Loss due to delay in execution of project- Rs.5.84 million
88.	24175	Poor asset management resulting into loss of machinery- Rs.10.89 million
89.	24176	Loss due to poor project management and non-carrying out of pre-bid analysis- Rs 22.46 million
90.	24177	Loss due to non-payment by employer- Rs.11.35 million
91.	24179	Irregular cash payment to supplier- Rs 4.19 million
92.	24180	Loss of revenue due to delay in completion of AIOU gilgit project – Rs 27.32 million- Rs 27.32 million
93.	24181	Fraudulent payment to vendor due to unverified signatures – Rs 54.902 million- Rs.55.9 million
94.	24182	Recoverable amount against Pakistan Railways on account of TWS (Raiwind) and TNS (Lahore) - Rs.1,401.95 million
95.	24183	High risk procurement due to extension of delivery time without performance guarantee – Rs 133.594 million
96.	24185	Loss due to procurement and supply of non-BOQ items to client – Rs 1.98 million
97.	24187	Irregular procurement of vehicles without observing contract clause- Rs 23.52 million
98.	24188	Irregular execution of work without receipt of mobilization advance- Rs 181.5 million
99.	24189	Recoverable amount as per KIBOR/ interest clauses on account of bill receivables due from Pakistan Railways - Rs.593.62 million
100.	24190	Irregular procurement to avoid tender by splitting of identical items - Rs.4.99 million

Sr #	DP No.	Subject
101.	24191	Loss on project of track machines shop Lahore for FY 2022-23- Rs 15.58 million- Rs 15.58 million
102.	24192	Irregular cash procurement in piecemeal to avoid tender & banking channel - Rs 21.529 million- Rs 21.53 million
103.	24194	Loss due to imported spares over local manufacturing at TMS Lahore- Rs 21.74 million
104.	24195	Loss of revenue due to decline in production of track workshop project Raiwind during FY 2022-23-Rs.570.75 million
105.	24197	Cash payment to suppliers- Rs 2.88 million
106.	24198	Loss due to poor quality of work executed- Rs.16.72 million
107.	24199	Unjustifiable extension in scope of work- Rs.61.13 million
108.	24200	Mis-representation of losses as receivables in various projects and booking the same as bad debts against current projects- Rs 28.07 million
109.	24202	Loss due to acceptance of tender on unjustifiable rates and non-supply of stone ballast; poor quality of work executed- Rs 4.26 million
110.	24203	Non-submission of bills amounting Rs 54.035 million and recurring loss of Rs 11.37 million per annum
111.	24204	Loss due to poor project management and non-carrying out of pre-bid analysis- Rs.5.89 million
112.	24205	Loss of project saving due to non-implementation of manufacturing upgradation of BOLT at TWS Raiwind for FY 2022-23- Rs.10.32 million
113.	24207	Blockage of capital due to unnecessary purchase of control cabinet equipment of DE Loco 8224- Rs.119.36 million
114.	24209	Non-provision of credit of released material- Rs.4.73 million
115.	24210	Non-surrender of un-utilized cash releases- Rs.288.99 million
116.	24211	Non-transfer of amount from Account XVIII to Account III on account of utilization of revenue material on recommissioning of 03 HGMU Locomotives- Rs.6.18 million
117.	24212	Loss due to marked exchange rate difference and project authorities' negligence in timely re-commissioning of the Locomotives D.E 6022 AGE 30- Rs.224 million
118.	24213	Un-realistic resources estimation and re-revision of PC-I leading to failure of re-commissioning of DE Loco No.9021 GEU-40- Rs.1122 million
119.	24214	Loss on account of holding two running locomotives due to pooling of material- Rs.33.67 million
120.	24218	Mis-procurement due to splitting of transactions- Rs.6.11 million
121.	24219	Loss due to extra expenditure on account of indigenous material of AGE-30- Rs.17.95 million
122.	24220	Doubtful utilization of cash imprest- Rs.0.98 million
123.	24223	Non-forfeiture of security money due to default of contractor- Rs.1.99 million

Sr #	DP No.	Subject
124.	24232	Undue favor to contractor by application of incorrect composite schedule rates- Rs.0.72 million
125.	24236	Defective estimation resulting in changes of scope of work- Rs.5.52 million
126.	24237	Non-realization of cost of rail material issued to projects- Rs.3.82 million
127.	24238	Loss due to less charging of cost of Rails issued to Deposit Works- Rs.3.79 million
128.	24240	Loss due to less receipt land lease charges and annual rent in violation of policy directives- Rs.67.87 million
129.	24241	Unauthorized utilization of Deposit Misc. funds for revenue works- Rs.5.55 million
130.	24244	Irregular procurement of materials due to splitting- Rs.2.91 million
131.	24246	Irregular transfer of credit TCs for supply of P Way material and non-transfer of cash from SBP account- Rs.108.55 million
132.	24247	Irregular utilization of provision of contingencies (store) for procurement of ballast- Rs.2.35 million
133.	24249	Non-accountal of P-Way material supplied by TSO for CTR of Line No.4 and Y & Z area Malir Cantt.- Rs.64.66 million
134.	24250	Irregular procurement of material for renovation of bungalow by re-appropriation of funds of deposit work - Rs 1.49 million
135.	24251	Loss/excess payment to the contractors on supply of building material and hiring of excavator- Rs.0.53 million
136.	24252	Wasteful expenditure on painting work of microwave towers- Rs.1.00 million
137.	24255	Suspected misappropriation of P-Way material due to non-maintenance of initial record by PWIs- Rs.14.28 million
138.	24256	Bogus issuance of P-Way material- Rs.24.38 million
139.	24261	Non-deduction of shrinkage charges of 25% voids from the supply of pitching stone- Rs.8.86 million
140.	24262	Bogus payment on account of local purchase of bitumen and pipe items- Rs.0.98 million
141.	24263	Non-drawl of completion reports of completed deposit works and non-returning of remaining balance- Rs 394.3 million
142.	24264	Irregular/doubtful expenditure on account of repair of official vehicles- Rs.0.6 million
143.	24265	Loss due to non-repair of Walkie Talkie and Replacement of Parts- Rs.0.4 million
144.	24270	Irregular revision of specifications after rejection of the lube oil -Rs 7.13 million
145.	24272	Loss due to wasteful expenditure on conversion of a condemned coach into brake van- Rs 4.18 million
146.	24277	Loss to national exchequer due to nomination of non-technical officers for pre-shipment inspection – Rs 3.04 million
147.	24279	Loss due to poor maintenance of coaching stock- Rs.76.1 million

Sr #	DP No.	Subject
148.	24289	Loss due to unjustified payment of maintenance charges of ballast cleaning machine during period of zero performance-Rs 4.52 million
149.	24295	Irregular sale/leasing of Railway land- Rs 221.83 million
150.	24305	Loss due to unjustified change in the effective date of passengers insurance agreement- Rs.47.4 million
151.	24306	Loss due to unjustified deduction on account of dip shortage- Rs.613 million
152.	24307	Loss due to unauthorized deduction of Income Tax by PSO from freight payments of PR- Rs.172.38 million
153.	24308	Non-recovery of freight charges on account of monthly shortfall quantity of coal from M/S PRFTC/ HSR-Sahiwal Power Project- Rs.14412 million
154.	24309	Loss due to non-implementation of agreement clause regarding freight charges on account of monthly shortfall quantity of coal from M/S PRFTC/JPCL-Jamshoro Power Plant- Rs.3145.07 million
155.	24311	Irregular award of Goods-in-Transit to Afghanistan (GITA) business contracts- Rs.2,103.02 million
156.	24316	Loss due to less recovery of bid amount of luggage van contract for Khyber Mail (1UP/2DN)- Rs.30.08 million
157.	24318	Loss due to non-levy of short transportation charges/penalty on GITA business contractors- Rs.224.06 million
158.	24319	Irregular utilization of Railway earnings for payment of catering contract of Green Line Express- Rs.592.32 million
159.	24327	Irregular issuance of spares to other divisions- Rs.117.42 million
160.	24328	Irregular expenditure on procurement of identical items by splitting-up- Rs.18.96 million
161.	24332	Loss due to award of contracts at higher rates- Rs.21.52 million
162.	24335	Loss due to fictitious payment on account of rectification and commissioning of machine- Rs.15.61 million
163.	24336	Loss on account of wharfage charges- Rs.7.51 million
164.	24337	Irregular/unauthorized acceptance of material without laboratory test- Rs.20.33 million
165.	24338	Time and cost overrun of the project- Rs.5,480.44 million
166.	24339	Blockage of capital due to non-installation of TOT resulted in poor performance of the project- Rs.434.09 million
167.	24341	Loss due to damages of goods stock- Rs.1.08 million
168.	24343	Loss of potential revenue due to delay in classified repair and F Schedule of locomotives- Rs.147.15 million
169.	24344	Loss due to theft of locomotive parts- Rs.34.94 million
170.	24345	Irregular issuance of HSD oil in excess of fixed quota- Rs.71.64 million
171.	24346	Unjustified payment of overtime- Rs.7.52 million
172.	24348	Irregular issuance of HSD oil without dispensing meters- Rs.3147 million

Sr #	DP No.	Subject
173.	24349	Loss due to fueling of power vans from loco shed- Rs.2.3 million
174.	24350	Irregular issuance of HSD oil without issue notes-Rs 90.971 million
175.	24351	Loss of potential earnings due to withheld locomotives for classified repair- Rs.33.49 million
176.	24356	Loss due to excess consumption of HSD Oil by DE Locomotives and Drivers/Shunters over and above the fixed ration- Rs.10.1 million
177.	24357	Irregular purchase from unapproved contractors without testing and chemical composition checklist- Rs.10.8 million
178.	24358	Loss due to excess consumption of lube oil- Rs.1.58 million
179.	24359	Wasteful expenditure on procurement of sleepers from HIS Industries, Karachi- Rs.143.46 million
180.	24360	Non-recovery of funds on account of dispatched sleepers- Rs.277.7 million
181.	24361	Procurement of substandard material due to non-execution/ failure of lab test- Rs.20.87 million
182.	24363	Loss due to extra consumption of electricity in manufacturing of one sleeper- Rs.5.14 million
183.	24364	Loss due to wastage of material in manufacturing process- Rs.1.45 million
184.	24365	Loss due to non-receipt of funds on account of supply of sleepers- Rs.7.2 million
185.	24366	Wasteful expenditure on account of TLA due to non-achievement of targets- Rs.10.17 million
186.	24367	Loss due to application of incorrect rates of sleepers- Rs.283.11 million
187.	24368	Loss due to procurement of material at higher rates- Rs 2.14 million
188.	24374	Un-economical use of operational vehicles- Rs.10.86 million
189.	24377	Non-deposit of amount of traffic challans in Railway treasury -Rs 1.26 million
190.	24378	Irregular award of contract due to negotiation- Rs.1.08 million
191.	24382	Loss due of earnings/revenue due to delay in finalization of lease agreement- Rs.2.3 million
192.	24383	Loss due to non-utilization of high value commercial land- Rs.3209.16 million
193.	24385	Non-recovery of outstanding rental charges from the lessees of market shops Rs 1.541 million
194.	24386	Loss of earnings due to non-disposal of hard wood/timber- Rs.0.83 million
195.	24387	Excess land occupied/encroached by nursery holders- Rs.1.21 million
196.	24389	Loss of potential earnings due to non-auction/leasing of Marriage Lawn- Rs.17.25 million
197.	24390	Unauthorized expenditure on account of purchase of material from Railway Officers Club Multan- Rs.0.34 million

Sr #	DP No.	Subject
198.	24391	Wasteful expenditure on account of pay & allowances to idle staff- Rs.2.76 million
199.	24393	Unauthorized procurement from deposit works without provision in sanction estimate- Rs.0.49 million
200.	24395	Irregular issuance of HSD Oil due to non-maintenance of log books of generators- Rs.0.54 million
201.	24396	Loss due to non-reported theft of material- Rs.2.24 million
202.	24397	Non-utilization of diesel generators -Rs 5.68 million
203.	24400	Loss of HSD oil due to defective turn table at Prem Nagar dry port – Rs 173.104 million
204.	24401	Irregular payment on account of overtime allowance- Rs.5.48 million
205.	24404	Loss on account of derailments of rolling stock in yards/sheds- Rs.13.56 million
206.	24406	Loss due to mixing of different oils at loco shed- Rs.13.44 million
207.	24410	Irregular decantation of HSD Oil from en-route locomotives-Rs.11.96 million
208.	24412	Loss of revenue due to unnecessary delay in finalization of fiber optic cases- Rs.1.7 million
209.	24413	Loss due to non-integration of MAS with SAP system – Rs 24.71 million
210.	24414	Irregular /unjustified stock management- Rs.10,182.57 million
211.	24418	Non-imposing of recovery of ground rent charges- Rs.18.06 million
212.	24423	Irregular transfer of material to DSKP-RND- Rs.35.05 million
213.	24426	Illegal occupation of Railway shops due to negligence/connivance of Railway Management- Rs.35.28 million
214.	24429	Land awarded to RAILCOP for use without obtaining monetary benefits- Rs.57.93 million
215.	24434	Loss of potential earnings due to non-auction of prime land- Rs.13.43 million
216.	24435	Loss due to abnormal delay in handing over possession to successful bidders- Rs.2.28 million
217.	24440	Irregular payment of Ad-hoc relief allowance 2010- Rs.47.57 million
218.	24441	Loss due to non-repair and missing of weapons- Rs.1 million
219.	24443	Loss due to mis-appropriation/mis-utilization of empty cement bags- Rs.0.64 million
220.	24450	Loss due to non-establishment of green belts between Raiwind to Shahdara Railway Station- Rs.5.4 million
221.	24458	Loss due to non-receiving of real monetary benefit of rental charges received from Oil Companies- Rs.417.42 million
222.	24459	Non-execution of lease agreement and non-recovery of lease charges from Punjab Rangers- Rs.32.93 million

Sr #	DP No.	Subject
223.	24460	Loss due to non-auction of land- Rs.3.82 million
224.	24461	Loss of revenue due to non-transfer of earnings of Shahi Dear lease case- Rs.6.44 million
225.	24462	Loss of earnings due to unjustified decision – Rs 5.80 million
226.	24463	Suspicious payments on account of Repair & Maintenance of vehicles- Rs.0.35 million
227.	24467	Irregular purchase of material by ignoring codal formalities- Rs.51.35 million
228.	24469	Non-finalization of procurement of vital/top priority items- Rs.2.71 million
229.	24470	Loss due to procurement of un-necessary material-Rs 35.59 million
230.	24471	Loss on award of contract at higher rate due to injudicious decision- Rs.3.82 million
231.	24472	Loss due to mis-procurement- Rs.15.17 million
232.	24473	Non-forfeiture of security money due to non-acceptance of purchase order against rate running contract- Rs.1.39 million
233.	24474	Irregular acceptance of material on variation of description of goods without lab test-Rs 1.11 million
234.	24475	Irregular award of contract to the defaulter firm without competitive bidding and non-forfeiture of security- Rs 57.25 million
235.	24479	Loss due to short supply of imported material -Rs 5.81 million
236.	24480	Wasteful expenditure without physical progress of project-Rs 436.89 million
237.	24481	Wasteful expenditure due to premature failure of traction motors- Rs.88.24 million
238.	24482	Inordinate delay in completion of work orders- Rs.297.85 million
239.	24484	Loss due to non-revision of clause of agreement with SBP- Rs.14.52 million
240.	24485	Loss due to non-completion of contract of Ash and non-recovery of Ground Rent- Rs.3.89 million
241.	24486	Loss due to rejection of shops manufacturing- Rs.3.02 million
242.	24487	Loss due to substandard overhauling of locomotives- Rs.4.13 million
243.	24488	Non-clearance of workshops manufacturing suspense account- Rs.1,542.74 million
244.	24489	Loss due to late payment surcharges on account of sui gas bills- Rs.15.58 million
245.	24490	Irregular expenditure due to procurement of similar items by splitting in violation of PPRA rules- Rs.6.32 million
246.	24491	Delay in preparation of on cost budget and charging of excessive expenditure due to abnormal rate of on cost- Rs.2,296.95 million
247.	24493	Unjustified expenditure on account of piecework and overtime allowance- Rs.346.35 million

Sr #	DP No.	Subject
248.	24497	Unjustified local purchase from unapproved supplier- Rs.1.01 million
249.	24502	Irregular utilization of cash imprest- Rs.0.47 million
250.	24503	Loss due to consumption of fuel in excess of trip ration- Rs.2.6 million
251.	24506	Loss of potential earnings due to short composition of trains- Rs.127.16 million
252.	24508	Loss due to frequent damages to coaching stock- Rs.58.37 million
253.	24511	Frequent transfer of Project Directors
254.	24512	Mis-appropriation due to non-accountal of stone ballast- Rs.0.25 million
255.	24513	Non-forfeiture of bid money for non-completion of special repair of Deep PIT Line- Rs.1.84 million
256.	24514	Non-utilization of new Rails- Rs.3.21 million
257.	24516	Non-drawl of completion report- Rs.110.4 million
258.	24517	Inefficient resource utilization due to non-adoption of latest roof leakage treatment techniques- Rs.0.87 million
259.	24519	Irregular procurement of stone ballast by adopting single stage single envelop method of bidding- Rs.52.2 million
260.	24520	Loss of fuel due to short composition of ballast trains- Rs.1.13 million
261.	24521	Loss due to negligence of Railway management- Rs.1.95 million
262.	24522	Poor Maintenance of Track resulting into loss due to accident- Rs.38.63 million
263.	24523	Issuance of material to PSDP work on book adjustment basis without actual transfer of funds- Rs.39.57 million
264.	24525	Loss due to damaged boxes in connection with CKD & SKD material
265.	24528	Non-clearance of Liabilities- Rs.217.35 million
266.	24529	Irregular payment of Ad-hoc Relief allowance 2010- Rs.13.79 million
267.	24531	Non-recovery of stolen railway material- Rs.0.59 million
268.	24532	Non-handing over Railway material by PRP- Rs.0.83 million
269.	24533	Irregular procurement through splitting or regrouping- Rs.0.57 million
270.	24536	Short/non-deduction of recoverable amounts- Rs.0.32 million
271.	24537	Irregular expenditure on account of Pay & Allowances- Rs.14.59 million
272.	24538	Irregular payment on account of 50% Adhoc Relief Allowance -2010- Rs.60.17 million
273.	24539	Inappropriate assessment of lease rentals and non-execution of agreement- Rs.839.33 million
274.	24540	Loss on account of non-recovery of rental charges of excess area occupied by National Bank of Pakistan- Rs.3.94 million

