Auditor-General of Pakistan

February, 2026

AUDIT REPORT
ON
PAKISTAN RAILWAYS (PR)

Asim Gull
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20 October 2026 09:19:14 PM

Report No: DGA RAILWAYS 25-001

Audit Year 2025-26
Financial Year 2024-25

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PREFACE

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

This report is based on audit of the accounts of Pakistan Railways for the financial year 2024-25. Further, this report also includes audit findings 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 2025-26 with a view to report significant findings to the stakeholders. The sectoral analysis presented in this report covers 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 a cross-cutting audit concept, exploring passenger management in Pakistan Railways, has been made part of this report.

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

There are certain audit paras which were also reported in last years' Audit Reports for the financial year 2020-21 to 2024-25. Recurrence of such irregularities is a matter of serious concern.

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

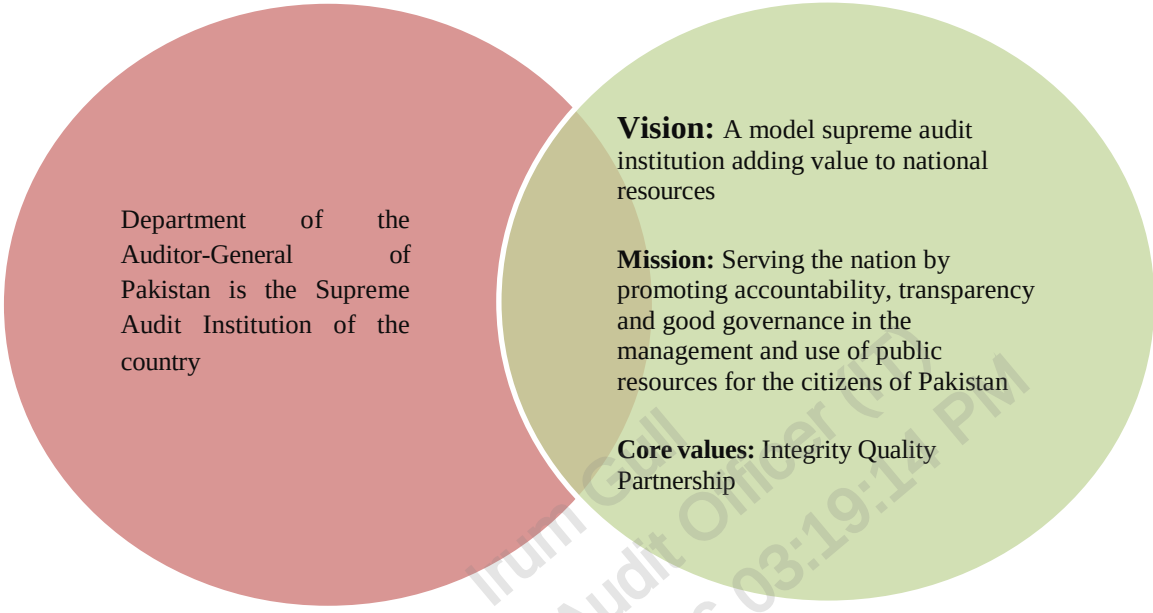
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-sd-
(Maqbool Ahmad Gondal)
Auditor-General of Pakistan

Islamabad
Dated: 26 February, 2026

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Department of the Auditor-General of Pakistan



Audit Cell
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The Auditor General's organization is the prime institution in the country for ensuring public accountability and fiscal transparency in governmental operations. The organization is expected to bring about improvements in the financial discipline and internal control environment in the executive departments for minimizing the possibility of waste and fraud.

The Auditor-General of Pakistan is appointed under the Constitution of the Islamic Republic of Pakistan. This report is laid before the legislature and discussed in the Public Accounts Committees of the respective legislative Assemblies. His mandate enables him to strengthen the legislative oversight by providing an independent and objective assessment of the process of governance at the federal, provincial and local level.

Highlights

AUDIT SNAPSHOT

Audit Report on Pakistan Railways (PR)

DGA RAILWAYS 25-001 **February, 2026**

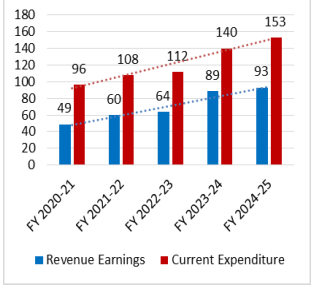
Why did we do this audit?

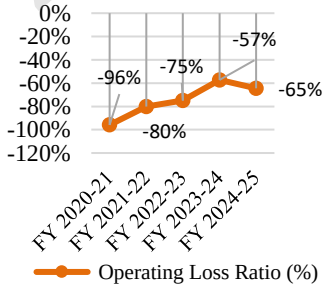
The audit of PR was conducted to evaluate financial management and financial viability of PR, as a State Owned Enterprise (SOE). Audit aims to assess compliance with applicable laws, rules and regulatory frameworks including PPRs and SOE framework of the Government of Pakistan. Overall, the audit was carried out to assess transparency, accountability, use of resources and quality of service delivery.

Key Assessment

The financial position of PR for the FY 2024-25 is as under:

Financial Sustainability: Critical
Operating Loss: Rs. (60) billion
Operating Loss Ratio: (65%)
The details regarding various operational indicators of the SOE including five years Revenue Earnings and Current Expenditure and Net Loss Ratio (%) are illustrated as under[1]:





What did we find?

- Persistent operational shortfalls necessitating regular financial assistance from the Federal Government made PR a loss-making SOE.
- Non-implementation of SOE Framework including International Financial Reporting Standards (IFRS) resulted in qualified opinion on commercial accounts.
- Financial and operational management was assessed as sub-optimal as various instances of non-recovery of dues, theft of railway material, encroachment of Railway land, loss due to excess utilization of fuel etc. were observed.
- Mis-procurement was observed in many cases due to non-compliance with applicable public procurement rules.
- Three subsidiary companies of PR viz. PRACS, Railcop and PRFTC were under dissolution since June 2025, however their accounts were not provided to Audit for analysis.

What did we recommend?

- Attainment of financial sustainability through performance based incentivization instead of reliance on Federal Government aid.
- Full adoption of the SOE Framework and IFRS to ensure transparent, auditable financial reporting and eliminate qualified opinions.
- Establish a robust internal control system to prevent misappropriation, recover outstanding dues, and monitor fuel usage and railway land use.
- Reform procurement processes with independent oversight and strict adherence to rules to prevent mis-procurement.

[1] Five years financial statements of PR FY 2020-21 to 2024-25.

