AUDIT REPORT

ON

THE ACCOUNTS OF

PAKISTAN RAILWAYS

AUDIT YEAR 2023-24

AUDITOR-GENERAL OF PAKISTAN

PREFACE

Articles 169 and 170(2) of the Constitution of the Islamic Republic of Pakistan 1973, read with Sections 8 and 12 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 2022-23. 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, has been made part of this report as Chapter-3, exploring PSDP portfolio of Pakistan Railways.

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 departmental replies and discussions in the DAC meetings.

There are certain audit paras which were also reported in last years' Audit Reports for the financial year 2018-19 to 2022-23. Recurrence of such irregularity 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 the Islamic Republic of Pakistan 1973, for causing it to be laid before both houses of Majlis-e-Shoora [Parliament].

Islamabad
Dated: 19 Feb 2024

(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

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ABBREVIATIONS & ACRONYMS

AGM	Additional General Manager
APPM	Accounting Policy and Procedures Manual
ATCY	Attock City
BQM	Port Bin Qasim
C&W Shop	Carriage and Wagon Shop
CA	Certification Audit
CAATs	Computer Assisted Audit Techniques
CAO	Chief Accounts Officer
CBU	Completely Built Unit
CCFM	Chief Customer Facilitation Manager
CC-I	Contractor Certificate-I
CCM	Chief Commercial Manager
CCP	Chief Controller of Purchase
CCS	Chief Controller of Stores
CCTV	Close Circuit Television
CDA	Capital Development Authority
CDL	Central Diesel Locomotive
CDWP	Central Development Working Party
CEN	Chief Engineer
CEN/OL	Chief Engineer Open Line
CEO	Chief Executive Officer
CF&AO	Chief Finance and Accounts Officer
CFI	Carriage Factory Islamabad
CGA	Controller General of Accounts
C-I	Classified-I
CIA	Chief Internal Auditor
CKD	Completely Knocked-Down
CME	Chief Mechanical Engineer
CM&HO	Chief Medical and Health Officer
CMM	Chief Marketing Manager
COPS	Chief Operating Superintendent
CPEC	China Pakistan Economic Corridor
CPO	Chief Personnel Office
CPPO	Chief Planning and Project Officer
CSE	Chief Signaling Engineer
CSF	Concrete Sleeper Factory
CS&TE	Chief Signaling and Traffic Engineer

DAC	Departmental Accounts Committee
DAGP	Department of Auditor-General of Pakistan
DAO	Divisional Accounts Officer
DC	District Collector
DCP	District Controller of Purchase
DDWP	Departmental Development Working Party
DE Loco	Diesel Electric Locomotives
DEE	Divisional Electrical Engineer
DEN	Divisional Engineer
DG	Director General
DIG	Deputy Inspector General
DME	Divisional Mechanical Engineer
DP	Draft Para
DPU	Dalian Pakistan Universal
DS	Divisional Superintendent
DSKP	District Store Keeper
Dy	Deputy
ECNEC	Executive Committee of 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/ Fixed Daily Allowance
FEC	Foreign Exchange Component
FIA	Federal Investigation Agency
FIR	First Information Report
FOB	Free on Board
FOR	Free on Road
FR	Fundamental Rule
FS	Feasibility Study
FWO	Frontier Works Organization
FY	Financial Year
GEU	General Electric US
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
HQ	Headquarters
HP	Horsepower

HR	Human Resource
HSD	High Speed Diesel
HSR	Huaneng Shandong Ruyi
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IIMCT	Islamic International Medical College Trust
IOW	Inspector of Works
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standards of Supreme Audit Institutions
KC	Karachi Cantt
KCR	Karachi Circular Railways
KDA	Kundian
KE	Karachi Electric
KHB	Khushab
KM	Kilometer
KPI	Key Performance Indicators
KPK	Khyber Pakhtunkhwa
KWL	Khanewal
LARECHS	Lahore Railway Employees Cooperative Housing Society
LC	Letter of Credit
LD	Liquidated Damages
LESCO	Lahore Electric Supply Company
LOCO	Locomotive
LOMS	Locomotives on Miscellaneous Services
LON-SDR	Lodhran-Shahdara
MLCFL	Maple Leaf Cement Factory Ltd
M&S	Manufacturing and Services
MB	Measurement Book
MD	Managing Director
MFDAC	Memorandum for Departmental Accounts Committee
MGPR	Mughalpura
ML-I	Main Line- I
MoPD&SI	Ministry of Planning, Development and Special Initiative
MOR	Ministry of Railways
MoU	Memorandum of Understanding
MTBF	Medium Term Budgetary Framework
MYP	Marshalling Yard Pipri
NBP	National Bank of Pakistan
NEC	National Economic Council
NESPAK	National Engineering Services Pakistan

NHA	National Highway Authority
NLC	National Logistics Cell
NOC	No Objection Certificate
NPV	Net Present Value
O&M	Operation and Maintenance
OEM	Original Equipment Manufacturer
OGRA	Oil & Gas Regulatory Authority
P&D	Planning & Development
P&L	Property and Land
PAC	Public Accounts Committee
PAF	Pakistan Air Force
PAO	Principal Accounting Officer
PC-I	Planning Commission Proforma-I
PD	Project Director
PEC	Pakistan Engineering Council
PFM Act	Public Financial Management Act-2019
PKR	Pakistani Rupees
PLF	Pakistan Locomotive Factory
PO	Principal Officer
POH	Periodical Overhauling
PPP	Public Private Partnership Mode
PPRA	Public Procurement Regulatory Authority
PR	Pakistan Railways
PRA	Punjab Revenue Authority
PRACS	Pakistan Railway Advisory and Consultancy Services Limited
PRFTC	Pakistan Railways Freight Transportation Company
PRSP	Pakistan Railways Strategic Plan
PSC	Pre-stressed Concrete
PSDP	Public Sector Development Program
PSO	Pakistan State Oil
PST	Provincial Sales Tax
PWI	Permanent Way Inspector
QTA	Quetta
R&D	Research & Development
RAILCOP	Railway Constructions Pakistan Limited
RCC	Reinforced Concrete Cement
REDEMCO	Real Estate Development and Marketing Company
RFD	Rehabilitation of Flood Damaged 2010
RND	Raiwind
ROH	Rohri

Rs	Rupees
RWP	Rawalpindi
SAP	Systems, Applications & Products
S& C	Survey and Construction
SAO	Senior Accounts Officer
SDGs	Sustainable Development Goals
SECP	Securities and Exchange Commission of Pakistan
Sft	Square Feet
SNGPL	Sui Northern Gas Pipelines Limited
SOE	State Owned Enterprise
SOPs	Standard Operating Procedures
SqYd	Square Yard
SR	Special Repair
SRGM	Senior General Manager
SRO	Statutory Regulatory Order
SRQ	Sargodha
SS	Station Superintendent
TA/DA	Travelling Allowance/ Daily Allowance
TD	Train Dispatch
TLA	Temporary Labour Application
TMA	Tehsil Municipal Administration
TORs	Term of References
ToT	Transfer of Technology
WAPDA	Water and Power Development Authority
WM	Works Manager

EXECUTIVE SUMMARY

Director General Audit Railways has the mandate to conduct audit of receipts and expenditure of Pakistan Railways and its ancillary corporations. This office conducts regularity audit (financial and compliance with authority audit) and specialized audits of the departments/projects and functions of Pakistan Railways. Audit of receipts and expenditure was carried out on test check basis in accordance with international best practices adopted by the Department of the Auditor-General of Pakistan. The Directorate General of Audit Railways carried out this audit by spending Rs 203.28 million with human resource comprising 128 officers and staff by utilizing 31,616 man-days. Resultantly, compliance audit observations having monetary value of Rs 67.08 billion pertaining to budgetary and non-budgetary areas such as land, scrap etc. have been included in this report. Moreover, it is mentioned that 43 audit paras of this report are of recurring nature. These issues had been reported in previous five years audit reports with an amount of Rs 65.60 billion.

The report has been finalized in the light of 21 DAC meetings held on 05th, 12th, 19th September, 10th, 17th October, 21st November, 12th, 20th, 26th, 27th and 29th December 2023, and 2nd, 5th, 9th, 12th ,16th,19th, 23rd, 25th, 30th January and 1st February 2024.

Scope of Audit

This office has been mandated to conduct audit of 213 formations under the control of Ministry of Railways including Pakistan Railway's PSDP Projects and its subsidiary companies. Total expenditure and receipt of these formations was Rs 134.46 billion and Rs 63.780 billion respectively for the financial year 2022-23.

Audit coverage relating to expenditure and revenue receipts for the Audit Year 2023-24 comprises 45 formations of Pakistan Railways having total expenditure of Rs 62.44 billion and revenue receipts of Rs 8.07 billion for the financial year 2022-23. In terms of percentage, the audit coverage for expenditure is 46.44% of auditable expenditure and for revenue receipts are 12.65% of auditable receipts. Out of total 45 formations planned for current audit year 2023-24, 30 were audited from July to December 2023.

This audit report also includes audit observations resulting from the audit of expenditure of Rs 11.05 billion and receipt of Rs 20.05 billion for the financial year 2021-22 pertaining to 25 formations including 04 subsidiaries of Pakistan Railways. Moreover, eight 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 of the accounts of PR (FY 2022-23), financial attest of a foreign aided project (FAP), thematic audit and impact audit were also issued during the period from July to December 2023. 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 16,972 million was pointed out. As a result of follow up of previous audit reports, Railway management recovered an amount of Rs 1,165.89 million which has been verified by Audit from January to December 2023.

Audit Methodology

The audit methodology included various steps in sequential and independent manner i.e. examination of relevant files/ documents, review of financial data, site visits and discussions 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. Analytical processes were performed through different combination of audit variables and implying techniques of vouching

[1] (i) Special Study Report on HSD Oil Utilization in Locomotives-Audit Year 2022-23
(ii) Performance Audit Report on Social Welfare Services in Pakistan Railways Medical Facilities-Audit Year 2022-23

inspection, observation and tracing. Detailed audit of selected samples was carried out keeping in view planned audit focus, risk and materiality.

Audit Impact

Pakistan Railways has initiated policy shift for its financial and accounting procedures from conventional cash based to modernized accrual based accounting system by adopting IFRS on persistent expression of qualified audit opinion on the accounts of Pakistan Railways for last one decade. PR has also initiated implementation of ERP for digitizing its operating activities including HR and inventory management. Further, owing to audit observations and qualifications, PR management rectified its accounts by Rs 57,045.53 million and revised its financial statements for the FY 2022-23. The PAO Pakistan Railways directed to appoint independent project directors for PSDP projects and to conduct outsourced feasibility studies prior to approval of development projects. On persistent audit objections, PR has initiated computerized/digital fuel management system to improve the efficiency of fuel management processes.

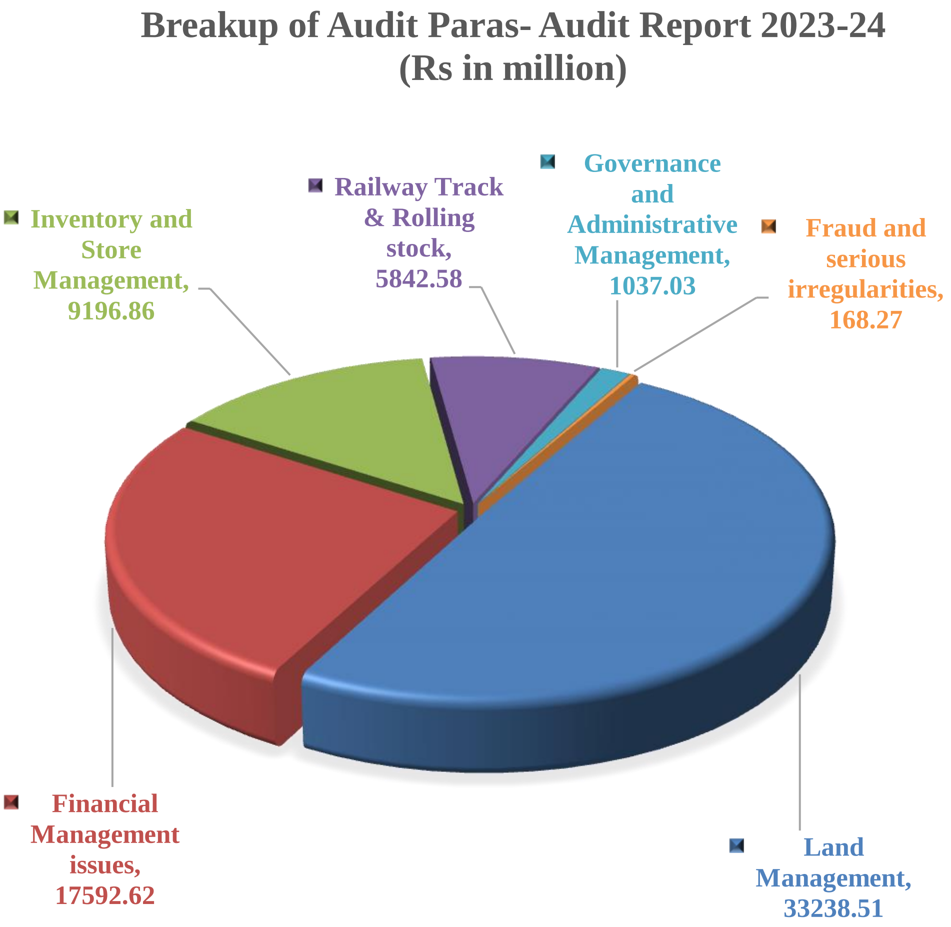
Comments on Internal Controls

The Principal Accounting Officer is responsible for ensuring that a proper system of internal controls exists within the entity. Audit observed certain lapses in internal controls regarding utilization of PSDP funds, consumption of HSD oil, provision of medical facilities, security arrangements, management of assets/inventory, financial management, budgeting, receivables & payables, and human resource. A number of observations on weak internal controls are included in this audit report. In order to improve the control environment, internal controls needs to be strengthened.[2]

[2] Standards of Internal Controls

Category-wise summary of compliance audit report (FY 2022-23)

Audit findings are categorized in six major areas and summarized in the pie chart. Detail of audit findings is given in classified summary of audit observations in Table 2.3 of chapter 2.



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 effective utilization of property and land and compliance with applicable laws and regulations. After evaluation of three critical areas, current audit report highlighted key audit findings and proposed recommendations.

The key audit findings of the report

i. Non-adjustment of inventory/store, suspense balance and transfers divisional to final heads of account-Rs 30.75 billion.[3]

ii. Incorrect booking of interest as receivable on GPF not accepted by Finance Division - Rs 17.46 billion.[4]

iii. Inconsistent accounting policy of recording revenue receipts on accrual basis and expenditure on cash basis leading to non-recording of accrued liabilities -Rs 14.74 billion.[5]

iv. Encroachment of Railway land by private parties and inclusion of excess Railway land in katchi abadis by Government of Punjab – Rs 18.31 billion.[6]

v. Non-mutation of 20,830 acres land in favour of Pakistan Railways.[7]

vi. Irregular transfer, recoupment and booking in Freight Deposit Account – Rs 6.62 billion.[8]

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[3]Para 1.1.9. 1.1.10 & 1.1.11
[4]Para 1.1.8
[5]Para 1.1.4 & 1.1.5
[6]Para 2.5.7 & 2.5.8
[7]Para 2.5.6
[8]Para 2.5.79, 2.5.80 & 2.5.81

vii. Loss due to excess consumption of fuel and misappropriation of HSD oil - Rs 5.41 billion.[9]

viii. Irregular re-appropriation of grant-in-aid from pension to other accounts –Rs 5.05 billion.[10]

ix. Non-disposal of scrap/released material -Rs 4.68 billion.[11]

x. Non-recovery of Railway dues from government departments and private parties– Rs 2.43 billion.[12]

xi. Non-provision of minimum agreed business by the contractors- Rs 805.20 million. [13]

xii. Non-auction of parking stands/vending stalls/shops/land – Rs 610.94 million.[14]

xiii. Non-deduction of advance tax– Rs 731.74 million.[15]

xiv. Loss due to underutilization of Pakistan Locomotive Factory, Risalpur - Rs 408.89 million.[16]

xv. Loss due to non-levy of storage charges – Rs 358.69 million.[17]

xvi. Non-transfer of unutilized released funds of PSDP projects – Rs 22,140.62 million.[18]

xvii. Non-execution of track rehabilitation works and non-adjustment of cost of released material and advance payment– Rs 811.46 million.[19]

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[9]Para 2.5.71 & 2.6.2
[10]Para 2.5.78
[11]Para 2.5.47
[12]Para 2.5.83, 2.5,84, 2.5.85, 2.5.86 & 2.5.87
[13]Para 2.5.52
[14]Para 2.5.53
[15]Para 2.5.82
[16]Para 2.5.59
[17]Para 2.5.54
[18]Para 3.8.2.3 Observation 2
[19]Para 3.8.2.3 Observation 12

xviii. Non-receiving of envisaged benefits i.e. increase in passenger traffic and ridership, provision of modern amenities, leasing out of shops etc. from up-gradation/renovation of Railway stations – Rs 621.98 million.[20]

Recommendations

i. Appropriation accounts and financial statements be prepared according to New Accounting Model and essential requirements of IFRS/IPSAS. Revenue receipts and expenditure be recognized in conformity with matching principle.

ii. The realistic value of fixed assets be reflected in financial statements and effect of depreciation/losses, additions and deletions of assets be incorporated.

iii. The balances appearing under different revenue and capital suspense accounts be adjusted/cleared and booked to final heads of account on monthly basis as well as periodic reviews be carried out.

iv. Concrete efforts be made to realize accounts receivables and factual position of accounts receivables be presented in financial statements to avoid misrepresentation and policy regarding recovery of long outstanding receivables should be devised.

v. Appropriate funds be allocated as per commitments for amortization of GPF interest.

vi. Railway land in possession of provincial governments without its title mutated in favour of PR should expeditiously be managed and taken over accordingly.

[20]Para 4.4.1

vii. Commercial exploitation of Railway land should be carried out in order to earn additional revenue.

viii. Freight Deposit Accounts should be managed as per rules in order to avoid risk of loss of freight revenue.

ix. PR should take robust measures to achieve economy and efficiency in utilization of operational fuel (HSD oil) besides its leakage in the shape of misappropriation.

x. The inventory management including disposal of scrap material over the system should be strengthened.

xi. The practice regarding irregular utilization of Federal Government assistance (grant-in-aid) for unintended objects should strictly be avoided.

xii. The practice regarding registration of firms/contractors for tendering and awarding of contracts in violation of PPRA rules should be avoided.

xiii. Contract management should be strengthened in respect of revenue as well as expenditure schemes.

xiv. Public private partnership management should be strengthened in order to achieve maximum envisaged benefits.

xv. Fast track

(a) shifting to accrual accounting system

(b) implementation of ERP

(c) digitization of fuel management

AUDIT REPORT SNAPSHOT

Scope of Audit

Revenue receipts: Rs **63.78** billion
Revenue expenditure: Rs **111.91** billion
Development expenditure: Rs **22.55** billion

Total formations: 213
Formations planned: 45
Audit coverage: Expenditure 46% Revenue 12%

Audit Output

Formations audited:	**55 (including lean period)**
Expenditure	**Rs 59.74 billion**
Receipts Coverage	**Rs 21.13 billion**
Amount of irregularities:	**Rs 67.08 billion**
Recoveries pointed out:	**Rs 16.97 billion**
Recoveries effected:	**Rs 1.17 billion**

Audit opinion on PR accounts FY 2022-23

Appropriation Accounts
Qualified
Commercial Accounts
Adverse

Audit Impact

- Rectification in accounts: Rs 57.05 billion
- Adoption of accrual based accounting system by implementing IFRS
- Digitalization of fuel management processes

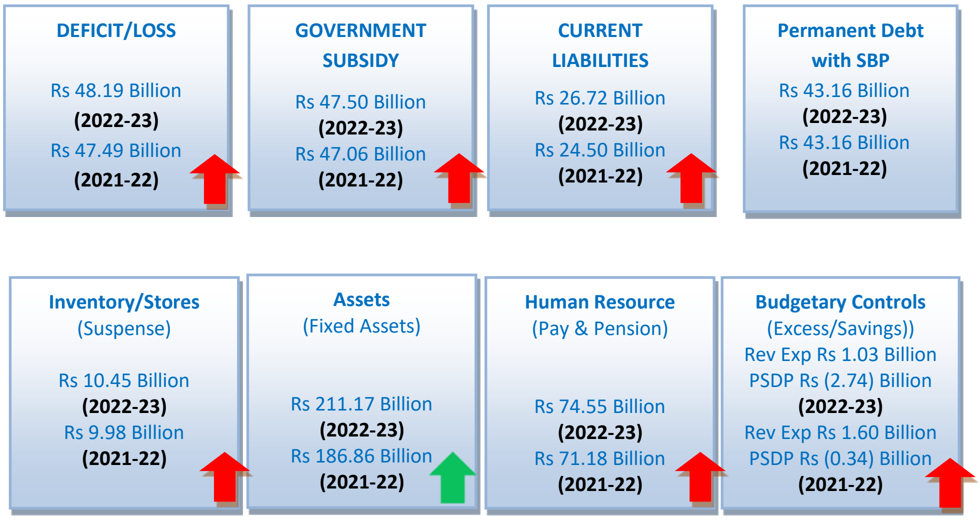
FINANCIAL HEALTH

RESOURCES AND SPENDING (FY 2022-23)

1. Total resources of Pakistan Railways were Rs 134.46 billion including Railways earnings Rs 63.78 billion, grant-in-aid Rs 47.50 billion and investments by Federal Government Rs 22.55 billion.

2. Total expenditure of Pakistan Railways was Rs 134.46 billion which comprised of revenue expenditure of Rs 111.91 billion and development expenditure of Rs 22.55 billion.

FINANCIAL POSITION OF PR



Source: Appropriation accounts of PR

The comparative financials of PR as mentioned above clearly depict that it is an expenditure oriented entity having rising trend in budget deficit. The major portion of revenue expenditure of PR pertains to pay & pension which has risen significantly by Rs 3.37 billion as compared to previous financial year 2021-22. The detailed analysis of PR accounts is provided in Chapter 2.

SECTORAL ANALYSIS

An efficient transport system plays a dynamic role in the economic development of a country. It helps in boosting productivity and reduced production overheads. The railway system has a competitive edge over other modes of transport due to mass scale traffic movement and long hauling both for passengers and freight. Moreover, it provides safe, economical and dedicated mode of transport.

Pakistan Railways (PR) aims to provide a competitive, safe, reliable, market oriented, efficient and environment-friendly mode of transport. PR had been the primary mode of transportation in the country till late nineteen sixties (1960s). However, road sector has been expanded as an alternative mode of transport especially for freight services which compromised the development of railways in the country. As a result, rail services became less viable which further led towards persistent operational deficits over the years. Eventually, PR became loss making public sector organization.

The analysis of railway sector in Pakistan is based on vital statistics from Year Books, Green Books (performance-based budget) under the Medium Term Budgetary Framework (MTBF), Economic Survey of Pakistan and Financial Statements of Pakistan Railways.

i) The total track length of PR was reported as 11,491 kilometers with 7,791 route kilometers along with 445 railway stations whereas rolling stock consisted of 455 locomotives, 1,728 coaching vehicles and 13,301 freight wagons as on 30.06.2022. The fleet of locomotives and freight wagons of PR was reduced as compared to previous year. However, PR engaged in procurement of 820 freight wagons with Transfer of Technology (ToT) from China in 2021-22. The consignments of 70 container wagons/high sided open top wagons were received up to June 2023. It has been envisaged that the procurement of freight wagons along with ToT will facilitate PR in indigenous manufacturing thus saving substantial foreign exchange on future import of rolling stock.

ii) The passenger trains were decreased from 31,808 to 26,997 i.e. 15% during the year due to flooding of railway track and damage to the bridges in Sindh and Balochistan. Resultantly, the passengers carried by

PR decreased by 0.78% during 2022-23 from 35.68 million to 35.40 million. However, the passenger earnings increased by 14.49% which was due to fare escalation during FY 2022-23 by 5% approximately.

Passenger Traffic Statistics (FY 2020-21 to 2022-23)

Year	No. of Passengers (in million)	No. of trains	Passenger Earnings (Rs in billion)
2019-20	44.30	36,889	23.18
2020-21	28.42	24,360	22.22
2021-22	35.68	31,808	30.37
2022-23	35.40	26,997	34.77

Source: Year books of PR 2020-21 to 2022-23

Passengers (in million) Vs Passenger Earnings (Rs in billion)

Source: Year books of PR 2020-21 to 2022-23

iii) Performance analysis by outputs shows that Ministry of Railways (MoR) used eight (08) outputs having total twenty four (24) key performance indicators (KPIs).[21] These KPIs were related to passengers, infrastructure, business development, public safety, train punctuality, rolling stock, freight business management, and governance. The status of achievement of targets against set KPIs is tabulated below:

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[21] Key performance indicators analysis by outputs FY 2022-23-Ministry of Railways

Achievement of KPIs Targets (FY 2022-23)

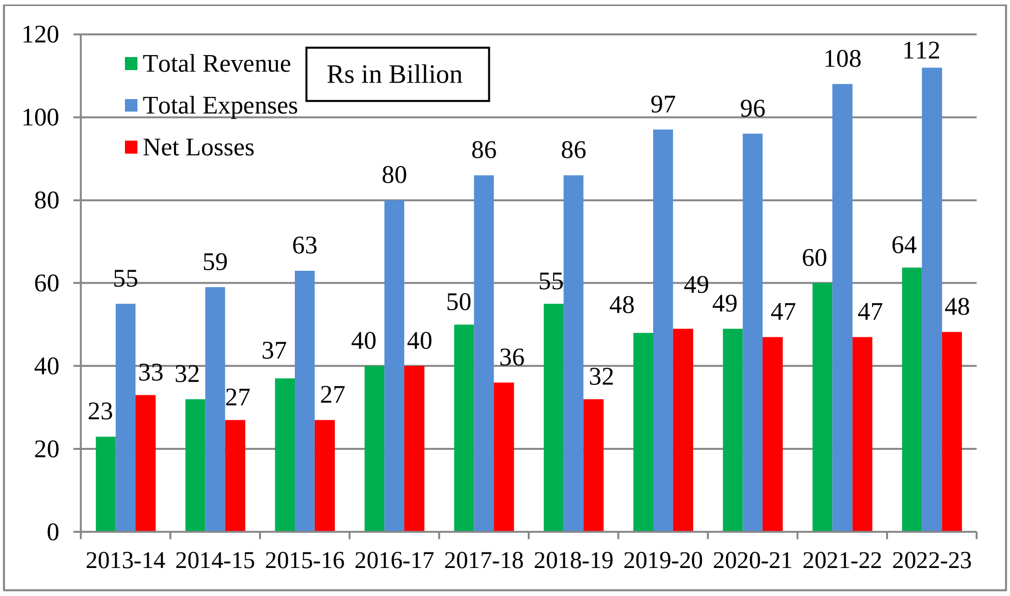
Areas of KPI	Achievement	No. of KPIs
Railway Policies, services, infrastructure, HR developments	100 %	13
Railway Services (Freight) and Governance	50 % and above	03
Infrastructure-Track, Signaling	0 % or no data provided	03
Infrastructure-Track, Rolling Stock, Business Development	Targets not set	05
Total		**24**

Source: Ministry of Railways Key performance indicators analysis by Outputs

The achievement of targets against 54% KPIs was 100% while 12.5% KPIs were achieved above 50%. Zero progress or no data was provided relating to 03 KPIs which were related to PR infrastructure, rehabilitation of track and up-gradation of signaling system which were crucial for safe train operations. Five KPIs relating to very crucial areas of Infrastructure Development (i. new track, ii. up-gradation of ML-1), Infrastructure & Equipment Development (iii. rehabilitation of existing stations, iv. up-gradation of maintenance facilities) and Business Development (v. Establishment of new Dry ports/Terminals) had no targets. It has been analyzed that the KPIs were not based on modern-day performance indicators and were exposed to bias and subjectivity. It was also observed that there was no scientific data-collection or cross sectional methodology to assess the correlation between the KPIs and the actual output or outcome. Therefore, informed decision making could hardly be achieved on the basis of these KPIs. It also increased the performance risk of the organization **(Annexure-2).**

iv) A review of last ten years' financials of PR showed that aggregate operational net loss of Rs 386 billion was sustained ranging between Rs 27 billion to Rs 49 billion from 2013-14 to 2022-23.

Operational losses of Pakistan Railways (2013-14 to 2022-23)



Source: Financial Statements of PR FY 2013-14 to 2022-23

The above mentioned trend of expenditure and revenue earnings of PR shows that increase in expenditure was not consistent with the increase in revenue earnings due to high percentage of fixed costs specifically on pay & pension.

Financial Position of Pakistan Railways (FY 2022-23)

(Rs in billion)

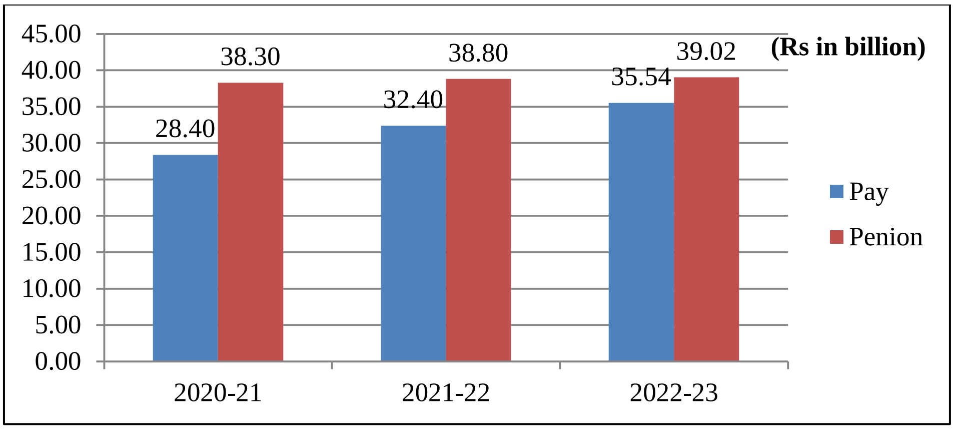
Composition of Resources				Composition of Expenditure		
Description		**Amount**	**% age**	**Description**	**Amount**	**% age**
Investment by Federal Government		25.34	18.56	Pay and Pension	74.55	55.39
Grant in aid		47.50	34.78	Operating expenses	30.84	22.92
Passenger earnings	34.77			Grants, subsidies and transfers	0.06	0.04
Goods earnings	18.03			Loans & advances and physical assets	0.04	0.03
Parcel & other coaching earnings	1.72			Repair, maintenance & improvement	6.43	4.78
Sundry other earnings	9.20			Misc. advances and interest payments	0.11	0.08
Railways' own earnings		63.72	46.66	PSDP expenditure	22.55	16.76
Total		**136.56**	**100**	-	**134.58**	**100**

Source: Appropriation Accounts and Financial Statements FY 2022-23

v) PR incurred total working expenditure amounting Rs 111.91 billion during 2022-23; on the other hand, corresponding revenue earnings were Rs 63.72 billion with deficit of Rs 48.20 billion. Therefore, PR was assisted by the Federal Government in the shape of Grant-in-Aid. During 2022-23, the amount of financial assistance was Rs 47.50 billion. Moreover, State Bank of Pakistan had withdrawn overdraft facility w.e.f. 1st July, 2022 which would further increase the financial constraints of Pakistan Railways.

vi) Fixed expenditure on account of pay & pension had a gradual increasing trend. Pay & Allowances expenditure was recorded as Rs 35.54 billion for the year 2022-23 which was 32% of total working expenditure and increased by 10% as compared to previous year. Similarly, expenditure on pension payment was Rs 39.02 billion for the year 2022-23 which was 35% of total working expenditure and increased by 0.53% as compared to previous financial year.

Trend of Pay and Pension Expenditure (FY 2020-21 to 2022-23)



Source: Financial Statements of Pakistan Railways 2020-21 to 2022-23

vii) The core business of PR comprises carriage of passengers, goods and parcels while non-core business includes leasing of land, renting out of vending stalls at Railway stations and manufacturing services etc. Revenue earnings of PR have been glimpsed in the below mentioned table.

Revenue earnings core & non-core business

(Rs in billion)

	Description	2020-21	2021-22	2022-23
	Passenger	22.22	30.37	34.77
Core Business	**Goods**	20.58	22.96	18.03
	Parcel and others	1.50	1.65	1.72
	Sundry Earnings	4.37	5.11	9.20
	Total	**48.67**	**60.09**	**63.72**

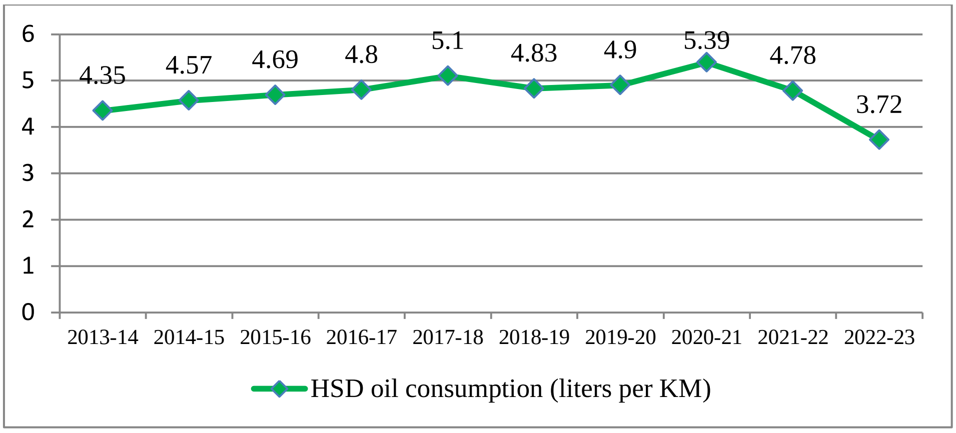
Source: Financial Statements of PR 2020-21 to 2022-23

The comparative analysis of above mentioned statistics indicates that major contributing factor in Railway revenue is passenger earnings followed by freight earnings. PR has to spend large portion of its resources on mobilization of passenger trains. However, carriage of goods has significant profit margins and should be prioritized by Railway management. Freight transportation had been a major source of earnings for PR in the past. However, during 2022-23 the freight earnings of PR decreased by Rs 4.93 billion and stood at Rs 18.03 billion. The decrease in freight earnings represents inefficient freight business management.

Operational Inefficiencies

viii) Pakistan Railways had 455 DE locomotives in its fleet as on 30.06.2023 and these locomotives used HSD oil as fuel. The per kilometer average consumption of HSD oil showed increasing trend during last decade despite addition of 133 new fuel efficient locomotives during the period from 2017 to 2020 and special repair/rehabilitation of 332 locomotives. Rehabilitation of existing and addition of new locomotives envisaged fuel efficiency which was not achieved prima facie.

Annual average HSD Oil consumption (Liters/Kilometer)



Source: Year Books of Pakistan Railways 2013-14 to 2022-23

The annual average HSD Oil consumption was 4.35 liters/km in 2013-14 which gradually increased and it reached at 4.78 liters/km in 2021-22. The increasing trend in fuel consumption from 2013-14 to 2021-22 showed that PR had inefficient fuel consumption patterns. Whereas, per kilometer fuel consumption in FY 2022-23 decreased by 22% and reached at 3.72 liters/km owing to 30% decrease in freight traffic.

ix) PR has in-house manufacturing capacity for rolling stock and other allied mechanical components. However, the manufacturing cost in railway factories is much higher due to excessive conversion cost which do not compete the market rates. For instance, total expenditure of Locomotive Factory Risalpur, for the year 2022-23 was 82% higher than the cost of production, due to high dependency on manual labour, underutilization of labour and machinery, which makes it uncompetitive with the market.

x) PR owns approximately 168,858[22] acres of land spread across Pakistan. After allocation of 132,487 acres for operational purpose, there was a considerable margin to utilize the land for revenue generation. However, 10,765 acres of land was leased out till 30.06.2023 while 25,606

[22] *Year Book of Pakistan Railways 2022-23*

acres was lying idle within which 3,868 acres had been encroached. PR earned only Rs 3.32 billion from leasing of land during FY 2022-23. However, PR could earn substantial revenue earnings by removing encroachment and adopting effective plan of land leasing.

xi) The development of resilient infrastructures and more sustainable environment would eventually lead to the financial well-being of the railway sector. During the financial year 2022-23, PR spent Rs 22.55 billion on the execution of 32 projects under Public Sector Development Program (PSDP). The sector wise breakup of PSDP expenditure among Civil, Mechanical and Others is given below:

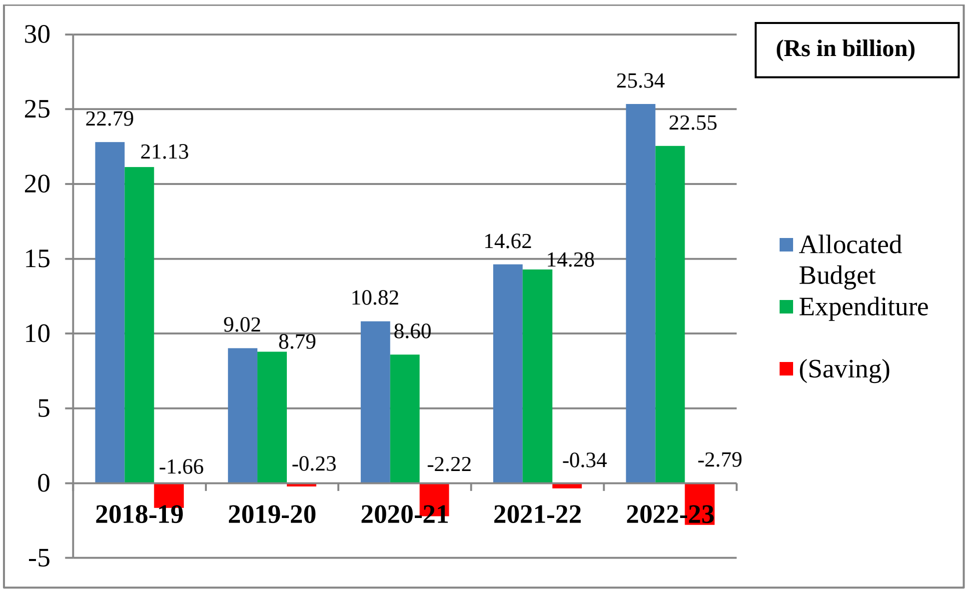
PSDP expenditure (FY 2022-23)

(Rs in billion)

Description	Expenditure	Percentage (%)
Civil	3.39	15
Mechanical	18.29	81
Others	0.88	4
Total	**22.55**	**100**

The above mentioned breakup depicts that the major share of development fund (81%) was spent for mechanical projects which was five times higher than the spending on civil works (15%). However, the envisaged benefits of rolling stock projects could only be achieved if civil infrastructure comprising track and allied structures successfully support them. An analysis of five years development portfolio of PR revealed that it could not fully utilize the development funds allocated by the Federal Government PSDP. The major cause of underutilized PSDP funds was inefficient project management practices. PSDP portfolio, rather than prioritizing interdependent and parallel sectors of infrastructure and rolling stock, was skew symmetrically tilted towards rolling stock.

Utilization of PSDP funds (FY 2018-19 to 2022-23)



Source: Appropriation Accounts of Pakistan Railways 2018-19 to 2022-23

xii) PSDP portfolio of Pakistan Railways could not make significant progress regarding achievement of targets set in Pakistan Vision 2025 and National Transport Policy-2018 and envisaged benefits of investment by the Federal Government could not be harvested. PR was still utilizing outlived rolling stock and poor maintenance practices. Infrastructure had not been significantly modernized and expanded to improve capacity, providing connectivity across the country.[23]

xiii) PR adopted Pakistan Vision 2025 in 2018 and committed for development and enhancement of PR as a modern transport and logistics sector by major up-gradation of the Railways' network. In order to make PR self-sustained and productive organization, emergence of high-speed modern railway system is crucial. Therefore, Government of Pakistan approved development scheme under CPEC worth Rs 1,119.3 billion regarding major up-gradation of existing mainline-1 (ML-1) and

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[23] Thematic Audit on Effective utilization of PSDP Portfolio by Pakistan Railways Audit Year 2023-24

establishment of dry port near Havelian with the objective to bring long-term prosperity in the region. However, execution of CPEC project was yet to be commenced.

xiv) The aforementioned analysis concludes that financial sustainability of PR was exclusively dependent upon good governance and better management practices coupled with necessary financial support of the Government of Pakistan and donor agencies. PR has made a positive step towards transparency, exposure, timeliness and reliability of financial information by launching ERP based management and financial information system. This shift towards modern accounting and financial reporting in conformity with the IFRS would eventually lead the organization towards productive environment through better management decisions.

Chapter -1 Public Financial Management Issues in PR

The financial statements (Balance Sheet and Profit & Loss Account) of Pakistan Railways have not been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS), International Public Sector Accounting Standards (IPSAS) and Pakistan Railways Accounts Code. The financial statements do not present the true and fair view due to recording revenue receipts on accrual basis, expenditure on cash basis and non-maintenance of books of accounts on double entry system. An incessant qualified audit opinion on appropriation accounts of Pakistan Railways is being given for the last one decade and adverse opinion is being given on commercial accounts since 2018-19. But no substantial remedial/ corrective measures were taken by PR management particularly on abiding issues i.e. following of accounting principles, presentation of fixed and deferred assets, recording of GPF interest, accumulation of suspense balances, non-realization of accounts receivable and incorrect recording of foreign loans. Qualifications on appropriation accounts and financial statements of PR are based on the following observations.

1.1.1 Audit Paras

1.1.2 Overstatement of revenue receipts due to booking on accrual basis and understatement of expenditure owing to booking on cash basis

Para 1001 of Pakistan Railway Code for the Accounts Department (Vol-I) provides that Pakistan Railways is as much a government concern as a commercial enterprise. Its accounts should, therefore, not only follow the essential formalities of commercial accounting but also conform to the requirements of government accounting.

Contrary to this, Pakistan Railway recognizes its earnings both on accrual and cash basis i.e. sale of tickets was recognized on cash basis whereas leasing of property & land and receivables from government departments and private parties were recognized on accrual basis. Further, all working expenses were recognized on cash basis. This issue relates to accounting policy of PR and was being raised since last one decade but the management failed to take any measure for its resolution.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. DAC directed the FA&CAO/PR to submit a revised reply based on the discussion and the progress mentioned in the area of adoption of accrual accounting systems within one week.

Audit recommends that accrual basis of accounting be implemented as per the decision of Railway Board and progress be shared with audit.

1.1.2 Overvaluation of fixed assets due to non-recording of depreciation expense, losses, thefts and accidents

Para 377 of Pakistan Railways Code for the Accounts Department provides that losses or deficiencies should be recorded in the books of account in accordance with the chart of accounts. If any transactions under these categories are recorded under a respective head, the losses relating thereto should be written off under respective head also. Further, the objective of IAS 16 is to prescribe the accounting treatment for property, plant, and equipment. The principal issues are the recognition of assets, determination of their carrying amounts, depreciation charges and impairment losses to be recognized in relation to them. Furthermore, Para 3.2.7 of Accounting Code for Self-Accounting Entities provides that statement of fixed assets will provide the following details:

- Owner division/departments
- Assets categories
- Cost at the beginning of reporting period (for each category)
- Additions during the reporting period (at cost)
- Disposal during the period (at cost)

- Cost at end of reporting period (for each category)

Moreover, the Para 3.2.7.2 of Accounting Code for Self-Accounting Entities states that the statement will be based on information supplied by the division/departments on a specified form (from their fixed assets register) as set out in chapter 13 of (APPM) before the 7th of each month. The form supplied by the division/departments shall be signed by the Principal Accounting Officer of each concerned division/department. [24]

During review of the commercial accounts of the Pakistan Railways as on 30th June, 2023 and respective notes thereon, it was observed that all fixed assets in the balance sheet were shown at their original/historic cost instead of depreciated cost. Furthermore, if any asset was disposed-off by sale, obsolescence or damaged due to accidents or any other contingency, its value was not deducted from the total assets appearing in the balance sheet. As the entity was not charging depreciation on fixed assets and proper record of assets was not being maintained over the system, assets were being overstated. Furthermore, capital replacement /improvement expenditure was not being added to the relevant head of fixed asset which resulted in under valuation of fixed assets. The value of land was also shown at original/ historic cost and the improvement/ appreciation in the value of land over the years was not taken into accounts.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. DAC directed the PO (FA&CAO/PR) to convene a meeting with CEO/PR and all AGMs to resolve the matter and come up with the way forward within a period of one month.

Audit recommends that mechanism for transfer of information between executive and accounts regarding depreciation, loss of assets,

[24] Management Report on Accounts of Pakistan Railways FY 2022-23

accidents, thefts etc. may be decided beside formulation of accounting policy to incorporate changes in the accounts.

1.1.3 Non-recording of accrued liability on account of interest and exchange risk premium on foreign loan -Rs 29.35 billion

International Accounting Standard 1.15 provides that the financial statements must "present fairly" the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the framework. Economic Affair Division after taking foreign loans from donor agencies re-lends these to Pakistan Railways at 8% interest rate and 6% exchange risk premium. Further, Para 5.3.3.3 of Accounting Code for Self-Accounting Entities stipulates that liabilities will be recognized on cash or on a committed basis, with the commitment or expense being made against the appropriation given for that expenditure.

Contrary to the above, Audit observed that closing balances of foreign loans and credits amounting to Rs 29.35 billion did not include the amount of interest and exchange risk premium at the rate of 8% and 6% respectively accrued as on 30th June, 2023. Balances were reflected in the accounts using principal amount in Pak rupees instead of foreign currency. This resulted in inadequate disclosure of liability on account of principle and interest on foreign loans. Further, it was observed that during the year no payment on account of interest or exchange risk premium was made which depicts that it has been accrued but not disclosed in financial statements. [25]

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. DAC directed the PO

[25] Management Report on Accounts of Pakistan Railways FY 2022-23

(FA&CAO/PR) to submit a revised reply along-with documentary evidences based on the discussion within one week.

Audit recommends that the commercial accounts of PR be prepared as per IPSAS and liabilities be recorded in the books of accounts from FY 2023-24 and onward as Railway Board has accorded approval to shift the accounts of PR on accrual basis.

1.1.4 Non-recording of accrued pension liability in financial statements of Pakistan Railways - Rs 9.15 billion

International Accounting Standard 1.15 provides that the financial statements must "present fairly" the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the framework.

During audit of commercial accounts of Pakistan Railways, it was observed that an amount of Rs 9,149.81 million stood as payable on account of pension, gratuity, commutation, arrears of GPF etc. However, this liability has not been accounted for in the financial statements of Pakistan Railways as on 30th June, 2023. This state of affair shows that liabilities were understated and the balance sheet has not been prepared fairly. Moreover, this amount should be treated as current liability in balance sheet as it is payable to the employees of Pakistan Railways and if this liability was recorded in the books of accounts the loss of PR would increase by that amount (**Annexure-3**). [26]

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. DAC directed the PO (FA&CAO/PR) to submit a revised reply along with documentary evidences based on the discussion within one week. The PO assured the DAC that once

[26] Management Report on Accounts of Pakistan Railways FY 2022-23

the ERP system is in place the compliance of the said para shall be completed by 2023-24.

Audit recommends that this liability should be recorded from next FY which was accumulating since 2021-22 and PR is unable to make payments to retired employees but nothing is disclosed in financial statements. Further, the compliance of DAC directives and commitments made by the PO should be ensured.

1.1.5 Non-recording of accrued liability on account of interest on long term debt (overdraft) – Rs 5.59 billion

As per IAS 1.15, the financial statements must "present fairly" the financial position, financial performance and cash flows of an entity. Fair presentation requires the true representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the framework.

During audit it was observed that SBP converted the overdraft facility of PR into long term debt namely Pakistan Investment Bond (PIB) with the residual maturity of eight years and carrying market based yield in April 2022. However, accrued liability on account of interest on long term debt amounting to Rs 5.59 billion payable by PR was not shown on liability side of balance sheet. The bookkeeping necessitates that all the business transactions are required to be recorded through journalizing system but the transaction of accrued liability was neither journalized in the books of accounts nor it was recorded in June final account of PR. This resulted in non-recording of interest on account of long term debt and the financial statements did not depict true and fair picture of liabilities of PR towards SBP. [27]

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. The PO (FA&CAO/PR) assured the DAC that once the ERP system is in place the compliance of the para shall be completed by 2023-24. DAC directed that the recoding of accrued liabilities on account of interest on long term debt shall be ensured.

Audit recommends that current portion of interest should be booked in accounts as PR has to make payment of principal and interest after eight years. Further, the compliance of DAC directives and commitments made by the PO be ensured.

1.1.6 Understatement of goods earnings due to incorrect recording – Rs 596.79 million

Para 1018 of Pakistan Railways Code for the Accounts Department (Vol-II) provides that the essential duty of accounts officer in the matter of check of traffic earnings is to see, that the person to whom the service is rendered pays the proper amount and that Pakistan Railway servants or agents receiving payment correctly account for the same.

During audit of SAO/Revenue for the year 2022-23, while reviewing the goods balance sheets of following stations, it was observed that the goods earnings was understated by Rs 596.79 million due to incorrect recording of goods earnings. The earning was incorrectly accounted for by these stations resulted into understatement of goods revenue.

[27] Management Report on Accounts of Pakistan Railways FY 2022-23

Understatement of goods earnings (FY 2022-23)

(Rs in million)

SN	Name of Railway Stations	Division	Amount
1	Jhimpir	Karachi	13.79
2	Bin Qasim	Karachi	583.00
Total			**596.79**

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. DAC directed the concerned PO to complete the revision of accounts in accordance with the CGA guidelines. DAC further directed the audit team to verify the compliance of the directives and after the satisfactory compliance this para shall settle. 28 Audit verification revealed that some rectifications have been made in the record and verified by audit but the amount of Rs 596.79 million has not yet been booked in the accounts and has not been rectified. This caused understatement of earnings of PR.

Audit recommends that necessary rectification may be carried out and duly reconciled record be provided to Audit.

1.1.7 Non-existence of policy for the redemption/adjustment of deferred assets of Rs 142.06 billion and non-reflection of change in policy for booking of expenditure

As per accounting guidelines the term deferred assets is defined as, a deferred asset is an expenditure that is made in advance and has not yet been consumed. The expenditure is made in advance and items purchased are expected to be consumed either within a few months or a large number of reporting periods. The deferred assets concept is not applied when a business uses the cash basis of accounting. Thus, these items would be charged to expenses at once under the cash basis of accounting. Further, as per IAS-1 the financial statements comprise the notes to the accounts, summary of

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significant accounting policies and other explanatory notes and IAS 8 prescribe the criteria for selection and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies.

During audit, it was observed that the balance under the head Deferred Assets was Rs 142.06 billion as on 30th June, 2023 and no expenditure was booked to this head during the year. Further, no policy exists regarding the redemption/adjustment of deferred assets. However, as per IAS/IFRS the renewal and replacement expenditure also falls under the capital expenditure and should have been charged to relevant class of fixed assets along with detail of assets developed. This not only resulted in non-redemption of deferred assets but also incorrect valuation of fixed assets of PR. [29] Moreover, previously the Depreciation Reserve Fund expenditure was booked to this head of account but during the current year the expenditure was charged to the fixed assets. There was a major shift in policy of booking of expenditure under this head which has not been disclosed in the FS.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. DAC directed that this issue may be reviewed and re-examined at the level of clearing house for final decision.

Audit recommends that the policy may be decided and communicated to audit.

1.1.8 Wrong booking of interest as receivable on GPF not accepted by Finance Division - Rs 17.46 billion

According to Para 316 of Pakistan Railway Code for the Accounts Department, the amounts due to Pakistan Railways for services rendered, supplies made, or for any other reason, are correctly and promptly assessed

[29] Management Report on Accounts of Pakistan Railways FY 2022-23

and recovered as soon as they fall due, that all receipts are properly brought into account and that all receipts are correctly classified. Moreover, International Accounting Standard 1.15 provides that the financial statements must "present fairly" the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the framework.

During audit, it was observed that an amount of Rs 17,455.64 million was shown as receivable from Federal Government on account of interest charged on GPF on the balance held by Federal Government after separation of account from Federal Government during 1971. This amount was appearing as current assets in the balance sheet of Pakistan Railways as on 30th June, 2023 against note No. 17(1). However, Finance Division vide its letter No. F 4 (6) CF. 11/97 Part 1411 dated 15th September, 2006 did not agree with the above referred liability towards Pakistan Railways. The respective issue relating to accounting policy of PR was being raised since last one decade but the management could not take any measure for its resolution. Moreover, in the clearing house meeting held in December 2017, it was decided that Rs 1.5 billion would be allocated each year under revenue grant to amortize the balance in subsequent years; however, no provision of fund has been made in budget for the FY 2022-23. [30]

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. DAC directed the concerned PO to refer the matter to Finance Division and pursue the matter vigorously to get a final decision in this regard to resolve the issue.

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[30] Management Report on Accounts of Pakistan Railways FY 2022-23

Audit recommends that current status of matter with Finance Division be provided and clarification may be given regarding write off of Rs 17.46 billion under this head. Further interest on GPF should be charged to profit & loss account as an expense from the F.Y 2023-24.

1.1.9 Non-adjustment of inventory/store suspense balances – Rs 13.01 billion

According to Para 1601 of Pakistan Railways Code for the Accounts Department (Vol-I) every balance should be proved each month as far as possible, i.e. it should be compared and reconciled with other parts of the accounts where the figures appear, and it should be seen that the total is supported by details, and that the items are current and efficient. The proof of the balances at the end of each financial year must be completed. Para 1122 further provides that the various subsidiary registers should be totaled up, and reconciled with the General Books before the closing of next month's accounts. Further, there is no provision of suspense adjustments/ balances in Code for Self-Accounting Entities.

During audit, it was observed that the suspense accounts were being shown in balance sheet under inventories note no.12 these balances under revenue grant were accumulating unnecessarily since 2010-11 except for reversal entry which was being made during the year on account of capital grant.

Inventory/stores suspense balances

(Rs in million)

SN	Description	2021-22	2022-23
1	Sales (scrap)	3,918.63	3,625.25
2	Balance in workshop manufacturing suspense accounts	5,636.04	5,069.89
3	Suspense-other accounts	3,089.33	2,478.65
4	Adjustment/ reversal suspense	-	1,839.15
Total		**12,644.00**	**13,012.94**

Moreover, balances under aforementioned revenue heads of inventory have been showing an increasing trend for the last many years. In the year

2010-11 this amount was Rs 2,985 million, which rose to Rs 13,013 million (336%) in 2022-23. The suspense balances represents unadjusted expenditure which may result in increase of working expenses, if adjusted.[31]

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. DAC viewed the issue very seriously and directed FA&CAO/PR to make strenuous efforts for clearing the suspense account as early as possible. He should prepare a road map and share with the D.G Audit.

Audit recommends that necessary steps may be taken for adjustment of suspense balances at the earliest. Further, the road map for the adjustment of suspense balances be shared with audit.

1.1.10 Accumulation and non-adjustment of miscellaneous advance (suspense balances) on account of revenue and capital – Rs 5.40 billion

According to Para 1601 of Pakistan Railways Code for the Accounts Department (Part-I) every balance should be proved each month as far as possible, i.e. it should be compared and reconciled with other parts of the accounts where the figures appear, and it should be seen that the total is supported by details, and that the items are current and efficient. The proof of the balances at the end of each financial year must be complete. Further, section-16.4.2.1 of Accounting Policies and Procedure Manual stipulates that the suspense account should be cleared on monthly basis. There is no provision of suspense adjustments/balances in Code for Self-Accounting Entities.

During audit, it was observed that advances against local purchases Rs 1,603.12 million was not being adjusted regularly. Similarly, Pakistan Railways paid utilities bills like electricity, sui-gas and others to its service

[31] Management Report on Accounts of Pakistan Railways FY 2022-23

providers and subsequently recover the amount partially from domestic consumer. The amount paid to utility providers was much higher than actually recovered from domestic consumers. Resultantly, PR is suffering losses on account of less recovery/adjustment of advances for local purchase and utility charges. Further, an amount of Rs 3,794.96 million on account of capital suspense was being shown under the head purchases. The amount is shown under prepayments and advances on assets side of balance sheet which has not been adjusted (**Annexure-4)**. [32]

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. DAC viewed the issue very seriously and directed FA&CAO/PR to make strenuous efforts for clearing the suspense account as early as possible, prepare a road map and share with Audit.

Audit recommends that these pre-payments and advances are required to be adjusted in books of accounts at the close of FY. The write off of Sui-Gas charges be expedited besides adjustment of remaining amount. The compliance of DAC directives be ensured.

1.1.11 Non-adjustment of Railway remittances (transfer divisional) – Rs 12.34 billion

Para 1133 of Pakistan Railways Code for the Accounts Department provides that every endeavor should be made to bring to account all the transactions of a year in the accounts of the year to which they pertain, but if any transactions are advised to the Accounts Officer for adjustment after the books of the year have been finally closed, they should be reported to the Member Finance (MoR) as required under paragraph 1428.

Railway remittances (transfer divisional) represent net balance of remittance transactions between different accounting units of Pakistan

[32] Management Report on Accounts of Pakistan Railways FY 2022-23

Railways. The amount under this head was Rs 625.27 million in the Financial Year 2010-11. Presently, the amount under this head has reached to Rs 12,342.91 million as on 30th June, 2023. Hence, there was a substantial increase of Rs 11,717.64 million (1,874%) during last one decade. Further, there was a substantial increase of Rs 4,785.05 million (63%) during the current year. [33]

This state of affair shows that the adjustments in the accounts of PR were not being made and pended due to multiple issues like late origination of Transfer Certificates by the originating units, non-acceptance by the responding units for want of verification of vouchers by the consumers, insufficiency of vouchers and inadequacy of budget under the relevant heads etc. Audit is of the view that if PR adjusted this amount in books of accounts the amount of loss would increase to that extent.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. DAC took a serious view and showed displeasure over no progress being made since the last directives for resolving the issue. DAC directed the PO (FA&CAO/PR) to immediately take action and submit compliance to the audit with documentary evidence.

Audit recommends that there was substantial increase of Rs 4.78 billion (63%) during the current year, therefore, efforts should be made to minimize the balance under transfer divisions in compliance of DAC directives.

1.1.12 Unauthorized utilization of cash balances of security deposit of private parties and GPF - Rs 18.60 billion and Rs 8.35 billion respectively

Rule-7 of General Financial Rules regarding withdrawal of moneys from the public account provides that unless otherwise expressly authorized

[33] Management Report on Accounts of Pakistan Railways FY 2022-23

by any law or rule or order having the force of law moneys may not be removed from the public account for investment or deposit elsewhere without the consent of the Ministry of Finance.

During audit, it was observed that securities and deposits amounting to Rs 20.07 billion was shown under current liabilities of PR. This represents security deposit of contractors, private bodies, freight deposit and employees. This consisted of public money deposited into PR account which was required to be adjusted or paid back to the depositors. PR maintains a separate bank account in SBP i.e. Railway deposit account with SBP-XX and the balance available under this head was Rs 1.47 billion. Thus, there was a difference of Rs 18.60 billion which, represents that the amount has been utilized by PR for meeting its operational requirements.[34]

Similarly, the liability of PR on account of GPF was Rs 8.36 billion and the cash balance available in Account XXI with SBP was Rs 14.29 million. The remaining amount of Rs 8.34 billion has been utilized by PR for meeting its operational requirements. This resulted in unauthorized utilization of security deposits of contractors and GPF of employees by PR amounting to Rs 26.95 billion. Detail is given below;

Public account liabilities and available balance with SBP

(Rs in billion)

Liability on account of	Amount	Amount available in SBP accounts	Amount utilized by PR
Securities and deposits SBP AC- XX	20.07	1.47	18.60
GPF SBP AC- XI	8.36	0.01	8.35
Total	**28.43**	**1.48**	**26.95**

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. DAC directed the

[34] Management Report on Accounts of Pakistan Railways FY 2022-23

FA&CAO/PR for the verification of record regarding account No.20 and 21 for the financial year 2022-23.

Audit recommends that the security deposit of employees, contractors and freight deposit kept in account-III has been utilized by PR for making payments. Security deposits should be kept in account-XX instead of Consolidated Fund account-III. The amount kept in account-XXI is far less than the GPF liability and no budgetary provision is provided for making these payments.

1.1.13 Non-recovery of account receivables (claims) - Rs 11.63 billion

Para 316 (a) of Pakistan Railways 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. Accounts Receivable represents the credit sales of a business, which have not yet been collected from its customers. Companies allow their clients to pay for goods and services over a reasonable extended period of time, provided that the terms have been agreed upon.

During audit, it was observed that no efforts appear to have been made by the management to realize long outstanding receivables ranging from prior to 2005-06 to 2022-23. As per record of aging of bills receivables (claims) an amount of Rs 2,045.60 million is more than (05) five years old and its recovery seems to be doubtful and an amount of Rs 3,143.45 million is less than (05) five years old. Further, an amount of Rs 6.29 billion was also receivable on account of unrealized earnings on traffic accounts and its recovery seems to be doubtful and it may become bad debt sooner or later.[35]

[35] Management Report on Accounts of Pakistan Railways FY 2022-23

Receivables of PR (FY 2022-23)

(Rs in billion)

Description	Amount
Unrealized earnings (Traffic Account)	6.29
Bills receivable	5.34
Total	**11.63**

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. DAC directed the FA&CAO/PR to prepare the break-up of the receivable and resubmit the reply after incorporating the disclosure in the financial statements.

Audit recommends that disputed amounts more than 10 years old should be written off as these are bad debts and no chances of recovery. Efforts should be made to recover the remaining amounts under bills receivable and unrealized earnings. Proper disclosure as per directives of DAC be given.

1.1.14 Irregular/ unauthorized transfer of funds from PSDP account to revenue account-III and deposit account-XX- Rs 642.17 million and Rs 500.00 million

Para 5.4 of General Financial Rules (DDO Handbook) that no authority can incur expenditure or enter into any liability involving expenditure from the public, account, until the expenditure has been sanctioned by a general or special order of the President of Pakistan or of any other authority, to which the powers have been delegated. Further the proposed expenditure should have been provided for in the authorized grants and appropriations for the year. No money can be removed from the public account for investment or deposit elsewhere without the prior consent of Ministry of Finance. Further para 5.7 (i) states that the duty of controlling officer is not only to see that the total expenditure is kept within the limits of the appropriation, but he has also to see that the funds are expended in the public interest and for those objects only for which the money was provided.

During audit it was observed during the reconciliation of bank accounts that amount of Rs 642.17 million and Rs 500.00 million were transferred to Revenue Account-III and Deposit Account-XX respectively from PSDP Account -XVIII. These funds were provided by Finance Division with the approval of President of Pakistan for approved projects of PR. This payment constitutes Federal Government investment in Pakistan Railways. Therefore, the PSDP funds provided to PR by Finance Division for specific approved projects could not be transfer/ utilized for any other purpose. Thus the transfer of funds by PR management from PSDP account to other accounts was unauthorized and constitutes incorrect utilization of funds. [36]

Transfer of funds from PSDP account

(Amount in Rs)

SN	PSDP (A/C XVIII)	Revenue (A/C III)	Deposit (A/C XX)
1	No.FD/B-I/Misc-1/2022 Date 11/09/2023	1,483,191	
2	No.FD/B-I/Misc-1/2022 Date 23/05/2023	404,980	
3	No.FD/B-I/Misc-1/2022 Date 03/04/2023	535,648	
4	No.FD/B-I/Misc-1/2022 Date 10/03/2023	8,855,564	
5	No.FD/B-I/Misc-1/2022 Date 08/02/2023	413,648,866	
6	No.FD/B-II/AC-XVII/2022 Date 19/01/2023		500,000,000
7	No.FD/B-II/AC-XVII/2022 Date 26/09/2022	382,359	
8	No.FD/B-II/AC-XVII-1/2022 Date 13/09/2022	17,952,322	
9	No.FD/B-II/AC-XVII-1/2022 Date 06/07/2022	198,903,251	
	Total	**642,166,181**	**500,000,000**

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. DAC conveyed displeasure over this action of irregular transfer of funds from PSDP account to Revenue account and D.G/Planning MoR was directed to ensure that such practice should be stopped with immediate effect. D.G/Planning was directed to issue displeasure letters to the PDs involved in such practices as a final warning.

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Audit recommends that amounts were transferred without the approval of Finance Division. The practice may be discontinued and the compliance of DAC directives be ensured.

1.1.15 Overstatement of revenue of Pakistan Railways due to incorrect recognition policy of gain on sale of scrap – Rs 2.61 billion

Para 176 of Pakistan Railways Stores Manual provides that when stores are scrapped from stock, they have to be written off the relevant new or second-hand ledgers. Before this is done, responsibility for these losses should, as far as possible, be fixed on consuming branches and their acceptance obtained for raising debit against them. Para 181 further provides that a copy of the issue-note referred to in Para 176 will be sent to the departmental officer and submitted along with the minus depot stock sheet, which should not be prepared until responsibility for the loss has been fixed. If no consuming branch can be held responsible, the loss issue note should be sent to the Controller of Stores for acceptance.

During audit of SAO/Revenue for the financial year 2022-23, it was observed that Pakistan Railways' revenue was overstated by Rs 2,608.73 million due to incorrect recognition of gain on sale of scrap under the sub-head 542 of the Abstract-Z. The gain was recorded being the difference of amount realized on sale of the scrap minus book value of the scrap. However, audit apprehends that gain recognition policy was incorrect as Pakistan Railways did not recognize depreciation/losses in the Financial Statements. This resulted into over statement of revenue of Pakistan Railways. [37]

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. DAC directed that a committee comprising AGM/M (head), F&CA/PR and CCS should come up with proper SOPs for correct recognition of gain on sale for scrap and other

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assets (capital/revenue). The recommendations of the committee duly approved by CEO/PR may be forwarded to Railway Board for final decision.

Audit recommends that the practice of recognizing gain on sale of scrap is not in accordance with the IAS standards and it distorts profit and loss account. Further, losses on account of fixed assets have not been booked in accounts. The report of committee constituted by DAC may be shared with audit.

1.1.16 Unauthorized cash deposit to account-III for amount kept under Deposit Misc.-XX –Rs 105.00 million

Para-1455 of Pakistan Railways General Code Volume-I stipulate, that the correct head of Chart of Accounts should be recorded on each voucher by the drawing officer. This head of account should also show whether the expenditure is charged or other than charged and should mention the fund from which payments are being made.

During audit of SAO/GB for the financial year 2022-23, while reviewing Journal Slip No. 10 of December-2022 of AO/X Section, it was observed that a TC No. TAB-05/X dated 23.11.2022 was sent by Traffic Accounts Branch to AO/X for crediting the Deposit Misc./X Account. The amount was correctly credited to Deposit Misc./X vide above stated journal slips. However, the amount was incorrectly deposited in account-III with SBP instead of account–XX maintained for deposit misc. The account-III was maintained for crediting revenue earnings of PR and was utilized for incurring revenue expenditure. Therefore, the amount of Rs 105.00 million kept for deposit Misc. was utilized for meeting revenue expenditure. [38]

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. DAC directed the PO to take the corrective measures and provide the documentary evidence to audit.

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Audit recommends that latest status of transfer of funds be shared with Audit for verification.

1.1.17 Unauthorized booking of capital expenditure to revenue and vice versa – Rs 102.70 million

Para 1455 of Pakistan Railways General Code provides that the correct head of Chart of Accounts should be recorded on each voucher by the drawing officer. This head of account should also show whether the expenditure is charged or other than charged and should mention the Fund from which payments are being made.

During audit at divisional levels it was observed that capital expenditure of Rs 64.51 million relating to PSDP and Rs 26.07 million relating to deposit work was misclassified and booked to revenue heads. Further, expenditure of Rs 12.11 million on account of capital cost of handing over of PR colonies to WAPDA electricity distribution companies for direct billing was booked to revenue expenditure. The capital cost includes installation of electricity transmission lines, meters and transformers etc. in PR colonies. This expenditure was of capital nature and was required to be booked to capital head, however, it was booked to revenue head A03303 (electricity). This resulted in unauthorized booking of capital/deposit work expenditure Rs 102.70 million to revenue **(Annexure-5).** [39]

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 14.11.2023. DAC directed the FA&CAO/PR to submit documentary evidence to DG audit for verification where the verification is involved.

Audit recommends that the instances of misclassification of expenditure have been noticed at different accounting unit level which needs to be rectified. The supporting record has not been provided for verification.

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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 Mughalpura Lahore. Each division is administered by a Divisional Superintendent (DS). The divisional superintendent is assisted by divisional officers in their respective fields. The fields include civil, mechanical, electrical, signal, telecom engineering, traffic, commercial and personnel. Likewise, manufacturing unit is headed by the General Manager/ M&S who is assisted by MD/Locomotive Factory Risalpur, MD/Carriage Factory Islamabad and MD/Concrete Sleeper Factory Lahore.

The welfare activities of Pakistan Railways are administered by the GM/Welfare and Special Initiatives (W & SI), who is assisted by 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.

There are four subsidiaries of Pakistan Railways, each headed by a 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) Railway Constructions Pakistan Limited (RAILCOP)

c) Pakistan Railway Freight Transport Company (PRFTC)

d) Railway Estate Development and Marketing Company (REDAMCO)

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

PRFTC was established on 8th Jan, 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 on 12th March, 2012 with the objective to manage the non-rail business of PR under MoR. Mandate of the company was to act on behalf of MoR for the purpose of land development/ commercialization and non-core businesses excluding train tariff revenues, rolling stock manufacturing and repair/ maintenance facilities of PR. REDAMCO remained dysfunctional from October 2019 to November 2022 and was revived by the Federal Cabinet on 24th May, 2022.

B) Comments on Budget and Accounts

Pakistan Railways prepares appropriation accounts and commercial accounts. In appropriation accounts the revenue and capital grants are presented while in commercial accounts the 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. The comments on appropriation and commercial accounts are given hereunder:

2.1.1 Comparative analysis of budget and expenditure

Revenue grant

A comparative analysis of revenue budget and revenue expenditure depicts the variation of original/final grant and expenditure.

Revenue budget and expenditure FY 2022-23

(Rs in million)

Items	Original Allocation	Supplementary Allocation (Surrender)	Final Allocation	Expenditure	Variation	
					Excess/ (Saving)	% age
Grant No. 85 Revenue Expenditure						
Voted	104,515.00	6,271.32	110,786.00	111,819.98	1,033.98	1.00
Charged	0	0	0	0	-	-
Total	**104,515.00**	**6,271.32**	**110,786.00**	**111,819.98**	**1,033.98**	1.00

Source: Appropriation Account of PR 2022-23

The comparison between allocated budget and actual expenditure clearly showed that the actual expenditure incurred under “voted” portion of revenue grant was more than the final allocation and there was excess of

Rs 1,033.98 million (1%). The budget allocation was not made under the charged portion and no expenditure incurred even though liability on account of interest on foreign loans was outstanding. The overall excess under both heads of revenue grant was 1%. Financial assistance of Rs 47.5 billion was provided by Federal Government for payment of pay and pension and to meet the operational shortfall of PR.

2.1.2 PSDP grant

The actual expenditure of PSDP grant was less than the original allocation which resulted in saving of Rs 2,794.44 million i.e. 11.03%. This clearly depicts inability of PR management for efficient spending of the allocated budget.

PSDP budget and expenditure FY 2022-23

(Rs in million)

Grant No.131 PSDP grant of Pakistan Railways						
Items	**Original allocation**	**Supplementary Allocation (Surrender)**	**Final Allocation**	**Expenditure**	**Variation (Saving)**	**Variation % age**
Voted (Capital)	32,648.04	(7,304.51)	25,343.52	22,549.07	(2,794.44)	(11.03)
Charged	-	-	-	-	-	-
Total	**32,648.04**	**(7,304.51)**	**25,343.52**	**22,549.07**	**(2,794.44)**	**(11.03)**

Source: Appropriation Account of PR 2021-22

2.1.3 Comparative analysis of financial statements of Pakistan Railways

Para 4.3.3.1 of the Accounting Code for Self Accounting Entities stipulates that all revenue receipts will be accounted for on cash received basis whereas Pakistan Railways recognizes its earning on accrual basis, and all expenses on cash basis. Resultantly, earnings of Pakistan Railways are overstated and expenditures are understated. The analysis of financial statements of Pakistan Railways i.e. profit and loss account and balance sheet for the FY 2022-23, is given hereunder.

2.1.3.1 Profit & Loss Account

Pakistan Railways suffered net loss of Rs 48,195.28 million during the FY 2022-23, it was Rs 963.15 million (2.04%) higher as compared to previous year.