Sr #	DP No.	Subject
275.	24543	Loss due to procurement of shop made items at higher rate-Rs 35.93 million
276.	24544	Loss due to splitting and procurement of material at higher rate- Rs.14.18 million
277.	24546	Loss due to procurement of hub for Tangshan Bogie at higher rate- Rs.6.78 million
278.	24549	Concealment and mis-reporting of understated financial progress of project-Rs.85.67 million
279.	24550	Irregular expenditure on upgradation of drawing office without provision in PC-I- Rs.8.31 million
280.	24552	Irregular drawl of mileage allowance causing loss to government exchequer- Rs.2.25 million
281.	24553	Excess consumption of fuel on account of passenger trains due to engineering restrictions- Rs.1,116.07 million
282.	24554	Non-auction/ disposal of condemned wagons- Rs.35.4 million
283.	24556	Loss on account of Aviation Fuel- Rs.2.25 million
284.	24559	Loss due to unscheduled stoppage of passenger trains- Rs.8.58 million
285.	24560	Irregular booking of special trains resulting in loss- Rs.2.27 million
286.	24561	Unreliable issuance of fuel- Rs.4,374.95 million
287.	24562	Loss due to attachment of empty coaches with outsourced Badar & Ghouri passenger trains- Rs.0.84 million
288.	24564	Unauthorized deposit of railway land revenue into private bank accounts – Rs 24.748 million
289.	24566	Illegal mutation of extra railway land by District Govt. Quetta- Rs.31.13 million
290.	24569	Unauthorized blockage of capital received on account of demolished shops/quarters- Rs.328.28 million
291.	24570	Unauthorized transfer of funds for Mayo Garden Club- Rs.16 million
292.	24574	Irregular purchases due to unauthorized nomination of shopping committees for local purchases- Rs.10.55 million
293.	24576	Irregular expenditure due to splitting of purchases- Rs.3.71 million
294.	24577	Irregular procurement of paint items- Rs.0.44 million
295.	24579	Irregular procurement of material- Rs.10.42 million
296.	24581	Loss due to expiry of Glass Banding Tape (Fiber Glass)- Rs.0.44 million
297.	24583	Loss due to theft of copper scrap- Rs.31.69 million
298.	24584	Mis-utilization of canteen and marriage hall earnings at CDL Workshops Rawalpindi - Rs 2.81 million
299.	24587	Misappropriation of HSD oil by issuing less fuel- Rs.1.05 million
300.	24589	Loss due to consumption of fuel in excess of trip ration- Rs.2.85 million

Sr #	DP No.	Subject
301.	24592	Deficiency of spare parts of sold condemned wagons- Rs.2.66 million
302.	24593	Loss due to unjustified allowance on ballast supply- Rs.7.98 million
303.	24596	Excess payment of salaries more than the provision in estimate- Rs.15.4 million
304.	24597	Irregular expenditure on maintenance of sponsor's level crossings from Revenue funds through local purchase- Rs.1.52 million
305.	24598	Undue favor to contractor by less forfeiture of performance security-Rs 1.90 million
306.	24599	Loss due to expenditure on fictitious and unjustified recruitment of temporary labour from supervision charges of deposit work- Rs.24.47 million
307.	24602	Infructuous expenditure on account of classified repair (C-I) of Locomotives- Rs.987.67 million
308.	24608	Loss due to poor maintenance of Locomotives under the Project- Rs.20.99 million
309.	24609	Irregular expenditure due to acceptance of material without trial by extending undue favor to the suppliers- Rs.10.85 million
310.	24610	Loss due to short supply of material- Rs.1.97 million
311.	24612	Irregular processing of tender cases- Rs.10.42 million
312.	24613	Unauthorized appointment of Loco Drivers – Rs 2.62 million
313.	24614	Loss due to poor contract management- Rs.8.24 million
314.	24616	Loss due to excess consumption of HSD oil on LOMS– Rs 6.66 million
315.	24617	Unauthorized and excessive issuance of HSD oil for power plants- Rs 5.66 million
316.	24620	Loss on account of accident of a train due to overshooting- Rs.12.73 million
317.	24621	Loss due to excess consumption of lube oil- Rs.1.12 million
318.	24626	Irregular procurement of stone ballast against technical specifications- Rs.15.11 million
319.	24627	Less recovery of operational charges and less provision of gatekeepers in estimates of deposit works- Rs 13.06 million
320.	24629	Loss due to delay in restoration of bridge abutment and abnormal increase in scope of work- Rs.5.28 million
321.	24632	Loss due to wastage of pitching stone in the store of IOW/Sargodha- Rs.36.92 million
322.	24635	Loss of revenue due to irregular/un-authorized auction during ban period- Rs.58.42 million
323.	24638	Loss of revenue due to non-regularization of commercial encroachment under remedial measurement policy- Rs.9.05 million
324.	24641	Loss of rental charges due to non-insertion of escalation clause in the agreements- Rs.1.46 million

Sr #	DP No.	Subject
325.	24642	Suspicious withdrawal from deposit work funds- Rs.3.76 million
326.	24643	Irregular splitting up of similar nature of works resulting in loss- Rs.1.8 million
327.	24644	Loss due to non-repair of Sui gas pipe line- Rs.39.3 million
328.	24645	Irregular procurement from unapproved contractors without testing and chemical composition due to unfair non-transparent procurement process- Rs.16.25 million
329.	24651	Irregular / unjustified utilization of scrap material for track maintenance- Rs.384 million
330.	24652	Irregular payment of Ad-hoc Relief Allowance 2010- Rs.68.99 million
331.	24653	Mis-procurement of works due to splitting up of procurements- Rs.27.07 million
332.	24654	Unauthorized cash disbursement of cash award- Rs.0.58 million
333.	24655	Irregular expenditure due to mis-utilization of Railway Police Personnel as clerks- Rs.2.53 million
334.	24657	Undue favor to contractor by accepting less than 10% performance security- Rs.2.43 million
335.	24660	Irregular awards of contracts on schedule rates instead of through rates- Rs.2.83 million
336.	24661	Wasteful Expenditure on Construction of Useless Boundary Wall at Quetta Railway Station- Rs.0.5 million
337.	24662	Un-economical award of contracts by splitting bridges repair works- Rs.213.03 million
338.	24664	Irregular award of contract to defaulter contractor- Rs.48.5 million
339.	24666	Loss due to injudicious decision of not granting time extension- Rs.9.52 million
340.	24667	Mis-procurement of common use items due to non-execution of rate contract- Rs.1.77 million
341.	24668	Irregular payment through cash instead of Cheque- Rs.5.75 million
342.	24674	Loss of rental charges due to delay in handing over possession of site by extending undue favour to the lessee- Rs.1.1 million
343.	24679	Loss of revenue due to award of lease at low rate- Rs 8.88 million
344.	24682	Loss due to award of car parking contract at lower rate- Rs.1.31 million
345.	24690	Blockage of capital due to non-returning of recovered Railway material to the concerned authorities- Rs.4.96 million
346.	24691	Irregular procurement of uniform due to non-observance of PPRA Rules- Rs.1.66 million
347.	24693	Non-recovery of customs duty/sales tax from contractor – Rs 17.87 million
348.	24694	Wasteful expenditure on dismantling and hiring of DG sets- Rs.9.95 million
349.	24695	Loss due to expenditure incurred outside the provision of PC-I- Rs.33.68 million

Sr #	DP No.	Subject
350.	24698	Loss due to non-regularization of encroached commercial land under remedial policy- Rs.27.11 million
351.	24707	Loss due to unjustified payment on account of overtime- Rs.38.84 million
352.	24708	Un-authorized/ irregular issuance of HSD oil to road vehicles- Rs.12 million
353.	24709	Loss of revenue due to inordinate delay in finalizing of lease- Rs.1.31 million
354.	24710	Loss to the Railways due to fixation of wrong bench mark- Rs.7.96 million
355.	24713	Loss due to inordinate delay owing to non-formulation of Policy for leasing out of Railway Hospitals- Rs.0.48 million
356.	24716	Loss of premium amount due to injudicious decision- Rs.0.84 million
357.	24717	Loss due to non-filing of recovery suits- Rs.2.14 million
358.	24719	Financial Loss due to non-lifting of ban on commercial leasing- Rs.0.95 million
359.	24721	Loss of earnings due to non-construction of shops despite recovery of premium amount- Rs.1.23 million
360.	24725	Blockage of funds due to non-settlement of RR&T Project material- Rs 67.42 million
361.	24727	Loss due to establishment of trespassing instead of construction of flyover/ underpass by the private housing societies - Rs 400.00 million
362.	24728	Loss due to non-shifting of electric supply connections of PLF Risalpur Colony to WAPDA (PESCO)- Rs.21.32 million
363.	24730	Irregular purchases due to unauthorized nomination of shopping committees- Rs.4.98 million
364.	24731	Loss due to installation of substandard telephone exchange and unjustified maintenance agreement- Rs.2.29 million
365.	24732	Loss due to double payment to WAPDA (PESCO) on account of Railway Crossings & HT Line- Rs.4.38 million
366.	24733	Cost overrun due to over-ambitious Project Planning and repeated revisions of PC-I-escalation- Rs.3,837.75 million
367.	24734	Wasteful and unjustified expenditure on foreign training- Rs.164.91 million
368.	24735	Loss of potential earnings due to non-construction of shops- Rs.5.93 million
369.	24736	Loss of potential savings due to inordinate delay in construction of shops- Rs.16.23 million
370.	24739	Irregular utilization of departmental labour as gatekeepers at sponsored level crossings- Rs 5.33 million
371.	24740	Loss due to deploying two gatekeepers on unauthorized level crossings- Rs 0.89 million
372.	24741	Loss due to deputing the labour on closed sections- Rs.11.88 million
373.	24743	Loss due to irregular sale of wagons with retrievable items- Rs.2.73 million
374.	24746	Loss on account of extra expenditure due to non-installation of solar system- Rs.27.49 million

Sr #	DP No.	Subject
375.	24749	Loss due to non-inclusion of annual increase clause in lease agreement- Rs.1.2 million
376.	24750	Loss due to injudicious decision of management- Rs.505.34 million
377.	24751	Loss due to unjustified cancellation of bids by PR management- Rs.19.46 million
378.	24753	Recurring loss due to award of parking stand at lower rates- Rs.7.94 million
379.	24754	Unauthorized execution of leased agreement before approval of Railway Land and Property Rules 2023 – Rs 10.416 million
380.	24755	Unauthorized/unlawful execution of lease agreement during ban period- Rs 1.04 million
381.	24762	Irregular expenditure due to splitting of purchase- Rs.5.33 million
382.	24763	Loss due to unjustified engagement of TLA staff- Rs.3.44 million
383.	24764	loss die to unjustified payment on account of machinist & electrician charges for repair of vehicles- Rs.0.41 million
384.	24765	loss due to payment of unjustified charges in utility bills- Rs.2.13 million
385.	24770	Loss due to wastage of HSD oil from fuel tank of working locomotives- Rs.2.26 million
386.	24771	Loss of earning due to unjustified detention of wagons at MYP- Rs.11.68 million
387.	24773	Loss due to non-utilization of surplus fuel issuers- Rs.3.77 million
388.	24778	Loss due to irregular refund to the contractor – Rs 3.34 million
389.	24779	Loss due to printing of duplicate passes at TP section- Rs.30.31 million
390.	24781	Loss due to demurrage charges- Rs.1.1 million
391.	24784	Loss due to unauthorized execution of lease agreement without policy/approval of CEO/Sr. GM- Rs.4.46 million
392.	24785	Irregular issuance of POL- Rs.0.11 million
393.	24786	Recoverable on account of lost blank EFT books from commercial staff- Rs.0.88 million
394.	24789	Loss of earning due to non-supply of goods wagons for available freight business on the part of railway management- Rs.50.89 million
395.	24794	Loss due to excessive fuel consumption by the management of Sukkur Division- Rs.1.46 million
396.	24795	Loss due to unjustified payment of overtime at JCD-SIB- Rs.3 million
397.	24797	Loss due To Non-Repair and Missing of Weapons- Rs.0.37 million
398.	24800	Suspected mis-utilization/misappropriation of HSD oil consumed in diesel generator set- Rs.1.11 million
399.	24802	Loss on account of extra consumption of fuel due to detention of trains- Rs.6.08 million
400.	24804	Recoverable irregular withdrawal of conveyance allowance- Rs.0.19 million
401.	24806	Irregular procurement of ballast without mentioning of quarry and doubtful testing- Rs.79 million

Sr #	DP No.	Subject
402.	24808	Irregular inclusion of civil work in the contract of security services- Rs.7.8 million
403.	24811	Non adjustment of cost of manufactured items- Rs.113.91 million
404.	24813	Irregular procurement of paint items by changing in specification- Rs.3.3 million
405.	24814	Irregular procurement of material- Rs.11.89 million
406.	24816	Loss of damages to PR rolling stock and property due to accident- Rs.0.31 million
407.	24820	Loss due to delays and excess fuel consumption in passenger trains- Rs.56.42 million
408.	24822	Loss of revenue due to non-leasing of vacant commercial sites- Rs.5.08 million
409.	24823	unreliable issuance of HSD oil due to non-installation of dispensing meters- Rs.2,806.57 million
410.	24825	Non-remittance of Cess charges on stone ballast- Rs.0.15 million
411.	24826	Irregular/doubtful issuance of material- Rs.63.47 million
412.	24831	Irregular/unauthorized acceptance of material without laboratory tests- Rs.5.39 million
413.	24833	Mis-utilization of material procured for the project- Rs.18.82 million
414.	24834	Unjustified expenditure on account of overtime payment- Rs.17.03 million
415.	24835	Incurring of unjustified expenditure on POL, repair and maintenance of vehicles from Deposit Misc – Rs 9.74 million
416.	24837	Irregular award of contract beyond approved PC-I- Rs.6371.76 million
417.	24840	Irregular payment of house building advance by extending undue favor to an employee- Rs.1.01 million
418.	24841	Irregular expenditure on POL charges due to utilization of vehicles beyond entitlement – Rs 2.79 million
419.	24850	Irregular payment of Adhoc relief allowance 2010- Rs.161.64 million
420.	24852	Irregular/unauthorized acceptance of material by giving undue favor to contractor- Rs.4.27 million
421.	24853	Irregular award of contract without obtaining performance guarantee by undue favor to the contractor- Rs.2.72 million
422.	24855	Mis-procurement due to unfair non-transparent procurement process- Rs.2.6 million
423.	24856	Loss due to non-auction of plots/shops- Rs.1.32 million
424.	24858	Unjustifiable expenditure on pay and allowances of Railway police personnel posted at MYP- Rs.9.09 million
425.	24859	Non-deduction of conveyance allowance- Rs.0.5 million
426.	24863	Irregular payment of Adhoc relief allowance 2010- Rs.25.48 million
427.	24868	Irregular expenditure on pay and allowances due to mis-utilization of staff- Rs.25.46 million

Sr #	DP No.	Subject
428.	24869	Loss due to short composition of trains- Rs.32.03 million
429.	24870	Islamabad Dry Port with zero earning on account of freight services
430.	24872	Irregular incurrence/allocation of capital expenditure to Revenue- Rs.20.81 million
431.	24873	Mis-procurement and unauthorized expenditure for procurement of electrical material- Rs 1.62 million
432.	24874	Irregular/unauthorized expenditure on account of installation of solar system net metering at Margalla Railway Station- Rs.1.85 million
433.	24875	Irregular expenditure from Deposit Estimates (Miscellaneous) and Deposit Misc X instead of Revenue heads – Rs 4.91 million
434.	24876	Irregular procurement due to splitting up- Rs.12.28 million
435.	24877	Loss due to non-auction of abandoned poles of overhead telecom lines- Rs.29.85 million
436.	24878	Irregular payment on account of pay and allowances- Rs.11.69 million
437.	24882	Non-clearance of miscellaneous advance- Rs.2.34 million
438.	24883	Loss of potential earning due to non-auction of vending stalls- Rs.2.05 million
439.	24885	Loss of potential earning due to non-auction of vending stalls- Rs.5.76 million
440.	24888	Irregular utilization of project material for revenue works- Rs.26.76 million
441.	24889	Loss due to excess Electric Units charged by LESCO- Rs.11.41 million
442.	24890	Blockage of capital due to unnecessary procurement of a machine- Rs.2.11 million
443.	24892	Non-achievement of revenue targets on account of sundry earnings- Rs.140.52 million
444.	24893	Non-achievement of revenue targets on account of other coaching- Rs.19.52 million
445.	24894	Irregular/unauthorized expenditure from deposit works – Rs 3.17 million
446.	24896	Loss due to avoidable expenditures of rewinding/repair of Electric Motors & Transformers from local market- Rs.2.34 million
447.	24900	Unauthorized expenditure on utilization of vehicles beyond authorization of Cabinet Division- Rs.15.11 million
448.	24903	Irregular and unauthorized utilization of un-surrendered PSDP funds- Rs.100 million
449.	24908	Loss due to non-installation of Weighment Bridge at Rawalpindi station- Rs.820.2 million
450.	24909	Loss due to deduction of dip shortage charges by PSO on negligence of CRR contractor- Rs.3.98 million
451.	24911	Theft of Railway earning at Jhelum Railway Station- Rs.0.51 million
452.	24915	Loss due to misuse of privilege pass & non-finalization of suspension case- Rs.2.33 million