Highlights	
DGA RAILWAYS 25-001	**February, 2026**

Entity Summary Sheet

Description	Details
Legal Framework of Entity	Pakistan Railways is a state-owned enterprise under SOE Act, 2023 specifically classified as a "Strategic & Essential" enterprise. It is primarily governed by the Railways Act, 1890, which regulates operations, safety, and liability. It operates under the Ministry of Railways, managed by a Railway Board established under federal ordinances.
Key Responsibilities / Mandate and Objectives	The principal activity of PR is to provide safe, reliable, and competitive passenger and freight transport services across the country, aiming to maximize revenue while enhancing passenger comfort. Moreover, it aims to rehabilitate, maintain, and modernize existing railway infrastructure and rolling stock ensuring safety and security and operational digitization.
Total Assets • Current Assets • Non-Current Assets	**Rs. 515,329.57 million as on June 30, 2025** Rs. 110,088.64 million Rs. 405,240.93 million
Total Liabilities • Current Liabilities • Non-Current Liabilities	**Rs. 111,127.72 million as on June 30, 2025** Rs. 29,280.69 million Rs. 81,847.03 million
▪ Revenue ▪ Other Income/receipts ▪ Net Loss	**Rs. 92,727.57 million as on June 30, 2025** Rs. 8.27 million as on June 30, 2025 Rs. **(61,190.93)** million as on June 30, 2025
Government Grants (Grant-in-Aid)[2]	Rs. 64,038.00 million (FY 2024-25)
Government Grants (Capital Investment)[3]	Rs. 34,799.00 million (FY 2024-25)
Total Expenditure (Current) ▪ Working expenses ▪ Interest on debt and GPF	**Rs. 154,001.18 million as of June 30, 2025** Rs. 152,967.49 million Rs. 1,033.69 million
Total Expenditure (Development)	**Rs. 30,585.30 million as of June 30, 2025**
Pensioners' Liability (Accrued)[4]	**Rs. 21,499.75 million as of June 30, 2025**
Funding Sources	PR generates its revenue through core and non-core business including passengers, goods and sundry earnings. The operational deficit is met with Grant-in-Aid. Additionally, development projects are exclusively funded by the Federal Government under PSDP regime.

[2] Profit & Loss Account of PR 2024-25 (Page-22)
[3] Supporting notes to Balance Sheet of PR FY 2024-25 (Page-23)
[4] Liabilities of Pakistan Railways as on 30.06.2025 (Appropriation Accounts FY 2024-25 Page-39)

Description	Details
Accounting policy	• International Accounting & Financial Reporting Standards (IFRS) • Pakistan Railways' Accounts Code (Volume-I & II)
Status of financial statements	FYs 2020-21 to 2024-25 (Audited)
Compliance Status of audit recommendations	Rectifications in Final Accounts of PR[5]

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[5] Final Accounts of PR 2024-25, Appendix-I of this AR (Audit Impact page 121).

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ABBREVIATIONS & ACRONYMS

100 bps	100 Basis Points (1%)
AC	Air-conditioned
C&W	Carriage & Wagons
CAO	Chief Accounts Officer
CCFM	Chief Customer Facilitation/Freight Manager
CCM	Chief Commercial Manager
CCP	Chief Controller of Purchase
CCS	Chief Controller of Stores
CCTV	Close Circuit Television
CDL	Central Diesel Locomotive
CDR	Call Deposit Receipt
CEN	Chief Engineer
CEO	Chief Executive Officer
CFI	Carriage Factory Islamabad
CFT	Cubic Foot
CMA	Controller of Military Accounts
CME	Chief Mechanical Engineer
CMM	Chief Marketing Manager
COPS	Chief Operating Superintendent
CPO	Chief Personnel Office
CRRC	China Railway Rolling Stock Corporation
CSF	Concrete Sleeper Factory
CSR	Composite Schedule of Rates
CTM	Chief Traffic Manager
DAC	Departmental Accounts Committee
DAGP	Department of Auditor-General of Pakistan
DC	District Collector
DE	Diesel Electric
DGM	Deputy General Manager
DISCOs	Distribution Companies
DP	Draft Para
DS	Divisional Superintendent
DSKP	District Store Keeper
Dy	Deputy
ECNEC	Executive Committee of the National Economic Council
ERP	Enterprise Resource Planning
FA& CAO	Financial Advisor & Chief Accounts Officer
FAM	Financial Audit Manual
FBR	Federal Board of Revenue

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FDA	Freight Deposit Account
FED	Federal Excise Duty
FIA	Federal Investigation Agency
FIR	First Information Report
FOB	Free on Board (Freight)
FY	Financial Year
GEU	General Electric Universal
GM	General Manager
GM/M&S	General Manager Manufacturing and Services
GM/W&SI	General Manager Welfare and Special Initiative
GMU	General Motors Universal
GPF	General Provident Fund
GST	General Sales Tax
GTKM	Gross Tonnes-Kilometer
HGMU	Henschel General Motors Universal
HP	Horsepower
HQ	Headquarters
HR	Human Resource
HSD	High Speed Diesel
HSR	Huanang Shandong Ruyi
HTXR	Head Train Examiner
IF	Improvement Fund
IOW	Inspector of Works
IPDF	Infrastructure Project Development Facility
ISSAIs	International Standards of Supreme Audit Institutions
IT	Information Technology
JICA	Japan International Cooperation Agency
KBX	Karachi Bunder
KCR	Karachi Circular Railways
KIBOR	Karachi Inter Bank Offer Rate
Kms	Kilometers
KPIs	Key Performance Indicators
KPT	Karachi Port Trust
KW	Kilowatt
LD	Liquidated Damages
LOCO	Locomotive
LOMS	Locomotives on Miscellaneous Services
MAS	Material Accounting System
MD	Managing Director
MFDAC	Memorandum for Departmental Accounts Committee
MGPR	Moghalpura

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MoR	Ministry of Railways
MTBF	Medium Term Budgetary Framework
NBP	National Bank of Pakistan
NHA	National Highway Authority
NLC	National Logistics Cell
OEM	Original Equipment Manufacturer
OEM	Original Equipment Manufacturer
OP-73	OP-73 is a monthly statement used to report the class-wise and service-wise consumption of High Speed Diesel (HSD) oil
P&L	Property and Land
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PC-1	Planning Commission Form-1
PCP	Pakistan Citizen Portal
PD	Project Director
PIL	Pakistan Intermodel Limited
PM	Prime Minister
PMDU	Prime Minister's Performance Delivery Unit
PO	Principal Officer
POL	Petroleum, Oil and Lubricants
PPP	Public Private Partnership
PPRA	Public Procurement Regulatory Authority
PR	Pakistan Railways
PRACS	Pakistan Railway Advisory and Consultancy Services
PRC	Project Review Committee
PRFTC	Pakistan Railways Freight Transportation Company
PRP	Pakistan Railway Police
PRSP	Pakistan Railways Strategic Plan
PSDP	Public Sector Development Program
PSO	Pakistan State Oil
RABTA	Railway Automated Booking and Travel Assistance
RAILCOP	Railway Constructions Pakistan Limited
RFP	Request For Proposal
Rs	Rupees
SAP	Systems, Applications & Products
SBP	State Bank of Pakistan
SDGs	Sustainable Development Goals
SFC	Specific Fuel Consumption
Sft	Square Feet
SLIC	State Life Insurance Corporation