Profit and loss account of PR (FY 2020-21 to 2022-23)

(Rs in million)

Particulars	2022-23	2021-22	2020-21	Variation Increase (Decrease)	% age
1	2	3	4	5 (2-3)	6
Gross Earnings	63,717.92	60,091.72	48,648.81	3,626.20	6.03
Total Working Expenses	111,914.79	107,136.39	95,465.23	4,778.40	4.46
Operating Surplus/ Loss	(48,196.87)	(47,044.67)	(46,816.42)	(1,152.20)	2.45
Interest on Debt	-	(422.89)	(418.56)	422.89	100.00
Miscellaneous Receipts	1.59	1.73	2.86	(0.14)	-8.09
Net Profit / (Loss)	**(48,195.28)**	**(47,232.13)**	**(50,152.41)**	**(963.15)**	**2.04**

Source: Financial statements of Pakistan Railways FY 2022-23 (Commercial Account)

The profit & loss account indicated that:

i) Total operational working expenses amounting to Rs 111,914.79 million were much higher than the gross earnings of Rs 63,717.92 million. The difference between working expenses and gross earnings was quite high which resulted in operational loss of Rs 48,196.87 million. This indicated that Railway administration could not achieve the breakeven point even since many years.

ii) Interest on overdraft was accrued of Rs 5.59 billion during the year 2022-23 which was not charged to profit & loss account.

iii) Federal Government provided Rs 47,500 million in the form of subsidy (grant-in-aid) to set off loss of Rs 48,195.27 million.

2.1.3.2 Balance Sheet

Balance sheet is a financial statement that reports an entity's assets, liabilities and equity. The financial position of Pakistan Railways for last two years depicts the increase in total assets.

Balance sheet of PR (FY 2020-21 to 2022-23)

(Rs in million)

Particulars	2022-23	2021-22	2020-21	Variation	
				Increase/ (Decrease)	% age
1	2	3	4	5 (2-3)	6
Capital & net worth	276,904.39	247,333.94	237,916.56	29,570.45	11.96
Revenue reserves	57,293.28	57,988.55	58,410.06	(695.27)	(1.20)
Long term liabilities	80,930.46	79,673.37	75,804.81	1,257.09	1.58
Current liabilities	26,722.45	24,497.01	19,349.69	2,225.44	9.08
Total liabilities & capital	**441,850.58**	**409,492.87**	**391,481.12**	**32,357.71**	**7.90**
Fixed assets	211,173.42	186,858.84	175,630.74	24,314.58	13.01
Deferred assets	142,056.51	142,056.51	142,056.51	0.00	0.00
Current assets	88,620.67	80,577.52	73,793.87	8,043.15	9.98
Total assets	**441,850.60**	**409,492.87**	**391,481.12**	**32,357.73**	**7.90**

Source: Financial Statements of Pakistan Railways FY 2021-22 (Commercial Accounts)

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 mark up of Rs 4,563.30 million.

ii) Increase in capital & net worth by Rs 29,570.45 million (11.96%) was due to investment by the Federal Government for development programs and booking of assets received from PRFTC.

iii) The increase in current liabilities (9.08%) was less than the increase in current assets (9.98%). The current ratio of PR is 1:4. This depicts that PR is unable to meet its obligations when fall due.

2.1.4 Comments on the Financial Statements of Subsidiaries of Pakistan Railways

A) Pakistan Railway Freight Transport Company (PRFTC)

PRFTC was established on 8th January, 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.

Comparative analysis

PRFTC earned net profit of Rs 74.53 million after tax during the FY 2022-23, last year the company earned net profit of Rs 53.42 million. This sate of affair shows that the net profit of company after tax had increase by Rs 21.11 million (39.5%) as compared to previous year.

Profit & Loss Account of PRFTC

(Rs in million)

Particulars	**Note**	**2022-23**	**2021-22**	**Variation**	**% age**
Revenue	16	120.16	120.00	0.16	0.1
Cost of revenue	17	12.58	15.99	(3.41)	(21.4)
Gross profit		**107.58**	**104.01**	**3.57**	**3.4**
Administrative and general expenses	18	52.31	60.25	(7.95)	(13.2)
Other income	19	49.76	31.53	18.23	57.8
Operating profit		**105.03**	**75.29**	**29.75**	**39.5**
Bank charges	20	0.07	0.05	0.02	36.0
Profit before taxation		**104.96**	**75.24**	**29.73**	**39.5**
Taxation	21	30.44	21.81	8.63	39.6
Profit after taxation		**74.52**	**53.43**	**21.10**	**39.5**
EPS		**7.45**	**5.34**	**2.11**	**39.5**

Source: Financial statements of PRFTC for the FY 2022-23

The analysis of profit and loss account of PRFTC indicated the following facts:

i. The revenue of the company on account of “facilitation services” remained stagnant at Rs 120.00 million. A small amount of revenue Rs 0.16 million on account of "freight operation of Sukkur Express" (new business) has been recognized during 2022-23.

ii. Other income identified hefty growth of 57.80% (Rs 18.23 million) as compared to previous year. This was mainly due to rise in profit on deposits and profit on Habib Metro Bank Treasury Bills.

iii. Cost of revenue showed significant decrease of 21.40% (Rs 3.42 million) as compared to previous year. This has positive impact on profitability of the company which was mainly due to reduction in expenses on account of salaries, transshipment charges and transaction advisory services.

iv. Administrative and general expenses indicated decrease of 13.20% (Rs 7.95 million) which raised the net profit of the company. This was mainly due to reduction in expenses on account of salaries, utilities, advertisement and repair and maintenance costs.

v. Taxation on company's profit has been increased by 39.60% (Rs 8.63 million) which was mainly due to growth in profit before taxation.

vi. Profit after taxation signified substantial growth of 39.50% (Rs 21.11 million). This was mainly due to two factors i.e. increase in other income and decrease in administrative expenses. Earnings per share (EPS) have also showed significant positive growth of 39.50% in 2023 as compared previous year.

Balance Sheet of PRFTC

(Rs in million)

Particulars	Note	2022-23	2021-22	Variation	% age
Non-current assets					
Property & equipment	5	13.890	35.225	(21.335)	(61)
Long term loans	6	1.182	3.042	(1.860)	(61)
Current assets					
Trade and other receivables	7	782.730	650.968	131.762	20
Loans and advances	8	51.366	56.700	(5.334)	(9)
Cash and bank balances	9	284.212	321.892	(37.680)	(12)
		1,133.380	**1,067.827**	**65.553**	**6**
Share capital and reserves					
Issued, subscribed and paid-up share capital	10	0.0001	0.0001	0.000	0
Share deposit money	11	9.999	9.999	0.000	0
Un-appropriated profit		901.731	827.200	74.531	9
Non-current liabilities					
Deferred taxation	12	0.226	0.207	0.019	9
Current liabilities					
Trade and other payables	13	7.726	5.038	2.688	53
Financial liabilities	14	194.172	167.226	26.946	16
Provision for taxation		19.526	58.157	(38.631)	(66)
Total		**1,133.380**	**1,067.827**	**65.553**	**6**

Source: Financial statements of PRFTC for the FY 2022-23

The analysis of balance sheet of PRFTC indicated the following facts:

i. The property and equipment indicated a 61% decrease in current year. The decrease was mainly due to depreciation on fixed assets and cancellation of contract of installation of weighbridge. The company has paid an amount of Rs 19.20 million to the contractor.

The contract has been terminated and an amount of Rs 11.76 million is recoverable from contractor.

ii. The loan and advances showed 9% decrease in the current year. Loan and advances includes advance income tax amounting to Rs 45.31 million forcibly collected by FBR through an order dated 28.06.2023 based on demand for the tax year 2016. Further, advance for expenses has been increased from Rs 1.99 million to Rs 4.33 million.

iii. Trade and other receivables indicated 20 % increase in the current year. This comprised of receivables from PR and receivable from Hussain Corporation, contractor of weighbridge.

iv. Trade and other payables showed 53% escalation as compared to previous year. This increase was mainly due to increase in other payables. However, detail of other payable is not provided in notes to the Financial Statements.

v. Financial liabilities showed 16% rise in current year. This liability comprised of un-utilized portion of finance facility provided by Energy Department, Government of the Punjab (finance facility less cost of Yousafwala project). The raise in financial liabilities was mainly due to disposal of leftover stock of project during the year.

B) Railway Estate Development and Marketing Company (REDAMCO)

REDAMCO was established on 12th March, 2012 with the objective to manage the non-rail business of PR under MoR. Mandate of the company was to act on behalf of MoR for the purpose of land development/ commercialization and non-core businesses excluding train tariff revenues, rolling stock manufacturing and repair/ maintenance facilities of PR.

REDAMCO generated total revenue of Rs 2,128.00 million from 2012 to 2019 when the company decided to wind up its operations. The winning up proceedings of the company have not been carried out and the company remained dysfunctional until before 2nd August, 2022 when the company has been revived by MoR dated 3rd August, 2022 after revival by the Federal Cabinet on 24th May, 2022. However, the company started its operations in November 2022.

Profit & Loss Account of REDAMCO

(Amount in Rs)

Particulars	Note	2023	2022	Variation
Income	**13**	10,243,237	252,545	9,990,692
Administrative expenses	**14**	(8,164,737)	(240,000)	(7,924,737)
Profit before taxation		**2,078,500**	**12,545**	**2,065,955**
Taxation	**15**	(819,459)	(20,204)	(799,255)
Profit after taxation		**1,259,041**	**(7,659)**	**1,251,382**
EPS		**125.90**	**(0.77)**	**127**

Source: Audited financial statements for the FY 2022-23

i) There was a substantial increase in the income and expenses of the company due to the fact that company carried out its operations only for one month in FY 2021-22 as compared to FY 2022-23.

ii) Record of land and selling rights projects were taken up by the REDAMCO from the concerned Railway offices and divisions.

iii) The company incurred administrative expenses of Rs 7.21 million, which mainly include salaries of Rs 4.80 million.

Balance Sheet of REDAMCO

Description	Note	2023 Rupees	2022 Rupees	Variation Rupees
Non - current assets				
Operating assets	4	5,150,000	-	5,150,000
Security deposit	5	471,600	-	471,600
Total		**5,621,600**	-	
Current assets				
Advances	6	47,210	-	
Income tax refund due from the government	7	26,821,616	26,807,262	14,354
Bank balances	8	101,833,022	41,483,691	60,349,331
Total		**128,701,848**	**68,290,953**	
Total assets		**134,323,448**	**68,290,953**	
Share capital and reserves				
Authorized capital:				
Issued, subscribed and paid-up capital	9	100,000	100,000	
Un-appropriated profit		3,285,266	2,026,225	
Total		**3,385,266**	**2,126,225**	1,259,041
Current liabilities				
Employee benefits payable	10	1,229,580	1,229,580	
Trade and other payables	11	129,708,602	64,935,148	64,773,454
Total		130,938,182	66,164,728	
Total equity & liabilities		**134,323,448**	**68,290,953**	

Source: Audited financial statements for the FY 2022-23

i) The significant amount of Rs 26.82 million of income tax refund under the head current assets was challenged in appellate tribunal inland revenue which is still not fixed for hearing.

ii) The value shown in operating assets under the head non-current assets depicted transfer of four vehicles from MOR.

iii) The increase in bank balances of Rs 60.35 million represents amount collected by REDAMCO against selling rights, rent due and bank profits.

iv) Land leasing charges collected by the REDAMCO from the projects are treated as payable to MOR after deducting company's share @15%. An amount of Rs 129.70 million has been shown under the head Current Liabilities as trade payables out of these payables, an amount of Rs 122.79 million is payable to Pakistan Railways.

C) Pakistan Railways Advisory & Consultancy Services (PRACS)

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 on joint venture basis.

Comparative analysis

PRACS suffered net loss of Rs 138.02 million after tax during the FY 2022-23, last year the company earned net profit of Rs 12.80 million after tax. This sate of affair shows that the net loss of company after tax had drastically increased by Rs 150.82 million (1,178%) as compared to previous year.

Profit & Loss Account of PRACS

(Rs in million)

Particulars	**2022-23**	**2021-22**	**Variation**	**%age**
Revenue- net	123.61	258.20	(134.58)	(52.10)
Cost of revenue	217.66	192.60	25.05	13.00
Gross (Loss/Profit)	**(94.04)**	**65.59**	**(159.64)**	**(243.30)**
Administrative expenses	57.36	57.80	(0.44)	(0.70)
Operating (Loss/Profit)	**(151.40)**	**7.79**	**(159.19)**	**(2,042.2)**
Other income	11.75	15.12	(3.37)	(22.30)
(Loss)/Profit before tax	**(139.65)**	**22.91**	**(162.56)**	**(709.30)**
Taxation	1.63	10.12	(8.49)	(83.80)
(Loss)/profit after tax	**(138.02)**	**12.80**	**(150.82)**	**(1,178.20)**

Source: Audited financial statements for the FY 2022-23

i. The company suffered gross loss of Rs 94.04 million during FY 2022-23 due to reduction in revenue by Rs 134.58 million (52%) and increase in cost by Rs 25.05 million (13%) as compared to previous FY 2021-22.

ii. The revenue generation from operating activities revealed that PRACS sustained loss on sale of tickets of Rs 40.62 million, on train management Rs 48.63 million, on consultancy services Rs 2.68 million and on heritage cell department Rs 2.12 million.

iii. During the FY 2022-23 there was significant increase of Rs 59.27 million in cost of revenue of train management of Rehman Baba Express, as it was 'nil' in FY 2021-22.

iv. The major cause of loss was due to failure of management to explore new business ventures from open market as the company was totally dependent upon Pakistan Railways to generate revenue.

Balance Sheet of PRACS

(Rs in million)

ASSETS	**2022-23**	**2021-22**	**Variation**	**%age**
Non-current assets				
Property and equipment	22.36	18.82	3.54	18.8
Deferred tax assets	-	-	-	-
Current assets				
Trade receivable-net	291.73	303.01	(11.27)	(3.7)
Advances, deposits, prepayment and other receivables	166.43	215.83	(49.40)	(22.9)
Tax refunds due from government	198.48	193.43	5.05	2.6
Cash and cash equivalents	161.45	230.21	(68.76)	(29.9)
Total current assets	818.09	942.47	(124.39)	(13.2)
Total assets	**840.45**	**961.29**	**(120.85)**	**(12.6)**
EQUTTY AND LIABILITIES				
Share capital				
Issued subscribed and paid up share capital	72.00	72.00	-	
Revenue reserve				
Un-appropriated profit (retained earnings)	524.76	700.13	(175.38)	(25.1)
Non-current liabilities				

ASSETS	2022-23	2021-22	Variation	%age
Staff retirement benefits	199.69	141.59	58.11	41
Current liabilities				
Trade and other payables	42.45	37.46	4.99	13.3
Provision for taxation	1.55	10.12	(8.57)	(84.7)
Total current liabilities	43.99	47.58	(3.58)	(7.5)
Contingencies and commitments	-	-		
Total liabilities	243.69	189.16	54.53	28.8
Total equity and liabilities	**840.45**	**961.29**	**(120.85)**	**(12.6)**

Source: Audited financial statements for the FY 2022-23

i) There was an outstanding amount of Rs 291.73 million depicted under the head trade receivable which has not been recovered, only a meager amount of Rs 11.27 million was recovered in comparison to last year.

ii) There was substantial decrease of Rs 175.38 million (25%) under the head retained earnings during the FY 2022-23.

iii) There was decline in current ratio from 19.8:1 to 18.6:1 as compared to previous year; it was mainly due to reduction in deposit accounts under cash and cash equivalents by Rs 140.21 million.

D) Railway Constructions Pakistan Limited (RAILCOP)

The financial statements of RAILCOP have not been provided to Audit till finalization of this report. Therefore, comments on the accounts of RAILCOP have not been offered.

2.2 Audit Profile of Pakistan Railways

(Rs in million)

SN	Description	Total Nos.	Audited	Expenditure audited	Revenue/ Receipts audited
1	Formations (Phase-I FY 2022-23)	30	30	48,673.75	1,072.43
	Formations (Lean Period FY 2021-22)	25	25	11,005.55	20,052.83
2	Assignment Accounts SDAs Etc. (excluding FAP)	-	-	-	-
3	Authorities/Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Projects (FAP)	01	01	56.48	
Total		**56**	**56**	**59,735.78**	**21,125.26**

2.3 Classified Summary of Audit Observations

Audit observations amounting to Rs 67.08 billion were raised in this report during the current audit of Pakistan Railways and its subsidiary companies. This amount also includes recoveries of Rs 16.97 billion pointed out during 2022-23. Summary of the audit observations classified by nature is as under:

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(Rs in million)

SN	Classification	Amount
1	Fraud and Serious Irregularities	168.27
2	Land Management	33,238.51
3	Civil Works	467.39
4	Procurement Management	4,148.41
5	Inventory and Store Management	5,048.45
6	Revenue Management	2,037.96
7	Governance and Administrative Management	1,037.03
8	Railway Track & Rolling Stock	5,375.19
9	Financial Management issues	15,554.66
Total		**67,075.87**

2.4 Comments on the Status of Compliance with PAC Directives as on 31.12.2023

Audit Year	Total Paras	Total No. of 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	01	12	07
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	28	20	58
2001-02	28	28	10	18	36
2003-04	24	11	03	08	27
2004-05	22	22	17	05	77
2005-06(A)	46	46	35	11	76
2006-07	34	34	18	16	53
2007-08	68	29	06	23	21
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	0	07	0
2019-20	114	103	01	102	0.97
2020-21	23	0	0	0	0
2021-22	78	0	0	0	0
2022-23	87	0	0	0	0

Compliance of PAC directives remained in the range 11% to 100% during the period of 1985-2000 except for the year 1996-97. However, after the year 2000 with few exceptions, there has been a continuous downward trend in compliance of PAC directives till 2023. Non-compliance of PAC directives is challenging the course corrective measures on part of PR, resulting in recurrence of irregularities of similar nature.

2.5 Audit Paras

Fraud and Serious Irregularities

2.5.1 Loss due to deficiencies/pilferage in Coaching and Goods Stock – Rs 80.00 million

Modified Standard Operating Procedure as communicated vide Chief Mechanical Engineer’s letter No. 264-W/0/21/12/2008-09 dated 09.12.2010 laid down detailed internal controls to be put in place to stop theft/pilferage of material from Railway coaches and wagons.

During audit of the Mechanical Department Workshops Mughalpura, Lahore in September 2023, it was observed that internal controls to prevent theft/pilferage as suggested in the above mentioned Modified Standard Operating Procedure were not put in operation due to which deficiencies of fittings in coaching and goods stocks valuing Rs 80.00 million were observed for the year 2022-23. Audit further observed that value of deficiencies was calculated by the PR management at 25% of the actual cost of items instead of actual impact of the loss. Thus, PR suffered loss of Rs 80.00 million due to slackness of the management.

The matter was taken up with the management in September 2023 and discussed in DAC meeting dated 01.02.2024. DAC constituted a fact finding inquiry committee comprising DG/Vigilance and CMM to probe the matter and submit report within one month. Compliance of DAC directives was awaited.

Audit recommends that Railway management should immediately 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 recovery of the amount from them. The loss may also be reported in Financial Statements of Pakistan Railways.

DP 12545

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20, 2021-22 & 2022-23 vide paras No 2.5.6, 2.5.66 & 2.5.54 having financial impact of Rs 181.90 million. Recurrence of same irregularity is a matter of serious concern.

2.5.2 Loss due to theft of imported material installed at Bin Qasim Station - Rs 47.22 million

According to para 1801 of Pakistan Railway 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 project “Rehabilitation of Railway Assets Damaged during Riots of December 2007” in April 2022, it was observed that signaling system at Bin Qasim Railway Station was upgraded in 2017-18 by installing imported material and equipment. Theft cases of signaling material and equipment valuing Rs 47.22 million were occurred at Bin Qasim Railway Station from May 2021 to January 2022. These theft incidences resulted in loss of Rs 47.22 million to PR due to poor security arrangements.

The matter was taken up with the management in September 2023 and discussed in DAC meeting held on 29.12.2023. DAC constituted an inquiry committee comprising Deputy COPS/Time Table, Deputy/CSE and Deputy/CME/C&W to conduct a fact finding inquiry, fix responsibility, suggest course corrective measures and submit report with proper evidence within fifteen (15) days. Compliance of DAC directives was awaited.

Audit recommends that security arrangement should be improved and strenuous efforts be made by Pakistan Railways Police to reach the criminals.

DP 12211

2.5.3 Embezzlement of government money through fake procurement – Rs 15.99 million

According to para 1801 of Pakistan Railway 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. Further, in terms of Federal Board of Revenue (FBR) letter No l (42)/ STM/2009/99638 dated 24.07.2013, purchase of taxable goods may only be made from sales tax registered persons against sales tax invoices and payment be made through Banking Channels.

During audit of the project “Special Repair of 100 DE Locomotives (New)” in March 2023 it was observed that the Project Director initiated 101 local purchase cases for furniture & fixture and office equipment valuing Rs 15.99 million for the period from December 2020 to May 2021. The office equipment and furniture of the closed Project “Special Repair of 100 DE Locomotives (Old)” was transferred to this new project. Therefore, initiation of 101 cases for procurement of office equipment and furniture was unjustified. Further, following irregularities were also observed in procurement cases:

i. Funds of Rs 2.19 million only were provided in the PC-I for office equipment and furniture. Whereas, PD initiated procurement cases of Rs 15.99 million which also include procurement for other departments valuing Rs 6.79 million.

ii. The members of shopping committee of these cases stated that quotations were obtained by the PD himself. Moreover, in 67 cases out of 101, bills and tax invoices of M/s Baria Enterprises, Lahore were provided who refused to own them. This indicated that fake quotations and invoices were provided by the PD.

iii. The PD drawn cash himself and payment to the firms was not made through cheques as instructed by the FBR.

iv. These purchases were made during the year 2020-21. However, the material valuing Rs 10.56 million was not received till March 2023 despite alleged payment.

This resulted in embezzlement of government money of Rs 15.99 million through fake local purchase cases in the absence of proper shopping committees, genuine quotations/ bill/invoices and non-receipt of materials.

The matter was taken up with the management in August 2023 and discussed in DAC meeting held on 05.09.2023. DAC was informed that an inquiry was conducted by PD 75 Locos, CCP and FA & CAO and the case was also under trail with Federal Investigation Agency (FIA). DAC directed the PO to vigorously pursue the case with FIA for early recovery of the amount. The Railway administration should also strengthen its internal controls to avoid such practices in future. The PO will submit progress report within one month. Compliance of DAC directives was awaited.

Audit recommends that case with FIA be perused vigorously besides recovery of the misappropriated amount. Procurement and financial management controls be strengthened to avoid recurrence.

DP 12187

2.5.4 Loss due to tempering of record to enhance the leased area, lease terms and reducing lease rentals – Rs 21.71 million

According to Rule 19 (vi) of General & Financial Rules, the contracts should be placed only after tenders have been openly invited. Moreover, as per Pakistan Railways competitive leasing policies, the leasing for stacking purposes should be for one year extendable for another term of 1 years with 20% increase.

During audit of the Property & Land, Karachi in September 2023 it was observed that the auction was held on 17.06.2015 for leasing out of 1,277.67 sq. yards for stacking purpose at Karachi City Station and possession of the land was handed over to the lessee on 18.08.2015.

Subsequently agreement was executed on 15.04.2016 with increased area to 1,787 sq. yards. Deputy Director, P&L manipulated the lease rentals from Rs 3,790,000 to Rs 2,710,000 and lease term from 1 year to 3 years. Later, the lessee occupied excess area of 383 sq. yards as per measurement taken by the Divisional Engineer-I and DD/P&L, Karachi on 15.08.2016. Thus the lessee had possession of 2,170 sq. yards due to tempering of PR land record by connivance of PR management and lessee. This resulted in loss to PR on account of short deposit of lease charges due to tempering of record and lease rentals amounting to Rs 21.71 million for the period from August 2015 to January 2019.

The matter was taken up with management in December 2023 and discussed in DAC meetings dated 16.01.2024 and 25.01.2024. DAC directed a fact-finding inquiry by DG/P&L, CEN/Open Line and COPS, to be completed within three weeks. It was also directed to file recovery suit within one week. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for irregular enhancement of leased out area, lease terms and reducing lease rentals by tempering the record and short recovery of lease rentals. Action be taken against culprit(s) besides strengthened the internal controls.

DP 12509 & 12520

Note: The issue was also reported earlier in the Audit Report for Audit Year 2018-19 vide para No. 2.4.9 having financial impact of Rs 1.52 million. Recurrence of same irregularity is a matter of serious concern.

2.5.5 Embezzlement of vending stall earnings -Rs 3.35 million

According to para 1801 of Pakistan Railway 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 Commercial & Transportation Department, Sukkur in February 2023, it was observed that the contractor of Super Model Stall at Rohri Railway Station deposited only Rs 421,900 in booking office on 28.12.2019 through self-generated fake letter. However, the contractor was asked to deposit 30% of bid money amounting to Rs 2,421,900 for third year on 02.12.2019. This resulted in short deposit of Rs 2,000,000. The matter was inquired by a committee of Divisional Officers, who pointed out four other cases of similar fraud amounting to Rs 1,347,300. In three (03) cases out of four (04) the same contractor was involved. This resulted in fraudulent short deposit of PR dues amounting to Rs 3.35 million.

The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 12.01.2024. DAC directed the CCM to submit a comprehensive reply. DAC further directed the CCM that the contractor should also be blacklisted and the case with the FIA be vigorously pursued for recovery of remaining amount. Compliance of DAC directives was awaited.

Audit recommends that amount involved be recovered besides lodging an FIR. Financial management controls be strengthened to avoid recurrence.

DP 12622

Land Management

2.5.6 Non-mutation of title of 20,830 acres land in favour of Pakistan Railways

According to the Presidential Order 1 and 2 of 1970 subsequently covered through Article No. 274 (2) of the Constitution of Islamic Republic of Pakistan, Railways again became federal subject and assets owned by Railways were ordered to be transferred back in the name of federal government.

During audit of the following four (04) formations of Property & Land Department in September 2023, it was observed that the title of 20,830.04

acres Railway land over four divisions was not transferred to Pakistan Railways by the provincial governments. The Railway land was under possession and use of the provincial governments. Moreover, PR has no dedicated revenue trained staff at sectional level to reconcile unclaimed land.

(Rs in million)

SN	DP No.	Formation	Area (acres)	Value of land
1	12448	P&L, Multan	782.51	13,772.00
2	12390	P&L, Sukkur	233.53	81.52
3	12407	P&L, Rawalpindi	4,382.00	-
4	12431	P&L, Karachi	15,432.00	-
Total			**20,830.04**	**13,853.52**

The matter was taken up with the management in November to December 2023. DAC in its meeting held on 16.01.2024 and 29.12.2023 directed the DG/P&L to provide documentary evidence regarding mutation of land in favour of Pakistan Railways and implement verdict of Supreme Court in remaining patches of land. Compliance of the DAC directive was awaited.

Audit recommends that matter be taken up at appropriate level to resolve the issue, deployment of dedicated revenue staff and maintenance of independent land record. Title of the land be got transferred in favor of Pakistan Railways as per Presidential Order 1970 and orders of Honorable Supreme Court of Pakistan.

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.

2.5.7 Encroachment of 3,502 kanals Railway land – Rs 13,819.53 million

Para 803 of Pakistan Railways Code for the Engineering Department provides that 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 seven (07) formations of Property & Land Department, Vigilance Directorate and Commercial & Transportation Department in September 2023, it was observed that 3,502.52 kanals of commercial Railways land valuing Rs 13,819.53 million was encroached by private parties and government departments, during the period from 1988 to 2023, (**Annexure-6).** Thus, PR was deprived of valuable assets and potential earnings due to unauthorized occupation of Railway land.

The matters were taken up with the management in August to December 2023 and discussed in DAC meetings from September 2023 to January 2024. The DAC showed displeasure on the laid back attitude of the POs over the encroachments and directed to retrieve the land and lodge FIRs against all encroachers. Compliance of DAC directives was awaited.

Audit recommends that action be taken for early retrieval of 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 2018-19, 2019-20 & 2021-22 vide paras No. 2.4.68, 2.5.49, 2.5.8, 2.5.11, 2.5.14 having financial impact of Rs 13,197.49 million. Recurrence of same irregularity is a matter of serious concern.

2.5.8 Unauthorized inclusion of 776 kanals Railway land in katchi abadis by Government of Punjab – Rs 4,474.62 million

As per para 2 (iii) and category-III of Director Property & Land's letter No. 469-W/KA-202/Pt-III (P&L) dated 23.05.2008, katchi abadi entirely located on such Railway Land which is required for operational/commercial purpose falls in category-III. The land that falls in category-III is not recommended for issuance of NOC. Whole abadi needs to be relocated on provincial government land. 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 and Land Department, Multan and Rawalpindi in September 2023, it was observed that Railway management issued NOC for 382 kanal and 01 marlas Railway land on 17.04.2001 in order to regularize the katchi abadis established before 23rd March, 1985 in Multan and Rawalpindi Divisions. However, DG Katchi Abadis, Government of Punjab regularized 1,158 kanals of Railway land vide notification dated 05.11.2001. This resulted in unauthorized inclusion of Railway land measuring 775 kanal 19 marlas valuing Rs 4,474.62 million in katchi abadis by Government of Punjab as detailed below.

(Rs in million)

SN	DP No.	Formation	NOC issued by PR (area)	Regularized by DG Katchi Abadis (area)	Excess area	Value of land
1	12447	P&L Multan	345 kanal 7 marlas	1,048 kanal	702 kanal 13 marlas	3,254.84
2	12403	P&L Rawalpindi	36 kanal 14 marlas	110 kanals	73 kanal 06 marlas	1,219.78
Total			**382 kanal 01 marlas**	**1158 kanal**	**775 kanal 19 marlas**	**4,474.62**

The matter was taken up with the management in November and December 2023. Against Sr.No.1, DAC in its meeting held on 16.01.2024 directed the DG/P&L to vigorously pursue the matter for vacating the stays of the encroachers in katchi abadis and take over the possession as soon as the litigation was over. Against Sr.No.2, DAC in its meeting held on 29.12.2023 directed the PO to vigorously pursue this important issue of retrieval of precious land in the court of law. Further, DAC constituted an inquiry committee comprising D.G/Vigilance and CCM to enquire and fix responsibility for negligence of officers and loss of land on account of katchi abadis. The inquiry report should be submitted within one month. Compliance of DAC directives was awaited.

Audit recommends that the matter may be taken up with the Chief Secretary, Government of Punjab for retrieval of excess land and relocation of excess katchi abadis to provincial government land. Internal controls regarding assets management be improved to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2019-20 and 2020-21 vide paras No. 2.4.14, 2.5.106 and 2.5.21 having financial impact of Rs 1,606.26 million. Recurrence of same irregularity is a matter of serious concern.

2.5.9 Unauthorized commercial utilization of land leased out for Al-Shifa Trust Eye Hospital – Rs 466.73 million

According to clause 1 and 3 of the agreement dated 30.06.1997 executed between Pakistan Railways and Al-Shifa Trust Eye Hospital, the lessee shall use the land only for the purpose of Al-Shifa Trust Eye Hospital.

During audit of the Property & Land Department, Sukkur in September 2023, it was observed that 20,538 square yards of commercial land was leased out at nominal rent of Rs 1 per square yard for a period of 33 years to a welfare project Al-Shifa Trust Eye Hospital vide two agreements dated 30.06.1997 and 25.06.2009. In violation of the agreements, Al-Shifa Trust Hospital sublet its premises on revenue sharing basis to Educareer Sindh Institute, Sukkur in March 2019. Moreover, Al-Shifa Trust Eye Hospital is also operating a marriage lawn since 2012 and also allowed cellular companies to install BTS towers in 2018. Thus, PR was deprived of premium and annual rent amounting to Rs 466.73 million of land used by the Al-Shifa Trust Eye Hospital for commercial purposes.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 02.01.2024 wherein DAC showed displeasure over negligence and irregularities committed in leasing of land to Al-Shifa Trust Eye Hospital. DAC constituted three-member committee comprising DG/Vigilance, DIG and CCFM to conduct inquiry to fix responsibility and submit the report within one month. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for not taking appropriate action for commercial leasing of land which was originally leased out for welfare purpose. Action be taken against those held responsible besides recovery of lease premium and rent on commercial basis.

DP 12411

2.5.10 Loss due to lease of marquees at low benchmark - Rs 218.37 million

According to policy dated 07.12.2020, for leasing of land for marriage lawn/marquee, the base rate for annual rent was required to be calculated on the basis of 10 % of average market and DC price (commercial rate) of the approved sites of big cities and 8% on the average of market and DC price for small cities. Moreover, as per clause 8 of the policy, the annual rent would be increased @ 15% compound per annum of the approved bid price for remaining years respectively.

During audit of following two formations of Property & Land Department in September 2023, it was observed that two pieces of Railway land measuring 630.92 marlas were auctioned for marriage lawn. Railway management auctioned the land by fixing low benchmark which resulted in loss of Rs 218.37 million to PR as detailed below.

(Rs in million)

SN	DP No.	Formation	Area in marlas	Period	Benchmark should be fixed (base year)	Benchmark fixed (base year)	Total Loss
1	12402	P&L, Rawalpindi	78.60	2021-26	25.49	1.10	189.12
2	12395	P&L, Multan	552.32	2020-24	6.63	0.77	29.25
Total			**630.92**				**218.37**

The matter was taken up with the management in November 2023. Against Sr. No.1, DAC in its meeting held on 02.01.2024 showed displeasure over negligence and irregularities committed in leasing of land for Marquee. DAC constituted a three-member inquiry committee comprising DG/Vigilance, CPO and CF&AO to fix responsibility and submit report to the DAC within one month. Against Sr. No.2, DAC directed the CEO/Sr.GM to personally look into the matter. DAC further directed the PO to submit comprehensive reply. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for incorrect fixation of rent in violation of the policy in vogue. Action be taken against those held responsible besides revisiting the agreements and recovery of the amount involved.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2019-20 and 2021-22 vide paras No. 2.4.55, 2.5.84 and 2.5.49 having financial impact of Rs 3,866.25 million. Recurrence of same irregularity is a matter of serious concern.

2.5.11 Non-recovery of commercialization charges from LARECHS due to change of purpose – Rs 177.37 million

The Executive Committee of Railway Board in its meeting held on 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 Property and Land Department Workshops, Mughalpura in November 2023, it was observed that residents of Lahore Railway Employees Cooperative Housing Society (LARECHS) utilized the residential plots for commercial activity in the form of petrol pumps, hotels, restaurants, general stores, shops, and clinics without obtaining NOC and payment of commercialization charges. Audit observed that ninety (90) sites were being used for commercial activity. This resulted in loss of Rs 177.37 million to PR due to irregular utilization of residential land for commercial activity without obtaining NOC and payment of commercialization charges.

The matter was taken up with management in December 2023 and discussed in DAC meeting held on 16.01.2024. DAC nominated a fact finding inquiry committee comprises of DG/P&L, CEN/OL and DIG to fix responsibility for failure to implement the policy and assessment of commercialization fee to be realized within one month. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for irregular utilization of railway land for commercial purpose without obtaining NOC and paying commercialization fee. Action be taken against the defaulters besides recovery of the amount involved. Internal controls regarding assets management be improved to avoid recurrence.

DP 12482

2.5.12 Non-regularization of commercial encroachment under Remedial Management Policy - Rs 97.13 million

According to Policy for Remedial Management of Unauthorized Commercial Structures of Railway Land circulated by Joint Director/P&L vide letter dated 01.06.2016, in case of regularization of encroachment, the unauthorized occupants would pay 50% of DC value of land as premium with 7% of present DC value as annual rent. The outstanding rent of the previous years shall liable to be paid since 01.01.2002 by depreciating the present day rent @ 25% to preceding 3 years up to 01.01.2002.

During audit of following three (3) formations of Property and Land Department in September and November 2023, it was observed that 633 shops were illegally constructed by the private individual on Railway land during 1980 to 2020. Further, a piece of land measuring 6.88 marlas was under occupation of Hamza Sugar Mills since 2016. The occupants of these shops and commercial land showed willingness for regularization of their structures under remedial management policy; however, their cases were not finalized till audit.

(Rs in million)

SN	DP No.	Formation	Description	Period	Loss of revenue
1	12404	P&L Rawalpindi	409 Shops	1980 to 2020	49.52
2	12626	P&L Lahore	120 Shops	-	31.36
3	12423	P&L Multan	104 Shops	2016	13.55
			6.88 marla land encroached by Hamza Sugar Mills	2016	2.70
Total					**97.13**

PR management failed to retrieve or regularize these shops under remedial management policy due to which PR was deprived of potential revenue of Rs 97.13 million.

The matter was taken up with the management in November 2023. Against Sr. No.1, DAC in its meeting held on 02.01.2024 directed the DG/P&L to conduct survey of 409 shops within one month and start anti-encroachment operation after completion of one month. DAC further directed to fix responsibility and take action against those held responsible. Progress against each encroachment should be shared with DAC. Against Sr. No.2, DAC in its meeting held on 25.01.2024 directed the DG/P&L to expedite the process and submit supporting documents in support of progress made so far within two weeks. Against Sr. No.3, DAC in its meeting held on 25.01.2024 directed to issue charge sheet to the concerned IOW and AIOW and displeasure note to Dy: Director/P&L, Multan Division for their negligence. Recovery notices be served to all the encroached area shops and Hamza Sugar Mills with timeline of one month and in case of negative response, encroached area should be retrieved under intimation to this forum. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for non-regularization of commercial encroachments under remedial management policy. Action be taken for regularization or retrieval of PR land. Assets management controls be improved to avoid recurrence.

2.5.13 Non-recovery of commercial rent and electricity charges from illegal occupants of Railway accommodations - Rs 55.33 million

As per Rule-8 of Pakistan Railways policy for allotment of Railway accommodation 2019, occupation of house beyond authorize retention period shall be treated as unauthorized occupation and apart from any other action, which may be taken under the rules, rent at 7½% per annum of the updated assessed capital value of the house including the cost of land will be charged for this period.

During audit of the Deputy General Manager in August 2023, it was observed that five (05) retired Railway offices were in illegal possession of Railway accommodations in Mayo Garden, Lahore and a bungalow at Pringle Road, Lahore for the period ranging from 2016 to 2023. Further, an official was residing in Officer's Flats Walton, Lahore without any allotment since 2008. As per PR policy, commercial rent was required to be recovered from the illegal occupants but neither commercial rent and electricity charges were recovered nor got these accommodations vacated till date of audit. This resulted in loss of Rs 55.33 million to PR due to non-recovery of commercial rent and electricity charges from the illegal occupants of Railway accommodations.

The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 05.01.2024. DAC directed the DGM that the objected residences be got vacated and amount raised against the defaulters be recovered. Documentary evidence of vacation/recovery be shared with DAC within one week. Compliance of DAC directives was awaited.

Audit recommends that responsibility may be fixed for non-vacation of Railway accommodations and non-recovery of commercial rent and electricity charges despite lapse of seven years. Action be taken against those found at fault besides recovery of the amount involved.

DP 12473

2.5.14 Irregular handing over of land without realizing advance lease charges – Rs 7.73 million

According to clause-3(d) of the revised Railway Land Leasing Polices dated 07.12.2020, the successful bidder shall be liable to pay 50% of the annual rent on the date of auction in the Railway treasury. Further clause-3(f) provides that in case of successful bidder failed to deposit the remaining 50% amount within a week, the already deposited money shall be confiscated in favour of Pakistan Railway. Moreover, successful bidder who failed to deposit the remaining amount shall not be allowed in future to participate in bidding.

During audit of Property and Land Department, Multan in September 2023, it was observed that agricultural land measuring 17.21 acres was auctioned, for 05 years, on 17.05.2023 at Railway Station, Vehari. The highest bid of Rs 305,000 per acre offered by M/s Abid Hussain was approved by the Divisional Superintendent on 15.06.2023 and offer letter was issued on 16.06.2023. The bidder failed to deposit the remaining bid money of Rs 2.57 million within 07 days of approval of bid but applied for cancelation of bid by virtue of misunderstanding on lessee's part about rental charges. Railway administration made no decision on the fate of leased property although the possession of the property had been handed over to the lessee without observing codal formalities and realizing rental charges amounting to Rs 5.16 million. Audit observed that even after lapse of 106 days Railway administration neither recovered the remaining bid money nor forfeited the already deposited money Rs 2.57 million. This resulted in loss of

Rs 7.73 million to PR on account of non-forfeiture of bid money of first highest bidder and non-offer to second highest bidder.

The matter was taken up with the management in December 2023 and discussed in DAC held on 25.01.2024. DAC directed the PO that amount pointed out by Audit be recovered and documentary evidence be furnished to Audit within 15 days. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for non-recovery of rental charges and non-vacation of land under intimation to Audit.

DP 12457

2.5.15 Non-realization of land lease charges from Airport Housing Society – Rs 25.05 million

According to Clause-1 of the agreement dated 24.04.2007 executed between Pakistan Railway and Airport Housing Society, the rental charges shall be paid yearly in advance on receipt of bill from Railway administration. The rental charges shall be reassessed after every three years according to market value at that time and the agreement shall be revised after every three years.

During audit of Property & Land Department, Rawalpindi in September 2023, it was observed that Pakistan Railways leased out 183.3 marla Railway land to Airport Housing Society, Rawalpindi for construction of road vide agreement dated 24.04.2007. Airport Housing Society paid one-year rental charges of Rs 1.02 million in advance on 16.02.2007. Subsequently, Railway administration failed to recover the annual lease charges for the period from July 2008 to June 2023. Moreover, the lease agreement was also not revised after every three years. This resulted in non-revision of agreement and non-recovery of rental charges of Rs 25.05 million.

The matter was taken up with the management in September 2023 and discussed in DAC meeting held on 29.12.2023. DAC directed the CPO to convey displeasure to the Joint Director/P&L who came unprepared for the meeting. DAC further directed the DG/P&L to submit reply within three days. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for non-revision of agreement and non-recovery of outstanding rent. Action be taken against those held responsible besides recovery of the amount involved. Contract and financial management controls be strengthened to avoid recurrence.

DP 12399

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19 & 2021-22 vide audit para No. 2.5.53 & 2.5.11 having financial impact of Rs 20.06 million. Recurrence of same irregularity is a matter of serious concern.

2.5.16 Loss of earnings due to non-construction of shops - Rs 12.67 million

As per para 7 (ii) of revised Railway Land Leasing Polices for construction of rail market on Railway land dated 12.12.2018, the rent will be deposited by lessee before the start of 7th month as a rent of six months.

During audit of the Property and Land Department, Quetta in September 2023, it was observed that one hundred and twenty (120) shops were demolished on request of Government of Baluchistan in 2018 for widening of Joint Road, Quetta. The Project Director, Quetta Development Package deposited Rs 550 million with PR in 2018 for construction of shops but shops had not been constructed despite lapse of five years. This resulted in loss of earnings of Rs 12.67 million to PR on account of rent of shops.

The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 25.01.2024. DAC directed the DG/P&L to expedite the construction work and share compliance report with the Audit. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for non-construction of shops and action be taken against those found at fault besides recovery of the amount involved. Internal controls regarding land management be strengthened to avoid recurrence.

DP 12552

2.5.17 Loss due to irrational fixation of benchmark for lease of shops - Rs 11.02 million

According to Para 807 of Pakistan Railway Code for the Engineering Department, all Railway land should be managed on commercial lines, and each Railway administration should endeavor to develop the resources of, and put to profitable use, any areas in its occupation which, though not eligible for disposal are lying idle and can be put to profitable use. Such land is referred to hereinafter as ‘available’ land.

During audit of the Property and Land Department, Sukkur in September 2023, it was observed that auction of 21shops at market No. 2 near Ayub Gate Sukkur held on 19.09.2019 and highest bid of Rs 28.22 million was received which was delayed due to court cases by existing occupants. However, a fresh auction of these shops was held on 15.06.2023 and highest bid of Rs 17.20 million against 21 shops was accepted by the management. The benchmark for auction dated 15.06.2023 was fixed as Rs 800,000 per shop which was 47% below the benchmark of Rs 1,500,000 fixed in last auction dated 19.09.2019. This resulted in loss of Rs 11.02 million to PR due to irrational fixation of benchmark.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 02.01.2024. DAC showed displeasure over negligence and irregularities committed in the auction of 21 commercial shops. DAC constituted three-member inquiry committee comprising DG/Vigilance, DIG and CCFM to conduct inquiry within one month to fix responsibility and submit the report to the DAC. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for irrational fixation of lesser benchmark. Action be taken against those held responsible besides recovery of the loss under intimation to Audit.

DP 12391

2.5.18 Irregular handing over of possession of land before auction - Rs 7.66 million

According to clause 1 of the Revised Policy for re-licensing of already constructed shops on Railway land dated 27.12.2020, the open auction shall be conducted for licensing the already constructed shops for a period of 05 years in transparent manner by advertising the shops in print and electronic media.

During audit of the Property & Land Department, Multan in September 2023, it was observed that PR management leased out fourteen (14) already constructed shops during the period from 2019 to 2021 in Bahawalpur and Bhakkar. Possession of the shops was handed over to the lessees even before commencement of auction proceedings. The auction proceedings were mere travesty and comparative statements were fabricated to extend favor to specific individuals as evident from joint possession certificate endorsed by concerned Inspector of Works. Thus, fraudulent handing over possession of shops before auction proceedings made revenue of Rs 7.66 million suspicious. Further, the lease agreements were neither endorsed nor objected by senior management which tantamount to evasion of responsibility and exposed significant loopholes in internal control framework.

The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 16.01.2024. DAC nominated a fact finding inquiry committee comprises of J.D/P&L, Dy: DS/Multan and

DAO/Multan to look into the matter and fix responsibility for the anomalies pointed out by Audit within three weeks. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for commission of fraud and evasion of responsibility. Action be taken against those held responsible besides recovery of the loss. Internal controls regarding land management be strengthened to avoid recurrence

DP 12456

2.5.19 Extension in lease of defaulter lessee by extending undue favour - Rs 7.44 million

According to clause-4 of the agreement dated 21.04.2020, the licensee was bound to pay six months' rent in advance on expiry of every due period with grace period of one month. Further, clause-18 provides that late deposit would warrant imposition of penalty @ 2 % per month on the default amount. Any delay beyond 30 days would constitute breach liable to forfeiture of security money and termination of the contract or as deemed fit by the Divisional Superintendent (DS).

During audit of the Property and Land Department, Sukkur in September 2023, it was observed that marriage hall at Railway Swimming Pool, Sukkur was leased out to Mr. Asad Ali for a period of three years w.e.f. 06.01.2020. The lessee had not deposited lease charges of Rs 2.12 million for the period from 06.01.2020 to 05.01.2023 but the Railway management had not terminated the contract or imposed any penalty. Further, the DS Sukkur extended the lease period w.e.f. 06.01.2023 with occupancy charges of Rs 590,500 per month which was also not recovered from 06.01.2023 to 05.10.2023. This resulted in loss of Rs 7.44 million to PR due to extending undue favour to the defaulter lessee by the Railway management.

Furthermore, on 27.04.2023, a fresh auction was held and the highest bid of Mr. Muhammad Ali for Rs 6.31 million per annum was accepted on

30.05.2023. However, possession was not handed over as the old lessee had not vacated the site up to 05.10.2023 with the connivance of Railway management.

The matter was taken up with the management in November 2023 and discussed in the DAC meeting held on 29.12.2023. DAC directed the PO to file recovery suit against the contractors and blacklist them. DAC further directed the PO to review the extension of all defaulting contractors and conduct new auctions after terminating their contracts within one month. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for extension in lease period without recovery of outstanding rental charges from former lessee and non-handing over possession of marriage hall to the new successful bidder. Action be taken against those held responsible besides recovery of the amount from lessee or from employee responsible under intimation to Audit.

DP 12419

2.5.20 Loss due to non-handing over of Railway land to highest bidder – Rs 3.68 million

According to Para 807 of Pakistan Railway Code for the Engineering Department, 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 profitable use. Further, Para 803, stipulates that Railway administration should preserve unimpaired the title to all land in its occupation and keep it free from encroachment.

During audit of the Property & Land Department, Lahore in November 2023, it was observed that 01 Kanal land was leased out to Mr. Noor Muhammad for stacking purpose vide agreement dated 26.06.2015 @ Rs 53,000 per year with 20% annual increase. The new auction was held on 09.06.2018 wherein Mr. Muhammad Boota was declared highest bidder @ Rs 515,000 per year. The bidder deposited the 50% bid money of Rs 275,000. The procession of land was not handed over to successful bidder and after 03 years his bid money was refunded on 20.08.2021. Thus, due to negligence and connivance of PR management, procession of land was not handed over to Mr. Boota in 2018 which resulted in loss of Rs 3.68 million to PR. Further, audit also observed that Rs 757,852 was recoverable from ex-lessee Mr. Noor Muhammad and land was still under his possession.

The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 25.01.2024. DAC showed displeasure over inaction at division and headquarters level. DAC constituted an inquiry committee comprising DG/Vigilance and DG/P&L with the direction to furnish report within two weeks. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for non-retrieval of land from ex-lessee and not handing over its possession to the new successful bidders. Action be initiated against those held responsible besides recovery of the loss from the ex-lessee or employee (s) found at fault under intimation to Audit.

DP 12498

2.5.21 Loss due to leasing of shops at lower rates – Rs 2.66 million

According to Para 1801 of 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 Property & Land Department, Multan in September 2023, it was observed that open auction for leasing constructed shops at Double Pattak, Multan was conducted on 30.04.2021. Two adjacent shops No.4 and 6 were leased out to Mr. Ilyas Ali at huge difference of rates i.e. Shop No. 6 was leased out at annual rent of Rs 60,000 and No. 4 at

Rs 215,000. Audit also observed that another auction was held on 17.04.2023 for leasing of shop No. 7 & 8 at same location. The highest bids of annual rent ranging from Rs 63,500 to Rs 67,000 were received and accepted by PR management without considering the annual rent of shop No. 4 before fixation the benchmark. This reflected that due care was not exercised by the Divisional administration while leasing out of these shops and undue favour was extended to the lessees. Thus Pakistan Railways sustained a loss of Rs 2.66 million due to leasing of shops at lower rates.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 16.01.2024. DAC nominated a fact finding inquiry committee comprises of J.D/P&L, Dy DS/Multan and DAO/Multan to look into the matter, reassess the bench mark for auction and fix responsibility for the anomalies pointed out by Audit within three weeks. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for negligence in fixation of benchmark. Action be taken against those found at fault besides recovery of the amount involved. Financial management controls be strengthened to avoid recurrence.

DP 12428

Note: The issue was also reported earlier in the Audit Report for Audit Year 2019-20 vide paras No 2.5.59, 2.5.84 having financial impact of Rs 640.47 million. Recurrence of same irregularity is a matter of serious concern.

Civil Works

2.5.22 Non-realization of revised cost of deposit work – Rs 135.90 million

According to Para 9 of the Chief Engineer/Open Line’s notification dated 08.07.2008, it would be mandatory for sponsors that the entire estimated cost is deposited in advance and in case of part payment the tenders would not be invited and the period of completion would start from the date of full deposit of estimated cost. Further, Para 10 provides that the division will invite tenders only after approval of plan, sanction of estimate and deposit of funds.

During audit of following two formations in August 2023, it was observed that Railways management prepared estimate of Rs 144.33 million for deposit work of new siding at PAF Shahbaz Base, Jacobabad in January 2019. Following irregularities were observed;

i. The sponsoring agency deposited an amount of Rs 132.74 million from February 2018 to October 2019. Railway management also reduced the cost of estimate to Rs 132.74 million in November 2019. The work was delayed due to which its cost increased to Rs 224.15 million as per revised estimate dated March 2023 but increased cost of Rs 91.41 million was not deposited by the sponsoring agency.

ii. Establishment & maintenance charges of Rs 17.01 million were not revised and departmental charges of Rs 27.48 million were not included in the estimate.

This resulted in non-recovery of Rs 135.90 million from the sponsoring agency as detailed below:

(Rs in million)

SN	DP No.	Formation	Details	Amount
1	12344	Civil Engineering Department HQ	Non-recovery of increased cost of work	91.41
2	12334	Civil Engineering Department Sukkur	Non-inclusion of departmental charges	27.48
3	12320	Civil Engineering Department Sukkur	Non-revision of establishment & maintenance charges	17.01
Total				**135.90**

The matter was taken up with the management in October 2023 and discussed in DAC meeting held on 21.11.2023. DAC directed the PO to pursue the matter for recovery of remaining amount under intimation to Audit. Compliance of DAC directives was awaited.

Audit recommends that estimate of the work be revised by including revised costs of departmental, establishment and maintenance charges and increased cost be recovered from the sponsoring agency. Internal controls regarding deposit works and contract management be strengthened to avoid recurrence.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para No 2.5.79 having financial impact of Rs 1.34 million. Recurrence of same irregularity is a matter of serious concern.

2.5.23 Non-encashment of performance guarantee of contractors failed to complete the work - Rs 130.67 million

According to clause 5.1 and 10.4 of contract agreement executed between Pakistan Railways and Equinox (Pvt) Ltd for up-gradation of Bin Qasim Yard, the contractor would furnish an unconditional and irrecoverable Bank Guarantee (Performance Bond) representing 5% of the total contract amount. The Performance Bond shall be kept valid by the contractor till defect liability period and forfeited in case of contractor’s default.

During audit of following three (03) formations in March and August 2023, it was observed that contractors failed to complete the works and to rectify the defects pointed out by Railway management. The bank guarantees and retention money amounting to Rs 130.67 million submitted by the contractors were not en-cashed/ forfeited by Railway management as the same had expired.

(Rs in million)

SN	DP No.	Formation	Details of irregularity	Amount
1	12258 12264 12437	Rehabilitation of Railway Assets Damaged during Riots of December 2007 Project	The contractor of up-gradation of Bin Qasim Yard failed to complete the work and defects valuing Rs 35.92 million pointed out by PR were not rectified. Performance Bond of Rs 66.38 million and retention money of Rs 54 million were not forfeited.	120.91
2	12266	Project of Replacement of Old and Obsolete Signal Gear (LON-SDR)	Completion date of train dispatch office at Lahore station was 31.05.2018 but contractor failed to complete the work despite three extensions up to 31.12.2022. Bank guarantee of Rs 5.45 million and retention money of Rs 2.73 were not forfeited.	8.18
3	12378	Civil Engineering Department, Peshawar	The contractor of Improvement/ up gradation of Station Yard, Station Building, of Jahangira, left the work incomplete on 10.10.2023. The bank guarantee was expired on 10.02.2023 but was not got renewed and en-cashed.	1.58
Total				**130.67**

The matter was taken up with the management from September to December 2023. Against Sr. No.1, DAC in its meeting held on 02.01.2024, 23.01.2024 & 01.02.2024, constituted a fact finding inquiry committee comprising DG/Vigilance and FA&CAO/PR to probe the matter of non-submission of appeal in the appellate forum against the award given by the arbitrator against Pakistan Railways. Against Sr. No. 2, DAC in its meeting held on 01.02.2024 directed the CS&TE to immediately submit a compliance report against recovery of Rs 10.38 million. Against Sr. No. 3, DAC in its meeting held on 23.01.2024 directed the CEN/Open Line to ensure recovery of Rs 1.58 million from pending bills of the contractor and recovery particulars be shared with Audit. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for non-encashment of bank guarantees and retention money of contractors who failed to complete the works despite expiry of completion period. Internal controls regarding contract management be strengthened to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20 & 2021-22 vide paras No 2.5.46 & 2.5.36 having financial impact of Rs 7.72 million. Recurrence of same irregularity is a matter of serious concern.

2.5.24 Short/non-recovery of train detention charges - Rs 56.77 million

According to Para 6(iv) of instructions regarding execution of deposit works circulated by Chief Engineer, Open Line vide letter dated 08.07.2008, in case of temporary arrangements the detention to trains charges for the entire period of construction would be worked out and debited to the sponsors and included in the estimated cost.

During audit of following two formations of Civil Engineering Department in August 2023, it was observed that two deposit works regarding widening/conversion of three girder bridges between Kalanchwala - SamaSatta and construction of road underpass bridge at km 16/3-7 between Golra-Fathejang Railway Station on Golra Sharif-basal section (CPEC) were executed by PR during the period from 2020 to 2022 for Irrigation Department, Punjab and National Highway Authority respectively. The train detention charges were not charged and short charged as per actual train detention during of execution of works. This resulted in loss of Rs 56.77 million to PR due to non/short recovery of train detention charges from sponsoring agencies.

(Rs in million)

SN	DP No.	Formation	Sponsor	As per estimate	Actual Charges	Amount recoverable
1	12381	Civil Engineering Department, Multan	Irrigation Department Punjab	Nil	47.10	47.10
2	12432	Civil Engineering Department, Rawalpindi	National Highway Authority	16.99	7.02	9.67
Total						**56.77**

The matter was taken up with the management in November 2023. Against Sr. No.1, management replied that reconstruction of these bridges was requirement of Railways because the bridges were submerged; therefore, train detention charges were deleted from the estimate to keep the estimate within the deposited amount. The reply was not acceptable because estimate was required to be prepared before execution of work including train detention charges. Against Sr. No.2, DAC in its meeting held on 12.01.2024 directed the CEN/Open Line to submit a revised reply. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for non-recovery of train detention charges and non-inclusion of detention charges in estimate. Action be taken against those held responsible besides recovery of the amount involved either from sponsoring agencies or from those found at fault.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19 & 2021-22 vide paras No 2.5.53 & 2.5.69 having financial impact of Rs 24.06 million. Recurrence of same irregularity is a matter of serious concern.

2.5.25 Non-execution of maintenance agreements of upgraded level crossings – Rs 47.10 million

According to Para 2035 of Pakistan Railways Code for the Engineering Department, a formal agreement should be executed between the parties concerned before a deposit work is undertaken.

During audit of Civil Engineering Department, Rawalpindi in August 2023, it was observed that seven unmanned level crossings were upgraded to manned level crossings on the requests of provincial governments during 2016-17. However, PR had not executed agreements with sponsoring agencies for their operation and maintenance. Pakistan Railways incurred an amount of Rs 47.10 million on the maintenance and operation of these level crossings from January 2017 to June 2023 but the same had not been recovered from sponsoring agencies due to non-availability/execution of agreements. Thus, non-execution of agreements for operation and maintenance of upgraded level crossing resulted in loss of Rs 47.10 million to the PR.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 23.01.2024. DAC directed the CEN/Open Line to expedite the matter of recovery of Rs 47.10 million with provincial governments and make an action plan to streamline the recovery of operational & maintenance charges of level crossings timely. DAC further directed the CEN/Open Line and DS/Rawalpindi to expedite recovery under intimation to this forum.

Audit recommends that matter be taken up at higher forum of road owning authorities for signing of operation and maintenance agreements. Amount already incurred by the PR be recovered and contract management controls be improved to avoid recurrence.

DP 12382

2.5.26 Short recovery of land lease charges from CDA against deposit work – Rs 38.25 million

As per para 5(i) policy for leasing out the Railway land to government departments for construction of roads dated 11.11.2014, the lease period shall be 33 years with further extension of 33 years on the mutual consent of both the department. Further para 5 (ii) provides that the concerned government department shall be liable to pay 100% of the DC rate of the ongoing year as land lease charges in advance. In addition, the ground rent shall also be liable to pay in advance for the lease period 33 years @ 2 per Sft per annum.

During audit of Civil Engineering Department, Rawalpindi in August 2023, it was observed that Railway management requested the Capital Development Authority (CDA) in February 2020 to deposit estimated cost of Rs 96.65 million including land lease charges of Rs 76.50 million for 204 marlas of land regarding construction of road over bridge at Khayaban-e-Margala from G.T. road to sector D Islamabad. Subsequently, Railway management reduced the land lease charges to Rs 38.25 million in violation of ibid policy. This resulted in short recovery of land lease charges of Rs 38.25 million from CDA.

The matter was taken with the management in December 2023 and discussed in DAC meeting held on 16.01.2024. DAC directed the DG/P&L to revisit the policy and chalk out plan for early recovery from the department and submit a revised reply within two weeks. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired at an appropriate level to fix responsibility for less recovery of land lease charges in violation of policy. Action be taken against those held responsible besides recovery of the amount involved. Financial management controls be strengthened to avoid recurrence.

DP 12611

2.5.27 Non-imposition of penalty on incomplete portion of supply of ballast – Rs 28.45 million

Clause-12.1 of conditions of contract stipulates that if the contractor has not taken all practicable steps to remedy the default with fourteen (14) days after receipt of the employer's notice, the employer may by a second notice given within a further twenty-one (21) days, terminate the Contract and after termination the employer shall be entitled to a sum equivalent to twenty percent (20%) of the value of the works not executed.

During audit of following two formations of Civil Engineering Department in August 2023, it was observed that four contracts for supply of ballast worth Rs 163.54 million were awarded to contractors during 2021-22. The contractors made supply of ballast valuing Rs 21.30 million and stopped further supply for want of price escalation. The request of the contractors was not accepted by the management being not covered under the agreements;

therefore, remaining ballast valuing Rs 142.24 million was not supplied by the contractors till August 2023. On default of the contractors, the Railway administration neither terminated the contracts nor recovered penalty of Rs 28.45 million (@ 20% of balance supply.

(Rs in million)

SN	DP No.	Formation	No. of Works	Total value of works	Value of Works executed	Value of works not executed	Penalty amount @20%
1	12326	Civil Engineering Department, Multan	03	145.557	14.145	131.412	26.28
2	12321	Civil Engineering Department Quetta	01	17.990	7.156	10.834	2.17
Total				**163.547**	**21.301**	**142.246**	**28.45**

The matter was taken up with the management in October 2023. Against Sr. No.1, DAC in its meeting held on 21.11.2023 directed the PO to immediately expedite the action and compliance report along with evidence may be submitted to Audit within two weeks. Against Sr. No.2, DAC in its meeting held on 29.12.2023 directed the CEN/OL to blacklist the contractor and his blacklisting should be informed across all Railways Divisions. Compliance of the DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for non-recovery of 20% value of unsupplied ballast according to the terms of the contracts and its recovery should be ensured. Contract management should also be improved to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19 & 2019-20 vide paras No 2.4.75 & 2.5.37 having financial impact of Rs 14.67 million. Recurrence of same irregularity is a matter of serious concern.

2.5.28 Imposition of penalty for breach of agreement by PR – Rs 13.96 million

Para 1801 of Pakistan Railway General Code stipulates 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 Civil Engineering Department, Sukkur in August 2023, it was observed that an open auction of 38 shops at Auto Plaza, Rohri held on 21.09.2016. The highest bid amounting to Rs 13.96 million of Syed Shafqat Ali Shah was approved on 16.02.2017 but Railway management failed to construct the shops. The bidder filed a suit in court of Civil Judge, Sukkur on 29.09.2021. The court ordered PR on 16.05.2022 to construct and handover the shops within four months otherwise a sum of Rs 27.93 million including penalty of Rs 13.96 million be paid to the bidder. In complete disregard to the orders of the court, the shops were not constructed and handed over to the successful bidder by PR. This resulted in loss of Rs 13.96 million to PR on account of penalty imposed by the court. This depicts negligence and slackness on the part of Railway management.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 02.01.2024. The DAC was informed that the department had challenged the decision of the civil court in High Court and next hearing date was fixed for 12.01.2024. Further, PR had not paid any penalty so far and no loss was sustained by the department. DAC directed the PO to hire the best RCL to contest the case in the best possible manner in favour of the department. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for inordinate delay in construction of shops and action be taken against those held responsible. Land and contracts management should be improved to avoid recurrence.

DP 12377

2.5.29 Less recovery of land lease charges from a sponsor - Rs 6.08 million

According to Clause 15 of the Policy for leasing out the Railway land to government department for construction of roads dated 20.05.2019 in case the request for construction of road on Railway land is received from private housing society with the NOC from District administration or road authority, the same shall be referred to Secretary/Chairman Railways for approval by recommending 100% DC/Market value (commercial rate) whichever is higher as land lease charges and Rs 3 per Sft per annum as ground rent for five years in advance.

During audit of the Civil Engineering Department, Rawalpindi in August 2023, it was observed that the estimate No.150/21-22 dated 30.09.2022 of deposit work for construction of underpass at km 1374/6-7 on Lalamusa-Rawalpindi Section was framed on the request of CEO/Buraq City. The value of 43.43 marla land was required to be assessed at market rate of Rs 700,000 per marla whereas value of land was calculated on DC rate of Rs 560,000 per marla which was lesser than market rate. Thus, PR sustained loss of Rs 6.08 million due to less recovery of land lease charges from the sponsor due to poor contract management and non-observance of rules.

The matter was taken up with the management in August 2023 and also discussed in DAC in meeting held on 19.01.2024. DAC took a serious view of the irregularity and ordered a fact-finding inquiry committee comprising CNE/Open Line, COPS and DG/Vigilance. DAC directed to submit inquiry report within three weeks with proper recommendation and responsible officials/officers. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for less recovery of land lease charge in violation of policy in vogue and amount involved be recovered from the sponsor. Internal controls be strengthened to avoid recurrence.

DP 12620

2.5.30 Non-deduction of 25% shrinkage of pitching stone – Rs 5.31 million

According to Para 1227 of Pakistan Railways Code for Engineering Department, it is not usually convenient to record in measurement books detailed measurement of work done by contractor in connection with the working of pitching stone. Further, as per Joint Engineering, Accounts and Operating Circular No.1, deduction of shrinkage for pitching stone at 25% of the quantity be made.

During audit of the Civil Engineering Department Sukkur in August 2023, it was observed that a contract for embankment of PAF Siding Jacobabad including supply of 179,050 Cft pitching stone was awarded to M/s Muhammad Shafique Ahmed & Co. in September 2022. The contractor supplied 196,751 Cft pitching stone for which payment of Rs 21.25 million was made without deduction of shrinkage charges @ 25% of the quantity supplied. This resulted in loss of Rs 5.31 million to the PR due to non-deduction of shrinkage of pitching stone.

The matter was taken up with the management in October 2023 and discussed in DAC meeting held on 02.01.2024. DAC directed the CEN/OL to submit the revised reply along with documentary evidence within one week. Compliance of DAC directives was awaited.

Audit recommends that amount involved be recovered from the contractor. Financial and contract management controls be strengthened to avoid recurrence.

DP 12315

2.5.31 Unauthorized excess issuance of material for sidings – Rs 4.89 million

According to Para 9 of the Chief Engineer/Open Line’s notification dated 08.07.2008, it would be mandatory for sponsors that the entire estimated cost is deposited in advance and in case of part payment the tenders would not be invited and the period of completion would start from the date of full deposit of estimated cost.

During audit of Civil Engineering Department, Multan in August 2023, it was observed that:

i. PR received Rs 5.49 million for repair of Military Siding, Rajput Nagar. However, material worth Rs 9.29 million was issued resulting in excess issuance of material valuing Rs 3.80 million. Later on, completion report was drawn on the basis of amount already received from sponsor instead of actual material issued to the Siding. The cost of excess material Rs 3.80 million was not recovered from sponsor.

ii. Track material valuing Rs 1.09 million was issued irregularly for maintenance of private siding at Piranghaib without receipt of funds from the sponsor and without approval of competent authority.

This resulted in loss of Rs 4.89 million to PR due to unauthorized and excess issuance of material.

The matter was taken up with the management in October 2023 and also discussed in DAC meeting held on 21.11.2023. DAC directed the PO to submit comprehensive reply along with documentary evidence within two weeks. Compliance of DAC directives was awaited.

Audit recommends that matte be inquired to fix responsibility for unauthorized and excess issuance of material. Action be taken against those held responsible besides recovery of the amount involved either from the sponsoring agencies or from those found at fault.

DP 12337

Procurement Management

2.5.32 Misprocurement in violation of PPRA Rules – Rs 3,395.35 million

Para 3 of PPRA's letter dated 26.08.2022 clarifies that imposing the prerequisite of enlistment/registration of the bidder to participate in procurement process is not permissible under procurement regulatory framework. Since such practices defeat the spirit of principles of procurement and polarize the market, prevent new entrants, discourage competition. The National Accountability Bureau (NAB) after consultation with PPRA issued instructions vide letter dated 08.01.2014 that registration or enlistment of contractors by a procuring agency is not needed under PPRA Rules 2004 nor any charging of fee on this account is admissible and this practice should be stopped forthwith as it supports corrupt practices.

During audit of the project "Special Repair of 100 DE Locomotives (New)" in March 2023, it was observed that five (5) Tender Bulletins were issued from June 2020 to June 2022 for procurement of material on FOB and FOR basis. These tenders were advertised on single stage two envelop method basis. It was mentioned in the eligibility criteria that only LP approved local firms and regular approved firms for FOB were allowed to participate. The whole process was in violation of PPRA rules and clarifications, which restricted the competition and resulted in irregular procurements. Thus, irregular procurement of material valuing Rs 3,395.35 million was made only from registered firms in violation of the rules ibid.

The matter was taken up with the management in April 2023 and discussed in DAC meeting held on 02.01.2024. DAC evaluated the reply of CME/Loco which affirms the practice/policy of Pakistan Railways regarding registration of firm. DAC directed the CME/Loco to get the clarification from the PPRA authorities. Compliance of DAC directives was awaited.

Audit recommended that matter be inquired to fix responsibility for restricting the competition irregularly and making irregular procurement against PPRA Rules. Action may be taken against the defaulter(s) and internal controls be strengthened to avoid recurrence.

DP 12278

2.5.33 Irregular award of contract and non-supply of material – Rs 329.90 million

In terms of Clause 20 of Special Terms & Conditions of Tender, the successful bidder will have to deposit the security money @ 5% of the total value of contract within 14 days from issuance of letter of acceptance. Further, Clause 7 (c) provides that bid security shall be forfeited if the successful bidder fails to submit performance security within specified period. Furthermore, Clause 9 (iii) of the purchase order provides that the warranty shall be valid for 12 months from date of receipt of last supply of material. Inspectors (AENs) will be appointed as member of inspection committee for different lots to ensure quality of material.

During audit of the Chief Controller of Purchases in August 2023, it was observed that contract for procurement of 15,000 Wooden Sleepers (56,250 Cft) valuing Rs 310,500,000 and 50,000 kg Coal Tar Creosote valuing Rs 19,400,000 was awarded to M/s I. Trade Karachi vide Purchase Order dated 26.05.2022. Following irregularities were observed:

i) Acceptance letter was issued to contractor on 25.02.2022 whereas performance security was submitted by contractor after a period of more than two months instead of 14 days. The bid should have been cancelled after forfeiture of bid security.

ii) The contractor supplied only 2,284 sleepers (15%) valuing Rs 47.26 million within delivery period i.e. 25.05.2023. However, Railway management neither terminated the contract by forfeiture of security deposit nor extended the delivery period with imposition of LD charges amounting to Rs 14.48 million. Moreover, the bank guarantee of Rs 16.49 million submitted by the firm was expired but same was not got renewed.

iii) The supplied wooden sleepers were inspected by one AEN whereas different inspectors were required to be appointed for each lot as per purchase order.

This resulted in irregular award of contract valuing Rs 329.90 million in violation of terms & conditions of tenders besides loss to PR on account of non-recovery of LD charges and non-renewal of bank guarantee.

The matter was taken up with management in December 2023 and discussed in DAC meeting dated 01.02.2024. DAC directed the CCP to submit revised reply along with supporting documents within three days. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for irregular award of contract and non-renewal of bank guarantee causing loss due to non-supply of material. Procurement and contract management controls be improved to avoid recurrence.

DP 12472

2.5.34 Non-forfeiture of performance guarantee and commission of contractor due to defective functioning of Electric Arc Furnace – Rs 124.80 million

Clause 8 of Purchase Order No. 15/0046/00-0/1-2017 dated 07.03.2018 for Supply, installation and commissioning of Electric Arc Furnace provides that in case of warranty replacement/short shipment, freight, custom duty/sales tax, charges will be paid/recovered from the firm M/s Trans Globe. PR will be at liberty to deduct the outstanding/recoverable amount from any payment from firm due from Railways or through encashment of Bank Guarantee/CDR or any other financial document available with Railway against security deposit, earnest money etc.

During audit of Steel Shop Mughalpura in November 2023, it was observed that the work for installation and commissioning of Electric Arc Furnace costing USD 1,480,560 was not completed as per terms and conditions of purchase order. The workshop management pointed out certain deficiencies in supply, installation and commissioning in August 2023. Resultantly, the Electric Arc Furnace was not properly operational due to contractor's fault despite lapse of five years. The Railway management had neither taken steps for proper functioning of furnace nor performance guarantee of Rs 41.60 million and commission Rs 83.20 million were forfeited.

The matter was taken up with the management in November 2023 and discussed in DAC meeting dated 01.02.2024. DAC directed the CCP to submit revised reply along with supporting documents within three days Compliance of DAC directives was awaited.

Audit recommends that matter be inquired at appropriate level for non-rectification of deficiencies in supply, installation and commissioning of electric arc furnace. The shortcomings be corrected by forfeiting the available security deposits of contractor.