Sr #	DP No.	Subject
453.	24919	Pocketing of rental charges of stall in glass- Rs.0.24 million
454.	24920	Suspected mis-utilization/misappropriation of HSD oil consumed in diesel generator sets- Rs.2.31 million
455.	24921	Non-recovery of outstanding amount from Railway official- Rs.2.95 million
456.	24922	Loss to national exchequer due to less deduction of income/sales tax- Rs.1.17 million
457.	24923	Wasteful expenditure on account of overtime allowance- Rs.76.18 million
458.	24924	Unauthorized expenditure on account of overtime allowance- Rs.58.89 million
459.	24926	Loss on account of shortage of HSD Oil- Rs.51.71 million
460.	24929	Loss of revenue due to delay in classified repair of locomotives- Rs.471.09 million
461.	24930	Loss of earnings due to detention of Coaches and Wagons- Rs.49.52 million
462.	24931	Loss of HSD oil due to idle detention of locos- Rs.14.2 million
463.	24932	Irregular issuance of HSD Oil for road vehicles- Rs.0.51 million
464.	24933	Loss on account of derailments of rolling stock- Rs.0.86 million
465.	24934	Irregular issuance of HSD oil without dispensing meters- Rs.983.91 million
466.	24935	Irregular issuance of HSD Oil in excess of fixed quota- Rs.11.81 million
467.	24936	Non-compliance of discrepancies pointed out by LFO in respect of turn table
468.	24937	Variation in measurement of HSD oil- Rs.1.75 million
469.	24939	Loss due to consumption of HSD oil in excess of trip ration- Rs.8.51 million
470.	24940	Wastage of expenditure due to frequent failure of repaired locomotives- Rs.433.39 million
471.	24942	Loss of potential earning due to short composition of trains- Rs.2.96 million
472.	24943	Loss of earning due to detention of wagon- Rs.0.8 million
473.	24945	Loss due to non-auction of potential sites for fish ponds after introduction of policy framework- Rs.2.91 million
474.	24947	Irregular/unauthorized running of stacking business- Rs.3.79 million
475.	24948	Loss due to unauthorized occupation of Railway bungalow – Rs 2.72 million
476.	24949	Unauthorized occupation of agricultural land without depositing of annual rent by the lessee- Rs.2.27 million
477.	24950	Loss due to illegal construction of shops on encroached Railway land- Rs.7.2 million
478.	24951	Delayed repair of locomotives resulting loss of potential earnings- Rs.4,794.59 million
479.	24956	Loss due to non-leasing of prime railway land- Rs.9,656.24 million

Sr #	DP No.	Subject
480.	24957	Loss due to malafide award of contract at lower rates – Rs 10.78 million
481.	24958	Irregular/unauthorized extension of contract of car parking- Rs.9.82 million
482.	24963	Loss due to leasing of shops by fixing wrong benchmark- Rs.2.72 million
483.	24964	Loss due to award of ballast contract at higher rate- Rs.2 million
484.	24965	Irregular/Unauthorized expenditure on Package B beyond the PCI of the Project of LGB- Rs 95 million
485.	24966	Wasteful expenditure on account of work executed on closed section- Rs.3.6 million
486.	24967	Misappropriation of 4000cft ballast causing loss to Railway- Rs.0.46 million
487.	24968	Loss due to wasteful expenditure owing to non-measurable stacking at Khanewal- Rs.14 million
488.	24969	Suspicious theft of Railway Infrastructure damaged due to hill torrents- Rs.3.22 million
489.	24972	Unauthentic recoupment of 28,800cft ballast by PWI/DWBS- Rs.2.91 million
490.	24973	Loss of investment opportunity due to idle funds- Rs.4.4 million
491.	24974	Short supply of 22,261cft ballast causing loss- Rs.2.31 million
492.	24975	Unauthentic recoupment of 77800cft ballast by PWI/DWBS causing loss- Rs.8.94 million
493.	24976	Irregular and unauthentic distribution of ballast causing loss- Rs.52.31 million
494.	24978	Fraudulent transaction of 19,000cft ballast by PWI/DWBS causing loss- Rs.1.92 million
495.	24979	Irregular issuance of 18,000cft ballast- Rs.1.82 million
496.	24980	Unnecessary procurement of ballast resulting in blockage of capital- Rs.14 million
497.	24981	Unauthorized increase in project cost resulting in wasteful expenditure- Rs.2.92 million
498.	24982	Non-recovery of outstanding dues against defective agreement on account of ballast for deep screening- Rs.7.28 million
499.	24985	Loss due to failure in commercial exploitation of parking stands- Rs.14.61 million
500.	24986	Loss due to failure of contractors of cargo express (501-up/502-dn) to provide agreed freight business- Rs.2084.09 million
501.	24990	Rental loss due to non-possession of marque to lessee- Rs.1.35 million
502.	24991	Loss due to mismanagement of auction for shop- Rs.0.92 million
503.	24996	Irregular/unauthorized award of lease without land plan- Rs.6.56 million
504.	24997	Non-imposition of late payment surcharge on land lease and rental charges- Rs.219.47 million

Sr #	DP No.	Subject
505.	24999	Loss due to fraudulent calculation of commercial land at Mardan station- Rs.152.21 million
506.	24A002	Loss of rental charges due to inordinate delay in handing over the auctioned land- Rs.4.99 million
507.	24A003	Loss due to irregular unauthorized allotment of godown/offices at Mardan station without competitive bidding- Rs.621.14 million
508.	24A005	Non-installation of reconciliation/ verification of distributed electric units and non-calculation of line losses
509.	24A007	Mis-management due to non-repair/expiry of weapons- Rs.1.73 million
510.	24A008	Irregular appointments on fake educational certificates- Rs.2.15 million
511.	24A011	Misappropriation of 13000cft ballast due to dual verification of same challan- Rs.1.31 million
512.	24A012	Unauthorized jurisdiction causing transactions suspicious- Rs.7.24 million
513.	24A013	Misappropriation in Charge of Account of P. Way material- Rs.94.04 million
514.	24A014	Misappropriation of 32500 CFT Ballast in Pretext of Deep Screening- Rs.2.1 million
515.	24A015	Suspicious Transection of 18000 CFT Causing Loss- Rs.0.67 million
516.	24A016	Misappropriation of 3000 CFT Ballast causing Loss- Rs.0.34 million
517.	24A017	Mis-procurement due to splitting up of local purchase- Rs.2.08 million
518.	24A021	Blockage of capital on account of surplus stock- Rs.0.63 million
519.	24A022	Loss due to deficiency in rolling stock- Rs.4.12 million
520.	24A023	Misappropriation of HSD oil on account of shunting operations- Rs.79.55 million
521.	24A024	Unjustified payment of mileage allowance- Rs.6.33 million
522.	24A025	Irregular expenditure due to splitting of local purchase cases- Rs.8.78 million
523.	24A026	Irregular payment through cash instead of cheques- Rs.12.47 million
524.	24A028	Non-recovery of cost of material supplied to Iranian Railways- Rs.6.45 million
525.	24A030	Irregular expenditure by utilization of official vehicles above entitlement- Rs.1.53 million
526.	24A031	Loss to the public exchequer due to wrong allotment of commercial space on platform- Rs.4.13 million
527.	24A033	Loss due to non-recovery of maintenance charges of postal vans/coaches- Rs.4.4 million

Sr #	DP No.	Subject
528.	24A034	Loss due to en-route detention of passenger trains- Rs.29.3 million
529.	24A036	Loss due to non-auction of vending stalls- Rs 16.83 million
530.	24A038	Irregular licensing of restaurant by defective technical evaluation- Rs 6.35 million
531.	24A039	Non-recovery of long outstanding dues- Rs 4.51 million
532.	24A040	Non-recovery of rent of extra space occupied by parking stand contractor- Rs 0.63 million
533.	24A041	Irregular incurrence/allocation of capital expenditure to revenue- Rs 83.44 million
534.	24A042	Exceeding the monetary value beyond the scope of PC-I- Rs 100.68 million
535.	24A043	Repeated Ballasting of 63000 CFT in Same Kilometers at SSH Yard causing wasteful expenses- Rs 7.24 million
536.	24A044	Irregular/Unauthorized salary on absent from duty in pretext of game activities- Rs 15.48 million
537.	24A045	Misappropriation of ballast from annual quota of PWI-SJB- Rs 3.13 million
538.	24A046	Loss on account of derailment of rolling stock- Rs 27.3 million
539.	24A047	Non-condemnation of old oil storage tank- Rs 2.79 million
540.	24A048	Loss due to consumption of HSD oil over and above fixed ration- Rs 79.73 million
541.	24A049	Non-recovery of Railway stolen material due to non-finalization of FIR- Rs 1.8 million
542.	24A052	Irregular expenditure due to splitting of works- Rs 2.87 million
543.	24A054	Mis-procurement/bogus procurement of electrical items- Rs 1.53 million
544.	24A055	Loss due to extra train detention- Rs 12.13 million
545.	24A056	Non-recovery of rental charges of residential quarters allotted to private parties- Rs 5.6 million
546.	24A057	Loss due to non-renewal of agreements and non-recovery of crossing charges from telecom companies- Rs 115.98 million

**Performance Analysis by KPIs (Planned vs. Delivered Targets)
(Ministry of Railways)**

Output	Key Performance Indicators	Planned Target 2023-24	Delivered Target 2023-24	Results/ Remarks/Reason
Railways Policies Formulation	Policies Formulation and Implementation (Numbers)	2	2	The Target has been achieved.
Railways Services	Freight Traffic to be handled (Billion Tones Kilometers)	7.85	7.81	The Target has been achieved.
	Passenger Traffic to be handled (Billion Passenger Kilometers)	31.5	29.8	Less Passenger Traffic has been handled due to collapse in Baluchistan.
	Freight Revenue (Rs. in Billion)	24.77	28.008	More freight revenue has been earned than the targeted.
	Passenger Revenue (Rs. in Billion)	48.53	48.278	The Target has been achieved.
	Other Revenue Receipts (Rs. in Billion)	6.7	12.507	More revenue has been earned than the targeted.
	Total Revenue Receipts (Rs in Billion)	80	88.793	
	Improvement in punctuality of Passenger Services (%)	80%	82%	Punctuality of passenger services has been improved by 2% more than the target.
Infrastructure Development-Track	Rehabilitation of Track (K.Ms)	12	70.5	Track for more than the targets has been rehabilitated.
Infrastructure Development-Stations	Rehabilitation of Existing Stations (Numbers)	13	0	No new station has been rehabilitated during FY 2023-24 due to non-availability of Funds
Infrastructure Development-Bridges	Rehabilitation of Bridges (Numbers)	26	22	Target could not be achieved completely due to non-availability of sufficient funds.
Infrastructure Development-Shelters	Provision of Platform Shelters (Numbers)	1	1	The Target has been achieved.

Output	Key Performance Indicators	Planned Target 2023-24	Delivered Target 2023-24	Results/ Remarks/Reason
Infrastructure Development-Signaling	Up gradation of signaling system (KMs)	46	46	The Target has been achieved.
	Up gradation of signaling system (No of Stations)	9	9	The Target has been achieved.
Infrastructure Development-Electrical Power	Meterization of 26000 Meters (%)	15	16	The Target has been achieved.
Rolling Stock Availability	Rehabilitation of accidental Locomotives	1	1	The Target has been achieved.
	Special Repair of Locomotives	36	46	The Target has been achieved.
	Procurement of New Coaches (Numbers)	20	0	No new coach has been imported due to delay on the part of Manufacturer.
	Procurement of New Wagons (Numbers)	230	60	Less new wagons has been imported due to delay on the part of manufacturer.
	Repair & Maintenance of Power Van, AC & Economy Class Coaches (Numbers)	1200	1184	Due to non-availability of sufficient funds 16 item less than the target has been repaired.
	Repair & Maintenance of Wagons (Numbers)	527	3139	Achievement in repair & maintenance of wagons was more than the target.
Business Development and Operations	Establishment of New Dry Ports/Terminals (Numbers)	2	0	No new dry port has been established during FY 2023-24 due to non-availability of Funds
Governance	Introduction of ERP %	50	50	4 out of 10 modules are live and active
	Training & Developments (Numbers)	60	60	Target achieved by training of Pakistan Railways Officers
	Monitoring and Evaluation Report (Nos.)	60	60	Target achieved by including 38 PSDP project in the portfolio of Ministry of Railways.

Theft of material

(Rs in million)

Sr.	DP #	Formation	Description	Theft period	Amount
1	24266	Mechanical Engineering Department, Headquarters Office, Lahore	Distributor valve	2022-23 to 2023-24	567.18
2	24738	Civil Engineering Department, Sukkur	1,891,376 kgs of track material	2023-24	321.53
3	24600	Civil Engineering Department, Sukkur	P.Way material	2022-23 to 2023-24	37.65
4	24688	SRP Railway Police, Sukkur	Rolling stock parts and Signaling material etc.	2021-22 to 2023-24	29.35
5	24861	SRP Railway Police, Karachi	Different type of material	2021-22 to 2023-24	21.35
6	24483	Mechanical Department, Workshops, Moghalpura	Theft of scrap material	2023-24	11.42
7	24776	Chief Controller of Stores, HQ. Lahore	5276 Kg scrap material	2023-24	8.78
8	24028	Electrical Engineering Department, Moghalpura	1346.16 meter copper wire	2022-23	7.36
9	24064	Electrical Engineering Department, Lahore	03 No. 200 KVA transformers	2022-23	6.32
10	24A010	Civil Engineering Department, Multan	P. way material	2023-24	5.02
11	24059	Electrical Engineering Department, Lahore	Theft of electric material	July 2023 to March 2024-	3.30
12	24080	Electrical Engineering Department, Karachi	Theft of electric material	June 2022 to May 2024	3.28
13	24A009	Police Department, Quetta	Wire of Railway Electric Department	2023-24	3.18

Sr.	DP #	Formation	Description	Theft period	Amount
14	24085	Electrical Engineering Department, Karachi	Electric meters and other electric fittings	2022-23	2.77
15	24227	Civil Engineering Department, Lahore	1174 feet rail and rail fasting	2023-24	2.67
16	24499	Mechanical Department, Sukkur	Traction Motor leads	2023-24	2.47
17	24801	Signaling & Telecom Department Rawalpindi	Different type of material	2022-23 to 2023-24	1.93
18	24994	Commercial & Transportation, Department, Lahore	Transformer 200 KVA	October 2024	1.80
19	24527	Superintendent Pakistan Railways Police, Multan	Ammunition	2022	1.44
20	24301	Deputy General Manager, PR, Lahore	Solar Panels	2022-23	1.33
21	24573	CDL Workshops Rawalpindi	Traction motors leads	2023-24	1.15
22	24394	Signal & Telecom, Multan	Signal & telecom material	2023-24	1.15
23	24113	Commercial & Transportation department, Sukkur	Different type of material	2022-23	1.14
24	24407	Mechanical Department, Lahore	HSD oil	2023-24	0.87
25	24590	Mechanical Department Multan	Fire extinguish	2023-24	0.49
Total					1,044.93

Loss due to theft/deficiencies in Coaching and Goods Stock

(Rs in million)

Sr. #	DP #	Formation Audited	Period involved	Value of fittings
1	24278	Mechanical Department, H.Q. Lahore	2022-23 to 2023-24	103.01
2	24409	Mechanical Department, Lahore	2022-23 to 2023-24	73.84
3	24792	Mechanical Department, Karachi	2023-24	53.19
4	24618	Mechanical Department, Multan	2022-23 to 2023-24	24.67
5	24769	Mechanical Department, Karachi	2023-24	14.62
6	24084	Electrical Engineering Department, Karachi	December, 2022 to March, 2024	11.68
7	24340	Mechanical Department, Rawalpindi	2022-23 to 2023-24	10.79
8	24A032	Mechanical Department, Peshawar	July 2022 to June 2024	6.65
9	24060	Electrical Engineering Department, Lahore	2022-23	5.87
10	24895	Electrical Department, Rawalpindi	2023-24	3.78
11	24846	Superintendent Railway Police (SRP) Lahore Division	2023-24	2.94
12	24501	Mechanical Department, Sukkur	May 2022 to March 2024	1.22
Total				312.26

Misappropriation of material

(Rs in million)

Sr. #	DP. #	Formation	Description of material	Amount
1	24258	Civil Engineering Department, Karachi	Permanent Way material	81.21
2	24780	Chief Controller of Stores	Thirteen wagons loaded with released material	62.45
3	24588	Mechanical Department, Multan	295,830 kg released material/ scrap	40.90
4	24803	Civil Engineering Department, Rawalpindi	Permanent way material	25.62
5	24287	Civil Engineering Department, H.Q. Lahore	Assets of closed projects	19.75
6	24580	CDL Workshop, Rawalpindi	Two wagons loaded with released batteries	9.28
7	24081	Electrical Engineering Department, Karachi	Released material	6.28
8	24267	Mechanical Department, Headquarters Office, Lahore	17339 cft mill scale scrap	4.85
9	24791	Mechanical Department, Karachi	Retrievable items of goods wagons	3.36
10	24884	Commercial & Transportation Department, Multan	16,992 kg steel scrap	3.19
11	24087	Electrical Engineering Department, Karachi	Electric wire and meters	2.77
12	24027	Electrical Engineering Department, Moghalpura	HSD oil	2.48
13	24015	Pakistan Railway Advisory and Consultancy Services	I.T. related equipment	1.17
14	24088	Electrical Engineering Department, Karachi	Electric material	1.00
15	24090	Commercial and Transportation department, Lahore	Office furniture	0.64
Total				264.95

Annexure-6

Para 2.5.6

Detail of loss due to non-recovery of Railways dues from Government departments
(Rs in million)

Sr. #	DP #	Formation	Period	Description	Amount
1	24446	Property & Land Headquarter & Lahore	Since 2003	Occupancy charges of 829.71 marlas land from Communication & Works Department, Punjab	1,522.74
2	24139	Commercial & Transportation Department, Multan		Freight charges from PSO (recovery of Rs 41.38 million out of Rs 838.62 million verified)	797.38
3	24542	Property & Land Workshops, Moghalpura Lahore		Rental charges were outstanding against government departments	411.27
4	24677	Property and Land Department Rawalpindi		Rental charges outstanding against various government departments and oil companies	384.33
5	24989	Property & Land, Peshawar		Railway land 82.57 kanals at three locations was under possession of KPK Food Department but rental charges were not recovered due to ownership dispute.	352.82
6	24A050	Electrical Department Sukkur	1966 to June 2024	Occupancy charges of Railway land (4.41 acres at Sukkur & 17.52 acres at Rohri) from Sukkur Electric Power Company	122.15
7	24145	Commercial & Transportation Department, Rawalpindi	2022-24	Freight charges from PSO (recovery of Rs 47.14 million out of Rs 141.31 million verified)	94.18
8	24712	Property & Land, Multan		Lease rentals from Govt. Departments (e.g. Food Department, Rail Mail Service & D.O Roads Layyah)	65.61
9	24955	Property & Land Peshawar	Jul 2023 to June 2024	Rental charges outstanding against Postal Department.	53.90