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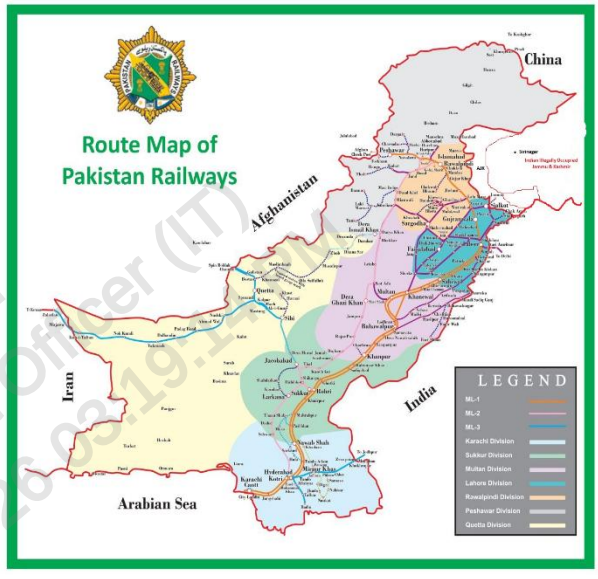
SOE	State Owned Enterprise
SOPs	Standard Operating Procedures
SqYd	Square Yard
TORs	Term of References
ToT	Transfer of Technology
US	United States
USG	Ultrasound Sonography Test
VHF	Very High Frequency
WAPDA	Water and Power Development Authority
WHT	Withholding Tax
ZBKC	High Capacity Open Top Bogie Wagon
ZCU	Ziyang China Universal

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OVER VIEW OF THE ENTITY

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 board typically includes ex-officio members, independent directors, and senior railway officials like the CEO/Senior General Manager, Member Finance, and various Director Generals (e.g., Technical, Planning, Vigilance). The affairs of Pakistan Railways are administered by the following authorities.

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



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

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

The administrative head of the Railway Accounts Department is Member Finance in the Railway Board who is assisted by three Financial Advisors & Chief Accounts Officers. Moreover, there is a Chief Internal Auditor who heads the Internal Audit Wing and reports directly to the Principal Accounting Officer.

Pakistan Railways owns four subsidiary companies namely Pakistan Railways Advisory & Consultancy Services (PRACS), Railway Constructions Pakistan Limited (RAILCOP), Pakistan Railway Freight Transport Company (PRFTC) and REDAMCO (Railway Estate Development and Marketing Company). Each company is headed by a Managing Director/Chief Executive Officer. In 2025, the Government of Pakistan initiated the formal winding up of several loss-making state-owned companies as part of a broader "right-sizing" policy to reduce financial burdens. The first three of the

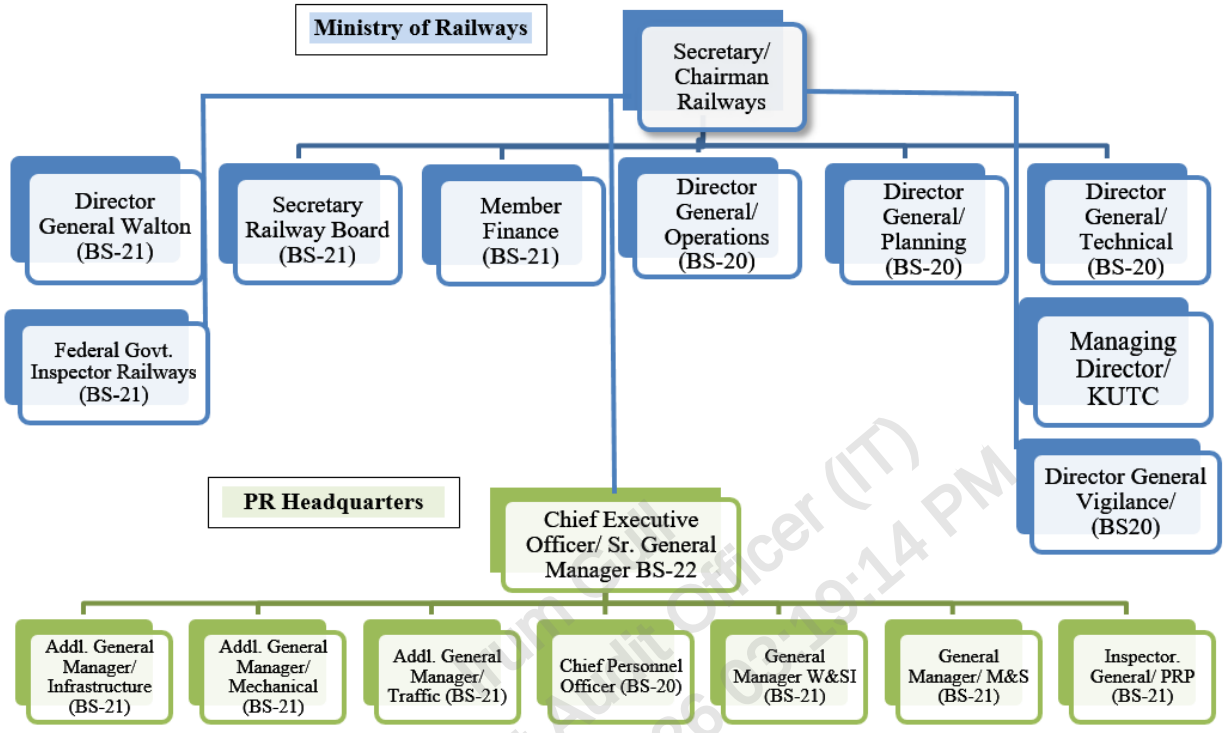
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aforementioned subsidiaries of Pakistan Railways were being dissolved as these companies were identified as making significant losses and inflicting a continuous financial burden on the national railway system.

Pakistan Railways has initiated SOE reforms under SOE Act 2023 which significantly includes alignment with IFRS and international financial best practices; improve transparency & true financial position, corporate governance, financial discipline, performance accountability, reconciliation and transparency in asset management. PR has implemented S/4 HANA landscape in SAP/ERP as a management information system.