DP 12525

2.5.35 Fudge payment on procurement of imported spare parts and non-receipt of material – Rs 102.95 million

According to POO 580 dated 27.01.2016 and POO 582 dated 10.10.2017, Letter of Credit (LC) would be established on Original Equipment Manufacturer (OEM), however in special cases it would be established in the name of authorized principal of manufacturer on the recommendation of tender committee. In this scenario firm would submit manufacturer compliance certificate along-with shipping documents to the bank at the time of LC negotiation.

During audit of Railway Constructions Pakistan Limited (RAILCOP) in March 2023, it was observed that Ballast Cleaning Machine (BCM) along with spare parts was procured from Plasser & Theurer, Austria in 2016. RAILCOP management prepared a purchase requisition on 25.03.2021 for procurement of spare parts for BCM valuing Rs 102.95 million through LC-39 in 2022. Audit observed that no LC was opened by RAILCOP and spare parts were purchased from a local supplier M/s Waris International. Further, audit verification revealed that alledged newly procured material was not found in the store of Track Machine Shop at Raiwind rather spare parts purchased in 2016 were available. The review of record revealed that 73% inventory was available in the store at the time of new procurement and only 27% of inventory was consumed during last 5 years. Moreover, manufacturer compliance certificate and shipping documents showing authenticity of procurement were not available on record. This resulted in fudge payment against already available spare parts of Ballast Cleaning Machine amounting to Rs 102.95 million.

The matter was taken up with the management in December 2023 and discussed in the DAC meeting held on 30.01.2024. DAC directed the MD/Railcop to resubmit the reply in the light of discussion held during the para within one week. Further, DAC directed DG/Vigilance to conduct a fact finding inquiry and submit report within one month. Compliance of DAC directives was awaited.

Audit recommends that matter be investigated to fix responsibility for fudge payment to a contractor without receipt of material and amount of loss be recovered from the defaulter(s). Procurement management controls be improved to avoid recurrence.

DP 12501

2.5.36 Irregular expenditure in violation of PPRA rules – Rs 64.76 million

Rule 9 of the Public Procurement Regularity Authority (PPRA) Rules-2004, provides that a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned.

During audit of two formations of PSDP Projects instances of splitting of purchases worth Rs 64.76 million in violation of PPRA rules were observed. It was also observed that splitting of purchases was done to avoid the approval and concurrence of higher authorities.

(Rs in million)

SN	DP No	Formation	Description	Amount
1	12160	"Special Repair of 100 DE Locomotives (New)"	Locomotive spare parts	59.41
2	12223	Project of re-commissioning of 05 accidental locos	Locomotive spare parts	5.35
		Total		**64.76**

The matter was taken up with the management in August and September 2023 and discussed in DAC meetings held on 19.09.2023 and 17.10.2023. DAC directed the PO to submit a comprehensive reply along with documentary evidence within one week. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for splitting up of procurements of similar nature resulting in mis-procurement. Irregular expenditure be got regularized from the concerned forum, and Internal controls be strengthened to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2019-20 & 2020-21 vide paras No 2.4.17, 2.5.44 & 2.5.6 having financial impact of Rs 510.04 million. Recurrence of same irregularity is a matter of serious concern.

2.5.37 Loss due to non-receipt of imported parts despite advance payment – Rs 25.60 million

As per Article-4 of contract agreement-2016 executed between Pakistan Railways and Equinox (Pvt) Ltd regarding terms of payment, the total contract price shall be paid to the contractor as per the invoices submitted according to the respective scope of work as detailed in Appendix-I and allowing partial payments against partial delivery /shipment and services.

During the audit of project, “Rehabilitation of Railway Assets Damaged during Riots December 2007”, it was observed that a contract was awarded to Equinox (Pvt) Ltd for procurement of imported material on FOB basis for up-gradation of Bin Qasim Yard including all new signaling works and provision of communication with adjacent stations in 2016. As per Appendix-1 (bill of quantities) 08 sets of Axle Counter Block Section (Imported) were required to be supplied by Equinox. However, only 04 sets were received and installed and balance quantity of 04 sets was not provided but payment had been made. Resultantly, PR suffered loss of Rs 25.60 million on account of excess payment to Equinox due to non-supply of desired quantity as per BoQ.

The matter was taken up with the management in September 2023 and discussed in DAC meeting held on 17.10.2023 directed the PO to submit comprehensive revised reply within one week to Audit. Compliance of DAC directives was awaited.

Audit recommends that matter be taken up with the contractor for supply of material without further delay otherwise punitive action be taken against them as per provisions of the agreements. Contract management controls be strengthened to avoid recurrence.

DP 12212

2.5.38 Installation of defective weighbridge – Rs 19.20 million

As per Clause 3.1 of biding documents, the manufacturer/supplier shall guarantee the weighbridge components regarding appropriate and safe design, material, and workmanship and for satisfactory performance for a period of 18 months from date of installation in the track or 24 months from date of shipment, whichever is earlier. Further, Clause 3.2 provides that the manufacturer/supplier shall provide warranty for carrying out repair free of cost or by replacing the parts which became defective during warranty period.

During audit of the Pakistan Railways Freight Transportation Company (PRFTC) in March 2023, it was observed that contract for supply, installation, commissioning, operating and maintenance of computerized weighbridge (Dynamic System) at Begmaji (Rohri) with cost of Rs 34.38 million was awarded to M/s Hussain Corporation on 16.06.2021. The contractor installed the weighbridge on 26.02.2022 and conducted seven trials that gave imperfect weight measurement. However, an amount of Rs 19.20 million (60% of bid value) was paid to the contractor in April 2022 despite the fact that the weighbridge was not working properly. After lapse of eight (8) months, PRFTC terminated the contract on 02.12.2022. This resulted in loss of Rs 19.20 million to the PRFTC due to installation of defective weighbridge.

The matter was taken up with the management in September 2023 and discussed in DAC meeting held on 12.09.2023. DAC was informed that an amount of Rs 10.50 million had been recovered from the contractor and remaining amount would be recovered from his payments against other works. DAC directed the PO to get the recovered amount verified from Audit within one week and balance amount be recovered latest by 30.09.2023. Compliance of DAC directives was awaited.

Audit recommends that documentary evidence in support of already recovered amount be provided and efforts be made to recover the balance amount under intimation to Audit.

DP 12220

2.5.39 Loss due to award of contract at higher rates – Rs 18.18 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 the Chief Controller of Purchases in August 2023, it was noticed that tenders dated 06.12.2019 for procurement of two overhead cranes were not finalized within bid validity and same were purchased at higher rate, from the same bidder, through subsequent tender. Further, it was observed that tenders dated 11.03.2021 for procurement of ten DG Sets were not finalized at the first instance on the plea of higher rate, however same were purchased through subsequent tenders at higher rates.

(Rs in million)

SN	DP No.	Items	Qty	1st Tender		2nd Tender		Amount
				Rate	Date	Rate	Date	
1	12322	Overhead Cranes	02	31.42	06.12.2019	36.20	09.04.2021	9.55
2	12342	DG Sets	10	2.39	11.03.2021	3.25	01.10.2022	8.63
Total								**18.18**

This resulted in loss of Rs 18.18 million to Pakistan Railways due to delay in finalization of tender case of overhead cranes and unjustified dropping of first tenders of DG sets.

This matter was taken up with the management in October 2023 and discussed in DAC meeting held on 21.11.2023. DAC was not satisfied with management reply and directed the PO to submit revised reply within two weeks. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed and action be taken against those held responsible for non-finalization of tenders in time which caused loss to the PR. Internal controls regarding procurement management be strengthened to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2019-20 & 2022-23 vide paras No 2.5.59, 2.5.87, 2.5.59 having financial impact of Rs 7,376.80 million. Recurrence of same irregularity is a matter of serious concern.

2.5.40 Unjustified acceptance of unsuitable material – Rs 16.65 million

Clause 3.2 of the Purchase Order No. 3CF/4P/0700/2021 dated 23.11.2021 provides that all ways and means would be used for inspection of the material to certify that the material is in conformity with specifications/ standards/designs mentioned in the purchase order. Further, as per Clause 9 of the enclosure to the above Purchase Order, the seller warrants that material would be in accordance with the particulars mentioned in the Purchase Order.

During audit of the project Special Repair of 600 Coaches and 1200 Bogie Wagons in March 2023, it was observed that 181 sets of Rubber Bulge valuing Rs 16.65 million were procured from M/s Pak Alliance, Lahore vide Purchase Order No. 3CF/4P/0700/2021 dated 23.11.2021. The material was tested by the Chief Chemist & Metallurgist, Lahore and reported that the Average Shore Hardness was 67 against minimum requirement of 70. This indicated that material was unsuitable but the same was accepted by Railway management. This resulted in acceptance of unsuitable material valuing Rs 16.65 million by extending undue favour to the contractor.

The matter was taken up with the management in August 2023 and discussed in DAC meeting held on 05.09.2023. The DAC directed the PO to submit comprehensive reply along with documentary evidence within one week. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for acceptance of material not confirming to Railway specifications. Internal controls regarding procurement be strengthened to avoid recurrence.

DP 12168

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2019-20, 2021-22, 2022-23 vide paras No 2.4.65, 2.5.90, 2.5.24, 2.5.25, 2.5.9, 2.6.12, 2.5.9 having financial impact of Rs 326.66 million. Recurrence of same irregularity is a matter of serious concern.

2.5.41 Non/short recovery of performance security – Rs 14.65 million

According to Chief Engineer/Open Lines Letter No. 128-W/ 0/24/PT-II(W-I) dated 09.02.2017, 10% performance guarantee of works having face value more than Rs 10 million was required to be recovered from the contractor in the shape of CDR or bank guarantee as per standard specimen of PEC.

During audit of the Civil Engineering Department, Sukkur in August 2023, it was observed that four works of supply, stacking and loading into Railway wagons 2" size mechanically crushed stone ballast at Khanpur, Walhar, Sadiqabad and Sukkur valuing Rs 200.57 million were awarded to different contractors from April 2022 to July 2023. All the contracts had value more than Rs 10 million but performance security @ 10% was not obtained. In two cases, performance guarantee was obtained @5% and in remaining two cases no guarantee was obtained. This resulted in short/ non-recovery of performance guarantee of Rs 14.65 million due to non-observance of rules.

The matter was taken up with the management in October 2023 and discussed in the DAC meeting held on 12.01.2024. DAC directed the CEN/Open Line to resubmit a reply and reconcile the amount with Audit. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for short/non-recovery of performance guarantee and amount of performance guarantee be recovered from the contractors. Internal controls regarding contract and procurement management be improved to avoid recurrence.

DP 12305

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2019-20, 2020-21, 2021-22, 2022-23 vide paras No 2.4.72, 2.5.28, 2.5.5, 2.5.36, 2.5.38 having financial impact of Rs 216.08 million. Recurrence of same irregularity is a matter of serious concern.

2.5.42 Irregular award of a civil work without open competition – Rs 14.09 million

According to Rule 20 of Public Procurement Rules - 2004, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

During audit of the Civil Engineering Department, Multan in August 2023, it was observed that Railway management awarded a contract for widening/conversion of bridges No. 131, 131A and 131B along with permanent raising of track between Kalanchwala and Samasatta Railway stations for Rs 136.98 million to M/s Techno Time Construction in January 2022. During execution of work, another work for providing temporary diversion of double track valuing Rs 14.09 million was also awarded to the same contractor in December 2022 without open competition through addendum slip. This resulted in irregular award of a civil work valuing Rs 14.09 million without open competition.

The matter was taken up with the management in October 2023 and discussed in DAC meeting held on 21.11.2023. DAC directed the CEN/Open Line to resubmit a reply based on the discussion held. Compliance of the DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for award of work without open competition, in violation of PPRA Rules-2004 and action be taken against the defaulter(s). Internal controls regarding contract and procurement management be strengthened to avoid recurrence.

DP 12328

2.5.43 Irregular award of cash collection contract – Rs 7.73 million per annum

According to Rule 31 (1) no bidder shall be allowed to alter or modify his bid after the bids have been opened. However, the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid. Rule 40 (1) also provides that without changing the cost and scope of work or services, the procuring agency may negotiate with the successful bidder with a view to streamline the work or task execution, at the time of contract finalization.

During audit of the Pakistan Railway Advisory and Consultancy Services (PRACS) in March 2023, it was observed that cash collection contract of Rahman Baba Express was awarded to Silk/Emaan Islamic Bank for Rs 7.73 million per annum which was irregular due to following reasons:

i. Tender was advertised on 09.10.2022 without formulating and issuance of bidding documents to the bidders. Minutes of pre-bid conference were not available on record in clear violation of PPRA rules ibid.

ii. In violation of PPRA rules, the bid offered by Silk / Emaan Islamic Bank was altered from Rs 800 per outlet to Rs 650 per outlet.

iii. The bank was not collecting cash from all the designated points as per MOU and booking agencies were depositing the cash into Allied bank at their own. Further, the bank was also not collecting cash on daily basis and in certain cases cash was deposited in to Allied bank instead of Silk bank by the security companies nominated by the bank for cash collection. This made the whole process of cash collection risky and cumbersome. No action was taken by the management against the bank for violation of MOU.

The matter was taken up with the management in December 2023 and discussed in the DAC meeting held on 30.01.2024. DAC directed the

MD/PRACS to collect all the relevant documents from Audit and resubmit reply along with documentary evidence to Audit. Compliance of the DAC directives was awaited.

Audit recommends that responsibility be fixed for irregular award of contract without observance of PPRA rules and violation of MOU by bank. Action be taken against those held responsible besides regularization of contract from competent forum.

DP 12517

2.5.44 Short and defective supply of material - Rs 5.88 million

Para 316 (a) of Pakistan Railways 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 Railway Constructions Pakistan Limited (RAILCOP) in March 2023, it was observed that M/s RAILCOP executed an agreement dated 25.02.2022 with M/s MI Enterprises for supply of 600 metric ton 3mm Mild Steel Shuttering at Marshaling Yard Pipri, Karachi. RAILCOP made 100% advance payment of Rs 6.97 million from March to May 2022 but contractor delivered only 300 metric ton shuttering and remaining 300 metric ton valuing Rs 3.48 million was not supplied. Further, the same contractor supplied 3,200 Y Angles worth Rs 2.40 million on 18.03.2022, which were returned by RAILCOP being substandard. Security money of the contractor Rs 2.25 million was released but replacement of defective material was not received. This indicated that unjustified payment of Rs 5.88 million was made to the contractor against short and defective supply of material due to negligence of management and weak internal controls.

The matter was taken up with the management in August 2023 and discussed in DAC meeting held on 05.09.2023. DAC took serious view of the issue and directed the PO to strengthen internal controls. DAC further directed pursue the case with FIA vigorously and recoveries be made. Compliance report along with documentary evidence be submitted to Audit within one month. Compliance of the DAC directives was awaited.

Audit recommends that responsibility be fixed for making unjustified 100% advanced payment. Action be taken against those held responsible besides recovery of the amount involved either from the contractor or from the person found at fault.

DP 12194

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2019-20, 2021-22 vide paras No 2.4.15, 2.5.36, 2.5.22 & 2.5.22 having financial impact of Rs 465.97 million. Recurrence of same irregularity is a matter of serious concern.

2.5.45 Unauthorized amendments in bid after opening of LC - Rs 4.76 million

In terms of clause 18 of the terms & conditions of tender No. 15/0010/00-0/1-2021 dated 09.11.2021, the bidder must supply the warranty certificate (in original), from the manufacturer along with technical bid. Clause 6 further stipulates that 100 % FOB value of the order shall be paid to the manufacturer through a confirmed and irrevocable Letter of Credit (LC). However, on recommendation of tender committee, the LC can be opened in the name of authorized principal of manufacturer.

During audit of the Chief Controller of Purchases Lahore in August 2023, it was observed that a single bid of M/s Tecno worldwide Impex Lahore for supply of Probe Search Units for Ultrasonic Flaw Detector Rail Tester was accepted without original warranty certificate of the manufacturer. LC valuing Rs 4.76 million (JPY 3,133,104) was opened on 14.06.2022 wherein, warranty certificate was modified on the request of the firm as 'warranty certificate from manufacturer/principal'. Purchase order dated 01.03.2022 was opened in the name of manufacturer "Tokyo Keiki Rail

Tecno Inc Tokyo Japan" but same was irregularly modified in the name of principal "Ogawa Seiki Co. Ltd. Tokyo Japan". Moreover, original delivery period was 31.08.2022 but contractor failed to supply the material up to 31.10.2023. This resulted in irregular acceptance of defective bid of material valuing Rs 4.76 million in violation of tender conditions.

The matter was taken up with the management in December 2023 and discussed in DAC meeting dated 01.02.2024. DAC directed the CCP to submit revised reply along with supporting documents within three days. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for irregular acceptance of defective bid and amendments made after opening of LC. Internal controls regarding procurement management be strengthened to avoid recurrence.

DP 12470

2.5.46 Excess payment to the contractor for unexecuted work – Rs 3.91 million

According to Composite Schedule of Rates (Sukkur Division) 2016 item 5.7.1 (a) (ii) regarding reinforced/pre-stressed concrete, the rates included rendering surface smooth and plastering done for making up all surfaces after removing centering. If plastering for smoothing surface was not done the rate be reduced by 10%.

During audit of Civil Engineering Department, Sukkur in August 2023, it was observed that work regarding reinforced/pre-stressed concrete for construction of four RCC Box Culvert Bridges on PAF Siding, Shahbaz Air Base Jacobabad, was executed without plastering for smoothing surface. However, payment was made to the contractor @ Rs 343 per Cft instead of 10% reduced rate of Rs 308.70 per Cft. This resulted in excess payment of Rs 3.91 million to the contractor due to weak internal controls and slackness of management.

The matter was taken up with the management in October 2023 and discussed in DAC meeting held on 21.11.2023. DAC directed the Audit to reexamine the reply submitted by the CEN/Open Line. In compliance of DAC directives, Audit reexamined the matter and was of the view that plastering was not done; therefore, payment was required to be made at reduced rates mentioned in the CSR 2016.

Audit recommends that matter be inquired to fix responsibility for excess payment to the contractor and amount in question be recovered from the contractor. Internal controls regarding contract management be strengthened to avoid recurrence.

DP 12343

Note: The issue was also reported earlier in the Audit Report for Audit Year 2021-22 vide para No 2.5.21 having financial impact of Rs 38.37 million. Recurrence of same irregularity is a matter of serious concern.

Inventory and stores management

2.5.47 Non-Disposal of Scrap/released material - Rs 4,681.66 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 eleven (11) different formations of Pakistan Railways from September to December 2023, twelve (12) cases of accumulation of scrap and released material were observed. This indicated that scrap/released material was not disposed of due to poor management which resulted in blockage of capital amounting to Rs 4,681.66 million (**Annexure-7**).

The matter was taken up with the management in August to November 2022 and discussed in DAC meetings held on 21.11.2023 17.10.2023 and 05.01.2024. DAC directed the POs to ensure effective material management at central and divisional level. DAC further directed the PO to submit revised reply supported with documentary evidence. Compliance of DAC directives was awaited.

Audit recommends that action for proper disposal of scrap be taken. Responsibility for unnecessary retention of scarp be fixed and remedial measures be adopted to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2019-20, 2021-22 & 2022-23 vide paras No 2.4.39, 2.5.57, 2.5.29 & 2.5.18 having financial impact of Rs 3,536.86 million. Recurrence of same irregularity is a matter of serious concern.

2.5.48 Excessive procurement and non-consumption of material – Rs 224.72 million

According to Para 2217 of Pakistan Railways Code for the Stores Department, items of stores which have not been issued from stock for Railway consumption for the period of two years will be declared as surplus stock. Further, Para 2233 stipulates that the Stores Department of 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 the Mechanical Department, Workshops Division Mughalpura, Lahore in September 2023, it was observed that material valuing Rs 192.73 million was lying unutilized in Carriage & Wagons and Loco Depots for the period ranging from 24 to 414 months. Further, it was observed that material valuing Rs 31.99 million was available above maximum limit. This indicated that material was purchased in excess of requirements and subsequently not utilized due to poor inventory management which resulted in blockage of capital Rs 224.72 million.

(Rs in million)

SN	Description	Material lying from 24 to 414 months	Material above maximum limit	Total
1	Carriage and Wagons Depots	83.22	0.83	84.05
2	Loco Depots	109.51	31.16	140.67
Total		**192.73**	**31.99**	**224.72**

The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 01.02.2024. DAC showed displeasure on the ignorance and time over run in handling this issue and ordered a fact finding inquiry by DG/Vigilance, FA&CAO/PR and CCP and submit the report within one month. Compliance of DAC directives was awaited.

Audit recommends that action be taken for blockage of capital due to excessive and above maximum procurement of material. A policy should be framed for surplus material. Action be taken for beneficial consumption of material and inventory management be improved to avoid blockage of capital.

DP 12559

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2019-20, 2021-22, 2022-23 vide paras No 2.4.43, 2.5.22, 2.5.28 & 2.5.19 having financial impact of Rs 1,870.74 million. Recurrence of same irregularity is a matter of serious concern.

2.5.49 Non-replacement of defective material – Rs 102.44 million

According to Para 761 of Pakistan Railways Code for the Stores Department, stores should be checked with the standard specifications or drawing on which the order is based. Further, Clause 12.5 of the Maintenance Contract No. PR/DEL Maintenance/2017 dated 15.07.2017 provides that warranty replacement will be arranged by the seller at the earliest but not later than 90 days.

During audit of the following four (04) formations from March to September 2023, it was observed that spare parts of rolling stock valuing

Rs 102.44 million supplied by the contractors were found defective after fitment during 2018 to 2023. PR management failed to get replacement of defective material, till finalization of Audit Report, despite lapse of considerable period of time.

(Rs in million)

SN	DP No.	Formation	Description of material	Period	Amount
1	12323	Chief Controller of Purchase	Spare parts of locomotives	March 2020 to May 2023	49.42
2	12537	Mechanical Department Workshops Mughalpura	Primary Vertical Oil Dampers	2018 to 2020	37.65
3	12538	Mechanical Department, Workshops Division, Mughalpura	Spare parts of locomotives	April 2019 to Dec 2022	12.07
4	12142	Project “Special Repair of 100 DE Locomotives (New)”	Spare parts of locomotives	2020-21	3.30
Total					**102.44**

The matter was taken up with the management in July to December 2023. Against Sr.No.1, 2 & 3 DAC in its meetings held on 21.11.2023 & 01.02.2024 directed the PO to submit revised reply along with documentary evidence within one week. Against Sr.No.4, DAC in its meeting held on 05.09.2023 directed the PO to ensure replacement of defective material within warranty period. The PO should ensure that corrective measures had been taken to resolve such issues in a timely manner and compliance report be submitted to Audit within two weeks. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for delay in getting replacement of material. The defective material be got replaced without further delay and procurement management be improved to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2019-20, 2020-21, 2021-22, 2022-23 vide paras No 2.4.70, 2.5.16, 2.5.7, 2.5.30 & 2.5.20 having financial impact of Rs 2,353.31 million. Recurrence of same irregularity is a matter of serious concern.

2.5.50 Blockage of capital due to unnecessary production of track material – Rs 39.63 million

According to Para 807 of Pakistan Railways General Code, 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 Railway Constructions Pakistan Limited (RAILCOP) in March 2023, it was observed that 11 items of track material valuing Rs 39.63 million manufactured in the Track Workshop Raiwind were not issued since September 2018. RAILCOP manufactured track material in Track Workshop Raiwind on the demand of Pakistan Railways. However, non-issuance of manufactured material despite lapse of more than five years indicated that these items were manufactured without any demand. This resulted in blockage of capital of Rs 39.63 million due to unnecessary production of material.

The matter was taken up with the management in September 2023 and discussed in the DAC meeting held on 12.01.2024. DAC directed the MD/Railcop & CEN/Open Line to examine the conditions that led to production which could not be utilized despite laps of four years which predicts that the order was made without rational analysis.

Audit recommends that matter be inquired to fix responsibility for unnecessary production of material. Action be taken against those held responsible and internal controls regarding inventory and contract management be strengthened.

DP 12262

Revenue Management

2.5.51 Irregular booking of goods without verification of weighment

Para 15.2 of Pakistan Railway Commercial Manual stipulates that when the weight of a consignment had already been declared by senders on the Consignment Note such declaration should invariably be tested by weighing it. Para 15.5 further provides that at station provided with weighbridge the whole of the consignment or wagon load should be weighed.

During audit of following two formations in February 2023, it was observed that goods were booked from Karachi Bunder, Karachi City and Port Bin Qasim stations on the basis of weighment sheets of private weighbridges without verification by Railway officials. Freight charges were also calculated on the basis of unverified weighments due to which chances of under weighment could not be rules out. Thus, irregular booking of goods without verification of weighment by Railway officials made the freight charges of Rs 13,875.37 million unauthentic.

(Rs in million)

SN	DP No.	Formation	Period of booking	Amount
1	12282	Station Superintendent Port Bin Qasim Station, Karachi	July 22 to June 23	12,575.62
2	12169	Commercial & Transportation Department, Karachi	July 22 to January 23	1,299.75
Total				**13,875.37**

The matter was taken up with management in August 2023. Against Sr.No.1, DAC in its meeting held on 30.01.2024 directed the CCFM and CMM to take course corrective measures within one week and submit a comprehensive reply with supporting documents. Against Sr.No.2, DAC in its meeting held on 19.09.2023 directed the inquiry committee headed by Dy: COPS/Power, Dy: CEE and Dy: CEN/Track to conduct inquiry within two weeks. DAC further directed the Railway administration to take measures to avoid such practices in future. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for irregular booking of freight on the basis of unverified weighment sheets and suitable action be taken against the defaulters. Internal controls be strengthened to avoid recurrence.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para No. 2.5.96 having financial impact of Rs 2,070.67 million. Recurrence of same irregularity is a matter of serious concern.

2.5.52 Loss due to non-imposition of penalty to contractors – Rs 805.20 million

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 of Karachi Bunder Dry Port in March 2023, it was observed that M/s Ocean Mark and M/s Irfanullah failed to provide 06 trains per month. The contractors failed to provide the committed freight business as per provision of the agreements but penalty clause regarding short transportation was not invoked. Thus, PR suffered loss on account of non-imposition of penalty amounting to Rs 805.20 million on account of short transportation by the contractors during July 2021 to January 2023.

The matter was taken up with management in December 2023 and discussed in DAC meeting held on 30.01.2024. DAC directed the CMM to submit comprehensive reply in consultation with DS/Karachi within one week. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for not invoking penalty clause of the agreements despite failure by of the contractors to provide committed freight business. Action be taken against the defaulters and implementation of agreements be improved to avoid recurrence.

DP 12478

2.5.53 Loss of earnings due to non-auction of surplus sites – Rs 610.94 million

According to Para 807 of Pakistan Railway Code for the Engineering Department, all Railway land should be managed on commercial lines, and each Railway administration should endeavor to develop the resources of, and put to profitable use, any areas in its occupation which, though not eligible for disposal are lying idle and can be put to profitable use. Such land is referred to hereinafter as 'available' land.

During audit of six (06) different formations from March to September 2023, it was observed in nine (09) instances of surplus sites which included vending stalls, parking stand, shops and godowns etc. remained un-auctioned from 2013 to 2023. This resulted in loss of potential earnings of Rs 610.94 million due to negligence of PR management **(Annexure-8)**.

The matter was taken up with the management in July to December 2023 and discussed in DAC meetings held on 19.09.2023, 17.10.223, 02.01.2024 and 25.01.2024. DAC took serious view of the delay in processing the auctions. DAC directed the POs to submit comprehensive reply supported with documentary evidence within one week. Compliance of DAC directives was awaited.

Audit recommends that the matter may be probed to fix responsibility for non-auction of surplus sites despite lapse of up to ten years. Efforts be made for the auction of surplus sites without further delay and property & land management be improved to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19 and 2019-20 vide paras No. 2.4.60 and 2.5.83 having financial impact of Rs 1,257.83 million. Recurrence of same irregularity is a matter of serious concern.

2.5.54 Loss due to non-levy of storage charges – Rs 358.69 million

Para-2321(m) of Pakistan Railway Code for the Stores Department stipulates that materials not removed within one month from date of sanction to the sale or such other time as may have been specified will be subject to storage charges at rates that will be fixed by the Railway. Further, clause-6(b) of Standard Directions to Tenderers for sale of scrap provides rates of storage charges @ Rs 5 per 1,000 per day of the cost of total balance scrap not lifted.

During audit of the District Controller of Stores (Main Depot) Mughalpura, Lahore in September 2023, it was observed that Railway management issued 10 sale orders of 10,194 M. Ton scrap valuing Rs 1,312.97 million to M/s Peoples Steel Mills (Pvt.) Ltd. in February 2023 with lifting period of 05 months up to 22.07.2023. Subsequently, lifting period was extended till 31.10.2023 without storage charges but contractor failed to lift 5,515 M. Ton scrap. The extension in the lifting period without storage charges was unjustified being not covered under any legal authority. This resulted in loss to PR due to non-levy of storage charges of Rs 358.69 million for the period from July to October 2023.

The matter was taken up with management in December 2023 and discussed in DAC meeting dated 01.02.2024. DAC directed the CCS to submit a comprehensive reply in the light of discussion held during the meeting within one week. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for non-levy of storage charges and action be taken for recovery of the amount involved. Internal controls be strengthened to avoid recurrence.

DP 12540

2.5.55 Non-imposition of penalty on M/s MLCFL due to failure in providing committed freight business - Rs 189.91 million

Clause 2.1(b) of the agreement dated 09.06.2014 executed between Pakistan Railway and M/s Maple Leaf Cement Factory Ltd (MLCFL) for transport and delivery of coal/ petcoke/ cement and return transport and delivery of cement/ clinker, 22,000 Tons every month from the factory to the dispatch points intimated by MLCFL. Clause 3.12 further provides that in case, the quantity of the cargo to be transported, as provided by MLCFL, is less than the quantity mentioned in the agreement (after taking into account the allowed variation of 10%), then PR shall be allowed to debit the freight deposit account with such amount as calculated by the Review Committee as penalty, such penalty shall be equal to 50 % of the per ton freight charge in lieu of the deficient quantity.

During audit of the Commercial & Transportation Department Karachi in February 2023, it was noticed that M/s MLCFL transported only 11,524 tons cement against the agreed quantity of 418,000 tons (22,000 x 19 months) from Daud Khel to Karachi Bunder during the period from July 2021 to January 2023. The Railway management had not invoked penalty clause on short transportation of cement/ clinker by M/s MLCFL. This indicated that undue favor was extended to the contractor due to which PR suffered loss of Rs 189.91 million for the period from July 2021 to January 2023.

The matter was taken up with the management in July 2023 and discussed in DAC meeting held on 05.09.2023. The DAC directed the PO to submit a comprehensive reply along-with documentary evidence by today. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired for non-recovery of penalty charges provided in the agreement and amount involved be recovered from the contractor. Internal controls regarding contract management be strengthened to avoid recurrence.

DP 12156

2.5.56 Non-payment of round-trip charges and unilateral stoppage of booking of coaches – Rs 48.23 million

According to Clause 6.1 of the agreement dated 01.01.2023 for commercial management of Rahman Baba Express, PRACS was required to deposit 07 days' advance payment of Rs 43,972,313 with CCT Lahore along with payment on account of attachment of additional coaches if any.

During audit of Pakistan Railway Advisory and Consultancy Services (PRACS) in March 2023, it was observed that commercial management of Rahman Baba Express was handed over to PRACS w.e.f. 01.01.2023. On the request of PRACS, composition of the train was fixed as 19 coaches by adding four economy class coaches vide letter dated 20.12.2022 with round trip payment of Rs 52.86 million. PRACS unilaterally stopped booking of additional coaches w.e.f. 05.02.2023 and reduced the weekly round trip advance payment to Rs 4.40 million. These additional coaches were remained attached and running empty with the train, however, on the request of PRACS, these coaches were detached by PR w.e.f 15.03.2023. This non-professional act of PRACS management put Railway into loss of Rs 48.23 million due to non-payment of round-trip charges of additional coaches from 05.02.2023 to 15.03.2023.

The matter was taken up with the management in August 2023 and discussed in DAC meeting held on 19.09.2023. DAC directed the PO to submit a comprehensive reply in consultation with CCM within one week. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for non-recovery of payment from PRACS against four additional coaches attached with the Rahman Baba Express. The amount involved be recovered from PRACS and contract management be improved to avoid recurrence.

DP 12183

2.5.57 Loss of earnings due to non-provision of freight wagons - Rs 22.49 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 the Karachi Bunder Dry Port in March 2023, it was observed that four contractors placed demands for 151 freight wagons from June 2021 to January 2023 but wagons were not arranged in time due to which demands were cancelled. Thus, non-provision of freight wagons not only adversely affected the revenue of PR but also diverted the customers to the road transportation. This resulted in loss of earnings of PR amounting to Rs 22.49 million due to poor management.

The matter was taken up with the management in September 2023 and discussed in DAC meeting held on 02.01.2024. DAC directed the COPS to resubmit the reply in the light of discussion on the para within one week. Compliance of the DAC directives was awaited.

Audit recommends that the matter of non-provision of wagons be investigated to fix responsibility and action be taken against the persons found at fault. Rolling stock management be improved to avoid recurrence.

DP 12286

2.5.58 Unjustified recovery of land lease charges at lesser rate – Rs 2.50 million

According to policy of PR for leasing of land for stacking purposes dated 11.08.1987, the rent of railway land licensed for stacking purpose would be 7.5% of market value.

During audit of Property & Land Department Lahore in November 2023, it was observed that a piece of land measuring 02 acres was leased out to Chishtian Logistics for coal stacking purpose at Chichoki Mallian vide agreement dated August 2003. Railway management fixed and collected lease charges @ 1% against the approved rate of 7.5%. PR management recalculated the land lease charges in 2020 and pointed out differential of Rs 2.50 million till 31.12.2019 but this amount was not recovered from the lessee due to negligence.

The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 25.01.2024. DAC directed the DG/P&L and CMM to submit revised reply to Audit within one week. Compliance of the DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for less recovery of lease charges and against the policy in vogue and action be initiated against the person(s) held responsible. The amount involved be recovered from the lessee and land management be improved to avoid recurrence.

DP 12495

Governance and Administrative Management

2.5.59 Underutilization of Pakistan Locomotive Factory, Risalpur - Rs 408.88 million

In its meeting held on 17th and 18th December, 1979 ECNEC decided to set up a Locomotive Factory for progressive manufacture of Diesel Electric/Electric Locomotives. It was stated in the PC-I of this project dated May 1989 that management of proposed factory as well as other manufacturing concerns under PR would be entrusted to an autonomous organization to be created for running these units on commercial lines. This project was started to acquire self-sufficiency in meeting with the requirements of locomotives to cater for the transportation needs of Pakistan Railways. PLF Risalpur was commissioned in January 1993 with production capacity of 25 locomotives per annum on single shift basis.

During audit of the Pakistan Locomotive Factory (PLF), Risalpur in September 2023, it was observed that 102 locomotives were manufactured in the factory during the period from 1993 to 2015 and afterwards no locomotive was manufactured. Subsequently, management fixed monthly targets for repair of locomotives/coaches & wagons and manufacturing of their spare parts. The revised production targets of PLF could not be achieved during the years 2021-22 and 2022-23. However, overtime allowance of Rs 36.25 million was paid. During the years 2021-22 and 2022-23, an expenditure of Rs 904.25 million was incurred on PLF but value of works done remained at Rs 495.37 million. The above state of affairs indicated that Pakistan Railways suffered loss of Rs 408.88 million during the year 2021-22 and 2022-23 due to under-utilization of PLF.

The matter was taken up with the management in December 2023 and discussed in the DAC meeting held on 12.01.2024. The DAC directed the MD/PLF to resubmit the reply after proper reconciliation of production targets viz a viz under-utilization of the capacity as pointed out by Audit within two weeks. Compliance of the DAC directives was awaited.

Audit recommends that production facility of PLF should be utilized for the purpose for which it was created and every effort be made to achieve periodic targets to avoid operational losses.

DP 12425

2.5.60 Irregular expenditure on engagement of TLA in excess of sanctioned strength – Rs 178.02 million

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

During audit of the Carriage Factory, Islamabad in August 2023, it was observed that class-iv employees were appointed on TLA basis against PSDP project of 400 coaches. Despite completion of the project in 2016-17, employees were retained by the management and were working in Carriage Factory. They were paid salaries of Rs 178.02 million during the period from July 2021 to June 2023 from revenue budget irregularly as they were engaged in excess of sanctioned strength. This resulted in loss of Rs 178.02 million to the PR due to weak internal controls.

The matter was taken up with the management in November 2023 and discussed in the DAC meeting held on 12.01.2024. DAC directed the MD/CFI to resubmit the revised reply. Compliance of DAC directives was awaited.

Audit recommends that matter be probed for irregular retention of work charged employees after completion of project. Action be taken against those held responsible besides improving the Human Resource management controls.

DP 12365

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2019-20, 2021-22 & 2022-23 vide paras No 2.4.32, 2.5.11, 2.5.65 & 2.5.36 having financial impact of Rs 207.72 million. Recurrence of same irregularity is a matter of serious concern.

2.5.61 Unauthorized payment of Fixed Daily Allowance - Rs 154.39 million

Para 12 (16) Schedule II of Rules of Business 1973 provides that Finance Division is responsible for framing of rules on pay and allowances, retirement benefits, leave benefits and other financial terms & conditions of Service. Further Para 12 (1) (h) provides that no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division.

During audit of following three formations for the FY 2022-23, it was observed that Fixed Daily Allowance of 20 days per month amounting to Rs 154.39 million was paid to all employees of Railways Police Department by the Ministry of Railways without approval of the Finance Division during the period from January 2022 to August 2023. This resulted in unauthorized and irregular payment of Fixed Daily Allowance of Rs 154.39 million.

(Rs in million)

SN	DP No.	Formation	Period of Irregularity	Amount
1	12616	CA Peshawar Division	Jan-2022 to Aug-2023	63.75
2	12574	CA Multan Division	July 2022 to June 2023	51.15
3	12632	CA Workshops Division, Mughalpura	July 2022 to June 2023	39.49
Total				**154.39**

The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 23.01.2024. DAC directed that the already constituted committee comprising of Member Finance & AGM/Traffic to expedite and submit the enquiry report in connection with Audit Para 2.6.4 (DP 12088) of AR 2022-23 within one month. Compliance of DAC directives was awaited.

Audit recommends that the matter be probed to fix responsibility for the unauthorized payment of the Fixed Daily Allowance without prior approval by the Finance Division. Amount involved either be recovered from the concerned employees or from those found at fault under intimation to Audit.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para No 2.6.4 having financial impact of Rs 239.22 million. Recurrence of same irregularity is a matter of serious concern.

2.5.62 Unjustified payment of Overtime Allowance – Rs 128.21 million

Para 453 of Pakistan Railways Code for Mechanical Department provides that except in very exceptional cases, no overtime should be worked in shops without prior sanction of the Works Manager.

During audit of the Carriage Factory, Islamabad and Steel Shop, Mughalpura in August and November 2023, it was observed that overtime allowance was paid to the employees during 2021-23 although the production targets were not achieved.

(Rs in million)

SN	DP No.	Formation	Production Targets	Targets Achieved	% Achieved	Period	Amount
1	12413	Carriage Factory, Islamabad	127 coaches	95 coaches	75%	2022-23	87.57
2	12532	Steel Shop, Mughalpura	30,682 metric ton steel	6,232 metric ton steel	20%	2021-23	40.64
Total							**128.21**

In Carriage Factory, Islamabad physical verification by the team of FA&CAO/M&S on 20.01.2023 and 21.01.2023 revealed that only 30% labour was available in shops. The FA&CAO/M&S recommended that factory labour deployed at the residences of officers and MOR be called back to meet shortfall and completion of production works without payment of overtime. Thus, due to negligence of management an amount of Rs 128.21 million was paid on account of overtime during July 2021 to June 2023 without achievement of targets.

The matter was taken up with the management in November and December 2023. Against Sr. No.1, DAC in its meeting held on 23.01.2024 directed the MD/CFI to provide revised reply indicating all facts explained in the meeting along with documentary evidence to Audit. Against Sr.No.2, DAC in its meeting held on 01.02.2024 directed the CME/C&W to submit revised reply along with supporting documents within three days. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for unjustified payment of overtime allowance and internal controls be strengthened to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2019-20, 2021-22 & 2022-23 vide paras No 2.4.61, 2.5.92, 2.5.9, 2.5.38, 2.5.27 having financial impact of Rs 555.31 million. Recurrence of same irregularity is a matter of serious concern.

2.5.63 Irregular appointment of Officers and Staff - Rs 90.58 million

According to policy for engagement of employees against TLA in Pakistan Railways circulated by the Chief Personnel Officer dated 15.07.2014, TLA employees should be engaged strictly in accordance with the eligibility criteria for direct recruitment i.e. qualification/age etc. Further, as per Finance Division (Regulation Wing) letter No. F.4(9)R-3/2008-499 dated 12.08.2008, the staff for development projects funded from PSDP was required to be recruited from open market on contract basis.

During audit of seven (07) different formations of Pakistan Railways from February to September 2023, in eleven (11) instances it was observed that employees were engaged without adopting prescribed procedure i.e. advertisement in the newspapers/website, age and qualification. This ostensibly was avoided to appoint the ineligible persons on favoritism. This resulted in irregular expenditure of Rs 90.58 million on pay and allowances of these employees **(Annexure-9)**.

The matter was taken up with the management from February to September 2023 and discussed in DAC meetings in October 2023. DAC directed the POs to submit a comprehensive revised reply within one week. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for irregular appointment of staff and disciplinary action be taken against the person(s) held responsible. Staff appointed irregularly may immediately be discontinued and future recruitments be made as per laid down procedures.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2021-22 & 2022-23 vide paras No 2.4.25, 2.5.40 & 2.5.29 having financial impact of Rs 232.68 million. Recurrence of same irregularity is a matter of serious concern.

2.5.64 Unjustified payments against a disconnected electric connection – Rs 21.86 million

Para 1801 of Pakistan Railways General Code provides that every Railway servant will be held personally responsible for any loss sustained through fraud or negligence on his part.

During audit of the Workshops Division Mughalpura for the year 2023-24, it was observed that panel of Railway Power House connection No.2 became defective therefore LESCO team disconnected the electric supply on 26.05.2022. Estimated cost of the new panel was Rs 2.10 million which was not replaced and electric supply remained disconnected but PR management made monthly payment during July 2022 to December 2023 without consumption of a single unit. Thus, PR suffered loss of Rs 21.86 million on account of unjustified payments against a disconnected electric connection due to inefficient management.

The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 01.02.2024. DAC showed displeasure on the ignorance and time overrun in handling this issue and ordered a fact finding inquiry by DG/Vigilance and FA&CAO/PR to probe the matter, fix responsibility and submit report within two weeks. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for making payments against a disconnected electric connection without consumption of a single unit. Action be taken to stop further payments against an ineffective electric connection and internal controls be strengthened to avoid recurrence.

DP 12633

2.5.65 Increase in cost of transfer of electricity network due to delay in payment - Rs 18.95 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 the Workshops Division Mughalpura for the year 2022-23, it was observed that case for payment against demand notice of LESCO amounting to Rs 35.95 million for handing over of Railway Baja Line Colony to LESCO was initiated in September 2022 but payment was not made till June 2023. Subsequently, LESCO authorities increased the amount of demand notice to Rs 54.90 million in September 2023. Furthermore, handing over of Railway colony to LESCO was also delayed due to which PR suffered extra loss on account of purchase of electricity at higher rate and supply to consumers at lesser rates. Thus, delay in deposit of demand notice resulted in loss of Rs 18.95 million to PR besides, delay in handing over of Railway Baja Line Colony to LESCO.

The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 01.02.2024. DAC showed displeasure on the ignorance and time overrun in handling this issue and ordered a fact finding inquiry by DG/Vigilance and FA&CAO/PR to probe the matter, fix responsibility and submit report within two weeks. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for delay in making payment of demand notice to LESCO for handing over electric supply of Railway Colony. Payment should be made without delay to avoid further loss and financial management controls be improved to avoid recurrence.

DP 12634

2.5.66 Wasteful expenditure on online tracking system – Rs 11.00 million

Para 1801 of Pakistan Railway General Code states 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.

During audit of Ministry of Railways, Islamabad in October 2023, it was observed that Ministry of Information Technology sponsored a turnkey project "online tracking system for cargo handling, freight wagons and locomotives" valuing Rs 54.66 million. However, most of the material was either lost or taken away by the vendor and the project failed due to the following reasons;

i. The project was required to be completed on 24.10.2011 but project was closed in June 2015 without completion.

ii. 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 neither discussed nor achieved before signing the User Acceptance Certificate (UAC). However, the Project Review Committee signed the UAC on 16.06.2015.

iii. 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 and remaining 63 trackers were missing. The installed 121 trackers were also not traceable in any locomotive. Further, 201 RFID readers issued to vendor were not available in any locomotive.

This depicted that the project has been failed and tracking material either lost or taken away by the vendor due to inefficiency of Railway management resulting in wasteful expenditure of Rs 11 million on account of development, customization and implementation of software application, training & installation of devices. Further, the initiative taken by Ministry of IT for improvement in freight operations of PR was also shattered by PR management.

The matter was taken up with the management in October 2023 and discussed in DAC meeting held on 30.01.2024. DAC directed the Director/IT to submit revised reply along with documentary evidence in consultation with COPS, CME/Loco on the basis of observations raised by the Audit within two weeks. Compliance of DAC directives was awaited.

Audit recommends that the matter may be inquired for fixing responsibility for loss of the government money and non-achievement of envisaged benefits of the project. The amount of loss be recovered from the person held responsible under intimation to audit.

DP 12627

2.5.67 Loss due to damage of Railway quarter by CDA – Rs 9.15 million

Para 316 (a) of Pakistan Railways Code for 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 Carriage Factory Islamabad in August 2023, it was observed that Capital Development Authority (CDA) damaged Railway Block No. 15 on 06.03.2023 while widening IJP road Islamabad. This indicated that PR management failed to safeguard interest of the organization.

Thus, PR suffered loss of Rs 9.15 million due to damage of a Railway Quarter and non-recovery of cost of damages from the CDA.

The matter was taken up with the management in October 2023 and discussed in DAC meeting held on 21.11.2023. DAC directed the MD/CFI to expedite the matter with the CDA and submit compliance report to the Audit. Compliance of the DAC directives was awaited.

Audit recommends that cost of damages to the Railway Quarter be recovered from the CDA and internal control be strengthened to avoid recurrence.

DP 12331

2.5.68 Irregular expenditure on pay & allowances of Railway employees from PSDP Funds – Rs 7.69 million

According to Austerity Measures regarding PSDP expenditure for the year 2022-23 circulated by the Ministry of Railways on 30.12.2022, salary of regular PR officers and officials engaged in the project was required to be charged to revenue.

During audit of following two projects in March and April 2023 it was observed that pay & allowances of Project Directors, who were regular employees of PR, were paid from the PSDP funds instead of Revenue in contravention to instructions of MOR. Further, leave encashment and pay & allowances of ex-PDs were also charged to the project irregularly. This resulted in irregular booking of revenue expenditure of Rs 7.69 million to the project from June 2021 to April 2023.

(Rs in million)

SN	DP No.	Formation	Description	Period of irregularity	Amount
1	12252	Project of Re-commissioning of 05 Accidental Locos	Pay & Allowance of PD were charged to the project instead of revenue	July 2022 to April 2023	3.82

SN	DP No.	Formation	Description	Period of irregularity	Amount
2	12141	Project Special Repair of 100 DE Locomotives (New)	Leave Encashment of Ex-PD	October 2022	2.55
3	12137	Project Special Repair of 100 DE Locomotives (New)	Pay & Allowance of Ex-PD	June to September 2021	1.32
Total					**7.69**

The matter was taken up with the management in July and September 2023. Against Sr.No.1, DAC in its meeting held on 17.10.2023 directed the PO to submit a comprehensive revised reply within one week. Against Sr. No.2 & 3, the DAC in its meeting held on 05.09.2023 took serious view of such practices and directed the PO to regularize the payments within two weeks. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for unjustified utilization of PSDP Funds for revenue expenditure. Project management controls be improved to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2021-22 vide paras No 2.4.21, 2.5.58 having financial impact of Rs 380.92 million. Recurrence of same irregularity is a matter of serious concern.

2.5.69 Unauthorized continuation of service beyond superannuation – Rs 4.87 million

S.No.1.1 (13) (ii) of Esta Code Chapter 9 provides that a Civil Servant shall retire from service on completion of sixty (60) years of his age.

During audit of the Carriage Factory, Islamabad (CFI) for the year 2022-23, it was observed that an amount of Rs 3.60 million was paid to Mr. Muhammad Wajid, Senior Auditor on account of pay & allowances and TA/DA for the period from February 2021 to March 2023 after the date of superannuation. As per CNIC his date of birth was 27.01.1961 and therefore, his date of retirement was 26.01.2021. However, the said employee had performed duty till 03.04.2023 and absconded afterwards. Further, an amount of Rs 1.27 million was outstanding against the employee on account of House Building and Motor Car Advance. Thus, irregular payments of Rs 4.87 million were made to the employee after the date of his superannuation due to poor Human Resource management.

The matter was taken up with the management in September 2023 and discussed in DAC meeting held on 02.01.2024. DAC directed the FA&CAO/M&S to expedite the process of reconciliation & verification of information provided by the fact-finding inquiry and to decide future course of action. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for irregular continuation of service of employee beyond superannuation. Amount involved be recovered and internal controls be strengthened to avoid such recurrence.

DP 12300

2.5.70 Less recovery of electricity cost from employees - Rs 3.42 million

According to National Electric Power Regulatory Authority (NEPRA) SROs dated 31.05.2022, 20.10.2022, 07.02.2022 and 13.04.2023 Quarterly Tariff Adjustments notified were required to be recovered from the consumers with monthly electric bills. Further, as per NEPRA notification dated 06.03.2023 the rate of Financing Cost Surcharge of Rs 0.43 per units was increased to Rs 3.82 per unit. Furthermore, Electricity Duty @ 1.5% of the electric consumption was also applicable on the electric bills.

During audit of the Pakistan Locomotive Factory (PLF), Risalpur in September 2023, it was observed that management of PLF Risalpur purchased electricity in bulk from Peshawar Electricity Supply Company (PESCO) in 2022-23 for utilization in service buildings and supply to residents of PLF Colony. Audit observed that following components of the electricity cost were not being included in the monthly electricity bills of the residents of PLF Colony, Risalpur.

SN	Description	Amount (Rs)
1	Quarterly Tariff Adjustment	2,105,837
2	Financing Cost Surcharge	892,222
3	Electricity Duty	419,052
Total		**3,417,111**

Thus, due to non-recovery of quarterly tariff adjustment, Financing Cost Surcharge and Electricity Duty from residents of PLF Colony, PR suffered loss of Rs 3.42 million during the year 2022-23.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 19.01.2024. DAC showed displeasure over the intentional ignorance of MD/PLF despite very clear instructions in the policy. DAC further directed the MD/PLF to recover the electric charges immediately and submit compliance to Audit. Compliance of DAC directives was awaited.

Audit recommends that amount of electricity cost less charged be recovered from the Railway employees. Correct recovery of electricity cost from residents of Railway Colonies be ensured in future.

DP 12625

Railway Track & Rolling Stock

2.5.71 Loss due to excess consumption of fuel - Rs 4,904.32 million

In terms of Chief Operating Superintendent, PR letter No. 39-FA/0/2 dated 29.04.2019, a locomotive consumes 22 liters fuel in case of one-minute detention/stoppage out of scheduled running.

During audit of following four (4) formations of Commercial & Transportation Department in February 2023, it was observed that a large number of trains were detained on account of defects in rolling stock, signal and electric failures and infrastructure hurdles etc. Thus, PR suffered loss of

Rs 4,904.32 million on account of extra consumption of fuel due to train detentions. In addition to financial loss, punctuality of trains was also affected.

(Rs in million)

SN	DP No.	Formation	Amount
1	12287	Commercial & Transportation Department, Sukkur	3,387.58
2	12150	Commercial & Transportation Department, Multan	1,411.14
3	12186	Commercial & Transportation Department, Rawalpindi	75.10
4	12240	Commercial & Transportation Department, Karachi	30.50
		Total	**4,904.32**

The matter was taken up with the management from July to September 2023 and discussed in DAC meetings held on 12.09.2023 and 19.01.2024. DAC directed the POs (COPS, CSE, CME/Loco, CEE and CEN/OL) to submit comprehensive revised reply with proper justification and reasons for excessive consumption of HSD on their account to COPS office. The COPS was directed to develop an institutional mechanism of excess consumption of HSD on various factors on daily basis, which would help in addressing the highest contributing factor. Compliance of the DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for unnecessary detentions causing financial loss and mechanism be devised to avoid unnecessary detentions of trains.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para No 2.5.58 having financial impact of Rs 18.65 million. Recurrence of same irregularity is a matter of serious concern.

2.5.72 Loss of damages to rolling stock due to operational failures – Rs 221.34 million

Para 372 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.

During audit of following five (5) formations of Commercial & Transportation Department in February 2023 it was observed that five train accidents occurred due to wrong marshaling of trains, use of overdue maintenance wagons, poor maintenance of track, failure of automatic block system and weak administrative controls over staff. This indicated that the management failed to implement standard parameters and standard operating procedures regarding track & rolling stock maintenance due to which PR suffered loss of Rs 221.34 million.

(Rs in million)

SN	DP No.	Formation	Description	Amount
1	12221	Commercial & Transportation Department, Sukkur	Collusion of Millat Express (17 Up) with Sir Syed Express (36 DN) on 25.06.2021	177.87
2	12159	Commercial & Transportation Department, Multan	Derailment of 07 wagons of ZBKH Goods train at Chichawatni on 01.10.2021	24.80
3	12134	Commercial & Transportation Department, Karachi	Derailment of 35 wagons during April 2020 to March 2022	16.07
4	12146	Commercial & Transportation Department, Rawalpindi	Accident of Mianwali Express (147-Up) on 25.02.2022	1.40
5	12199	Commercial & Transportation Department, Peshawar	Accident of Daudkhel Coal Special Goods Train on 01.05.2020	1.20
Total				**221.34**

The matter was taken up with the management in July to September 2023 and discussed in DAC meetings held on 12.09.2023 and 19.09.2023. DAC directed the PO to give a comprehensive response within one week. Further DAC directed the Railway administration to devise a mechanism for realistic costing of Railway accidents and accountal of such losses in the books. Railway administration should also take steps for effective disciplinary actions keeping in view gravity of the accidents. Furthermore, other interventions including capacity building, refresher courses and competency tests were recommended to avoid recurrence of accidents. A compliance report should be submitted to Audit within two weeks. Compliance of the DAC directives was awaited.

Audit recommends that each accident case be inquired to fix responsibility for loss on account of poor maintenance of infrastructure and non-observance of standard procedures. Internal controls be strengthened to avoid recurrence.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2018-19 vide para No 2.4.69 having financial impact of Rs 905.24 million. Recurrence of same irregularity is a matter of serious concern.

2.5.73 Loss due to non-imposition of late payment surcharge - Rs 206.77 million

According to Ministry of Railway's letter dated 26.11.20219, the late payment surcharge at the rate of 10% annually on operational & maintenance charges of level crossings & sidings owned/sponsored by federal / provincial governments, military authorities, semi government and private organizations as well as on land lease and rental charges calculated on monthly basis w.e.f 01.07.2019.

During audit of the following four (4) formations in August 2023, it was observed that sponsoring agencies of level crossings and sidings failed to make payments of operational and maintenance charges within due time but late payment surcharge was not imposed by PR management.

(Rs in million)

SN	DP No.	Formation	Period of irregularity	Amount
1	12591	Certification Audit , Multan	2022-23	115.83
2	12436	Civil Engineering Department, Lahore	2021-23	77.89
3	12122	Certification Audit , Multan	2021-22	7.33
4	12348	Civil Engineering Department Quetta	2022-23	5.72
Total				**206.77**

Sponsoring agencies failed to make payments in time due to which huge operational and maintenance charges were accumulated against them.

PR management had not imposed late payment surcharge on the outstanding bills, in violation of rules, due to which PR suffered loss of Rs 206.77 million.

The matter was taken up with management in July to December 2023. DAC in its meetings dated 19.01.2024 and 30.01.2024 took serious view of the ignorance of concerned officials/officers and directed the CEN to issue explanation to all. In case of unsatisfactory reply charge sheets be issued to them under intimation to the forum. All dedicate efforts should be directed towards recovery of late payment surcharge and recovery particulars be shared with this forum. All other Divisions should also be informed to be careful and cautious regarding this surcharge payment. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for non-imposition of late payment surcharge and amount involved be recovered from the sponsoring agencies. Agreements of all level crossings and sidings be revised with inclusion of clause of late payment surcharge and its implementation be ensured.

2.5.74 Infructuous expenditure on classified repair of locomotives – Rs 37.07 million

According to Maintenance Regulations, the periodicity for Class-1 repairs of all DE Locomotives except DPU-20/30 was 06 years or 1,200,000 KMs whichever was earlier. Further, 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 Central Diesel Locomotive (CDL) Workshop Rawalpindi in September 2023, it was noticed that an expenditure of Rs 37.07 million was incurred on classified repair of 03 GRU-20 locomotives (5042, 5043 & 5044) which were turned out from CDL Shop Rawalpindi during the period from September to November 2022. Later on, these locomotives were temporarily deleted in January 2023 and subsequently permanently deleted on 05.08.2023. These locomotives were gone through C-I schedule repair having periodicity of six years therefore, after incurring heavy expenditure reasonable service should have been obtained from these locomotives. This indicated that infructuous expenditure of Rs 37.07 million was incurred on classified repair of three locomotives which could not be made operational and deleted within 01 to 04 months after repair.

The matter was taken the management in December 2023 and discussed in DAC meeting held on 01.02.2024. DAC constituted a fact finding inquiry committee comprising DG/Vigilance and CMM to probe the matter and submit report within one month. Compliance of DAC directives was awaited.

Audit recommends that responsibility for infructuous expenditure be fixed and disciplinary action be taken against the defaulters. Internal controls be strengthened to avoid recurrence

DP 12471

2.5.75 Irregular award of contracts to a contractor participated in bids with two different names - Rs 6.41 million

According to Clause 2 (i) of Revised PPRA Rules 2004, corrupt and fraudulent practices in respect of procurement process, shall be either one or any combination of the practices including “collusive practices” which means any arrangement between two or more parties to the procurement process designed to stifle open competition for any wrongful gain, and to establish prices at artificial, non-competitive levels. Further, Rule 19 (i) provides that bidders shall be blacklisted and debarred for participation in any public procurement for the period of not more than ten years, if corrupt and fraudulent practice as defined in these rules is established against them.

During audit of the Peshawar Division for the year 2022-23, it was observed that two firms i.e. M/s Muhammad Asghar & Co. and M/s Islam-ud-Din & Co offered bids for up-gradation of level crossings No.135 & 143 on 01.02.2022. Both the works were awarded to M/s Muhammad Asghar & Co being the lowest bidder. Audit noticed that as per FBR record, Mr. Waseem Asghar was owner of both the businesses. This indicated that one contractor fraudulently participated in these tenders through two different names to create artificial competition. Thus, contracts valuing Rs 6.41 million were awarded to a contractor through fraudulent activities without fair competition.

The matter was taken up with the management in December 2023 and discussed in DAC meeting dated 01.02.2024. DAC constituted a fact finding inquiry committee comprising DG/Vigilance and FA&CAO/Revenue to probe the matter and bring the facts to this forum within one month. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for irregular award of contracts to a contractor participated in the bids through two different names. Punitive action be taken against the contractor according to blacklisting policy of PR and contract management be improved to avoid recurrence.

DP 12594

Note: The issue was also reported earlier in the Audit Report for Audit Year 2019-20 vide para No 2.5.21 having financial impact of Rs 276.55 million. Recurrence of same irregularity is a matter of serious concern.

2.5.76 Loss on account of damaged sleepers – Rs 5.56 million

M/s P-TEC clarified in their letter dated 01.02.2019 that maximum damage percentage of sleepers in factories equipped with their equipment is 1%. Moreover, 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 the Managing Director, Concrete Sleeper Factories, Lahore in August 2023, it was observed that total 110,959 sleepers were manufactured and 3,120 sleepers (2.8%) were declared condemned in 2022-23. This indicated that 2,393 sleepers were damaged in excess of allowed limit of 1%. Thus, PR suffered loss of Rs 5.56 million due to poor management and lack of supervisory controls in the concrete sleeper factories.

The matter was taken up with the management in December 2023 and discussed in the DAC meeting held on 30.01.2024. DAC directed that a fact finding inquiry be conducted by the DG/Vigilance and FA&CAO/M&S within one month to fix responsibility for the loss. Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility against the person(s) found at fault for the negligence causing excessive defective production of sleepers. The amount of loss be recovered from the person(s) held responsible and supervisory controls be strengthened to avoid recurrence.

DP 12560

2.5.77 Loss due to theft of Permanent way material and assessment of loss at low rates – Rs 1.14 million

According to para 372 of Pakistan Railways Code for the Accounts Department, 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 Civil Engineering Department, Rawalpindi in August 2023, it was observed that rails were stolen from Malakwal yard in Rawalpindi Division during the period from March & April 2021. However, the assessment of loss was made at Rs 688,799 whereas scrap value of stolen rails was Rs 1,141,529. Thus the assessment of loss was made at low rates. The FIR was registered but amount of loss had not been recovered. Thus PR suffered loss of Rs 1.14 million on account of theft of material due to negligence and slackness of the management.

The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 12.01.2024. DAC directed the CEN/Open Line to pursue the matter with the police department for recovery of the theft material and resubmit the reply on the basis of outcome of legal proceedings. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for low assessment of theft material. Action be taken against those held responsible besides recovery of the amount involved. Security arrangement be improved to avoid recurrence.

DP 12439

Financial Management

2.5.78 Irregular utilization of pension grants for salary and contractor's payment – Rs 5.05 billion

According to Finance Division (CF Wing) Office Memorandum No. 4(2)-CF-II/2020-21/903 dated 16.11.2020, the Ministry of Railways, with the approval of PAO, may incur an additional expenditure of Rs 1.00 billion per month solely for the payment of pension in addition to the regular monthly release from the sanctioned budget. This dispensation may continue till the payment of outstanding pension dues during the financial year 2020-21 up-to a maximum of Rs 6.00 billion. Further, as per Budget Order 2022-23 and MOR letter No. FD/B-II/Rlease-1/2022 dated 26.08.2022 funds of Rs 45.00 billion under Grant 85 were provided to PR to meet monthly pension expenditure.

During audit of the Ministry of Railways in October 2023 it was observed that Federal Government provided financial assistance of Rs 47.50 billion to Pakistan Railways clearly mentioning that amount should be credited to Account XVII-(Pension), however, PR management re-appropriated an amount of Rs 5.05 billion to Account XI-(Pay) and Account III (Scrap & other). The objective of the grant-in-aid to relieve PR pensioner by clearing pension liability was adversely affected due to irregular utilization of funds for other purposes. This resulted in irregular utilization of funds of Rs 5.05 billion from pension account to pay and others accounts.

(Rs in billion)

SN	DP No.	Period	No. of cases involved	Transferred From	Transferred To	Amount
1	12600	31.01.23 to 11.11.23	06	A/C XVII (Pension)	A/C XI (Pay)	4.35
2	12598	15.02.23 to 12.09.23	03	A/C XVII (Pension)	A/C III (Scrap & Others)	0.70
Total						**5.05**

The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 16.01.2024. DAC directed Dir/Admin, MoR to resubmit comprehensive reply. Compliance of DAC directives was awaited.

Audit recommends that responsibility may be fixed for irregular utilization of funds provided for payment of pension and expenditure irregularly incurred be got regularized from Finance Division. Financial management should be improved to avoid recurrence.

DP 12598 & 12600

2.5.79 Irregular booking of goods without having FDA at respective stations – Rs 4,385.70 million

As per CCFM letter No. 2 M&R/147-R/X/CCM/F dated 09.01.2020 necessary instructions were issued to ensure utilization of Freight Deposit

Account where it is opened. In case, party had no Freight Deposit Account (FDA) at a station the payment should be made in cash.

During audit of Port Bin Qasim and Karachi Bunder Dry Port Stations in February and March 2023, it was observed that imported coal was booked by Marshaling Yard Pipri (MYP) and Karachi Bunder (KBX) Dry Port Stations without having FDA at respective station. The FDA was maintained at Port Bin Qasim station while its adjustment was being made through MYP and KBX Dry Port Stations. This resulted in irregular booking of goods amounting to Rs 4,385.70 million from FDA in violation of rules ibid.

(Rs in million)

SN	DP No.	Formation	Period of irregularity	Amount
1	12229	Port Bin Qasim Station Karachi	Jul 21 to Jun 22	2,940.87
2	12232	Karachi Bunder Dry Port	Sep 22 to Jan 23	1,444.83
Total				**4,385.70**

The matter was taken up with the management in September 2023 and also discussed in DAC meeting held on 10.10.2023. DAC directed the PO to coordinate with DS Karachi and submit a comprehensive reply regarding violation of threshold of FDA ceiling and FDA accounts on the stations pointed out by the Audit. Compliance of DAC directives was awaited.

Audit recommends that reasons be explained for irregular booking of goods from FDA of Port Bin Qasim. Internal controls be strengthened to avoid recurrence.

2.5.80 Irregular transfer from Freight Deposit Accounts – Rs 1,360.62 million

As per CCFM letter No. 2 M&R/147-R/X/CCM/F dated 09.01.2020 necessary instructions were issued to ensure utilization of Freight Deposit Account where it is opened. In case party had no FDA at a station the payment should be made in cash.

During audit of following two stations in February and March 2023, it was observed that FDA balances of different parties were irregularly transferred from one station to another station to give undue favor to the parties having no FDA at other stations. This resulted in irregular transfer of FDA balance amounting to Rs 1,360.62 million in violation of the rules ibid.

(Rs in million)

SN	DP No.	Formation	Contractor (M/s)	Period of transfer	Amount
1	12225	Port Bin Qasim Station Karachi	03 Firms	Jun 22 to Oct 22	1,330.54
2	12249	Karachi Bunder Dry Port	16 Firms	Dec 21 to Oct 22	30.08
Total					**1,360.62**

The matter was taken up with the management during September to November 2023. DAC in its meeting held on 10.10.2023 directed the PO to coordinate with DS Karachi and submit a comprehensive reply regarding violation of threshold of FDA ceiling and FDA accounts on the stations pointed out by the Audit. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for irregular transfer of FDA balances of different firms from one station to another just to facilitate them. Action be taken against the persons found at fault and SOPs regarding maintenance of FDA should be followed in true letter and spirit.

2.5.81 Non- recoupment of Freight Deposit Account – Rs 858.18 million

As per clauses of agreements executed between Pakistan Railways and different parties the minimum limit of maintaining Freight Deposit Account (FDA) was fixed. If, FDA balance falls below the minimum limit the same was required to be recouped at the earliest to the extent of limit described in the respective agreements.

During audit of following three formations in February and March 2023, it was observed that contractors failed to maintain agreed amount of minimum Freight Deposit Account during the period from July 2021 to January 2023. As on 30.06.2022 and 31.01.2023, the FDA balance of five contractors was Rs 321.82 million against the required balance of Rs 1,180.00 million. This resulted in non-recoupment of FDA as detailed below:

(Rs in million)

SN	DP No	Formation	Contractor (M/s)	Minimum FDA	Actual FDA		Deficient FDA
					Date	Amount	
1	12216	PRFTC	HSR	1,000.00	30.06.22	318.40	681.60
2	12179	Karachi Bunder, Dry Port	Irfanullah & Co	50.00	31.01.23	0.01	49.99
			Chistian Logistic	50.00	-	0.01	49.99
			Ocean Mark	50.00	-	0.00	50.00
3	12246	East Wharf Keamari, Station	Fatima Fertilizer	30.00	30.06.22	3.40	26.60
Total				**1,180.00**	**-**	**321.82**	**858.18**

The matter was taken up with the management in August and September 2023. Against Sr. No. 2, DAC in its meeting held on 19.09.2023 directed the PO to ensure that the agreements relating to FDA accounts are implemented in true letter and spirit. Against Sr. No. 1 and 3, DAC in its meeting held on 10.10.2023 directed the CCFM to submit a comprehensive reply regarding violation of threshold of FDA ceiling pointed out by Audit. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for non-observance of contractual clauses regarding maintenance of FDA. Maintenance of minimum balance in FDA should be ensured and financial management controls be strengthened to avoid reoccurrence.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para No 2.5.46 having financial impact of Rs 851.80 million. Recurrence of same irregularity is a matter of serious concern.

2.5.82 Non-deduction of advance tax – Rs 731.74 million

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.

During audit of fourteen (14) different formations of Pakistan Railways from February to September 2023, it was observed that in sixteen (16) instances an amount of Rs 731.74 million on account of sales tax and advance income tax was not deducted from contractors in complete disregard to above instructions **(Annexure-10)**. Audit also observed the cases of procurement from unregistered suppliers and making payment without obtaining sales tax invoices. This resulted in loss to public exchequer due to weak internal controls.

The matter was taken up with the management from February to September 2022 and discussed in DAC meetings held on 05.09.2023, 19.09.2023, 02.01.2024, 16.01.2024 and 30.01.2024. DAC directed the POs to recover the tax from contractors and submit comprehensive reply supported with documentary evidence within one week. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for procurement of items from unregistered suppliers and making payment without obtaining GST invoices as well as non-deduction of taxes. Action be taken against those held responsible besides recovery of amount from the employee concerned.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2019-20, 2021-22 & 2022-23 vide paras No 2.4.57, 2.5.70, 2.5.34 & 2.5.36 having financial impact of Rs 1,767.41 million. Recurrence of same irregularity is a matter of serious concern.

2.5.83 Non-recovery of Railway dues from private parties – Rs 712.12 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 twenty-one (21) different formations of Pakistan Railways from February to November 2023, it was observed that in thirty (30) cases an amount of Rs 712.12 million was recoverable from various private parties on account of rental charges, LD charges, ground rent, demurrage charges and electric charges etc. for the period from 2015 to December 2023 (**Annexure-11)**. 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 2023 and discussed in DAC meetings held on 05.09.2023, 19.09.2023, 17.10.2023, 21.11.2023, 29.12.2023, 02.01.2024, 05.01.2024, 09.01.2024 and 16.01.2024. The DAC directed the POs to file recovery suits against the defaulting contractors and blacklist them. DAC further directed to recover the Railway due and submit a comprehensive reply supported with documentary evidence to Audit. Compliance of DAC directives was awaited.

Audit recommends that action be taken against those held responsible besides ensuring recovery of amount under intimation to Audit.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2019-20, 2020-21 & 2021-22 vide paras No 2.4.53, 2.5.66, 2.5.18 & 2.5.69 having financial impact of Rs 9,176.49 million. Recurrence of same irregularity is a matter of serious concern.

2.5.84 Non-recovery of freight, demurrage and warfage charges – Rs 495.31 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 Commercial & Transportation Department, Multan and Rawalpindi in February 2023, it was observed that an amount of Rs 495.31 million was outstanding against M/s PSO on account of Freight Charges, Demurrage & Wharfage and Dip Shortage etc. for the period ranging from 2008 to 2023. This indicated that PR management failed to reconcile and realize the long outstanding dues despite lapse of fifteen years. Thus, negligence of PR management resulted in non-recovery of Railway dues amounting to Rs 495.31 million.

(Rs in million)

SN	DP No.	Formation	Description	Amount
1	12131	Commercial & Transportation Department, Multan	Freight Charges	302.30
2	12204	Commercial & Transportation Department, Rawalpindi	-do-	182.77
3	12289	Commercial & Transportation Department, Rawalpindi	Demurrage & Wharfage Charges	6.05
4	12288	Commercial & Transportation Department, Rawalpindi	Dip Shortage and missing Tank Wagon	4.19
Total				**495.31**

The matter was taken up with the management from July to September 2023. Against Sr. No. 1 and 2, DAC in its meeting held on 12.09.2023 directed the PO to immediately recover all the due freight charges in terms of provisions of agreement and arrange regular review of the recoveries to avoid recurrences. The PO should submit a compliance report to Audit within two weeks. Against Sr. No.3, DAC in its meeting held on

29.12.2023 directed the CCFM to take this matter with PSO authorities after proper investigation of demurrage and wharfage charges and recover the dues from regular transactions of PSO within two weeks. Against Sr.No.4, DAC in its meeting held on 12.01.2024 directed the CCFM to resolve the issue through Research & Development (R&D) at the forum of Triple Helix project. DAC further directed that the agreement should be reviewed with legal department for inclusion of dip shortage through formal meetings with PSO for stopping the unilateral deduction on account of dip shortage. Compliance of DAC directives was awaited.

Audit recommends that matter be investigated to fix responsibility for non-recovery of Railway dues from M/s PSO despite lapse up to fifteen years. Financial and contract management controls be strengthened to avoid recurrence of the issue.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2020-21, 2021-22 vide paras No 2.5.19 & 2.5.68 having financial impact of Rs 366.07 million. Recurrence of same irregularity is a matter of serious concern.