Sr. #	DP #	Formation	Period	Description	Amount
10	24297	Civil Engineering Department, H.Q. Lahore	April 2023	Land lease charges and annual rent of extra land utilized for the additional level crossings from sponsors.	36.65
11	24594	Civil Engineering Department Rawalpindi	Since 2021	train detention charges	31.04
12	24696	Property and Land Department, Karachi	Up to June 2024	Rental charges of Railway buildings at Hyderabad and Kotri were outstanding against Postal Department	19.91
13	24431	Property & Land, Sukkur	July 2023 to June 2024	Rental charges were outstanding against government departments.	17.51
14	24283	Civil Engineering Department, H.Q. Lahore	April 2023	Less recovery of additional level crossing	13.04
15	24449	Property & Land Headquarters and Lahore Division	01.01.13 to 30.06.24	Rental charges of land measuring 889.51 Sft leased out to National Bank of Pakistan at Dry Port Moghalpura	12.82
16	24293	Civil Engineering Department, H.Q. Lahore	2023-24	Construction of new Army Ramp and track, Military Siding	12.41
17	24248	Civil Engineering Department, Karachi	April 2024	Balance amount of deposit work against Military authorities	11.14
18	24451	Property & Land Headquarters and Lahore Division	2023-24	Rental charges outstanding against Postal Department for sites over Lahore Division	10.25
19	12001	Mechanical Engineering Department, Karachi	Since Jan 2021	Outstanding on account of repair and maintenance works carried out for NLC	7.84
20	24282	Civil Engineering Department H.Q. Lahore	2023-24	Cost of up-gradation of level crossings	7.56
21	24787	Commercial & Transportation Department, Sukkur	Up to 15.06.24	Rental charges outstanding against Postal Department.	5.75

Sr. #	DP #	Formation	Period	Description	Amount
22	12662	PRACS	Feb 2015 to Nov 2021	Electricity charges	4.04
23	24704	Property & Land Quetta	2019	Twelve Railway shops at Joint Road Quetta were demolished District Govt. Quetta during widening of the road, on 26.4.2019 but it cost was not recovered.	4.00
24	24388	Property & Land Workshops, Moghalpura Lahore	Apr-2019 to Aug-2024	Rental charges from National Bank of Pakistan (NBP) Workshops Division Moghalpura. The lease agreement expired in December-2021 was also not renewed.	1.60
25	24897	Electric Department, Rawalpindi	Nov 2019 to Oct 2024	Electrical charges and 20% surcharge from Railway Mail Service (RMS) and vending contractors	0.95
Total					4,000.89

Detail of loss due to non-recovery of Railways dues from private parties

(Rs in million)

Sr. #	DP #	Formation	Period	Description	Amount
1	24290	Civil Engineering Department, H.Q. Lahore	2023-24	NOC and other charges for three flyovers	1,167.47
2	24818	Commercial & Transportation Rawalpindi	April 2015 to Sept 2024	Freight charges and dip shortage from M/s PSO	146.37
3	24563	Property & Land Quetta	Since 2002	197 shops occupied by illegal occupants at Hurnai since 2002	112.03
4	24445	Property & Land Headquarters and Lahore Division	2011-12 to 2017-18	Rental charges of 3 sites of land located in Faisalabad measuring 89,794 Sft were recoverable M/s. Shell	103.12
5	24457	Property & Land Headquarters and Lahore Division	2023-24	Rental charges of agricultural land, nurseries, shops, parking stands and fiber stalls.	84.73
6	24711	Property & Land, Multan	2023-24	Rental charges outstanding against Oil Companies and M/s Attock Petrol Pump	78.16
7	24452	Property & Land Headquarters and Lahore Division	2004 to 2015	Lease rental charges for nine sites were not paid by M/s Caltex	77.02
8	24628	Civil Engineering Department, Rawalpindi	June 2002 to Sept 2024	Optical cable crossing charges outstanding against PTCL, Multinet Pvt. Ltd, Wateen Telecom Ltd and NTC	58.41
9	24998	Property & Land, Peshawar		Rent of six sites at Mardan station leased to private individuals for commercial purposes	56.97
10	24807	Mechanical Department Karachi	up to 23.09.24	Cost of repair and maintenance of locomotives was not recovered by Pakistan	55.11

Sr. #	DP #	Formation	Period	Description	Amount
				Railways from National Logistic Cell	
11	24331	Procurement/ manufacture of 820 high-capacity bogie freight wagons and 230 passenger coaches	2023-24	Construction cost of foundations of plant & machinery	54.75
12	24636	Property & Land Department, Rawalpindi	2018 to 2024	321 Marla Railway land rental charges	52.67
13	24230	Civil Engineering Department, Lahore	2023-24	Train detention charges	51.00
14	24988	Electric Departments of Multan		Electricity bills were issued to vendors, contractors, and residents but full amount was not realized	42.74
15	24432	Property & Land, Sukkur	May 2023	Stacking plots were auctioned on 10.05.2023 in the section of IOW, Khanpur but security money and one year advance rent was not recovered.	40.52
16	24031	Electrical Engineering department, Sukkur		Late payment surcharge on outstanding electric bills	33.33
17	24714	Property & Land, Multan		Rental charges outstanding against lessees of agricultural land, shops and commercial quarters.	32.08
18	24323	Chief Commercial Manager, H.Q. Lahore	2021-2023	Short recovery annual bid money of outsourced trains	31.17
19	24494	Signal & Telecom Department Rawalpindi	since 2015	Rental charges of Optical Fiber Cable were outstanding against PTCL and M/S Multinet Pakistan Pvt. Ltd	26.06

Sr. #	DP #	Formation	Period	Description	Amount
20	24A004	Electrical Department Workshops, Moghalpura, Lahore	2021-23	Less recovery of electric charges from consumers	25.31
21	24437	Property & Land, Sukkur	2001 to June 2024	PR issued NOC on 17.04.2001 for 15 katchi abadies in Sukkur division and cost of 17224 marlas land was agreed Rs 2,962,530 at the rate of Rs 172 per marla. The cost increased to Rs 25,288,502 after taking effect of inflation from 2001 to 2024.	25.29
22	24680	Property and Land Department Rawalpindi		Rental charges outstanding against lessees of commercial & agriculture land, shops & nurseries etc.	21.65
23	24993	Property & Land, Peshawar		Rent of Railway shops,	20.67
24	24809	Mechanical Department Karachi	2014 to 2024	Electric connection was provided by PR to office and maintenance facilities of NLC in diesel workshop Karachi but electric charges were not recovered	15.32
25	24759	Property and Land Department, Karachi	2018-2025	Rental charges recoverable from lessees of commercial and agriculture land	13.71
26	24881	Mechanical Department Karachi	2023-24	Detention charges and damages cost of wagons from contractors	12.42
27	24324	Chief Commercial Manager, H.Q. Lahore	2020-2022	Short recovery of brake van charges	11.41
28	24291	Civil Engineering Department, H.Q. Lahore	2023-24	Penalty from the defaulter contractor	10.86

Sr. #	DP #	Formation	Period	Description	Amount
29	24444	Property & Land Headquarters and Lahore Division	1996 to 2024	Unauthorized constructed Makki Masjid along with residence of Imam Masjid at Tandlianwala was regularized by the CEO/Sr.GM in 2016. However, the agreement could not be executed and the land lease charges were not recovered.	10.68
30	24568	Property & Land Department Quetta	2023-24	Lessees of 200 shops at Joint Road Quetta and Hurnai failed to deposit 20% balance amount of premium, security money, rent and tax.	9.73
31	24633	Civil Engineering Department, Rawalpindi	2023-24	Against eight level crossings in the section of PWI/Rawalpindi and Gujjar Khan	9.68
32	24631	Civil Engineering Department, Rawalpindi	2023-24	Design vetting and preliminary charges from sponsors of deposit works	9.20
33	24555	Chief Operating Superintendent	2022-23	Cost of damages of 400 wagons from contractors	7.74
34	24962	Property & Land Karachi	July 2005 to June 2024	Occupancy charges of land from illegal occupants M/s Rauf Textile & Printing Mills and M/s Metatex Private Ltd at PAF Siding Masroor Base, Maripur Karachi	6.68
35	24438	Property & Land, Sukkur	2023-24	Rent outstanding against lessees of agricultural land, shops, fishponds nurseries and commercial quarters in the section of IOWs Sukkur, Nawabshah, Khanpur, Larkana, Rohri and Ghotki.	6.10

Sr. #	DP #	Formation	Period	Description	Amount
36	24756	Property and Land Department, Karachi	Dec 2023 to Sep 2024	On 26.03.2024, DS Karachi revised occupancy charges of 1.74 acres land leased out for stacking purposes to Mr. Riaz Memon from Rs 1,245,530 to Rs 1,781,000 pm w.e.f. 01.12.2023 but lessee paid rent to PR @ Rs 1,245,530 pm	5.35
37	24606	Project of Special Repair of 100 Locomotives (New)	since 2017	Demurrage charges from M/s Waris International Lahore against different purchase orders	5.21
38	24705	Property & Land Quetta	2023-24	Rental charges from lessees of shops at Sibi, Hurnai and Quetta.	4.54
39	24A001	Property and Land Department, Peshawar	2023-24	Rental charges against agriculture land, parking stands and model bazar	4.37
40	24315	Chief Commercial Manager, H.Q. Lahore	June to August 2024	Extra weight charges, damages to luggage van and fine	3.75
41	24353	Mechanical Department, Rawalpindi	June to August 2024	Cost of damages to the rolling stock	3.55
42	24565	Property & Land Department Quetta	June 2021 to June 2024	Auctions of agriculture land conducted on 12.06.2021, the successful bidders failed to deposit remaining 50% of bid money, security money equal to one year rent and regular annual rent.	3.35
43	24905	Carriage Factory Islamabad	2023-2025	Rent of Railway shops	3.27
44	24819	Commercial & Transportation Rawalpindi	13.06.24 and 01.08.24	Cost of damages to luggage vans and fine from M/s ASTN contractor of luggage van of Khyber Mail	3.20

Sr. #	DP #	Formation	Period	Description	Amount
45	24133	Commercial & Transportation departments, Karachi	01.11.23	Train detention charges from cargo contractors	3.01
46	24096	Commercial and Transportation Department, Lahore	2021-2024	Rental charges of extra space	2.80
47	24119	Commercial & Transportation departments, Sukkur	2022-23	Rental charges from vending stalls	2.75
48	24228	Civil Engineering Department, Lahore	2023-24	Cost of rails from sponsor of deposit work	2.56
49	11809	Mechanical Engineering department, Rawalpindi	June 2022	Cost of damages to wagons from cargo contractors	2.40
50	24992	Property & Land, Peshawar		Rent of Railway residential quarters rented out to private individuals	2.38
51	24836	Carriage Factory, Islamabad	2022-2024	Railway land/shops were being used illegally without agreements and payment of rental charges	2.31
52	24782	Chief Controller of Stores	Jan 2022 to July 2024	PR management paid storage and demurrage charges on behalf of firm but same were not recovered.	2.24
53	24918	Commercial & Transportation, Multan	Jul to Aug 2023	Rent of station restaurant at platform No. 03, Multan Cantt. from contractor Syed Afzal Shah	1.99
54	24675	Property and Land Department Rawalpindi	Oct-2020 to Sep-2024	Rental charges of four acre agricultural land near NESCOM bridge between Nur-Margala section leased out to Mr. Saifullah	1.91
55	24961	Commercial & Transportation, Multan	Jul 2019 to Nov 2022	Rent and WHT of vending stall No. 8 from vendor Mr. Dilshad	1.86

Sr. #	DP #	Formation	Period	Description	Amount
56	24456	Property & Land Headquarters and Lahore Division	2013 to 2020	Rental charges of Railway quarter No. 17/A&B at Gujranwala city near L-Xing No.41	1.85
57	24121	Commercial & Transportation departments, Sukkur	2021-24	Occupation charges of vending stalls	1.80
58	24150	Commercial & Transportation departments, Rawalpindi	2022-23	Demurrage, wharfage and storage charges	1.80
59	24914	Commercial & Transportation departments, Rawalpindi	2023-24	Rent and tax of vending stalls, restaurants and collie contractor	1.75
60	24761	Managing Director Pakistan Locomotive Factory Risalpur	July 2022 to March 2024	Electric charges were outstanding against employees/ residents of Pakistan Locomotive Factory, Risalpur	1.71
61	24384	Property & Land Workshops, Moghalpura Lahore	June 2023	Mandatory security money of 14 nurseries auctioned in March 2023.	1.55
62	24097	Commercial and Transportation Department, Lahore	2023-24	Rental charges from Ex-contractor of car parking	1.33
63	24585	CDL Workshops Rawalpindi	Jul-2021	Repair cost of 03 traction motors outstanding against M/s Waris International Lahore	1.18
64	24510	Property & Land Department, Sukkur	2023-24	Rent of 3 shops	1.13
65	24448	Property & Land, Headquarters and Lahore Division	2004-2014	Rental charges of land measuring 368 Sft near Parcel Office Lahore Station	1.07
66	24109	Commercial & Transportation Departments, Quetta	April to Nov 2023	Rental charges from vending stalls	0.82
67	24788	Commercial & Transportation Department, Sukkur	12.06.24	Penalty for overloading of luggage/brake van at Rohri station	0.70

Sr. #	DP #	Formation	Period	Description	Amount
68	24910	Commercial & Transportation Department, Rawalpindi		Cost of damages to 18 wagons due to the improper use of shovels by the contractor's staff	0.66
69	24720	Property & Land, Multan		Rental charges of commercial quarters in Dera Ghazi Khan	0.62
70	24152	Commercial & Transportation departments, Rawalpindi	2022-23	Rent of room, counter and parcel office from contractor	0.59
71	24071	Commercial and Transportation department, Multan	2020-2024	Under charges	0.56
72	24917	Commercial & Transportation, Multan	Oct 2022	Rent of vending stall No. 11 from vendor Mr. Yasir Hameed	0.53
73	24535	Railway Police Department Multan	2022-23	GPF advance and regular subscription	0.36
74	24959	Commercial & Transportation, Multan	Feb 2022 to Jun 2023	Rent of vending stall No. 30 from vendor Mr. Yasir Hameed	0.27
75	24611	CDL Workshops, Rawalpindi	2023-24	Water charges, house requisition and 5% maintenance charges	0.23
76	24887	Commercial & Transportation, Sukkur	Sept 2022 to Jan 2023	Railway dues from five cargo contractors	0.15
Total					2,603.62

Annexure-8**Para 2.5.8****Non-realization of Railway earnings resulted in accumulation of station outstanding**

(Rs in million)

Sr.#	DP No.	Formation	Period	Amount
1	24886	Commercial & Transportation Department, Multan	Up to 30.06.23	886.43
2	24137	Commercial & Transportation Departments, Karachi	2023	822.86
3	24865	Commercial & Transportation Department, Rawalpindi	Up to 30.06.23	11.89
4	24796	Commercial & Transportation Department, Sukkur	Oct 2021 to Jun 2023	4.56
5	24916	Commercial & Transportation Department, Sukkur	Up to 30.06.23	3.86
6	24147	Commercial & Transportation Departments, Rawalpindi	2005	3.17
7	24104	Commercial & Transportation Department, Quetta	2023	2.25
Total				1,735.02

Non-deduction of taxes from contractors in violation of FBR instructions

(Rs in million)

Sr #	DP #	Formation	Description	Amount
1	24313	Chief Marketing Manager, Lahore	Withholding Income Tax	283.75
2	24001	PRACS	Non-collection/ non-payment of withholding tax	130.43
3	24171	RAILCOP	Non deduction of Withholding Tax	82.60
4	24325	Chief Marketing Manager, Lahore	Withholding Income Tax	49.89
5	24117	Commercial & Transportation Department, Sukkur	Non-deduction of WHT from vending contractors	22.87
6	24157	Commercial & Transportation Department, Peshawar	Non-recovery of withholding tax from the labour/ crane handling and weighbridge contractors of dry port	11.62
7	24369	MD Concrete Sleeper Factories, Lahore	General Sales tax and WIT	10.02
8	24697	Property & Land Department, Karachi	Withholding Income Tax	7.65
9	24984	Commercial & Transportation Department, Lahore	Withholding Income Tax from contractor of parking stand	6.59
10	24067	Commercial & Transportation Department, Multan	Withholding tax from the contractors of vending stalls and parking stand etc.	6.05
11	24070	Commercial & Transportation Department, Multan	Provincial Sales Tax on services	4.62
12	24428	Property and Land Department, Sukkur	Withholding Income Tax	3.47
13	24235	Civil Engineering Department, Lahore	Non deduction of General Sales tax	3.39
14	24107	Commercial & Transportation Department, Quetta	Non deduction of WHT from the payment made against hired buses	1.91
15	24063	Electrical Department, Lahore	Procurement from unregistered suppliers	1.63
16	24101	Commercial & Transportation Department, Lahore	Procurement from unregistered suppliers	1.62

Sr #	DP #	Formation	Description	Amount
17	24960	Commercial & Transportation Department, Multan	Non collection of withholding tax	1.60
18	24006	PRACS	Non-deduction of GST	1.47
19	24260	Civil Engineering Department, Karachi	Non deduction of General Sales tax	1.13
20	24008	RAILCOP	Withholding Income Tax	0.47
21	24534	Railway Police, Multan	Income tax from salary of employees	0.31
22	24215	Re-commissioning of 05 accidental locomotive project	Non deduction of General Sales tax	0.27
Total				633.36

Annexure-10**Para# 2.5.29****Irregular payment of Fixed Daily Allowance**

(Rs in million)