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Organizational Chart of Pakistan Railways



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ROLE AND RESPONSIBILITIES OF INTERNAL AUDIT[6]

The Internal Audit function operates as an independent and objective assurance and advisory mechanism within the organization. Its primary role is to add value and improve operational performance through systematic evaluation of risk management practices, internal control systems, and governance processes. By reviewing the reliability and integrity of financial and operational information, assessing compliance with applicable laws and accounting standards, examining safeguarding of assets, and evaluating operational efficiency, the function contributes to enhanced organizational discipline and accountability.

Key assessment and findings of internal audit

During FY 2023–24, Internal Audit carried out risk-based reviews covering financial, operational, and compliance areas. The function examined reconciliation processes, assessed the accuracy of financial reporting, identified control weaknesses and systemic deficiencies, and monitored the implementation status of previous audit recommendations. Significant findings were formally communicated to management to facilitate corrective action and strengthen institutional controls.

The internal audit identified notable deficiencies affecting financial discipline and governance effectiveness. Weak compliance with prescribed accounting procedures, inadequate controls over assets, inventories, and advances, irregularities in financial reporting and reconciliation processes, delays in implementing audit recommendations, and gaps in governance oversight were among the key issues observed. These deficiencies indicate the need for strengthened control mechanisms and improved monitoring systems.

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Overall Assessment

From the perspective of DG Audit Railways, the Internal Audit function is structurally established but its effectiveness remains constrained. The continued presence of weaknesses in financial reporting, reconciliations, asset management, and compliance indicates that internal controls are not operating with sufficient robustness, and follow-up on audit recommendations requires strengthening.

To enhance its assurance role, Internal Audit must improve independence, technical capacity, and monitoring mechanisms. Stronger enforcement of corrective actions and greater integration with governance oversight are essential to ensure meaningful support to financial discipline, risk management, and organizational transparency.

[6] Annual Internal Audit Report 2023-24

SECTORAL ANALYSIS

The transport and communications sector are the cornerstone of socio-economic development, acting as an essential economic input. An efficient, modern transport system drives growth by facilitating trade, mobility, and connectivity. A well-developed and efficient transport system is essential for Pakistan's economic development. It improves connectivity across regions, supports trade, lowers logistics costs, promotes tourism, and contributes to government revenue through taxes and fees. In Pakistan, the transport network encompasses roads, railways, aviation, and ports & shipping. Among these, Pakistan Railways (PR) operates as a federal entity dedicated to delivering competitive, safe, reliable, market-oriented, and environmentally sustainable transport services.

Pakistan Railways has faced operational deficits over the years due to comparatively unmatched expansion of the road sector, resulting in a decline in its viability and turning it into a loss-making public sector organization. The analysis of railway sector in Pakistan as presented in the succeeding paragraphs, is based on key statistics from Year Books, Green Book (performance-based budget) under the Medium Term Budgetary Framework (MTBF), Economic Survey of Pakistan and Financial Statements of Pakistan Railways.

1- Sectoral Overview: Road vs Rail

Currently, Pakistan's transport sector is characterized by a significant modal imbalance. Road transport remains the dominant force, though the government is actively seeking to revitalize the rail sector to improve industrial efficiency. Road transport continues to overwhelmingly dominate both passenger and freight movement in Pakistan. While exact modal shares for FY 2024-25 are not yet updated, historical data indicate roads handle approximately 93% of passenger traffic and 94-96% of freight, with railways accounting for the remainder.

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Modal Share Comparison

Transport Mode	Passenger Traffic Share	Freight Traffic Share	Network Length
Road Transport	≈ 93%	≈ 94–96%	284,772 km
Pakistan Railways	≈ 3–7%	≈ 4–6%	7,791 km

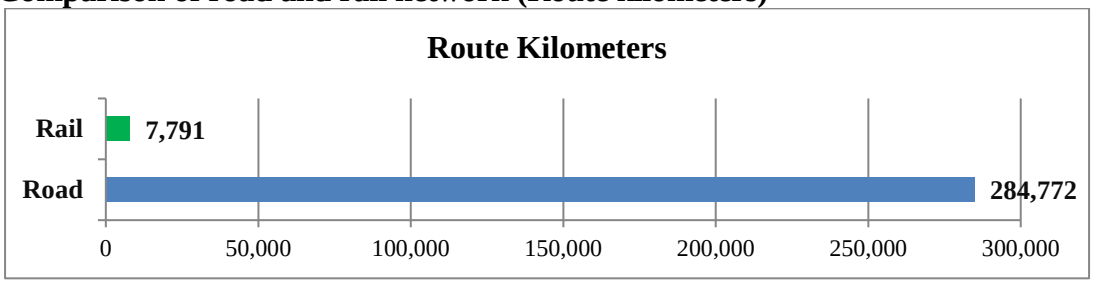
Source, Economic Survey of Pakistan 2024-25

a) Comparison of Road and Rail transport

Road transport is the prioritized mode of transportation in Pakistan, carrying 93% of passenger traffic and 94% of freight. On the other hand, share of railway in passenger and freight transport was 3% and 4% respectively. The road sector comprises Highways and Motorways network which is 284,772 km long[7]; whereas, PR has a total track length of 11,881 kilometers, with 7,791 route kilometers.

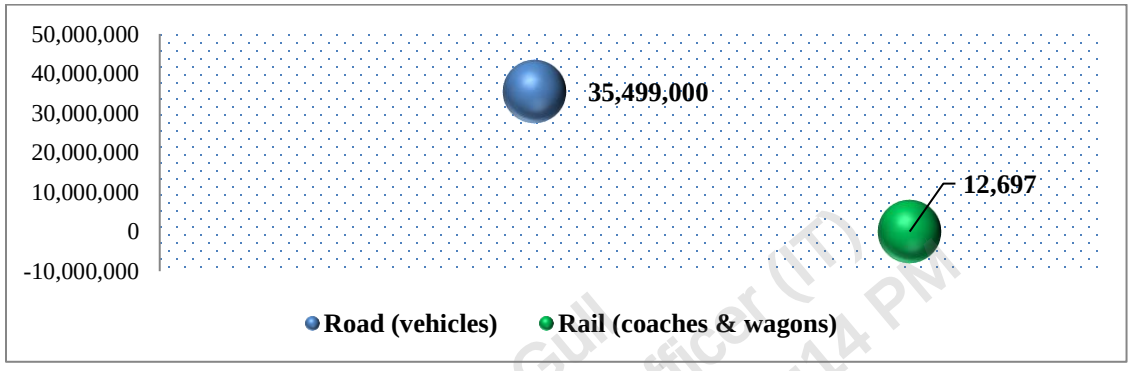
[7] National Freight & Logistics Policy 2020 and Economic Survey of Pakistan 2024-25

b) Comparison of road and rail network (Route kilometers)