2.5.85 Non-recovery of Railway dues on account of assisted sidings/level crossings – Rs 479.36 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 six (06) different formations of Pakistan Railways from August to September 2023, it was observed that in seven (07) instances an amount of Rs 479.36 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 for the period from July 2004 to June 2023 (**Annexure-12)**. Railway management failed to streamline accounts receivable management due to which these dues were accumulated.

The matter was taken up with the management in October 2023 to December 2023 and discussed in DAC meetings held on 21.11.2023, 05.01.2024 and 12.01.2024. DAC directed the POs to review the time frame of advance payments against operation and maintenance charges of level crossings and enhance advance payment from three years to ten years. DAC further directed the POs to submit revised reply showing status of recovery supported with documentary evidence. Compliance of DAC directives was awaited.

Audit recommends that action may be taken against those held responsible besides ensuring recovery of the amount involved under intimation to Audit. Internal Controls regarding Accounts Receivable Management be improved to ensure recovery of Railway dues in time.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2018-19 vide para No. 2.5.56 having financial impact of Rs 2,638.04 million. Recurrence of same irregularity is a matter of serious concern.

2.5.86 Non-recovery of Railway dues from government departments – Rs 381.56 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) different formations of Pakistan Railways, it was observed in nine (09) instances that an amount of Rs 381.56 million was recoverable from various government departments and Authorities including Food Department, WAPDA, Postal Department, Customs Department etc. for the period from July 2000 to June 2023 (**Annexure-13)**.

Railway management failed to realize Railway dues within prescribed time due to poor accounts receivables management.

The matter was taken up with the management from July to December 2023 and discussed in DAC meetings held on 05.09.2023, 17.10.2023, 29.12.2023, 05.01.2024, 16.01.2024 and 25.01.2024. DAC directed the POs to recover the Railway dues and submit a comprehensive reply supported with documentary evidence to Audit. Compliance of DAC directives was awaited.

Audit recommends that action may be taken against those held responsible besides ensuring recovery of the amount involved 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 vide paras No. 2.5.67, 2.5.19, 2.5.68 & 2.5.60 having financial impact of Rs 5,395.89 million. Recurrence of same irregularity is a matter of serious concern.

2.5.87 Non-recovery of penalty for failure to collect and deposit railway receipt - Rs 359.63 million

According to Clause 10 of the agreement, executed between PR and National Bank of Pakistan (NBP) for collection of Railway receipts and remittance into Railway revenue account with State Bank of Pakistan (SBP) dated 18.03.2021, in the event of NBP's failure to collect and deposit Railway receipts within the specified period NBP shall pay markup @ KIBOR (Karachi Inter Bank Offered Rate) rate notified by SBP for the delayed period.

During audit of the Ministry of Railways in October 2023, it was observed that NBP remitted revenue receipts of Pakistan Railways in the Railway Account with SBP through bank drafts/cheques with abnormal delay. As per Clause 10 of the agreement, penalty/interest amounting to Rs 359.63 million was calculated by the PR management for the period from

July 2015 to June 2023. This indicated that Railway receipts were deposited in Railway account in SBP with delay and penalty/interest charges were not recovered from NBP due to poor contract management.

The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 23.01.2024. DAC directed the Director Administration to submit a revised reply within one week. Compliance of DAC directives was awaited.

Audit recommends that matter may be taken up with the NBP to streamline the revenue collection/deposit process and ensure periodic reconciliation for recovery of penalty/interest on delayed deposit if any. The agreement with NBP be implemented in its true letter & sprite.

DP 12585

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para No 2.6.6 having financial impact of Rs 78.97 million. Recurrence of same irregularity is a matter of serious concern.

2.5.88 Loss due to deduction from PR bank account by FBR due to non-collection of tax from contractor – Rs 334.40 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 FA&CAO/Revenue for the year 2022-23, it was noticed that Pakistan Railways failed to collect income tax from M/s Syed Jamil and Company for the tax year 2019 and 2020 despite tax demand.

Consequently, FBR attached the bank account of Pakistan Railways and an amount of Rs 334.40 million was deducted from PR Bank account in March 2023 against tax demand and default surcharge. This resulted into loss amounting to Rs 334.40 million to Pakistan Railways due to weak financial controls and slackness of the management.

The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 12.01.2024. DAC directed the CCFM to expedite efforts for the recovery of Rs 334.40 million from the FBR through an expert tax lawyer. DAC further directed to hold meeting with CCM and CMM to sort out the issue of litigation with the existing contractor amicably ensuring no revenue loss should be occurred during the conflict resolution. 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 tax, its timely remittance and reconciliation with FBR be devised under intimation to Audit.

DP 12564

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2019-20, 2021-22 & 2022-23 vide paras No 2.5.38, 2.5.75, 2.5.77, 2.5.69 having financial impact of Rs 1,467.01 million. Recurrence of same irregularity is a matter of serious concern.

2.5.89 Unauthorized retention of Railway earnings – Rs 197.81 million

Para 1402 of Pakistan Railways General Code provides that 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 audit of Property and Land Department, Workshop Division, Mughalpura in November 2023, it was observed that revenue generated from commercial lease of shops, wheel barrows, nurseries, marriage lawns, institutes amounting to Rs 197.81 million was irregularly deposited in four

(04) private bank accounts during July 2021 to June 2023. Railway earnings were initially deposited in private bank accounts and transferred to Railway Fund Account with delay of 20 to 180 days. Thus, Railway earnings of Rs 197.81 million were irregularly deposited in private bank accounts and transferred to Railway Fund with delay up to six months instead of forthwith deposit to railway treasury.

The matter was taken up with management in December 2023 and discussed in DAC meeting held on 16.01.2024. DAC directed the committee headed by Member Finance to expedite and finalize their recommendations for this important issue because there was dire need to streamline the public finance in the light of rules & polices of shops, marquees and markets etc.

Audit recommends that matter may be inquired to fix responsibility for unauthorized deposit and retention of Railway earnings in private bank accounts and action be taken against defaulters. Internal controls regarding financial management be strengthened to avoid recurrence.

DP 12480

2.5.90 Non-recovery of freight concession from contractor – Rs 47.45 million

According to Clause 5.6 of the agreement for transportation of coal and containerized traffic between PR and Chistian Logistic, contractor shall install a pit/conveyer belt system for unloading of coal within five months from execution of this agreement at Faisalabad Dry Port. Further, Clause 5.7 provides that contractor failed to install pit/conveyer belt system for unloading of coal from hopper wagons within stipulated time at Faisalabad Dry Port, the benefits given through special rates shall be recovered from the FDA.

During audit of the East Wharf Keamari Station in February 2023, it was observed that an agreement was executed between PR and Chistian Logistic on 05.12.2018 for transportation of coal and containerized traffic from Bin Qasim/Keamari to Faisalabad Dry Port. As per agreement, Chistian logistic was required to install pit/conveyer belt at Faisalabad Dry port within five months i.e. 05.05.2019 but it was installed on 05.03.2020. Conveyer belt was installed with delay of ten months but benefit on account special reduced rates amounting to Rs 47.45 million was not recovered from FDA as per clause of the agreement due to weak internal controls and slackness of management.

The matter was taken up with the management in November 2023 and discussed in the DAC meeting held on 29.12.2023. DAC was informed by the CCFM that the said para was concerned with agreement clause which was dealt by CMM office. DAC directed the CCFM to ensure that the said para be communicated and discussed with CMM for a detailed reply. Compliance of DAC directives was awaited.

Audit recommends that amount in question be recovered from the FDA account without further delay. Internal controls be strengthened to avoid such recurrence.

DP 12366

2.5.91 Unauthorized deposit of Railway earnings into private bank accounts - Rs 42.95 million

Para 1402 of Pakistan Railways General Code provides that all monies 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. Further, Para 822 of Pakistan Railway Code for the Engineering department provides that the net receipts from the management of Railway land should be adjusted in accounts by credit to Abstract Z Sundry Other Earnings.

During audit of the Property & Land Department, Sukkur in September 2023, it was observed that revenue generated from commercial lease of marriage lawn in Railway Officer's Club Sukkur was unauthorizedly deposited in a private bank accounts maintained with MCB and UBL bank, Sukkur since April 2013. This resulted in unauthorized deposit of Railway earnings of Rs 42.95 million in a private bank accounts instead of government treasury from 01.04.2013 to 14.09.2023.

The matter was taken up with management in November 2023 and discussed in DAC meeting held on 12.01.2024. DAC directed the committee headed by Member Finance to expedite and finalize their recommendations for the issue because there was dire need to stream line the public finance in the light of rules & polices of similar clubs/Gymkhana etc.

Audit recommends that the deposit of Railways' earnings into private account should be stopped immediately and disciplinary action be initiated against responsible officers. The amount be transferred to government treasury forthwith under intimation to Audit.

DP 12410

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2019-20, 2020-21 & 2021-22 vide paras No. 2.4.3, 2.5.3, 2.5.14 & 2.5.55 having financial impact of Rs 253.97 million. Recurrence of same irregularity is a matter of serious concern.

2.5.92 Loss due to payment of late payment surcharge on utility bills – Rs 31.85 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 following three formations of Mechanical Department in September 2023 it was observed that management failed to make payment of Electricity and Sui-Gas bills in time due to which heavy penalties in the shape of late payment surcharge were paid. Thus, due to negligence and mismanagement an amount of Rs 31.85 million was paid as penalty of late payment of utility bills during the period from March 2022 to June 2023.

(Rs in million)

SN	DP No.	Formation	Utility Service	Period	Amount
1	12440	Mechanical Department Workshops Mughalpura	Sui-Gas	2022-23	16.81
2	12477	Pakistan Locomotive Factory, Risalpur	Electricity	03/2022 to 01/2023	11.80
3	12508	Steel Shop Mughalpura	Sui-Gas	2022-23	3.24
Total					**31.85**

The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 19.01.2024. DAC directed the FA&CAO/PR and CEN/Open Line to submit comprehensive position from all divisions for loss due to late payment along with SOP, duly endorsed by Senior Management Committee within two weeks. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for delayed payments of electricity bills and system of utility bills payment be streamlined to avoid loss on this account.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19, 2020-21, 2021-22 & 2022-23 vide paras No 2.4.66, 2.5.11, 2.5.53, 2.5.70 having financial impact of Rs 52.04 million. Recurrence of same irregularity is a matter of serious concern.

2.5.93 Unauthorized maintenance of private Bank Accounts for local purchase – Rs 17.62 million

According to Rule 12 of the Rules of Business-1973, no Division shall, without previous consultation with the 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.

During audit of the Civil Engineering Department, Karachi in August 2023, it was observed that 17 bank accounts were opened in the name of Officers of Karachi Division as per Divisional Accounts Officer's letter dated 28.03.2022. Railway funds amounting to Rs 17.62 million were transferred in these bank accounts for local purchases. This resulted in unauthorized maintenance of private bank accounts and transfer of Railway funds of Rs 17.62 million in violation of rules.

The matter was taken up with the management in November 2023 and discussed in the DAC meeting held on 21.11.2023. DAC directed that such practices of private account should immediately be discontinued and all such accounts be closed. Compliance of DAC directives was awaited.

Audit recommends that irregular practice of maintenance of private bank accounts for deposit of Railway funds should be stopped henceforth and accounts pointed out by Audit be closed. Financial management controls be strengthened to avoid such recurrence.

DP 12385

2.5.94 Irregular utilization of track maintenance material for deposit works without receipt of funds in Railway Fund Account – Rs 31.01 million

Para 2031 of Pakistan Railway Code for the Engineering Department states that all deposit works will be executed in the same manner as Railway works. The expenditure including the departmental charges incurred on the work undertaken on behalf of the other government department should be as far as possible, be charged direct to the department concerned as and when incurred, the estimated cost of which has already been deposited with the Railway and credited to deposit miscellaneous.

During audit of the Civil Engineering Department Rawalpindi in August 2023, it was observed that Permanent-Way material valuing Rs 31.01 million purchased from Revenue Fund Account-III was utilized for deposit works of construction/up gradation of level crossings and military sidings during the period from 01.07.2018 to 21.12.2021. The Track Supply Officer requested the Divisional administration on 08.04.2022 for transfer of funds of Rs 31.01 million in Revenue Account. However actual funds were not transferred from Deposit Misc. Account to Revenue Fund Account-III except paper adjustment of material valuing Rs 14.54 million. This resulted in irregular utilization of track maintenance material for deposit works without actual transfer of funds of Rs 31.01 million in the Railway Fund Account-III due to poor financial management.

The matter was taken up with the management in August 2023 and discussed in DAC meeting held on 23.01.2024. DAC directed the CEN/Open Line to reconcile the documents showing duplicate MRs with Audit and remaining amount be transferred from Rawalpindi Division to TSO under intimation to Audit within one month. Compliance of DAC directives was awaited.

Audit recommends that Railway receipts may be transferred from Deposit Misc. Account to Earnings Account-III and financial management controls be improved to avoid recurrence.

DP 12615

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para No 2.5.64 having financial impact of Rs 86.83 million. Recurrence of same irregularity is a matter of serious concern.

2.5.95 Non-recovery of advance payment of unsupplied equipment – Rs 28.54 million (US$ 101,213)

Item 5 & 6 of Appendix No. 1 of the contract No. DP/IDB/2009/ Signal-I & II dated December 2009 executed between Ministry of Railways and Consortium, comprising M/s Bombardier Transportation Sweden AB and China Railway Signal & Communication Corporation, China states that 10 &

20 Light Motor Trollies would be procured against payment of US$ 168,688 & US$ 337,377 respectively.

During audit of the Project of Replacement of Old and Obsolete Signal Gear (LON-SDR) in May 2023, it was observed that 20% advance payment of 30 Light Motor Trollies amounting to US$ 101,213 was made to the Consortium. Meanwhile, sample Trolley received was not according to the specification therefore, it was decided 06.12.2021 that no Motor Trolley would be procured from the Consortium. However, despite lapse of sufficient time, 20% advance payment US$ 101,213 was not received back due to weak internal controls. As per time value of money this amount would be increased to Rs 28.54 million (101,213 x Rs 282) till 2023.

The matter was taken up with the management in August 2023 and also discussed in DAC meeting held on 05.09.2023. DAC directed the PO to submit a comprehensive reply along with documentary evidence within one week and compliance report be submitted to Audit within two weeks specifically for signing revised contract and adjustments of the amounts in US dollars. Compliance of DAC directives was awaited.

Audit recommends that responsibility may be fixed for non-recovery of advance payment of equipment not supplied by the contractor despite lapse of more than 13 years. The amount in question may be recovered from the contractor and internal control be strengthened to avoid recurrence.

DP 12171

2.5.96 Irregular investment of government money without approval of the Finance Division - Rs 4.50 million

According to Section 23(2) of the Public Financial Management (PFM) Act 2019 no authority shall transfer Public moneys for investment or deposit from government account including the assignments accounts to other bank account without prior approval of the federal government.

During audit of the Property & Land Department Workshop, Mughalpura in November 2023, it was observed that revenue of Rs 4.50 million generated from leasing of Railway land during the period from 2018 to December 2023 was invested in private bank account (HBL) by Divisional Sports Officer. No record regarding justification and authorization of this bank account was provided to Audit. This resulted in irregular investment without approval of the Finance Division.

The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 16.01.2024. DAC directed the committee headed by Member Finance to expedite and finalize their recommendations for this important issue as there was dire need to stream line the public finance in the light of rules & polices of Shops, Marquees, and Markets etc.

Audit recommends that responsibility may be fixed for unauthorized investment of government money without approval of Finance Division. Financial management should be improved to avoid recurrence.

DP 12485

2.5.97 Unauthorized expenditure from public money - Rs 4.33 million

The clause viii of Finance Division (Expenditure Wing) office memorandum No.F.7(1)Exp.IV/2016-340 dated 7th July 2022 states that there shall be complete ban on official lunches/dinners/hi-tea except for foreign delegations. According to para 822 of Pakistan Railway Code for the Engineering Department the net receipts from the management of Railway land should be adjusted in accounts by credit to Abstract Z-Sundry Other Earnings.

During audit of Mechanical Engineering Department Workshops Division Mughalpura Lahore in 2023, it was observed that revenue of Rs 4.41 million was generated from five sports grounds situated in Workshop division during the year 2022-23. The earning from sports grounds was being managed by the WM/Loco working as Divisional Sports Officer and revenue generated from these grounds was being deposited in a private bank account up to June 2023. Out of this, an amount of Rs 4.33 million was expensed out on officers' dinners/lunches and Hi-teas in violation of instructions of Finance division during the financial year 2022-23. Further, stipend and other miscellaneous expenses were also incurred from this account which were not allowed to be paid from railway earnings. This resulted in unauthorized utilization of Rs 4.33 million from public money due to weak internal financial controls.

The matter was pointed out to the management in December 2023 and discussed in the DAC meeting held on 01.02.2024. DAC directed DS/Workshop to submit a comprehensive reply along with documentary evidence within three days. DAC clubbed this para with Audit Para No. 2.4.3/2018-19 (DP 8859 and 8940) with the direction to inquiry committee to finalize its report within two weeks. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed and action be taken against those at fault. Internal controls be strengthened to avoid recurrence.

DP 12551

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2018-19 and 2021-22 vide paras No 2.4.3 and 2.5.55 having financial impact of Rs 83.35 million. Recurrence of same irregularity is a matter of serious concern.

2.6 Significant issues related to Specialized Audit Reports

2.6.1 Non-finalization of Public Private Partnership of Railway Hospitals – Rs 37.72 billion

Public Procurement Regulatory Authority Rule- 38-B states that the procuring agency shall consider single bid in goods, works and services if it (a) meets the evaluation criteria, ensures compliance of specifications and other terms & conditions expressed in advertisement or bid solicitation documents; (b) is not in conflict with any provision of the Ordinance; (c) conforms to the technical specifications; (d) has financial conformance in terms of rate reasonability. Furthermore, Para 1801 of General Code for Pakistan Railway states 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 Pakistan Railways medical facilities in May 2023, it was observed that M/s International Consultant submitted final feasibility report on 07.12.2020 regarding outsourcing/ rehabilitation of seven (07) hospitals on Build-Operate-Transfer model for 30 years. As per financial outlay submitted by the consultant, there was a collective/committed financial benefit of Rs 37.72 billion (Rs 28.64 billion fixed rent and Rs 9.17 billion revenue share) to Pakistan Railway. The same was approved by the Pakistan Railways Steering Committee on 07.07.2020. Accordingly, a tender was floated on 05.08.2021 and M/s ZBK submitted bid along with security of Rs 60 million for all seven hospitals. M/s ZBK was technically and financially qualified. But, after a period of 4 months the process was closed under the direction of SRGM on 06.01.2022. Senior General Manager also directed to submit case to the Tender Evaluation Committee for review and avoidance of any mis-procurement. But the case was closed by the GM/W&SI without submitting it to Tender Evaluation Committee which resulted into a loss of potential earning of Rs 37.72 billion due to non-finalization of PPP model.

The matter was taken up with the management in June 2023 and discussed in DAC meeting held on 12.01.2024. DAC directed the CM&HO to capitalize on the salient features highlighted in the feasibility study for outsourcing/insourcing of Railway hospitals. The feasibility study as rightly pointed out by the audit team had become a tangible asset which should be fully utilized in outsourcing/insourcing of Railway hospitals. Compliance of DAC directives was awaited.

Audit recommends that matter be investigated to fix responsibility for non-implementation on recommendations of the feasibility study. Action be taken for beneficial utilization of Railway Hospitals on PPP mode to reduce burden on PR and provide better health facilities to the employees of PR.

DP 12515

2.6.2 Misappropriation of HSD oil – Rs 506.63 million

Clause 1, Chapter-III of Mechanical Manual of Pakistan Railways provides that fuel being the largest item of expenditure on the Railway, it is essential that accurate accounts of all fuel received and issued must be kept and the strictest economy observed in its use. Any tendency towards waste must be checked and constant attention paid to the prevention of coal thefts. All arrangements in connection with the supply of fuel for the whole line are made on behalf of the Chief Operating Superintendent. Divisional Mechanical Engineers or others responsible officers who have fuel in their charge, will be held responsible for all details connected with receipt, issue and custody of same.

During audit of HSD Oil Utilization for the FY 2021-22, it was observed that as per record (GM-31) a quantity of 5.03 million liters HSD oil was shown as available in fuel tanks of 203 locomotives at Karachi, Rohri, Samasatta and Rawalpindi Sheds. Whereas, fuel tanks capacity of these locos was 1.42 million liters only. Audit apprehended that if the fuel tanks of these locomotives were filled to full capacity even then the quantity of 3.61 million liters HSD oil valuing Rs 506.63 million was in excess to available capacity and hence stands suspicious. This indicated that fuel valuing Rs 506.63 million was misappropriated and misreported in record as available in fuel tanks of locomotives **(Annexure-14).**

The matter was taken up with management in June 2023 and discussed in DAC meeting held on 31.10.2023. DAC took a serious view of the matter and constituted an inquiry committee headed by the AGM/Infra, FA&CAO/Revenue, COPS and CME/Loco to submit the inquiry report within one month to Audit. Further course of action shall be decided after the outcome of the fact-finding inquiry. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for misappropriation of HSD oil. Internal controls be strengthened to avoid recurrence.

DP 12510

2.6.3 Loss due to unfavorable addition/alteration in agreement between PR & IIMCT – Rs 157.51 million

According to agreement signed between PR and IIMCT dated 17.08.1998 that the status and standard of Pakistan Railways Hospital Rawalpindi be improved to the level of an excellent Teaching Hospital and in the larger interest of Railway and welfare of serving/retired employees along with dependents entirely at its own cost and expense.

During audit of medical facilities in Pakistan Railways in May 2023, it was observed that PR entered into an agreement with IIMCT on 17.08.1998. The agreement was revised twice on 10.06.2004 and 01.07.2019. Audit observed that some of the clauses of agreements were amended against the interest of Pakistan Railways and to provide undue favour to IIMCT i.e.

increase in reimbursement cases, IIMCT built new structure for MBBS students in violation of agreement. This resulted in an additional financial burden on Pakistan Railways of Rs 157.51 million **(Annexure-15).**

The matter was taken up with the management in June 2023 and also discussed in DAC meetings held on 28.12.2023, 04.01.2024 and 30.01.2024. DAC directed the CM&HO to make clause wise discussion with Audit and submit comprehensive reply to Audit within one week. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for unfavorable addition/deletion/alteration in agreement. Action be taken against those held responsible besides recovery of amount involved.

DP 12654

2.6.4 Unjustified consumption of fuel on shunting services – Rs 68.88 million

The General instructions of fuel economy measures circulated by Chief Operating Superintendent dated 28.3.22 provides that the shunting engines be economically utilized and wastage be eliminated through actual analytical ways. Moreover, Para C-III provides that locomotives capable of re-starting without any trouble viz weak batteries/other starting problem, must not be remain idling after reasonable period of ½ hour.

During audit of HSD oil Utilization for the FY 2021-22, it was observed that as per time table for passenger trains dated 15.10.2021, maximum 30 minutes were allowed for shunting and placing of a train before its departure. Whereas, locomotives were persistently utilized on shunting services up to 24 hours in excess to allowed time. Resultantly, a quantity of 0.49 million liters HSD oil valuing Rs 68.88 million **(Annexure-16)** was consumed unjustifiably on unproductive purpose as detailed below:

(a) Karachi division utilized 4.29 million liters HSD oil on account of shunting services during the FY 2021-22. The fuel consumption for the month of June 2022 on shunting services was test checked and it was observed that the Karachi based locos were persistently utilized on shunting services up to 24 hours daily. Resultantly, a quantity of 228,766 liters HSD oil valuing Rs 32.13 million was utilized in excess of the actual workings.

(b) Four Passenger Trains (UP and DN) were shunted at Sialkot and Narowal Railway Stations. Time allowed for shunting and placing of above four passenger trains @ 30 minutes each comes to two hours. However, the shunting locos worked up to 18 hours daily during FY 2021-22. Resultantly, excess quantity of 20,529 liters HSD oil valuing Rs 2.88 million was consumed.

(c) Faisalabad Shed was allocated two shunting locomotives for ten (10) UP and DN trains (4 originating and 6 passing trains). Time allowed for shunting and placing of above 10 trains was 5 hours @ 30 minutes each, whereas, locomotives were utilized on shunting services from 8 to 18 hours daily in excess of allowed time. This resulted in excess consumption of 241,034 liters HSD oil valuing Rs 33.86 million.

The above state of affairs resulted in wasteful consumption of 0.49 million litres fuel valuing Rs 68.88 million on shunting services. Moreover, the log books of locos were not maintained and hours/mileage meters were also out of order. Therefore, absence of log books and non-functioning of hours/ mileage meter of shunting locos indicated that reported abnormal consumption of HSD oil was actually misappropriated.

The matter was taken up with management in June 2023 and discussed in DAC meeting held on 31.10.2023. DAC directed the COPS that a SOP should be framed for efficient utilization of shunting locomotives. DAC constituted an inquiry committee comprising Dy: COPS/Power and Dy:CEN/North to conduct a fact finding inquiry regarding the extra ordinary consumption of HSD for shunting purpose at Narowal/Faisalabad and all other locations, where the locomotives were kept idle and running for long hours. The inquiry report should be submitted to Audit within two weeks along with SOPs of shunting locomotives. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for unjustified excess consumption of fuel on shunting services. Actual working of shunting locos be recorded through mileage and hours meters.

DP 12513

2.6.5 Loss due to irrational fixation of fuel quota for LOMS without devising SOP – Rs 58.05 million

Para-1801 of Pakistan Railway General Code Vol-I 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 HSD oil utilization for the FY 2021-22, it was observed that Railway management fixed a quota of 746,000 litres for locomotives on miscellaneous services (LOMS) irrationally without assessing division wise availability of running locos and work load. The fuel quota for Lahore Division was fixed @ 620 litres per loco per year, whereas, the quota of other divisions was excessively fixed ranging from 2,200 liters to 2,941 liters (72% to 79%) per loco per year. Resultantly, 413,261 liters of HSD oil valuing Rs 58.05 million was consumed excessively at other sheds as compared to Lahore. Moreover, no Standard Operating Procedure (SOP) was framed to rationalize and monitor the consumption of HSD oil on account of LOMS **(Annexure-17)**.

The matter was taken up with management in June 2023 and also discussed in DAC meeting held on 31.10.2023. DAC directed the PO (COPS) to revisit their previous reply and a fresh comprehensive reply be submitted in the light rational fixation of fuel according to workload and allocation of locos to all sheds to the Audit within two weeks. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for irrational and excess fixation of fuel quota for LOMS. SOPs may be framed to rationalize and monitor the consumption of fuel on account of LOMS to avoid financial leakages.

DP 12514

2.6.6 Wasteful consumption of HSD oil on idle locomotives before departure of trains - Rs 12.64 million

Para 204 Chapter-II of Operating Manual provides that the engine crew must be on duty at least 45 minutes before the booked departure of the engine from shed. Para-B of Fuel Economy measures circulated by Chief Operating Superintendent dated 29.03.2022 provides that unnecessary detention of trains/locomotives in the traffic yards and stabling of locos on way side stations be avoided.

During audit of HSD oil Utilization for the FY 2021-22, it was observed during review of yard detention time of Lahore based locos that locomotives remained in start condition at yard after leaving the shed till departure of trains for 4,736 hours after allowing for admissible margin of 45 minutes. Similarly, yard detention of goods trains over the entire system of Pakistan Railways for the month of March 2021 and March 2022 was examined and found that locomotives remained idle at yards for 1,694 hours till departure of goods trains. The position showed that locomotives on passenger and freight services remained idle in start condition at yard for 6,430 hours unjustifiably. The idle working of locomotives resulted into wasteful consumption of HSD oil valuing Rs 12.64 million irregularly and caused loss to Pakistan Railways due to negligence of Railway management **(Annexure-18)**.

The matter was taken up with management in June 2023 and discussed in DAC meeting held on 31.10.2023. DAC took a serious view of the wasteful consumption of HSD oil on idle locomotives and directed COPS to come-up with proper SOP for the idle locomotives within two weeks. DAC directed that comprehensive reply may be submitted along with SOPs. DAC also directed that the fuel management system which is in tendering process must address and resolve the issues pointed out in the special study report of locomotives for audit year 2022-23. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for idling locomotives at yard before departure of trains. Remedial measures be adopted to avoid such recurrence.

DP 12512

2.6.7 Theft of HSD oil from under repair locomotives – Rs 7.03 million

Para-1801 of Pakistan Railways 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 Special Study on "HSD Oil Utilization" for the FY 2021-22, it was observed that 723,436 liters fuel was available in fuel tanks of locomotives (Lahore and Karachi based) at time of arrival in shed for trip maintenance. During trip maintenance at sheds 7% fuel was consumed unjustifiably ranging from 28 to 3,778 liters from fuel tank of locomotives after allowing margin of one-hour consumption (as per record of OP-28). This indicated that 50,046 liters fuel valuing Rs 7.03 million was pilfered which caused loss to Pakistan Railways **(Annexure-19)**.

The matter was taken up with management in June 2023 and discussed in DAC meeting held on 31.10.2023. DAC directed the PO (COPS) to review the previous reply and resubmit afresh reply along with documentary evidence to Audit within two weeks. DAC also directed that a fact finding inquiry be conducted by the DG/Fuel and the report be submitted within one month. Compliance of DAC directives was awaited.

Audit recommends that matter be investigated to fix responsibility for theft of HSD oil. Action be taken against responsible besides enhancing the scope of investigation over entire system of Pakistan Railways.

DP 12511

2.6.8 Fraudulent consumption of HSD oil on account of deleted/non-functional locomotives - Rs 2.22 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.

During audit of High Speed Diesel (HSD) oil utilization in locomotives for the FY 2021-22, it was observed that six ALU-95 locomotives working in Mughalpura Workshop were temporarily deleted on 03.01.2022. Despite temporary deletion of these locomotives the consumption of 15,825 liters HSD oil valuing Rs 2,222,938 was reported during the months of January 2022 and April 2022. This reflects that HSD oil was fraudulently issued and consumed on account of deleted locomotives and caused loss to Pakistan Railways due to connivance of Railway officials.

The matter was taken up with the management in June 2023 and also discussed in DAC meeting held on 31.10.2023. DAC took a serious view of the matter and directed that a fact-finding inquiry should be conducted by DG/Fuel and report should be submitted to Audit within two weeks. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for irregular issuance of HSD oil on account of deleted locomotives, the loss be recovered from the persons held responsible and internal controls be strengthened to avoid such recurrence.

DP 12655

CHAPTER 3

THEMATIC AUDIT

EFFECTIVE UTILIZATION OF PSDP PORTFOLIO BY PAKISTAN RAILWAYS

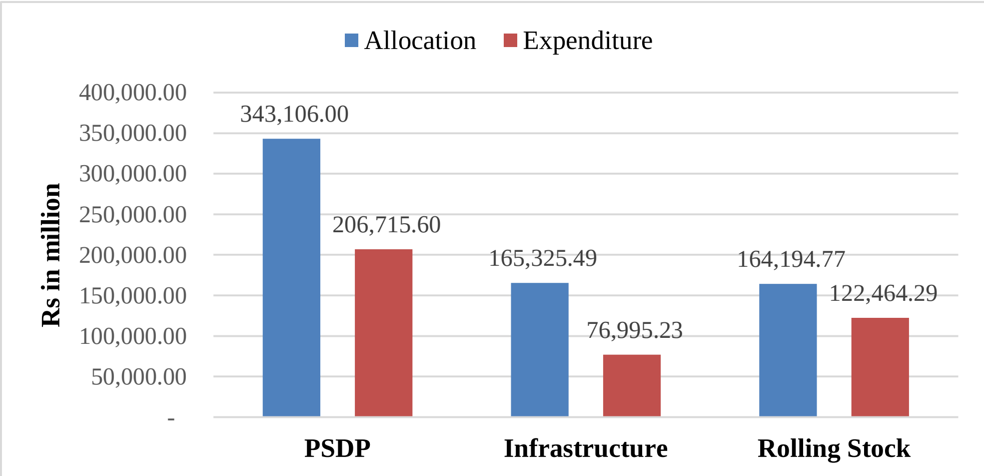
TABLE OF CONTENTS

3. THEMATIC AUDIT OF EFFECTIVE UTILIZATION OF PSDP PORTFOLIO BY PAKISTAN RAILWAYS

3.1. Introduction

Pakistan Railways had been resuscitated through capital investments since 1972 by Federal Government under Public Sector Development Program (PSDP) primarily for up-gradation of rolling stock and allied infrastructure. Total funds allocated by Federal Government to Railway sector through PSDP was Rs 343.10 billion, out of which Rs 206.72 billion had been spent during last decade **(Annexure-20)**.[40]

Allocation and expenditure on infrastructure and rolling stock (2013-14 to 2022-23)



Source: Planning Commission of Pakistan & Financial Statements of PR for the last decade

During last ten years, PR initiated 43 projects for Infrastructure and 24 projects for Rolling Stock development/up-gradation out of which 26 and 19 were completed respectively. PSDP portfolio remained rolling stock dominated with consumption of 60.80% of total funds **(Annexure-21 & 22)**.

[40] Financial Statements of PR 2013-14 to 2022-23

3.2 Background

The performance and financial health of Pakistan Railways had been deteriorated since 1972, with significant incline towards losses from Rs 32.52 billion to Rs 48.62 billion raising federal government's annual assistance from Rs 33.50 billion to Rs 47.50 billion layered over PSDP investment of Rs 206.72 billion during last decade. The shrinkage and deterioration of PR's rolling stock was due to the fact that majority of vehicles had outlived their useful life, thereby, necessitating hefty repair and maintenance costs and shortened gaps between major overhauls.[41] The allied infrastructure of track and bridge had been dilapidated partly due to piece meal rehabilitation endeavors and onslaught of natural calamities, resulting into retarding engineering restrictions, nullifying the impact of any improvement in rolling stock and resulting in excessive operational costs **(Annexure-23)**.

Pakistan Vision 2025 stipulates delineates that Pakistan Railways will be transformed into a profitable organization by increasing optimum speed and freight share significantly. National Transport Policy-2018 aims at transforming Pakistan Railways into profitable organization and quality service provider for passengers and freight traffic. Railway infrastructure will be modernized and expanded to improve capacity, provide connectivity across the country, and development of a separate freight corridor on Railway tracks.

Pakistan committed to achieve Sustainable Development Goals (SDGs) through its national development agenda. The National Economic Council (chaired by the Prime Minister) approved the National SDGs Framework in 2018. The theme selected for audit is closely connected with the prioritized categories of SDG-11. Thematic Audit of "Effective Utilization of PSDP Portfolio by PR" assessed the effectiveness of Federal Government investment for revival and up-gradation of Pakistan Railways

[41] CAREC report on Railway Sector Assessment for Pakistan, March 2021

in accordance with Pakistan Vision-2025, National Transport Policy-2018 and SDGs.

3.3 Establishing the Audit Theme

The Planning Commission undertakes state policy development initiatives for the growth of the national economy and the expansion of the public infrastructure of the country. It emphasizes the utilization of economic resources of the country efficiently for socio-economic welfare of the people. This objective may be achieved only when development projects are planned and executed with effective management.[42] The selected theme is established with respect to optimum utilization of funds to achieve the planned objectives within the gestation period of projects for up gradation of Railway's rolling stock, allied infrastructure and achievement of relevant goals.

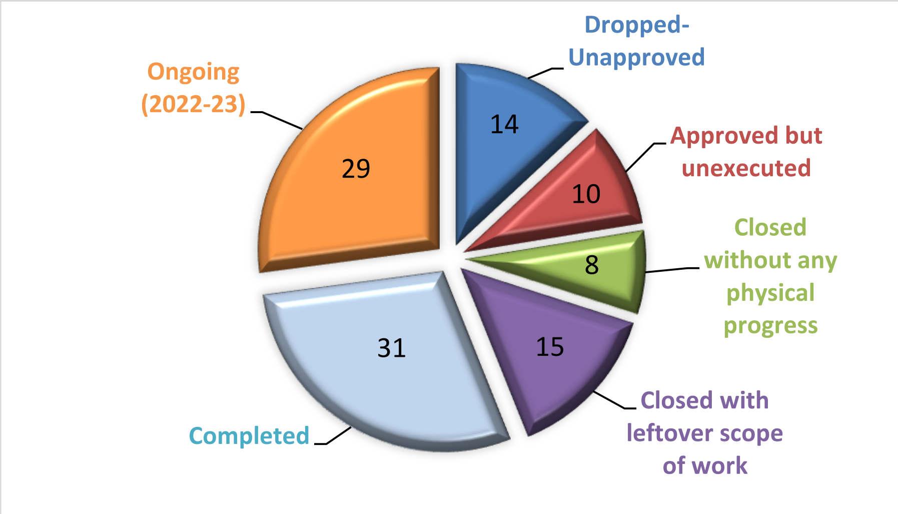
3.3.1 Reasons of selection

During last decade, PR initiated 83 PSDP projects[43] for up-gradation and rehabilitation in four sub-sectors i.e. Infrastructure, Rolling Stock, Governance and Business Development. Only 37% of the projects (31 projects) had been completed with full scope of works from 2013-14 to 2022-23. Out of 83 projects, 10% (08) were prematurely closed at their initial stages, 18% (15) were closed with unfinished scope of works, and 35% (29) were on-going as on 30.06.2023. Since the initiation of capital investment by Federal Government, 67 % of total investment had been utilized on above projects from 2013-14 to 2022-23 which is significantly material and is assessed in instant audit **(Annexure-24)**.

[42] Planning Commission Guidelines for Project Management

[43] Detailed and short nomenclature of projects (Annexure-45 & 46)

Status of PSDP Projects (2013-14 to 2022-23)



Source: MoR & Planning Commission of Pakistan

Pakistan Vision 2025 and National Transport Policy-2018 clearly provide objective milestones for medium and long term development of Pakistan Railways transportation system under the overarching regime of national transportation development framework.[44] SDG-11, Target 11.2 obligates Pakistan to "Provide affordable and sustainable transport systems", which was directly dependent upon and related to up-gradation and rehabilitation of Pakistan Railways through Federal Government development portfolio.

3.3.2 Purpose/Objectives

The objectives of thematic audit were following:

i. To identify the inefficiency and ineffectiveness regarding utilization of funds against allocation and identify causes thereof,

ii. To find the gaps between planned objectives and their achievement within or beyond project planned gestation period,

[44] Pakistan Vision-2025 Page No.71, 87, 88 & 103 and National Transport Policy Page No. 3, 7, 11, 15, 19 & 20.

iii. To determine whether the PSDP Investment Plan is in place and sufficient for achievement of relevant targets under National SDGs framework of Pakistan,
iv. To review whether project initiation and project management is in accordance with applicable rules and regulations

The objectives also include review of projects prioritization and throw-forward mechanism. Examine the causes of non-achievement of targets with respect to inadequate allocations and cash releases, or PR incapacity which led to ineffective utilization of PSDP portfolio. Audit intends to find out internal and external factors impeding optimal effective utilization of PSDP portfolio by Pakistan Railways.

3.3.3 Audit Scope

Audit examined the record related to 83 projects along with allocation of Rs 343.10 billion in respect of effective utilization of PSDP portfolio of Pakistan Railways for the period from 2013-14 to 2022-23 at Ministry of Railways, Islamabad and Railway headquarters, Lahore. Audit reviewed and examined the record and information covered under the TORs. Following TORs of thematic audit were developed:

i. Analysis of PSDP portfolio with regard to annual demand, budgetary allocations, cash releases and their utilization,
ii. Analysis of PSDP portfolio with regard to achievement of annual physical targets and projects objectives within their gestation period,
iii. Assessment of adequacy of PSDP Investment Plans for achievement of relevant goals under National SDGs framework of Pakistan, and
iv. Review the planning, execution and impact assessment in selected PSDP projects.

3.4 Legal framework governing the PSDP projects

Legal framework adopted for the current assignment included Manual for Development Projects, Public Financial Management Act-2019, Guidelines for Project Management, Guidelines for Appointment of

Independent Project Director, Classification of Development Expenditure, Planning Commission Performa I to V, Pakistan Railways Engineering Code, Pakistan Railways Mechanical Code and other applicable internal controls.

3.5 Stakeholders and government organizations identified as directly/ indirectly involved

It was very important that all stakeholders and government organizations be kept informed of the changing financial position of Pakistan Railways keeping in view the complexity and diversity of its operations. The following Government organizations were directly and indirectly involved as major stockholders:

i. Ministry of Railways
ii. Pakistan Railways
iii. Ministry of Finance
iv. Ministry of Planning, Development and Special Initiative
v. Ministry of Defense
vi. Ministry of Industries and Production

3.6 Role of important organizations

The Ministry of Railways (MoR) is responsible for administrative control, policy formulation and strategic planning including concerns like sustainability and long term development. Project management activities are carried out at three different levels: (a) Sponsoring Ministry, which makes policy decision, (b) Project Director, who supervises day to day affairs of the project and (c) Projects wing of Planning Commission which acts as central agency to oversee execution of projects.[45]

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[45] Planning Commission Guidelines for Project Management

Project identification & formulation is the responsibility of MoR. Development projects are prepared on the approved formats (PC-I, II) and according to guidelines of Planning Commission.

A comprehensive project appraisal/assessment is carried out in the Planning Commission at approval stage. The projects having financial outlay up to Rs 2,000 million are approved by the DDWP, projects costing more than Rs 2,000 million but less than Rs 10,000 million are submitted to the CDWP for their consideration. ECNEC is the forum for projects having worth more than Rs 10,000 million. After sanction by Planning Commission, MoR issues administrative approval for the project. The final authority in the approval of funds is the National Economic Council (NEC). Funds are released by Ministry of Finance.

MoR is responsible for appointment of project directors for execution of projects in consultation with Planning Division, Finance Division and Establishment Division. The physical activities like civil work, procurement of machinery & equipment and train operations are undertaken in accordance with the approved Work Plan/Activity Chart under the supervision of Additional General Manager Infrastructure, Mechanical, and Traffic accordingly.

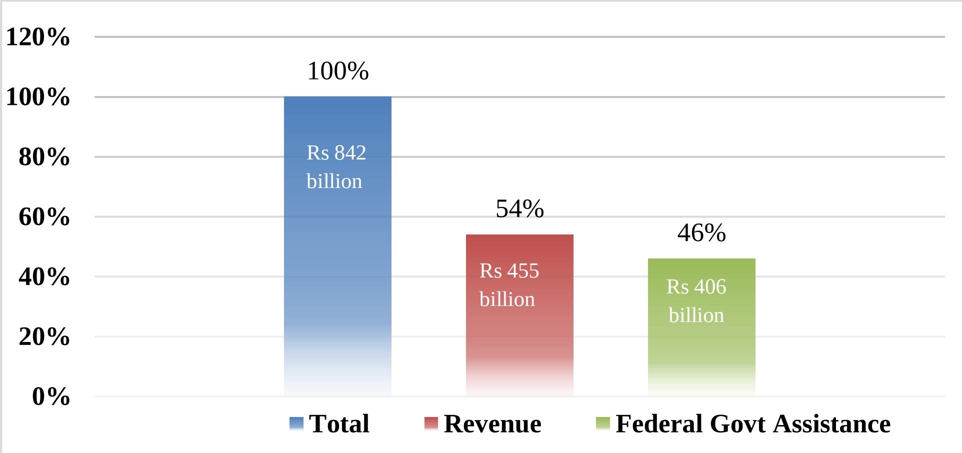
After the completion of a project, MoR draws completion report (PC-IV) and forwards it to projects wing of Planning Commission. MoR is responsible for submission annual performance report (PC-V) over a period of five years, to Planning Commission.

The evaluation of on-going and completed projects is one of the basic responsibilities of the Planning Commission. The analyst looks systematically at the elements of success or failure in the project experience to learn how to plan better for future. There are two layers to monitoring i.e. internal and external monitoring. Internal monitoring is the responsibility of MoR through concerned AGMs. External monitoring is undertaken by outside agencies like the projects wing of the Planning Commission and donor agencies.

3.7 Organization's Financials

Pakistan Railways covered only 54% of its total expenditure from revenue generation in last ten years (2013-14 to 2022-23), a gap of 46% of revenue expenditure was met by assistance from Federal Government. The accumulated losses for last ten years piled up to Rs 387.30 billion and Federal Government had to bridge the deficit by injecting Rs 406.96 billion through grant in aid. Whereas, an amount of Rs 206.72 billion was invested by Federal Government through PSDP as development fund, which did little good to ameliorate financial woes of the entity.

Sources of funds of Pakistan Railways (2013-14 to 2022-23)



Source: Commercial Accounts of Paksitan Railways

Analysis of last ten years' financial data of PR depicted that there was an upward trend of losses in spite of heavy funding by Federal Government and numerous development projects. The gap (loss) between revenue and expenditure was widened by fifty percent during the last decade, which raises serious concerns about the sustainability of the organization as a going concern in next decade, if the same trend continues unabated.

3.8 Field Audit Activity

The record related to PSDP projects was examined at PR Headquarters and Ministry of Railways Islamabad. Audit activity was kept limited to scrutiny of record; physical verifications of assets could not be conducted due to time constraints. The 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 Audit Methodology

Audit was based on analysis of qualitative and quantitative data i.e. Pakistan Vision, 2025, National Transport Policy-2018, Pakistan Railway Strategic Plan-2018, Pakistan Railways Investment Plan, Financial Statement of Pakistan Railways, PSDP expenditure statement, Project Concept Notes, PC-I to PC-V, project management, project execution and other related data. The manual methodologies/procedures used during audit were i.e. inquiry, observation, inspection, vouching, tracing, confirmation and analytical procedures. Moreover, data was analyzed through CAATs. The compliance of applicable rules and policies was also reviewed.

3.8.2 Audit Analysis

Audit analysis is comprised of review of internal controls and detailed assessment of cash inflow and effective utilization of PSDP portfolio, role and performance of PR and all other details along with impediments affecting the performance of PR.

3.8.2.1 Review of Internal Controls

Internal controls framework related to PSDP portfolio were studied and analyzed to get an overall understanding throughout the project life cycle i.e. Manual for Development Projects, Public Financial Management Act-2019, Guidelines for Project Management, Guidelines for Appointment of Independent Project Director, Classification of Development Expenditure, Planning Commission Performa I to V, Pakistan Railways Engineering Code, Pakistan Railways Mechanical Code and other applicable internal controls. The specific instances of internal controls weaknesses and non-compliance of internal control were found through observations and evaluation of internal control system.

Internal controls placed to prevent and deter irregularities were advisory and recommendatory in nature and did not involve any punitive measures to mitigate the risks. The following repeated regulatory violations in project management were observed during thematic audit due to weak internal controls:

Stage-wise assessment of internal controls

SN	Internal Controls (IC)	Assessment of Internal Controls	Reference of ICs
1	Feasibility study shall be mandatory for projects costing Rs 500 million or above	PR initiated 45 projects without feasibility studies during last decade	Para 2.55 of Manual for Development Projects-2021
2	Project scope includes only project requirements necessary to achieve envisaged objective. Cost estimates must be prepared with due care and diligence so that these only require revision on an exceptional basis	35% of projects frequently revised PC-Is of 26 projects were revised 1 time to 3 times due to vague scope and unrealistic cost estimates	Para 2.48 of Manual for Development Projects-2021
3	No proposal for revision in cost or scope will be brought within two years of approval/execution of a project	15 projects revised within two years of approval/ execution	Guidelines for Project Management-2005
4	For estimation of project implementation period, implementation of similar projects in the past be considered	Time overrun in 77% of portfolio 58 projects experienced time overrun 1 to 15 years	Para 2.57 of Manual for Development Projects-2021
5	PD should not be transferred during currency of project	PD transferred up to 19 times 442 PDs were posted in 75 projects	Guidelines for Appointment of Independent Project Director in Development Projects
6	Independent PD mandatory for projects costing Rs 3,000 million and above	Independent PDs not appointed in 24 projects	
7	For project closure, executing agency should state that whether project	15 projects were closed with left over scope of works but reasons of	Para 6.12 checklist for project closure (item No. 16) of Manual for

SN	Internal Controls (IC)	Assessment of Internal Controls	Reference of ICs
	has been implemented as per approved cost, scope and time. In case of variation, reasons are provided	variation in scope, cost and time were not provided in PC-IVs	Development Projects-2021
8	Project objectives should be linked to the SDGs indicating the specific goals, being addressed by the project	30 projects were initiated but project objectives were not linked to the SDGs indicating the specific goals, being addressed by these projects	Para 2.42 of Manual for PSDP projects - 2021
9	The fund's utilization capacity of the executing agency must be kept in view while determining the financial phasing of the project	Funds amounting to Rs 112.74 million remained utilized	Para 2.55 of Manual for Development Projects
10	Economic analysis (NPV) is done by pricing of project inputs and output and calculating net present value is of the ways to establish that public money was worth spending on development projects	However, there was net loss on investment in 11 rolling stock projects	Para 3.22 of Manual for Development Projects-2021
11	At the project closure, submission of the PC-IV to the Planning Commission by the sponsoring agency is mandatory without any exception	PC-IVs of 23 completed projects were prepared with a delay of 1 to 6 years	Para 6.7 Manual of Development Project-2021
12	Sponsor shall be responsible to submit annual report on operation and maintenance, outcome, and impact of projects on PC-V format for five consecutive years	132 PC-Vs of 46 completed projects were not prepared/submitted	Clause (c) of sub-section 1 of Section 18 of PFM Act, 2019
13	The scope of the project must be clearly mentioned	Scope of 6 projects related to Special Repair and re-commissioning of rolling stock was vague	Para 2.45 of Manual for Development Projects-2021

The repeated regulatory violations in project management resulted into ineffective utilization of PSDP portfolio for development of Pakistan Railways.

3.8.2.2 Critical Review of PSDP Portfolio

A. Achievement of targets

Pakistan Vision-2025 states that Railway will be revived as a socially and financially viable organization by increasing share of rail in transportation sector from 4% to 20% by increasing speed from 95 km/h to 120/140 km/h, doubling of tracks on main line sections, enhancing line capacity with a modern signaling system and development of a separate freight corridor on Railway tracks.[46]

National Transport Policy-2018 states that Rail transport in Pakistan will connect urban centers, the ports and specific industrial zones. For passengers, PR will cater primarily to frequent and direct inter-urban passenger transport services, providing connectivity between urban centers and public transport hubs. The primary role of rail in the freight sector is to provide direct long-haul freight transport between industrial zones across the country and to the ports. Railway infrastructure will be modernized and expanded to improve capacity, provide connectivity across the country and improve reliability of services.[47]

Critical review of performance of Pakistan Railways against the targets set by Federal Government revealed that the share of Pakistan Railways in transportation sector had not been raised to desired level despite lapse of eight years (2015 to 2023) and funds allocation of Rs 343.10 billion. A fivefold increase in PR's share in transportation sector was dependent on two tangible factors (i) reasonably sized and operationally sound rolling stock (ii) resilient infrastructure, coupled with intangible factor of pragmatic business development programs for effective and efficient utilization of tangible factors.

[46] Pakistan Vision-2025 Page No.71, 87, 88 & 103
[47] National Transport Policy Page No. 3, 7, 11, 15, 19 & 20

The average availability of locomotives for operational use stood at 484 during 2010-15 which had been reduced to 461 in 2023, even though a hefty sum of Rs 122.50 billion had been doled out as PSDP funds for twenty-four projects related to rolling stock improvement during last decade. The negative tendency in terms of value for money was a logical consequence of rampant cost and time overruns in majority of projects. The fact was a testimony that the trend will continue in future. Internal controls placed to prevent and deter overruns were advisory and recommendatory in nature and do not support the high risk areas of project implementation. Ideally, the level of investment on rolling stock was directly proportional to term of useful life span earned by such investment but there were weak internal controls to bar earlier than expected and duplicate repairs before the expiry of such period.

A parallel system of rolling stock overhauling was being run from revenue budget and specifications of such works blur the boundaries between PSDP and revenue funded works. Since Pakistan had no modern mechanical industry, majority of the spare parts used in rolling stock projects were imported from OEM involving foreign exchange component (FEC) which was sensitive and vulnerable to exchange rate fluctuations, thus, time overrun almost always leads to exorbitant cost overruns. Delayed completion and unexpectedly higher costs erode the intended benefits of projects along with creation of operational hurdles and widening investment efficiency gap.

Most of PR's track and bridge infrastructure needs refurbishment.[48] Pakistan Railways claimed maximum speed of 105 kilometers per hour (kph), whereas, due to limitations of rolling stock and infrastructure, actual average speed of mail/express trains was 44 kph. The average speed of freight trains was 18.9 kph in 2022-23. The track length under speed restriction had increased from 402 km (2018) to 730 km (2023).[49] In last decade, not a single project regarding development of

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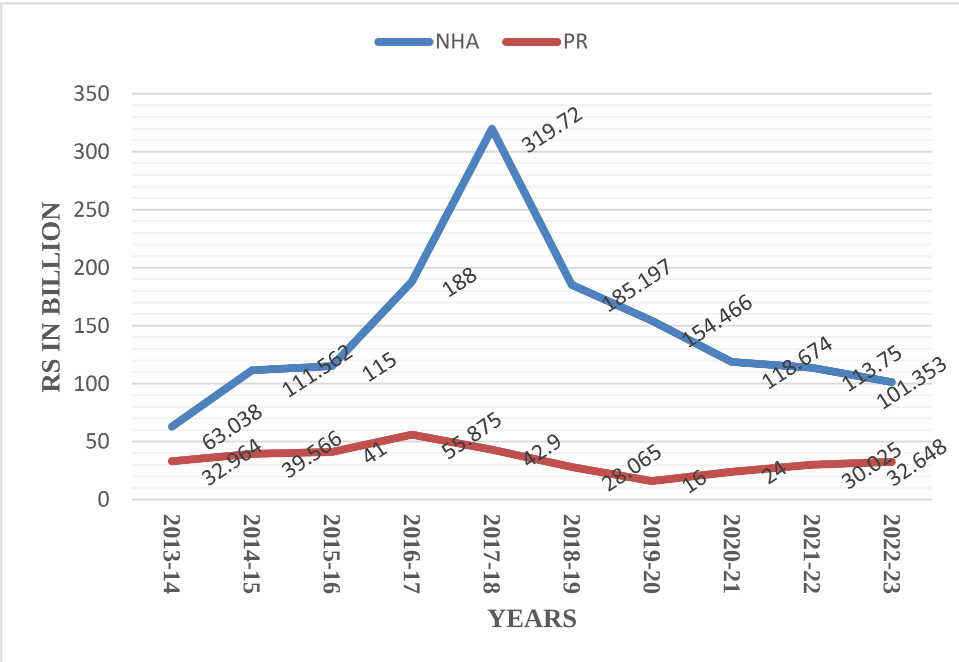
[48] CAREC report on Railway Sector Assessment for Pakistan, March 2021
[49] Pakistan Railways Year Book 2020-21

separate freight corridor had been initiated. Railway system had not been significantly upgraded and modernized. Separate freight corridor had not been developed as envisaged.[50]

B. PSDP share of PR in transport sector

PR role in the transport sector had not been supported by appropriate volume of investment and flow of funds had been heavily tilted towards NHA. In order to achieve the targets, set in Pakistan Vision-2025 and National Transport Policy-2018, adequate funds were not allocated for up gradation and modernization of Pakistan Railways. During the last 10 years, Rs 343.10 billion were allocated to Pakistan Railways as compared to NHA allocation under PSDP head amounting to Rs 1,470.76 billion **(Annexure-20)**.[51]

PSDP allocation PR and NHA (2013-14 to 2022-23)



[50] Financial Statement of PR 2013-14 to 2022-23

[51] PSDP portfolio from 2013-14 to 2022-23 (NHA Network length 14,480 km, PR 11,492 track km)

Objectives set in Vision-2025 and National Transport Policy had not been achieved due to low priority area and inefficient project management practices. Targets regarding increase in train speed and rail share, modernization of infrastructure, cross border connectivity, development of dedicated freight corridor were not achieved.

C. Linkage of PSDP with Sustainable Development Goals

Para 2.42, 3.15 and 3.18 of Manual for Development Projects provides that the project objectives should be linked to the SDGs indicating the specific goals being addressed by the project. Social and environmental analysis of projects should show, how the project is contributing to the attainment of relevant SDGs in national or sub-national contexts.

After adoption of SDGs by Pakistan in 2016, PR initiated 30 PSDP projects from 2016-17 to 2022-23 but objectives of these projects were not linked to the SDGs indicating the specific goals, being addressed by the projects. Social and environmental analysis of projects had not showed how these projects had contributed to the attainment of relevant SDGs targets in national or sub-national contexts. PC-I of these projects did not show, how these projects were able to provide affordable and sustainable transport systems (SDG-11) (**Annexure-25)**.

Linkage of SDGs with project objectives

(Rs in million)

Details	Nos. of Projects	Estimated Cost	SDGs linked at planning stage
On-going projects	24	90,648.58	Nil
Completed projects	6	3,214.40	Nil
Total projects initiated after adoption of SDGs	30	93,862.98	Nil

Source: PC-Is and PC-IVs of projects

Critical review of PC-I of thirty projects initiated after adoption of SDGs revealed that project objectives were not linked with relevant SDG targets at the planning stage.

D. Management of PSDP portfolio by Pakistan Railways

Pakistan Railways had a development portfolio comprising 107 projects from 2013-14 to 2022-23.

(Rs in million)

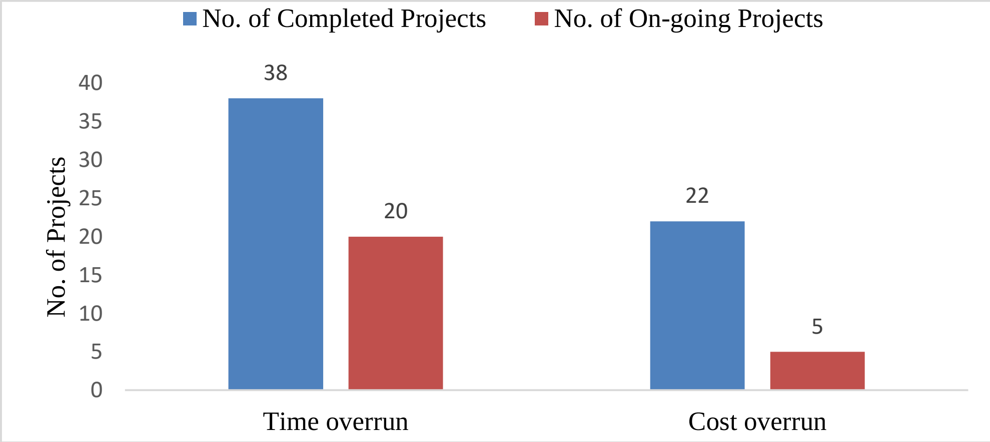
SN	Particulars	Nos. of Projects	Estimated Cost	Expenditure
1	Not executed	24	125,367.70	-
2	Premature closure	8	94,639.37	4,891.14
3	Closed with leftover scope of works	15	58,460.44	49,422.52
4	Completed	31	149,607.81	142,465.46
5	On-going (2022-23)	29	101,477.42	70,437.36
Total		**107**	**529,552.74**	**267,216.48**

Source: PSDP portfolio of PR 2013-14 to 2022-23 and PC-IVs of completed projects

Pakistan Railways had not formulated strategic investment plan for future development in the organization. Investment plan was not available with Railway management covering the requirements of number of locomotives, wagons, coaches, on the basis of passenger and freight traffic demands, size of obsolete rolling stock and infrastructure. PR commenced 08 infrastructure projects which were prematurely closed at very initial stages by incurring wasteful expenditure of Rs 4,891.14 million. Further, 24 approved projects, reflected in PSDP were not executed. Thirty percent (30%) projects of the portfolio were not initiated at all during last decade. Furthermore, 15 projects were closed with reduced scope of works. Only 31 projects were executed and completed during the last ten years. Non-execution of approved projects, premature closure during execution and closure of with leftover scope of works indicated that PR PSDP portfolio was inconsistent with the national priorities.

During last decade, 28 out of 46 completed projects were closed with time overrun from 1 year to 13 years, whereas, 22 projects were closed with cost overrun up to 212%. Similarly, 20 out of 29 ongoing projects were with time overrun from 1 year to 13 years, where, 5 ongoing projects had experienced cost overrun up to727%.

Implementation timelines vs cost escalation (2013-14 to 2022-23)



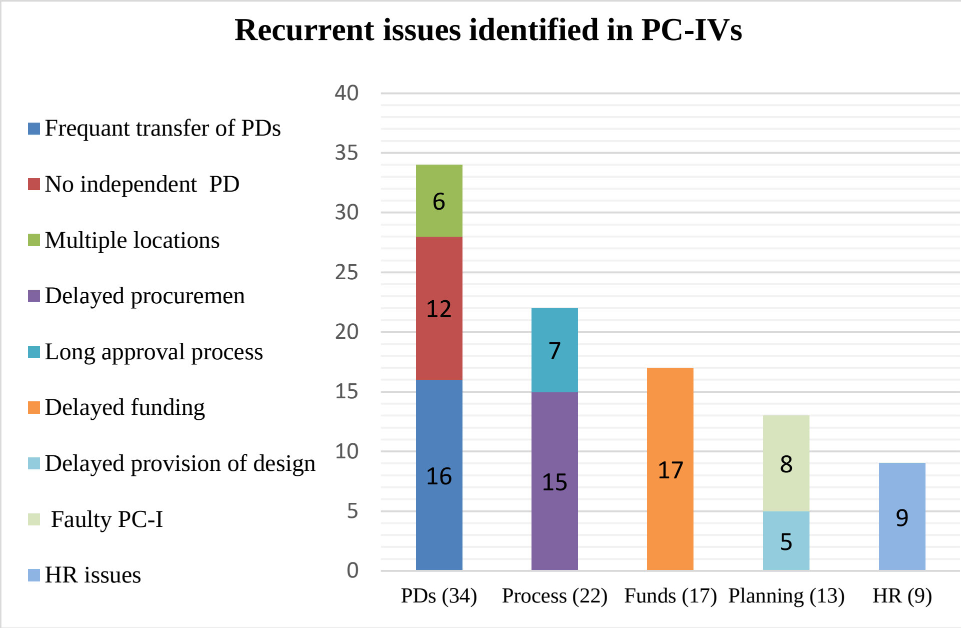
Source: Planning Commission of Pakistan & MoR

E. Recurrent issues in PSDP portfolio

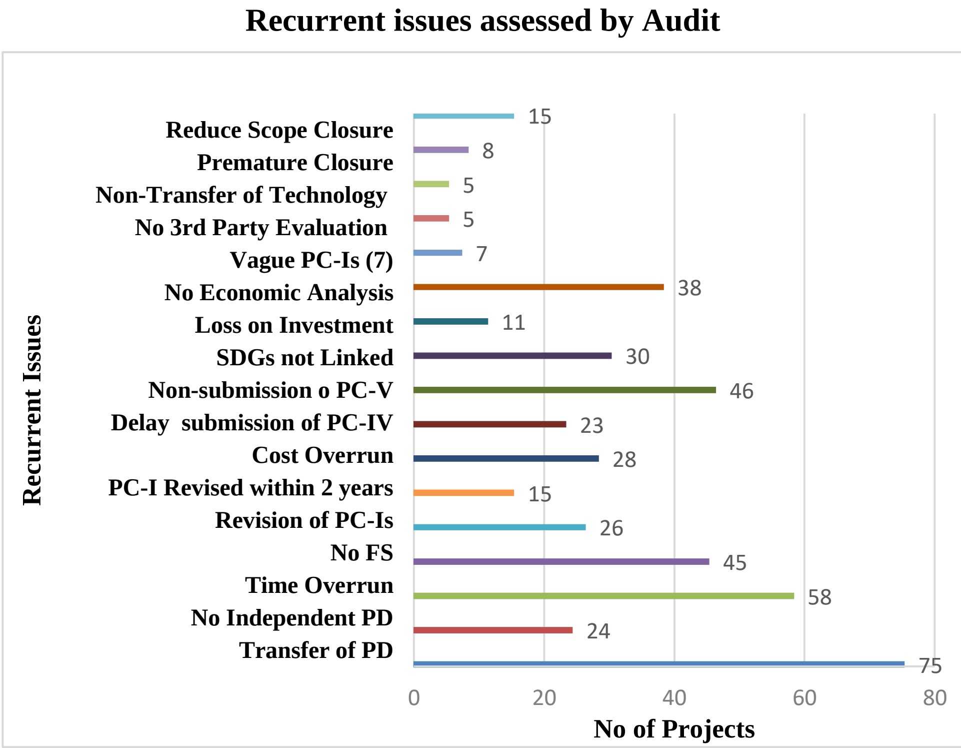
PC-IVs of 46 projects were reviewed and it was found that management identified 05 recurrent issues related to project management during the execution of projects (**Annexure- 26 & 27**).

Issues related to Project Director were repeated 34 times i.e. frequent transfer of PDs during project execution, non-independence of PDs in decision making regarding project activities and insufficient control of PDs on project activities due execution at multiple locations. Issue of lengthy PR approval processes was identified by PDs in 22 projects. Delay in provision of funds was faced by PDs in 17 projects. Poor planning of project activities was highlighted by 12 PDs. Seven PDs faced problems regarding non-availability of skilled HR for execution of projects.

Audit observed that same issues were also existent in on-going projects as pointed out in observations. This indicated lack of coordination among the project activities as same issues were faced in various projects and management failed to learn the lesson in one project and implement in other projects.



Source: PC-IV of completed projects during last decade



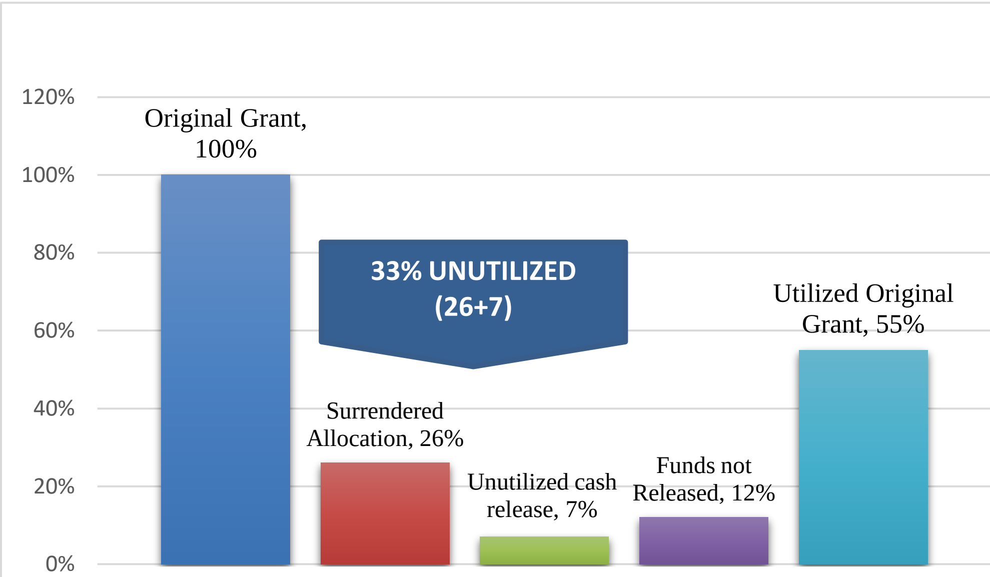
Source: PSDP portfolio of Pakistan Railways (2013-14 to 2022-23)

Planning remained the bottleneck in translating resources into achievements, planning documents were observed to be vague and non-specific leaving room for subsequent scope and cost revisions which germinated into consequent execution failures. Monitoring and evaluation could not fuel pragmatic and informed decision making by identifying shortcomings in projects and feedback was either delayed or altogether evaded.

F. Non-utilization of PSDP funds

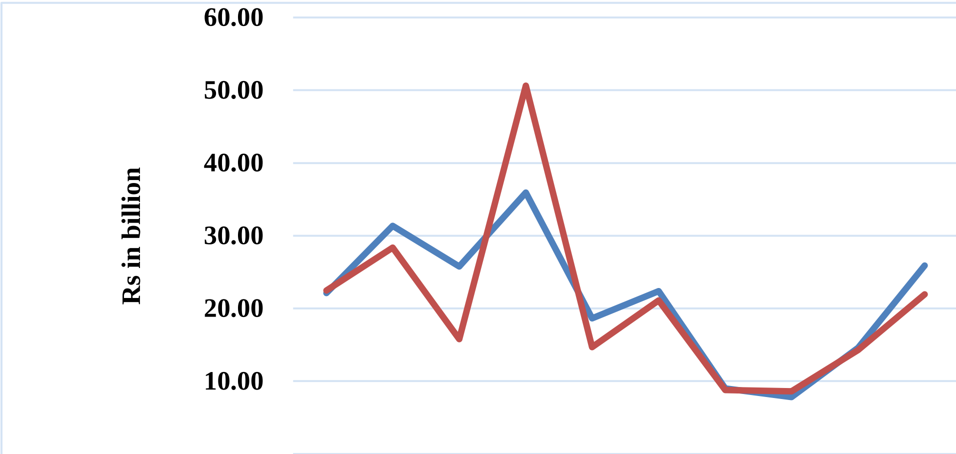
During last 10 years, out of allocated PSDP grants, Pakistan Railways was able to utilize only 55 % funds on various projects. Out of allocated funds of Rs 343.10 billion, an amount of Rs 90.08 billion was surrendered by Pakistan Railways and Rs 22.66 billion remained un-utilized from cash releases. One third (33%) of allocation (Rs 112.74 billion) was not utilized by Pakistan Railways due to inefficiency and incapacity of Pakistan Railways.

Utilization of PSDP grant (2013-14 to 2022-23)



Source: Financial Statements of PR 2013-14 to 2022-23

PSDP cash release vs expenditure



	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2020-22	2022-23
Cash Release	**22.11**	**31.37**	**25.78**	**35.95**	**18.63**	**22.37**	**9.02**	**7.81**	**14.59**	**25.89**
Actual Expenses	**22.49**	**28.38**	**15.79**	**50.64**	**14.68**	**21.13**	**8.79**	**8.60**	**14.28**	**21.94**

Source: Financial Statements of PR 2013-14 to 2022-23

The figures depict the trend of cash releases vs. actual expenditure during the last ten years. Actual expenditure remained below the cash releases however, in 2016-17 and 2020-21 they were above the cash releases due to incurring of expenditure out of un-utilized cash releases of proceeding years. Thus, surrender of funds to tune of Rs 90.08 billion and non-utilization of released funds Rs 22.66 billion showed PR incapacity to effectively utilize PSDP portfolio.

G. Initiation of projects without feasibility studies

Pakistan Railways initiated 45 PSDP projects without feasibility studies and linkage between investment and benefits could not be quantified and evaluated. Execution without feasibility studies led to disconnect between set objectives and actual results.

Impact of projects without feasibility studies

Feasibility Studies Required	Not Conducted	Impact	
Feasibility studies required in 15 out of 29 on-going projects	14	3 Projects with cost overrun	Up to 53%
		9 Projects with time overrun	1-10 Years
		5 Projects with revisions in PC-1	2 Projects PC-1 revised twice and 3 projects PC-1 revised once
Feasibility studies required in 31 out of 46 Completed projects	31	18 Projects with cost overrun	Up to 212%
		27 Projects with time overrun	1-13 Years
		13 Projects closed with reduced scope	-
		17 Projects with Revisions in PC-1	11 projects revised once, 5 projects revised twice and 1 project revised thrice
Total	**45**	-	-

Eight (08) feasibility studies were conducted by Pakistan Railways through PSDP portfolio during 2013-14 to 2022-23 at the cost of Rs 1,058.16 million, wherein, the consultant declared seven proposals for projects as unfeasible and only one was declared feasible which could not be initiated by PR. The sample of feasibility studies conducted by consultants extrapolates that majority of the proposals for projects were not viable as per third party evaluation but the same was done away with in majority of the projects **(Annexure-28).**

H. Transformation of economical into uneconomical projects

Audit observed that 35% of project portfolio went into scope revision which establishes the fact that financial needs were understated to approving forums which led authorities towards favorable decisions at the time of inception and ground realities pushed the projects into financial unviability. Review of PC-IVs of rolling stock projects revealed that 11 projects were feasible with positive net present value (NPV) of Rs 21,794.43 million at the inception stage but out of these projects, seven (07) projects became un-economical due to negative NPV of Rs 14,072.45 million at completion stage.