Sr.#	DP No.	Formation	Amount
1	24851	Police Department, Lahore	282.34
2	24864	Police Department, Karachi	260.13
3	24A006	Police Department, Quetta	137.59
4	24701	Police Department, Rawalpindi	129.05
5	24439	Police Department, Peshawar	95.90
6	24686	Police Department, Sukkur	63.93
7	24526	Police Department, Multan	52.78
8	24380	Police Department, Workshops Division	42.23
9	24A053	Police Department, Walton Academy, Lahore	11.28
10	24375	IG/PRP, Lahore	10.22
Total			1085.45

Annexure-11**Para# 2.5.33****Irregular expenditure on staff in excess of sanctioned strength**

(Rs in million)

Sr. #	DP #	Formation	Staff in excess of sanctioned strength	Amount
1	24860	Police Department, Karachi	32	37.88
2	24952	Mechanical Engineering Department, Lahore	69	26.21
3	24355	Mechanical Engineering Department, Rawalpindi	26	24.22
4	24622	Mechanical Engineering Department, Multan	05	2.74
5	24880	Mechanical Engineering Department, Karachi	01	0.84
Total			133	91.89

**Annexure-12
(Para 2.5.37)**

Non-repair of security equipment

(Rs in million)

Sr. #	DP #	Formation	Description	Amount
1	24689	Police Department Sukkur	various security surveillance equipment, including CCTV cameras, walk-through gates, scanning machines, mine detectors, and VHF base sets	9.76
2	24862	Police Department Karachi	Motorola wireless (Walkie Talkie sets) CCTV cameras, luggage scanning machines, metal detectors and walk through gates etc.	8.23
3	24847	Police Department Lahore	luggage scanning machines, metal detectors and other security related items	7.13
4	24848	Police Department Lahore	walk though gates	6.94
5	24530	Police Department Multan	Motorola Wireless (Walkie Talkie Sets) and Walk Through Gates	6.36
6	24702	Police Department Rawalpindi	3 walk though gates	2.60
7	24799	Police Department Rawalpindi	luggage scanning machines, metal detectors and other security related items	2.33
8	24442	Railway Police Department Peshawar	walk through gate	1.74
Total				45.09

Encroachment of Railway land

(Rs in million)

Sr.#	DP No.	Formation	Period	Irregularity	Area (Marla)	Value of land
1	24453	Property and Land Department Headquarters and Lahore Division	2003	Railway land adjacent to Sherpao Bridge, Qurban Lines Lahore occupied by Communication and Works Department, Govt. of Punjab	829.71	1,734.09
2	24433	Property & Land Department, Sukkur	2023-24	Residential, commercial and agricultural land encroached by private parties	3613	1,718.32
3	24436	Property & Land Department, Sukkur		People encroached Railway land at Kumbar Para, Fareek Hill. Court decided the case in favor of PR on 25.09.19 but land was not retrieved.	1440	869.38
4	24637	Property and Land Department Rawalpindi	Feb-2021	Railway land Leased out to Mr. Muhammad Zahoor Abbasi for Marquee at Westridge Rawalpindi but he occupied extra land	52.11	467.43
5	24706	Property & Land Department Quetta		Railway football ground at joint road Quetta was handed over to Balochistan Govt. (Mr. Idrees) on 06.04.2017 with condition that revenue generated would be paid to PR. Neither rent was paid nor ground was handed back.	582.40	394.05
6	24455	Property and Land Department Headquarters and Lahore Division	1980	At Renalakhurd, 164 commercial shops and 432 residential units were illegally constructed by the public		195.20
7	24541	Property & Land Department, Headquarters and Lahore Division		LDA encroached Railway land near level crossing No.43 between Kot Lakhpat and Walton Stations and constructed lawyer's chambers.	17.53	85.59
8	24757	Property &	2003	acres excess land	1642.56	83.41

Sr.#	DP No.	Formation	Period	Irregularity	Area (Marla)	Value of land
		Land Department, Karachi	to 2023			
9	24681	Property and Land Department Rawalpindi	August 2024	The lessee of goods shed (Plot-C) at Rawalpindi Railway station illegally constructed rooms	4.24	38.13
10	24685	Property & Land Department Rawalpindi	2023-24	Auction of land for stacking purpose was held on 13.09.23 but possession could not be handed over as Fazaia Housing Society established green belt on Railway land near L-xing No. 9 on GLRS-BASAL section	22.20	16.13
11	24703	Property & Land Department Quetta	2018	District Govt. Quetta illegally occupied Railway land at Joint Road Quetta	40.03	14.54
12	24913	Commercial & Transportation Department, Rawalpindi		During joint physical check of sites by the audit team and PR staff, significant excess land was found under occupation of the licensees. Further, AA Enterprises, and M/s Lasani Cargo occupied land without any agreement or allotment	82.15	9.15
13	24758	Property & Land Department, Karachi	before 2016	Railway land under illegal occupation of Dr. Hadi Bux Jatoi who built Ice Factory at Kotri	30.59	4.60
14	24684	Property & Land Department Rawalpindi	April 2024	Lessee of nurseries at Margalla Railway station encroached extra area	16.20	4.05
Total					8372.72	5,634.07

Detail of non-recovery of operational and maintenance charges of level crossings and sidings

(Rs in million)

Sr. #	DP #	Formation	Period	Description	Amount
1	24299	Civil Engineering Department H.Q. Lahore	2023-24	Operational and maintenance charges of level crossings and sidings	2,388.15
2	24983	Civil Engineering Department Multan	2023-24	Operational and maintenance charges of L-xing against Government Departments	691.41
3	24231	Civil Engineering Department Lahore	2023-24	Maintenance charges of level crossings	284.04
4	24624	Civil Engineering Department Rawalpindi	2023-24	Operational and maintenance charges along with 10% late payment surcharge from sponsors of level crossings	134.84
5	24524	Civil Engineering Department Sukkur		Maintenance charges of level crossings and sidings for government departments and private entities.	116.37
6	24659	Civil Engineering Department Quetta	2023-24	Operational & maintenance charges of level crossings, outstanding against government departments and rental charges from lessees.	95.00
7	24245	Civil Engineering Department H.Q. Karachi	2023-24	Maintenance and operational charges of sidings and level crossings	28.68
Total					3,738.49

Loss due to non-replacement of wrong/defective material

(Rs in million)

Sr. #	DP. #	Formation	Description	Amount
1	24464	Chief Controller of Purchases, H.Q. Offices, Lahore	Grease for GE ball bearing	127.34
2	24578	CDL Workshops Rawalpindi	Traction Motors	53.83
3	24477	Chief Controller of Purchase, Lahore	Imported material rejected by consumer	39.96
4	24417	Chief Controller of Store, Lahore	Different Type of Material	26.43
5	24777	Chief Controller of Stores, H.Q. Lahore	Primary Vertical Dampers	21.03
6	24582	CDL Workshops, Rawalpindi	Traction Motors	20.71
7	24206	PSDP project Re-commissioning of 05 Accidental DE locomotives	UX Traction Generator	16.81
8	24827	Project of Special Repair of 100 Locomotives (New)	Different type of material	14.58
9	24810	CDL Workshops, Rawalpindi	Different type of material	11.47
10	24603	Project of Special Repair of 100 Locomotives (New)	Different Type of material	9.31
11	24424	Chief Controller of Stores, H.Q. Lahore	T8 LED Tube Rod 24	6.17
12	24821	Carriage Factory, Islamabad	acceptance of material of wrong specification	5.77
13	24468	Chief Controller of Purchases, H.Q. Offices, Lahore	Total Ceran XM-100	3.33
14	24403	Mechanical Engineering Department, Lahore	Reverse Osmosis Plant	3.28
15	24591	Mechanical Department Multan	Reverse Osmosis Plant	3.28
16	24928	Mechanical Department, Peshawar	Reverse Osmosis Plant	3.28
17	24A020	Mechanical Department, Quetta	Reverse Osmosis Plant	3.28
18	24273	Mechanical Engineering Department, H.Q. Lahore	Rolling Bearings	3.02
19	24586	CDL Workshops Rawalpindi	Armature HIT-395	2.49
20	24478	Chief Controller of Purchases, H.Q. Lahore	Breather Hose Upper	2.42
Total				377.79

Annexure-16**Para# 2.5.76****Irregular award of contracts due to non-obtaining of performance security**

(Rs in million)

Sr. #	DP #	Formation	Description of work	Amount
1	24312	Chief Marketing Manager, H.Q. Lahore	Contract agreement for transportation of GITA containers from KPT, PMBQ to Azakhel Dry Port	210.30
2	24604	Project of special Repair of 100 D.E. Locomotives	Purchase order for procurement of material	56.06
3	24018	Pakistan Railway Advisory and Consultancy Services (PRACS)	Contract agreement for commercial management & passenger facilitation of Faiz Ahmed Faiz passenger train	29.00
4	24547	Project special repair of 600 coaches and 1200 wagons	Nine purchase orders	3.88
5	24722	Civil Engineering Department, Peshawar	Contract agreement for supplying, stacking, and loading stone ballast	2.41
6	24665	Civil Engineering, Department, Quetta	Contract agreement for supplying, stacking, and loading stone ballast	1.80
Total				303.45

Non-disposal of scrap

(Rs in million)

Sr. #	DP #	Formation	Description	Amount
1	24775	Chief Controller of Stores, H.Q. Lahore	38620.08 Metric tones scrap	4,943.61
2	24405	Mechanical Department, Lahore Division	Coaches and Wagons	1,770.84
3	24288	Civil Engineering Department, H.Q. Lahore	11,442 tons permanent way material	1,381.60
4	24673	Mechanical Department, Multan	211 condemned wagons and released material of rolling stock	318.02
5	24857	Carriage Factory, Islamabad	scrap material stored since 2020	185.07
6	24420	Chief Controller of Stores, H.Q. Lahore	ET masts of different sizes	157.32
7	24259	Civil Engineering Department, Karachi	Rails	141.64
8	24742	Civil Engineering Department, Sukkur	P-way scrap	74.24
9	24073	Commercial and Transportation Department, Multan	102 condemned wagons	64.65
10	24114	Commercial and Transportation Department, Sukkur	19 condemned wagons	27.55
11	24021	Electrical Engineering department, Workshops Division, Moghalpura	Copper wire and unserviceable material/ machinery	37.56
12	24285	Civil Engineering Department, H.Q. Lahore	09 condemned track machines	37.52
13	24A027	Mechanical Department, Quetta	25 condemned coaches and wagons	31.02
14	24944	Mechanical Department, Peshawar	20 condemned wagons	29.56
15	24669	Civil Engineering Department, Quetta	Steel scrap and other released material	25.51
16	24496	Mechanical Department, Sukkur	27 condemned goods wagons	27.21
17	24352	Mechanical Department, Rawalpindi	35,446 kg (ferrous) and 3000 kg (non-ferrous)	13.40

Sr. #	DP #	Formation	Description	Amount
			released material	
18	24A019	Mechanical Department, Quetta	Scrap of mechanical parts	12.89
19	24398	Signal & Telecom Department of Multan	WI scrap/ CI scrap material	11.16
20	24371	MD Concrete, Sleeper Factories, Lahore	Different type of scrap	7.42
21	24953	Mechanical Department, Lahore	Condemned Oil Tanks and machinery	6.57
22	24715	Property & Land, Multan	Non-auction of dead trees	5.15
23	24379	Police Department Workshops	Expired ammunition	4.79
24	24849	Police Department, Lahore	Condemned motor vehicles	3.44
25	24898	Electrical Engineering Department, Rawalpindi	Released material	2.75
26	24798	Police Department, Rawalpindi	Condemned motor vehicles	2.50
27	24925	Mechanical Department, Peshawar	Different type of carriage and wagon material	2.21
28	24515	Civil Engineering Department, Workshops Moghalpura Lahore	Unserviceable rails and released material	2.20
29	24866	Commercial & Transportation, Rawalpindi	Five condemned vehicles	1.97
30	24500	Mechanical Department, Sukkur	Released material	1.96
31	24793	Mechanical Department, Karachi	P. Way scrap material	1.61
32	24142	Commercial and Transportation department, Rawalpindi	Condemned coach	1.55
33	24372	IG, Pakistan Railway Police	Condemned of vehicles and motor cycles	1.33
34	24A018	Police Department, Quetta	Condemned Suzuki Jeep and Yamaha Motorcycle	0.80
Total				9,336.62

Unnecessary procurement resulting in blockage of capital

(Rs in million)

Sr #	DP #	Formation	Description	Amount
1	24415	Chief Controller of Stores, H.Q. Lahore	Surplus material	489.69
2	24829	Project of Special Repair of 100 Locomotives (New) for improving the reliability/ availability of running locomotives	Unnecessary procurement	356.67
3	24768	Project of Special Repair of 100 Locomotives (New)	spare parts for special repair of the locomotives	178.12
4	24671	Central Diesel Locomotive Workshops, Rawalpindi	Dead surplus	133.31
5	24672	Central Diesel Locomotive Workshops, Rawalpindi	Excess procurement	74.56
6	24416	Chief Controller of Stores, H.Q. Lahore	Above maximum limit	68.28
7	24830	Carriage Factory, Islamabad	Surplus material	47.04
8	24296	Civil Engineering Department, H.Q. Lahore	Unnecessary procurement	33.93
9	24783	Chief Controller of Stores, H.Q. Lahore	Spare parts of GEU-40 Locos were lying unrecorded	33.65
10	24854	Carriage Factory, Islamabad	Unnecessary procurement	27.24
11	24422	Chief Controller of Stores, H.Q. Lahore	Dead surplus	11.25
12	24899	Electrical Department, Rawalpindi	Dead surplus	8.82
13	24504	Mechanical Department, Lahore	Dead surplus	7.84
14	24879	Signaling & Telecom Department, Rawalpindi	Dead surplus	5.08
15	24607	Project of Special Repair of 100 Locomotives (New)	Excess procurement	1.48
16	24766	Managing Director, Pakistan Locomotive Factory, Risalpur	Dead surplus	1.31
17	24575	Central Diesel Locomotive Workshop, Rawalpindi	Surplus Material	0.88
Total				1479.15

Loss due to excess consumption of fuel

(Rs in million)

Sr.#	DP No.	Formation	Period	Amount
1	24115	Commercial & Transportation Department, Sukkur	2022-23	2,475.11
2	24670	Chief operating Superintendent, H.Q, Lahore	2023-24	1,324.03
3	24068	Commercial & Transportation Department, Multan	2022-23	748.07
4	24891	Commercial and Transportation Department, Multan	2023-24	225.81
5	24229	Civil Engineering Department, Lahore Division	2019-24	216.95
6	24615	Mechanical Department, Multan	2022-24	193.86
7	24129	Commercial & Transportation Department, Karachi	2023-24	183.92
8	24095	Commercial & Transportation Department, Lahore	2022-23	132.96
9	24737	Civil Engineering Department, Sukkur Division	2023-24	90.68
10	24392	Signal & Telecom Department, Multan	2023-24	80.58
11	24140	Commercial & Transportation Department, Rawalpindi	2022-23	63.53
12	24153	Commercial & Transportation Department, Peshawar	2023-24	39.26
13	24408	Mechanical Department, Lahore	2022-24	31.31
14	24A035	Commercial & Transportation Department, Lahore	2023-24	19.73
15	24347	Mechanical Department, Rawalpindi	2023-24	13.58
16	24253	Civil Engineering Department, Karachi	08.08.24	7.69
17	24498	Mechanical Department, Sukkur	2023-24	4.39
Total				5,851.46

Annexure-20**Para# 2.5.112****Excess consumption of HSD Oil on account of locos on miscellaneous services (LOMS)**

(Rs in million)

Sr.#	DP#	Formation	LOMS (Liter)			Amount
			Quota	Consumed	Excess	
1	24505	Mechanical Department, Lahore	40,000	184,116	144,116	40.76
2	24772	Mechanical Department, Karachi	150,000	272,989	122,989	33.20
3	24342	Mechanical Department, Rawalpindi	46,664	107,450	60,786	17.52
4	24927	Mechanical Department, Peshawar	40,000	90,335	50,335	13.60
5	24A029	Mechanical Department, Quetta	20,000	30,910	10,910	2.95
6	24495	Mechanical Department, Sukkur	20,000	24,343	4,343	1.23
Total			316,664	710,143	393,479	109.26

Annexure-21**Para# 2.5.116****Loss due to non-recovery of liquidated damages and fine/penalty charges**

(Rs in million)

Sr. #	DP. #	Formation	Description	Amount
1	24329	PSDP Project Procurement/ manufacturer of 820 high capacity bogie wagons and 230 coaches	LD charges on late supply of material	538.70
2	24977	Property and Land Department, Peshawar	Penalty on late payment	219.46
3	24454	Property & Land, Headquarters and Lahore	Penalty on late payment	59.00
4	24557	Chief Operating Superintendent, Lahore	Penalty on cargo contractors	20.40
5	24718	Property & Land Department, Multan	Penalty on late payment	6.43
6	24558	Chief operating Superintendent, H.Q, Lahore	Penalty for overloading	2.56
7	24678	Property & Land Department, Rawalpindi	Penalty on late payment	1.96
8	24744	Civil Engineering, Department, Quetta	LD charges on late supply of ballast	0.96
9	24774	Civil Engineering Department, Sukkur	Penalty for non- execution of work	0.39
Total				849.86

Detail of land available with clubs/institutes

Description	Area in Acres	Area in Kanal	Area in Sft	Commercial value
SUKKUR				
Hockey ground Sukkur	3.55	28.40	154,638.00	123,710,400
Hostel for hockey players	2.02	16.16	87,991.20	70,392,960
Land near hockey ground	3.73	29.84	162,478.80	173,310,720
Ground opposite DS office	3.06	24.48	133,293.60	266,587,200
Basketball club	1.06	8.48	46,173.60	18,469,440
Railway officers club	Not provided	-	-	-
Workshops Division				
Moghalpura institute	20.00	160.00	871,200.00	5,843,200,000
Griffin institute/shadi hall	0.27	2.15	11,717.64	78,518,000
WASAS/Kashmir marque	2.00	16.00	87,120.00	584,320,000
Lahore				
Burt institute	1.77	14.16	77,101.20	695,822,400
Burt ground	6.94	55.52	302,306.40	2,728,252,800
PSO Railway Police Pump	0.49	3.92	21,344.40	344,960,000
Walton wedding ground	0.64	5.12	27,878.40	342,528,000
Mayo Garden CLUB	1.14	9.12	49,658.40	487,099,200
Faisalabad polo ground	3.03	24.24	131,986.80	2,807,719,200
Peshawar				
Officer club	0.96	7.68	41,817.60	739,584,000
Rawalpindi				
Officer club	0.72	5.76	31,363.20	278,153,538
Quetta				
Hockey ground	1.34	10.68	58,152.60	240,751,739
Marriage lawn	1.12	8.94	48,700.08	201,618,311
Railway officer club	0.84	6.74	36,677.52	151,844,916
Karachi	Not provided	-	-	-
Multan	1.94	15.50	84,397.50	2,949,270,288
Total land and Value	56.61	452.89	2,465,996.94	19,126,113,112