Source: Economic Survey of Pakistan 2024-25

c) A comparison of road and rail vehicles 2024-25



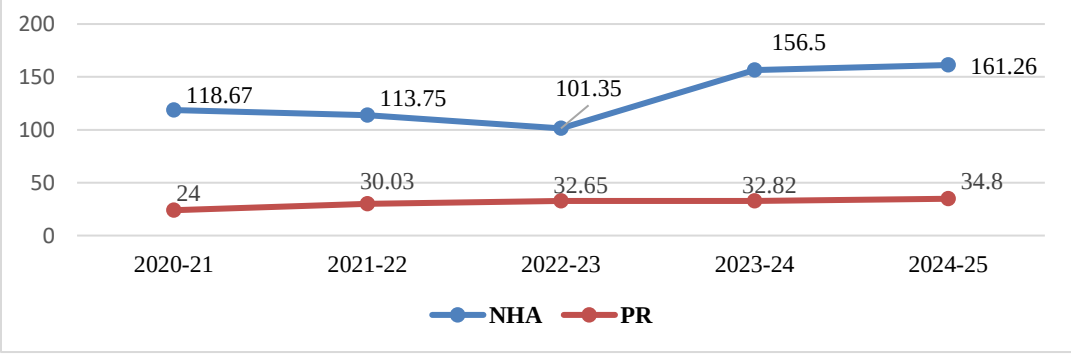
d) Comparison of PSDP allocation on PR and NHA

The government has prioritized upgradation and development of road infrastructure, resulting in repositioning of public trust in the road network, in comparison to Pakistan Railways.

(Rs in billion)

Description	2020-21	2021-22	2022-23	2023-24	2024-25	Total
NHA	118.67	113.75	101.35	156.5	161.26	651.53
PR	24.00	30.03	32.65	32.82	34.80	154.30
PR to NHA (%)	20.22	26.40	32.22	20.97	21.58	23.68

Source: Economic Survey of Pakistan 2020-21 to 2024-25 and MoR



As shown above, the PSDP allocation on Railway during the last five years was only Rs 154.30 billion as compared to Rs 651.53 billion on the national highways ratifying the fact that Railway has been neglected by Federal Government in the matter of resource allocation.

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2- Analysis of Pakistan Railways

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

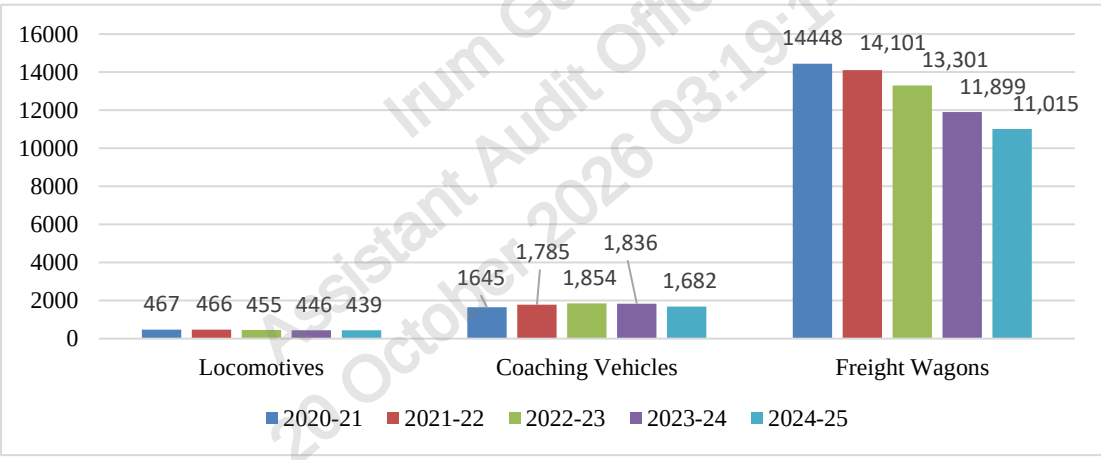
a) Principal statistics

The total track length of PR was reported as 11,881 kilometers with 7,791 route kilometers along with the number of Railway stations at 461 whereas the rolling stock consisted of 439 locomotives, 1,682 coaching vehicles and 11,015 freight wagons as on 30.06.2025.

Five years' comparison of Rolling Stock (2021-22 to 2024-25)

Rolling Stock (Numbers)	2020-21	2021-22	2022-23	2023-24	2024-25
Locomotives	467	466	455	446	439
Coaching Vehicles	1,645	1,785	1,854	1,836	1,682
Freight Wagons	14,448	14,101	13,301	11,899	11,015

Source: PR Year Books 2020-21 to 2024-25



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The above information shows that the number of rolling stock, which includes locomotives, passenger coaches, and freight wagons, has decreased compared to last year. The audit found that a PSDP project for the procurement/manufacture of 820 freight wagons and 230 passenger coaches was sub-optimally managed by PR, leading to delays in acquiring these coaches and wagons.

b) Key Performance Indicators

The performance analysis by outputs included in the Green Book 2024-25 duly approved by the Finance Division depicted that Ministry of Railways (MoR) used total twenty-five (25) key performance indicators (KPIs) under eleven (11) areas of output.[8] These KPIs were related to Railway policies formulation, Railway services, Infrastructure Development (Track, Stations, Bridges,

[8]Key Performance Indicators-Analysis by output FY 2024-25 (Ministry of Railways)

Shelters, Signaling, Electric Power), Rolling Stock availability, Business Development & Operations and Governance. The performance analysis by KPIs as reported by MoR is provided in **Annexure-2**. The status of achievement of targets against KPIs is tabulated below:

Achievement of KPIs Targets (FY 2024-25)

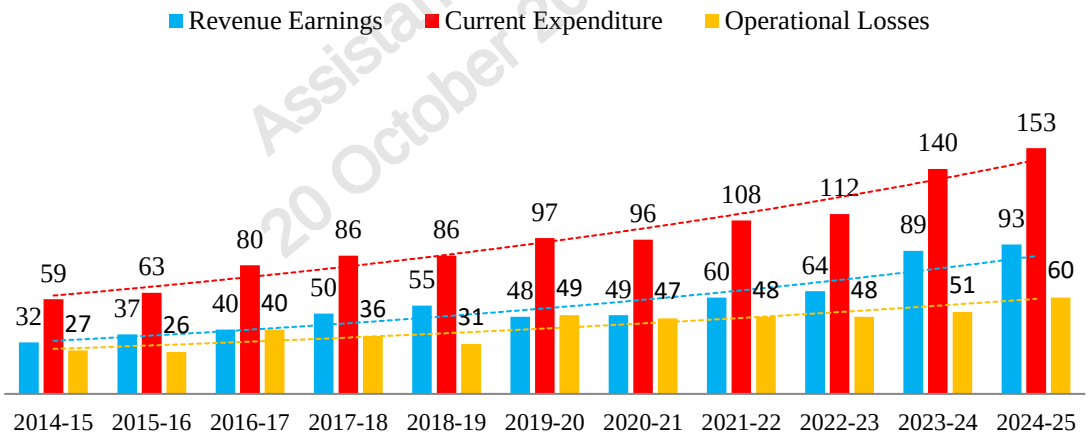
Areas of Output	Achievement	No. of KPIs
Railway policies formulation, Railway services, Rolling stock availability and Governance	100 % and above	11
Railway services	50 % and above	5
Railway services, Infrastructure development-Bridges and Signaling	Less than 50%	4
Infrastructure development-Stations, Shelters, Electrical Power, Rolling stock availability-(Repair and maintenance power van and economy coaches), Business development and operations	No targets set	5
Total		**25**