Projects with negative NPV

(Rs in million)

SN	Project Name	NPV as per PC-I (Planning Stage)	NPV as per PC-IV (Completion Stage)
1	Manufacture of 05 Locomotives	279.52	-194.25
2	Procurement of 585 Hopper Wagons and 20 Bogie Brake Vans	2,923.76	-1,084.96
3	Procurement of 58 Locomotives	11,980.46	-9,074.43
4	Procurement of 300 Traction Motors	377.66	-189.99
5	Procurement of 530 High Capacity Wagons	1,078.43	-
6	Procurement of 202 Carriages	1,751.96	-
7	Procurement of 780 Hopper Wagons and 20 Bogie Brake Vans	-	-
8	Rehabilitation of 27 Locomotives	956.27	-1,273.19
9	Special Repair to 100 DE Locomotives	112.21	-1,431.04
10	Special Repair to 800 Coaches and 2000 Wagons	363.53	-858.59
11	Rehabilitation, up-gradation and conversion of 400 Coaches	540.14	-
12	Special Repair of 150 Locomotives	1,430.49	33.10
Total		**21,794.43**	**-14,072.45**
Grand Total		**Rs 35,866.88 million**	

PR had not performed economic analysis of 83% completed projects at planning/ completion stages which reflected preparation of poor quality of PC-Is and PC-IVs. Transformation of economical into un-economical projects was caused by increase in capital outflow and less revenue inflow due to extension in implementation period, slow physical progress, delayed procurements, inefficient utilization of funds and PR’s incapacity to execute PSDP projects. This state of affairs depicted ineffective utilization of PSDP portfolio by Pakistan Railways as completion of projects with negative NPV resulted into loss of Rs 35,866.88 million to public exchequer (**Annexure-29**).

I. Sectoral utilization of PSDP portfolio

Development portfolio of Pakistan Railways remained rolling stock dominant during the last 10 years. PR utilized 60.80% funds on rolling stock, 38.22% on infrastructure, 0.73% on governance and only 0.26% on business development. Sector wise allocation and expenditure indicated the fact that allocation on infrastructure was on top priority but on the other hand expenditure on infrastructure became second priority as the flow of utilization of funds was diverted to rolling stock. Further, 17 projects of infrastructure sector were not commenced and 08 projects commenced but prematurely closed at their initial stage.

Sector-wise utilization of PSDP portfolio

(Rs in million)

Sector	No of Projects	Allocation	Expenditure	Allocation %	Expenditure %
Rolling Stock	24	164,194.77	122,464.29	48.79%	60.80%
Infrastructure	43	165,325.49	76,995.23	49.13%	38.22%
Governance	6	5,304.77	1,461.26	1.58%	0.73%
Business Development	2	1,708.62	514.58	0.51%	0.26%
Total	**75**	**336,533.65**	**201,435.36**	**100%**	**100%**

Due to imbalanced utilization of PSDP portfolio, track and allied infrastructure was neglected which resulted into non-achievement of targets set in Pakistan Vision-2025 and National Transport Policy-2018 i.e. increased train speed and line capacity, modernization of infrastructure, cross boarder connectivity and development of dedicated freight corridor.

J. Deferred revenue repairs shifted to PSDP portfolio

Analysis of PSDP portfolio of Pakistan Railways indicated that out of 75 completed and on-going projects, only 40 projects were related to development and 26 related to rehabilitation and maintenance while other 9 were related to feasibility studies. An amount of Rs 19.28 billion was incurred on deferred revenue repairs of rolling stock through five PSDP projects in last decade (**Annexure-30**).

Development and non-development projects

(Rs in million)

Nature of Project	No. of Projects	Estimated Cost	Expenditure
Development	40	203,912.44	183,333.58
Rehabilitation	21	81,154.56	58,624.15
Feasibility Study	9	1,976.90	1,083.37
Special Repair of Rolling Stock	5	22,501.78	19,284.24
Total	**75**	**309,545.67**	**262,325.34**

Long due and accumulated repair and maintenance works related to rolling stock were designed as development works under the PSDP portfolio and thus the concept of development was compromised ab initio.

K. Unclear scope and unrealistic cost estimates

Review of PC-Is of PSDP project indicated that PC-Is were not prepared with due care and diligence. Scope of various projects was not clear and final, which experienced repeated revisions. PC-I of 26 projects were revised due to change in scope and cost during last decade. PC-Is of 3 projects were revised thrice, 6 projects were revised twice and 17 projects were revised once during their implementation period. The estimated cost of these 26 projects showed a net increase of Rs 61,349.35 million. Further, out of 26 PC-Is, 15 PC-Is were revised within 2 years from the last revision/approval date in contravention to the guidelines of Planning Commission. This indicated that projects were initiated with unfirmed scope of work and unrealistic cost estimates, which resulted into cost overrun and non-achievement of envisaged benefits within planned gestation **(Annexure-31 & 32)**.

L. Non-transfer of technology and absence of dedicated R&D wing

In last ten years (2013-14 to 2022-23), no R&D project was initiated by PR and solely dependent on OEMs for maintenance of rolling stock. Pakistan Railways initiated 5 PSDP projects for procurement /

manufacture of rolling stock with transfer of technology (ToT), however, in agreements the ToT was without financial impact and delivery timelines. Consequently, PR failed to obtain drawings, instruction books and as-made tracings of rolling stock from contractors/manufacturers. Non-transfer of technology resulted into non-development of R&D wing for self-dependence in manufacturing and maintenance of rolling stock to discourage the monopoly of OEMs and lessen the burden on public exchequer. This indicated that PR focus remained on short term availability of rolling stock and dependent on OEM.

3.8.2.3 Significant Audit Observations

Observation-1

Absence of Strategic Investment Plan for development of Pakistan Railways

According to O.M No. 4(5) PIP/PC/2019-20 dated October 22, 2020, the Planning Commission of Pakistan directed the MoR to develop Strategic Investment plan to make Railways national leading profitable, competitive, sustainable service delivery public organization. The Planning Commission directed the Minister of Railways to take immediate measures to develop the Strategic Investment Plan and share it with stakeholders.

During audit, it was observed that Railway management had not formulated Strategic Investment Plan for development of Pakistan Railways. During last decade, Railway management was not fully aware about the demand of locomotives, wagons, coaches, and required infrastructure based on traffic demands. Analysis of sector-wise expenditure revealed that development portfolio of PR remained rolling stock centric and track and allied infrastructure remained neglected, 60.80 % of total funds were utilized on rolling stock, 38.22% on infrastructure 0.73% on governance whereas, only 0.26% on business development during last decade. Further, PR commenced 08 infrastructure projects which were prematurely closed at very initial stages by incurring wasteful expenditure of Rs 4,891.14 million and the stakeholders were deprived from envisaged benefits of projects. Twenty-four (24) approved projects, reflected in PSDP were not executed at all which comes to 30% of the PSDP portfolio. Absence of Strategic Investment Plan resulted in imbalanced sectoral development, premature closure of projects and non-execution of approved projects (**Annexure-33**).

Premature closure of projects

(Rs in million)

Status	Sector	No. of Projects	Estimated Cost	Allocation	Expenditure
Not Executed	Rolling Stock	7	91,608.00	3,805.00	Nil
	Infrastructure	17	33,759.70	184.20	Nil
Prematurely Closed	Infrastructure	8	94,639.36	5,571.01	4,891.13
Total		**32**	**220,007.06**	**9,560.21**	**4,891.13**

Source PSDP of Planning Commission of Pakistan 2013-14 to 2022-23 and PC-IVs

The matter was taken up with the management in November, 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC noted that the response to audit observation was unprofessional. The PO (DG/Planning) should provide comprehensive response covering national transport policy framework and other related documents specific to the investment planning to Pakistan Railways within one week. Compliance of DAC directives was awaited.

Audit recommends that Strategic Investment Plan be formulated considering future demand of rolling stock, infrastructure and passengers and freight traffic to make PR into profitable, competitive, sustainable service delivery public organization. The matter of closure of premature projects and non-execution of approved projects be probed to fix the responsibility for utilization of precious resources on futile works.

Observation-2

Non-transfer of unutilized released funds of PSDP projects-Rs 22,140.62 million

Para 7 of Form-17 (release of funds in assignment account) of Receipt and Payment Rules-2021 of Finance Division provides that the amount remaining un-utilized at the close of the financial year would lapse. The amount remaining un-utilized on the 30th June each year may be transferred and credited in the account of the Federal Government.

During audit it was observed that an amount of Rs 22,140.62 million out of released PSDP funds was not utilized in pertinent years and unutilized amount kept on accumulating during 2013-14 to 2022-23. Further, left over amount of Rs 15,625.09 million was utilized in succeeding years irregularly. During the FY 2016-17, PR management incurred PSDP expenditure of Rs 50,640.47 million against cash release of Rs 35,948.11 million and remaining expenditure of Rs 14,617.61 million was met from savings of previous years. Balance of unutilized funds against the relevant years is given below:

Balance in PSDP Account No. XVIII

(Amount in Rs)

Date	Balance	Unutilized funds	Expenditure
30.06.2013	216	216	-
30.06.2014	882,824,787	882,824,571	-
30.06.2015	4,550,567,046	3,667,742,259	-
30.06.2016	**14,715,447,406**	10,164,880,360	-
30.06.2017	97,838,468	-	**14,617,608,938**
30.06.2018	2,352,489,321	2,254,650,853	-
30.06.2019	4,958,017,176	2,605,527,855	-
30.06.2020	**5,525,468,550**	567,451,374	-
30.06.2021	4,517,986,766	-	**1,007,481,784**
30.06.2022	4,618,992,126	101,005,360	-
30.06.2023	**6,515,530,052**	1,896,537,926	-
Total	-	**22,140,620,774**	**15,625,090,722**

Source: Pakistan Railways Federal Government Account No. XVIII

Non-surrender of released funds at the end of financial years was due to ineffective public funds management, slow physical and financial progress of the projects. Further, these funds had been accumulated during last 10 years and Pakistan Railways Federal Government Account No. XVIII reflected a credit balance of Rs 6,515.53 million on 30.06.2023. Ineffective and underutilization of PSDP funds resulted in non-achievement of annual targets, envisaged benefits, delay in completion and increase in capital cost of projects.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC directed the PO (Member Finance) to provide a comprehensive reply within one week. Compliance of DAC directives was awaited.

Audit recommends that the matter be probed to fix responsibility for non-transfer of unutilized funds to Finance Division and unutilized funds may immediately be intimated to Planning Commission and transferred to Finance Division. Financial management controls be improved to avoid recurrence.

Observation-3

Non-achievements of envisaged benefits/targets– Rs 112.74 billion

Para 2.55 of Manual of Development Projects-2021 states that the financial phasing of a project is to be given for each fiscal year, related to the physical work proposed to be undertaken, keeping in view the implementation of similar projects in the past. It should be as realistic as far as possible. The funds utilization capacity of the executing agency must be kept in view while determining the financial phasing of the project. Physical phasing/implementation plan of major items/deliverables may be provided, and financial phasing should be derived from it.

During audit, it was observed that PSDP funds amounting to Rs 112.74 million remained unutilized. During last decade, PSDP allocation was Rs 343.10 billion and out of total allocated funds Rs 90.08 billion was surrendered and Rs 22.66 billion remained unutilized out of cash releases. In this way, 33% of allocation was not utilized by the concerned project directors which resulted in cost overrun, delay in completion of projects and non-achievement of planned objectives. The comparison of allocated funds, cash releases and their utilization indicated that after surrender of unrequired funds only Rs 40.06 billion were not released by Finance Division and out of released funds Rs 22.66 billion had not been utilized by the management. The above state of affairs indicated that if unreleased funds of Rs 40.06 billion had been released, the same would had remained unutilized as available funds of Rs 22.66

billion were not utilized. Thus, the management point of view regarding non-provision of adequate funds was not correct (**Annexure-34**).

Utilization of PSDP grant by PR

(Rs in billion)

Year	Allocation	Funds Released	Released Funds utilized	Released funds Un-utilized	Surrender	Funds not released
2013-14	32.96	22.11	22.11		4.95	5.91
2014-15	39.57	31.37	28.38	2.99	1.33	6.87
2015-16	41.00	25.78	15.79	9.99	14.72	0.50
2016-17	55.88	35.95	35.95	-	-	19.93
2017-18	42.90	18.63	14.68	3.94	20.88	3.39
2018-19	28.07	22.37	21.13	1.25	5.27	0.42
2019-20	16.00	9.02	8.79	0.23	6.98	-
2020-21	24.06	7.81	7.81	-	13.24	3.01
2020-22	30.03	14.59	14.28	0.31	15.40	0.03
2022-23	32.65	25.89	21.94	3.95	7.30	-
Total	**343.10**	**213.51**	**190.86**	**22.66**	**90.08**	**40.06**
Unutilized 22.66+90.08 = Rs 112.74 billion						

Source: Financial Statements of PR 2013-14 to 2022-23

Non-utilization of allocated and released funds was caused by poor planning and poor project management e.g. initiation of projects without feasibility studies, work design, finalized tender documents, indefinite and multiple revisions in scope of works, un-realistic financial and physical phasing of projects. Initiation of projects without considering the existing workload and capacity of Railway workshops, availability of material and dedicated Project Directors, lengthy procurement process, poor monitoring and evaluation of projects, lack of PR Strategic Investment Plan and overall institutional incapacity to execute development projects led to erosion of planned benefits.

The matter was taken with the management in November 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC noted that response to audit observation was unprofessional. The PO (DG/Planning & Member Finance) should provide a comprehensive response within one week. Compliance of DAC directives was awaited.

Audit recommends that the matter be probed to fix responsibility against concerned Project Directors for regular surrenders and non-utilization of released funds. Recurring issues which caused delay in project implementation be fixed by improved project management for effective utilization of PSDP portfolio.

Observation-4

Excess cost due to frequent revision of scope of projects – Rs 61,349.35 million

Para 2.45 of Manual for Development Projects-2021 provides that the project scope includes only the project requirements necessary to achieve the envisaged objective. The scope of the project must be clearly mentioned. Further, Para 2.48 provides that the cost estimates of a project must be prepared with due care and diligence so that these only require revision on an exceptional basis and project implementation is not delayed due to the non-availability of funds. Furthermore, Para 3.54 (iii) provides that to avoid frequent revisions, no proposal for revision in cost or scope will be brought within two years of approval/execution of a project. Further, Guidelines for Project Management-2005 provides that no revision of PC-I is required if the cost increase is due to depreciation of Pak rupee in foreign exchange cost**.**

During audit, it was observed that PC-Is of 26 projects (completed-15 and on-going-11) were revised due to need for deviation from planned scope and cost during last decade i.e. 2013-14 to 2022-23. PC-Is of 3 projects were revised thrice, 6 projects were revised twice and 17 projects were revised once during their implementation period. The estimated cost of these 26 projects showed a net increase of Rs 61,349.35 million. Further, 15 PC-Is (6+9) were revised within two years from last revision/approval dates in violation of criteria referred above (**Annexure-31 & 32**).

Cost increases and revision of PC-Is

(Rs in million)

No of Projects	No of Revisions	Original Cost	Revised Cost	Cost escalation	Revision within year	Revision between 1-2 years	Revision after 2 years
3	3	6,023.10	16,384.10	10,360.90	1	2	6
6	2	45,075.90	84,789.36	39,713.41	4	3	5
17	1	39,443.07	50,718.11	11,275.04	1	4	12
26	**38**	**90,542.07**	**151,891.57**	**61,349.35**	**6**	**9**	**23**
Total number of projects =26 and total number of revisions =38							

Source PC-Is of relevant PSDP projects

During the period, 35% of projects under the portfolio were frequently revised within and beyond two years. Frequent revisions in PC-Is indicated initiation of projects without proper planning. Scope of projects was not firmed and finalized. Cost estimates were not prepared based on the current market survey, updated schedule of rates and pre-tender quotations which were revised repeatedly during execution. Furthermore, frequent revision of scope and cost of projects also delayed the implementation period of projects. Audit is of the view that had the projects been initiated based on clear, firmed and final scope determination and cost estimations, frequent revision of PC-Is could have been avoided.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC noted that response to audit observation was unprofessional. The PO (DG/Planning & CPPO) should provide a comprehensive response within one week. Compliance of DAC directives was awaited.

Audit recommends that the matter may be probed to fix responsibly for vague determination of scope and cost estimation of the projects. Scope of projects should be clear, firmed and final. Cost estimates should be prepared based on the current market surveys, updated schedule of rates and pre-tender quotations.

Observation-5

Loss due to delay in finalization of specifications of coaches and wagons - Rs 40,183.77 million

According to Para 10.1 (xv) of Guidelines for Project Management, a strong check should be exercised on time over-runs and cost over-runs. For this purpose, frequent revisions of scope and design of the projects should be avoided. Efficient and honest officers should be made responsible for supervision, implementation, and timely completion of the projects. Any instances of mal-administration, corruption, lapses and pilferage should be seriously investigated and those found responsible should be severely dealt with.

During audit of project "Procurement/Manufacture 820 High-Capacity Bogie Wagons and 230 Passenger Coaches" in August 2023, it was observed that PC-I of the Project was approved by ECNEC on 24.11.2017 with total cost of Rs 31,194 million. Target date of completion was 02.01.2022 but the project could not be completed up to August 2023, due to change in specifications of coaches & wagons. The cost of project had been revised to Rs 71,377.77 million due to incapability of PR management to finalize the specifications of coaches & wagons and complete the project within target time. This resulted in loss of Rs 40,183.77 million which depicted the negligence on the part of management.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 21.11.2023. DAC took a serious note on the extra ordinary delay caused by poor management of the whole procurement process. The DAC directed that the Director/Procurement should submit a revised detailed reply outlining all the valid reasons for the delay within one week with documentary evidence. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for inordinate delay in finalization of design and completion of project causing loss to public exchequer. Project management controls be improved to avoid recurrence.

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Observation-6

Deceitful inclusion of operational locomotive in a rehabilitation project – Rs 97.38 million

Project of Re-commissioning of 05 number of accidental Diesel Electric (D.E) Locomotive was approved by CDWP in its meeting held 3rd-9th June, 2020 with an implementation period of 24 months. Authorization was issued in August, 2020. Scope of the project was to re-commission 5 locomotives (Loco Nos. 9021 GEU-40, 6022, 8224 AGE-30, 8228 HGMU-30 and 8218 HGMU-30) at a cost of Rs 1,582.29 million including FEC component of Rs 874.07 million with completion period of 24 months.

During audit, it was observed that locomotive No. 8218 fit for operation was fraudulently included in PC-I of above mentioned project. The said locomotive met an accident on 28.02.2020 and after necessary repair of damages at the cost of Rs 6.81 million at loco shed Mughalpura. It was dispatched to Karachi for operation on 26.06.2020 but the same locomotive was also included in the scope of project for rehabilitation at cost of Rs 73.56 million in June 2020. Subsequently, after three months of service it was deleted from operation for re-commissioning on 19.10.2020 without any justification for one year and procurement process of spares was initiated. Later on, management excluded said loco from scope of project and included another loco No 8203 through revision of PC-I on 14.09.2022 by misleading Planning Commission that cost of damage of Loco No. 8203 was less than cost of No. 8218, however, it could be repaired from revenue.

In fact, Loco No. 8218 was already in fit condition at the time of deletion and was included in the scope of project just to give undue favour of about Rs 80.00 million to the supplier. Moreover, MoR misreported to Planning Commission on 29.08.2022 that no inquiry was pending on the subject project while the reality was otherwise. As per CPPO office letter dated 16.11.2021, the inquiry committee did not fix responsibility against any officer. Inquiry may be conducted through officers of MoR to ascertain the facts about all locomotive of project and to fix responsibility accordingly. This indicated that a locomotive was fraudulently included in the scope of project due to mala fide intention which resulted into loss of revenue valuing Rs 97.38 million (Rs 266,793 per day earning of locomotive x 365 days).

The matter was taken with the management in November 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC directed that the CME/Loco to submit a comprehensive reply covering detailed factual analysis of project management in the context of Pakistan Railways within two weeks. The response should also highlight course corrective measures. Compliance of DAC directives was awaited.

Audit recommends that matter be probed to fix responsibility for fraudulent inclusion of fit loco in project for re-commissioning. Loss of revenue on account of deletion of operational locomotives be recovered from responsible. Internal control be strengthened to avoid recurrence.

Observation-7

Preparation of vague PC-Is - Rs 12,661.77 million

Para 2.45 of Manual for Development Projects-2021 provides that the sponsoring agency should ensure that the project scope includes only the project requirements necessary to achieve the envisaged objective. The scope of the project must be clearly mentioned. Further, Para 2.51 states that the cost estimates must be prepared, which should be based on the current market survey, updated schedule of rates and pre-tender quotation.

During audit, it was observed that PC-I of PSDP projects were not prepared with due diligence and definite scope of work. Activities of planning stage were determined at execution stage. Details are given below:

A. Review of PC-I of Special Repair of 100 DE locomotives (new) revealed that PC-I was prepared without mentioning identity of locomotive to be repaired along with detailed list of spare. Consequently, during execution, 94 locomotives already repaired under other projects were again included in the project. This included, 86 locomotives repaired under SR 150 project (2012-

2016) and 08 locomotives repaired under SR 100 (old) project (2014-2020) and 32 locomotives were same both projects. Further, detail of items to be procured for “line maintenance facilities” including material handling equipment and plant & machinery with a provision of Rs 252 million was missing in PC-I. Preparation of vague PC-I resulted in duplication of repair of locomotives, non-commencement of project as per plan, non-achievement of planned targets and loss of potential revenue.

B. Similarly, PC-I of Special Repair of 600 Passenger Coaches and 1200 Bogie Wagons, approved on 19.12.2019, was prepared without detailed scope and nomenclature of coaches and wagons to be repaired was not given in PC-I. Preparation of PC-I without mentioning the nomenclature of coaches & wagons i.e. required spare parts, jigs & fixtures, tools, plant & machinery, testing equipment and line maintenance facilities which resulted in duplication of 158 coaches and 200 wagons already repaired under Special Repair of 800 Coaches & 2,000 Bogie Wagons project completed on 30.06.2020. Furthermore, two years completion period of the project was set without considering capacity of CFI and C&W Shop, Mughalpura which resulted in delay of project.

C. Scope and cost of “Improvement of Terminal Facilities and Enhancing Security Arrangement in MYP” was drastically changed just after 06 months of approval dated 31.05.2021 at the cost of Rs 1,941.77 million. Cost of electrical works raised to Rs 1,968.00 million against the provision in PC-I Rs 257.61 million which was even above the total cost of PC-I. Location of installation of weighbridge at cost of Rs 5.44 million was not decided till 30.08.2023 and it was suggested by DS, Karachi to install the weighbridge at Karachi, Cantt. instead of MYP because there were already three weighbridges in vicinity of MYP. Last but not the least, procurement of T&P/Machinery Spares for C&W Shop, MYP at the cost Rs 32.00 million could not get mature thrice due to faulty specifications.

The matter was taken up with the management in October 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC took serious view of such practices. DAC directed that the management should ensure that course corrective measures are put in place to avoid recurrence of such practices in future. The comprehensive response along with the course corrective measures should be submitted to audit within one month. Compliance of DAC directives was awaited.

Audit recommends that the matter may be probed to fix responsibility of preparation of faulty PC-Is. Detail of spare parts, nomenclature of rolling stock, types of items to be procured be incorporated at time of preparation of PC-I along with achievable project timelines.

Observation-8

Fudge payments to contractors - Rs 99.46 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 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, it was observed that management of RFD flood damges-2010 made fraudulent payment to three contractors without execution of works (**Annexure-35*)***. Following irregularities were observed:

A. Two works of special repair to track embankment on KHB-KDA & SRQ-KDA sections (RWP Division) were awarded to M/s Great Ali Builders on 14.03.2016 with face value of Rs 3,186,000 and completion period of four months each. DS/Rawalpindi intimated the PD/RFD on 10.03.2017 that contractor had delayed the commencement of works. Management of RFD project made payment of Rs 2,807,397 to contractor through running bills by mentioning the commencement dates as 11.03.2017 and 15.02.2017 fraudulently.

B. Similarly, two works of recoupment of short embankment on KDA-ATCY section (PSC Division) were also awarded to M/s Great Ali Builders on 02.02.2016 with face value of Rs 2,068,074 and completion period of three months each. An excess payment of Rs 500,572 was made to contractor through running bills dated 24.02.2017 by recording excess/bogus quantities. Another excess payment of Rs 667,888 was made to contractor against 2nd work through running bill by recording the excess/bogus quantity.

C. Another fraudulent excess payment of Rs 19.51 million was made to M/s Manj Brothers without execution of special repair to side and catch water drain work in Peshawar Division. The excess payment was observed through variation between the work done and payment made by the then RFD officers/officials vide CC-VI dated 01.03.2017 and FCC-VII dated 24.04.2017 by recording bogus entries on MB and bills.

D. Further, another excess payment of Rs 75.98 million was also made by RFD management to a contractor without supply of 1,184,750 Cft ballast during 2016-17. The excess payment was made by recording bogus entries on MB and payment bills.

The matter was taken up with the management in October 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC took serious view of such practices. DAC directed that Railway administration (CEO, AGMs, POs and Project Management Team) should ensure that such practices are avoided in future. The internal controls need to strengthen in addition to putting in place in effective monitoring evaluation system. A compliance report to this effect should be submitted within one month to audit. Compliance of DAC directives was awaited.

Audit recommends that recovery of outstanding amount to contractors without execution works and supply of remaining quantity of ballast be expedited. Internal control be strengthened to avoid recurrence under intimation to Audit.

Observation-9

Initiation of project without feasibility studies

As per Planning Commission letter dated 14th January, 2011, it is mandatory that for projects of infrastructure sector and production sector cost Rs 300 million and above, proper feasibility studies should be undertaken and submitted to P&D Division along with PC-I". Further, as per enhanced limit for proper feasibility study/PC-II dated 19th November, 2015, all infrastructure projects cost Rs 500 million or above (including projects with infrastructure components) should be based on proper feasibility study/PC-II to include, at least, reference design and bill of quantity etc. In case of project costing less than Rs 500 million it should be based on in –house feasibility study. Furthermore, para 2.8 of Manual for Development Projects-2021 provides that the requirement of PC-II shall be mandatory for infrastructure projects, each costing Rs 500 million or above, and all other projects where the infrastructure component is equal to or more than 30 percent of the total project cost.

During audit, it was observed that PR initiated 45 PSDP projects without feasibility studies which caused serious issues during execution. For instance, PSDP project of "Reconstruction of Assets Damaged during the Floods 2010" was initiated without conducting proper technical and financial feasibility study. Consequently, frequent changes in scope had caused the time overrun up to 10 years. The original PC-I of the project was approved by ECNEC on 29.07.2011 at a cost of Rs 6,365.24 million including FEC Rs 1,785.26 million. The original gestation period of the project was 24 months. The project was commenced on 01.07.2012 with a delay of one year. Despite lapse of 10 years, the management of project could not complete the project. Furthermore, cost of the project had been increased to Rs 9,597.02 million and PC-I of project had also been revised twice due to changes in scope of work and cost. This indicated that the project was initiated without technical and financial feasibility and PC-I of the project was not carefully drafted which resulted in frequent revision of scope and had cost overrun of Rs 3,231.78 million with time overrun of 10 years. Thus, the management failed to effectively utilize the PSDP portfolio (**Annexure-36)**.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC directed that Railway administration should fully comply with Planning Commission guidelines with regard to the feasibility studies which is a mandatory requirement for infrastructure projects costing Rs 500 million and above. A compliance report should be submitted to audit within one month. Compliance of DAC directives was awaited.

Audit recommends that the matter may be probed to fix responsibility for not conducting proper feasibility studies, for inordinate delay in implementation and change in scope of the project.

Observation-10

Indefinite scope of project- Rs 1,970.00 million

Para 2.45 of Manual for Development Projects-2021 provides that the scope of the project must be clearly mentioned. While presenting it, the sponsors should indicate in quantitative terms, the proposed facilities and services, which would result from its implementation. In addition, the project sponsor should provide information on: (i) Demand for project output, with its basis. (ii) Existing position regarding capacity and actual supply of output. (iii) The gap that the project is going to fill between supply and demand.

During audit, it was observed that DDWP approved PC-II of "Umbrella PC-II for Feasibility Studies and Transaction Advisory Services" on 02.04.2020 at the cost of Rs 1,970.00 million with gestation period of 36 months i.e. 30.06.2023. The main objective of the project was to conduct, feasibility and transaction advisory studies, mainly to operationalize the Public Private Partnership Mode (PPP) projects. Audit observed following deficiencies during review of PC-II:

A. Para 3.1 of PC-II provides that, "as and when the need of carrying out any study arises, a detailed PC-II will be prepared and same will be charged to this Project, instead of adding a specific project in PSDP portfolio". This indicated that project was initiated with indefinite scope of work. Gestation period of the project was fixed 36 months as formality for approval of the project, practically scope of the project was not possible to achieve within the timeline of the project. All studies were required to be completed up to June 2023, whereas, only 1 out of 26 study was completed up to June 2023. The above state of affairs indicated poor project management on the part of concerned Project Director (PD) and poor monitoring & evaluation on part of Directorate of Project Planning and Monitoring & Evaluation, Ministry of Railways.

B. No cost bifurcation and detailed nomenclature of 15 consulting services for specialized assignments were available in PC-II. Therefore, inclusion of Rs 1,338.00 million without detailed cost estimation against these studies were subjective and without any justification.

C. Six transaction advisory services and two feasibility studies were assigned to PRFTC by MOR and an expenditure of Rs 4.41 million was incurred on these studies. Afterward, on 07.10.2021, MOR directed to cancel these immature studies on 07.10.2021 and decided to include these studies in PC-II of umbrella project. Cancellation of immature studies resulted into loss of Rs 4.41 million to public exchequer.

D. Feasibility study and transaction advisory services for the development, operation and maintenance of KCR as modern unban Railway under PPP Mode was completed at cost of Rs 190.00 million but no project under PPP mode for development, operation and maintenance of KCR was initiated.

The matter was taken up with the management in October 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC directed the PO (CEN/S&C) should give a comprehensive reply with regard to effective implementation of the Umbrella PC-II relating to financing window for project feasibilities within one week. Compliance of DAC directives was awaited.

Audit recommends that the matter may be probed to fix responsibility for preparation of defective PC-II. PC-II should be should be prepared with due diligence based on definite scope.

Observation-11

Over dependency on original equipment manufacturers

Pakistan Railways executed eight contract agreements under PSDP projects with different rolling stock manufacturers for procurement of rolling stock along with Transfer of Technology. The manufacturers were required to provide Drawings, Manuals, Instruction Books and As-made Tracings under the clauses 29, 33, 16, 7.7 and 22 of the contract agreements. Further, as per contracts agreements between Pakistan Railways and General Electric Company (M/s Webtec) for procurement of 75 locomotives, the manufacturer was required to provide structural diagrams of locomotives necessary for maintenance and repair of locomotives in case of accidents.

During audit, it was observed that Pakistan Railways executed 5 PSDP projects of procurement/manufacture of rolling stock on CBU and CKD basis along with ToT during last decade. However, PR failed to obtain drawings, instruction books and as-made Tracings of rolling stock from manufacturers.

PSDP projects involving ToT

(Rs in million)

SN	Name of project	Cost	Gestation
1	Procurement of 58 Locomotives	19,406.61	2012-2017
2	Procurement of 75 Locomotives	45,496.00	2020-2023
3	Procurement of 585 Hopper Wagons and 20 Bogie Brake Vans for Coal Transportation	5,861.00	2015-2018
4	Procurement of 780 High Capacity Bogie Wagons and 20 Bogie Brake Vans for Coal Transportation	8,863.00	2015-2018
5	Procurement of 820 High Capacity Bogie Freight Wagons and 230 Passenger Coaches	31,194.00	2017 to June 2023 (on-going)
Total		**110,820.61**	-

Source: Ministry of Railways

ToT was included in contract agreements but no financial value was conditioned with successful ToT. Manufactures delivered the rolling stock but refused to provide drawings, manuals, instruction books and as-made tracings. Subsequently, a loco No 9021 out of 75 D.E. Locos met an accident on 13.05.2017 at Bholari-Kotri (Karachi Division) and the same was held up for want of repairs. The said locomotive was included in PC-I of Re-commissioning of 5 Accidental Locomotives which was approved by CDWP in its meeting held on 3rd-9th June, 2020 with an implementation period of 24 months at a cost of Rs 1,582.29 million. Estimated cost to re-commissioning of loco No 9021 was Rs 627.16 million in original PC-I.

1st tender No.DP/9021/2020 for re-commissioning the said loco was floated on 05.01.2021. M/s Webtec (OEM) submitted the bid but tender could not be finalized due to faulty technical tender specifications because Railway did not have drawings and maintenance manuals of 75 DE locomotives. 2nd tender No.DP/9021/2022 was floated again on 30.07.2022 but M/s Webtec did not submit the bid and informed the Railway management that their engineering department was exploring different options to re-commission the loco No. 9021 and until then, they could not participate in tender. Railway did not have any other option for repair of said locomotive and other 74 locomotives. Railway management re-estimated the repair cost of above locomotive which comes to Rs 1,122 million.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC directed the PO (CME/Loco and CME/C&W) should give a comprehensive reply specific for each project with regard to the definition/scope of TOT, TOT received, TOT balance, reasons for any non-receipt of TOT within one week. The Railway administration should also put in place mechanism where the entire TOT, as per the PC-I and contract provisions, be transferred in a timely manner. A compliance report should be submitted to audit within two weeks. Compliance of DAC directives was awaited.

Audit recommends that the matter be probe to fix the responsibility for non-transfer of technology and strenuous efforts be made to obtain Drawings, Manuals, Instruction Books and As-made Tracings of rolling stock. R&D wing may be developed for manufacturing, overhauling and maintenance of rolling stock.

Observation-12

Non-execution of track rehabilitation works and non-recovery of cost of released material and advance payment – Rs 811.46 million

Clause 70.1 of standard form of bidding documents (civil works) of Pakistan Engineering Council (PEC) provides that amounts payable to the contractor, pursuant to sub-clause 60.1, shall be adjusted in respect of the rise or fall in the cost of labour, materials, and other inputs to the works, by applying to such amount the formula prescribed in this sub-clause.

During audit, it was observed that three contracts were awarded to a contractor at cost of Rs 12,396.02 million on 19.03.2021 for track rehabilitation at 3 different locations i.e. between (i) Sama Satta-Bahawalnagar on Sama Satta-Amruka Section (183Kms), (ii) Baruli-Sohan Bridge on Kundian-Attock City Section and (iii) Rehmani Nagar-Bakrani Road on Dadu-Habib Kot Section. Contractor commenced work in Sama Satta-Amruka Section and dismantled the existing track of 126 km and did not commence work on other two sections. The contractor lifted the released material valuing Rs 775.38 million but stopped work w.e.f 21.02.2023. The contractor requested the Railway management to allow price escalation as it was not possible to execute the works unless contract price escalation was allowed. The request of contractor was not entertained. Consequently, after lapse of more than 30 months, Railway management failed to get the work done from contractor and affect recovery of released material and mobilization advance amounting to Rs 811.46 million. This resulted in non-execution of track rehabilitation work and non-recovery of cost of released material and mobilization advance Rs 811.46 million to the negligence of Railway management (**Annexure-37**).

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC directed the PO (CEN/Open Line) to submit comprehensive reply within one week. DAC also directed that the Railway administration should make price adjustment provisions in all the new infrastructure projects to avoid recurrence of such practices. Compliance to this effect should be submitted to Audit within two months. Compliance of DAC directives was awaited.

Audit recommends that the matter may be resolved with the contractor to complete the track rehabilitation work without further delay. Internal controls regarding contract management be improved to avoid recurrence.

Observation-13

Time over-run in PSDP projects

Para 2.57 of Manual for Development Projects provides that time calculated for completion of the project must be realistic. Factors like total allocation made in the Five-Year Plan, expected allocations in the PSDP, keeping in view past experience, time to be taken in preparing the detailed design(s), the invitation of tenders, and award of contract(s), availability of land, human resource, material/supplies, topography, accessibility to transportation network and risk management plan should be ensured forthwith. Further, para 2.55 states that the financial phasing of a project is to be given for each fiscal year, related to the physical work proposed to be undertaken, keeping in view the implementation of similar projects in the past. It should be as realistic as far as possible. The fund’s utilization capacity of the executing agency must be kept in view while determining the financial phasing of the project.

During audit, comparative analysis of PSDP Projects’ implementation was carried out with respect of time of implementation specified in original PC-I and actual time of implementation for each project.

Implementation timeline of projects (2013-14 to 2022-23)

Time overrun in Years	No. of Completed Projects	No. of On-going Projects	Total Projects
1-5	26	17	38
6-10	9	2	11
11-15	3	1	04
Total	**38**	**20**	**58**
No time over run	8	9	17
Grand Total	**46**	**29**	**75**
77 % (58/75*100)			

The analysis revealed that 38 out of 46 completed projects and 20 out of 29 on-going projects were delayed from their original implementation periods as stipulated in PC-Is. 26 completed and 17 on-going projects were delayed up to 5 years. 9 completed and 2 on-going project were delayed from 6 to 10 years, and 3 completed and 1 on-going projects were delayed from 11 to 15 years. However, only 8 projects were completed within their original gestation period. Delay in completion period in almost all projects indicated that PC-Is were not prepared with due diligence, financial and physical phasing were not prepared keeping in view the funds availability and PR capacity to utilize the funds. Financial phasing of a project was prepared on the basis of physical work proposed to be undertaken, without keeping in view the implementation problems in similar projects executed in the past. Delay in completion period resulted in cost overrun in various projects and non-achievement of planned objectives within the projects gestation period **(Annexure-38 & 39)**.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC directed the POs (DG/Planning & CPPO), to submit a comprehensive reply covering detailed factual analysis of project management in the context of Pakistan Railways within two weeks. The response should also highlight course corrective measures. Compliance of DAC directives was awaited.

Audit recommends that the matter may be probed to fix responsibility against PDs and other concerned officers for delay in implementation period. PC-I should be prepared with due diligence and financial and physical phases may be prepared keeping in view the funds availability and PR capacity to execute new projects. Independent PDs be appointed in projects costing Rs 3,000 million and above.

Observation-14

Non-appointment of dedicated and independent PDs

Guidelines for Appointment of Independent Project Director in Development Projects provide that Project Director is a focal person in project implementation, responsible for project execution in accordance with its objectives, work scope, cost, and implementation schedule. Further, appointment of an Independent Project Director is mandatory for projects costing Rs 3,000 million and above. Project Director should not be transferred during currency of the project.

During audit, it was observed that frequent posting and transfers of Project Directors (PDs) were made up to 19 times in a single project. 267 PDs were posted in 46 completed projects and 175 PDs were posted in 29 on-going projects during their execution in contravention to above guidelines. Analysis of posting/transfer of PDs versus cost and time over runs revealed that frequent transfer of PDs had positive correlation with project cost overrun and time overrun. Higher the number of PDs posted, higher the cost and time overruns. Out of 43 completed projects, 21 projects had experienced cost overrun ranging from 39% to 81% and 36 projects had experienced time overrun from 3 to 7 years. As far as ongoing projects were concerned, 5 projects had experienced average cost overrun from 7% to 262% and 11 projects had experienced average time overrun 2 to 4 years. Frequent transfer of PDs disrupted the continuity and progress of the project activities. Newly posted PDs had taken time to understand project's objectives, scope, and ongoing activities which resulted in delay in completion period and increase in project cost **(Annexure-40 & 41)**.

Impact of transfers of project directors

Status of Projects	No of Projects	No of PDs Posted	Projects with Cost overrun	Average of Cost Overrun in %age	Projects with Time over run	Average of Time over run in years
Completed (46)	25	2-5	11	39%	20	3
	12	6-10	6	44%	11	6
	6	11-15	4	81%	5	7
Total	43	-	21	-	36	-
On-going (29)	10	2-5	1	7%	2	2
	13	6-10	4	262%	9	4
Total	**23**	**-**	**5**	**-**	**11**	**-**
267 PDs were posted in 46 completed projects and 175 PDs were posted in 29 on-going projects (average 6 PDs were posted in one project)						

Further, Railway management initiated 24 projects each costing Rs 3,000 million and above but independent PDs were not appointed which was mandatory as per guideline of Planning Commission. Frequent transfer posting of PDs induces diffusion of responsibility and lack of ownership in delivering stated objectives, simultaneously, absolving individual officers from the consequences of success and failure.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC directed the POs (DG/Planning & CPPO), should submit a comprehensive reply within two weeks recommending course corrective measures. Compliance of DAC directives was awaited.

Audit recommends that the matter may be looked into and SOP be issued in line with the guidelines of Planning Commission, regarding non-transfer of PD during currency of the project and appointment of an Independent Project Director for projects costing Rs 3,000 million and above.

Observation-15

Closing of projects with left over scope of work – Rs 12,285.81 million

Para 2.45 of Manual for Development Projects-2021 provides that the sponsoring agency should ensure that the project scope includes only the project requirements necessary to achieve the envisaged objective. Further, as per Para 6.12 checklists for project closure (item No. 16) state that whether project has been implemented as per approved cost, scope and time is indicated. In case of variation, reasons are provided.

During audit, it was observed that Railway management executed 15 PSDP projects with an estimated cost of Rs 44,056.40 million but these projects were closed with left over/reduced scope of works. Out of 15 projects, 9 were closed with cost overrun 3% to 196% and time overruns 1 to 10 years. While other 6 projects were closed with un-utilized funds ranging from 3% to 45% and time overrun ranging from 2 to 13 years **(Annexure-42)**.

Closure of projects with leftover scope

(Rs in million)

SN	Project Name	Approved Cost	Expenditure	Cost Overrun in percentage	Time over run in Years	Left over scope of works
1	Rehabilitation of 159 bridges	412	471.38	14%	6	61 bridges were not rehabilitated valuing Rs 293.40 million (38% of 159)
2	Acquisition of land for Railway Container yard (412 Acres)	449.94	1,332.07	196%	10	49 acres land, 400 No. Erection of boundary stones, 1 Rest house and 700 Rft boundary wall not executed valuing Rs 201.60 million (45 % of original cost)
3	Up-gradation of Railway stations to attract Sikh Tourism	659.95	994.82	51%	4	Firefighting arrangements, development of public park, turntable, foot over bridge,

						construction of staff quarters, and installation of CCTV cameras not executed Valuing Rs 124.58 million (19% of original cost)
4	Mechanization of Track Maintenance (440)	4,055.40	4,157.53	3%	5	Procurement of 253 machines, improvement of 2 track workshop Staff capacity building not executed (58% of 440).
5	Up-gradation of major Railway Station	846.00	1,018.17	20%	5	Work of Business Center at Gujranwala, rehabilitation of Rohri, Hyderabad and Quetta Stations not executed valuing Rs 332.20 million (39% of original cost)

Reasons for left over scope and cost of works were not mentioned against any project in PC-IV in contravention to Manual of Development Projects. Closure of projects with left over scope of works even with cost overrun up to 196% and time overrun up to 13 years indicated inefficiency and incapacity of Railway management to execute projects and utilize PSDP portfolio effectively. Further, closure of projects with left over scope of works also indicated poor determination of scope of work at planning stage and lack of monitoring and evaluation at execution and completion stages.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC directed the POs (DG/Planning & CPPO) to submit a comprehensive reply covering detailed factorial analysis of project management in the context of Pakistan Railways within two weeks. The response should also highlight course corrective measures. Compliance of DAC directives was awaited.

Audit recommends that the matter may be probed to fix responsibility for closure of projects with left over scope of works and drawl of PC-IV without mentioning the reasons for left over scope of works. Internal controls be improved to avoid recurrence.

Observation-16

Inordinate delay in submission of PC-IV and non-preparation of PC-V

Manual of Development Project-2021 provides that the financial closure should be achieved within six months of the operational closure. At the project closure, submission of the PC-IV to the Planning Commission by the sponsoring agency is mandatory without any exception. Further, section 18 of PFM Act, 2019 provide that sponsor shall be responsible to submit annual report on operation and maintenance, outcome, and impact of projects on PC-V format for five consecutive years to Planning Commission for review of impact evaluation.

During audit, it was observed that 46 projects were completed by Pakistan Railways during the period from 2013-14 to 2022-23. PC-IVs of these projects were required to be submitted to Planning Commission at time of completion/closure. PC-IVs of 23 projects were submitted with extraordinarily delay. Further, quality of most of PC-IVs was poor as required information was missing e.g. NPV analysis, issues faced during implementation, lesson learnt, and date of operational and financial closure **(Annexure-43)**.

Submission of PC-IVs (2013-14 to 2022-2023)

SN	No. of Projects	Delay in Years
1	4	1
2	6	2
3	3	3
4	4	4
5	3	5
6	3	6
Total Projects	**23**	**-**

Financial data of 43 projects was not vetted by Account Office. Three projects (detailed below) were not financially closed at the time of submission of PC-IV in contravention of the Guidelines of Planning Commission of Pakistan.

Financially not closed projects

SN	Project Title	Financial liability
1	Procurement of 58 DE locomotives (2012-2017)	Excess payment of $ 181,129 (encashment of contractor's guarantee)
2	Replacement of Three Break Down/Rescue Cranes and Five Sets of Relief train Equipment (2011-2014)	Liability to the tune of Rs 6.90 million was pending at time of drawl of PC-IV
3	Rehabilitation, Up gradation & Conversion of 400 Coaches (2006-2016)	Conversion of 9 Coaches was pending due to non-clearance of liability Rs 21.60 million of the contractor.

Source: PC-IV of the projects

Upon completion, projects were required to be assessed in terms of its deliverables, performance, efficiency and effectiveness for which PC-Vs were required to be drawn, evaluated and submitted to the Planning Commission on an annual basis, by the 31st of July of each year, for five consecutive years. However, 132 PC-Vs against 46 competed projects were neither drawn nor submitted to Planning Commission by Railway management. This state of affairs indicated slackness and negligence on the part of management which resulted in non-drawl/non-submission of PC-IV & PC-V, non-evaluation of targets versus achievements, timelines and lesson learnt and non-assessment of impact of projects.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC directed the POs (DG/Planning & CPPO) to submit a comprehensive reply for implementation of Planning Commission guidelines for preparation of PC-IV & PC-V. DAC further directed that PC-IVs proper appraisal must be carried out by Railway administration. PC-V of at least 05-projects must be prepared as per Planning Commission guidelines and must be submitted in C.F.Y 2023-24. Reply in this context will be submitted within two weeks. Compliance of DAC directives was awaited.

Audit recommends that the matter may be probed to fix responsibility for delay in submission of PC-IVs and non-submission of PC-V. Quality of PC-IV be improved by complying the guidelines of Planning Commission. Monitoring and Evaluation wing be strengthened for effective Monitoring and Evaluation of PSDP portfolio.

Observation-17

Shifting of routine repair & maintenance of rolling stock towards PSDP -Rs 22,501.78 million

Para 2 (b) of Annexure-4 (sectoral classification of development expenditure) of Appendix-B of Manual for Development Projects-2021 provides that expenditure in respect of transport, communication, irrigation, power, banking, insurance, etc. all such expenditure will be included as is required for the replacement or expansion of existing capacity or for the creation of new physical capacity should be treated as developmental expenditure. Further, Planning Commission directed MOR in September, 2020 that since repair and maintenance is a permanent feature and run on sustainable basis, therefore such activities may be shifted on recurring side of the budget of the MoR.

During audit, it was observed that Railway management included 5 non-development projects of special repair of rolling stocks at the estimated cost of Rs 22,501.78 million in development portfolio. Out of 5 projects, 3 were related to repair of locomotives and 2 were related to repair of coaches and wagons.

PSDP projects related to special repair

(Rs in million)

SN	Name of Project	Date of Approval	Cost	Expenditure	Status
1	SR 150 D.E. Locomotives	16.08.2012	5,005.03	5,512.70	Completed 2015-16
2	SR 100 DE Locomotives	04.12.2014	4,966.75	5,402.26	Completed 2019-20

SN	Name of Project	Date of Approval	Cost	Expenditure	Status
3	SR 100 DE Locomotives	09.12.2019	8,000.00	3,869.50	On-going June-2023
4	SR 800 Coaches and 2,000 Wagons	12.12.2014	1,810.00	2,660.73	Completed 2019-20
5	SR 600 Coaches and 1,200 Wagons	09.12.2019	2,720.00	2,439.06	On-going June-2023
Total			**22,501.78**	**19,884.25**	-

Source PC-Is,PC-IVs and progress reports

The objective of inclusion of these projects in PSDP portfolio was to carryout special repair of rolling stock which was long overdue. The incurring of expenditure on deferred routine maintenance of rolling stock through PSDP portfolio rather than replacement or expansion of existing capacity should not be treated as developmental expenditure. Audit is of the view that the expenditure on the ordinary maintenance and running of existing facilities cannot be treated as developmental expenditure and development budget should not be utilized for routine repair and maintenance of rolling stock.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC directed that the POs (DG/Planning & CPPO) to submit a comprehensive reply covering detailed sectoral analysis of project management in the context of Pakistan Railways within two weeks. The response should also highlight course corrective measures. Compliance of DAC directives was awaited.

Audit recommends that the matter may be probed to fix responsibility for inclusion of routine repair and maintenance works in PSDP portfolio. Internal controls regarding utilization of PSDP funds be improved.

Observation-18

Poor quality of repair and maintenance works due to non-conducting of 3rd Party evaluation –Rs 22,510.78 million

During Review of PSDP 2019-20, in September, 2020, to ensure quality standard, Planning Commission directed to the MOR that 3rd party evaluation be ensured in "Special Repair of 100 DE Locomotives (new)" and "Special Repair of 600 Passenger Coaches and 1,200 Bogie Wagons projects".

During audit, it was observed that Pakistan Railways executed 5 PSDP projects for special repair of rolling stock without 3rd party evaluation. Consequently, poor quality of repair and maintenance works were executed in 3 PSDP projects due to absence of 3rd party evaluation. The 1st instance was evident in PSDP project of SR 100 D.E locomotives (approved by ECNEC on 04.12.2014 at the cost of Rs 4,967 million) completed in June 2020, whereby, 90 locomotives were turned out after special repair in CDL shops Rawalpindi and Diesel shops KC from September 2016 to April 2019 but 33 out of 90 locomotives were sent back to the shops again and again for different nominated repairs before completing expected life span. The 2nd instance of poor quality of repair works was observed in two projects of special repair of coaches and wagons. 158 coaches and 200 wagons were again repaired under the project of "Special Repair of 600 Passenger Coaches and 1,200 Bogie Wagons" approved on 09.12.2019, which were already repaired under another project of "Special Repair of 800 Coaches and 2,000 wagons" completed on 30.06.2020 at cost of Rs 2,060.73 million. No justification of duplication of 158 coaches and 200 wagons was available in PC-I of the two projects. Further, 33 coaches turned out during the period from January 2021 to April 2023 were again detached for want of repairs as per report of failure of coaches & wagons dated 05.09.2023 **(Annexure-44)**.

PSDP projects with poor quality of works

(Rs in million)

SN	Project	Cost	Status	Remarks
1	Special Repair of 150 Nos D. E. Locomotives	5,005.03	Completed	-
2	Special Repair of 600 Passenger Coaches and 1,200 Bogie Wagons	2,720.00	In progress	540 Coaches & 689 Wagons were turned out without 3rd party evaluation up to 30.06.2023
3	Special Repair to 100 DE Locomotives	4,966.75	Completed	-
4	Special Repair to 800 Coaches and 2,000 Wagons	1,810.00	Completed	-
5	Special repair of 100 Nos D.E locomotives for improving the reliability/availability of running locomotives	8,000.00	In progress	30 locos were turned out without 3rd Party evaluation up to 30.06.2023
Total		**22,501.78**	**-**	**-**

The above state of affairs indicated that repair standards for rolling stocks were not followed and rolling stock was turned out without 3rd Party evaluation in contravention to directives of planning commission which resulted in incurrence of extra expenditure on repeated repairs of same rolling stock along with loss of potential earnings.

The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 26th and 27th December, 2023. DAC directed that the POs (CME/Loco and CME/C&W), should give a comprehensive reply specifically for each project with regard to duplications of investments in each rolling stock and quality of workmanship in terms of loco/wagon/coach-KM/Per failure, identify gaps if any and course corrective measures within two weeks. A compliance report should be submitted to audit within two weeks. Compliance of DAC directives was awaited.

Audit recommends that the matter may be probed to fix responsibility of poor quality of repair and non-conducting of 3rd party evaluation. Independent quality review procedure for SR of rolling Stock may be devised and implemented as recommended by Planning Commission of Pakistan under intimation to Audit.

3.9 Departmental Responses

The observations were discussed with the Director General Planning, Ministry of Railways, Islamabad in exit meeting on 6.10.2023. The Report was issued to the Secretary/Chairman, Railways on 13.11.2023. The report was discussed in DAC meetings dated 12th, 20th, 26th and 27th December, 2023. The analysis of report was discussed in detail and DAC directives and management responses had been incorporated in relevant observations.

3.10. Recommendations

Based on the critical review and significant audit observations, audit recommendations are as under:

1. Strategic Investment Plan be formulated and executed considering future demand of rolling stock, required infrastructure, passengers and freight traffic to make the Railway financially viable organization.
2. Project management be improved in the area of financial management and result based monitoring & evaluation be ensured for effective and efficient utilization of PSDP funds. Regular surrenders of allocated funds and lapses of released funds be avoided.
3. Overarching issues over the PSDP landscape be fixed by improved project management practices for effective utilization of PSDP portfolio.
4. Close monitoring of mega projects from the planning to completion stage to avoid change in scope, inordinate delays, cost overruns and contract management.

5. PC-I of the project should be prepared with due diligence in area of scope, procurement planning & bidding document preparation, closure of project with complete scope and transfer of technology.
6. Financial and physical phasing of project should be prepared keeping in view the funds utilization and projects execution capacity.
7. R&D wing may be developed for manufacturing, overhauling and maintenance of rolling stock and to discourage the monopoly of OEMs.
8. Project execution should be within defined timelines and estimated cost to harness the envisaged benefits of projects. Timely submission of PC-V & IV to ensure effective impact assessment of project in respect of deliverables.
9. Utilization of PSDP funds for revenue works be avoided.
10. Appointment, posting and transfer of PDs should be in accordance to Project Management Guidelines.

3.11. Conclusion

Pakistan Railways was required to formulate and implement clearly designed Strategic Investment Plan to balance the PSDP sectoral investments. Public sector development program in Pakistan Railways remained concentrated on two sectors of rolling stock and infrastructure with significant intra sector variations whereby investments were skewed towards import oriented subsectors, thereby, failing to achieve sustainable tangible outcomes. Rolling stock projects relied heavily on imported parts while not focusing on revival of existing PR mechanical production industry. Planning, although being the launch pad for success or failure, received least attention in PSDP allocation and expenditure. Absence of independent feasibility studies, vague scope definitions based on unrealistic cost estimates and planning predominantly divorced of investment plans resulted into frequent scope revisions, time and cost over runs and project closures with leftover scopes. While internal controls for barring inefficient practices remained strictly advisory and recommendatory. Economical projects were transformed into un-economical projects due to ineffective and inefficient management practices. Responsibility for outcomes was diffused by frequent transfer/postings of project heads during execution period of projects. Infrastructure development portfolio had a piecemeal rather than gestalt approach towards improving track length and conditions. In nutshell, investment of Rs 206.70 billion resulted into availability of lesser number of locomotives, decreased speed limits and shortened track length. PR had increased losses and consequent bailouts rose by 40 per cent in lieu of Federal Government subsidies over last decade. Conclusively, PSDP had largely remained ineffective in mitigating risks surrounding PR as going concern in long term.

CHAPTER 4

IMPACT AUDIT

UP-GRADATION/ RENOVATION OF MAJOR RAILWAY STATIONS

TABLE OF CONTENTS

4. Impact Audit of PSDP Project for up-gradation/renovation of Major Railway Stations

4.1 Introduction

Pakistan Railways witnessed increase in passenger traffic during 2014-15 as a result of focused business promotion policy of the Government. A considerable increase in passenger volume and corresponding revenue earnings was recorded as 5.70 million and 40% respectively in 2014-15 as compared to previous financial year 2013-14. The increasing demand of public for Railway as preferred mode of transportation necessitated substantial improvement in the existing infrastructure of railway stations which lacked basic passenger amenities and were built to cater very thin number of passengers as compared to present strength.[52]

4.1.1 Background

It was decided in a meeting on Railway affairs chaired by the Prime Minister of Pakistan on 3rd April, 2014 that four major Railway stations at each provincial capital city including Quetta, Karachi, Lahore and Peshawar should be up-graded/renovated as model stations. Later on followed by CDWP meeting held on March 31, 2015, it was discussed to upgrade/renovate five major railway stations as pilot project and take up other major stations after successful completion of the said project. Subsequently, in another meeting of the CDWP dated April 16, 2015, PR proposed up-gradation/renovation of 23 Railway stations, however, the proposal was not acceded to by the Planning Commission of Pakistan and finally, PC-I for up-gradation/renovation of 11 major Railway stations, was approved by the CDWP. As per original PC-I, the project was planned to be commenced in July 2015 and completed by September 2016. However, after revision of PC-I, it was actually commenced in June 2016 and completed in June 2021 with cost and scope of work quite different

[52] PC-I, Up-gradation/renovation of major railway stations

than what was envisioned in original PC-I. The project completion report (PC-IV) was drawn on 31.05.2021.

4.1.2 Role of the project

The basic role of this project was up-gradation/renovation of major railway stations infrastructure for improved passenger amenities and development of these stations as commercial hubs of the cities to generate revenue and shorten the span of payback period of the project. The Project had two components of infrastructure development; up-gradation and renovation, which differed in scope in a way that up-gradation involved complete demolition and re-building of structure while renovation involved provision of missing facilities in already existing station buildings and beautification. Project scope was defined on the basis of condition survey conducted by professional consultant firms and included details of missing facilities like lack of availability of clean drinking water, inadequate shelter for passengers, absence of waiting lounges, shorter than needed platform lengths, absence and poor condition of toilets, absence of ramps for disable and elderly passengers, improper lightening arrangements, mal-functional sewerage systems, non-existent/ dysfunctional public address system, absence of dedicated electric transformers and power back-up arrangements, poor security arrangements without CCTV cameras, non-installation of firefighting and alarm systems and shabby condition of circulating areas leading to railway stations. The project role was limited to provide these missing amenities and develop railway stations included therein as commercial hubs while preserving the heritage and architecture of the area.

4.2 Overview

The major objectives of the project were as under:

1. Substantial increase in station traffic and ridership
2. Revenue generation through commercial development of station buildings to achieve operational sustainability
3. Provision of improved and modern day facilities/amenities to passengers, general public and employees

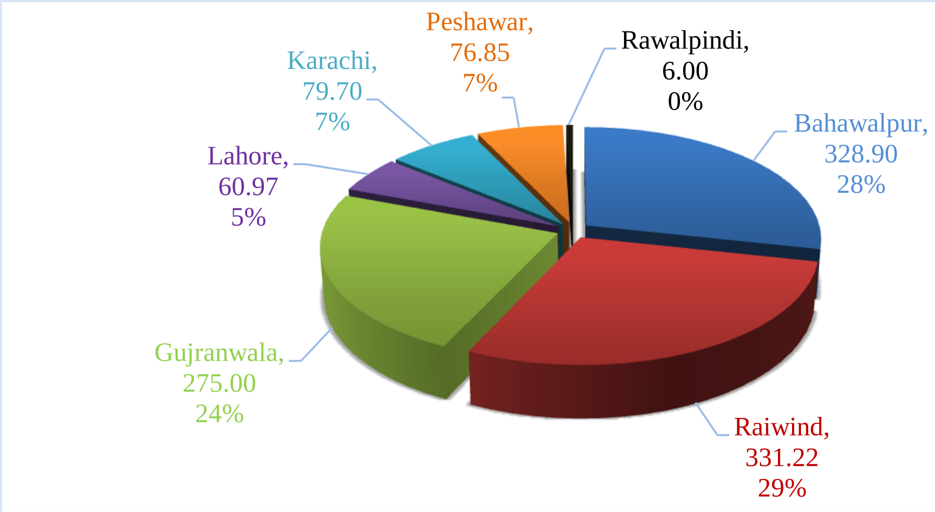
4. Construction of resilient structures with a service period of over 50 years

The project involved up-gradation/renovation of eleven railway stations with a total cost of Rs 1,158.74 million. It was intended to provide state of the art passenger amenities including fully furnished ladies & gents waiting lounges with attached toilets and washrooms, high level new passenger platforms with extended length, new platform shelters, lavatories and toilets for workers and employees, provision of clean drinking water for passengers & employees, construction of ramps for easy and unhindered access of the station and platform for the disabled and physically challenged people. The project also included structural developments like installation of new transformers for efficient electric supply and provision of back-up in case of power failure, provision for public address system and installation of CCTV cameras for security surveillance, provision of fire alarm and firefighting system to ensure safety of people and property, construction of new and additional passenger foot-over bridges, new equipment rooms, electric control rooms, generator rooms and Train Dispatch (TD) offices, laying of new water supply and sewerage system including storm water drainage and disposal pumping stations, where required. The intervention also included development and improvement of circulating area, road/pavements, car/vehicles/motorcycles taxi parking lots and proper lighting arrangements for station buildings, platforms, and immediate surrounding areas etc. Following stations were planned to be undertaken in the project:

1. Bahawalpur	2. Raiwind	3. Gujranwala City	4. Gujranwala Main
5. Karachi Cantt.	6. Peshawar	7. Hyderabad	8. Sukkur (Rohri)
9. Lahore	10. Rawalpindi	11. Quetta	

Budget allocations were made only for seven railway stations instead of eleven; following pie chart depicts allocation of budget to various railway stations as well as percentage share in project.

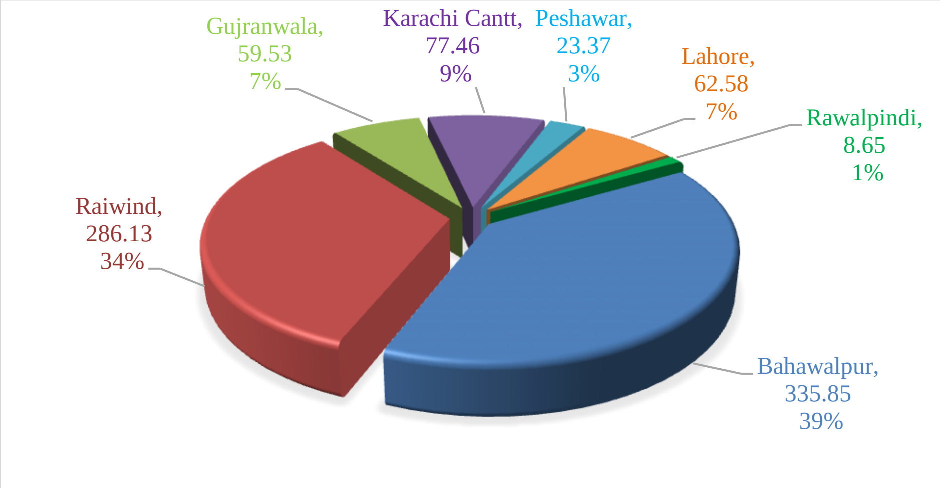
Budget allocation of seven stations (Rs 1,159 million)



Source: PC-I, Up-Gradation/Renovation of major railway stations

As per revised scope, the project envisaged development of three upgraded and modern station buildings at Bahawalpur, Raiwind and Gujranwala with an effective service period of over 50 years which took major share (80%) in budget allocation. The nature of amenities to be provided to the passengers remained unchanged in upgraded station as compared to renovated ones, however, huge difference of expenditure relates to reconstruction of entire station buildings and development of commercial centers containing Shops, Banks, Cinemas, restaurants, and Joy lands etc. Rationale behind manifold budget allocation was the expectation that these stations would generate parallel stream of revenue through commercial activities which will make these station buildings operationally self-sustaining and economically viable. While endeavoring for sustainability, it was also decided that railway land surrounding station building will also be commercially exploited to generate additional revenues and will be a beautifying addition to the city structures. The commercial activities thus initiated will be a source of employment generation for local inhabitants of the city and will add to general well-being of the populace. Thus, it was a multi-stranded model of passenger facilitation, revenue generation, employment creation, beautification, and economic sustainability.

Actual expenditure incurred on seven stations (Rs 853 million)



Source: PC-IV, Up-Gradation/Renovation of major railway stations

4.3 Scope & Methodology

a. Scope

After going through various changes, finally upgradation/ renovation of seven stations were allocated with budget. Of these seven, two stations; Bahawalpur and Raiwind were reconstructed with seventy-three per cent (73%) of the actual project cost, scope of Gujranwala main station was reduced to twenty-one (21%) of the original budget allocation, remaining four stations were allocated with meager budgets even though passenger volume at these four stations was far more than Bahawalpur and Raiwind stations. It is pertinent to mention here that both Bahawalpur and Raiwind were not included in original proposal presented to and approved by Prime Minister of Pakistan.

b. Methodology

The Impact Audit was conducted as per Audit Guidelines of Supreme Audit Institution (SAI) Pakistan. Materiality was given due consideration in audit planning and execution, as Bahawalpur and Raiwind stations consumed more than two thirds of the total budget, focus of audit assignment remained concentrated on these two stations while allocating due share of time and resources to remaining stations included in the project. Another aspect was the scope of intervention, the two stations had undergone complete treatment and while others received partial one, which made the two stations better subjects for excluding related variables affecting the causation. Audit used difference-in-differences approach for gauging the impact of intervention, treatment group (up-graded stations) were compared with control group (stations receiving no intervention) based on vital variables of geographical proximity and passenger volume. Time-series approach was used to draw intra-station comparisons based on passenger volumes in periods of time prior and post to treatment while providing for a reasonable grace period (two years) for intervention to have tangible effects. The impact of intervention was also gauged comprehensively by obtaining input from end users (passengers), surveys were conducted to collect information about status of amenities at treatment group stations and comparisons were made with registered passenger complaints to assess credibility of survey results.

4.4 Findings

4.4.1 Impact on revenue earnings with up-gradation/renovation

Prominent increase in station traffic and ridership was an envisaged objective of the project associated with the construction of upgraded station buildings and provision of modern day amenities to passengers and general public. Railway stations Bahawalpur and Raiwind were upgraded with substantial cost of Rs 621.98 million which was 73% of the total project cost while other five stations were renovated to add passenger amenities to their existing structures. Audit has categorized stations into three categories; those with complete up-gradation, ones with renovation and last are those which have neither been up-graded nor renovated. The comparative analysis was made on the basis of increasing/decreasing passenger numbers as a measure of station performance. Following hypothesis was developed from available data.

Yo: passenger volumes at railway stations without any treatment

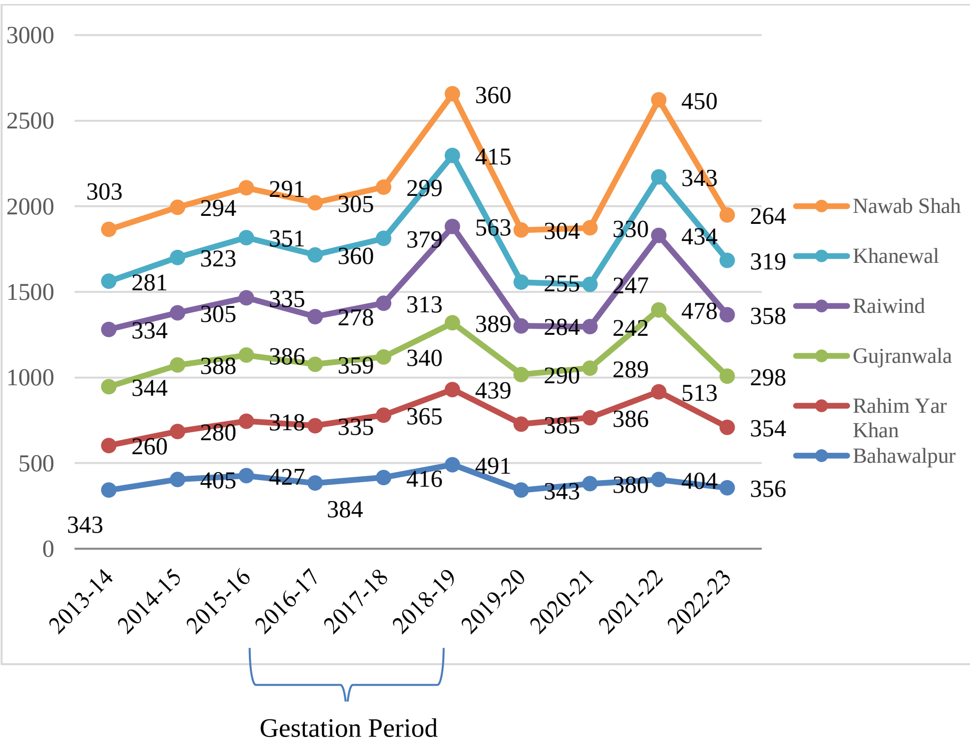
Y1: passenger volumes at railway stations under the project

Six stations were compared on the basis of following parameters:

- Geographical proximity i.e. mainline stations existing on similar geographical regions
- Passenger volume matching
- Number of trains passing through the stations

Bahawalpur and Raiwind having been upgraded, Gujranwala (main) was renovated (Treatment group) and, Rahim Yar Khan, Khanewal and Nawabshah were neither up-graded nor renovated (control group). Passenger data for last ten years was obtained to draw difference-in-differences analysis and develop time series of individual station passenger traffic **(Annexure-47)**.

Trend of passengers' volume at stations (2013-14 to 2022-23)

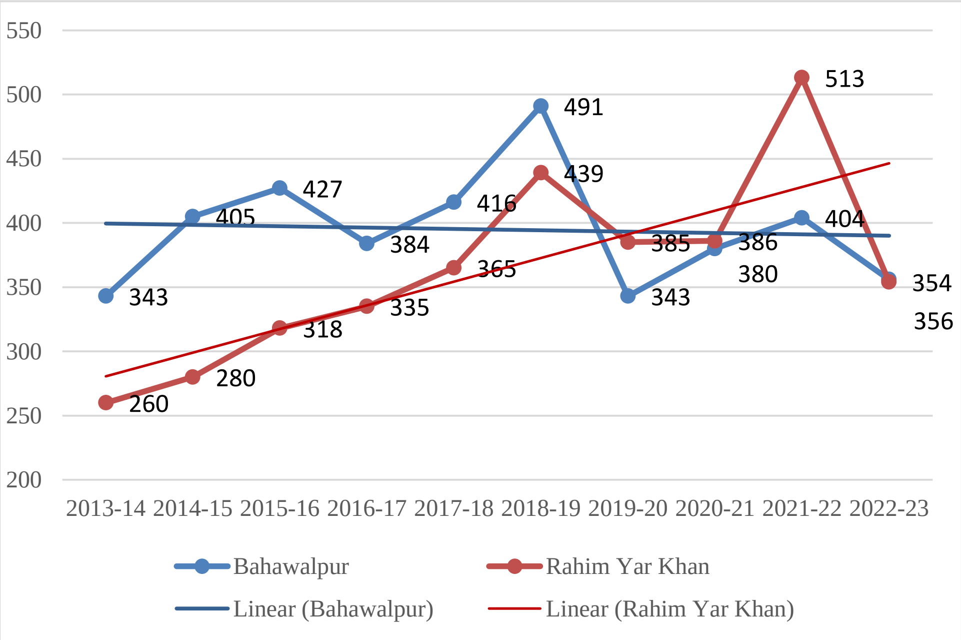


The comparative analysis clearly depicts that trend of rise and fall in passenger volumes has no distinctive anomalies when it comes to up-graded and renovated stations vis-a-viz stations receiving no treatment. The project commenced in June, 2016 and was completed in June, 2021, interestingly, gestation period (without existence of station buildings) depicts better passenger traffic than post completion period which is a clear indication that up-gradation and renovation has little or no impact on passenger revenues.

Comparison between treatment group and control group

The cumulative comparative analysis was further subdivided mutual analysis of stations paired on the basis of similar geographic conditions and passenger traffic which enabled audit to use more sophisticated statistical tools and add clarity to already shown prima facie similar trends.

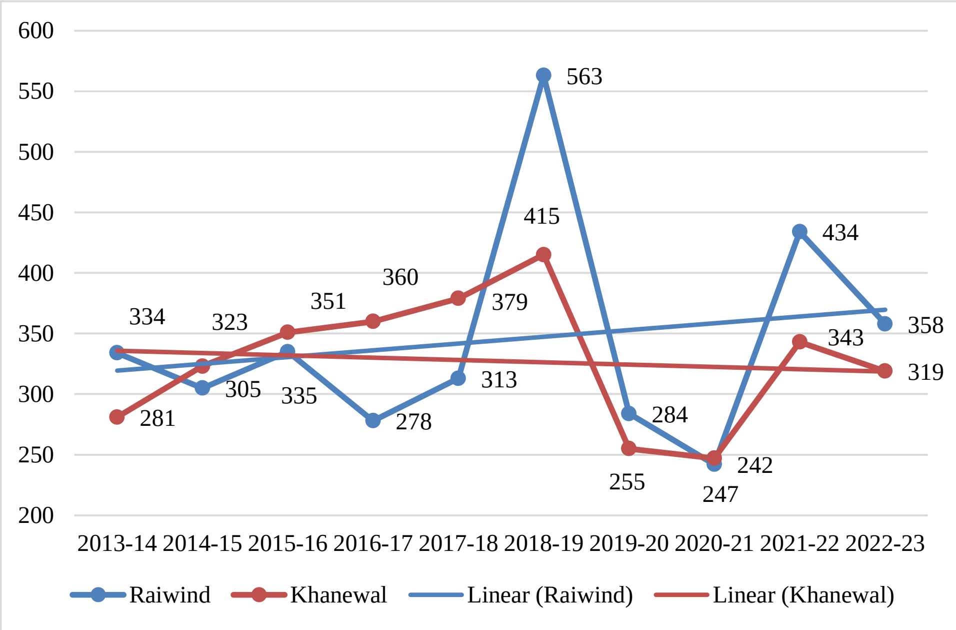
Passengers volume at Bahawalpur and Rahim Yar Khan stations



Source: Reports on station wise passenger traffic from PR (2013-14 to 2022-23)

The decline in slope of blue line (Bahawalpur) and incline of brown line (RY Khan) are measures of variance and standard deviation from mean passenger traffic over last ten years. The graph clearly establishes that R.Y.Khan although receiving no treatment, attracted more passengers both in pre and post periods of project gestation, while number of trains stopping at both stations remained approximately constant during the period. The comeback after Covid also seems to be way more robust in case of Rahim Yar Khan than Bahawalpur which lingered around averages throughout the period despite capital investment of Rs 335 million for up-gradation.