**Annexure-23
(Para 2.6.2)**

Financial proposals regarding outsourcing of commercial management of freight trains during August 2024

Group	Name of company	Destination		Type of Wagon	No. of Wagon	No of racks	No of trips per month	Bid rate per wagon per round trip	Existing freight per wagon (inclusive of all charges)	Variation per wagon bid rate with existing rates	BID Status	Total guaranteed revenue for two years by all bidders	Guaranteed revenue of 1st highest bidders for two years not accepted	Acceptance letter issued or not
		From	To											
A	Lucky commodities	Karachi	Jia bagha	Coal (ZBKC)	33	1	4	124200	142200	-18000		393,465,600		No
A	Lucky commodities	Karachi	Faisalabad	Coal (ZBKC)	33	3	4	121830	133500	-11670		1,157,872,320		No
A	Maple Leaf cement factory	Karachi	Daudkhel	Coal/Phosphate (ZBKC)	33	2	4	162000	158100	3900	1st highest	1,026,432,000	1,026,432,000	Yes
A	Maple Leaf Power	Karachi	Daudkhel	Coal/Phosphate (ZBKC)	33	2	4	162000	158100	3900	1st highest	1,026,432,000	1,026,432,000	Yes
A	Imlak	Karachi	Pind Dadan Khan	Coal/Phosphate (ZBKC)	33	2	4	152737	166250	-13513	1st highest	967,741,632	967,741,632	No
A	Imlak	Karachi	Jia bagha	Coal/Phosphate (ZBKC)	33	2	4	143520	142200	1320	1st highest	909,342,720	909,342,720	Yes
A	Chistian Logistic	Karachi	Chichoki Malian	Coal/Phosphate (ZBKC)	33	1	4	135120	145500	-10380	1st highest	428,060,160	428,060,160	No

Group	Name of company	Destination		Type of Wagon	No. of Wagon	No of racks	No of trips per month	Bid rate per wagon per round trip	Existing freight per wagon (inclusive of all charges)	Variation per wagon bid rate with existing rates	BID Status	Total guaranteed revenue for two years by all bidders	Guaranteed revenue of 1st highest bidders for two years not accepted	Acceptance letter issued or not
		From	To											
A	Chistian Logistic	Karachi	Faisalabad Dry Port	Coal/Phosphate (ZBKC)	33	1	4	134136	133500	636	1st highest	424,942,848	424,942,848	Yes
A	Awan Tradings	Karachi	Faisalabad	Coal/Phosphate (ZBKC)	33	1	4	127500	133500	-6000		403,920,000		No
A	Awan Tradings	Karachi	Chichoki Malian	Coal/Phosphate (ZBKC)	33	1	4	127500	145500	-18000		403,920,000		No
A	Awan Tradings	Karachi	Jia bagha	Coal/Phosphate (ZBKC)	33	1	4	127500	142200	-14700		403,920,000		No
A	Awan Tradings	Karachi	Shahdara	Coal/Phosphate (ZBKC)	33	1	4	127500	147000	-19500	1st highest	403,920,000	403,920,000	No
A	PMS	Karachi	Faisalabad	Coal/Phosphate (ZBKC)	33	1	4	112080	153440	-41360		355,069,440		No
A	Fatima Fertilizer	Karachi	Moghalpura Dry Port	Coal/Phosphate (ZBKC)	33	2	4	80620	91440	-10820	1st highest	510,808,320	510,808,320	No
A	Maple Leaf cement factory	Karachi	Daudkhel	Coal/Phosphate (ZBKH)	40	2	4	162000	158100	3900	1st highest	1,244,160,000	1,244,160,000	Yes
A	Chistian Logistic	Karachi	Faisalabad Dry Port	Coal/Phosphate (ZBKH)	40	2	4	133500	133500	0		1,025,280,000		No
A	Fatima Fertilizer	Karachi	Piran Ghaib	Coal/Phosphate (ZBKH)	40	2	4	118726	129540	-10814	1st highest	911,815,680	911,815,680	No

Group	Name of company	Destination		Type of Wagon	No. of Wagon	No of racks	No of trips per month	Bid rate per wagon per round trip	Existing freight per wagon (inclusive of all charges)	Variation per wagon bid rate with existing rates	BID Status	Total guaranteed revenue for two years by all bidders	Guaranteed revenue of 1st highest bidders for two years not accepted	Acceptance letter issued or not
		From	To											
B	Bilal Associate	Karachi	Prem Nagar	Container (convention flatbed) 8 wheeler ZBFC	30	3	5	60000	82605	-22605		648,000,000		No
B	Mughal Iron and Steel	JMTH	Qila Satar Shah	container (ZBFC)	33	3	4	120600	132320	-11720	1st highest	1,146,182,400	1,146,182,400	No
B	Indus Steel	Karachi	Qila Satar Shah	container (ZBFC)	33	2	4	116100	132320	-16220		735,609,600		No
B	PMS	Karachi	Prem Nagar	container (ZBFC)	33	4	5	115000	130320	-15320	1st highest	1,821,600,000	1,821,600,000	No
B	Irfanullah	Karachi	Aza Khel	container (ZBFR/C)	22	6	3	145000	147995	-2995	1st highest	1,378,080,000	1,378,080,000	No
B	Bilal Associate	Karachi	Faisalabad	Container ZBFC	33	4	5	107300	129440	-22140	1st highest	1,699,632,000	1,699,632,000	No
C	IMGS	Karachi	Multan Cantt	Cargo/Wheat/Fertilizer/Rice etc. (ZBC)	33	1	5	58073	140914	-82841	1st highest	229,969,080	229,969,080	No
C	IMGS	Karachi	Multan	Cargo/Wheat/Fertilizer/Rice etc. (ZBC) unfit wagons	33	1	5	12920	140914	-127994	1st highest	51,163,200	51,163,200	No

Group	Name of company	Destination		Type of Wagon	No. of Wagon	No of racks	No of trips per month	Bid rate per wagon per round trip	Existing freight per wagon (inclusive of all charges)	Variation per wagon bid rate with existing rates	BID Status	Total guaranteed revenue for two years by all bidders	Guaranteed revenue of 1st highest bidders for two years not accepted	Acceptance letter issued or not
		From	To											
C	PMS	Karachi	Lahore	Cargo/wheat/Fertilizer/Rice etc. ZBC	33	3	5	180000	177500	2500	1st highest	2,138,400,000	2,138,400,000	No even bid higher than the existing rate
D	PMS	Karachi	Gujranwala	Container (MBFR)	22	1	3	120000	141825	-21825	1st highest	190,080,000	190,080,000	No
D	PMS	Karachi	Aza Khel	Container (MBFR)	22	1	3	130000	169590	-39590	1st highest	205,920,000	205,920,000	No
E	IMGS	Karachi	Okara	Cargo/Wheat/Fertilizer/Rice etc. (BC) conventional covered 8 wheeler	30	1	4	50952	120540	-69588	1st highest	146,741,760	146,741,760	No
E	IMGS	Karachi	Muridke	Cargo/Wheat/Fertilizer/Rice etc. 4 wheeler	60	1	4	56100	74620	-18520	1st highest	323,136,000	323,136,000	No
E	IMGS	Karachi	Gujranwala	Cargo/Wheat/Fertilizer/Rice etc. 4 wheeler	60	1	4	44220	79340	-35120	1st highest	254,707,200	254,707,200	No

Group	Name of company	Destination		Type of Wagon	No. of Wagon	No of racks	No of trips per month	Bid rate per wagon per round trip	Existing freight per wagon (inclusive of all charges)	Variation per wagon bid rate with existing rates	BID Status	Total guaranteed revenue for two years by all bidders	Guaranteed revenue of 1st highest bidders for two years not accepted	Acceptance letter issued or not
		From	To											
E	IMGS	Karachi	Badami Bagh	Cargo/Wheat/Fertilizer/Rice etc. conventional covered 4 wheeler	60	1	1	31020	73220	-42200	1st highest	44,668,800	44,668,800	No
F	Bilal Associate	Karachi	Prem Nagar	Container (convention flatbed) 4 wheeler	60	1	5	35000	50920	-15920		252,000,000		No
F	PMS	Karachi	Prem Nagar	Container conventional (BFC) 8 wheeler	30	2	5	65000	83245	s	1st highest	468,000,000	468,000,000	No
F	PMS	Karachi	Usman Khattar	Container conventional flatbed (BKF) 8 wheeler	30	1	3	82600	118145	-35545	1st highest	178,416,000	178,416,000	No
F	IMGS	Karachi	Piran Ghaib	Coal/Phosphate /others (ZBKFC) unfit wagons	33	1	1	3642	107515	-103873	1st highest	2,884,464	2,884,464	No
G	Imlak	Karachi	Faisalabad Dry Port	Coal conventional wagon open top 4 wheeler	60	4	4	44669	56880	-12211	1st highest	1,029,173,760	1,029,173,760	No

Group	Name of company	Destination		Type of Wagon	No. of Wagon	No of racks	No of trips per month	Bid rate per wagon per round trip	Existing freight per wagon (inclusive of all charges)	Variation per wagon bid rate with existing rates	BID Status	Total guaranteed revenue for two years by all bidders	Guaranteed revenue of 1st highest bidders for two years not accepted	Acceptance letter issued or not
		From	To											
G	Imlak	Karachi	Pind Dadan Khan	Coal conventional wagons open top 4 wheeler	60	4	4	46893	60220	-13327	1st highest	1,080,414,720	1,080,414,720	No
G	PMS	Karachi	Chalisa	Coal/phosphate 4 wheeler	60	5	3	41100	75535	-34435	1st highest	887,760,000	887,760,000	No
Total two years earnings					1,452	78	153					26,909,641,704	21,130,584,744	
Per Annum Earnings													10,565,292,372	
Earning for 2020-21													7,289,491,000	
Increase													3,275,801,372	
%age increase													45%	

Annexure-24**Para 2.6.4****Loss due to non-leasing of Railway land as per Railway land and property rules**

Description	area in Acres	Area in Kanal	Area in Sft	Residential value	50% of DC value as one time NOC	Rs 5 per annual rent for five
Hockey ground Sukkur	3.55	28.40	154,638.00	123,710,400	61,855,200	3,865,950
Hostel for hockey players	2.02	16.16	87,991.20	70,392,960	35,196,480	2,199,780
Land near hockey ground	3.73	29.84	162,478.80	173,310,720	86,655,360	4,061,970
Ground in front of DS office	3.06	24.48	133,293.60	266,587,200	133,293,600	3,332,340
Officer club basketball	1.06	8.48	46,173.60	18,469,440	9,234,720	1,154,340
Railway officers club	Not provided	-	-	-	-	-

Description	area in Acres	Area in Kanal	Area in Sft	Residential value	50% of DC value as one time NOC	Rs 5 per annual rent for five
Moghalpura institute	20.00	160.00	871,200.00	3,369,600,000	1,684,800,000	21,780,000
Griffin institute/shadi hall	0.27	2.15	11,717.64	45,279,000	22,639,500	292,941
WASAS/Kashmir marque	2.00	16.00	87,120.00	336,960,000	168,480,000	2,178,000
Burt institute	1.77	14.16	77,101.20	280,297,200	140,148,600	1,927,530
Burt ground	6.94	55.52	302,306.40	1,099,018,400	549,509,200	7,557,660
PSO Railway Police Pump	0.49	3.92	21,344.40	-	-	533,610
Walton wedding ground	0.64	5.12	27,878.40	260,096,000	130,048,000	696,960
Mayo Garden CLUB	1.14	9.12	49,658.40	226,883,712	113,441,856	1,241,460
Faisalabad polo ground	3.03	24.24	131,986.80	719,928,000	359,964,000	3,299,670
Officer club	0.96	7.68	41,817.60	355,000,320	177,500,160	1,045,440
Officer club	0.72	5.76	31,363.20	112,330,952	56,165,476	784,080
Quetta						
Hockey ground	1.34	10.68	58,152.60	110,373,623	55,186,812	1,453,815

Description	area in Acres	Area in Kanal	Area in Sft	Residential value	50% of DC value as one time NOC	Rs 5 per annual rent for five
Marriage lawn	1.12	8.94	48,700.08	92,432,742	46,216,371	1,217,502
Railway officer club	0.84	6.74	36,677.52	69,613,925	34,806,963	916,938
	Not provided	-	-	-	-	-
	1.94	15.50	84,397.50	2,949,270,288	1,474,635,144	2,109,938
Total land and Value	56.61	452.89	2,465,996.94		5,339,777,442	61,649,924

**Annexure-25
Para 2.6.5**

Detail of non-recovery of withholding tax from private parties regarding outsourcing of passenger trains and freight trains

(Rs in million)

Sr.#	Train	Name of the contractor	Start date	Total earning FY 2020-21	Total earning FY 2021-22	Total earning FY 2022-23	Remarks
1	Mehr Express 127Up/128Dn	S. Jamil & Co (Pvt.) Ltd	9/27/2020	305.54	436.55	576.86	In operation
2	Fareed Express (37Up/38Dn)	S. Jamil & Co (Pvt.) Ltd	11/12/2020	683.71	1,161.01	1,362.78	In operation
3	Faiz Ahmed Faiz 209Up/210Dn	PRACS	6/1/2021	2.38	30.84	36.43	In operation
4	Sir Syed Express 35Up/36Dn	RASS Logistic	7/9/2021		1,415.82	256.91	Suspended
5	Badar Express 111Up/112Dn	AS Enterprises	9/1/2021		74.85	119.40	In operation
6	Ghuri Express 113up/114Dn	Imran Enterprises	10/20/2021		71.70	133.94	In operation

Sr.#	Train	Name of the contractor	Start date	Total earning FY 2020-21	Total earning FY 2021-22	Total earning FY 2022-23	Remarks
7	Mianwali Express (147Up/148Dn)	SSR Group	11/25/2021		59.47	126.96	In operation
8	Mohenjo Daro (213Up/214Dn)	S.Jamil & Co (pvt) Ltd	3/5/2022		29.10	14.05	In operation
9	Ravi Express (121Up/122Dn)	S.Jamil & Co (pvt) Ltd	6/13/2022		1.99	50.08	In operation
10	Subak Kharam (103Up/104Dn)	Nadeem Cleaning Services	6/15/2022		15.73	420.78	In operation
11	Rawal Express (105Up/106Dn)	Nadeem Cleaning Services Pvt. Ltd	6/15/2022		15.73	420.78	
12	Tezgam Express (7Up/8Dn)	Nadeem Cleaning Services Pvt. Ltd	05-07-22 to 19-08-22			276.36	
13	Bahaudin Zakaria Express (25Up/26Dn)	SSR Group	22-04-22 to 21-08-22		243.75	195.63	
14	Thal Express (129Up/130Dn)	Imran Enterprises	21-04-22 to 01-02-23		67.09	245.24	

Sr.#	Train	Name of the contractor	Start date	Total earning FY 2020-21	Total earning FY 2021-22	Total earning FY 2022-23	Remarks
15	Rahman Baba Express (47Up/48Dn)	PRACS	1/1/2023			1,225.65	
16	Mehran Express 149Up/150Dn	RASS Logistic	7/5/2021		97.63	129,59	
17	KCR/Shah Latif	S.Jamil & Co (pvt) Ltd		64.42	79.82	90.08	

Total		1,056.06	3,801.06	5,681.51
Total Revenue of outsourced passenger trains				10,538.63
Withholding tax @ 10% to be collected				1,053.86
Withholding tax of Cargo train				973.89
Withholding tax of Coal train				70.75
Total withholding tax				2,098.44

Statement showing the detail of private bank accounts maintained by different departments of PR

(Rs in million)

Sr. #	Description	Amount
Workshops Division		
1	Account No	3039920147
	Account title	Griffin Institute PWR Moghalpura
	Account Type	PLS Saving
	Bank	NBP, Moghalpura Branch
	period	Amount Deposited (Rs)
	01.07.2018 to 31.12.2021	1887008.78
	01.01.2022 to 30.06.2023	2711377
2	Account No	1741-79018307-80
	Account title	DSO workshops Division
	Account Type	HBL Advantage Account (Term/call deposit)
	Bank	HBL Panorama Branch Lahore
	period	Amount Deposited (Rs)
	30.04.2012	3500000
	07.03.2018	4500000
3	Account No	4039982633
	Account title	Moghalpura Institute Lahore
	Account Type	Current Account
	Bank	NBP, Moghalpura Branch
	period	Amount Deposited (Rs)
	01.07.2018 to 31.12.2021	6,007,545.00
	01.01.2022 to 30.06.2023	1,405,575.00
4	Account No	4039982713
	Account title	Moghalpura Institute Lahore
	Account Type	Current Account
	Bank	NBP, Moghalpura Branch
	period	Amount Deposited (Rs)
	01.07.2018 to 31.12.2021	23,156,024.00
	01.01.2022 to 30.06.2023	17,829,590.00
5	Account No	4039983301
	Account title	Hawkers rent account
	Account Type	Current Account
	Bank	NBP, Moghalpura Branch
	period	Amount Deposited (Rs)
	01.07.2018 to 31.12.2021	6,684,345.00
	01.01.2022 to 30.06.2023	20,797,243.00
6	Account No	4039983276
	Account title	Divisional Superintendent