The Green Book under the Medium-Term Budgetary Framework tracks PR's performance for the FY 2024-25, Twenty-five (25) key performance indicators showed mixed results: 11 fully achieved, 5 partially (50%+), 4 below 50%, and no targets set under 5 KPIs, due to financial and operational hurdles.

c) Colossal losses of PR

PR has recorded annual operating losses ranging from Rs 27 billion to Rs 61 billion over the last eleven years. Aggregate loss during 2014 -15 to 2024-25 was Rs 464 billion which is graphically presented below:

Operational losses of Pakistan Railways (2014-15 to 2024-25) (Rs in billion)



Source: Financial Statements of PR FY 2014-15 to 2024-25

The analysis indicates that there has been a persistent increase in current expenditure as compared to revenue earnings over the past decade, resulting in widening of the gap between these two variables. This trend reflects poor control over current expenditure by PR, leading to a rising operating deficit. Specifically, the deficit surged during the financial year 2019-20 and stabilized at an average of Rs 48 billion until 2022-23, before increasing to a record high deficit of Rs 61 billion in 2024-25. A major contributing factor to this uncontrollable expenditure is the continuous rise in

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pay and pension costs, largely driven by the centralized policy of the Federal Government.

The mandatory expenditure on account of pay & pension had a gradual increasing trend. Pay & Allowances were accounted for as Rs 45.073 billion for the year 2024-25 which was 29.47% of total revenue expenditure and increased by 9% as compared to previous year. Similarly, expenditure on pension payment was Rs 62.54 billion for the year 2024-25 which was 40.89% of total revenue expenditure and increased at the rate of 25.55% as compared to previous financial year. PR had total accrued liability on account of Pensioners' payment worth Rs 21.5 billion as on 30.06.2025.

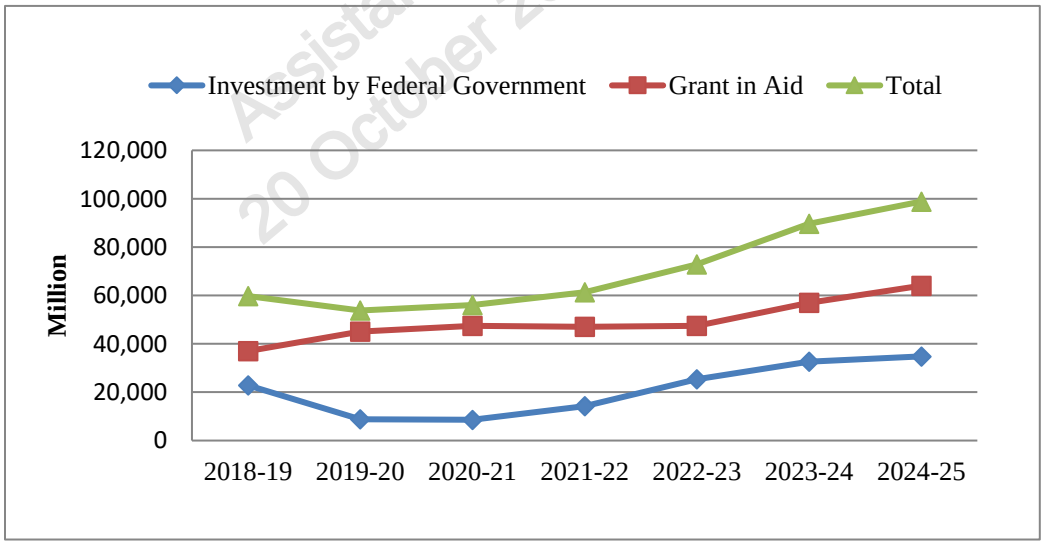
d) Average Federal Government contribution to PR:

The Federal Government had contributed Rs 70.34 billion on average in Pakistan Railways during last seven (07) years. The contribution was received by PR under the head of capital investment and financial assistance (Grant in Aid) through cash releases authorized by the Finance Division. However, this huge contribution could not bring fruitful results because the net loss of PR had increased from Rs 32.769 billion (2018-19) to Rs 61.19 billion (2024-25).

Capital investment and Grant in aid by Federal Government (2018-19 to 2024-25)

(Rs in million)

Year	Investment by Federal Government (PSDP)	Grant in Aid	Total
2018-19	22,793	37,000	59,793
2019-20	8,787	45,000	53,787
2020-21	8,599	47,500	56,099
2021-22	14,279	47,064	61,343
2022-23	25,344	47,500	72,844
2023-24	32,652	57,000	89,652
2024-25	34,799	64,038	98,837
Annual average Federal Government Contribution Rs 70,336 million			



Source: Appropriation Accounts of PR (2018-19 to 2024-25)

Note: PR received excess financial assistance of Rs 2.84 billion[9] reflecting the difference between actual grant in aid and operational loss incurred during FY 2024-25 and recorded that amount

[9] PR Balance Sheet FY 2024-2025 Note 2-Cumulative Surplus (Deficit).

in Cumulative Surplus. Likewise, Rs 4.21 billion was saved in capital grant against total receipt of Rs 34.80 billion as development fund for the financial year 2024-25.

e) Operating activities of PR

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

The core and non-core revenue of PR is tabulated and graphically presented below:

Revenue earnings core & non-core business for the year 2020-21 to 2024-25

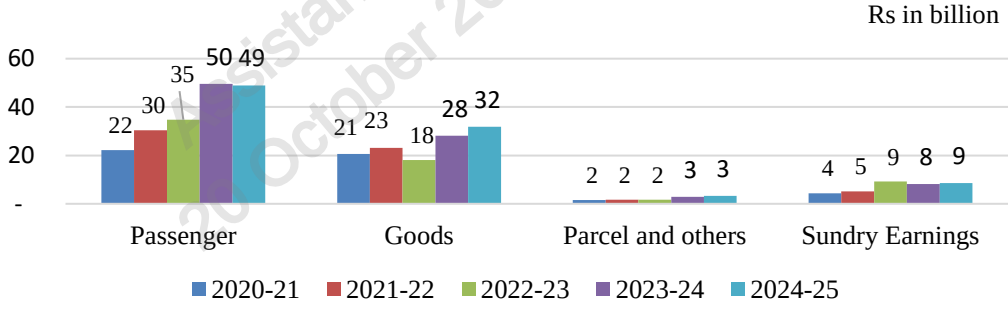
(Rs in billion)

	Description	2020-21	2021-22	2022-23	2023-24	2024-25
Core Business	**Passenger**	22.22	30.37	34.77	49.55	48.93
	Goods	20.58	23.13	18.03	28.12	31.91
	Parcel and others	1.51	1.65	1.72	2.89	3.29
	Sundry Earnings	4.34	5.11	9.20	8.23	8.59
	Total	**48.65**	**60.26**	**63.72**	**88.79**	**92.72**

Source: Financial Statements of PR 202-23 to 2024-25

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Revenue earnings core & non-core business for the year 2020-21 to 2024-25



The above-mentioned comparative analysis indicates that major contributing factor in Railway revenue is passenger earnings followed by freight. PR spends large portion of its resources on mobilization of passenger trains; however, carriage of goods has significant profit margins to adjust the cost of passenger trains. The passenger earnings contributed 53% in the total earnings of PR and stood at Rs 48.93 billion comparatively freight earnings though increased by Rs 3.79 billion this year but contributed 34.3% during the year 2024-25. Whereas, the non-core revenue was 9.27 % of total earnings, which had been under realized portion of earnings viz-a-viz its potential. The freight earnings have larger margin of subsidizing the passenger operations as the operating profit ratio of freight trains always showed positive trend whereas normally in Pakistan Railways the operating profit ratio of passenger trains remained more or less negative. It is pertinent to mention that in the freight

operation PR catered seven freight trains per day during last year, as compared to hundred passenger train per day to earn the respective earnings.

f) Development portfolio of PR

Pakistan Railways' development portfolio is a vital component of national transportation infrastructure. It aims to modernize and improve the country's Railway network. However, it has been facing challenges for several decades, in which financial constraints and operational inefficiencies are chronic impediments. Railways' PSDP is a critical sector for Pakistan's economic development and connectivity. By addressing challenges and capitalizing on the opportunities, the government and stakeholders can work towards a more efficient and sustainable Railway system. The analysis of Pakistan Railways development sector revealed that thirty-eight (38) PSDP projects were approved by the competent forum. PR incurred Rs 33.46 billion for the projects against which the allocation was provided. The breakup of development expenditure among Infrastructure, Rolling Stock and others is given below:

Breakup of PR development expenditure (FY 2024-25)

Description	Total Projects	Expenditure Rs in billion	Percentage (%)
Infrastructure	16	9.3	28
Rolling Stock	5	21.43	64
Others	17	2.73	8
Total	**38**	**33.46**	**100**

Source: Financial Statements and PR Year Book 2024-25

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The above mentioned position depicts that the major portion of development funds is spent on the projects related to Rolling Stock i.e. 64%, while infrastructure development is placed next with 28% share in total development portfolio of PR for the financial year 2024-25.

3- Chronic issues in PR

Factors responsible for the deterioration in Pakistan Railways include:

- Failure of PR to adopt the open track access policy, approved in 2011, reflects bureaucratic hurdles and governance failures. The track access policy invited the private train operators to invest and earn by improving railway infrastructure. The private parties in return would pay fixed charges to PR.
- PR has no sufficient resources to replace and maintain its outdated infrastructure and rolling stock which is otherwise hazardous for public safety.
- Heavy dependence on limited number of freight customers and commodities with the reduced market share.
- Non-hiring of duly qualified professionals in commercial and marketing departments of Pakistan Railways.
- The labour unions in PR have also played a major role in resisting reforms, ensuring inefficiencies and substantial losses to the exchequer.

4- Public Private Partnerships in PR

The government is encouraging private sector involvement in PR through Public Private

Partnerships (PPPs), which can help to attract investment and expertise. PR issued a policy document on "Pakistan Railways and Public Private Partnerships" in 2021 under the legal framework of Public Private Partnership Authority (Amendment) Act, 2021 wherein thirteen (13) potential PPP areas and projects were highlighted. The important proposed PPP projects include KPT-Pipri dedicated freight corridor and model rail terminal in Karachi. The project envisages improvement in the efficiency of freight transport reducing congestion in Karachi, Thar Coal field rail connectivity, Rehabilitation of Track ML-2 (1254 Kms) and ML- 3 (545 Kms), induction of 1,000 new passenger coaches as well as 5,000 freight wagons besides development of Railways lands for commercial ventures.

5- Conclusion

While Pakistan Railways has shown a remarkable revenue turnaround in 2024-25, it remains hampered by aging infrastructure and a high pension-to-revenue ratio. To sustain this momentum, Management may consider prioritizing ML-1 execution to improve operational capacity. Aggressively pursue PPPs for rolling stock maintenance and land commercialization. Right-size the workforce through modernization and training to reduce the wage bill.

By transforming into a market-oriented entity, Pakistan Railways can reclaim its status as the primary engine of national economic connectivity.

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Chapter-1 PUBLIC FINANCIAL MANAGEMENT

Public Financial Management (PFM) refers to laws and processes governing efficient use of public funds. It encompasses management of budgeting, revenues, expenditure, assets, debts and accounting systems largely governed by the International Financial Reporting Standards and the Public Finance Management Act 2019. A good accounting system provides a structured framework to accurately record, track and report government revenue and expenditure enabling transparent oversight of public funds, identifying potential issues like fraud or mismanagement, and facilitating informed decision-making through reliable financial data.

This chapter highlights key issues identified during the financial attest audit of the commercial accounts of PR, which contributed to Qualified Opinion on Financial Statements for the financial year 2024-25. In this regard, two sets of PR's accounts were audited i.e. appropriation accounts and commercial accounts. Appropriation account means accounts relating to expenditure brought into account during a financial year to several items specified in the schedules of expenditure authenticated by the competent forum. The appropriation accounts of PR present summarized position of current expenditure from revenue grant and development expenditure from capital grant against allocated budgets for a complete financial year. The Commercial accounts of the Railways are known as its "Financial Statements" which include (i) Profit and Loss account showing operating surplus/(deficit) of the entity (ii) Balance Sheet exhibiting classified accounts balances under assets and liabilities. Cash flow statement that summarizes the cash inflows and outflows has not been prepared by Pakistan Railways. The Financial Statements are required to be prepared in compliance with the requirements of IFRS as adopted in Pakistan by the Institute of Chartered Accountants of Pakistan. However, the financial accounting system of Pakistan Railways is not based on IFRS.