Passengers volume at Raiwind and Khanewal stations



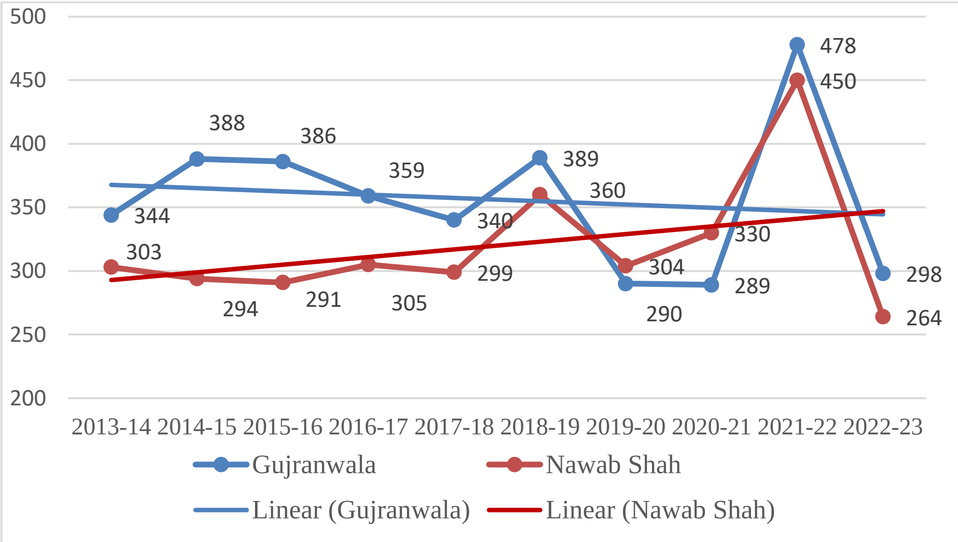
Source: Reports on station wise passenger traffic from PR (2013-14 to 2022-23)

Similarly, Khanewal and Raiwind were compared with each other and intra-station time series analysis was also conducted for Raiwind station as it received full scale treatment of up-gradation. Highest boom in passenger volumes at Raiwind station was observed from 2017-18 to 2018-19 which coincides with gestation period of the project as well. The subsequent decline in slope from 2019-20 to 2020-21 was illustration of

COVID period. It is pertinent to mention here that old station building of Raiwind station was not demolished and remained operational during gestation period of the project.

The time series analysis leads one to question the utility of expenditure on construction of new station building. Interestingly, the old station building was still in use for all purpose while newly constructed one was not fully operational even after four years of completion. In comparison to Khanewal station, Raiwind fared better in post COVID period but the point of initiation for this change was year 2016-17 where an anomalous upward surge changed the averages for whole period. The utilization of old station building and upward surge during gestation period culminate into conclusion that up-gradation has little to do with increases in revenues/ number of passengers.

Passengers volume at Gujranwala and Nawab Shah stations



Source: Reports on station wise passenger traffic from PR (2013-14 to 2022-23)

Nawab Shah and Gujranwala (main) were compared for a period of ten years for passenger traffic because both had similar volume of passengers and one is located in central Punjab and other in central Sindh. The trend shows a continuous incline in Nawab Shah and decline in Gujranwala (main) with later performing better during pre-project phase and sliding down more during COVID period than former. There is an over-all decline in slope of Gujranwala station while a competing incline in Nawab Shah’s passenger volumes which clearly depicts that the intervention had no to negative impact on passenger volumes.

The stations were selected for renovation and up-gradation on the basis of condition survey conducted by M/s NESPAK. Audit is of the view that condition survey could not fairly provide justification for discrimination in selecting stations either for renovation or up-gradation. Resultantly, the railway stations having greater passenger volumes were ignored and those having comparatively low ridership were selected for rehabilitation/renovation. Therefore, the intervention had little or no impact in generating additional revenues and making stations operationally self-sustaining as per objectives defined in PC-1 of the project.

4.4.2 Impact on operational self-sustainability through commercial exploitation

Another important objective of the project was to develop railway stations as commercial hubs to generate a second stream of revenue enabling these stations to bear their own operation cost and become operationally self-sustaining. To realize this objective, shops, restaurants and other commercial centers were to constructed and opened at up-graded railway stations for passengers and general public of the area. Seventeen (17) shops and one (01) restaurant were constructed at Bahawalpur Railway station and put to auction after completion of the project but majority of shops could not be leased out unfortunately. The reason behind lack of response from potential lessees was a design failure as shop doors were opened towards platforms. People interested in renting these shops submitted application to the divisional management to allow them to open doors towards the city as no train stopped at Bahawalpur Railway station for more than two minutes and therefore possibility of doing business was very rare. Although, a sum of Rs 54.00 million was paid to the consultant but designs presented to and accepted by the management had very low practical consideration for making railway stations as commercial centers, hence operationally self-sustaining. The applications of potential lessees are still pending for decision with the management. The management could only lease out five shops in 2023 on meager rental charges. The project not only failed to achieve its stated targets in making stations operationally self-sustaining but also incurred a sunk cost of Rs 72.00 million along with loss of potential earning of Rs 2.35 million in lieu of rents. Only one restaurant has been leased out so far with the condition that the lessee has privilege to place pedestrian vendors on the platform while the restaurant, located in station basement, is itself practically out of operation.

4.4.3 Impact of passenger amenities at Railway stations under the project

One of the prime objectives of the project was to provide missing amenities for passengers and employees at up-graded and renovated railway stations. The details of amenities to be provided have been mentioned in overview of this report. Audit observed that the project was closed with reduced scope of work and reduction involved losing on main objectives of the project.

i) Performance of amenities

a) Clean drinking water is the basic necessity and has been stated as first and foremost objective of the project but the same has not been provided at railway station Raiwind. The management incurred an expenditure of Rs 0.78 million against allocation of Rs 3.50 million for two filtration plants at Raiwind railway station. There was no arrangement for clean drinking water in waiting lounge of Gujranwala station and sitting arrangements comprise of very shabby cemented benches which are quite uncomfortable for passengers.

b) Second important component of passenger amenities as stated in PC-1 was provision of fully furnished waiting rooms with attached lavatories/washrooms. It is pertinent to mention here that Raiwind railway station has no waiting lounge at all. A room designated as waiting hall has been occupied by a restaurant with poor sitting arrangements and kept in untidy condition. Bahawalpur station has waiting lounge without any attached washrooms and furniture capacity for a few passengers only, while the objective in PC-1 was provision of fully furnished waiting lounges for ladies and gents.

ii) Missing amenities

a) The project aimed at provision of ramps for easy and unhindered access to elderly and disabled passengers, no such facility was provided between the two platforms at Bahawalpur railway station. The disabled and elderly cannot ascend the stairs and thus have to be carried to other platform. The pedestrian foot over bridge to cross railway lines to other platform was lying in pieces at Raiwind railway station and passengers had to jump over railway lines to reach the second platform which was not only a physical struggle but also a risk to life and limb of crossing passengers.

b) Another aspect of unfinished scope was non-provision of security cameras; a sum of Rs 5.50 million was allocated to provision of CCTV cameras for upgraded railway station but the same have not been installed so far which renders the station premises vulnerable to crimes against person and property.

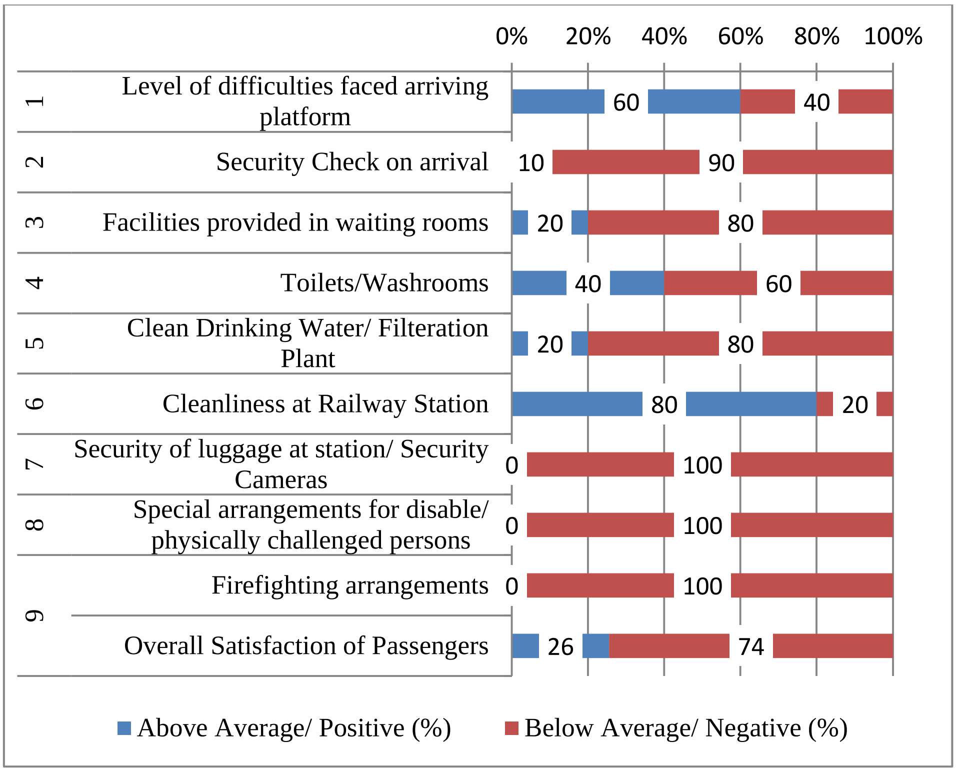
c) A component of scope reduction was non-installation of firefighting equipment. The absence of fire alarms and firefighting equipment increases the vulnerability of passengers and properties in the event of breaking out of fire. Audit is of the opinion that security related arrangements have received least consideration in the project although they received much importance at planning stage.

d) Another component of scope reduction of the project was development and improvement of circulating areas which has been left untouched without incurring any expenditure.

4.4.3.1 Beneficiary survey

Pakistan Railways' passengers, employees and general public were beneficiaries of this project. Audit conducted surveys to ascertain end user opinions on availability and accessibility of passenger amenities in renovated and upgraded railway stations. The survey results were then compared with complaints launched by passengers and general public on Pakistan citizen portal to rule out any leading conclusions emanating from possibly loaded questions. Audit framed a survey form containing nine questions mainly concerning with availability and accessibility of passenger amenities and security arrangements at three stations namely Bahawalpur, Raiwind and Gujranwala (main). A random sample of 100 passengers was selected and responses against quality of amenities ranged from unsatisfactory to fully satisfactory and in case of availability of amenities, a simple response of yes and 'no' was recorded. Pakistan railways employees were not included in this survey as Audit apprehended biased opinions by virtue of their official positions. Following charts and tabular data represent the results of beneficiary surveys at each of three railway stations **(Annexure-48)**.

Railway Station Raiwind



Source: Passengers response through questionnaires

It is obvious from that the results of beneficiary survey that passengers were unsatisfied with security arrangements for property and person in the absence of firefighting arrangements and CCTV cameras. A hundred per cent negative response was also given on availability of special arrangements for elderly and disabled persons. All these facilities were part of the original scope of work which was later on left unfinished even at up-graded railway stations. Three other amenities which received sixty to ninety per cent below average rating were condition of toilets, facilities provided in waiting lounge and clean drinking water.

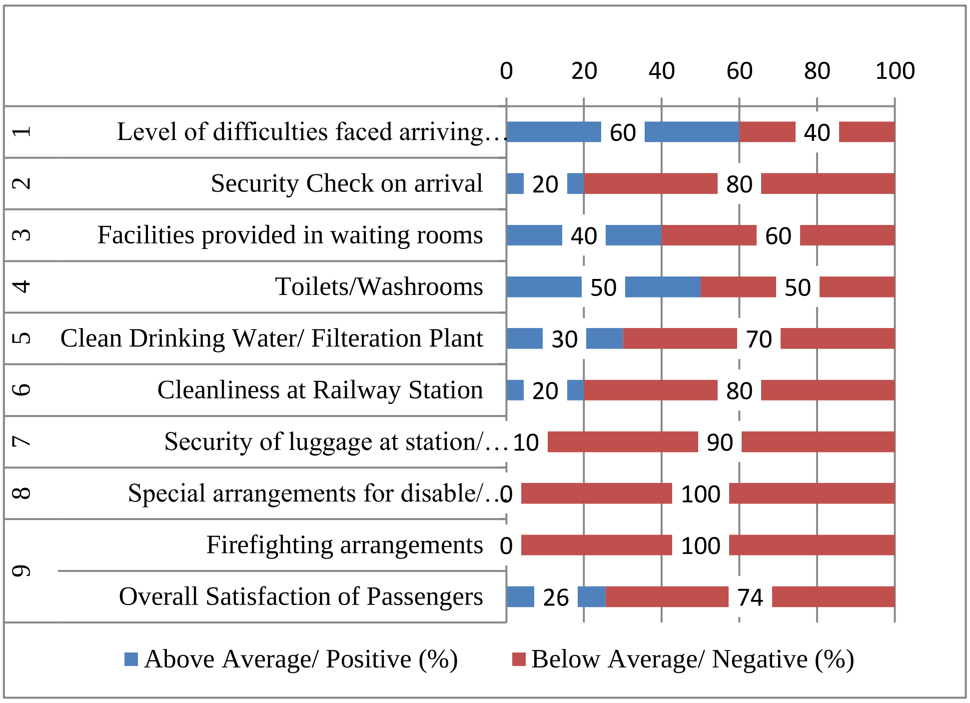
Railway Station Bahawalpur

SN	Variables	Above Average/ Positive (%)	Below Average/ Negative (%)
1	Level of difficulties faced arriving platform	80	20
2	Security Check on arrival	20	80
3	Facilities provided in waiting rooms	60	40
4	Toilets/Washrooms	70	30
5	Clean Drinking Water/ Filtration Plant	80	20
6	Cleanliness at Railway Station	90	10
7	Security of luggage at station/ Security Cameras	40	60
8	Special arrangements for disable/ physically challenged persons	40	60
9	Firefighting arrangements	10	90
	Overall Satisfaction of Passengers	54	46

Source: Passengers response through questionnaires

All three arrangements related to security of person and property received below average responses from 60% to 90% of the respondents as was the case with Raiwind Railway Station. Response against special arrangements for disabled, elderly and physically challenged passengers was also negative from 60% of the passengers. Comparatively, amenities like clean drinking water, washrooms, facilities provided in waiting rooms and cleanliness were responded to with positivity in case of Bahawalpur Railway station.

Gujranwala Railway Station

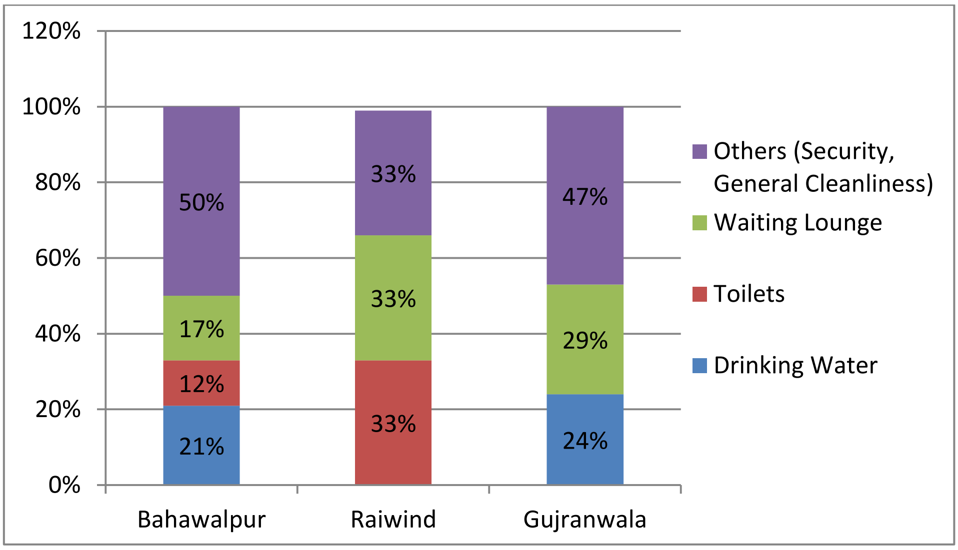


Source: Passengers response through questionnaires

In Gujranwala Railway Station amenities like toilets and washrooms and difficulties faced in arriving at the station received neutral responses from the passengers. All other arrangements regarding security, cleanliness and clean drinking water received negative responses ranging from 60% to 90% below average. Particularly, special arrangements for disabled/elderly/ physically challenged passengers and firefighting arrangements received 100% negative responses from passengers for Gujranwala Railway Station.

Beneficiary survey results were further authenticated by categorizing passenger complaints into similar categories as was the scope of survey questions. The results of segregated complaints data have been depicted in the following chart.

Passenger complaints category wise (Treatment Group)



Source: Complaints on Pakistan Citizen's Portal

Complaints data contains same issues highlighted by passengers, through an entirely different portal, as have been ascertained by Audit through beneficiary surveys and portray a picture of unsatisfactory passenger amenities, provision of which was one of the main objectives of the project.

The complaints data relating to three stations of control group (without intervention) was also assessed from the citizens' portal which depicted following results:

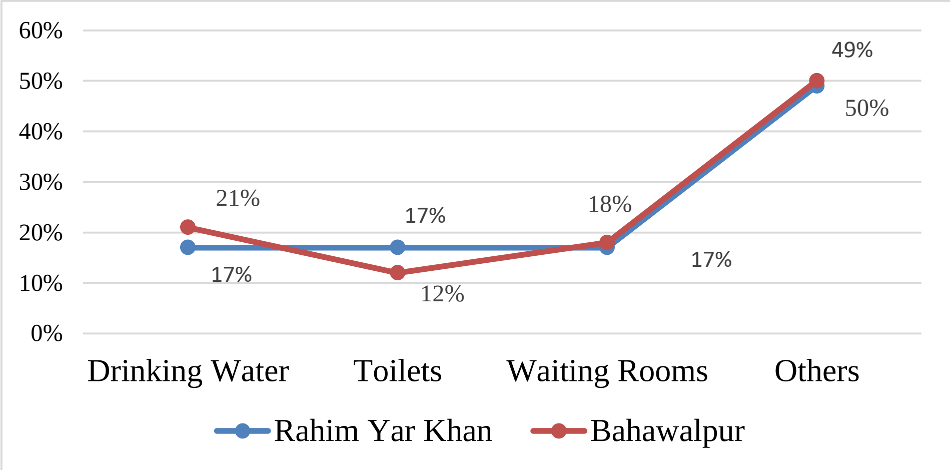
Passenger complaints category wise (Control Group)

Station	Drinking Water	Toilets	Waiting Rooms	Others
Rahim Yar Khan	17%	17%	17%	49%
Khanewal	21%	21%	25%	33%
Nawab Shah	No registered complaint found on the portal			

Category wise percentage of complaints pertaining to Rahim Yar Khan and Khanewal (control group) lodged at citizens' portal clearly shows convergence of percentages in identical areas of treatment group. However, the control group had a limitation with regard to Nawab Shah

Railway Station where no complaint was lodged on the portal. It doesn't mean that there was no complaint but it could be low literacy rate in that region which may have restricted the beneficiaries from using citizens' portal.

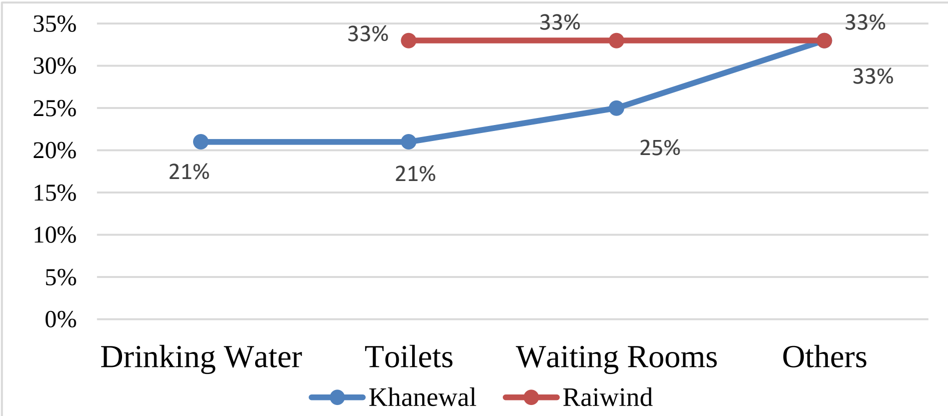
Passenger complaints convergence Rahim Yar Khan (without intervention) vs Bahawalpur (with intervention)



Source: Complaints on Pakistan Citizen's Portal

A comparison of complaints at Khanewal and Gujranwala is also made below:

Passenger complaints convergence Khanewal (without intervention) vs Raiwind (with intervention)



Source: Complaints on Pakistan Citizen's Portal

The convergence of percentages for identical areas of public complaints at Control Group and Treatment Group revealed minimum to no positive impact of the intervention with regard to provision of passenger amenities especially at Bahawalpur.

4.4.4 Structural sustainability of upgraded buildings:

The project was aimed at passenger facilitation, revenue generation, operational self-sustenance and structural longevity covering at least 50 years of active service period. Audit examined structural designs of upgraded stations to assess whether the achievement of project objectives had been supported by station architecture in providing ease of access for utilization of available amenities to all types of passengers including women, elderly and disabled ones. Audit inspected newly constructed buildings to observe any weaknesses in structures.

4.4.4.1 Railway Station, Bahawalpur

Railway Station Bahawalpur was up-graded in 2019 by dismantling of old station building with total cost of Rs 335.85 million. The architectural design of new station building (43,560 Sft) was in the image of Noor Mahal Palace, Bahawalpur. Audit observed that the station design had following discrepancies with respect to ease of access to amenities by passengers and general public:

a) All offices of responsible staff including Station Master, Assistant Station Master, and security staff were accommodated at 1st floor instead of ground floor as per conventional design of all other railway station; hence it was made difficult for passengers to access them.

b) Waiting rooms were also built at 1st floor of station building with no attached toilets and air-conditioning facility, therefore, most of the passengers were not utilizing those waiting rooms.

c) Restaurant was designed in the basement which was found out of operation due to lack direct access from the platform and waiting rooms.

d) Lavatories and toilets for public and employees were built at basement and 1st floor. Employees and workers especially female booking staff had to face difficulty using toilets during rush hours.

e) Parcel & Luggage office was not designed at Bahawalpur Station. It was observed that booking of parcels & luggage was being managed at ground floor in a room allocated for a shop having no direct access to the Platform.

f) Only one Retiring Room was built in such an oversized Railway station building which was also found vacant and in untidy condition. There was no ventilation or air conditioning facility. Resultantly, retiring room was not in a condition to be offered to visiting passengers for staying inside station building.

g) The doors of the shops were opened towards platforms instead of city area, although, no train stopped for more than two minutes at the station.

In view of the above-mentioned findings, Audit ascertained that Bahawalpur Station building was not designed in the best public interest. Accessibility and facilitation to passengers had not been largely considered at the design stage. Therefore, most of the rooms in the station building were found out of use indicating wastage of valuable resources and planning failure.

4.4.5 Railway Station, Raiwind

A new building of Railway Station, Raiwind measuring 29,869 Sft was constructed in 2019 under the project, at a cost of Rs 286.13 million on an empty piece of Railway land in front of old station building. However, the old station building was found operative till the date of audit i.e. September 2023. Audit observed that the new Railway Station building had given way to visible horizontal and vertical cracks in walls at both superior and inferior sides of many rooms. Pictorial evidence of cracks is shown in (**Annexure-49)**. Audit ascertained that the new building of Railway station, Raiwind, was constructed with substandard civil works with inadequate soil compaction.

Resultantly, the building started sinking at many places. It hampered achievement of the project objective of 50 years structure sustainability and the buildings may be in need of special repairs sooner than avowedly claimed.

Management Response

The Impact Audit Report was discussed in detail in the DAC meeting held on 09.01.2024. The Chair expressed that this study/report on this important perspective of spending public finance could be useful for management. The analysis approach adopted by the new concept of Impact Audit is viable and doable.

5. Conclusion

Comparative analysis between control group stations and treatment group stations led audit team to conclude that the trend of rate of change in annual passenger traffic at treatment group stations was no different than control groups. Standard deviation from mean passenger traffic over ten years was, in fact, statistically tilted in favor of control group in 66 per cent of the tested sample. Raiwind, however, performed slightly better than Khanewal in comparative analysis of difference-in-differences but the upward slope (incline) in passenger traffic was set in same trend prior to the commencement of project and no significant steepness was witnessed in post project phase. While using time series approach, Audit witnessed an exceptional anomaly of considerably higher than average passenger traffic at all stations during gestation period of the project which implies that passengers and revenues earnings actually increased when there was no station building in operation at all. The steepest rising trend in ridership without presence of any operational station building and associated amenities clearly indicate that the project objectives have no significant relationship with increased revenues and ridership. Time series analysis was also conducted to draw intra stations comparisons between pre and post project periods of upgraded and renovated stations which revealed that there was a decreasing trend starting from 2013 and culminating to 2023 except for Raiwind station where old building is still in use. The beneficiary survey and physical inspection revealed that provision of important amenities, particularly with respect to security of person and property, were not made by reducing the scope of project or parking funds elsewhere. The quality of amenities provided was not up to the mark as envisioned in PC-1. Basic amenities like clean drinking water, attached washrooms and foot-over bridges were not provided at one or other stations under the project. Beneficiary survey also revealed that ease of access to passenger amenities was denied by virtue of architectural design which did not take into consideration the practical necessities of the station. To realize the objective of making up-graded stations operationally self-sustaining by developing stations as commercial hubs, shops and restaurant were constructed at Bahawalpur station but commercial activities could not be started because of design failure. The endeavor towards self-sustenance culminated into sunk costs and erosion of potential revenues. Audit therefore concludes that the project had little or no significant impact on increasing volume of ridership, making stations operationally self-sustaining and provision and access of passenger amenities, development of circulating area and generation of employment for general population. Up-graded stations are aesthetically comforting in view, the only objective which has been fully achieved by the project.

Audit recommends pragmatic planning in allocation of resources while keeping in view the concept of value for money as Pakistan railways is already suffering from losses. Need assessment may include input from end beneficiaries to make it more comprehensive and realistic. Audit observed that reduction in scope of project and faulty design obliterated intended benefits from available passenger facilities. This audit recommends strengthening of internal controls to bar scope changes after approval of PC-I and segregation of scope components which may be fundamentally connected to project's main objectives and declaring such components beyond reduction. Quality of civil works may be ensured to achieve forecasted life spans of buildings. Responsibility may be fixed for delayed decision making in putting resources to profitable usage as is the case with Bahawalpur shops. Comparative analysis of various projects having realistic payback periods, Internal rates of return and financial predictions may be made under the governing principle of greatest good of greatest numbers rather than presenting individual project proposals without any competitors to the approving authorities.

Annexures

Annexure-1

MFDAC

SN	DP No.	Subject
1.	12123	Loss due to non-recovery of deposit work cost from Sindh Irrigation Department - Rs 71.825 million
2.	12124	Blockage of capital due to delay in finalization of tender process-Rs 6.785 million
3.	12126	Loss on account of robbery due to poor security arrangements – Rs 2.445 million
4.	12127	Loss due to unjustified reduction in freight rates – Rs 17.577 million
5.	12128	Loss of earning due to non-removal of illegal parking stand – Rs 3.49 million
6.	12129	Irregular utilization of parking stand for commercial purposes – Rs 0.390 million
7.	12133	Non-recovery of rent from Railway employees on account of irregular subletting of Railways quarters-Rs 1.226 million
8.	12138	Irrational issuance of the material – Rs 51.031 million
9.	12144	Loss due to misappropriation/theft of material – Rs 0.275 million
10.	12147	Loss of revenue due to non-operation of Sir Syed Express – Rs 332.88 million
11.	12148	Irregular allotment of vending stalls- Rs 16.51 million
12.	12149	Loss of earnings on account of unconnected wagon – Rs 1.84 million
13.	12151	Loss due to non-recovery of excess area utilized by cargo contractors – Rs 0.29 million
14.	12154	Non-recovery of rental charges- Rs 0.244 million
15.	12155	Irregular expenditure due to splitting of purchases Rs 2.081 million
16.	12157	Irregular licensing of restaurant without execution of agreement and value addition to infrastructure – Rs 2.300 million
17.	12161	Irregular acceptance of imported material without confirming OEM Rs 70.366 million
18.	12162	Loss of interest income due to non-investment of funds in TD Rs –Rs 3.135 million
19.	12164	Unauthorized grant of mobilization advance -Rs 27.763 million
20.	12165	Non-deposit of withholding tax collected by PR – Rs 7.57 million
21.	12167	Loss due to irregular/un-justified incurrence of expenditure after handing over the RBC Faisalabad project - Rs 3.275 million
22.	12173	Unauthorized expenditures beyond the scope of company– Rs 6.270 million
23.	12174	Unauthorized utilization of station earnings for refund to passengers – Rs 15.370 million
24.	12175	Loss of potential earnings due to non-auction of vending stalls/car parking stands – Rs 12.815 million
25.	12176	Irregular/unauthorized payment of pay & allowances to an officer not on the payroll of PRACS – Rs 0.980 million
26.	12177	Loss due to non-recovery of advance from ex-employees of the company – Rs 0.594 million
27.	12178	Excess payment on account of leave encashment, pension, commutation & medical allowance – Rs 3.691 million
28.	12181	Irregular contract appointments – Rs 10.712 million

SN	DP No.	Subject
29.	12182	Loss on account of missing Laptops - Rs 2.122 million
30.	12184	Irregular appointment of two officers against same post during same period- Rs 1.334 million
31.	12188	Irregular procurement of material due to restriction of fair and healthy competition – Rs 64.131 million
32.	12189	Loss due to unnecessary attachment of additional coaches- Rs 44.421 million
33.	12190	Non-recovery of outstanding Receivables other than Pakistan Railways – Rs 9.969 million
34.	12191	Unauthorized utilization of Deposit Misc. funds for Revenue works- Rs 3.044 million
35.	12192	Loss due to theft of material – Rs 1.329 million
36.	12193	Irregular/Unauthorized recognition of earning/revenue without acceptance of service and claims by the other party (PR) – Rs 116.454 million
37.	12196	Time and cost overrun due to delay in completion of project Rs 334.646million
38.	12198	Irregular award of catering arrangements contract in Rahman Baba Express without competitive bidding- Rs 1.560 million per month
39.	12200	Loss due to wasteful expenditure incurred on maintenance of CBI system over Sukkur Division - Rs 10.298 million
40.	12201	Infructuous expenditure on repair of luggage scanning machine - Rs 1.22 million
41.	12202	Loss of potential earnings due to inordinate delay in repair of locomotives – Rs 429.400 million
42.	12208	Infructuous expenditure on account of pay & allowances due to unjustified appointment of Executive Director – Rs 4.500 million
43.	12210	Non-utilization of funds by the Project Director -Rs 532.14 million
44.	12213	Irregular appropriation of departmental receipts to departmental expenditure – Rs 12.531 million
45.	12214	Time overrun resulted in extra cost – Rs 1,233.555 million
46.	12217	Unjustified procurement and unauthorized transfer of computers purchased from PSDP funds to DGM office – Rs 0.370 million
47.	12218	Unjustified issuance of No Outstanding Clearance Certificate-Rs 0.166 million
48.	12219	Irregular/unauthorized payment of pay & allowances to an employee not performing duty at PRACS- Rs 0.698 million
49.	12222	Irregular adjustment of Misc. advance to the final heads of accounts of the Project - Rs 0.780 million
50.	12224	Unjustified/Irregular expenditure on account of pay and allowances – Rs 7.161 million
51.	12226	Loss due to non-recovery of freight charges for short transportation of imported coal Rs 14,365.486 million
52.	12227	Mis-procurement of material in violation of directives of Ministry of Commerce – Rs 59.403 million
53.	12228	Loss due to non-recovery of monthly share from PR – Rs 74.452 million
54.	12230	Cost overrun due to non-completion of project – Rs 1,303.79 million

SN	DP No.	Subject
55.	12231	Loss due to shifting of released material via road transportation instead of Rail - Rs 1.54 million
56.	12233	Unjustified procurement of material for fabrication after turning out locomotive- Rs 0.456 million
57.	12234	Unjustified placement of tenders for procurement of Rewinding Kits – Rs 18.090 million
58.	12235	Loss due to Non-recovery of Loan and Advances – Rs 3.984 million
59.	12236	Defective/non-installation of equipment at CBI stations - Rs 3.377 million
60.	12239	Loss due to unjustified restoration of contract by extending undue favour to contractor -Rs 21.925 million per annum
61.	12241	Irregular/ unauthorized expenditure on printing of year book for PR without observance of PPRA Rules - Rs 0.715 million
62.	12243	Loss due to in fructuous expenditure on account of commercial management of trains without generating any revenue. - Rs 18.625 million
63.	12245	Irregular/ Unauthorized payment of house requisition without observance of rules - Rs 3.411 million
64.	12247	Mis-procurement due to splitting up identical items – Rs 1.085 million
65.	12248	Irregular payment of pay & allowances due to irregular/unjustified promotion – Rs 0.840 million
66.	12250	Loss of potential earnings Rs 91.42 million
67.	12251	Locos of expected additional earnings – Rs 4,660.900 million
68.	12253	Loss due to increase in cost of imported material due to exchange rate difference and inefficiencies Rs 1093.78 million
69.	12254	Unjustified expenditure from PSDP Funds on Roller Bearing Qualification Workstation – Rs 21.708 million
70.	12255	Excess payment on account of leave encashment, pension, commutation & Medical Allowance Rs 2.439 million
71.	12259	Irregular inclusion of TLA in revised PC-I of the project costing Rs 12.456 million
72.	12260	Loss of earnings due to non-auction of Restaurant - Rs 17.217 million
73.	12261	Non-receipt of imported spars despite payment to consortium – Rs 411.866 million
74.	12263	Misappropriation of material – Rs 1.108 million
75.	12265	Non-forfeiture of bank guarantee due to non-supply of hard wood crossing timbers – Rs 1.956 million
76.	12267	Loss of committed revenue to PR due to non-finalization of establishment of Freight Terminals agreement –Rs 154.093 million per annum
77.	12268	Bogus payment made by AO/Project on behalf of RFD Project – Rs 2.761 million
78.	12270	Non-authenticity of civil works expenditure due to misplacement of original Measurement Books (MBs) - Rs 5.023 million
79.	12271	Non/Less Deduction of Income Tax -Rs0.994 million
80.	12272	Loss due to unauthorized/irrelevant consultancies – Rs 9.434 million
81.	12273	Irregular utilization of staff without sanctioned strength/categories – Rs 20.234 million

SN	DP No.	Subject
82.	12279	Recoverable unauthorized/unjustified payments to Legal Advisors Rs 7.270 million
83.	12280	Loss due to discontinuation of project activities - Rs 404.40 million
84.	12283	Loss of Rs 0.218 million per annum due to award of car parking contract at lower rate
85.	12285	Irregular expenditure on account of Pay & Allowances – Rs 15.920 million
86.	12290	Irregular procurement of material without inspection – Rs 30.30 million
87.	12291	Irregular appointment of commercial auditor and payment of audit fee Rs 0.63million
88.	12294	Non-recovery of freight charges from Pakistan State Oil (PSO) Rs 129.69 million
89.	12295	Loss of earnings due to non-achievement of earning targets – Rs 339.789 million
90.	12296	Unauthorized delay in deposit of Government money – Rs 4.295 million
91.	12297	Loss of earning due to non-auction of vending stalls – Rs 18.750 million
92.	12298	Irregular/ unauthorized expenditure on fuel charges due to illegal utilization/ retention of vehicles beyond approved authorization of Cabinet Division – Rs 21.072 million
93.	12299	Irregular payment of fixed daily allowance- Rs 3.303 million
94.	12301	Irregular expenditure by splitting up procurement of similar items and loss due to variation in rates – Rs 2.014 million
95.	12303	Excess payment on account of dewatering charges of bridge work Rs 2.800 million
96.	12304	Loss due to non-utilization of available earth – Rs 5.141 million
97.	12306	Irregular award of tender to a technically non-responsive bidder due to fudge evaluation of bid – Rs 126.204 million
98.	12307	Irregular award of contracts without technical sanctioned estimate – Rs 156.459 million
99.	12308	Loss of potential earnings and non-achievement of envisage benefits of the project Rs 795.22million
100.	12311	Doubtful expenditure on account of POL charges Rs 8.448 million
101.	12312	Irregular adjustment of irrelevant expenditure to the Project Rs 2.701million
102.	12313	Loss due to in-ordinate delay in execution of a bridge work on account of poor management – Rs 3.739 million
103.	12314	Non-de-stressing of long welded track in the jurisdiction of PWI-Rohri, Khanpur and Ghotki since 2008, 2003 & 2003 respectively
104.	12316	Loss of goods revenue due to non-finalization of agreement – Rs 2,733.478 million per annum
105.	12317	Loss due to inclusion of dewatering charges in bridge construction works – Rs 1.438 million
106.	12318	Irregular/unjustified payment of 55% mileage allowance to guards working at control office amounting to Rs 564,412
107.	12319	Non-forfeiture of security money due to default of contractor Rs 0.252 million
108.	12324	Loss due to wrong payment to contractor – Rs 55.658 million

SN	DP No.	Subject
109.	12327	Irregular utilization of track maintenance material for deposit works without receipt of funds in Railway Fund Account - Rs 81.03 million
110.	12332	Loss due to incorrect estimation of P-Way material – Rs 17.852 million
111.	12333	Non-remittance of withholding tax – Rs 2.468 million
112.	12335	Bogus payment to the contractor Rs 0.676 million
113.	12336	Loss due to irregular payment of conveyance allowance amounting to Rs 0.447 million
114.	12339	Irregular maintenance of undisclosed Bank Accounts - Rs 8.562 million
115.	12340	Non-execution of agreement with Highway Department / Government of Punjab for up-gradation of level crossings - Rs 159.154 million
116.	12345	Mis-procurement of wood crossing timbers & coal tar creosote – Rs 224.504 million
117.	12346	Irregular payment due to booking of staff on Loco-70 – Rs 17.919 million
118.	12347	Loss due to inordinate delay in supply of spare parts – Rs 99.878 million
119.	12350	Irregular transfer of amount in the FDA from KBX/DP to KMR/KEW Rs 5.00 million
120.	12353	Irregular booking of POL expenditure to the project- Rs 0.596 million
121.	12354	Loss due to wasteful expenditure on installation of new tube well – Rs 4.129 million
122.	12355	Loss due to unjustified payment on account of salaries to staff of CSF/Kotri – Rs 1.411 million
123.	12356	Non-replacement of rejected material – Rs 2.247 million
124.	12357	Irregular acceptance of material without prescribed tests – Rs 152.963 million
125.	12358	Irregular transfer of freight charges against the FDA of East Wharf Keamari Rs 10.00 million
126.	12361	Loss due to expenditure incurred outside the provision of PC-I Rs 0.70 million
127.	12362	Fictitious purchase of electric items for the celebration Rs 0.500 million
128.	12363	Irregular and unauthorized expenditure on execution of works without administrative approval – Rs 1.729 million
129.	12364	Loss of Rs 24.690 million due to imposition of temporary engineering speed restrictions
130.	12368	Unauthorized expenditure on account of special repair works by utilizing funds of Deposit Misc. Rs3.060 million
131.	12370	Irregular/unauthorized sanction of detailed estimate after award of contract – Rs 15.339 million
132.	12371	Irregular utilization of revenue fund for PSDP project – Rs 2.250 million
133.	12372	Doubtful expenditure on account of POL charges Rs11.169 million
134.	12373	Lapse of funds under the head utilities (Sui Gas bills) Rs24.963 million
135.	12374	Irregular expenditure on account of special repair of bungalows at Mayo Garden Lahore Rs 6.466 million
136.	12375	Loss due to non-collection of performance guarantee from the contractors – Rs 5.670 million
137.	12379	Avoidable expenditure on up-gradation of Railway Platform – Rs 17.761 million
138.	12383	Irregular utilization of skilled staff in Admin block - Rs 7.173 million

SN	DP No.	Subject
139.	12384	Loss due to poor contract management causing delay in completion of contract – Rs 239.207 million
140.	12387	Loss due to fictitious issuance of wooden scrap as firewood-Rs 3.7 million
141.	12388	Excess payment to contractors due to overcharging of scheduled rates Rs 2.41 million
142.	12392	Execution of duplicate work within span of one month – Rs 18.41 million
143.	12393	Irregular award of contracts without sanctioned estimates - Rs 10.526 million
144.	12396	Unauthorized leasing of land during ban– Rs 6.22 million
145.	12406	Irregular/unauthorized award of lease due to defective land plan- Rs 30.300 million
146.	12414	Irregular drawl of POL Rs 1.39 million
147.	12415	Loss due to excess utilization of sleepers and less collection of departmental charges Rs 15.814 million
148.	12416	Irregular/unauthorized revalidation of ballast estimate beyond validity – Rs 232.591 million
149.	12418	Non-forfeiture of security money due to default of contractor- Rs 1.511 million
150.	12420	Irregular utilization of revenue funds against PSDP project- Rs 33.993 million
151.	12422	Loss due to leasing of vending stalls at lower rates - Rs 5.34 million
152.	12424	Loss due to abnormal delay in handing over possession to successful bidders – Rs 2.57 million
153.	12429	Loss on account of cost escalation of material – Rs 4.755 million
154.	12430	Wasteful expenditure due to procurement and mis-utilization of project Vehicles – Rs 10.022 million
155.	12433	Unjustified deduction of withholding income tax from payment of PR- Rs 2.40 million
156.	12434	Loss of revenue due to rejection/ cancellation of highest bids without offering to 2nd highest bidder - Rs 18.81 million
157.	12435	Loss due to non-recovery of advance annual rent along-with late payment surcharge - Rs 1.83 million
158.	12442	Wasteful expenditure on rental vehicle on monthly installment - Rs 1.035 million
159.	12443	Infructuous expenditure on account of imprest - Rs 3.176 million
160.	12444	Loss due to fraudulent payments to ghost employees - Rs 1.106 million
161.	12445	Potential loss of earning amounting to Rs 2.666 million due to unnecessary detention of wagons
162.	12446	Irregular expenditure of Rs 10.536 million (approx:) per annum on account of pay and allowances of ASM/TCRs/JAD etc.
163.	12449	Unauthorized land leasing of Railway land prior to approval of Railway Property and Land Rules 2023 - Rs 10.494 million
164.	12450	Non-receiving of envisage benefits from the investment for up-gradation of BQM station Rs 54.310 million
165.	12451	Irregular issuance of project material to other project/ revenue works - Rs 15.275 million

SN	DP No.	Subject
166.	12454	Loss due to substandard repair/ overhauling of traction motors - Rs 3.702 million
167.	12458	Loss of earnings due to non-construction of shops in time Rs 3.21 million
168.	12460	Irregular re-imbursement of Rs 7.293 million on post-facto approval basis
169.	12461	Irregular/ unauthorized letting of stacking business by compromising the train safety Rs 11.195 million
170.	12462	Loss due to haphazard identification of potential sites for marquees without development of any policy framework - Rs 86.82 million
171.	12463	Loss due to less charging of cost of rails issued to deposit works Rs 4.041 million
172.	12464	Mis-procurement of loco parts due to alteration after bid opening - Rs 32.972 million
173.	12465	Non-supply of 156,957 Cft crushed stone - Rs 22.492 million
174.	12466	Loss due to non-execution of protection work of bridges - Rs 592.502 million
175.	12467	Loss due to Fudge payment on account of construction of Guard Rooms Rs 3.367 million
176.	12468	Non-utilization of PSDP funds - Rs 5381.725 million
177.	12469	Irregular/ unauthorized procurement of additional spare parts without competitive process – Rs 2,351.777 million
178.	12474	Non-recovery of liquidated damages amounting Rs 0.853 million due to delay in completion of work
179.	12476	Financial loss due to slackness of Railway management Rs 1.625 million
180.	12483	Loss due to non-auction of shops despite expiry of agreements - Rs 3.867 million
181.	12488	Illegal occupation of 48 railway shops situated at Karkhano Market Peshawar causing loss to Pakistan Railways Rs 96.940 million
182.	12489	Loss due to non-recovery of rental charges of Railway Station Mardan Rs 30.644 million
183.	12496	Loss due to non- imposition of commercialization fee to Sardar Eye Trust Hospital – Rs 25.175 million
184.	12499	Loss due to discontinued membership of RPGCC - Rs 10.80 million
185.	12500	Illegal transfer of fund by Royal Palm Golf & Country Club to PR - Rs 50 million
186.	12503	Loss in violation of instructions of Ministry of Finance regarding HR policies - Rs 20.274 million
187.	12505	Loss on account of land lease / rental charges against the Food Department KPK/ PASSCO Rs 375.500 million
188.	12506	Recoverable loss of electricity charges from Steel Shop Colony - Rs 16.650 million
189.	12507	Loss due to illegal connection outside the Steel Shop & parallel usage of Sui Gas with released lube oil - Rs 173.70 million
190.	12523	Unauthorized execution/extension in lease agreements of car parking stands - Rs 50.974 million
191.	12526	Loss due to negligence on account of wharfage charges - Rs 3.405 million
192.	12527	Unauthorized expenditure without budget allotment - Rs 18.134 million

SN	DP No.	Subject
193.	12528	Loss due to non-finalization of tender within bid validity - Rs 5.947 million
194.	12530	Unlawful execution of land leasing agreements prior to approval of the railway land and property rules, 2023 - Rs 37.885 million
195.	12531	Unauthorized execution of lease agreement for stacking purpose without auction – Rs 5.100 million
196.	12533	Loss due to non-compliance of HR Policies –Rs 7.114 million
197.	12534	Illegal sale of RPGCC assets during court proceedings as scrap - Rs 5.006 million
198.	12536	Loss due to irregular engagement of HR consultant for dubious activities– Rs 9.399 million
199.	12539	Loss due to non-utilization of available tickets – Rs 5.298 million
200.	12543	Revenue loss due to non-execution of agreements - Rs 50.307 million
201.	12544	Loss due to non-renewal of lease agreement with TEVTA - Rs 13.812 million
202.	12546	Non-recovery of With Holding Tax (WHT) from contractors – Rs 19.472 million
203.	12547	Loss of earnings due to non-achievement of envisaged benefits of the project Rs 7,790.23 million
204.	12549	Irregular execution of works without taking mandatory administrative approval from AGM/I - Rs 12.942 million
205.	12550	Wasteful expenditure on procurement of bridge inspection vehicle – Rs 147.323 million
206.	12553	Loss on account of NOC charges from Lahore smart city – Rs 16.00 million
207.	12554	Loss due to procurement of excess material - Rs 2,401.824 million
208.	12555	Irregular local purchase through cash instead of payments through cheque – Rs 2.781million
209.	12556	Loss to PR due to uneconomical execution of agreement with PTCL – Rs 14.765 million
210.	12557	Irregular/illegal engagements of employees against Headquarter share from the Deposit Works-Rs 2.989 million per annum
211.	12562	Un-due favour to the contractors due to non-receipt of full amount of scrap sale – Rs 1,978.883 million
212.	12565	Irregular award of contract due to direct contracting – Rs 1,455.628 million
213.	12568	Loss due to unjustified filing of tender resulting in to delayed execution of work at higher rates - Rs 64.615 million
214.	12569	Loss due to irregular transfer of material from project to revenue Rs 3.059 million
215.	12570	Infructuous expenditure due to substandard repair of locomotives - Rs 108.006 million
216.	12571	Loss due to theft of material from passenger coaches – Rs 57.390 million
217.	12572	Unjustifiable expenditure on construction of un-manned level crossings Rs 5.485 million
218.	12573	Loss of earnings due to negligence of railway management Rs 11.101 million
219.	12575	Loss to government exchequer due to non-payment of sales tax on services - Rs 2.311 million
220.	12576	Mis-procurement of bitumen without competitive bidding - Rs 1.593 million

SN	DP No.	Subject
221.	12577	Irregular payment to police staff posted in Carriage Factory - Rs 4.038 million
222.	12579	Non-deposit of cost of store material consumed for level crossings (deposit works) in railway fund account iii valuing – Rs 8.59 million
223.	12580	Loss due to incurrence of wasteful expenditure on incorporation of Special Purpose Vehicle (SPV) by RAILCOP - Rs 5.153 million
224.	12581	Financial loss of Rs 22.277 million due to theft of Railway material
225.	12582	Deceitful alteration in invoicing dates causing Loss to FBR- Rs 88.438 million
226.	12587	Unauthorized possession of land without execution of lease agreement for a period of up to 23 years
227.	12589	Loss due to conversion of declared Commercial shop into residential houses Rs 28.278 million
228.	12590	Mis procurement of consultancy services – Rs 1.2 million
229.	12592	Irregular/unauthorized sanction of detailed estimate after award of contract and completion of work-Rs10.251 million
230.	12595	Loss due to non-recovery of rest house charges Rs 0.779 million
231.	12597	Irregular procurement from unauthorized dealer – Rs 2.851 million
232.	12599	Loss of billions of rupees due to encroachment of railway land measuring 686.481 acres in Quetta division
233.	12602	Fraudulent payment of Rs 0.590 million on account of local purchase through bogus cash memo/quotations and loss of Rs 0.110 million
234.	12603	Loss due to non-utilization of available lashing rope – Rs 1.992 million
235.	12604	Loss due to avoiding court orders & unilaterally changes made by PR in tendering documents of RPGCC - Rs 17.044million
236.	12605	Blockage of revenue due to non-lifting of sold scrap Rs 923.316 million
237.	12606	Unjustified purchase of stone dust by showing emergent requirement Rs 8.681 million
238.	12608	Loss due to payment of late payment surcharge on electricity and sui gas bills of Rs 8.110 million
239.	12612	Loss due to mis-utilization of vehicles – Rs 1.326 million
240.	12613	Award of work through bogus bidding process Rs3.210 million
241.	12614	Loss due to less forfeiture of performance security Rs 1.171 million
242.	12618	Loss due to non/short deduction of recoverable amounts from railway employees Rs 3.474 million
243.	12619	Non-refund of savings from deposit works to the sponsoring agencies – Rs 1.372 million
244.	12621	Loss due to non-deduction of Taxes- Rs 1.519 million
245.	12623	Loss due to defective/short material – Rs 2.707 million
246.	12624	Loss of potential earnings due to less transportation of coal Rs 191.436 million
247.	12628	Loss due to excess service and installation cost paid to contractor Rs 3.90 million
248.	12629	Wasteful expenditure due to absence of sensitivity regarding technical drawing structure of EAF - Rs 90.61 million
249.	12635	Non-deduction and recovery of loan / advances from officials serving & transferred out from MOR - Rs 128.24 million

SN	DP No.	Subject
250.	12636	Non-recovery of outstanding from government departments - Rs 520.581 million
251.	12637	Loss due to non-recovery of rental charges against oil companies - Rs 129.237 million
252.	12638	Loss due to procurement of rails at higher rates - Rs 53.041 million
253.	12639	Non-recovery of railway dues - Rs 4.292 million
254.	12640	Unjustified drawl of POL Rs 0.478 million
255.	12641	Loss due to non-recovery of defective supply of material - Rs 7.046 million
256.	12642	Non-clearance of inactive Freight Deposit Accounts - Rs 21.25 million
257.	12643	Infructuous expenditures on account of imprest - Rs 1.055 million
258.	12644	Irregular excess payment on account of material - Rs 5,371.22 million
259.	12645	Irregular/ doubtful expenditure on account of repair of official vehicle amounting to Rs 0.486 million
260.	12646	Irregular operation and maintenance of Weigh Bridge by private contractor without execution of contract Rs 0.86 million
261.	12647	Loss to government exchequer due to non-collection of 16% GST - Rs 3.892 million
262.	12648	Loss due to shortage of material/ office equipment Rs 1.492 million
263.	12649	Loss on account of shortage of HSD oil Rs 24.699 million
264.	12650	Unjustified expenditure on account of hiring of excavator Rs 805,000
265.	12651	Non-recovery of group insurance premium from employees - Rs 0.937 million
266.	12652	Wasteful expenditure on account of pay & allowances in respect of the employees posted on closed/ non-operational sections Rs 8.338 million (P.A)
267.	12653	Temporary mis-appropriation of funds due to non-submission of Cash Memos - Rs 2.532 million
268.	12656	Irregular / unauthorized acceptance of material without requisite tests – Rs 1.541 million
269.	12657	Mis-procuremennt due to splitting up the purchase of similar items - Rs 1.933 million
270.	12658	Non-deduction of Income Tax - Rs 0.553 million
271.	12659	Unauthorized cash disbursement of cash award - Rs 11.060 million
272.	12660	Financial loss of Rs 81.600 million (approx) due to irregular promotion of CDL employees
273.	12661	Recurring financial loss of Rs 7.436 million due to negligence of Workshop Management
274.	12662	Non-recovery of electricity charges from M/s PRACS - Rs 4.036 million
275.	12663	Excess payment due to application of incorrect composite schedule rates – Rs 6.592 million
276.	12664	Loss due to fudge payment on account of pitching stone work – Rs 21.249 million
277.	12665	Loss due to application of incorrect composite schedule rates – Rs 3.056 million
278.	12666	Irregular payment to the contractor without prescribed laboratory test of structural concrete – Rs 39.117 million

SN	DP No.	Subject
279.	12667	Wasteful expenditure due to unequal deployment of gangmen on branch vs main line track – Rs 30.897 million
280.	12668	Loss due to non-obtaining of performance security from contractor – Rs 4.524 million
281.	12669	Loss due to inordinate delay in supplying of ballast contract on account of poor management – Rs 17.750 million
282.	12670	Loss due to inordinate delay in supplying of ballast contract on account of poor management – Rs 8.208 million
283.	12671	Loss due to non-recovery of rest house charges Rs 918,340
284.	12672	Loss due to non-imposition of L.D Charges on contractors/Suppliers Rs 1.870 million
285.	12673	Irregular and mis-utilization of funds out of deposit work -Rs 2.087 million
286.	12674	Loss on account of payment of interest on overdraft due to late deposit of land lease charges in railway earning account Z-232 Rs 3.712 million and Rs 31.635 million respectively
287.	12675	Procurement of restricted items in violation of austerity measures- Rs 5.314 million
288.	12676	Irregular splitting up of similar nature works – Rs 4.548 million
289.	12677	Loss due to non-forfeit of securities on account of deliberate non-execution of contract - Rs 4.86 million
290.	12678	Loss to PR due to wrong fixation of Pay & Allowances - Rs 0.436 million
291.	12679	Procurement of un-reliable ballast without carrying out mandatory prescribed test Rs 12.28 million
292.	12680	Loss due to procurement at higher rates – Rs 57.479 million
293.	12681	Loss due to mis-utilization of Bitumen procured for level crossings-Rs 0.936 million
294.	12682	Loss on account of excess consumption of high-speed diesel oil due to abnormal detention of trains imposed during flood-Rs 3.167 million
295.	12683	Loss due to non-forfeit of security money – Rs 6.000 million
296.	12684	Irregular transfer of material to other divisions - Rs 9.163 million
297.	12685	Non-disposal of surplus stock caused blockage of capital - Rs 2.310 million
298.	12686	Loss due to damages of Z-Section in forge shop – Rs 1.012 million
299.	12687	Loss due to unjustified payment on account of procurement of spare parts for flash butt welding machine –Rs 21.733 million
300.	12688	Irregular and unjustified payment of Rs 0.155 million made to the contractors on account of supply of ballast
301.	12689	Incurrence of unsanctioned expenditure without budget allotment amounting to Rs 0.473 million
302.	12690	Loss due to payment of late payment surcharge on sui gas bills amounting to Rs 0.317 million
303.	12691	Non-achievement of envisaged benefits despite payment of Rs 9.308 million due to non-completion of work
304.	12692	Loss due to incurrence of avoidable expenditure amounting Rs 7.232 million

SN	DP No.	Subject
305.	12693	Irregular/ unauthorized expenditure due to application of through rates/market rates without rate analysis and approval of competent authority – Rs 3.022 million
306.	12694	Loss to public exchequer due to non-imposition/deduction of sales tax- Rs 1.82 million
307.	12695	Unauthorized utilization of Deposit Misc. funds for irrelevant works- Rs 4.013 million
308.	12696	Loss due to unauthorized laying of water pipeline by PAF authorities Rs 8.39 million
309.	12697	Non-disposal of scrap material – Rs 19.218 million
310.	12698	Non-recovery of rental charges on account of rented out railway quarters – Rs 0.423 million
311.	12699	Irregular expenditure on account of repair to damaged building of Tarnol railway station out of deposit work funds – Rs 0.996 million
312.	12700	Irregular expenditure due to splitting up of works/procurements – Rs 35.57 million
313.	12701	Irregular purchase of machinery & equipment in violation of austerity measures – Rs1.072 million
314.	12702	Avoidable loss on account of Late Payment Surcharges - Rs 0.430 million
315.	12703	Mis-procurement due to splitting up of procurement – Rs 196.091 million
316.	12704	Mis-procurement due to ambiguous technical evaluation criteria - Rs 32.046 million
317.	12705	Loss on account of higher rates due to non-finalization of earlier tender within validity period – Rs 811,000
318.	12706	Loss due to underutilization of resources in manufacturing of concrete sleepers – Rs 486.536 million
319.	12707	Loss due to unjustified excess consumption of electricity in concrete sleeper factories – Rs 1.824 million
320.	12708	Non-Confirmation of Bank Guarantees – Rs 15.692 million
321.	12709	Inordinate delay in drawing completion reports and non-transfer of savings on completed works to be utilized on other vulnerable level crossing Rs 9.88 million
322.	12710	Non-disposal of scrap material – Rs 99.94million
323.	12711	Loss due to non-utilization of departmental labor & splitting of works Rs 7.77 million
324.	12712	Loss due to mis-procurement of painting material and excess payment due to higher rates Rs 0.83 million
325.	12713	Irregular/unauthorized expenditure due to award of contract on through/market rates without approval Rs 6.191 million
326.	12714	Avoidable expenditure on freight and loss to PR 8.86 million
327.	12715	Non-deposit of sundry other earnings in railway fund account-Rs 41.34 million
328.	12716	Loss on account of excess consumption of fuel due to detention of trains- Rs 25.5 million

SN	DP No.	Subject
329.	12717	Mis-procurement due to acceptance of bid and material beyond evaluation criteria – Rs 1.199 million
330.	12718	Loss due to delay in preparation of estimate for deposit work-Rs 39.53 million
331.	12719	Irregular issuance of ballast from deposit work to revenue work-Rs 240,000
332.	12720	Mis procurement of common user items through local purchase-Rs 3.74 million
333.	12721	Loss due to payment of income tax from Railway Revenue- Rs 564,590
334.	12722	Loss due to non-auction of parking stand in Railway HQ Office Lahore amounting to Rs1.895 million per annum
335.	12723	Irregular expenditure due to splitting of purchases & similar types civil works Rs8.520 million
336.	12724	Non authorization of General Pool vehicles valuing Rs8.947 million
337.	12725	Doubtful expenditure on account of repair of vehicles Rs 0.860 million
338.	12726	Local purchases without GST invoices amounting to Rs 5.721 million
339.	12727	Loss due to award of contract at high rates & variation in rates of similar type works and material Rs 0.669 million
340.	12728	Loss due to irregular utilization of General Pool vehicles for outstation duties Rs 0.854 million
341.	12729	Non-production of record resulting into non-audit of POL bills amounting to Rs 4.235 million
342.	12730	Irregular utilization of PSDP funds for revenue civil works– Rs 56.251 million
343.	12731	Unjustified expenditure on account of repair of CFI & PLF Machinery- Rs 29.494million
344.	12732	Irregular expenditure on account of re-employment on contract basis – Rs 1.890 million
345.	12733	Loss on account of non-completion of civil works-Rs 2.766 million
346.	12734	Loss on account of establishment charges Rs 109.864 million
347.	12735	Unjustified procurement of spares from PSDP funds Rs 0.315 million
348.	12736	Inordinate delay in completion of work orders due to mismanagement – Rs 2,195.514 million
349.	12737	Non-clearance of workshop manufacturing suspense –Rs 1,456.019 million
350.	12738	Unjustified procurement of tyres for static road crane – Rs 1.712 million
351.	12739	Loss due to manufacturing of low quality parts- Rs 3.844 million
352.	12740	Irregular expenditure on account of imprest - Rs0.935 million
353.	12741	Loss of potential earnings due to non-auction of prime land vacated by oil companies-Rs 63.406 million
354.	12742	Loss due to non-recovery of cost of land of regularized Katchi Abadies from Government of the Punjab – Rs1,182.21million
355.	12743	Irregular auction of open goods shed against leasing policy- Rs 2.97 million
356.	12744	Non-recovery of Electric Charges – Rs 0.731 million
357.	12745	Irregular award of repair work of vehicles to unqualified contractor – Rs 2.500 million
358.	12746	Non-achievements of earning targets by Rs 698.504 million
359.	12747	Loss of potential revenue due to non-establishment of marquees in Karachi Division – Rs 1,320.757 million

SN	DP No.	Subject
360.	12748	Loss due to non-recovery of Railway dues from NTDC – Rs 4.577 million
361.	12749	Mis-procurement due to non-observance of PPRA rules –Rs 4.591 million
362.	12750	Loss of potential earning due to delay in classified repair of locomotives-Rs 2,537.316 million
363.	12751	Irregular/ unauthorized acceptance of material without requisite tests – Rs 1.904 million
364.	12752	Irregular/unauthorized issuance of H.S.D. oil/ furnace oil- Rs 8.949 million
365.	12753	Loss of revenue due to non-execution of repair work of locomotives – Rs 989.175 million
366.	12754	Mis-procurement due to non-observance of PPRA rules -Rs 1.519 million
367.	12755	Mis-procurement due to uneconomical, unfair and non- transparent process of procurement and undue favour to the suppliers – Rs 14.738 million
368.	12756	Loss due to inattentive management of Rs346.57 million
369.	12757	Loss due to lethargic attitude of PR management towards taking over possession offered by Punjab Government- Rs 239.86 million
370.	12758	Recoverable amount on account of Railway land leased by REDAMCO – Rs 139.289 million
371.	12759	Contingent liability on account of House and Conservancy tax due to defective agreement – Rs 26.756 million
372.	12760	Loss due to non- revision of lease charges of Railway land and handing over extra land- Rs 19.916 million
373.	12761	Loss due to mismanagement in production of Cast Iron-Rs 1.486 million
374.	12762	Loss due to unjustified increase in Pay & Allowances due to mis-utilization of Staff– Rs 5.9 million
375.	12763	Irregular expenditure on account of pay/allowances & honoraria/cash award amounting to Rs 81.146 million
376.	12764	Loss due to non-recovery of rental charges from government. departments amounting Rs 1.139 million
377.	12765	Loss due to non-utilization of condemned locomotives reserved for heritage purpose Rs 27.928 million
378.	12766	Financial loss due to un-necessary detention of goods wagons – Rs 29.478 million
379.	12767	Loss of revenue due to non-utilization of scrap material reserved for railways – Rs 753.917 million
380.	12768	Loss due to due to breaking out of fine in passengers trains due to non-availability of fire extinguishers–Rs 1,288,906
381.	12769	Irregular payment due to negligence of railway management regarding sales tax invoices of material purchased by contractors in contracts of Rs 88.668 million
382.	12770	Loss due to less area of Railway Building taken over from Postal Department at Bannu Rs 9.332 million
383.	12771	Irregular local purchase of material from unregistered suppliers valuing – Rs 3.327 million
384.	12772	Irregular expenditure of Rs 2.65 million due to splitting of local purchases

SN	DP No.	Subject
385.	12773	Blockage of capital amounting to Rs 0.515 million due to non-return of released material
386.	12774	Irregular award of contract for special repair to balance work of lifting shop store and offices in C&W shops in the section of IOW/South Mughalpura – Rs 0.991 million
387.	12775	Irregular expenditure of Rs 3.850 million due to splitting of works
388.	12776	Loss of millions of rupees due to suspected misappropriation and theft of railway material of building due to negligence of railway management
389.	12777	Wasteful expenditure of Rs 0.869 million due to substandard work

Annexure-2

Key Performance Indicator Analysis by Outputs

SN	Output	Indicator	Original Target 2022-23	Target Achieved 2022-23	Reason for Variance
i	Railways Policies Formulation and Implementation	Railways Policies Formulation and Implementation (Numbers)	3	3	Targets Achieved
ii	Railways Services	Freight Traffic to be handled (Billion Tones Kilometers)	8.30	5.70	Decrease is due to the reason that upcoming freight train operation from Karachi port remained suspended due to flood during August-2022 and reduction of Yousafwala Coal KPT-SW by 1.7M.Tons as compared to the year 2021-22
		Passenger Traffic to be handled (Billion Passenger Kilometers)	23.70	23.68	Target Achieved
		Freight Revenue (Rs in Billion)	25.57	17.93	Less revenue has been earned due less booking of consignments by public through Railway.
		Passenger Revenue (Rs in Billion)	33.34	35.54	More revenue has been earned than the original Targets
		Other Revenue Receipts (Rs in Billion)	5.80	10.25	More revenue has been earned than the original Targets
		Total Revenue Receipts (Rs in billion)	**64.71**	**63.72**	

SN	Output	Indicator	Original Target 2022-23	Target Achieved 2022-23	Reason for Variance
		Improvement in punctuality of Passenger Services (%)	75%	79%	Punctuality increased due to passenger trains operation through short routes due to the reason that train operation remained suspended in Sukkur Division due to flood of August 2022.
		Reduction in accidents (in percentage)	10%	15%	Number of accidents increase as compared to the previous year record due to defects of track, rolling stock, signaling and Railway staff negligence.
iii	Pakistan Railways Infrastructure & Equipment Development Services-Track (KA2216)	New Track (K.Ms)	0	0	NIL Targets were under consideration due to lack of funds.
		Up-gradation of Main Line-1 (ML-1) under CPEC (Kms)	0	0	NIL Targets were under consideration due to lack of funds.
		Rehabilitation of Track (Kms)	50		The Information is awaited from the Headquarters Office Pakistan Railways Lahore.
iv	Pakistan Railways Infrastructure & Equipment Development Services-Signaling (KA2216 & HQ1763)	Up gradation of signaling system (K.Ms.)	46		
		Up gradation of signaling system (No. of Stations)	2		
v	Pakistan Railways Infrastructure & Equipment	Rehabilitation of accidental Locomotives (Numbers)	3	3	Target Achieved

SN	Output	Indicator	Original Target 2022-23	Target Achieved 2022-23	Reason for Variance
	Development Services-Rolling	Special Repair of Locomotives (Numbers)	36	39	Special repair to locomotives for more than the targeted has been carried out.
		Procurement of New Coaches (Numbers)	46	46	Target Achieved
		Procurement of New Wagons (Numbers)	200	200	Target Achieved
		Rehabilitation of existing Stations (Numbers)	0	0	NIL Targets were under consideration due to lack of funds.
		Up-gradation of Maintenance facilities (Numbers)	0	0	NIL Targets were under consideration due to lack of funds.
vi	Business Development and Operations	Establishment of New Dry Ports/Terminals (Numbers)	0	0	NIL Targets were under consideration due to lack of funds.
vii	Governance	Introduction of ERP %	25	25	Target Achieved (Out of 10 modules 4 modules are live and active (Finance, HR-Support, E-Procurement and Asset Management.)
		Training & Developments (Numbers)	50	50	Target Achieved. (Training for Capacity building of the Pakistan Railways Officers.
		Monitoring and Evaluation Report (Nos.)	50	37	Thirty seven (37) PSDP projects were included in the portfolio of Ministry of Railways.

Annexure-3 (Para 1.1.4)

Non-Accountal of Commutation/Pension, Arrears Liability

(Rs in million)

SN	Unit	Commutation (Payable)	Leave encashment (Payable)	Total
1	DAO Lahore	879.17	12.53	891.70
2	DAO Multan	1,169.68	60.36	1,230.04
3	DAO Work shop	1,074.17	45.00	1,119.17
4	DAO Rawalpindi	684.85	25.54	710.39
5	AO CFI	80.12	4.85	84.97
6	AO PLF	66.86	-	66.86
7	DAO Peshawar	469.54	184.47	654.01
8	DAO Sukkur	920.45	17.11	937.56
9	DAO Karachi	1,975.07	9.84	1,984.91
10	DAO Quetta	430.26	6.36	436.62
11	Headquarter	982.34	51.24	1,033.58
Total		**8,732.51**	**269.02**	**9,149.81**

Annexure-4 (Para 1.1.10)

Outstanding Suspense Balances

Overstatement of Miscellaneous Advances due to Less Recovery of Different Utilities from Employees

(Amount in Rs)

SN	Suspense Head	Cumulative Outstanding on 30/06/2023		Relating to 2021-22	
		Cr	**Dr**	**Cr**	**Dr**
i	Advance for Local Purchase	265,627,144	303,720,228	140,175,532	180,151,858
ii	Outstanding Electric Charges	2,607,472,296	2,453,437,087	2,020,450,418	1,959,526,228
iii	Outstanding Sui Gas Charges	37,926,175	1,506,630,334	37,700,171	1,506,637,891
iv	Outstanding Telephone Charges	130,308	80,128	177,612	143,160
v	Other items	38,645,741	289,056,929	38,651,341	303,534,262
Total Miscellaneous advance (Revenue)		**2,949,801,664**	**4,552,924,706**	**2,237,155,074**	**3,949,993,399**
Net Off		**1,603,123,042**		**1,712,838,325**	

Suspense Head	Cumulative Outstanding on 30.06.2023		Relating to 2021-22	
	Cr	Dr	Cr	Dr
Purchases	170,715,689	3,965,676,757	170,715,689	4,373,980,170
Net Off	**3,794,961,068**		**4,203,264,481**	

Annexure-5 (Para 1.1.17)

Booking of PSDP Expenditure as Revenue

(i) Electricity payment booked as Revenue

(Amount in Rs)

SN	Para No	Accounting Unit	Amount
1	19	DAO Multan	117,160
2	39	DAO Multan	760,902
3	24	DAO Sukkur	7,878,166
4	14	DAO/MGPR	3,356,000
Total			**12,112,228**

(ii) PSDP expenditure booked to Revenue

SN	Accounting Unit	Para No.	Error Irregularity	Amount
1	CDL	27	PSDP to Revenue	7,161,165
2	CDL	32	PSDP to Revenue	10,808,517
3	CDL	37	PSDP to Revenue	982,025
4	PLF	37	Revenue to PSDP	1,210,255
5	PLF	38	Revenue to PSDP	446,038
6	Quetta	44	PSDP to Revenue	473,000
7	DAO/Lahore	16	PSDP to Revenue	2,900,000
8	AO/Project MGPR	10	PSDP to Revenue	7,836,000
9	SAO/Store	19	PSDP to Revenue	30,150,000
10	SAO/GB	28	PSDP to Revenue	2,547,000
			Total	**64,514,000**

(iii) Deposit Work to Revenue

S#	Accounting Unit	Para No.	Error/irregularity	Amount
1	Rawalpindi	1,5,6,7,23,26,30,2,13	Deposit work to Revenue	15,382,181
2	Karachi	2	Deposit work to Revenue	1,400,000
3	Karachi	4	Deposit work to Revenue	8,932,715
4	Karachi / (Capital)	2,3	PSDP to Deposit Work	353,889
			Total	26,068,785

Annexure-6 (Para 2.5.7)

Encroachment of 3,502 kanals Railway land

(Rs in million)

SN	DP No.	Formation	Period of encroachment	Irregularity	Area in Kanals	Value of land	Remarks
1	12493	P&L Department, Peshawar	-	Mr. Masood Ahmad Qazi illegally constructed CNG station and petrol pump on Railway land	4.30	619.20	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 25.01.2024. DAC directed the DG/P&L to focus all its efforts on court case. A well reputed lawyer should be engaged and all possible efforts should be made to resolve the issue on priority. Compliance of DAC directives was awaited.
2	12588	Vigilance Directorate	-	PR land in Chaman City encroached by different Government departments and private individuals	3,107.52	423.01	The matter was taken up with the management in December 2023 and discussed in DAC 25.01.2024. DAC directed the P.O to adopt a holistic approach for resolving chronic issue of encroachment by involving opinion leaders/ MNAs/MPAs/UC Chairman, Civil Society Organizations, NGOs and relevant

SN	DP No.	Formation	Period of encroachment	Irregularity	Area in Kanals	Value of land	Remarks
							provincial government departments. DAC directed the PO to reconcile data of encroachment with Audit to ascertain actual encroachment. Compliance of DAC directives was awaited.
3	12405	P&L Department, Rawalpindi	June 19 to June 20	Commercial land encroached by private individuals (9 kanals) and DC Chakwal (29 kanals)	37.90	252.81	The matter was taken up with the management in November 2023 and discussed in the DAC meeting held on 29.12.2023. DAC showed displeasure on the laid back attitude of the PO over the encroachment in Chakwal. DAC directed the PO to retrieve the land and lodge FIRs against all encroachers within two weeks. Compliance of DAC directives was awaited.
4	12519	P&L Department, Peshawar	-	Commercial PR land encroached by private individuals	5.97	65.91	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 25.01.2024. DAC directed the DG/P&L to focus

SN	DP No.	Formation	Period of encroachment	Irregularity	Area in Kanals	Value of land	Remarks
							all its efforts on court case. A well reputed lawyer should be engaged and all possible efforts should be made to resolve the issue on priority. Compliance of DAC directives was awaited.
5	12486	P&L Department, Workshops, Mughalpura	2014	PR land encroached by LARECHS, Punjab Government (Mini Industrial School) and Dispensary by Abdul Aleem Khan Foundation	1.70	40.90	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 25.01.2024. DAC directed the DG/P&L to submit compliance report on all three issues pointed out in the para, on the lines as discussed during the para, within one week Compliance of DAC directives was awaited.
6	12409	P&L Department, Sukkur	2022-23	Commercial land encroached by private individuals	239.92	13.86	The matter was taken up with the management in November 2023 and discussed in the DAC meeting held on 29.12.2023. DAC showed displeasure on the laid back attitude of the PO over the encroachment.