Sr. #	Description		Amount
		Workshops	
	Account Type	Current Account (Shops revenue)	
	Bank	NBP, Moghalpura Branch	
	period	Amount Deposited (Rs)	
	01.07.2018 to 31.12.2021	181,540,627.00	
	01.01.2022 to 30.06.2023	108,807,840.00	290,348,467
7	Account No	4039983329	
	Account title	School Bus Card Fees Account	
	Account Type	Current Account	
	Bank	NBP, Moghalpura Branch	
	period	Amount Deposited (Rs)	
	01.07.2018 to 31.08.2018	50,720.00	
	01.09.2018 to 30.11.2018	425,460.00	
	01.12.2018 to 30.04.2019	492,080.00	
	01.05.2019 to 31.10.2019	392,490.00	
	01.11.2019 to 30.11.2019	130,710.00	
	01.12.2019 to 29.02.2020	341,220.00	
	01.03.2020 to 31.05.2020	53,440.00	
	01.08.2020 to 28.02.2021	272,660.00	
	01.03.2021 to 31.07.2021	134,813.00	
	01.09.2021 to 30.09.2021	30,140.00	
	01.10.2021 to 31.10.2021	96,720.00	
	01.11.2021 to 30.11.2021	76,880.00	
	01.12.2021 to 31.12.2021	86,490.00	
	01.01.2022 to 31.01.2022	93,390.00	
	01.02.2022 to 28.02.2022	103,310.00	
	01.03.2022 to 31.03.2022	66,930.00	
	01.04.2022 to 30.04.2022	37,490.00	
	01.05.2022 to 31.05.2022	40,470.00	
	01.06.2022 to 30.06.2022	1,880.00	
	01.07.2022 to 31.10.2022	323,433.00	
	01.11.2022 to 30.04.2023	857,213.00	
	01.05.2023 to 30.06.2023	69,880.00	4,177,819
8	Account No	4039983294	
	Account title	Sub-urban ticket account	
	Account Type		
	Bank	NBP, Moghalpura Branch	
	period		
	01.07.2018 to 31.12.2021	6850658	
	01.01.2022 to 24.05.2024	3755458	10,606,116
9	Account No	4039963310	
	Account title	Pensioners ID card fee account	
	Bank	NBP, Moghalpura Branch	
	period	Amount Deposited (Rs)	
	01.07.2018 to 31.12.2021	124210	

Sr. #	Description		Amount
	01.01.2022 to 24.05.2024	68170	192,380
Lahore Division			
10	Account No	4036348119	
	Account title	Divisional sports association Lahore	
	Account Type	Current Account/ Burt Institute	
	Bank	NBP, PR, HQ, Branch	
	period	Amount Deposited (Rs)	
	01.07.2018 to 31.12.2021	2334729	
	01.01.2022 to 30.06.2023	544000	2,878,729
Quetta Division			
11	Account No	PK86NBPA0051004026587808	
	Account title	PR Institute SR	
	Account Type	officers club, Quetta	
	Bank	NBP, Quetta	
	period	Amount deposited Rs	
	01.07.2018 to 30.06.2023	43,746,593	43,476,593
12	Account No	PK44UNIL0112050710014382	
	Account title	PR Canteen Quetta	
	Account Type	Saving	
	Bank	UBL, Quetta	
	period	Amount deposited Rs	
	01.07.2018 to 30.06.2023	2,751,084	2,751,084
13	Account No	PK45NBPA173004002292288	
	Account title	Staff Ration Welfare Funds	
	Account Type	Current Account	
	Bank	NBP	
	period	Amount deposited Rs	
	01.07.2018 to 30.06.2023	14,435,853	14,435,853
Rawalpindi Division			
14	Account No	10025515720014	
	Account title	Baba Masoom Shah Plat (Shrine)	
	Bank	Allied Bank Cabinet Secretariat Branch, Rawalpindi	
	Period	Amount deposited Rs	
	Opening balance on 1.1.2018	8,336,399	
	01.01.2018 to 30.06.2023	14,827,984	23,164,383
15	Account No	10025514510015	
	Account title	P.R. Institute Rawalpindi (Library)	
	Bank	Allied Bank Cabinet Secretariat Branch, Rawalpindi	
	Period	Amount deposited Rs	
	Opening balance on 1.7.2018	758,905	
	01.07.2018 to 30.06.2023	1,405,132	2,164,037
16	Account No	12360078786101	

Sr. #	Description		Amount
	Account title	Secretary PR Officer Club Rawalpindi	
	Bank	Habib Bank Limited Kashmir Road, Rawalpindi	
	Period	Amount deposited Rs	
	Opening balance on 1.7.2018	1,677,365	
	July-2018 to 30.June.2020	4,300,121	
	July-2020 to 30.06.2023	13,202,508	19,179,994
17	Account No	10022030560024	
	Account title	Div. Sports Officers P.R. Rawalpindi	
	Bank	Allied Bank Cabinet Secretariat Branch, Rawalpindi	
	Period	Amount deposited Rs	
	Opening balance 15.01.2021	1,549	
	15.01.2021 to 20.05.2024	300,000	301,549
18	Account No	10022030550025	
	Account title	Railway Industrial School	
	Bank	Allied Bank Cabinet Secretariat Branch, Rawalpindi	
	Period	Amount deposited Rs	
	Opening balance on 1.1.2018	27,954	
	1.1.2018 to 31.12.2023	6,739,500	6,767,454
19	Account No	10022030610015	
	Account title	Railway Loco shed Canteen Rawalpindi	
	Bank	Allied Bank Cabinet Secretariat Branch, Rawalpindi	
	Period	Amount deposited Rs	
	Opening balance on 1.1.2018	61,095	
	1.1.2018 to 31.12.2023	359,590	
	01.07.2023 to 23.04.2024	132,400	553,085
20	Account No	1007320100011	
	Account title	Railway canteen CDL Workshop, Rawalpindi	
	Bank	Allied Bank Limited Workshop Road Branch, Rawalpindi	
	Period	Amount deposited Rs	
	01.07.2018 to 14.01.2021	399,750	399,750
Carriage Factory Islamabad			
21	Account No	102002010021059	
	Account title	Main inside Canteen	
	Bank	MCB Dhok Mangtal branch Rwp.	
	Period	Amount deposited Rs	
	01-07-2018 to 22-11-2020	160,851	160,851

Sr. #	Description		Amount
22	Account No	4173929661	
	Account title	Main inside Canteen	
	Bank	NBP I-10 Markaz Islamabad	
	Period	Amount deposited Rs	
	29-06-2022 to 15-01-2023	57,766	57,766
23	Account No	102002010008061	
	Account title	Admin building Canteen	
	Bank	MCB Dhok Mangtal branch Rwp	
	Period	Amount deposited Rs	
	01-07-2018 to 20-05-2021	37,014	37,014
24	Account No	4173916380	
	Account title	Admin building Canteen	
	Bank	NBP I-10 Markaz Islamabad	
	Period	Amount deposited Rs	
	6.01.2022	10,000	10,000
25	Account No	102001010006684	
	Account title	Railway Industrial school	
	Bank	MCB Dhok Mangtal branch Rwp.	
	Period	Amount deposited Rs	
	01-07-2018 to 10-07-2021	1,064,323	1,064,323
26	Account No	4174381876	
	Account title	Railway Industrial school	
	Bank	NBP I-10 Markaz Islamabad	
	Period	Amount deposited Rs	
	27.09.2021 to 14-06-2023	352,200	352,200
27	Account No	102001010005775	
	Account title	Library	
	Bank	MCB Dhok Mangtal branch Rwp.	
	Period	Amount deposited Rs	
	01-07-2018 to 24-08-2021	797,843	797,843
28	Account No	4173821375	
	Account title	Library	
	Bank	NBP I-10 Markaz Islamabad	
	Period	Amount deposited Rs	
	17.9.2021 to 26-06-2023	201,391	201,391
PR Academy Walton			
29	Account No	4070100400	
	Account title	DG Railway Academy Walton	
	Bank	NBP, Walton	
	Period	Amount deposited Rs	
	01.07.2018 to 31.12.2021	6,897,814	6,897,814
Total			519,455,202.80

Statement showing the detail of non-production of record

Sr.#	Description	Remarks
1	No. of private bank accounts maintained by Division/Institutes	No record of any kind was provided by DS/Multan, DS/Karachi, DS/Sukkur, Carson Institute, Lahore, IGPRP, Mayo Gardens Officers Club
2	Authority under which bank accounts were opened	
3	Date of opening of bank accounts	
4	SOPs for operating these bank accounts	
5	Bank statements of all bank accounts maintained by Division/Institutes for the year 2018-19 to 2022-23	
6	Signatories of bank accounts	
7	Source of earning in respect of above mentioned bank accounts along with copies of receipts issued	
8	Authority under which amount was drawn from these bank accounts and utilized	
9	Cash book for the period from 2018-19 to 2022-23 along with vouchers and allied record	
11	Ledgers, accounts and audit notes	
12	Any other information/documents required by audit.	
Partial record was provided by		
1	DG, PRA, Walton	Only bank statements were provided
2	Divisional Support Officer, Lahore Division	Relevant record and bank statement in respect of Polo ground Faisalabad was not provided
3	Pakistan Railways Sports Board, Lahore	Only cash books and financial statements were provided
4	DS/Rawalpindi	Most of the record was not provided

Annexure-28

Para 3.7

Statement of last five years earnings

(Rs in million)

Earnings	2019-20	2020-21	2021-22	2022-23	2023-24	Difference from 2019-20	%age Change
Passenger	23,178.33	22,223.88	30,371.81	34,766.14	49,267.79	26,089.46	113%
Luggage,	1,306.07	1,504.81	1,651.46	1,715.55	2,885.40	1,579.33	121%
Freight	19,208.43	20,579.02	22,957.85	18,031.69	28,119.02	8,910.60	46%
Misc.	3,890.86	4,341.09	5,110.60	9,204.54	8,456.21	4,565.35	117%
Total	47,583.69	48,648.81	60,091.72	63,717.93	88,728.42	41,144.74	86%

Earnings	2019-20	2020-21	2021-22	2022-23	2023-24
Passenger	49%	46%	51%	55%	56%
Luggage,	3%	3%	3%	3%	3%
Freight	40%	42%	38%	28%	32%
Misc.	8%	9%	9%	14%	10%
Total	100%	100%	100%	100%	100%

Division wise loading (last 6 years)

Division	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Karachi	215,262	194,424	215,882	208,507	117,703	181,399
Sukkur	2,613	6,334	4,889	5,082	5,044	10,834
Multan	26,666	21,248	21,235	19,158	18,159	20,059
Lahore	60,936	53,605	59,104	59,763	44,670	63,136
Rawalpindi	4,524	5,496	6,825	5,629	5,126	5,116
Peshawar	7,749	5,015	1,760	1,993	18,650	7,430
Quetta	3,956	1,349	2,082	3,100	3,352	1,774
Total	321,706	287,471	311,777	303,232	212,704	289,748

Division	2018-19	2019-	2020-21	2021-22	2022-23	2023-24	Average
Karachi	67%	68%	69%	69%	55%	62%	65%
Sukkur	1%	2%	2%	2%	2%	4%	2%
Multan	8%	7%	7%	6%	9%	7%	7%
Lahore	19%	19%	19%	20%	21%	21%	20%
Rawalpindi	1%	2%	2%	2%	2%	2%	2%
Peshawar	2%	2%	1%	1%	9%	3%	3%
Quetta	1%	0%	1%	1%	2%	1%	1%
Total	100%	100%	100%	100%	100%	100%	100%

Freight Revenue to Freight Train (KM)

Description	2019-20	2020-21	2021-22	2022-23	2023-24
Freight Train-KM	7,076	5,759	6,502	5,264	6,237
Freight Revenue (Rs. in thousands)	19,208.43	20,579.02	22,957.85	18,031.69	28,119.02
Freight Revenue to Freight Train KM	2.71	3.57	3.53	3.43	4.51

Description	2019-20	2020-21	2021-22	2022-23	2023-24
Freight Revenue to Freight Train KM (Rs)	2.71	3.57	3.53	3.43	4.51
USD Rate (USD in Rs)	156	155	168	176	267
Freight Revenue to Freight Train KM (USD)	0.017	0.023	0.021	0.019	0.017

**PRFTC's contribution in terms of tones & revenue during
FY 2015-16 to FY 21023-24**

(Rs in million)

Financial Year	Total Freight Earning	Freight earnings with PRFTC	Freight earnings without PRFTC	PRFTC Contribution	PR Contribution (Other than PRFTC)
2015-16	10,768	-	10,768	0%	100%
2016-17	12,421	1,938	10,483	16%	84%
2017-18	19,003	9,558	9,445	50%	50%
2018-19	18,853	10,678	8,175	57%	43%
2019-20	19,208	10,400	8,808	54%	46%
2020-21	20,579	10,503	10,076	51%	49%
2021-22	22,958	11,943	11,015	52%	48%
2022-23	18,032	6,526	11,506	36%	64%
2023-24	28,119	5,855	22,264	21%	79%

(Tons of Freight Carried)

Financial Year	Total Freight Tons	Freight with PRFTC	Freight without PRFTC	PRFTC Contribution	PR Contribution (Other than PRFTC)
2015-16	5,001,000		5,001,000	0%	100%
2016-17	5,630,000	609,788	5,020,212	11%	89%
2017-18	8,355,000	2,790,462	5,564,538	33%	67%
2018-19	8,376,000	2,931,211	5,444,789	35%	65%
2019-20	7,412,000	2,698,524	4,713,476	36%	64%
2020-21	8,213,000	2,623,688	5,589,312	32%	68%
2021-22	8,098,000	2,668,504	5,429,496	33%	67%
2022-23	5,748,000	1,367,718	4,380,282	24%	76%
2023-24	7,854,000	905,061	6,948,939	12%	88%

**Non-loading of wagons at full capacity resulted in excess utilization of 24,379
wagons**

Sr.#	Year	Wagons loaded (60 tons)	Tonnage loaded	Wagons should be loaded (if 70 tons loaded)	Excess loading of wagons
1	2019-20	44968	2698524.241	38550	6418
2	2020-21	43722	2623688.241	37481	6241
3	2021-22	44469	2668504.35	38121	6348
4	2022-23	22789	1367718.382	19538	3251
5	2023-24	15050	905061.383	12929	2121
Total		170998	10263496.6	146619	24379

Annexure-33
Para 3.8.2.3(vi)

Statement showing the under charging of freight at BQM

Sr.#	RR No.	date	Station	Rate per ton (Rs)	Wagon No.	weight should be Charged (ton)	weight charged (Ton)	weight charged less	under charges Rs
1	729314	07.10.2024	BQM-KWA	4975	95237	59	49.9	9.1	45,273
3					92272	58	49.4	8.6	42,785
4					92199	58	49.5	8.5	42,288
5					92329	58	50.76	7.24	36,019
6					92191	58	50.38	7.62	37,910
7					92194	58	48.92	9.08	45,173
8					92417	58	50.94	7.06	35,124
9	729315	07.10.2024	BQM-KWA	4975	92204	58	51.62	6.38	31,741
10					95262	59	47.9	11.1	55,223
11					92280	58	49.58	8.42	41,890
12					92164	58	55.78	2.22	11,045
Total under charges									424,467

Annexure-34
Para 3.8.2.3 Observation-1

Loss due to non-provision of demanded wagons

Sr.#	Year	Wagon Loaded	Freight earning in Rs.	Per wagon earning in Rs.	Wagons not provided to contractors (in No.)	Loss in Rs.	Remarks
1	2023-2024	289748	28,119,024,028	97046.48	33736	3,273,960,112.27	P-146 and 176 of Yearbook
2	2022-2023	212704	17,595,788,000	82724.29	15557	1,286,941,824.86	105 and 134 of Yearbook
3	2021-2022	363172	23,122,851,000	63669.15	18073	1,150,692,471.12	P-108 and 135 of Yearbook
Total					67,366	5,711,594,408.25	

Statement showing the availability, demand and supply of wagons in Karachi

Sr. #	Month	Demand	Supply/loaded
1	July, 2021	11542=22784	8764=17471
2	August, 2021	12720=25168	10042=20044
3	Sept. 2021	11547=22775	9130=18160
4	Oct. 2021	11276=22172	10009=19854
5	Nov. 2021	12218=23990	10108=20078
6	Dec. 2021	10389=20347	8499=16837
7	Jan. 2022	10231=20154	9125=18202
8	Feb. 2022	9214=21235	9041=18037
9	March, 2022	7979=17586	7817=15610
10	April, 2022	7694=15126	6772=13514
11	May, 2022	7306=14336	6154=12284
12	June, 2022	9329=18293	7911=15707
13	July, 2022	6452=12608	5058=10070
14	August, 2022	5449=10590	3945=7832
15	Sept. 2022	8524=16796	4516=8974
16	Oct. 2022	10763=21365	8003=15966
17	Nov. 2022	8652=16967	6977=13816
18	Dec. 2022	8339=16121	6495=12665
19	Jan. 2023	7333=12026	5868=10856
20	Feb. 2023	4832=10428	4548=9022
21	March, 2023	3647=7114	3571=6983
22	April, 2023	2517=4954	2437=4819
23	May, 2023	4125=8173	4039=8019
24	June, 2023	4745=9402	4364=8662
25	July, 2023	5358=10614	4547=9014
26	August, 2023	6925=13791	6236=12435
27	Sep, 2023	7533=14965	6241=12401
28	Oct, 2023	9288=18515	7003=13965
29	Nov, 2023	10730=21335	8301=16497
30	Dec, 2023	13252=25915	7589=14831
31	Jan, 2024	14843=29105	9180=18021
32	Feb, 2024	11398=22653	8722=17341
33	March, 2024	12217=23962	9297=18217
34	April, 2024	11859=23517	8434=16687
35	May, 2024	11084=21946	8270=16426
36	June, 2024	10940=21708	7871=15600
	Total	322250=638536	254884=504917

division

Statement showing the outstanding freight and demurrage charges

Sr.#	Name of the party	Year	Description	Amount in Rs
Multan				-
1	PSO/Piran Ghaib	2019-20 to 2023-24	Demurrage/wharfage	909,300
2	PSO/Sher Shah/SSH		Freight	14,449,698
3			Demurrage	1,247,000
4			Under charges	26,120
5	PSO/Lal Pir		Demurrage/wharfage	47,106,680
6	PSO/Mahmud Kot		Freight	1,202,194,386
7	PSO/Thermal		Freight	3,241,116
8	Power/TPS/MZG		Demurrage	1,543,975
Rawalpindi				-
9	PSO	2008 to 2018	Demurrage	2,938,375
10	Pakistan Military (Basic Supply Depot)	24.09.2021	Demurrage	256,320
11	PSO	2013-14	Demurrage	2,835,475
12	PSO/ARL/RWP	2022-23 to Sept 2024	Freight	142,393,194
13	PSO/CPI	2022-23 to Sept 2024	Freight	29,270
14			Demurrage/wharfage	7,439,235
15	Cabinet Division	2005	Freight	3,170,537
Karachi				-
16	BQM/PYP/KMR/RG	up to August 2024	Freight	347,414,952
17			Under charges	124,435
18			Missing tank wagons	7,057,213
19			Cost of contents	75,585,819
20			Short Payment	8,002,149
21			Penalty	828,069
Total				1,868,793,318