SN	DP No.	Formation	Period of encroachment	Irregularity	Area in Kanals	Value of land	Remarks
							DAC directed the PO to retrieve the land and lodge FIRs against all encroachers within two weeks. Compliance of DAC directives was awaited.
7	12481	P&L Department, Workshops, Mughalpura	2016-2023	Commercial land encroached by private party and established BBQ Restaurant	1.23	13.23	The matter was taken up with the management in December 2023 and discussed in the DAC meeting held on 25.01.2024. DAC nominated GM/W&SI, DG/P&L and DS/Lahore into already constituted committee chaired by Member Finance. This committee shall review the overall revenue structure of Railway Sports Board, constitution of Pakistan Railway Sports Board, all sports establishments under Divisions and give recommendations for streamlining all sports facilities. Compliance of DAC directives was awaited.
8	12522	P&L Department, Peshawar	Since 1988	Peshawar Development Authority established	86.0	12,384	The matter was taken up with the management in December 2023 and discussed in

SN	DP No.	Formation	Period of encroachment	Irregularity	Area in Kanals	Value of land	Remarks
				nurseries at PR land Hayatabad			DAC meeting held on 25.01.2024. DAC directed the DG/P&L to focus all its efforts on court case. A well reputed lawyer should be engaged and all possible efforts should be made to resolve the issue on priority. Compliance of DAC directives was awaited.
9	12400	P&L Department, Rawalpindi	2013	A private individual constructed a plaza on PR Land adjacent to Airport Housing Society, Rawalpindi	0.25	4.22	The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 02.01.2024. DAC directed the DG/P&L to expedite the work of reevaluation of the encroached land at the market rates. The matter may be resolved with concerned authority on revised rates within one month. Compliance of DAC directives was awaited.
10	12172	Railway Station, Karachi City	January to February 2023	Cargo contractors illegally occupied Railway land allocated for car parking at City	17.73	2.39	The matter was taken up with the management in August 2023 and discussed in DAC meeting held on 05.09.2023. DAC directed the PO to submit a comprehensive

SN	DP No.	Formation	Period of encroachment	Irregularity	Area in Kanals	Value of land	Remarks
				Railway Station, Karachi			response along with documentary evidence within one week. Compliance of DAC directives was awaited.
11	12567	Vigilance Directorate, HQ, Lahore	-	Private individuals illegally constructed 900 shops and 250 houses near Railway Track at Quetta Road, Harnai (as per the inquiry report of DG Vigilance)	-	-	The matter was taken up with management in December 2023 and discussed in DAC meeting held on 25.01.2024. DAC directed the DG/P&L to resubmit the reply, after reconciliation among DS/Quetta, DG/Vigilance and D.G/P&L, within two weeks. Compliance of DAC directives was awaited.
Total					**3,502.52**	**13,819.53**	

Annexure-7 (Para 2.5.47)

Non-Disposal of Scrap/released material

(Rs in million)

SN	DP No.	Formation	Irregularity	Amount	Remarks
1	12541	District Controller of Stores, Mughalpura	9229.97 Metric ton Misc. un-surveyed scrap as on 31.08.2023	1,169.83	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 05.01.2024. The DAC directed the CCS to bring the issue of railway requirement of scrap to the notice of Senior Manager Committee and get a policy guideline on this important matter. However, all optimum efforts should be carried out regarding disposal of scrap material. Compliance of DAC directives was awaited.
2	12535	District Controller of Stores, Mughalpura	7921.50 Metric ton surveyed ferrous scrap as on 31.08.2023	1,013.35	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 05.01.2024. The DAC directed the CCS to bring the issue of railway requirement of scrap to the notice of Senior Manager Committee and get a policy guideline on this important matter. However, all optimum efforts should be carried out regarding disposal of scrap material. Compliance of DAC directives was awaited.
3	12352	Civil Engineering Department, Peshawar	Misc. released material and scrap laying at different PWI stores	936.60	The matter was taken up with the management in October 2023 and discussed in DAC meeting held on 21.11.2023. DAC directed the PO to have proper material management at central and divisional level. DAC further directed PO to submit revised reply within two weeks. Compliance of DAC directives was awaited.
4	12453	Project of Rehabilitation and Reconstruction of Flood Damages 2010	Misc. released material and scrap from RFD project	722.86	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 05.01.2024. The DAC directed the PD/RFD to provide the documentary evidence of the stated amount against each head/division. The audit would reduce the amount after satisfactory verification. The PD/RFD was also

SN	DP No.	Formation	Irregularity	Amount	Remarks
					directed to expedite the recovery against loss due to supply of cracked/unfit sleepers amounting to Rs268.338 million under intimation to this forum. Compliance of DAC directives was awaited.
5	12417	East Wharf Keamari Station	402 condemned wagons	476.10	The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 05.01.2024. The DAC directed the CCS and DS/Karachi to coordinate and work on this task of disposal of scrap worth Rs 476.10 million within two months. Compliance of DAC directives was awaited.
6	12238	Commercial & Transportation Department, Karachi	705 condemned wagons	239.51	The matter was taken up with the management in September 2023. It was replied that tender for 845 condemned wagons was floated on 10.05.2023 by Karachi Division but response for only 336 wagons was received. The tender was filed by CEO/PR and fresh tenders were in process. DAC in its meeting held on 17.10.2023 directed the PO to submit a comprehensive revised reply within one week. Compliance of DAC directives was awaited.
7	12338	Project of Rehabilitation of railway assets damaged during riots December 2007	191 M. Ton Released material of signaling system	30.56	The matter was taken up with the management in October 2023 and discussed in DAC meeting held on 21.11.2023. DAC directed the PO to submit comprehensive reply two weeks. Compliance of DAC directive was awaited.
8	12441	Mechanical Engineering department, Workshops Mughalpura	Six condemned locomotives	29.89	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 05.01.2024. The DAC directed to the CME/Loco to dispose of the condemned locomotive within one month and submit the compliance report. Compliance of DAC directives was awaited.
9	12610	Steel Shop Mughalpura,	Scrap material in	23.80	The matter was taken up with the management in December 2023 and

SN	DP No.	Formation	Irregularity	Amount	Remarks
		Lahore	shape of ashes 400,000 Cft		discussed in DAC meeting held on 05.01.2024. The DAC directed the CCS to bring the issue of railway requirement of scrap to the notice of Senior Manager Committee and get a policy guideline on this important matter. However, all optimum efforts should be carried out regarding disposal of scrap material. Compliance of DAC directives was awaited.
10	12325	Civil Engineering Department, Multan	P.way released material	17.04	The matter was taken up with the management in October 2023. It was replied that the released material may be issued to any PWI according to requirement. The reply was not tenable as material was lying in open space which was prone to theft. DAC in its meeting held on 21.11.2023 directed the CEN/Open Line and CCS to organize and had a proper store management system at central and divisional level. The visibility of the material should be ensured and all the steps that can help in stopping pilferage of store material should be ensured with proper SOP. A revised and proper comprehensive reply based on reconciliation of store material and professional management should be submitted within two weeks. Compliance of DAC was awaited.
11	12376	Carriage Factory, Islamabad	Misc. Scrap	11.84	The matter was taken up with the management in November 2023. It was replied that all efforts were taken for disposal of scraps. Tender was advertised twice but filed due to poor response. Last time, member of the tender committee i.e. FA & CAO raised query regarding “unit of sale” for which letter had been sent to CCS/LHR for clarification. The reply is an admission of audit observation. DAC in its meeting held on 21.11.2023 directed PO to resubmit reply with sales figures of sold out scrap. Compliance of DAC directives was awaited.

SN	DP No.	Formation	Irregularity	Amount	Remarks
12	12427	Pakistan Locomotive Factory, Risalpur	Misc. Scrap	10.28	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 05.01.2024. The DAC directed the MD/PLF to expedite the efforts of disposal of scrap and complete the activity within two months. DAC also directed to fetch maximum profits out of the auction and the auction result should be shared with this forum by 10.03.2024. Compliance of DAC directives was awaited.
Total				**4,681.66**	

Annexure-8 (Para 2.5.53)

Loss of earnings due to non-auction of surplus sites

(Rs in million)

SN.	DP No.	Formation	Period involved	Irregularity	Amount	Remarks
1	12484	P&L, Workshops Mughalpura	01.01.2013 to 07.09.2023	Nineteen shops, eleven nurseries, seven Marquees, and eight iron godowns	501.50	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 25.01.2024. DAC directed the P.O and audit team to reconcile the present status of pieces of land pointed out in the para and amount of the DP may be reduced to the extent of amount verified. The P.O was directed to vigorously pursue the remaining auction of the land under intimation to this forum. Compliance of DAC directives was awaited.
2	12479	P&L, Workshops Mughalpura	2015 to 2023	Five shops	40.15	The matter was taken up with management in December 2023 and discussed in DAC meeting held on 25.01.2024. DAC directed the PO to get the auctioned sites verified from Audit and amount of the DP may be reduced to the extent of amount verified. The P.O was directed to vigorously peruse the auction of remaining land. Compliance of DAC directives was awaited.

SN.	DP No.	Formation	Period involved	Irregularity	Amount	Remarks
3	12397	Commercial & Transportation Department, Sukkur	31.10.2014 to 28.02.2023	Forty one vending stalls and one car parking stand	30	The matter was taken up with the management in November 2023 and discussed in DAC meeting dated 01.02.2024. DAC directed the CCM to submit a comprehensive reply along with compliance report on the directions given during the para. Compliance of DAC directives was awaited.
4	12152	Railway Station, Faisalabad	21.03.22 to 28.02.23	Parking Stand	15.22	The matter was taken up with the management in July 2023 and discussed in DAC meeting held on 19.09.2023. DAC took serious view of the delay in processing the auction. DAC further directed PO to submit comprehensive reply regarding delay in auction of parking stand within one week. Compliance of DAC directives was awaited.
5	12394	P& L, Multan	June 17 to June 23	Two Petrol pump sites	10.04	The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 02.01.2024. The DAC directed DG/P&L to expedite the leasing work of lease of prime lands which were vacated by Caltex alternative options should be considered in

SN.	DP No.	Formation	Period involved	Irregularity	Amount	Remarks
						consultation with divisions. Maximum efforts should be carried out for auction of these lands and time line for these activities should be completed by the end of the month. Compliance of DAC directives was awaited.
6	12195	Railway Station, Faisalabad	31.12.2020 to 28.02.2023	Nine vending stalls	4.70	The matter was taken up with the management in August 2023 and discussed in DAC meeting held on 19.09.2023. DAC directed the PO to submit a comprehensive reply within one week. Compliance of DAC directives was awaited.
7	12130	Station Superintendent Hyderabad	31.12.2016 to 28.02.2023	five vending stalls	4.36	The matter was taken up with the management in July 2023 and discussed in DAC meeting held on 19.09.2023. DAC directed PO to submit a comprehensive reply within one week. Compliance of DAC directives was awaited.
8	12256	Station Superintendent, Hyderabad	February 2022 to January 2023	Parking Stand	3.25	The matter was taken up with the management in September 2023 and discussed in DAC meeting held on 17.10.2023. DAC directed PO to submit a comprehensive reply within one week. Compliance of DAC directives was awaited.

SN.	DP No.	Formation	Period involved	Irregularity	Amount	Remarks
9	12132	Commercial & Transportation Department, Karachi	June 2022 to February 2023	Seven vending stalls	1.72	The matter was taken up with the management in July 2023 and discussed in DAC meeting held on 19.09.2023. DAC directed PO to submit a comprehensive reply within one week. Compliance of DAC directives was awaited.
Total					**610.94**	

Annexure-9 (Para 2.5.63)

Irregular appointment of officers and staff

(Rs in million)

SN.	DP No.	Formation	Period of irregularity	Irregularity	Amount	Remarks
1	12349	Civil Engineering Department, Peshawar	Jul 22 to Jun 23	TLA staff was appointed without advertisement	36.08	The matter was taken up with management in December 2023 and discussed in DAC meeting held on 19.01.2024. DAC directed the CEN to resubmit a comprehensive reply in the light of extant rules and policy of TLA engagement. Compliance of DAC directives was awaited.
2	12292	Project of Replacement of old and obsolete signal gear (LON-SDR)	Jul 21 to Apr 23	TLA staff was appointed without advertisement	32.13	The matter was taken up with management in September 2023 and discussed in DAC meeting held on 19.01.2024. DAC directed the CS&TE to resubmit a comprehensive reply in the light of extant rules and policy of TLA engagement. Compliance of DAC directives was awaited.
3	12302	Project of Rehabilitation and Reconstruction of Flood Damages 2010	Jul 21 to Feb 23	Seven Muawans were appointed against no sanctioned strength out of which five working in other PR offices whereas drawing pay from RFD project. Deputy Project. Director, RFD was working as Director to Federal Minister Railways One LDC was working as SO to AGM/I.	5.49	The matter was taken up with the management in October 2023 and discussed in DAC meeting held on 19.01.2024. DAC directed the CEN to resubmit a comprehensive reply in the light of extant rules and policy of TLA engagement. Compliance of DAC directives was awaited.
4	12209	Project of Rehabilitation and	Jul 21 to Feb 23	Six Class III employees were appointed on	4.30	Matter was taken up with the management in September 2023 and discussed in DAC

SN.	DP No.	Formation	Period of irregularity	Irregularity	Amount	Remarks
		Reconstruction of Flood Damages 2010		TLA basis against provision of Class IV staff		meeting held on 17.10.2023. The DAC directed the PO to submit a comprehensive revised reply within one week. Compliance of DAC directives was awaited.
5	12284	Project of Special Repair of 100 DE Locomotives (New)	Mar 22 to Feb 23	Appointment of six employees without observing procedure	2.69	The matter was taken up with the management in September 2023 and discussed in DAC meeting held on 19.01.2024. DAC directed the CME/C&W to resubmit a comprehensive reply in the light of rules and policy of TLA engagement. DAC also directed the GM/M&S to ensure engagement of all PSDP related HR in the light of policy and rules. Compliance of DAC directives was awaited.
6	12438	Civil Engineering Department, Rawalpindi	Jun 22 to Jun 23	Eight employees appointed on TLA basis before initiation of work	2.30	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 19.01.2024. DAC directed the CEN to submit a comprehensive reply showing status of recovery documents along with documentary evidence. Compliance of DAC directives was awaited.
7	12139	Project of Special Repair of 100 DE Locomotives (New)	Sep 20 to Aug 21	Two over aged employees appointed on TLA Basis	2.06	The matter was taken up with the management in July 2023 and discussed in DAC meeting held on 17.10.2023. The DAC directed the PO to submit a comprehensive revised reply within one week. Compliance of DAC directives was awaited.
8	12205	Project of Replacement of old and obsolete signal	Oct 22 to Apr 23	Project staff was appointed over and above the provision in	1.86	The matter was taken up with the management in August 2023 and discussed in DAC meeting held on 17.10.2023.

SN.	DP No.	Formation	Period of irregularity	Irregularity	Amount	Remarks
		gear (LON-SDR)		PC-I		The DAC directed the PO to submit a comprehensive revised reply within one week. Compliance of DAC directives was awaited.
9	12166	PRACS	July 21 to March 23	Irregular appointment of Driver and Assistant Manager without observing PRACS service rules.	1.32	Matter was taken up with the management in August 2023 and discussed in DAC meeting held on 23.01.2024. DAC directed the MD/PRACS to resubmit the reply in the light of discussion on the para with supporting documents. Compliance of DAC directives was awaited.
10	12412	Project of Procurement/manufacture 820 High-Capacity Bogie Wagons	Apr 22 and Jun 22	Two employees of BPS-16 hired on TLA basis without observing procedure	1.30	The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 19.01.2024. DAC directed the CME/C&W to resubmit a comprehensive reply in the light of rules and policy of TLA engagement. DAC also directed the GM/M&S to ensure engagement of all PSDP related HR in the light of policy and rules. Compliance of DAC directives was awaited.
11	12143	Project of Special Repair of 100 DE Locomotives (New)	Jul 21 to Jun 22	Project staff was appointed over and above the provision in PC-I	1.05	The matter was taken up with the management in July 2023 and discussed in DAC meeting held on 17.10.2023. The DAC directed the PO to submit a comprehensive revised reply within one week. Compliance of DAC directives was awaited.
Total					**90.58**	

Annexure-10 (Para 2.5.82)

Non-deduction of advance tax

(Rs in million)

SN.	DP No.	Formation	Period Involved	Irregularity	Amount	Remarks
1	12561	SAO/Revenue	July 2022 to June 2023	Withholding income tax on outsourced trains not deduction	539.92	The matter was taken up with the management in December 2023 and discussed in DAC meeting dated 01.02.2024. DAC directed the CCM to submit a comprehensive reply along with supporting documents. Compliance of DAC directives was awaited.
2	12563	SAO/Revenue	July 2022 to December 2023	Withholding tax from cargo train (501 Up/502 Dn)	86.38	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 30.01.2024. DAC directed the CMM to provide documentary evidence in support of reply e.g. SRO Notification from FBR for levy of 5% withholding tax on contractors for audit verification.
3	12293	Railway Station, Faisalabad	July 2021 to February 2023	Non-collection of 10% withholding tax from different Cargo Contractors of (503Up/ 504Dn)	49.02	The matter was taken up with the management in September 2023. It was replied that as per agreement the cargo contractor would deposit advance payment of round trip of ZBC at originating station. The remarks

SN.	DP No.	Formation	Period Involved	Irregularity	Amount	Remarks
						were not tenable as according to the Para 17.18 of Pakistan Railway Commercial Manual was the duty of the destination station to check that all Railway dues had been paid before delivery of goods. DAC was not convened on this para.
4	12558	Transportation & Commercial Department Lahore Division	24.11.2020 to 23.11.2023	GST @ 16% not collected from parking stand contractor	17.47	The matter was taken up with the management in December 2023 and discussed in DAC meeting dated 01.02.2024. DAC directed the audit team to revisit this DP in the light of discussion held during the para and documents submitted by the CCM. Compliance of DAC directives was awaited.
5	12185	Commercial and Transportation Department, Lahore	December 2018 to November 2023	Non deduction of 10% withholding income tax against the leased out restaurants, parking stands and coolie/ luggage/ parcel handling contractors	11.20	The matter was taken up with the management in August 2023. It was replied that 10% withholding tax was being recovered from the contractors. The reply was an admission of audit observation. DAC was not convened on this para.
6	12281	Commercial & Transportation Department, Rawalpindi	July 2021 to June 2022	Non-collection of advance income tax on Crane Handling, Weighbridge and Labour	6.90	The matter was taken up with the management in September 2023 and discussed in DAC meeting held on 02.01.2024. The DAC

SN.	DP No.	Formation	Period Involved	Irregularity	Amount	Remarks
				handling contracts.		directed CCFM & Chief Traffic Manager (CTM) to recover the withholding tax in coordination with CTM from the security deposits and provide evidence to audit for verification within two weeks. Compliance of DAC directives was awaited.
7	12269	Railway Station, Multan	August 2021 to February 2023	Non recovery of 10% withholding income tax on auction of vending stalls, car parking stand and other commercial places	4.50	The matter was taken up with the management in September 2023 and discussed in DAC meeting held on 02.01.2024. The DAC directed the CCM to start recovery of the outstanding withholding tax from the contractors. Compliance of DAC directives was awaited.
8	12408	P&L, Sukkur	January 2020 to June 2020	Non-collection of 10% advance tax on commercial 78 shops contracts	3.93	The matter was taken up with the management in November 2023. It was replied that recovery of withholding tax had been started in fresh auctions. Reply was an admission of audit observation. DAC was not convened on this para.
9	12459	Civil Engineering Department, Multan	2021-22	Non-collection of advance Punjab sale tax (PST) from contractors of construction	3.09	The matter was taken up with the management in December 2023 and discussed in DAC meetings dated 02.01.2024 and

SN.	DP No.	Formation	Period Involved	Irregularity	Amount	Remarks
				works		16.01.2024. DAC directed CEN & FA&CAO/PR to recover the amount and get it verified from the audit within two weeks. Compliance of DAC directives was awaited.
10	12452	P&L, Multan	April 2020 to April 2023	Advance income tax @ 10% on premium of 72 shops not collected	2.18	Matter was taken up with the management in December 2023 and discussed in DAC meeting held on 02.01.2024. The DAC directed DG/P&L to immediately recover the withholding tax amount within one month and submit the report with documentary evidence duly vetted by the DAO/Multan. Compliance of DAC directives was awaited.
11	12609	Accounts Officer/ Projects HQ	From 08.04.22 to 31.03.23	GST not deducted at time of payments to contractors.	2.16	The matter was taken up with management in December 2023 and discussed in the DAC meeting held on 30.01.2024. DAC directed FA&CAO/PR to submit a revised reply along with supporting documents today.
12	12136	Railway Station, Karachi	July 2022 to February 2023	Non deduction of 10% withholding income tax from vending stalls and parking contractors at Karachi City	2.15	The matter was taken up with the management in August 2023 and discussed in DAC meeting held on 05.09.2023. DAC directed CCM to submit a comprehensive reply

SN.	DP No.	Formation	Period Involved	Irregularity	Amount	Remarks
				Railway Station		within one week Details of the recoveries and the balance amount recovered should be shared with audit within two weeks. Compliance of DAC directives was awaited.
13	12207	Commercial and Transportation Department Multan	July 2021 to February 2023	Non deduction of 10% withholding income tax on auction of vending stalls, car parking stand	1.47	The matter was taken up with the management in August 2023 and discussed in DAC meeting held on 19.09.2023. DAC directed CCM to submit a comprehensive reply within one week Details of the recoveries and the balance amount recovered should be shared with audit within two weeks. Compliance of DAC directives was awaited.
14	12125	Commercial & Transportation, Karachi	July 2022 to February 2023	Non collection of 10% withholding tax from 18 vending stalls contractors	0.49	The matter was taken up with the management in July 2023 and DAC meeting held on 02.01.2024. The DAC directed the CCM to get the recovered amount of withholding tax verified by the audit. The DAC directed the PO to expedite the recovery of the remaining amount of the withholding tax. Compliance of DAC directives was awaited.

SN.	DP No.	Formation	Period Involved	Irregularity	Amount	Remarks
15	12153	Railway Station, Rawalpindi	July 2021 to June 2023	Non recovery of 10% withholding income tax from lessee of the Car Parking Stand Rawalpindi	0.48	The matter was taken up with the management in July 2023 and DAC meeting held on 02.01.2024. The DAC directed the CCM to get the recovered amount of withholding tax verified by the audit. The DAC directed the PO to expedite the recovery of the remaining amount of the withholding tax. Compliance of DAC directives was awaited.
16	12163	PRACS	November 2020 to November 2022	Non-recovery of 20% advance tax on directorship fee	0.40	The matter was taken up with the management in August 2023 and discussed in DAC meeting held on 02.01.2024. The DAC directed the MD/PRACS to submit documentary evidence of deduction of advance tax from the directors and in case of non-submission of taxes M.D/PRACS was directed to recover advance tax. Compliance of DAC directives was awaited.
Total					**731.74**	

Annexure-11 (Para 2.5.83)

Non-Recovery of Railway dues from private parties

(Rs in million)

SN.	DP No.	Formation	Period involved	Irregularity	Amount	Remarks
1	12475	Chief Controller of Purchase, Lahore	Nov 2021 to Aug 23	Custom Duty & Sales Tax, Demurrage, Warranty Claim, LD Charges , Ground Rent etc.	224.91	The matter was taken up with management in December 2023 and discussed in DAC meeting held on 05.01.2024. The DAC directed the CCP to file the recovery suit besides lodging FIR against M/S OTCL in consultation with DGLA. The company would also be black listed in coordination with PPRA. The chair nominated DG/Vigilance, CCP and FA&CAO/PR to conduct fact finding inquiry within one month for fixing responsibility against the officers or officials involved in this negligence. Compliance of DAC directives was awaited.
2	12360	East Wharf Keamari Station, Karachi	June 2022	Station outstanding	132.06	The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 02.01.2024. The DAC directed the CCFM to submit a revised reply with supporting documentary evidence along with breakup of each part within one week. Compliance of DAC directives was awaited.
3	12497	P&L, Headquarter	Jul 21 to Nov 23	Occupancy charges from M/s Shapes (Pvt) Limited	38.61	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 09.01.2024. DAC directed the DG/P&L to resubmit the reply along with documentary evidence showing the recovered amount. The chair directed that the recovery may be expedited and complete

SN.	DP No.	Formation	Period involved	Irregularity	Amount	Remarks
						recovery documents should be submitted. Compliance of DAC directives was awaited.
4	12491	P&L, Peshawar	Dec 22 to Jun 23	Rental charges of four shopping centers	26.29	The matter was taken up with management in December 2023 and discussed in DAC meeting held on 09.01.2024. DAC directed the DG/P&L to resubmit the reply along with documentary evidence showing the recovered amount. The chair directed that the recovery may be expedited and complete recovery documents should be submitted. Compliance of DAC directives was awaited.
5	12487	P&L, Peshawar	Jul 21 to Oct 23	Rent of five food godowns and one Food office	26.01	The matter was discussed with management in December 2023 and discussed in DAC meeting held on 09.01.2024. DAC directed DG/P&L to expedite the efforts of engaging a market-based lawyer in coordination with DG/LA. The processes of engagement of lawyer should be completed within one week. DG/P&L should personally ensure it and make all efforts for recovery of the rental charges after doing away with the litigation process. Compliance of DAC directives was awaited.
6	12398	Commercial & Transportation Department, Sukkur	Sep 22 to Oct 22	Rent of twenty one vending stalls	17.27	The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 09.01.2024. DAC directed that the recovery may be expedited and complete recovery documents should be submitted to Audit for verification. Compliance of DAC directives was awaited.

SN.	DP No.	Formation	Period involved	Irregularity	Amount	Remarks
7	12158	Railway Station, Faisalabad	Mar 19 to Aug 20	PR dues from contractors of parking stand and Coolie & Parcel handling	12.32	The matter was taken up with the management in July 2023 and discussed in DAC meeting held on 19.09.2023. The DAC directed that PO should submit a comprehensive reply within one week. Compliance of DAC directives was awaited.
8	12135	Commercial & Transportation Department, Karachi	Oct 18 to Jan 23	Demurrage charges, godown rent, electric charges and over loading charges Cargo contractors of 501-UP/502DN/503-UP/504-DN	10.77	The matter was taken up with the management in July 2023 and discussed in DAC meeting held on 05.09.2023. The DAC directed that the PO should submit a comprehensive reply along with documentary evidence within one week The PO would ensure that all the recoverable amount was recovered within two weeks. Compliance of DAC directives was awaited.
9	12369	Carriage Factory, Islamabad	from 2015 to 2023	Lessees of shops/khokhas and private parties.	6.90	The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 21.11.2023. DAC directed the PO to get the recoveries verified from Audit. During audit verification, recovery of Rs 3.70 million was verified leaving a balance of Rs 6.90 million. Status of remaining amount was awaited.
10	12389	P&L, Sukkur	Jan 19 to Jan 22	Rent from contractor of Galaxy Marriage Hall (Railway Institute Sukkur)	6.89	The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 29.12.2023. DAC directed the PO to file recovery suit against the contractors and blacklist them. DAC further directed the PO to review the extension of all defaulting contractors and conduct new auctions after terminating their contracts

SN.	DP No.	Formation	Period involved	Irregularity	Amount	Remarks
						within one month. Compliance of DAC directives was awaited.
11	12502	MoR, Islamabad	Mar 17 to Mar 23	HBA and MCA not recovered from 15 retired officials of PR.	6.77	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 09.01.2024. DAC directed the concerned officers from MOR and director/admin to resubmit the reply along with documentary evidence showing the recovered amount. The chair directed that the recovery may be expedited and complete recovery documents should be submitted. Compliance of DAC directives was awaited.
12	12504	Commercial & Transportation Department, Sukkur	Sep 19 to Sep 20	Non-recovery of rent from sixteen vending stalls contractors and STEs on account of lost EFT books and under charges & short charges	2.55	The matter was taken up with management in December 2023 and discussed in DAC meeting held on 09.01.2024. DAC directed the CCM to expedite the recovery and submit documentary evidence to Audit within two weeks. The chair also directed that recovery from the defaulter officials (STEs) should be ensured within three months. Compliance of DAC directives was waited.
13	12330	MD, Carriage Sleeper Factories	July 22 to Mar 23	Rent charges of concrete sleeper factory, Kotri from M/s H.I.S Industries, Karachi	3.90	The matter was taken up with the management in October 2023 and discussed in DAC meeting held on 21.11.2023. DAC directed the MD/CSF to personally looking into the matter and submit a revised written reply along with necessary documents along with suggesting future course of action in consultation with DG/Legal, PR HQ, Lahore and CEO/PR. Compliance of DAC directives was awaited.

SN.	DP No.	Formation	Period involved	Irregularity	Amount	Remarks
14	12206	Divisional Commercial and Transportation Department, Lahore	Dec 21 to Feb 23	Rent charges of one Restaurant, eight vending stalls and eight parking stands	3.82	The matter was taken up with the management in August 2023 and discussed in DAC meeting held on 19.09.2023. The PO should submit a comprehensive reply within one week. Details of the recoveries and the balance amount recovered within two weeks should be shared with Audit. Compliance of DAC directives was awaited.
15	12310	Railway Station, Multan	Oct 22 to Jan 23	Rent of vending stalls and car parking	3.43	The matter was taken up with the management in October 2023 and discussed in DAC meeting held on 09.01.2024. DAC directed that the recovery may be expedited and complete recovery documents should be submitted to Audit for verification. Compliance of DAC directives was awaited.
16	12494	Property & Land Department, Multan	2016-19	Non-recovery of rent of shops	3.43	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 25.01.2024. DAC directed the DG/P&L to get the record verified from Audit. Compliance of DAC directives was awaited.
17	12203	Commercial & Transportation Department Multan	Oct 22	Rent of ten vending stalls	2.99	The matter was taken up with the management in August 2023 and discussed in DAC meeting held on 05.09.2023. The DAC directed the PO to submit a comprehensive response along with documentary evidence within one week. Compliance of DAC directives was awaited.
18	12257	Station Superintendent, Hyderabad	Oct 22 to Dec 22	Rent of eleven vending stalls	2.41	The matter was taken up with the management in July 2023 and discussed in DAC meeting held on 17.10.2023. The DAC directed the PO to submit a

SN.	DP No.	Formation	Period involved	Irregularity	Amount	Remarks
						comprehensive revised reply within one week. Compliance of DAC directives was awaited.
19	12492	P& L, Peshawar	Feb 20 to Dec 22	Rent of agricultural land from seven contractors	1.26	The matter was discussed with management in December 2023 and discussed in DAC meeting held on 09.01.2024. DAC directed the DG/P&L to resubmit the reply along with documentary evidence showing the recovered amount. The chair directed that the recovery may be expedited and complete recovery documents should be submitted. Compliance of DAC directives was awaited.
20	12490	P& L, Peshawar	Jan 18 to Oct 18	Rent of rest house building Mardan not recovered from Mr. Majid Khan	1.16	The matter was taken up with management in December 2023 and discussed in DAC meeting held on 09.01.2024. DAC directed the DG/P&L to expedite the process of litigation by engaging well reputed RCL. Compliance of DAC directives was awaited.
21	12197	PRFTC	2021-22	Non-recovery of expenses incurred by PR during installation of weighment bridge at Rohri on behalf of M/s Hussain Corporation	0.65	The matter was taken up with the management in August 2023 and discussed in DAC meeting held on 05.01.2024. The DAC directed the CEO/PRFTC to coordinate with DS/Sukkur and seek details of Rs 0.648 million and pay this amount to DS Office Sukkur after satisfactory verification. The joint effort would be shared with Audit with supporting documents. Compliance of DAC directives was awaited.
22	12566	P&L, Quetta	2015-2023	Rental charges of land for stacking purpose not recovered from M/s Bashir Ahmad & Co.	49.91	Matter was discussed with management in December 2023 and discussed in DAC meeting held on 16.01.2024. DAC directed the DG P&L to coordinate with DS/Quetta to take over the possession of the land immediately and file recovery suit for the rental outstanding. DAC further directed the

SN.	DP No.	Formation	Period involved	Irregularity	Amount	Remarks
						inquiry committee to complete inquiry fixing responsibility within two weeks. Compliance of DAC directives was awaited.
23	12529	P&L, Quetta	Nov 20 to Sep 23	Non-recovery of rent of eighteen shops	3.96	Matter was discussed with management in December 2023 and discussed in DAC meeting held on 16.01.2024. DAC directed the DG P&L to submit a revised reply with documentary evidence of rentals of thirteen shops whose vendors agreed for five years lease term. DAC further directed to seal five shops immediately and to recover rentals without any delays. Moreover, fresh auction of five sealed shops be ensured within one month. Compliance of DAC directives was awaited.
24	12521	P&L, Peshawar	Jul 22 to June 23	Non-recovery of rental charges on account of car parking , warehouse and land	6.40	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 16.01.2024. DAC directed the DG P&L to file recovery suit within two weeks. Compliance of DAC directives was awaited.
25	12542	P&L, Lahore Division	2021-22	Rental charges of 44 commercial shops	19.90	Matter was taken up with the management in December 2023 and discussed in DAC meeting held on 16.01.2024. DAC directed the DG/P&L to file recovery suit within two weeks.
26	12607	P&L, Quetta	Jan 16 to Dec 23	Optic Fiber Crossing Charges from M/s Wateen	42.54	Matter was discussed with management in December 2023 and discussed in DAC meeting held on 05.01.2024. The DAC directed the CEN/OL to expedite efforts for vacating the court stay on

SN.	DP No.	Formation	Period involved	Irregularity	Amount	Remarks
						this matter and to have a meeting with DS/Quetta, concerned DEN, DLA and RCL. The DAC also directed to sort out the matter with Wateen within two weeks under intimation to this forum. Compliance of DAC directives was awaited.
27	12583	P&L, Karachi	Up to August 2023	Lease rental charges from 160 different private parties and Postal department	31.80	Matter was discussed with management in December 2023 and discussed in DAC meeting held on 16.01.2024. DAC directed the DG/P&L to hold a meeting with postal department for recovery of outstanding amount owed by the postal department. All DSs should be instructed to expedite the recovery of the outstanding rentals against the shops, parking, staking areas, etc. A compliance report along with all the necessary documents should be submitted within one month. Compliance of DAC directives was awaited.
28	12584	P&L, Multan	Jul 2022 to Sep 23	Rental charges from lessees of shops and agricultural land including late payment surcharges	14.17	Matter was discussed with management in December 2023 and discussed in DAC meeting held on 16.01.2024. DAC directed the DG/P&L to file recovery suit for the remaining amount within two weeks. Compliance of DAC directives was awaited.
29	12601	P&L, Quetta	Dec 2005 to Dec 2023	Recoverable from lessees of shops, stacking plots, quarters etc.	8.36	Matter was discussed with management in December 2023 and discussed in DAC meeting held on 16.01.2024. DAC directed the DG/P&L to file recovery suit for the remaining amount within two weeks. Compliance of DAC directives was awaited.
30	12631	Effective Utilization of PSDP	Jan 2022	Training Fee recoverable from Ms. Nimra	0.68	The matter was taken up with management in December 2023 and discussed in DAC

SN.	DP No.	Formation	Period involved	Irregularity	Amount	Remarks
		Portfolio by Pakistan Railways		Nadeem		meeting held on 19.01.2024. DAC directed the DG/Planning to submit a comprehensive reply showing status of recovery documents along with documentary evidence. Compliance of DAC directives was awaited.
Total					**712.12**	

Annexure-12 (Para 2.5.85)

Loss due to non-recovery of Railway dues on account of assisted sidings/level crossings

(Rs in million)

SN.	DP No.	Formation	Period Involved	Irregularity	Amount	Remarks
1	12380	Civil Engineering Department, Lahore	Up to 2022-23 and previous years	operational & maintenance charges of level crossings	258.54	The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 21.11.2023. DAC directed PO to reexamine and review the time frame of advance payment of level crossings paid by the sponsoring agencies for the operational and maintenance cost. The time frame should be reviewed for enhancement from three years to ten years minimum through senior management committee. The DAC further directed to submit a comprehensive reply outlining the recoveries and efforts done to realize the outstanding amount within two weeks. Compliance of DAC directives was awaited.
2	12351	Civil Engineering Department Peshawar	Up to June 2023	Maintenance and operational charges of level crossings	42.33	The matter was taken up with the management in October 2023 and discussed in DAC meeting held on 21.11.2023. The DAC directed PO to reexamine and review

SN.	DP No.	Formation	Period Involved	Irregularity	Amount	Remarks
						the time frame of advance payment of level crossings paid by the sponsoring agencies for the operational and maintenance cost. The time frame should be reviewed for enhancement from three years to ten years minimum through senior management committee. The DAC further directed to submit a comprehensive reply outlining the recoveries and efforts done to realize the outstanding amount within two weeks. Compliance of DAC directives was awaited.
3	12593	Civil Engineering Department, Rawalpindi	July-2022 to June-2023	Recoverable from Government departments and private parties	82.07	The matter was taken up with management in December 2023 and discussed in DAC meeting held on 05.01.2024. The DAC directed the CEN/OL to immediately submit revised reply with proper break up of amount within three days. The chair also directed to expedite the recovery of remaining amount in the light of directives given during discussion. Compliance of DAC directives was awaited.

SN.	DP No.	Formation	Period Involved	Irregularity	Amount	Remarks
4	12617	Civil Engineering Department Quetta	2021-22	Recoverable from various government. departments and Quetta Garrison	40.67	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 12.01.2024. DAC directed the CEN/Open Line to visit Chief Secretary office Quetta Balochistan along with DS/Quetta and resolve the issue on long term basis within two weeks. Compliance of DAC directives was awaited.
5	12548	Civil Engineering Department, Karachi	01.07.2022 to 30.06.2023	Recoverable from Defense Department, NHA, Provincial Highway Department, Municipalities, Oil Companies and Private Parties	35.53	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 12.01.2024. DAC directed the CEN/Open Line to resubmit a comprehensive reply. Compliance of DAC directives was awaited.
6	12341	Civil Engineering Department, Multan	2022-23	Operational and maintenance charges of level crossings	12.57	The matter was taken up with the management in October 2023 and discussed in DAC meeting held on 21.11.2023. The DAC directed the PO to submit comprehensive reply within two weeks. Compliance of DAC directives was awaited.
7	12386	Civil Engineering Department, Rawalpindi	July 2004 to June 2023	Maintenance and operational charges of military sidings	7.65	The matter was taken up with the management in November 2023 and discussed in DAC on 21.11.2023. DAC

SN.	DP No.	Formation	Period Involved	Irregularity	Amount	Remarks
						directed to review the time frame of advance payment of operation and maintenance cost for enhancement from three years to ten years. DAC also directed to submit revised reply within two weeks. Compliance of DAC directives was awaited.
Total					**479.36**	

Annexure-13 (Para 2.5.86)

Non-recovery of Railway dues from government departments

(Rs in million)

SN.	DP No.	Formation	Period of recovery	Irregularity	Amount	Remarks
1	12630	CA, Sukkur Division	2022-23	Recoverable from different government departments	102.63	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 25.01.2024. DAC directed the DG/P&L to get the recovered amount verified from Audit within one week and amount of the DP may be reduced accordingly. The P.O was directed to vigorously pursue remaining recovery under intimation to this forum. Compliance of DAC directives was awaited.
2	12518	P&L, Sukkur	Up to September, 2023	Rental charges from Food department, WAPDA, Postal department and private parties	72.62	The matter was taken up with the management in December 2023 and discussed in DAC meeting held on 25.01.2024. DAC directed the DG/P&L to get the recovered amount verified from Audit within one week and amount of the DP may be reduced accordingly. The P.O was directed to vigorously pursue remaining recovery under intimation to this forum. Compliance of DAC directives was awaited.
3	12145	Commercial & Transportation Department Rawalpindi	2008-21	Non-recovery of PR share from sale of confiscated goods by Custom department	63.60	The matter was taken up with the management in July 2023 and discussed in DAC meeting held on 05.09.2023. The DAC directed that the PO should submit a comprehensive reply along with documentary evidence within one week. Compliance of DAC directives was awaited.
4	12237	RAILCOP	2000-22	Recoverable from different	57.64	Matter was taken up with the management in September 2023 and discussed in DAC

SN.	DP No.	Formation	Period of recovery	Irregularity	Amount	Remarks
				Government department and universities		meeting held on 17.10.2023. The DAC directed the PO to submit a comprehensive revised reply within one week to audit. Compliance of DAC directive was awaited.
5	12401	P&L, Rawalpindi	Dec 13 to Jun 24	Recoverable lease charges from different private parties	42.33	The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 29.12.2023. DAC directed the PO to arrange meeting with concerned authorities and due amount should be recovered within one month. Compliance of DAC directive was awaited.
6	12524	P&L, Lahore Division	2019-2022	Postal Department	28.50	Matter was discussed with management in December 2023 and discussed in DAC meeting held on 16.01.2024. DAC directed the DG/P&L to file recovery suit within two weeks. Compliance of DAC directive was awaited.
7	12455	P&L, Multan	Jul 22 to Jun 23	Rent charges from DOR Layah, Postal Department and Shell Pakistan	7.47	Matter was discussed with management in December 2023 and discussed in DAC meeting held on 16.01.2024. DAC directed the DG/P&L to file recovery suit within two weeks. DAC also directed the to prepare SOP for defaulters with timeline and a policy to seal or de-seal the land, shops, staking area etc. and get the policy approved from SMC within two weeks and submit compliance report within three weeks. Compliance of DAC directives was awaited.
8	12586	P&L, Peshawar	Jul 11 to June 17	Non-recovery of lease rental charges from Postal	5.55	The matter was discussed with management in December 2023 and discussed in DAC meeting held on 25.01.2024. DAC directed the DG/P&L to resolve

SN.	DP No.	Formation	Period of recovery	Irregularity	Amount	Remarks
				department on revised rates		the issue of revised rates with Postal Department and submit a compliance report to this forum within one month. Compliance of DAC directives was awaited.
9	12421	Project of Procurement/ Manufacture 820 High-Capacity Bogie Wagons	Dec 22 to May 23	The cost of damages to wagons during unloading was recoverable from M/s National Insurance Company Limited (NICL)	1.22	The matter was taken up with the management in November 2023 and discussed in DAC meeting held on 05.01.2024. The DAC directed the Director / Procurement to expedite the recovery of cost of damages from NICL within one month along with supporting documents under intimation to Audit. Compliance of DAC directives was awaited.
Total					**381.56**	

Annexure-14 (Para 2.6.2)

Misappropriation of HSD oil

Summary of GM-31 Shed wise								
SN	**Name of Shed**	**Available Locomotives as on 04.10.2021**					**Fuel tank balance (as on last day of month) (Ltr)**	**Difference (Ltr)**
		Class of Loco	**Loco No.**	**Loco Tank Capacity (Ltr)**	**Total Tank capacity (Ltr)**	**Shed capacity (Ltr)**		
1	Karachi	HAU-10	1	5,001	5,001	889,855	2,832,072	1,942,217
		GEU-40	53	8,000	424,000			
		GMU-15	10	3,782	37,820			
		GMU-30	34	7,501	255,034			
		HGMU-30	21	8,000	168,000			
2	Rohri	GRE-24	10	5,910	59,100	96,920	908,452	811,532
		GMU-15	10	3,782	37,820			
3	Samasata	GRE-24	9	5,910	53,190	56,972	92,686	35,714
		GMU-15	1	3,782	3,782			
4	Rawalpindi	HBU-20	11	7,274	80,014	377,316	1,194,550	817,234
		PHA-20	23	7,274	167,302			
		DPU-20	20	6,500	130,000			
Total			**203**		**1,421,063**	**1,421,063**	**5,027,760**	**3,606,697**
Rate of HSD Oil Rs/Ltr								140.47
Value of misappropriated HSD Oil (3,606,697x197.47)								506,632,728

Annexure-15 (i)
(Para 2.6.3)

Summary of financial impact due to unfavorable addition/alteration in agreement signed between PR & IIMCT

(Rs in million)

SN	Clause	Impact		Period	Pointed out by Audit
		Non-Financial	Financial		
1	2	-	Increase in Reimbursement cases	2017-18 to 2021-22	90.47
2	34 & 35	IIMCT built new structure for MBBS Students of 3rd Year, 4th Year & 5th Year	Approximately collection by IIMCT = Rs 600 million.PR management could get the revenue share of minimum 1%	2017-18 to 2021-22	30
3	31	Pharmacy=1, Cafeteria=2, Parking Stand=1 & Canteen=1	PR handed over these facilities to IIMCT after expiry of contract agreements	2017-18 to 2021-22	20.86
4	16	-	Income not accrued from private patients	2017-18 to 2021-22	9
5	38	-	Additional burden of Utilities	2014-15 to 2018-19	7.18
Total					**157.51**

Annexure-15 (ii)
(Para 2.6.3)

Comparison of original and revised agreement

SN	Reference Clause	Key Points			
		Original (1998)	**Old Reference Clause**	**Revised (2004)**	**Re-Revised (2019)**
1	2	Free of Cost specialized Medical coverage i.e. CT Scan, MRI, MPI Scan etc			Medicine & Consumable = Rs 14.5 million Per annum & Reimbursement =6.7 million per annum
2	34 & 35			Structural addition /improvements would be prior approved from PR	
3	31	Land & building of hospital shall remain the exclusive property of PR	20	However IIMCT can allow utilization of land & building or any part of the said premises for creation of medical ancillary services for the hospital with express approval of DS	
4	16	IIMCT required to pay 0.6 million to PR on account of Income accrued from private patients		PR had obligatory payment of electricity bill up to 8000 units and IIMCT would make payment over & above	Share of income from private patients would be adjusted against Sui Gas
5	38			Cost of Utilities including electricity and sui gas bill shall be responsibility of IIMCT	

SN	Reference Clause	Key Points			
		Original (1998)	**Old Reference Clause**	**Revised (2004)**	**Re-Revised (2019)**
6	3	Financial limit of Rs 1 million for special procedure			Special Procedure limit increased to 18 million from 4.50 million
7	7				Mobile primary Health care unit

Annexure-15 (iii)

Detail of amended clauses with impact

SN	Description
1	**Clause-2:** IIMCT was bound to provide free of cost specialized medical coverage to the serving/retired employees of the Pakistan Railways and their dependents. But in re-revised agreement, it was added that IIMCT would provide medicines and consumable to the extent of Rs 14.5 million and re-imbursement up to Rs 6.7 million. **Impact:** During performance audit of social welfare services in Pakistan Railways medical facilities in May 2023, it was observed that PR patients were being referred to other hospitals (private & government) for Cancer treatment, CT scan, MRI, MPI scan, Dexa scan, Heart surgery, dialysis and orthopedic implants by the management of IIMCT. For re-imbursement of medical bills, two different modes had been adopted; one was from budget allocated by IIMCT for re-imbursement of medical bills and second from the budget allocation of Pakistan Railways. Collectively, both IIMCT and PR had incurred Rs90.852 (38.53 & 52.32) million on account of re-imbursement of medical bills since last five years due to non-availability of above mentioned specialties at IIMCT Railway hospital, Rawalpindi. This showed that PR had been sharing financial burden of IIMCT. As per agreement, it was sole responsibility of IIMCT to arrange in house specialties for medical treatment of Railway patients and their dependents but it could not be happened despite lapse of a period of 25 years. This resulted into incurrence of irregular expenditure of Rs90.47 million on account of re-imbursement of medical bills in violation of above said clause of agreement.
2	**Clause-3:** This provision was added in revised agreement with financial limit of Rs 1.0 million for special procedures & in re-revised agreement Rs 4.5 million to Rs 18 million. **Impact:** Audit observed that re-imbursement on account of special procedure by IIMCT had never been provided up to this limit.
3	**Clause-7:** Added in revised & re-revised agreement that Mobile Primary Health Care Unit may be provided at various railway facilities within Rawalpindi**.** **Impact:** during audit no mobile primary health care unit was found in entire Rawalpindi division.
4	**Clause-8:** Added in revised & re-revised agreement that Community Health Units may be established in various railway colonies within Rawalpindi/Islamabad by utilizing the existing Pakistan Railway Child Welfare Centers. **Impact:** Audit noticed that no community health unit was established to utilize child welfare centers. Most of them had been closed. Now, functions of CWC were being performed by respective provincial government at different PR hospitals.
5	**Clause-16:** Added in revised agreement dated 10.06.2004 wherein the IIMCT was required to pay Rs 0.6 million to Pakistan Railways on account of income accrued from private patients. Later on, in re-revised agreement, it was mentioned that according to 7^{th} Management Committee Meeting dated 09.06.2008, the share of

SN	Description
	income from private patients would be adjusted against the payment of Sui gas charges. **Impact:** Audit noticed that payment of all utility charges was the sole responsibility of IIMCT as per agreement dated 17.08.1998 but due to unjustified amendment in the agreement Pakistan Railways was deprived from income share of Rs 9 million (15 year @ Rs 0.6 million) and resulted into recoverable loss.
6	**Clause-18:** Added in revised & re-revised agreement that IIMCT with the approval of railway authorities, may, as its own expenses, provide additional facilities and sophisticated equipment in the hospital but no compensation whatsoever will be claimed. **Impact:** Audit observed that management of IIMCT could not provide additional facilities and sophisticated equipment which resulted into outsourcing of Lab test to MEDASK at higher rates as compared to DHQ. Besides this, special medical treatment like chemotherapy, CT scan, MRI, Angiography, Echo etc. had also been referred to Private Hospitals
7	**Clause-22:** Added in revised & re-revised agreement that administrative control of the hospital will be with the IIMCT, however, senior most doctor of PR (General Cadre) shall act as coordinator in order to work as a cohesive team for the smooth functioning of the hospital. **Impact:** Audit observed that medical department of PR had been facing an acute shortage of Doctors and Paramedical Staff. Whereas Railway Hospital, Rawalpindi had four Doctors, five Dispenser, seven dressers and eight male/ female ward servant in contradiction to this clause. As per agreement only one senior most doctor was required to work as a coordinator to ensure smooth functioning of the hospital. In addition to this, one media maker, one X-ray technician, two ambulance drivers, one nursing orderly, own Mali, one cook, one bearer, one Chowkidar and two Muawan were also working there. Audit also noted that there was no ambulance of PR and two drivers were working there and drawing salaries without any work & justification. It is worth mentioning that it was the responsibility of IIMCT management to provide sufficient human resources but it could not be happened. Audit was of the view that PR management should allocate its own doctors and staff to other hospital facing acute shortage
9	**Clause-31:** Altered the original clause-20 in revised & re-revised agreement that land and building of the said hospital are and shall remain the exclusive property of PR. IIMCT and PR shall not further assign or sublet the said premises/land of said hospital or any part thereof to any third party. **Impact:** Audit observed that there was one Pharmacy, two cafeterias, a parking stand and one Canteen in the premises of Pakistan Railway Hospital, Rawalpindi. These facilities were outsourced through auction by Divisional Superintendent, Rawalpindi with annual rental income of Rs 4.58 million. Later on, in revised and re-revised agreement, this clause was altered to grant undue favor to IIMCT. Consequently, these facilities were handed over to IIMCT after expiry of these agreements during the period 2017-2019. This decision deprived PR from potential earning of Rs 20.86 million (Annexure-1 B)

SN	Description
10	**Clause-34 & 35:** Added in revised & re-revised agreement that any structural additions/improvements on the existing vacant land within the hospital premises or alterations to the existing structure, equipment and utilities of the hospital, whatsoever, in the existing structure of the hospital without express approval of the PR. **Impact:** Audit noticed that management of IIMCT had changed the existing structure of hospital into lecture room for MBBS (3rd year, 4^{th} year, and final year) students and post graduate trainees. In addition to this, IIMCT had constructed two fully equipped lecture halls with capacity of 150 seats each at hospital lawn without getting approval from competent authority and without deciding about fix share of revenue from college income (tuition fee). Audit also noticed that IIMCT had been earning Rs 600 (300 *Rs 2000000) million per annum. Audit is of the view that if PR management had a minimum revenue shares of 1% only, then revenue of Rs30 million could have been earned during last five year.
11	**Clause-38:** Added in revised & re-revised agreement that the cost of utilities including electricity and SUI gas bills shall be the responsibility of IIMCT. **Impact:** Audit noticed that the above clause was replaced with clause-16 in the revised agreement in 2004. Wherein, it was stated Pakistan Railway had obligatory payment of electricity bill up to 8000 units and IIMCT would make payment of units consumed in excess of 8000. Audit was of the view that why was unrealistic fixation of electricity units made? This generated an extra financial burden on PR for the period from 2014-15 to 2018-19 and PR had to make payment due to this faulty clause. This scenario indicated that inclusion of defective clauses in agreement caused a loss of Rs 7.179 million to Pakistan Railways.

Annexure-15 (iv)

Statement of loss of potential earning due to handed over sub-letting facility to IIMCT

SN	Railway Assets	Agreement Expiry date & Value of agreement	Annual Increase	Potential Earning					
				2017-18	2018-19	2019-20	2020-21	2021-22	Total
1	Pharmacy	30.06.2019 1,854,000	20%			2,224,800	2,669,760	3,203,712	8,098,272
2	Car Parking	03.05.2017 517,000	10%	568,700	625,570	688,127	756,940	832,634	3,471,970
3	Ladies Cafeteria	22.08.2018 490,000	10%		539,000	592,900	652,190	717,409	2,501,499
4	Gents Cafeteria	28.05.2018 507,000	20%		608,400	730,080	876,096	1,051,315	3,265,891
5	Railway Hospital Canteen	28.06.2018 690,000	10%		759,000	834,900	918,390	1,010,229	3,522,519
Total		**4,058,000**		**568,700**	**2,531,970**	**5,070,807**	**5,873,376**	**6,815,299**	**20,860,152**

Annexure-16 (Para 2.6.4)

Unjustified consumption of fuel on shunting services

SN	Period	Location	Type of shunting	Excess Working (hours)	Excess Fuel Consumption (Ltr)	Value (Rs)
1	Jun-22	Karachi	Goods & Passenger	8,488	228,766	32,134,782
2	2021-22	Sialkot & Narowal	Passenger	909	20,529	2,883,709
3	2021-22	Faisalabad & Lahore	Passenger	295	241,034	33,858,046
Total				**9,692**	**490,329**	**68,876,537**

Annexure-17 (Para 2.6.5)

Loss due to irrational fixation of fuel Quota for LOMS without devising SOP

SN	Shed	LOMS Quota (Ltr)	LOMS Consumption (Ltr)	Allocation of locos (Nos)	Average consumption per loco per (Ltr)	Excess consumption than at S. No. 3. in Percentage	Excess consumption (Ltr)
1	2	3	4	5	4/5=6	7	4x7=8
1	Kundian	100,000	80,685	43	2326	73%	59,169
2	Rawalpindi	100,000	71,206	34	2941	79%	56,192
3	Lahore	80,000	83,348	129	620	0	-
4	Multan	25,000	12,498	10	2500	75%	9,398
5	Rohri	50,000	27,396	20	2500	75%	20,600
6	Quetta	55,000	39,695	25	2200	72%	28,505
7	Karachi	336,000	306,777	119	2824	78%	239,397
Total		**746,000**	**621,605**	**380**	**-**	-	**413,261**

Allocation of locomotives as on 04.10.2021

(Average rate for FY 2021-22) Rs/Ltr 140.47

Loss due to irrational fixation of fuel quota **(140.47 x 413261)= 58,050,815**

Source: OP-73

Annexure-18 (Para 2.6.6)

Wasteful consumption of HSD oil on locomotive idling before departure of trains

SN	Period	Train	Excess Time taken (hour)	Per hour consumption (Ltr)	Excess Consumption (Ltr)	Amount(Rs)
1	2	3	4	5	6=(4x5)	7=(6x140.47)
	2021-22	Passenger	4,736	14	66,301	9,313,301
2	March & April 2022	Freight	1,694	14	23,716	3,331,387
Total			**6,434**	**-**	**90,017**	**12,644,688**

Rate of HSD oil :
Rs 140.47/Ltr

Annexure-19 (Para 2.6.7)

Theft of HSD oil from under repair locomotives

No. of Locos	Period	Shed	Fuel balance when arrived at shed (Ltr)	Fuel balance on departure from shed (Ltr)	Link	Fuel consumption at shed (Ltr)	One hour onsumption by 172 locos (Ltr)	Theft (Ltr)
1	2	3	4	5	7	8=(4-5)	9= (172*22)	10
172	2021-22	Lahore, Karachi	765,721	711,891	LOMS	53,830	3,784	50,046

Rate Rs 140.47/Ltr

Value of HSD oil (140.47x 50,046) =Rs 7,029,962

Source: OP-28 Lahore (FY 2021-22) and Karachi sheds (June 2022)

Annexure-20
Para 3.1
(Rs in billion)

PR &NHA PSDP allocations and PR expenditure

Description	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
National	1,155.0	1,175.0	-	1,675.0	2,113.0	1,260.0	1,863.0	1,600.0	2,135.0	2,385.18	15,361.18
Federal	540.00	525.00	-	800.00	1001.0	675.00	951.00	650.00	900.00	787.18	6,829.18
NHA	63.04	111.56	115.00	188.00	319.72	185.20	154.47	118.67	113.75	101.35	1,470.76
PR	32.96	39.57	41.00	55.88	42.90	28.07	16.04	24.00	30.03	32.65	343.10
PR to National (%)	2.85	3.37	-	3.34	2.03	2.23	0.86	1.50	1.41	1.37	2%
PR to Federal (%)	6.10	7.54	-	6.98	4.29	4.16	1.68	3.69	3.34	4.15	5%
PR to NHA (%)	52.29	35.47	-	29.72	13.42	15.15	10.36	20.22	26.40	32.21	23%
PR Actual Expenditure	22.49	28.38	15.79	50.64	14.68	21.13	8.79	8.60	14.28	21.94	206.72

Source: Planning Commission and Financial Statements of PR

Annexure-21
Para 3.1
(Rs in million)

Sector-wise Nos of projects, estimated cost and expenditure on PSDP projects (2013-14 to 2022-23)

Sector	Status	Nos. of Projects	Estimated cost	Expenditure
Infrastructure	Ongoing	17	60,833.69	41,767.57
	Completed	26	65,562.23	55,937.63
Infrastructure total		**43**	**126,395.91**	**97,705.20**
Rolling Stock	Ongoing	5	33,968.75	26,793.28
	Completed	19	142,470.07	135,921.27
Rolling Stock total		**24**	**176,438.81**	**162,714.55**
Governance	Ongoing	5	4,334.22	1,590.00
	Completed	1	35.96	29.08
Governance total		**6**	**4,370.18**	**1,619.08**
Business Development	Ongoing	2	2,340.77	286.51
	Completed	-	-	-
Business Development total		**2**	**2,340.77**	**286.51**
Grand Total	Ongoing	29	101,477.42	70,437.36
	Completed	46	208,068.25	191,887.98
Total		**75**	**309,545.67**	**262,325.34**

Summary of sector-wise Nos of projects, estimated cost and expenditure on PSDP projects (2013-14 to 2022-23)

Sector	No. of Projects	Estimated Cost	Expenditure
Infrastructure	43	126,395.91	97,705.20
Rolling Stock	24	176,438.81	162,714.55
Governance	6	4,370.18	1,619.08
Business Development	2	2,340.77	286.51
Total	**75**	**309,545.67**	**262,325.34**
Source: Planning Commission of Pakistan & MoR			

Annexure-22
(Para 3.1)
(Rs in billion)

PSDP funds allocation and expenditures of last 10 years (2013-14 to 2022-23)

FY	Infrastructure		Rolling Stock		Governance		Business Development	
	Original Allocation	Expenditure	Original Allocation	Expenditure	Original Allocation	Expenditure	Original Allocation	Expenditure
2013-14	9.9	3.75	21.02	19.67	0.05	0.01	-	-
2014-15	9.92	6.46	28.95	21.84	0.65	0.08	0.05	-
2015-16	22.21	7.86	17.52	6.67	1.26	0.36	-	-
2016-17	13.48	9.65	27.1	35.99	0.42	0.3	-	-
2017-18	27.04	8.66	15.2	5.5	0.66	0.2	-	-
2018-19	28.71	22.16	9.99	10.33	0.23	0.05	-	-
2019-20	11.19	5.4	3.85	2.92	0.38	0.06	0.57	0.47
2020-21	15.37	8.85	7.78	1.34	0.4	0.21	0.05	-
2021-22	16.28	2.8	12.86	8.11	0.65	0.13	0.24	0.01
2022-23	11.23	1.41	19.92	10.11	0.6	0.08	0.8	0.04
Total	**165.33**	**77**	**164.19**	**122.48**	**5.3**	**1.48**	**1.66**	**0.05**

Sector wise summary of PSDP allocation and expenditure

Sector	Allocation	Expenditure	Percentage Expenditure	Percentage Saving
Infrastructure	165.325	76.995	49.13%	38.22%
Rolling Stock	164.195	122.464	48.79%	60.80%
Governance	5.305	1.461	1.58%	0.73%
Business Development	1.709	0.515	0.51%	0.26%
Total	336.534	201.435	100.00%	100.00%

Source: Planning Commission of Pakistan & MoR

Annexure-23
(Para 3.2)
(Rs in billion)

Revenue versus expenditure of Pakistan Railways

Financial Year	Total Revenue	Total Revenue Expenses	Losses	Federal Government Assistance	PSDP Expenses	Total Expenses (Revenue & PSDP)
2013-14	22.801	55.328	32.527	33.5	22.49	77.82
2014-15	31.924	59.174	27.25	37	28.375	87.549
2015-16	36.581	63.155	26.574	37	15.793	78.948
2016-17	40.065	80.381	40.316	37	50.64	131.021
2017-18	49.57	85.514	35.944	38.398	14.683	100.197
2018-19	54.508	86.487	31.979	37	21.127	107.614
2019-20	47.583	96.965	49.382	45	8.787	105.752
2020-21	48.652	95.884	47.232	47.5	8.599	104.483
2021-22	60.093	107.559	47.466	47.064	14.279	121.838
2022-23	63.287	111.915	48.628	47.5	21.94	133.855
Total	**455.064**	**842.362**	**387.298**	**406.962**	**206.715**	**1049.077**
%age	**54%**	**100%**	**46%**	**-**	**-**	**-**

Source: Financial Statements of PR

Annexure-24
(Para 3.3.1)
(Rs in million)

Statement showing PSDP portfolio of Pakistan Railways

SN	Particulars	Nos. of Projects	Estimated Cost	Expenditure
1	Dropped-Unapproved	14	33,774.00	-
2	Dropped Approved	10	91,593.70	-
3	Premature Closure	8	94,639.37	4,891.14
4	Closed with leftover scope of work	15	58,460.44	49,422.52
5	Completed	31	149,607.81	142,465.46
6	Ongoing (2022-23)	29	101,477.42	70437.36
Total		**107**	**529,552.74**	**267,216.48**

Source: PSDP 2013-14 to 2022-23 and PC-IVs of completed projects

Annexure-25
(Para 3.8.2.2 (C)
(Rs in million)

Statement showing PSDP projects not linked with SDGs

SN	Project Name	Status	Date of Approval	Estimated Cost	SDG linked in PC-I	Project evaluation based on SDGs
1	Triple Helix Model	On going	24-Dec-21	425	No	No
2	5 Accidental Loco	On going	9-Jun-20	2,480.36	No	No
3	HR Support Unit	On going	9-Aug-21	399	No	No
4	Rehab of DG Sets	On going	31-May-21	657.75	No	No
5	Women Barracks	On going	25-Sep-19	310.38	No	No
6	Rehab. of KPT	On going	4-Jun-20	2,652.02	No	No
7	Umbrella PC-II	On going	2-Apr-20	1,970.49	No	No
8	R&D Project	On going	1-Jun-20	262.5	No	No
9	Solar System at 155 Stations	On going	20-Jun-21	450	No	No
10	PC-II for Sub- Project under ML-I -KYC to HYD	On going	20-Nov-19	70	No	No
11	ML-I design	On going	12-Apr-17	10,641.63	No	No
12	Machinery at Signal Workshop	On going	2-Apr-20	358	No	No
13	Procure. 820 W & 230 C	On going	24-Nov-17	20,110.64	No	No
14	PC-I, Rehab of Track - Kotri-Akhondabad	On going	6/6/2022	1,478.86	No	No
15	Rehab. of track, Dadu-Habib Kot Section	On going	9-Jun-20	1,987.48	No	No
16	Rehab. of track, Attock City Section	On going	9-Jun-20	1,964.94	No	No
17	SR 600 C & 1200 W	On going	9-Dec-19	2,720.00	No	No
18	SPD , M&E, MoR	On going	2-Apr-20	1,048.00	No	No
19	Track Safety in KYC & SUK	On going	18-Dec-21	1,862.84	No	No
20	Terminal Facilities-MYP, KYC	On going	31-May-21	1,941.77	No	No
21	SR 100 Loco (new)	On going	19-Dec-19	8,000.00	No	No
22	Rehab. of Track Sama Satta-Bahawalnagar	On going	9-Jun-20	6,885.72	No	No
23	Construction of Infrastructure for KCR	On going	24-Sep-21	20,715.37	No	No
24	Rehab. of track, Chaman Yard Afghan Border	On going	31-May-21	1,255.83	No	No
25	Reconstruction of Bridge at QTA	Completed	1-Dec-22	656.14	No	No

SN	Project Name	Status	Date of Approval	Estimated Cost	SDG linked in PC-I	Project evaluation based on SDGs
26	Reopening of Rail Car, Kohat-RWP	Completed	11-Apr-17	381	No	No
27	Government College for Women, RWP	Completed	1-Dec-18	59.468	No	No
28	TWS & LED Signals	Completed	2-Apr-20	81.976	No	No
29	Operationalization of Train on existing KCR alignment.	Completed	2-Apr-20	1,999.855	No	No
30	PRPP & HRMIS at PR	Completed	1-Dec-21	35.958	No	No

Source: Planning Commission and PC-Is

Annexure-26
Para 3.8.2.2 (E)

Summary of bottlenecks/problems identified by PDs during execution of PSDP projects

SN	Bottleneck	Description	Highlighted in No. of Projects
1	PDs	Frequent Transfer of PDs	16
		Weak Control of PDs on project activities	12
		Weak Control of PDs due to execution at multiple locations	6
2	Process	Lengthy Procurement Process and late supply of material	15
		Long Approval process in PR	7
3	Funds	Delayed funding process	17
4	Planning	Delay in Provision of design by consultant	5
		Preparation of Faulty PC-Is	8
5	HR	Availability of Skilled HR	9

Source: PC-IV of the completed projects

Annexure-27
Para 3.8.2.2 (E)
(Rs in million)

Statement Showing the Bottlenecks/Problems Faced in Execution of Completed Projects

SN	Project Name	Date of approval & Estimated Cost	Frequent Transfer of PDs	Weak Control of PDs on project activities	Weak Control of PDs due to execution at multiple locations	Lengthy Procurement Process and late supply of material	Long Approval process in PR	Delayed funding process	Delay in Provision of design by consultant	Preparation of Faulty PC-Is	Availability of Skilled HR
1	Terminal Facilities and Dry ports	8-Feb-16 957.95									Y
2	FS for updating of existing ML –II	21-Dec-15 300						Y			
3	Acquisition of land at Gwadar	25-Feb-06 449.94	Y						Y		
4	Procure. of 585 W and 20 Br. Vans	30-Dec-15 5,861		Y	Y						
5	Procure. of 780 W and 20 Br. Vans	13-May-15 8,863		Y	Y			Y			
6	Procurement/manufacturing of 58 DE locomotives	16-Aug-12 19,406.61				Y					
7	Rehab. of 400 coaches)	2-Mar-07 4,597.94						Y			
8	Rehab. of 159 bridges	3-Nov-07 412					Y				
9	Rehab. of 27 locos	26-May-11 5,108		Y		Y		Y			Y
10	Rehab. of R.S and Track	16-Aug-12 4,000.02				Y					
11	Rehab. of 300 TM	27-Oct-14 1,650		Y		Y					Y
12	Up-grad. of Major Stations	31-Mar-15 846	Y	Y			Y		Y		
13	Reopening of Rail Car, Kohat-RWP	11-Apr-17 381				Y					
14	Government College for Women, RWP	1-Dec-18 59.47	Y						Y	Y	
15	3 Rescue trains	26-May-11 1,639.24									Y
16	SR-150 Locos	16-Aug-12 5,005.03	Y		Y	Y	Y				
17	SR- 800 C & 2000 W	12-Dec-14 1,810	Y					Y		Y	

SN	Project Name	Date of approval & Estimated Cost	Frequent Transfer of PDs	Weak Control of PDs on project activities	Weak Control of PDs due to execution at multiple locations	Lengthy Procurement Process and late supply of material	Long Approval process in PR	Delayed funding process	Delay in Provision of design by consultant	Preparation of Faulty PC-Is	Availability of Skilled HR
18	TWS & LED Signals	2-Apr-20 81.98								Y	
19	Track rehab. (Khanpur, Lodhran)	26-May-11 8,977.66		Y		Y		Y		Y	Y
20	Up-gradation. of Stations-Sikh Tourism.	2-Dec-15 659.96	Y	Y					Y		
21	Procure. of 530 wagons	14-Dec-05 5,330			Y			Y			
22	DoT-Port Qasim to Bin Qasim Station	22-Oct-15 1,568.40	Y	Y		Y		Y			
23	Special Repair to 100 DE Locomotives	4-Dec-14 4,966.75	Y	Y	Y	Y	Y				Y
24	PRPP & HRMIS at PR	1-Dec-21 35.96	Y								
25	Updating of FSs - ML- III	17-Jan-17 198	Y					Y			
26	FS for rehab- Narowal Chak Amru section	24-Feb-16 59.66	Y								
27	FS for rehab-WZR Section	9-Nov-17 59	Y					Y			
28	FS for rehab-Larkana Section	10-Jan-18 25	Y					Y			
29	FS ML-1	25-Jun-14 389.736	Y					Y			
30	PC-II to Connect Gwadar-KYC	29-Dec-13 135.50	Y					Y			
31	Rehab of track -KYC to Khanpur	28-Feb-02 11,192				Y		Y		Y	
32	Riots of 27-28 Dec 2007	6-Nov-08 7834.87				Y			Y	Y	Y
33	Replacement of Metal sleepers	1-Jan-10 2,216				Y	Y				
34	Solar Systems, P.R HQ	24-Feb-16 58.3		Y			Y				
35	Manufacture of 5 locos	19-Sep-07 955				Y		Y		Y	Y
36	Mechanization of Track	16-Aug-12 4,055.40				Y		Y			

SN	Project Name	Date of approval & Estimated Cost	Frequent Transfer of PDs	Weak Control of PDs on project activities	Weak Control of PDs due to execution at multiple locations	Lengthy Procurement Process and late supply of material	Long Approval process in PR	Delayed funding process	Delay in Provision of design by consultant	Preparation of Faulty PC-Is	Availability of Skilled HR
37	Procure. 500 W & 40 Power vans	16-Aug-12 11,998	Y	Y	Y			Y		Y	Y
38	Procure. 202 carriages	14-Dec-05 15,889.90				Y					
39	Replacement. of 2 Generators- MGPR	1/27/2015 108		Y			Y				

Source: PC-IV of the completed projects

Annexure-28
Para 3.8.2.2 (G)
(Rs in million)

Initiation of projects against feasibility studies conducted (2013-14 to 2022-23)

SN	Title of Feasibility Study (FS)	Estimated Cost & Actual Expenditure	Date of Commence ment and Completion	Feasible? (Yes/No)	Project initiated (Yes/No)
1	PC-II to Connect Gawadar-KYC	135.5 148.53	06.06.2016- 30.09.2019	Yes	No
2	FS ML-1	389.736 364.15	01.05.2015- 30.09.2019	No	No
3	FS for updation of existing ML –II	300 187.32	10.03.2016- 30.06.2017	No	No
4	FS for rehab- Narowal Chak Amru section	59.662 54.90	10.03.2016- 30.06.2017	No	No
5	FS for rehab-Larkana Section	25 16.23	05.01.2020 30.06.2021	No	No
6	FS for rehab-WZR Section	59 48.20	03.04.2018 30.06.2021	No	No
7	FS for Up-gradation Malakwal – LLM section	59 50.74	03.04.2018 30.06.2021	No	No
8	Updation of FS ML-III	198 188.10	20.12.2017- 30.06.2019	No	No
Total		**1,225.90** **1,058.16**	-	-	-

Source: PSDP portfolio of PR at Planning Commission

Annexure-29
Para 3.8.2.2 (H)
(Rs in million)

Un-economical projects of rolling stock at time of completion (based on Net Present Value)

SN	Project Name	Economic NPV (As per PC-I)	Economic NPV (As per PC-IV)	Remarks
1	Manufacture of 5 locos	279.52	-194.25	Not Feasible
2	Procure. of 530 wagons	1,078.43	-	Not provided at completion stage
3	Procure. 202 carriages	1,751.96	-	Not provided at completion stage
4	Procure. of 585 W and 20 Br. Vans	2,923.76	-1,084.96	Not Feasible
5	Procure. of 780 W and 20 Br. Vans		-	Not provided at both stages
6	Procure. of 58 locos	11,980.46	-9,074.43	Not Feasible
7	Conversion of 400 coaches	540.14	-	Not provided at completion stage
8	Rehab. of 27 locos	956.27	-1,273.19	Not Feasible
9	Rehab. of 300 TM	377.66	-188.99	Not Feasible
10	SR-150 Locos	1,430.49	33.10	Feasible
11	SR 100 Locos (Old)	112.21	-1,431.04	Not Feasible
12	SR- 800 C & 2000 W	363.53	-858.59	Not Feasible

Source: PC-Is and PC-IVs

Summary of un-economical projects

Details	No. of Projects	NPV at time of planning of Projects	NPV at time of completion
Economic feasibility	7	16,993.41	-14105.51
	3	3,370.53	-
	1	1,430.49	33.10
	1	-	-
Total No. Projects under review	**12**	**21,794.43**	**-14,072.45**
Total Loss to Pakistan Railways (21,794.43+14,072.45)			**35,866.88**

Annexure-30
Para 3.8.2.2 (J)
(Rs in million)

Development/Non-development-wise projects (2013-14 to 2022-23)

Nature of Project	**Status**	**Nos of Projects**	**Estimated cost**	**Expenditure**
Development	Ongoing	16	60,380.46	49,101.52
	Completed	24	143,531.98	134,232.06
Total		**40**	203,912.44	183,333.58
Rehabilitation	Ongoing	9	29,566.97	14,951.34
	Completed	12	51,587.59	43,672.81
Total		**21**	81,154.56	58,624.15
Feasibility Study	Ongoing	2	810	75.94
	Completed	7	1,166.90	1,007.43
Total		**9**	1,976.90	1,083.37
Special Repair	Ongoing	2	10,720	6,308.56
	Completed	3	11,781.78	12,975.68
Total		**5**	22,501.78	19,284.24
Grand Total	Ongoing	29	101,477.42	70,437.36
	Completed	46	208,068.25	191,887.98
Total		**75**	**309,545.67**	**262,325.34**

Summary			
Nature of Project	**No. of Projects**	**Estimated Cost**	**Expenditure**
Development	40	203,912.44	183,333.58
Rehabilitation	21	81,154.56	58,624.15
Feasibility Study	9	1,976.90	1,083.37
Special Repair of Rolling Stock	5	22,501.78	19,284.24
Total	**75**	**309,545.67**	**262,325.34**
Source: Planning Commission & MoR			

Annexure-31
Para 3.8.2.2 (K) Observation-4
(Rs in million)

Detail of frequent revisions of PC-Is & increase in cost of projects

Frequency of PC-I revisions	SN	Project Name	Status	Cost and Date of Approval	1st revised cost Date of 1st Revision	Gap (Years)	2nd revised cost Date of 2nd Revision	Gap (Years)	3rd revised cost Date of 3rd Revision	Gap (Years)	Cost variation
Projects with 3 Revisions in PC-I	1	Triple Helix Model	On going	425 30-Apr-20	425 24-Dec-21	1.7	425 24-Dec-22	1.0	425 30-Jun-23	0.5	-
	2	DoT-Khanewal to Raiwind	Completed	5,497.65 4-Aug-05	8,326.18 12-Nov-07	2.3	12,617.40 26-May-11	3.5	14,261 6-Oct-17	6.4	8,763.35
	3	PMU ,MoR	On going	100.54 20-May-06	720 29-Jun-10	4.1	873.54 1-Mar-15	4.7	1,698.15 1-Aug-21	6.4	1,597.61
Total				**6,023.19**					**16,384.15**	**-**	**10,360.96**
Projects with 2 Revisions in PC-I	1	Procure. of 75 Locos	Completed	12,700 14-Dec-05	46,810 13-May-15	9.4	45,496 22-Aug-16	1.3			32,796
	2	5 Accidental Loco	On going	1,261 9-Jun-20	1,519.29 14-Sep-22	2.3	2,480.36 23-May-23	0.7			1,219.36
	3	Obsolete Signal Gear	On going	10,720.38 6-Feb-08	17,646 13-May-15	7.3	18,346 17-Apr-18	2.9			7,625.62

	SN	Project Name	Status	Cost and Date of Approval	1st revised cost Date of 1st Revision	Gap (Years)	2nd revised cost Date of 2nd Revision	Gap (Years)	3rd revised cost Date of 3rd Revision	Gap (Years)	Cost variation
	4	Up-grad. of stations-Sikh Tourism	Completed	659.96 2-Dec-15	1,093.11 4-Dec-17	2.0	1,768 23-Feb-19	1.2			1,108.04
	5	Procure. of 58 locos	Completed	19,496.61 16-Aug-12	19,406.61 16-Aug-12	-	16,300 30-Sep-16	4.1			(3,196.61)
	6	HR Support Unit	On going	238 30-Apr-20	398.85 16-Feb-21	0.8	399 9-Aug-21	0.5			161
Total				**45,075.95**		**-**	**84,789.36**	**-**		**-**	**39,713.41**
Projects with 1 Revisions in PC-I	1	CPEC Support Project	On going	252 6-Jan-15	910.30 13-Oct-20	5.8					658.30
	2	Staff Quarters	Completed	475 30-Jan-15	740 24-Jul-17	2.5					265
	3	KCR alignment, Karachi	Completed	1,850 2-Apr-20	1,999.86 24-Dec-21	1.7					149.86
	4	Anti-Terror Measures	On going	403.08 4-Mar-15	403.08 20-Nov-19	4.7					-
	5	RFD 2010	On going	6,365.24 29-Jul-11	9,597.02 7-Feb-18	6.5					3,231.78
	6	Rehab of DG Sets	On going	430.47 31-May-21	657.75 6-Jun-22	1.0					227.28

	SN	Project Name	Status	Cost and Date of Approval	1st revised cost Date of 1st Revision	Gap (Years)	2nd revised cost Date of 2nd Revision	Gap (Years)	3rd revised cost Date of 3rd Revision	Gap (Years)	Cost variation
	7	Rehabilitation of KPT	On going	1,810 4-Jun-20	2,652.02 2-Jun-21	1.0					842.02
	8	Riots of Dec 2007	Completed	9,133.57 21-Jan-10	10,461.10 7-Feb-18	8.1					1,327.54
	9	Women Barracks	On going	129.31 25-Sep-19	310.38 23-May-23	3.7					181.07
	10	Terminal Facilities and Dry ports	Completed	957.95 8-Feb-16	2,238.43 4-Dec-17	1.8					1,280.49
	11	DoT(Lodhran - Khanewal-Multan)	Completed	3,297.52 2-Sep-03	3,678.50 11-Nov-11	8.2					380.98
	12	Acquisition of land-Gwadar	Completed	449.94 25-Feb-06	1,332.10 31-Aug-15	9.5					882.16
	13	Manufacture of 5 locos	Completed	955 19-Sep-07	2,230 20-Oct-14	7.1					1,275.00
	14	Procure. of 530 wagons	Completed	5,330 14-Dec-05	4,134.73 30-Jun-09	3.5					(1,195.27)
	15	Rehab. of 27 locos	Completed	5,108 26-May-01	6,284 13-Sep-13	12.3					1,176.00
	16	Rehab. of 300 TM	Completed	1,650 27-Oct-14	1,791.40 2-Mar-17	2.3					141.40
	17	Up-grad. of Major Stations	Completed	846 31-Mar-15	1,297.46 8-Feb-18	2.9					451.46
Total				**39,443.07**	**50,718.11**	**-**	**-** **-**	**-**	**-** **-**	**-**	**11,275.04**

Source: PC-Is of Projects

Annexure-32
Para 3.8.2.2 (K) Observation-4
(Rs in million)

Summary of cost increase and revisions of PC-Is

No of Projects	No of Revisions	Original Cost	Revised Cost	Cost escalation	Revision within year	Revision between 1-2 years	Revision after 2 years
3	3	6,023.10	16,384.10	10,360.90	1	2	6
6	2	45,075.90	84,789.36	39,713.41	4	3	5
17	1	39,443.07	50,718.11	11,275.04	1	4	12
26	**38**	**90,542.07**	**151,891.57**	**61,349.35**	**6**	**9**	**23**
Total Number of projects 26 and total number of revisions 38							

Source PC-Is of relevant PSDP projects

Annexure-33
Para 3.8.2.3 Observation-1
(Rs in million)

Non-Execution of approved projects and premature closure of projects

SN	Project Name	Status	Project Sector	Approval Status	Date of Approval Estimated Cost	Allocation	Expenditure
1	D.E 150 Locomotives.	Approved	Rolling Stock	ECNEC	09.12.2010 55,488	5.00	-
2	600 Flat Container Bogie Wagons (ZBFC)	Approved	Rolling Stock	ECNEC	22.02.2021 11,810	-	-
Total- approved Rolling Stock (02 Projects)					**67,298.00**	**5.00**	**-**
1	Improvement of Islamabad Dry port	Approved	Infrastructure	DDWP	01.06.2020 844	-	-
2	Terminal facilities (Mughalpura and Qila Sattar Shah)	Approved	Infrastructure	DDWP	01.06.2020 1,440	-	-
3	Coal Terminals on Pakistan Railways (Phase-I)	Approved	Infrastructure	DDWP	31.05.2021 1,820	-	-

SN	Project Name	Status	Project Sector	Approval Status	Date of Approval Estimated Cost	Allocation	Expenditure
4	(KCR)- Phase-II	Approved	Infrastructure	CDWP	06.06.2020 8,705.60	-	-
5	Revision of Bridge Rules and Codes	Approved	Infrastructure	DDWP	09.11.2017 26.59	-	-
6	Up-gradation of VHF Communication System	Approved	Infrastructure	CDWP	17.01.2017 655.56	100	-
7	Rehabilitation of China Creek Bridge No 4 - Karachi Section	Approved	Infrastructure	DDWP	30.04.2020 1,187	-	-
8	Revival of KCR	Approved	Infrastructure	ECNEC	16.08.2012 9,616.94	73.20	-
Total- approved- infrastructure (08 Projects)					**24,295.69**	**173.20**	**-**
1	Maintenance of Rolling Stock at Risalpur Loco Factory	Un-approved	Rolling Stock	-	- 800	-	-
2	Hopper wagons for coal transportation (Phase 1)	Un-approved	Rolling Stock	-	- 9,500	3,800	-
SN	**Project Name**	**Status**	**Project Sector**	**Approval**	**Date of**	**Allocation**	**Expenditure**

				Status	Approval Estimated Cost		
3	Up-gradation of R-Trains including R-Stock & Equipment.	Un-approved	Rolling Stock	-	- 1,890	-	-
4	1130 high capacity bogie freight wagons	Un-approved	Rolling Stock	-	- 9,620	-	-
5	20 DE locos)DPU 20-30)	Un-approved	Rolling Stock	-	- 2,500	-	-
Total- unapproved Rolling Stock (05 Projects)					**24,310**	**3,800**	**-**
1	Bankable Feasibility study for new Railway Link Connecting SECMC Thar Coal Block -II with the National Railway Network	Un-approved	Infrastructure	-	- 70	-	-
2	F.S for Rail Link from Havelian to Pak China Border	Un-approved	Infrastructure	-	- 474	1	-
3	Escalators and Elevators / Lifts on Important R.S	Un-approved	Infrastructure	-	- 900	-	-
SN	**Project Name**	**Status**	**Project Sector**	**Approval Status**	**Date of Approval Estimated**	**Allocation**	**Expenditure**

					Cost		
4	Procurement of T.M Commensuration with Modern Practices (Phase-1)	Un-approved	Infrastructure	-	- 6,000	-	-
5	F.S for dedicated freight corridor for transportation of coal from Karachi to Lahore	Un-approved	Infrastructure	-	- 150	10	-
6	F.S for rehabilitation and operation of Sibi Harnai-Khost Section	Un-approved	Infrastructure	-	- 20	-	-
7	Maintenance Facility (S. Shop), P.R	Un-approved	Infrastructure	-	- 350	-	-
8	Provision of container handling terminal at KBX Karachi	Un-approved	Infrastructure	-	- 500	-	-
9	Leveraging PR optic fiber & telecom capacity for rural connectivity	Un-approved	Infrastructure	-	- 1,000	-	-
SN	**Project Name**	**Status**	**Project Sector**	**Approval Status**	**Date of Approval Estimated Cost**	**Allocation**	**Expenditure**
Total- Unapproved- Infrastructure (09 Projects)					**9,464.00**	**11.00**	**-**
1	KCR (flyover/under passes), Karachi	Premature Closed	Infrastructure	ECNEC	24.10.2021 20,715.37	3,050	3,241.19

2	Coal Transportation Jamshoro P.Plant	Premature Closed	Infrastructure	ECNEC	18.03.2016 7,522	-	1.65
3	FS (Lump sum)	Premature Closed	Infrastructure	CDWP	01.07.2010 508	71	7.75
4	CSF Factories (Khanewal & Sukkar)	Premature Closed	Infrastructure	CDWP	31.08.2015 1,908	1,326.56	282.92
5	DOT-II (LHR to FSD)	Premature Closed	Infrastructure	ECNEC	26.05.2011 10,281	2.50	7.74
6	DOT-II (Lalamusa to Gujrat)	Premature Closed	Infrastructure	ECNEC	26.05.2011 13,593	935.75	691.30
7	Signaling system (CTC) Shahdhra-Lodhran Section	Premature Closed	Infrastructure	ECNEC	02.03.2016 38,262	85	35.20
8	KCR Alignment (Karachi)	Premature Closed	Infrastructure	DDWP	02.04.2020 1,850	1,056	623.39
Total- Premature Closed (08 Projects)					**94,639.37**	**6,526.81**	**4,891.14**
Grand Total (32 Projects)					**220,007.06**	**10,516.01**	**4,891.14**

Source: Planning Commission, PC-IVs and MoR

Annexure-34
Para 3.8.2.3 Observation-3
(Rs in billion)

Utilization of PSDP grant by Pakistan Railways

Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total	Grand Total
Original Grant	30.96	39.57	41.00	41.00	42.90	28.07	16.00	24.00	30.03	32.65	326.17	**343.10**
Supplementary Grant	2.00	-	-	14.88	-	-	-	0.06	-	-	16.94	
Re-appropriation (+)	2.00	5.91	4.26	0.80	(0.79)	(14.55)	(2.96)	(4.53)	(9.50)	(2.67)	(22.03)	
Re-appropriation (-)	(6.49)	(4.58)	(4.26)	(0.80)	0.79	14.55	2.96	4.53	9.50	2.67	18.87	
Surrender (-)	(0.47)	(2.66)	(14.72)	-	(20.88)	(5.27)	(6.98)	(13.24)	(15.40)	(7.30)	(86.92)	
Final Grant	28.01	38.24	26.28	55.88	22.02	22.79	9.02	10.82	14.62	25.34	253.02	
Cash Releases	22.11	31.37	25.78	35.95	18.63	22.37	9.02	7.81	14.59	25.89	213.51	
Actual Expenditure	22.49	28.38	15.79	50.64	14.68	21.13	8.79	8.60	14.28	21.94	**206.72**	
Un-utilized	10.47	11.19	25.21	5.23	28.22	6.94	7.21	15.46	15.75	10.71	136.39	
Un-utilized in %	32%	28%	61%	9%	66%	25%	45%	64%	52%	33%	-	
Un-utilized												
Surrender	4.95	1.33	14.72	-	20.88	5.27	6.98	13.24	15.40	7.30	90.08	**90.08**
Final grant less Release	5.91	6.87	0.50	19.93	3.39	0.42	-	3.01	0.03	(0.55)	**39.52**	-
Releases less Expenditure	(0.38)	2.99	9.99	(14.69)	3.94	1.25	0.23	(0.79)	0.31	3.95	6.79	**22.66**
Total	**10.47**	**11.19**	**25.21**	**5.23**	**28.22**	**6.94**	**7.21**	**15.46**	**15.75**	**10.71**	**136.39**	**112.74**
Source: Planning Commission, MoR & SAO Books												

Annexure-35
Para 3.8.2.3 Observation-8
(Amount in Rs)

Detail of fudge payments to 3 contractors by RFD management

SN	Contractor	Name of works	Face Value	Fudge payment
1	Great Ali Brothers	Special Repair to track embankment between Mitha Tiwana-Quaidabad Station on KHB -KDA section (RWP Division)	1,593,000	1,497,184
		Special Repair to track embankment between Wegowal Khushab Station on SRQ -KDA section (RWP Division)	1,593,000	1,310,213
2	Great Ali Brothers	Recoupment of short embankment near Daudkel Station on KDA -ATCY section (PSC Division)	950,073	500,572
		Recoupment of short embankment between Paikhel Daudkhel stations on KDA -ATCY section (PSC Division)	1,118,001	667,888
3	Manj Brothers	Special repair to side & catch Water Drain between Burhan & Fairabad Railway Stations on TXL-PSC Section (PSC Division)	27,033,885	19,506,166
4	NLC	Ballast supplied in connection with rehabilitation/repair of embankment bridges and building etc for restoration of rail traffic on Sibi-Harnai Section (Quetta Division)	1,721,427,000	75,978,000
Total			**1,753,714,959**	**99,460,023**

Source: Inquiry Reports and MoR

Annexure-36
Para 3.8.2.3 Observation-9

Initiation of projects without feasibility studies (FS)

Description	Outsourced Feasibility Study			
	FS not Conducted	Effect of not conducting FS		
		Description	Projects	Impact
FS required in 14 on-going projects out of 29	14	Cost overrun in Nos of Projects	3	7-53%
		Time Over in Nos of Projects	9	1-10 Years
		PC-1-Revisions in Nos of Projects	5	2 Projects PC-1 revised twice and 3 projects PC-1 revised once
FS required in 31 Completed projects out of 46	31	Cost overrun in Nos of Projects	18	2-212%
		Time Over in Nos of Projects	27	1-13 Years
		Projects closed with reduced scope	13	7 Ist revised, 3 2nd revised, 1 3rd revised
		PC-1-Revisions in Nos of Projects	17	11 projects PC-I 1st revised, 5 projects PC-I 2nd revised, 1 project PC-I 3rd revised
Total **75**	**45**	**-**	**-**	**-**

Source: PC-Is and PC-IVs

Annexure-37
Para 3.8.2.3 Observation-12
(Rs in million)

Details of outstanding dues from M/s FWO

Amount due from FWO (w-1)	1,982.141
Less: Amount in hand of PR (w-2)	1,170.678
Net Amount due from FWO (1982.141-1170.678)	**811.463**

Amount due from FWO (w-1)

Details	Total amount	Recovered from bills	Net outstanding	Remarks
Cost of released material	775.39	19.03	756.35	
Cost of 10% income tax on lifted released material	77.54	-	77.54	
Mobilization advance	1,160.25	18.40	1,141.85	Bank Guarantee valid up to 31.03.2025 against advance submitted by FWO
1% of total cost of earthwork paid/released in CC-1	6.40	-	6.40	
Total	**2,019.58**	**37.43**	**1,982.14**	

Amount in hand of Pakistan Railways (w-2)

Bank Guarantee	1160.250
10% security advance deducted from bills	10.428
Total amount in hand of Pakistan Railways	1170.678

Source: MoR

Annexure-38
Para 3.8.2.3 Observation-13

Statement showing time overrun in completed projects

(Rs in million)

SN	Project Name	Date of approval	Estimated Cost	Target date &Completion date	Time overrun in years
1-5 Years					
1	Conversion of 400 coaches	29-Oct-15	400	1-Dec-16 1-Jun-17	1
2	FS for Rehab- Narowal Chak Amru section	24-Feb-16	59.66	10-Sep-16 30-Jun-17	1
3	Replace. of 2 Generators-MGPR	27-Jan-15	108	31-Aug-16 30-Jun-17	1
4	Updation of FSs - ML-III	17-Jan-17	198	19-Aug-18 30-Jun-19	1
5	Government College for Women, RWP	1-Dec-18	59.47	9-Jan-19 6-Jan-20	1
6	TWS & LED Signals	2-Apr-20	81.98	30-Jun-22 30-Jun-23	1
7	FS for updation of existing ML -II	21-Dec-15	300	30-Jun-16 30-Jun-17	1
8	Procure. of 585 W and 20 Br. Vans	30-Dec-15	5,861	30-Jun-17 30-Jun-18	1
9	SR-150 Locos	16-Aug-12	5,005.03	30-Jun-15 30-Jun-16	1
10	Conversion of 400 coaches	2-Mar-07	4,597.94	30-Jun-15 30-Jun-16	1
11	DoT-Port Qasim to Bin Qasim Station	22-Oct-15	1,568.40	30-Jun-17 30-Jun-19	2
12	Special Repair to 100 DE Locomotives	4-Dec-14	4,966.75	30-Jun-18 30-Jun-20	2
13	Procurement/manufacturing of 58 DE locomotives	16-Aug-12	19,406.61	30-Jun-15 30-Jun-17	2
14	FS for rehab-Larkana Section	29-Dec-13	135.50	6-Jun-17 30-Jun-19	2
15	Procure. of 780 W and 20 Br. Vans	13-May-15	8,863	24-Feb-16 30-Jun-18	2
16	FS for rehab-Larkana Section	10-Jan-18	25	31-Jan-19 30-Jun-21	2
17	FS for rehab-WZR Section	9-Nov-17	59	31-Dec-18 30-Jun-21	3
18	Rehab. of 27 locos	26-May-11	5,108	30-Jun-15 30-Jun-18	3

SN	Project Name	Date of approval	Estimated Cost	Target date &Completion date	Time overrun in years
19	SR- 800 C & 2000 W	12-Dec-14	1,810	30-Jun-16 30-Jun-20	4
20	Terminal Facilities and Dry ports	8-Feb-16	957.95	19-Jun-18 30-Jun-22	4
21	Up-grad. of stations-Sikh Tourism	2-Dec-15	659.96	1-Jun-17 30-Jun-21	4
22	Rehab. of 300 TM	27-Oct-14	1,650	30-Jun-16 30-Nov-20	4
23	FS ML-1	25-Jun-14	389.74	31-Dec-14 30-Jun-19	5
24	Up-grad. of Major Stations	31-Mar-15	846	1-Sep-16 30-Jun-21	5
25	Mechanization of Track	16-Aug-12	4,055.40	30-Jun-14 30-Jun-19	5
26	Rehab. of R.S and Track	16-Aug-12	4,000.02	30-Jun-14 30-Jun-19	5
6-10 Years					
1	Staff Quarters	1-Sep-15	475	31-Dec-16 31-Dec-22	6
2	Procure. 202 carriages	14-Dec-05	15,889.90	1-Jan-09 31-Jan-15	6
3	Rehab. of 159 bridges	3-Nov-07	412	1-Jun-10 30-Jun-16	6
4	Replacement of Metal sleepers	1-Jan-10	2,216	31-Dec-10 30-Jun-17	7
5	Manufacture of 5 locos	19-Sep-07	955	31-Aug-09 30-Jun-16	7
6	Track Rehab. (Khanpur, Lodhran)	26-May-11	8,977.66	30-Jun-14 30-Jun-21	7
7	DoT (Lodhran -Khanewal-Multan)	2-Sep-03	3,297.52	30-Jun-05 30-Jun-14	9
8	DoT-Khanewal to Raiwind	4-Aug-05	5,497.65	31-Aug-09 30-Jun-19	10
9	Acquisition of land at Gwadar	25-Feb-06	5,497.65	24-Feb-08 30-Jun-18	10
11-15 Years					
1	Rehab of track -KYC to Khanpur	28-Feb-02	11,192	28-Feb-06 30-Jun-17	12
2	Riots of 27-28 Dec 2007	6-Nov-08	7,834.87	8-Feb-11 30-Jun-23	13
3	Procure. of 75 Locos	14-Dec-05	12,700	30-Jun-09 30-Jun-22	13

SN	Project Name	Date of approval	Estimated Cost	Target date &Completion date	Time overrun in years
No time Overrun					
1	Reconstruction of Bridge at QTA	1-Dec-22	656.14	4-Nov-22 1-May-23	-
2	Procurement of 500 Bogie wagons and 40 Power vans - All Pakistan	16-Aug-12	11,998	30-Jun-16 30-Jun-16	-
3	Procure. 500 W & 40 Power vans	14-Dec-05	5,330	30-Jun-11 30-Jun-11	-
4	Procure. of rescue equipment	12/2/2015	220	30-Jun-17 30-Jun-17	-
5	PRPP & HRMIS at PR	1-Dec-21	35.96	30-Aug-23 30-Jun-23	-
6	3 Rescue trains	26-May-11	1,639.24	30-Jun-15 30-Jun-14	-
7	Solar Systems, P.R HQ	24-Feb-16	58.30	30-Jun-17 30-Jun-17	-
8	Reopening of Rail Car, Kohat-RWP	11-Apr-17	381	30-Jun-18 30-Jun-18	-

Source: PC-Is and Progress Reports

Annexure-39
Para 3.8.2.3 Observation-13
(Rs in million)

Statement showing time overrun in ongoing projects up to 30 June, 2023

SN	Project Name	Date of Approval & Estimated Cost	Target date of completion	Time over run in years
1-5 Years				
1	SR 600 C & 1200 W	9-Dec-19 2,720	30-Jun-22	1
2	Rehabilitation of KPT	4-Jun-20 1,810	30-Jun-22	1
3	Rehab. of track, Chaman Yard Afghan Border	31-May-21 1,255.83	30-Jun-22	1
4	Rehab. of track, Attock City Section	9-Jun-20 1,964.94	30-Jun-22	1
5	Rehab. of track, Dadu-Habib Kot Section	9-Jun-20 1,987.48	30-Jun-22	1
6	Procure. 820 W & 230 C	24-Nov-17 20,110.64	3-Jan-22	2
7	Machinery at Signal Workshop	2-Apr-20 358	31-Dec-21	2
8	PC-II for Sub- Project under ML-I -KYC to HYD	20-Nov-19 70	31-Dec-21	2
9	Renovation and Women Barracks	25-Sep-19 129.31	30-Jun-21	2
10	RFD 2010	29-Jul-11 6,365.24	30-Jun-19	4
11	PC-II rail link-ISD to Muzaffarabad	30-Sep-15 475	31-Dec-18	5
12	ML-I design	12-Apr-17 10,641.63	30-Jun-18	5
6-10 Years				
1	CPEC Support Project	6-Jan-15 252	30-Sep-17	6
2	Obsolete Signal Gear	6-Feb-08 10,720.38	30-Jun-13	10
11-15 Years				
1	PMU ,MoR	20-May-06 100.54	30-Jun-10	13
No Time Over run				

SN	Project Name	Date of Approval & Estimated Cost	Target date of Completion	Time overrun in years
1	Solar System at 155 Stations	20-Jun-21 450.00	30-Jun-23	
2	Triple Helix Model	24-Dec-21 425.00	30-Jun-24	-
3	Terminal Facilities-MYP, KYC	31-May-21 1,941.77	31-Dec-23	-
4	Track Safety in KYC & SUK	18-Dec-21 1,862.84	30-Sep-23	-
5	HR Support Unit	9-Aug-21 398.86	30-Jun-24	-
6	SPD , M&E, MoR	2-Apr-20 1,048	30-Jun-24	-
7	PC-I, Rehab of Track - Kotri-Akhondabad	6-Jun-22 1,478.86	30-Jun-24	-
8	Rehab of DG Sets	31-May-21 430.47	30-Jun-24	-
9	R&D Project	1-Jun-20 262.50	30-Jun-23	-
10	5 Accidental Loco	9-Jun-20 1,261	30-Jun-23	-
11	Rehab. of Track Sama Satta-Bahawalnagar	9-Jun-20 6,885.72	30-Jun-23	-
12	Anti-Terror Measures	4-Mar-15 403.08	-	-
13	SR 100 Loco (new)	19-Dec-19 8,000	17-Jun-23	-
14	Umbrella PC-II	2-Apr-20 1,970.49	30-Jun-23	-

Source: PC-Is and Progress Reports

Annexure-40
Para 3.8.2.3 Observation-14
(Rs in million)

Frequent transfer of PDs and their impact on execution of completed projects

SN	No. of PDs	Project Name	Date of approval of original PC-I	Estimated Cost (original)	Total Cost revisions	Final cost Estimated after revision	expenditure	Cost Over run	Target date & Completion date	Time overrun in years
1 PD										
1	1	Reconstruction of Bridge at QTA	1-Dec-22	656.14	-	656.14	656.14	-	4-Nov-22 1-May-23	-
2	1	TWS & LED Signals	2-Apr-20	81.98	-	81.98	72.34	-	30-Jun-22 30-Jun-23	1
3	1	Replace. of 2 Generators- MGPR	1/27/15	108	1	160	160	48%	31-Aug-16 30-Jun-17	1
Average								**48%**		**1**
2-5 PDs										
1	2	Procure. of rescue equipment	12/2/15	220	-	220	203.17		30-Jun-17 30-Jun-17	
2	3	Procure. 820 W & 230 C	13-05-15	8,863	-	8,863	8,863		24-Feb-16 30-Jun-18	2
3	3	Government College for Women, RWP	1-Dec-18	59.47	-	59.47	64.29	8%	9-Jan-19 6-Jan-20	1
4	3	PRPP & HRMIS at PR	1-Dec-21	35.96	-	35.96	29.08		30-Aug-23 30-Jun-23	-

SN	No. of PDs	Project Name	Date of approval of original PC-I	Estimated Cost (original)	Total Cost revisions	Final cost Estimated after revision	expenditure	Cost Over run	Target date & Completion date	Time overrun in years
5	3	Conversion of 400 coaches	10-29-15	400	-	400	430.14	8%	1-Dec-16 1-Jun-17	1
6	4	FS for updation of existing ML -II	21-Dec-15	300	-	300	187.32		30-Jun-16 30-Jun-17	1
7	4	Procurement of 585 W and 20 Br. Vans	30-Dec-15	5,861	-	5,861	5,044.57		30-Jun-17 30-Jun-18	1
8	4	3 Rescue trains	26-May-11	1,639.24	-	1,639.24	2,043.40	25%	30-Jun-15 30-Jun-14	-
9	4	SR-150 Locos	16-Aug-12	5,005.03	-	5,005.03	5,512.70	10%	30-Jun-15 30-Jun-16	1
10	4	Track rehab. (Khanpur, Lodhran)	26-05-11	8,977.66	-	8,977.66	7,943.91		30-Jun-14 30-Jun-21	7
11	4	DoT-Port Qasim to Bin Qasim Station	22-Oct-15	1,568.40	-	1,568.40	1,490.76		30-Jun-17 30-Jun-19	2
12	4	Updation of FSs - ML-III	17-Jan-17	198	-	198	188.10		19-Aug-18 30-Jun-19	1
13	4	Solar Systems, P.R HQ	24-Feb-16	58.30	-	58.3	45.67		30-Jun-17 30-Jun-17	-
14	4	5 Accidental Loco	19-Sep-07	955	1	2,230	1,760.23	84%	31-Aug-09 30-Jun-16	7
15	4	Mechanization of Track	16-Aug-12	4,055.40	-	4,055.40	4,157.53	3%	30-Jun-14 30-Jun-19	5
16	4	Procure. 202 carriages	14-Dec-05	15,889.90	1	15,889.90	16,263.23	2%	1-Jan-09 31-Jan-15	6

SN	No. of PDs	Project Name	Date of approval of original PC-I	Estimated Cost (original)	Total Cost revisions	Final cost Estimated after revision	expenditure	Cost Over run	Target date & Completion date	Time overrun in years
17	4	Procure. of 75 Locos	12/14/2005	12,700	2	45,496	39,686.13	212%	30-Jun-09 30-Jun-22	13
18	5	Up-grad. of Major Stations	31-Mar-15	846	1	1,297.46	1,018.17	20%	1-Sep-16 30-Jun-21	5
19	5	Reopening of Rail Car, Kohat-RWP	11-Apr-17	381	-	381	368.22		30-Jun-18 30-Jun-18	
20	5	Up-grad. of stations-Sikh Tourism	2-Dec-15	659.96	1	1,093.11	994.82	51%	1-Jun-17 30-Jun-21	4
21	5	FS for rehab- Narowal Chak Amru section	24-Feb-16	59.66	-	59.66	54.90		10-Sep-16 30-Jun-17	1
22	5	FS for rehab-WZR Section	9-Nov-17	59	-	59	48.20		31-Dec-18 30-Jun-21	3
23	5	FS for rehab-Larkana Section	10-Jan-18	25	-	25	16.23		31-Jan-19 30-Jun-21	2
24	5	FS ML-1	25-Jun-14	389.74	-	389.74	364.15		31-Dec-14 30-Jun-19	5
25	5	PC-II to Connect Gwadar-KYC	29-Dec-13	135.50	-	135.5	148.53	10%	6-Jun-17 30-Jun-19	2
Average								**39%**		**3**
6-10 PDs										
1	6	Rehab. of 300 TM	27-Oct-14	1,650	1	1,791.40	1,696.18	3%	30-Jun-16 30-Nov-20	4
2	6	SR 100 Locos (Old)	4-Dec-14	4,966.75	-	4,966.75	5,402.26	9%	30-Jun-18 30-Jun-20	2

SN	No. of PDs	Project Name	Date of approval of original PC-I	Estimated Cost (original)	Total Cost revisions	Final cost Estimated after revision	expenditure	Cost Over run	Target date & Completion date	Time overrun in years
3	6	DoT (Lodhran - Khanewal-Multan)	2-Sep-03	3,297.52	1	3,678.5	3,081.53		30-Jun-05 30-Jun-14	9
4	6	Replacement of Metal sleepers	1-Jan-10	2,216	1	1,720.58	1,720.58		31-Dec-10 30-Jun-17	7
5	7	SR- 800 C & 2000 W	12-Dec-14	1,810	-	1,810	2,060.73	14%	30-Jun-16 30-Jun-20	4
6	8	Procure. of 58 locos	16-Aug-12	19,406.61	2	16,300	15,683.57		30-Jun-15 30-Jun-17	2
7	8	Rehab. of 27 locos	26-May-11	5,108	1	6284	6,558.23	28%	30-Jun-15 30-Jun-18	3
8	8	Rehab. of R.S and Track	16-Aug-12	4,000.02	-	4,000.02	3,653.42	-	30-Jun-14 30-Jun-19	5
9	8	Riots of 27-28 Dec 2007	6-Nov-08	7,834.87	2	10,461.10	4,329.55	-	8-Feb-11 30-Jun-23	13
10	8	Procure. 500 W & 40 Power vans	16-Aug-12	11,998	-	11,998	11,308.12	-	30-Jun-16 30-Jun-16	-
11	9	Rehab. of 159 bridges	3-Nov-07	412	-	412	471.38	14%	1-Jun-10 30-Jun-16	6
12	10	Acquisition of land at Gwadar	25-Feb-06	449.94	1	1,332.10	1,332.07	196%	24-Feb-08 30-Jun-18	10
Average								**44%**		**6**
11-15 PDs										
1	11	Terminal Facilities and Dry ports	8-Feb-16	957.95	1	2.238.43	2,230.75	133%	19-Jun-18 30-Jun-22	4

SN	No. of PDs	Project Name	Date of approval of original PC-I	Estimated Cost (original)	Total Cost revisions	Final cost Estimated after revision	expenditure	Cost Over run	Target date & Completion date	Time overrun in years
2	11	Conversion of 400 coaches	2-Mar-07	4,597.94	1	5200	4,878.64	6%	30-Jun-15 30-Jun-16	1
3	11	Procure. of 530 wagons	14-Dec-05	5,330	1	4,134.73	4,505.36		30-Jun-11 30-Jun-11	-
4	11	Staff Quarters	1-Sep-15	475	1	740	678.02	43%	31-Dec-16 31-Dec-22	6
5	13	DoT-Khanewal to Raiwind	4-Aug-05	5,497.65	3	14,261	13,246.12	141%	31-Aug-09 30-Jun-19	10
6	15	Track rehab. (Khanpur, Lodhran)	28-Feb-02	11,192	2	11,543.70	11,236.58		28-Feb-06 30-Jun-17	12

Source: PSDP Planning Portal of Pakistan Railways and PC-IVs

Annexure-41
Para 3.8.2.3 Observation-14
(Rs in million)

Frequent transfer of PDs and impact on execution of ongoing projects up to 30th June, 2023

SN	No. of PDs	Project Name	Date of Approval	Original Cost	No. of Cost revisions	Final Cost	Actual Expenditure	cost overrun in percentage	Date of completion as per original PC-I	Time over run in years
1 PD										
1	1	PC-II rail link-ISD to Muzaffarabad	30-Sep-15	475	1	740	60.25	-	31-Dec-18	5
2	1	SR 600 Coaches and 1200 Wagons	9-Dec-19	2,720	-	2,720	2,439.06	-	30-Jun-22	1
3	1	Machinery at Signal Workshop	2-Apr-20	358	-	358	69.52	-	31-Dec-21	2
4	1	Solar System at 155 Stations	20-Jun-21	450	-	450	10.58	-	30-Jun-23	-
Average								**-**		**2**
2-5 PDs										
1	2	Triple Helix Model	24-Dec-21	425	2	425	63.36	-	30-Jun-24	-
2	5	Terminal Facilities-MYP, KYC	31-May-21	1,941.77	1	1,941.77	266.45	-	31-Dec-23	-
SN	**No. of PDs**	**Project Name**	**Date of Approval**	**Original Cost**	**No. of Cost**	**Final Cost**	**Actual Expenditure**	**cost overrun in**	**Date of completion**	**Time over run**

					revisions			percentage	as per original PC-I	in years
3	4	Track Safety in KYC & SUK	18-Dec-21	1,862.84	-	1,862.84	994.10	-	30-Sep-23	-
4	2	HR Support Unit	9-Aug-21	398.86	2	399	20.06	-	30-Jun-24	-
5	5	SPD , M&E, MoR	2-Apr-20	1,048	-	1,048	162.06	-	30-Jun-24	-
6	5	PC-I, Rehab of Track -Kotri-Akhondabad	6-Jun-22	1,478.86	-	1,478.86	98.98	-	30-Jun-24	-
7	2	Rehab of DG Sets	31-May-21	430.47	1	657.75	83.56	-	30-Jun-24	-
8	2	Women Barracks	25-Sep-19	129.31	1	310.38	37.48	-	30-Jun-21	2
9	2	Rehab. of KPT	4-Jun-20	1,810	1	2,652.02	1,927.72	7%	30-Jun-22	1
10	2	R&D Project	1-Jun-20	262.50	-	262.50	43.90	-	30-Jun-23	-
Average								**7%**		**2**
6-11 PDs										
1	7	Rehab. of track, Chaman Yard Afghan Border	31-May-21	1,255.83	-	1,255.83	157.54	-	30-Jun-22	1
2	7	PMU ,MoR	20-May-06	100.54	1/3/1900	1,698.15	831.95	727%	30-Jun-10	13
3	7	5 Accidental Loco	9-Jun-20	1,261	2	2,480.36	290.45	-	30-Jun-23	-
4	10	Obsolete Signal Gear	6-Feb-08	10,720.38	2	18,346	16,424.80	53%	30-Jun-13	10
5	7	Rehab. of Track Sama Satta-Bahawalnagar	9-Jun-20	6,885.72	-	6,885.72	1,319.34	-	30-Jun-23	-
6	8	CPEC Support Project	6-Jan-15	252	2	760	268.72	7%	30-Sep-17	6
SN	**No. of PDs**	**Project Name**	**Date of Approval**	**Original Cost**	**No. of Cost revisions**	**Final Cost**	**Actual Expenditure**	**cost overrun in percentage**	**Date of completion as per original PC-I**	**Time over run in years**

7	6	Anti-Terror Measures	4-Mar-15	403.08	1	403.08	263.91	-		-
8	9	Special Repair to 100 DE Locomotives	19-Dec-19	8,000	-	8,000	3,869.50	-	17-Jun-23	-
9	9	Rehab. of track, Attock City Section	9-Jun-20	1,964.94	-	1,964.94	9.04	-	30-Jun-22	1
10	7	Rehabilitation of track between Rehmani Nagar & Bakrani Road on Dadu-Habib Kot Section (Sukkur Division, Phase-4)	9-Jun-20	1,987.48	-	1,987.48	731.71	-	30-Jun-22	1
11	8	ML-I design	12-Apr-17	10,641.63	-	10,641.63	10,157.50	-	30-Jun-18	5
12	8	Umbrella PC-II	2-Apr-20	1,970.49	-	1,970.49	212.96	-	30-Jun-23	-
13	9	PC-II for Sub- Project under ML-I -KYC to HYD	20-Nov-19	70	-	70	15.69	-	31-Dec-21	2
Average								**262%**		**4**
16-20 PDs										
1	19	Procure. 820 W & 230 C	24-Nov-17	20,110.64	-	20,110.64	20,110.71	-	3-Jan-22	2
2	19	RFD 2010	29-Jul-11	6,365.24	1	9,597.02	9,496.44	49%	30-Jun-19	4
Average								**49%**		**3**

Source: PSDP Planning Portal of Pakistan Railways and PC-IVs

Annexure-42
Para 3.8.2.3 Observation-15
(Rs in million)

Detail of projects closed with left over scope

SN	Project Name	Cost	expenditure	Cost overrun in Rs and %	Time over run (years)	Items	Unit	Target	Actual work	Left over work	Cost of left over Work	Left over (%)
1	Acquisition of land at Gwadar	449.94	1,332.07	882.13 196%	10	Acquisition of land	Acres	412	363	49	179.12	45 %
						Erection of boundary stones	Nos	400	0	400	0.60	
						Purchase of vehicles	Nos	5	3	2	2.94	
						Construction of rest house	Nos	1	0	1	16	
						Construction of boundary wall	Rfr	700	0	700	2.94	
	Total										**201.60**	
2	DoT-Khanewal to Raiwind	5,497.65	13,246.12	7748.47 141%	10	Lying broad gauge point crossing	-	148	110	38	279.38	14%
						relocation of station building	Sft	883800	842000	41800	32.25	
						provision of ballast	Cft	8.525	7.026	1.499	59.22	
						extension of foot over bridge	Sft	2400	0	2400	67.69	
						supply & installation of escalator	Nos	18	0	18	342.50	
	Total										**781.04**	
SN	**Project**	**Cost**	**expenditure**	**Cost**	**Time**	**Items**	**Unit**	**Target**	**Actual**	**Left**	**Cost of**	**Left**

	Name			overrun in Rs and %	over run (years)				work	over work	left over Work	over (%)
3	Up-grad. of stations-Sikh Tourism	659.96	994.82	334.86 51%	4	Passenger Shelter	Job	2	1	1	0.08	19%
						Fir fighting arrangement	Job	2	0	2	5.00	
						Development of Public Park	Job	1	0	1	50.00	
						Turn table	Job	1	0	1	15.00	
						Foot over bridge	Job	1	0	1	1.50	
						Construction of staff quarter	Job	1	0	1	45.00	
						Installation of CCTV Cameras	Job	1	0	1	8.00	
Total											**124.58**	
4	Staff Quarters	475	678.02	203.02 43%	6	Construction of Class III staff quarters	No	92	88	4	17.25	4%
5	Up-grad. of Major Stations	846	1,018.17	172.17 20%	5	Work of business center at Gujranwala	Job	1	0	1	160.00	39%
						Rehabilitation of Station Building of Rohri	Job	1	0	1	40.20	
						Rehabilitation of Station Building of Hyderabad	Sft	56485	0	56485	82.00	
	Total										**332.20**	
6	Rehab. of 159 bridges	412	471.38	59.38 14%	6	Rehabilitation of Bridges (Category-A to H)	Nos	159	98	61	293.40	38%
SN	**Project Name**	**Cost**	**expenditure**	**Cost overrun**	**Time over**	**Items**	**Unit**	**Target**	**Actual work**	**Left over**	**Cost of left over**	**Left over**

SN	Project Name	Cost	expenditure	Cost overrun in Rs and %	Time over run (years)	Items	Unit	Target	Actual work	Left over work	Cost of left over Work	Left over (%)
				in Rs and %	run (years)					work	Work	(%)
7	SR 100 Locos (Old)	4,966.75	5,402.26	435.50 9%	2	Special repair of DPU-30	No	10	0	10	194.29	10%
8	Conversion of 400 coaches	4,597.94	4,878.64	280.70 6%	1	Power Van 2 DG Set	Each	30	21	9	443.60	30%
9	Mechanization of Track	4,055.40	4,157.53	102.12 3%	5	Procurement of small machines,	No	389	143	246		58%
						improvement of track workshop not executed	No	3	1	2	104.02	
						Staff capacity building	Job	1	0	1	23.05	
						procurement of heavy machines	No	47	40	7		
	Total										**127.06**	
10	Riots of 27-28 Dec 2007	7,834.87	4,329.55	-3,505.32 -45%	13	Telecom & Restoration work	Job	1	0	1	55.65	1%
11	PRPP & HRMIS at PR	35.96	29.08	-6.88 -19%		Purchase of hardware	No	8	0	8	1.52	4%

12	Track rehab. (Khanpur, Lodhran)	8,977.66	7,943.91	-1,033.75 -12%	7	Track renewal	Km	239	156	83	2,308.47	58%
						Supply & Laying turnout	Set	39	20	19	488.24	
						Supply & Laying turnout	Set	24	1	23	721.69	
						Supply & Laying turnout	Set	24	9	15	131.98	
						Supply & Laying turnout	Set	15	4	11	4.47	
						Re-alignment of curves	No.	4	0	4	2.75	
						Fencing on passenger platforms	Lft	8000	0	8000	4.00	
						Rehabilitation of Bridges	Nos	25	13	12	145.84	
						Repair of service building	Nos	12	7	5	34.85	
						Cost of track machines	Nos	108	63	45	1,121.46	
						Cost of rails for imprest	Tons	1600	0	1600	233.60	
	Total										**5,197.35**	
13	DoT(Lodhran - Khanewal-Multan)	3,297.52	3,081.53	-215.99 -7%	9	Track machines & equipment	No	26	4	22	2,913.48	88%
SN	**Project Name**	**Cost**	**expenditure**	**Cost overrun in Rs and %**	**Time over run (years)**	**Items**	**Unit**	**Target**	**Actual work**	**Left over work**	**Cost of left over Work**	**Left over (%)**
14	Reopening of Rail Car, Kohat-RWP	381	368.22	-12.784 -3%	-	Repair of Passenger Coaches	No	12	9	3	30	25%

15	DoT-Port Qasim to Bin Qasim Station	1,568.40	1,490.76	-77.632 -	2	Additional line from Port Qasim to Bin Qasim Station	km	13	11.5	1.5	43.96	3%
						Turn out 54kg	Nos	10	9	1	9.44	
						Procurement of Track Machinery	Nos	12	9	3	0.90	
	Total										**54.30**	-
Grand Total		**44,056.04**	**49,422.05**	-	-	-	-	-	-	-	**10,767.33**	**-**

Source: PC-IVs

Annexure-43
Para 3.8.2.3 Observation-16
(Rs in million)

Detail in submission of PC-IV and PC-V

SN	Project Name	Date of approval & Estimated Cost	Project Completion Date & Date of PC-IV drawl/Submission	Delay in (Years)	Submission to Planning Commission	PC-V applicable?	PC-V due	PC-V drawn	PC-V Pending
1	Reconstruction of Bridge at QTA	1-Dec-22 656.14	1-May-23 9-Aug-23	-	Y	N	-	-	-
2	Terminal Facilities and Dry ports	8-Feb-16 957.95	30-Jun-22 24-Oct-22	-	Y	Y	1	-	1
3	FS for updation of existing ML -II	21-Dec-15 300	30-Jun-17 19-Aug-18	1	Y	N	-	-	-
4	Acquisition of land at Gwadar	25-Feb-06 449.94	30-Jun-18 17-Jun-19	1	Y	Y	5	-	5
5	Procure. of 585 Wagons and 20 Brake. Vans	30-Dec-15 5,861	30-Jun-18 15-Aug-18	-	Y	Y	5	-	5
6	Procure. of 780 W and 20 Br. Vans	13-May-15 8863	30-Jun-18 10-Aug-18	-	Y	Y	5	-	5
7	Procure. of 58 locos	16-Aug-12 19,406.61	30-Jun-17 13-Jun-20	3	Y	Y	5	1	4
8	Conversion of 400 coaches	2-Mar-07 4,597.94	30-Jun-16 27-Feb-21	5	Y	Y	5	1	4
SN	**Project Name**	**Date of**	**Project Completion**	**Delay in**	**Submission**	**PC-V**	**PC-V**	**PC-V**	**PC-V**

		approval & Estimated Cost	Date & Date of PC-IV drawl/Submission	(Years)	to Planning Commission	applicable?	due	drawn	Pending
9	Rehab. of 159 bridges	3-Nov-07 412	30-Jun-16 2-Oct-16	-	Y	Y	5	-	5
10	Rehab. of 27 locos	26-May-11 5,108	30-Jun-18 9-Oct-18	-	Y	Y	5	1	4
11	Rehab. of R.S and Track	16-Aug-12 4000.016	30-Jun-19 8-Jan-20	1	Y	Y	4	-	4
12	Rehab. of 300 TM	27-Oct-14 1,650	30-Nov-20 9-Jan-21	-	Y	Y	2	1	1
13	Up-grad. of Major Stations	31-Mar-15 846	30-Jun-21 30-Jun-21	-	Y	Y	2	-	2
14	Reopening of Rail Car, Kohat-RWP	11-Apr-17 381	30-Jun-18 20-Jun-23	5	Y	Y	5	-	5
15	Government College for Women, RWP	1-Dec-18 59.47	6-Jan-20 3-May-23	3	Y	Y	3	-	3
16	3 Rescue trains	26-May-11 1,639.24	30-Jun-14 21-Apr-16	2	Y	Y	5	-	5
17	Procure. of rescue equipment	12/2/2015 220	30-Jun-17 1-Aug-17	-	Y	Y	5	-	5
18	SR-150 Locos	16-Aug-12 5,005.03	30-Jun-16 9-Jul-19	3	Y	Y	5	1	4
19	SR- 800 C & 2000 W	12-Dec-14 1,810	30-Jun-20 12-Nov-21	1	Y	Y	3	1	2
20	TWS & LED Signals	2-Apr-20 81.98	30-Jun-23 22-Jul-23	-	Y	Y	-	-	-
SN	**Project Name**	**Date of approval & Estimated Cost**	**Project Completion Date & Date of PC-IV**	**Delay in (Years)**	**Submission to Planning Commission**	**PC-V applicable?**	**PC-V due**	**PC-V drawn**	**PC-V Pending**

			drawl/Submission						
21	Track rehab. (Khanpur, Lodhran)	26-May-11 8,977.66	30-Jun-21 31-Jul-21	-	Y	Y	2	-	2
22	Up-grad. of Stations-Sikh Tourism	2-Dec-15 659.96	30-Jun-21 30-Jun-21	-	Y	Y	2	-	2
23	Procure. of 530 wagons	14-Dec-05 5,330	30-Jun-11 23-Jul-13	2	Y	Y	5	1	4
24	DoT-Port Qasim to Bin Qasim Station	22-Oct-15 1,568.40	30-Jun-19 6-Dec-19	-	Y	Y	4	-	4
25	SR 100 Locos (Old)	4-Dec-14 4,966.75	30-Jun-20 30-Jun-20	-	Y	Y	3	1	2
26	PRPP & HRMIS at PR	1-Dec-21 35.96	30-Jun-23 31-Jul-23	-	Y	Y	1	-	1
27	Updation of FSs - ML-III	17-Jan-17 198	30-Jun-19 30-Mar-21	2	Y	N	-	-	-
28	FS for rehab- Narowal Chak Amru section	24-Feb-16 59.66	30-Jun-17 30-Mar-21	4	Y	N	-	-	-
29	FS for rehab-WZR Section	9-Nov-17 59	30-Jun-21 6-Sep-21	-	Y	N	-	-	-
30	FS for rehab-Larkana Section	10-Jan-18 25	30-Jun-21 6-Sep-21	-	Y	N	-	-	-
31	FS ML-1	25-Jun-14 389.74	30-Jun-19 30-Mar-21	2	Y	N	-	-	-
SN	**Project Name**	**Date of approval & Estimated Cost**	**Project Completion Date & Date of PC-IV drawl/Submission**	**Delay in (Years)**	**Submission to Planning Commission**	**PC-V applicable?**	**PC-V due**	**PC-V drawn**	**PC-V Pending**
32	PC-II to Connect	29-Dec-13	30-Jun-19	2	Y	N	-	-	-

	Gwadar-KYC	135.50	30-Mar-21						
33	DoT(Lodhran - Khanewal-Multan)	2-Sep-03 3,297.52	30-Jun-14 1-Oct-14	-	Y	Y	5	-	5
34	Staff Quarters	1-Sep-15 475	31-Dec-22 19-Apr-23	-	Y	Y	2	-	2
35	DoT-Khanewal to Raiwind	4-Aug-05 5,497.65	30-Jun-19 20-Jun-23	4	Y	Y	4	-	4
36	Rehab of track -KYC to Khanpur	28-Feb-02 11,192	30-Jun-17 30-Jun-17	-	Y	Y	5	-	5
37	Riots of 27-28 Dec 2007	6-Nov-08 7,834.87	30-Jun-23 28-Aug-23	-	Y	Y	1	-	1
38	Replacement of Metal sleepers	1-Jan-10 2,216	30-Jun-17 Not Drawn	Not Drawn	Not Drawn	Y	5	-	5
39	Solar Systems, P.R HQ	24-Feb-16 58.30	30-Jun-17 22-May-23	6	Y	Y	5	1	4
40	Manufacture of 5 locos	19-Sep-07 955	30-Jun-16 5-Nov-18	2	Y	Y	5	1	4
41	Mechanization of Track	16-Aug-12 4055.40	30-Jun-19 26-Jun-23	4	Y	Y	4	-	4
42	Procure. 500 W & 40 Power vans	16-Aug-12 11998	30-Jun-16 9-Feb-21	5	Y	Y	5	1	4
43	Procurement/ Procure. 202 carriages	14-Dec-05 15,889.90	31-Jan-15 1-Mar-21	6	Y	Y	5	1	4
SN	**Project Name**	**Date of approval & Estimated Cost**	**Project Completion Date & Date of PC-IV drawl/Submission**	**Delay in (Years)**	**Submission to Planning Commission**	**PC-V applicable?**	**PC-V due**	**PC-V drawn**	**PC-V Pending**
44	Conversion of 400 coaches	10/29/2015 400	1-Jun-17 27-Feb-21	4	Y	Y	5	-	5
45	Replace. of 2	1/27/2015	30-Jun-17	6	Y	Y	5	-	5

	Generators- MGPR	108	15-May-23						
46	Procure. of 75 Locos	12/14/2005 12,700	30-Jun-22 Not Drawn	1	Not Drawn	Y	1	-	1
Total							**144**	**12**	**132**

Source: PC-IVs

Annexure-44
Para 3.8.2.3
Observation-18

Failure of coaches & wagons report dated 05.09.2023

SN	Coach No.	Code	Turn out date	Detachment Date	Cause
1	12468	ZFTH	19.01.2021	07.02.2022	Hot axle P-6 warm
2	13002	ZFTLRH	31.01.2021	10.01.2022	Bolster Coil spring fresh broken
3	11210	ZBXH	30.01.2021	11.05.2021	Axle box No. 8 ran hot
4	11213	ZBXH	30.01.2021	26.07.2021	LCR fresh broken & LCR rest on safety bracket
5	11481	ZFTH	09.06.2021	10.04.2021	Axle box No. 6 ran hot
6	12205	ZFTH	27.03.2021	13.04.2021	Axle box No. 4 ran hot
7	11441	ZFTH	10.04.2021	12.08.2021	Buffer plunger fresh broken
8	11464	ZFTH	10.04.2021	17.10.2021	Brake disc small nut & bolt deficient, brake disc displace and rest on axle
9	11208	ZBXH	22.05.2021	15.06.2021	P3 LCR pin broken
10	11232	ZBXH	24.05.2021	15.08.2021	Axle box No.7 spring fresh broken
11	12257	ZFTH	29.05.2021	14.06.2022	Suspension strap guide pin fresh broken
12	11470	ZFTH	29.05.2021	03.11.2021	LCR Pin of p-4 welding fail/ broken
13	12194	ZFTH	14.06.2021	12.09.2021	Axle box No.2 warm
14	11252	ZBXH	06.07.2021	05.03.2021	P2 LCR pin fresh broken
15	12173	ZFTH	16.07.2021	07.12.2021	Trolley & Bolster friction plate fresh broken
16	12353	ZFTH	29.07.2021	03.05.2022	Axle Box No. 5 Ran Hot
17	9158	ZFTH	22.08.2021	17.08.2022	Longitudinal Bar Broken
18	12046	ZFTH	23.08.2021	27.07.2022	P-2 Ran Hot
19	11220	ZBXH	25.09.2021	01.02.2022	Axle Box No. 4 Warm
20	8027	ZBH	08.10.2021	05.03.2022	02 Trolley Plate with BKT Missing
21	6017	ZFTRGH	13.10.2021	01.11.2022	P-5 Ran Hot
22	8045	ZBH	27.11.2021	15.07.2022	P-6 Ran Hot
23	8072	ZBH	18.12.2021	14.10.2022	AK-6 valve fresh broken
24	11233	ZBXH	15.01.2022	27.04.2022	P5 warm & temp 160f
25	11223	ZBXH	24.02.2022	15.12.2022	P-8 lcr Pin Fresh broken.
26	11228	ZBXH	26.02.2022	16.01.2022	Axle Box No. 4 LCR
27	11412	ZFTH	16.02.2022	19.03.2022	p-2 Warm
28	12729	ZFTH	12.03.2022	10.08.2022	Trolley Head Stock Broken
29	12727	ZFTH	26.11.2022	06.06.2023	longitudinal Bar Stock Broken
30	11830	ZRDGH	29.04.2023	10.05.2023	P-7 nod pin fresh broken
31	12263	ZFTH	12.04.2023	26.05.2023	Train pipe broken, due to some foreign element hitting
32	11577	ZFTH	28.04.2023	18.06.2023	P-5 nod pin fresh broken
33	12487	ZFTH	22.10.2023	29.08.2023	Journal Broken

Source: MoR

Annexure-45
Para 3.3.1

Short Name (Completed Projects)

SN	Project Name	Short Name
1	Reconstruction of damaged abutment and two piers of Railways Bridge No.331 11-13 between Hirol-Dozan Stations on Sibi Quetta Section (Quetta Division)	Reconstruction of Bridge at QTA
2	Up-gradation of Terminal Facilities and Dry ports	Terminal Facilities and Dry ports
3	Feasibility study for updation of existing Main Line -II (ML-II) CPEC	FS for updation of existing ML –II
4	Acquisition of land for Railway Container Yard, Station and Railway line from Sea Port up to Coastal Highway at Gwadar (Revised)	Acquisition of land at Gwadar
5	Procurement/Manufacture of 585 Hopper Wagons and 20 Bogie Brake Vans for Coal Transportation	Procure. of 585 W and 20 Br. Vans
6	Procurement/Manufacture of 780 High Capacity Bogie (Hopper) Wagons and 20 Bogie Brake Vans for Coal Transportation (Phase-I)	Procure. of 780 W and 20 Br. Vans
7	Procurement/manufacturing of 58 DE locomotives	Procure. of 58 locos
8	Rehabilitation , up gradation and conversion of 400 coaches (revised)	Conversion of 400 coaches
9	Rehabilitation/strengthening of 159 bridges	Rehab. of 159 bridges
10	Rehabilitation of 27 Nos. (HGMU- 30 Class) Diesel Electric Locomotives (Revised)	Rehab. of 27 locos
11	Rehabilitation of Rolling Stock and Track (Bailout Package)	Rehab. of R.S and Track
12	Rehabilitation/Procurement of Re- Manufactured 300 Traction Motors (Revised)	Rehab. of 300 TM
13	Renovation & Up-gradation of Major Railway Stations	Up-grad. of Major Stations
14	Reopening of Rail Car from Kohat to Rawalpindi on Experimental Basis	Reopening of Rail Car, Kohat-RWP
15	Completion of remaining work of Government College for Women, Police Station Road near Railway Station, Rawalpindi	Government College for Women, ,RWP
16	Replacement of 03 break down/rescue trains and procurement 05 sets of relief train equipment	3 Rescue trains
17	Procurement of 8 sets of re-railing & rescue equipment for relief operations	Procure. of rescue equipment
18	Special Repair of 150 Nos D. E. Locomotives	SR-150 Locos
19	Special Repair to 800 Coaches and 2000 Wagons	SR- 800 C & 2000 W
20	Provision of Train Approaching Warning System for Level Crossing and In-house Development of LED Based Color Light Signals	TWS & LED Signals
21	Track rehabilitation on Khanpur Lodhran section (Khanpur, Lodhran)	Track rehab. (Khanpur, Lodhran)

SN	Project Name	Short Name
22	Up-gradation of Railway stations to attract Sikh Tourism at Hassan Abdal, Nankana Sahib and Narowal.	Up-grad. of stations-Sikh Tourism
23	Procurement/manufacture 530 high capacity wagons all Pakistan	Procure. of 530 wagons
24	Doubling / Improvement of Existing Track from Port Qasim to Bin Qasim Station (CPEC)	DoT-Port Qasim to Bin Qasim Station
25	Special Repair to 100 DE Locomotives	SR 100 Locos (Old)
26	Implementation of Pakistan Railways Planning Portal (PRPP) & Human Resource Management Information System (HRMIS) at Pakistan Railways	PRPP & HRMIS at PR
27	Updation of Feasibility Studies up- gradation of existing Railway Link from Rohri to Koh-e-Taftan via Quetta including the realignment of Sibi-Spezand Section (1022 Kms) and Feasibility Study of Rail Link from Quetta to Kotla Jam (538 Kms)- ML-III	Updation of FSs - ML-III
28	Feasibility study for improvement /upgradation /rehabilitation of Shahdhra-Narowal-Sialkot-Wazirabad & Narowal Chak Amru Section	FS for rehab- Narowal Chak Amru section
29	Feasibility Study for Up- gradation/Rehabilitation of Khanewal- Shorkot-Chak Jhumra-Sangla Hill- Wazirabad Section (324 Km)	FS for rehab-WZR Section
30	Feasibility Study for restoration/ up- gradation of Jacobabad-Silra Shahdad Kot-Larkana Section (135 km)	FS for rehab-Larkana Section
31	Comprehensive Feasibility Study for Upgradation/Rehabilitation of Mainline 1 (ML-I) and New Dry Port at Havelian (Balder) Distt. Haripur under China-Pak Economic Corridor (CPEC)	FS ML-1
32	PC-II to Connect Gwadar with Karachi .PC-II Gwadar to Besima and from Besima to Jacobabad via Khuzdar (CPEC)	PC-II to Connect Gwadar-KYC
33	Doubling of Track on Lodhran to Khanewal via Multan Cantt (Lodhran -Khanewal-Multan)	DoT(Lodhran -Khanewal-Multan)
34	Construction of Staff Quarters at Narowal, Lahore & Karachi Cantt(Revised)	Staff Quarters
35	Doubling of Track from Khanewal to Raiwind-246 Km (3rd Revised)	DoT-Khanewal to Raiwind
36	Rehabilitation/improvement of track -Karachi to Khanpur	Rehab of track -KYC to Khanpur
37	Rehabilitation of Railway Assets Damaged at Sindh during Riots of 27-28 December, 2007 followed by Assassination of Mohtarma Benazir Bhutto (Revised)	Riots of 27-28 Dec 2007
38	Replacement of metal sleeper and track renewal on Lodhran -Shadhra section	Replacement of Metal sleepers
39	Installation and Commissioning of 300 kW Solar System at P.R HQ Lahore	Solar Systems, P.R HQ
40	Manufacture of 05 locomotives(3000HP) All Pakistan	Manufacture of 5 locos

SN	Project Name	Short Name
41	Mechanization of Track Maintenance (pilot project)	Mechanization of Track
42	Procurement of 500 Bogie wagons and 40 Power vans - All Pakistan	Procure. 500 W & 40 Power vans
43	Procurement/Manufacture of 202 new design passenger carriages -Axim Bank China-All Pakistan	Procure. 202 carriages
44	Conversion of 400 coaches from 110v to 220 v	Conversion of 400 coaches
45	Replacement of two diesel generating sets of 1000 kw at railways power house MGPR	Replace. of 2 Generators-MGPR
46	Procurement of 75 D.E Locomotives	Procure. of 75 Locos

Source: Planning Commission of Pakistan

Annexure-46
Para 3.3.1

Short Names (Ongoing Projects)

SN	Project Name	Short Name
1	Collaboration of Pakistan Railways with Different Academic Institutes (Triple Helix Model)	Triple Helix Model
2	Project Management Unit (PMU) in Ministry of Railways (Revised)	PMU ,MoR
3	Re-commissioning of 5 Accidental Locomotives	5 Accidental Loco
4	Replacement of Old and Obsolete Signal Gear from Lodhran Khanewal -Shahdara Bagh Mainline Section of Pakistan Railways (2nd Revised)	Obsolete Signal Gear
5	Establishment of Business Development HR Support Unit, Pakistan Railways	HR Support Unit
6	China Pakistan Economic Corridor (CPEC) Support Project at Ministry of Railways	CPEC Support Project
7	Procurement of Equipment for Improved Security and Anti-Terrorism Measures	Anti-Terror Measures
8	Reconstruction of Assets Damaged during the Floods 2010	RFD 2010
9	Rehabilitation of 100 KVA DG Sets	Rehab of DG Sets
10	Renovation and Construction of Offices, Women Barracks and Multi - Purpose Training Rooms at the Office of the Superintendent Railway Police, Rawalpindi Division	Women Barracks
11	Rehabilitation of KPT and Rail Connectivity	Rehab. of KPT
12	Umbrella PC-II for feasibility study & Transaction Advisory Services	Umbrella PC-II
13	Indigenous Development of Wireless Based Block Instrument, Interlocking System and Development of Production Unit, R&D Project	R&D Project
14	Installation and Commissioning of Solar System at 155 Nos Railway Stations	Solar System at 155 Stations
15	PC-II for Commercial and Financial Feasibility Study for the Sub- Project under ML-I Project "Karachi to Hyderabad (163km), construction of new double line for 160km/h on PPP/BOT basis"	PC-II for Sub- Project under ML-I -KYC to HYD
16	Preliminary Design / Drawings for Up-gradation/ Rehabilitation of Main line (ML-1) and establishment of Dry port near Havelian under the China Pakistan Economic Corridor (CPEC) and hiring of Design / Drawings Vetting Consultants	ML-I design
17	Procurement and Installation of Machinery at Signal Workshop	Machinery at Signal Workshop
18	Procurement/ Manufacture of 820 High Capacity Bogie Freight Wagons and 230 Passenger Coache	Procure. 820 W & 230 C

SN	Project Name	Short Name
19	Rehabilitation and Improvement of Kotri Jamshoro Rail Link / PC-I of Rehabilitation of Track Between Kotri-Akhondabad on Kotri-Dadu Section (Karachi Division)	PC-I, Rehab of Track -Kotri-Akhondabad
20	Rehabilitation of track between Rehmani Nagar & Bakrani Road on Dadu-Habib Kot Section (Sukkur Division, Phase-4)	Rehab. of track, Dadu-Habib Kot Section
21	Rehabilitation of track between Baruli-Sohan Bridge on Kundian- Attock City Section (Peshawar Division Phase-1)	Rehab. of track, Attock City Section
22	Special Repair of 600 Passenger Coaches and 1200 Bogie Wagons	SR 600 C & 1200 W
23	Strengthening of Planning, Development, Monitoring and Evaluation (PD&ME) Directorate, Ministry of Railways, Islamabad (Revised)	SPD , M&E, MoR
24	Feasibility Study (PC-II) for construction of new rail link from Islamabad to Muzaffarabad via Murree	PC-II rail link-Islamabad to Muzaffarabad
25	Immediate Track Safety Work in Karachi and Sukkur	Track Safety in KYC & SUK
26	Improvement of Terminal Facilities and Enhancing Security Arrangements in Marshaling Yard Pipri, Karachi	Terminal Facilities-MYP, KYC
27	Special Repair to 100 DE Locomotives	SR 100 Loco (new)
28	Rehabilitation of Track between Sama Satta-Bahawalnagar on Sama Satta-Amruka Section	Rehab. of Track Sama Satta-Bahawalnagar
29	Construction of new track, upgradation/rehabilitation of track from Chaman Yard (including) to Pak-Afghan Border	Rehab. of track, Chaman Yard Afghan Border

Source: Planning Commission of Pakistan

Annexure-47
Para (4.4.1)

Passengers volume at different stations

(No. in thousands)

Railway Station	Bahawalpur	Rahim Yar Khan	Raiwind	Khanewal	Gujranwala	Nawab Shah
2013-14	343	260	334	281	344	303
2014-15	405	280	305	323	388	294
2015-16	427	318	335	351	386	291
2016-17	384	335	278	360	359	305
2017-18	416	365	313	379	340	299
2018-19	491	439	563	415	389	360
2019-20	343	385	284	255	290	304
2020-21	380	386	242	247	289	330
2021-22	404	513	434	343	478	450
2022-23	356	354	358	319	298	264

Annexure-48
Para (4.4.3.1)

Results of qualitative analysis based on passenger interviews/ questionnaire - Railway Station Raiwind

SN	Variables	Above Average/ Positive (%)	Below Average/ Negative (%)
1	Level of difficulties faced arriving platform	60	40
2	Security Check on arrival	10	90
3	Facilities provided in waiting rooms	20	80
4	Toilets/Washrooms	40	60
5	Clean Drinking Water/ Filtration Plant	20	80
6	Cleanliness at Railway Station	80	20
7	Security of luggage at station/ Security Cameras	0	100
8	Special arrangements for disable/ physically challenged persons	0	100
9	Firefighting arrangements	0	100
Overall satisfaction of passengers		**26**	**74**

Annexure-48
Para (4.4.3.1)

Results of qualitative analysis based on passenger interviews/ questionnaire Railway Station Gujranwala

SN	Variables	Above Average/ Positive (%)	Below Average/ Negative (%)
1	Level of difficulties faced arriving platform	60	40
2	Security Check on arrival	20	80
3	Facilities provided in waiting rooms	40	60
4	Toilets/Washrooms	50	50
5	Clean Drinking Water/ Filtration Plant	30	40
6	Cleanliness at Railway Station	20	80
7	Security of luggage at station/ Security Cameras	10	90
8	Special arrangements for disable/ physically challenged persons	0	100
9	Firefighting arrangements	0	100
	Overall Satisfaction of Passengers	**26**	**74**

Annexure-49
Para (4.4.2)

Vulnerable Civil Work and Missing Passenger Amenities at Railway Station, Raiwind

Visible Cracks in walls and floor of the Railway Station building, Raiwind