**Statement showing the irregular booking of goods without verification of weight
(Rate Rs 4472/ton)**

Sr.#	Month	Weight	PRFTC
1	Jul-21	269,697.82	1,206,088,670
2	Aug-21	232,825.86	1,041,197,230
3	Sep-21	225,602.65	1,008,895,065
4	Oct-21	222,498.47	995,013,150
5	Nov-21	231,697.67	1,036,151,985
6	Dec-21	83,827.00	374,874,330
7	Jan-22	185,578.39	829,906,580
8	Feb-22	197,819.52	884,648,875
9	Mar-22	103,533.78	463,003,060
10	Apr-22	48,905.50	218,705,415
11	May-22	49,955.56	223,401,250
12	Jun-22	161,331.82	721,475,920
Total Amount in Rs		2,013,274.05	9,003,361,530

Statement showing the booking of freight without recovery of freight charges

Sr.#	Name of party	RR No. and Date	No. of Wagons	Amount to be	Amount not recovered	
				Rs	Rs	
1	M/s PIL	646581-83 dated 09.09.2023	14=28	2278215	2,158,735	
2		646635-39 Dated 16.09.2023	15=30	3123450	2,552,220	
3		646674-75 Dated 22.09.2023	10=20	2186450	2,186,450	
4		646676-79 Dated 23.09.2023	12=24	2457040	2,457,040	
Total			51=102		9,354,445	

Para 3.8.2.3 Observation-13

**Loss of revenue due to non-levy of local haulage charges on
Goods booked from Reti Line to upcountry**

Sr.#	Date	RR No.	Wagon (8-wheeler)	LHC per wagon Rs	Total LHC Rs
1	05.07.2023	398933	1	4520	4,520
2	06.07.2023	398934	1	4520	4,520
3	07.07.2023	398935	1	4520	4,520
4	11.07.2023	398936	3	4520	13,560
5	13.07.2023	398937	3	4520	13,560
6	14.07.2023	398938	1	4520	4,520
7	14.07.2023	398939	1	4520	4,520
8	15.07.2023	398940	7	4520	31,640
9	15.07.2023	398941	3	4520	13,560
10	18.07.2023	398942	1	4520	4,520
11	18.07.2023	398943	1	4520	4,520
12	18.07.2023	398944	1	4520	4,520
13	11.08.2023	398945	6	4520	27,120
14	11.08.2023	398946	6	4520	27,120
15	11.08.2023	398947	1	4520	4,520
16	15.08.2023	398948	6	4520	27,120
17	15.08.2023	398949	5	4520	22,600
18	15.08.2023	398950	2	4520	9,040
19	15.08.2023	398951	1	4520	4,520
20	16.08.2023	398952	5	4520	22,600
21	16.08.2023	398953	5	4520	22,600
22	16.08.2023	398954	6	4520	27,120
23	16.08.2023	398955	1	4520	4,520
24	17.08.2023	398956	2	4520	9,040
25	21.08.2023	398957	4	4520	18,080
26	21.08.2023	398958	1	4520	4,520
27	21.08.2023	398959	4	4520	18,080
28	21.08.2023	398960	3	4520	13,560
29	22.08.2023	398961	2	4520	9,040
30	30.08.2023	398962	4	4520	18,080
31	30.08.2023	398963	4	4520	18,080
32	30.08.2023	398964	1	4520	4,520
33	30.08.2023	398965	1	4520	4,520
34	31.08.2023	398966	3	4520	13,560
35	31.08.2023	398967	4	4520	18,080
36	05.09.2023	398968	1	4520	4,520
37	07.09.2023	398969	5	4520	22,600
38	07.09.2023	398970	6	4520	27,120

Sr.#	Date	RR No.	Wagon (8-wheeler)	LHC per wagon Rs	Total LHC Rs
39	07.09.2023	398971	1	4520	4,520
40	07.09.2023	398972	1	4520	4,520
41	08.09.2023	398973	2	4520	9,040
42	08.09.2023	398974	5	4520	22,600
43	11.09.2023	398975	1	4520	4,520
44	13.09.2023	398976	5	4520	22,600
45	13.09.2023	398977	3	4520	13,560
46	13.09.2023	398978	6	4520	27,120
47	13.09.2023	398979	4	4520	18,080
48	13.09.2023	398980	4	4520	18,080
49	16.09.2023	398981	1	4520	4,520
50	28.09.2023	398982	1	4520	4,520
51	03.10.2023	398983	1	4520	4,520
52	03.10.2023	398984	7	4520	31,640
53	03.10.2023	398985	2	4520	9,040
54	04.10.2023	398986	1	4520	4,520
55	04.10.2023	398987	2	4520	9,040
56	04.10.2023	398988	2	4520	9,040
57	05.10.2023	398989	1	4520	4,520
58	07.10.20123	398990	1	4520	4,520
59	09.10.2023	398991	1	4520	4,520
60	11.10.2023	398992	3	4520	13,560
61	11.10.2023	398993	1	4520	4,520
62	11.10.2023	398994	2	4520	9,040
63	12.10.2023	398995	1	4520	4,520
64	12.10.2023	398996	1	4520	4,520
65	13.10.2023	398997	2	4520	9,040
66	13.10.2023	398998	3	4520	13,560
67	28.10.2023	398999	2	4520	9,040
68	31.10.2023	399000	1	4520	4,520
69	03.11.2023	399001	6	4520	27,120
70	04.11.2023	399002	3	4520	13,560
71	04.11.2023	399003	3	4520	13,560
72	08.11.2023	399004	2	4520	9,040
73	10.11.2023	399005	6	4520	27,120
74	11.11.2023	399006	6	4520	27,120
75	13.11.2023	399007	6	4520	27,120
76	14.11.2023	399008	1	4520	4,520
77	16.11.2023	399009	6	4520	27,120
78	16.11.2023	399010	1	4520	4,520
79	16.11.2023	399011	1	4520	4,520
80	18.11.2023	399012	6	4520	27,120
81	18.11.2023	399013	5	4520	22,600

Sr.#	Date	RR No.	Wagon (8-wheeler)	LHC per wagon Rs	Total LHC Rs
82	18.11.2023	399014	4	4520	18,080
83	20.11.2023	399015	1	4520	4,520
84	20.11.2023	399016	1	4520	4,520
85	20.11.2023	399017	3	4520	13,560
86	21.11.2023	399018	6	4520	27,120
87	21.11.2023	399019	1	4520	4,520
88	21.11.2023	399020	4	4520	18,080
89	21.11.2023	399021	2	4520	9,040
90	21.11.2023	399022	2	4520	9,040
91	21.11.2023	399023	2	4520	9,040
92	22.11.2023	399024	2	4520	9,040
93	27.11.2023	399025	6	4520	27,120
94	28.11.2023	399026	5	4520	22,600
95	29.11.2023	399027	1	4520	4,520
96	29.11.2023	399028	1	4520	4,520
97	30.11.2023	399029	1	4520	4,520
98	30.11.2023	399030	5	4520	22,600
99	30.11.2023	399031	1	4520	4,520
100	02.12.2023	399032	4	4520	18,080
101	07.12.2023	399033	1	4520	4,520
102	07.12.2023	399034	3	4520	13,560
103	07.12.2023	399035	3	4520	13,560
104	07.12.2023	399051	3	4520	13,560
105	08.12.2023	399052	6	4520	27,120
106	11.12.2023	399053	6	4520	27,120
107	12.12.2023	399054	6	4520	27,120
108	15.12.2023	399055	6	4520	27,120
109	15.12.2023	399056	5	4520	22,600
110	15.12.2023	399057	1	4520	4,520
111	16.12.2023	399058	1	4520	4,520
112	16.12.2023	399059	1	4520	4,520
113	18.12.2023	399060	6	4520	27,120
114	19.12.2023	399061	1	4520	4,520
115	26.12.2023	399062	2	4520	9,040
116	26.12.2023	399063	6	4520	27,120
117	28.12.2023	399064	3	4520	13,560
118	29.12.2023	399065	2	4520	9,040
119	29.12.2023	399066	2	4520	9,040
120	30.12.2023	399067	2	4520	9,040
121	02.01.2024	399069	1	4520	4,520
122	02.01.2024	399070	1	4520	4,520
123	02.01.2024	399071	4	4520	18,080
124	02.01.2024	399072	6	4520	27,120

Sr.#	Date	RR No.	Wagon (8-wheeler)	LHC per wagon Rs	Total LHC Rs
125	05.01.2024	399073	6	4520	27,120
126	08.01.2024	399074	6	4520	27,120
127	08.01.2024	399075	4	4520	18,080
128	09.1.2024	399076	4	4520	18,080
129	10.01.2024	399077	10	4520	45,200
130	12.01.2024	399078	4	4520	18,080
131	15.01.2024	399079	9	4520	40,680
132	17.01.2024	399080	3	4520	13,560
133	17.01.2024	399081	4	4520	18,080
134	21.01.2024	399082	8	4520	36,160
135	22.01.2024	399083	1	4520	4,520
136	23.01.2024	399084	1	4520	4,520
137	24.01.2024	399085	8	4520	36,160
138	24.01.2024	399086	2	4520	9,040
139	02.02.2024	399087	5	4520	22,600
140	06.02.2024	399088	7	4520	31,640
141	06.02.2024	399089	1	4520	4,520
142	07.02.2024	399090	1	4520	4,520
143	07.02.2024	399091	1	4520	4,520
144	07.02.2024	399092	1	4520	4,520
145	07.02.2024	399093	1	4520	4,520
146	09.02.2024	399094	1	4520	4,520
147	10.02.2024	399095	2	4520	9,040
148	10.02.2024	399096	1	4520	4,520
149	13.02.2024	399097	7	4520	31,640
150	21.02.2024	399098	7	4520	31,640
151	22.02.2024	399099	1	4520	4,520
152	23.02.2024	399100	9	4520	40,680
153	23.02.2024	399101	1	4520	4,520
154	23.02.2024	399102	6	4520	27,120
155	24.02.2024	399103	1	4520	4,520
156	24.02.2024	399104	1	4520	4,520
157	27.02.2024	399105	1	4520	4,520
158	27.02.2024	399106	1	4520	4,520
159	28.02.2024	399107	9	4520	40,680
160	01.03.2024	399108	1	4520	4,520
161	02.03.2024	399109	9	4520	40,680
162	04.03.2024	399110	3	4520	13,560
163	04.03.2024	399111	4	4520	18,080
164	04.03.2024	399112	4	4520	18,080
165	09.03.2024	399113	8	4520	36,160
166	12.03.2024	399114	1	4520	4,520
167	13.03.2024	399115	8	4520	36,160

Sr.#	Date	RR No.	Wagon (8-wheeler)	LHC per wagon Rs	Total LHC Rs
168	14.03.2024	399116	1	4520	4,520
169	16.03.2024	399117	1	4520	4,520
170	18.03.2024	399118	8	4520	36,160
171	22.03.2024	399119	7	4520	31,640
172	25.03.2024	399120	6	4520	27,120
173	25.03.2024	399121	1	4520	4,520
174	27.03.2024	399122	1	4520	4,520
175	27.03.2024	399123	1	4520	4,520
176	27.03.2024	399124	1	4520	4,520
177	27.03.2024	399125	1	4520	4,520
178	03.04.2024	399126	7	4520	31,640
179	17.04.2024	399127	6	4520	27,120
180	19.04.2024	399128	6	4520	27,120
181	22.04.2024	399129	6	4520	27,120
182	23.04.2024	399130	10	4520	45,200
183	27.04.2023	399131	10	4520	45,200
184	29.04.2024	399132	10	4520	45,200
185	29.04.2024	399133	1	4520	4,520
186	30.04.2024	399134	10	4520	45,200
187	04.05.2024	399135	10	4520	45,200
188	06.05.2024	399136	10	4520	45,200
189	08.05.2024	399137	1	4520	4,520
190	15.05.2024	399138	1	4520	4,520
191	15.05.2024	399139	2	4520	9,040
192	15.05.2024	399140	2	4520	9,040
193	20.05.2024	399141	1	4520	4,520
194	03.06.2024	399142	7	4520	31,640
195	15.06.2024	399143	3	4520	13,560
196	15.06.2024	399144	4	4520	18,080
197	22.06.2024	399145	1	4520	4,520
198	22.06.2024	399146	3	4520	13,560
199	23.06.2024	399147	6	4520	27,120
200	25.06.2024	399148	6	4520	27,120
201	25.06.2024	399149	4	4520	18,080
202	27.06.2024	399150	1	4520	4,520
203	28.06.2024	399151	4	4520	18,080
204	28.06.2024	399152	1	4520	4,520
205	29.06.2024	399153	1	4520	4,520
Total					3,154,960

Annexure-39**Para 4.2.4.2****Department wise position of beds availability in both hospitals**

Sr.#	Department Name	PRHR	PRCHL	Difference
		(IIMCT)		
1	Gynae	54	15	39
2	Male Surgical Ward	40	12	28
3	Female Medical Ward	43	25	18
4	Cardiac/HDU/ICU	24	9	15
5	Female Surgical Ward	25	12	13
6	Eye	22	18	4
7	Burn Ward	4	2	2
8	Emergency	10	12	-2
9	Officers Ward	-	2	-2
10	Male Medical Ward	33	50	-17
11	TB ward	-	23	-23
12	Isolation Ward	6	30	-24
13	Paediatrics	57	0	57
14	Orthopaedics Ward	29	0	29
15	ENT Ward	8	0	8
Total		355	210	145

Source: Hospital Report by concerned Medical Superintendent

**Position of indoor Railway and Civilian Patients for the
FY 2021-22 to 2023-24**

Department/Ward		2021-22	2022-23	2023-24	Total
Female Medical Ward	RLY	565	507	598	1,670
	CNE	323	475	332	1,130
Male Medical Ward	RLY	462	415	384	1,261
	CNE	264	406	281	951
Female Surgery Ward	RLY	150	122	194	466
	CNE	336	590	604	1,530
Male Surgery Ward	RLY	231	129	154	514
	CNE	312	574	469	1,355
Intensive Care Unit	RLY	277	109	60	446
	CNE	102	224	101	427
NICU	RLY	76	54	75	205
	CNE	139	128	75	342
Paediatrics	RLY	247	260	231	738
	CNE	678	836	692	2,206
Obs/Gynae	RLY	610	481	604	1,695
	CNE	1083	1723	1057	3,863
Orthopaedic	RLY	234	238	156	628
	CNE	129	296	222	647
ENT	RLY	54	68	85	207
	CNE	134	286	218	638
EYE	RLY	131	53	101	285
	CNE	433	682	223	1,338
Psychiatry	RLY	10	10	13	33
	CNE	1	12	0	13
Nephrology	RLY	852	938	993	2,783
	CNE	3529	4462	4262	12,253
Gastroenterology	RLY	17	30	90	137
	CNE	130	266	285	681
Dermatology	RLY	2	0	1	3

Department/Ward		2021-22	2022-23	2023-24	Total
	CNE	2	0	0	2
Urology	RLY	65	25	13	103
	CNE	357	165	55	577
Pulmonology	RLY	1	0	0	1
	CNE	0	0	0	-
Cardiology	RLY	0	41	99	140
	CNE	0	2107	2574	4,681

Source: Hospital Report by concerned Medical Superintendent

No of Patients treated by each doctor per day

Description	PRHR (IIMCT) (Rly + Pvt Patient)	PRCH
No of Patients in three FY's	628,340	124,326
No of Drs	58	17
No of Patients treated by each doctor (In last	10,833	7,313
No of days in three FY's	1095	1095
No of patients treated by each doctor per day	10	7

Comparative analysis of deliveries in both Hospitals

Description	No of Deliveries		
	IIMCT		PRCH
	(Pvt.)	(PR)	(Rly)
Caesarean Deliveries	215	100	217
Normal Deliveries	218	97	65
Others	719	346	313
Total	1152	543	595
Total no of surgeries of PR patients performed in both hospital (IIMCT PR + PRCH PR)	317		
Percentage of caesarean operation to total in (IIMCT PR + PRCH PR)	-	32%	68%
Total no of caesarean surgeries in IIMCT (Pvt 1,152+PR 543)	1695		
Percentage of caesarean operation to total in IIMCT	68	32	-
No of normal surgeries of PR patients performed in IIMCT hospital (Pvt + PR)	315		-
Percentage of normal deliveries to total in IIMCT for Pvt & PR patients	69%	31%	-

Impact on patients' lives analyzed on ten indicators

Sr No	Questions	Grading & evaluation criteria		Benchmark
1	How much time it takes to get the registration slip in hospital?	5-10 minutes	1	5-10 minutes
		15 to 20 minutes	0	
2	Has the patient got the sitting facility in the hospital?	Yes	1	Yes
		No	0	
3	How do you rate the hospital environment & cleanliness?	Excellent	10	Good
		Good	5	
		Poor	0	
4	Were your concerned doctor & specialist being available?	Yes	1	Yes
		No	0	
5	How many medical tests have been performed by the hospital laboratory?	More than 2	1	More than 2
		2 or less	0	
6	How many medical tests have been performed by external laboratory?	More than 2	1	02 or less
		2 or less	0	
7	How much you satisfied with the treatment you got from this hospital?	Excellent	10	Good
		Good	5	
		Poor	0	
8	Is there any discrimination between you and private patients?	Yes	1	No
		No	0	
9	How much medicine do you receive from hospital?	0 to 25%	10	25% to 50%
		25% to 50%	5	
		100%	0	
10	How much are you satisfied with the para-medical staff's professional attitude?	Excellent	10	Good
		Good	5	
		Poor	0	