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Significant Audit Issues

During the audit of appropriation and commercial accounts of Pakistan Railways for the financial year 2024-25, it was observed that a structured SOE framework was not implemented in Pakistan Railways. The non-implementation of SOE Framework including International Financial Reporting Standards (IFRS), resulted in the following discrepancies in the final accounts of Pakistan Railways.

1.1 Overvaluation of Fixed Assets due to non-recording of depreciation expense, losses, thefts and accidents etc.

Para 377 of Pakistan Government 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 a transaction under these categories is recorded under a respective head, the losses relating thereto should also be written off under the respective head. Moreover, the objective of IAS-16 is to prescribe the accounting treatment for property, plant, and equipment. The principal issues are the recognition of assets, the determination of their carrying amounts, and the depreciation charges and impairment losses to be recognized in relation to them.

During review of the Commercial Accounts of Pakistan Railways as on 30th June, 2025 and respective notes thereon, it was observed that all fixed assets in the balance sheet were shown at their original/historic cost of Rs 405,240.93 million 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. Hence, audit is unable to verify the value of assets appearing in the balance sheet. Reflecting fixed assets at historical cost and non-booking of losses and deficiencies resulted in their overstatement.

The matter was taken up with the management in November, 2025. Management replied that SAP was being implemented in Pakistan Railways and the asset management module is part of the F-I SAP. Further the data migration takes time and after its successful implementation, the issue will be resolved. The DAC in its meeting dated 27.11.2025 directed the management to comply with the requirements of International Financial Reporting Standards and SOE Act, 2023 and ensure its implementation.

Audit considered that system migration could not be a justification for the current non-charging of depreciation. The assets remain overstated and subsequently, the financial statements could not depict the true value of assets of Pakistan Railways.

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1.2. Misrepresentation and non-payment of Foreign Loans

Para 1133 of Pakistan Government Railway 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. IAS-21 and IFRS-7 require disclosures including the amount of exchange differences recognized in profit or loss, the functional and presentation currencies used, and information about foreign exchange risk exposure. A reconciliation of the foreign currency translation reserve is also required. Moreover, IPSAS 4 requires disclosures such as the amount of exchange differences in the surplus or deficit and those classified in net assets/equity, with reconciliation of movements. The Key disclosures related to foreign loans include:

i. The amount of exchange differences recognized in profit or loss.
ii. The functional currency and the presentation currency used.
iii. The methods used to translate foreign currency transactions and balances.
iv. The nature and extent of foreign currency risks arising from the loans as per IFRS-7.

During financial attest audit of the financial statements of Pakistan Railways for the FY 2024-25, it was observed that the figures of foreign loans reported in the final accounts of PR were not reconciled with the corresponding record maintained by the Ministry of Railways (MoR). As per Financial Statements of Pakistan Railways for the FY 2024-25 the foreign loans were reported as Rs 29.34 billion. However, as per the foreign debt statement of MoR the outstanding balance was reported as Rs 35.26 billion. Resultantly, the financial statements of Pakistan Railways were mis-reported by Rs 5.91 billion on account of foreign loans. Further, there was also a difference of Rs 507.05 million between the figures of Ministry of Railways and Economic Affairs Division. This indicated that loan

inflows, repayments, or utilizations had not been uniformly recorded across the two reporting systems. This discrepancy raises concerns regarding the accuracy, reliability, completeness and booking of external borrowing in the financial statements, particularly in relation to foreign-funded rail infrastructure and development projects.

Further, it is also a matter of great concern that since 2022 the GoP vide their letter i.e. No.56 (36) DMR-I/92-Vol-VI; followed by multiple reminders, had requested the MoR (Borrowing Entity) to repay the Foreign Relent Loans (FRLs) of Rs 35.26 billion.

Consequently, the Balance Sheet didn't depict true and fair picture and the figure of foreign loan was understated. Moreover, reconciliation of foreign loans had not been made.

The matter was taken up with the management in November, 2025 and discussed in DAC meeting dated 27.11.2025. The DAC directed the DG Planning and PO (FA&CAO/PR) to take up the matter with Railway Board for reconciliation with EAD.

1.3. Non-recording of accrued Liabilities in Financial Statements of Pakistan Railways

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 certification audit of Commercial accounts of Pakistan Railways it was observed that an amount of Rs 34,831.06 million stood as payable/liability on account of pension, gratuity, commutation, arrears of GPF, PM package& TA/DA etc. However, this liability has not been accounted for in the Financial Statements of Pakistan Railways as on 30th June, 2025. This state of affairs shows that liabilities were understated and the balance sheet has not been prepared fairly. It is also worthwhile to mention here that after shifting from cash to accrual basis of accounting the booking of accrued liabilities needed to be made in financial statements instead of depicting the same as notes to the accounts or disclosure because the accrued system necessitates the appropriate booking of payables. Moreover, this amount should be treated as current liability in Balance Sheet as it is payable to the employees of Pakistan Railways, instead of being reflected as notes to the financial statements in contravention with the IAS or accounting principles. If this accrued liability was correctly recorded in the books of accounts, the loss of PR would significantly increase.

Non-recording of current liabilities in the financial statements resulted in material misstatements and did not depict a true and fair picture of the books of accounts. These liabilities pertained to the previous years and the budget allocation/cushion was not available to book the expenditure.

The matter was taken up with the management in November, 2025 and discussed in DAC meeting dated 27.11.2025. The finding was discussed in detail with regard to principles of accrual basis of accounting. The DAC was informed that under accrual basis of accounting the accrued expenditures are required to be booked in P&L and Balance Sheet as per the requirements of IFRS.

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The DAC found the audit observation valid and directed the PO to comply with the requirements of IFRS.

1.4. Non-transferring/charging of preliminary and feasibility expenses/costs to Profit and Loss Account

Under modern International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP), preliminary expenses are generally expensed in the period they are incurred rather than being capitalized. However, in the past, and sometimes still under certain local accounting standards, they were treated as deferred expenses and amortized over several years. According to IAS-38 (Intangible Assets), preliminary costs, such as legal and secretarial fees for establishing a business, do not meet the criteria to be recognized as intangible assets. This is because they do not create a resource that the company controls and from which reliable future economic benefits can be measured. Therefore, they are charged to the profit and loss account in the period in which they are incurred.

During financial attest audit of financial statements of Pakistan Railway, it was observed that different costs pertaining to PSDP-funded development projects of Pakistan Railways, like substantial preliminary and pre-operative expenses including costs of feasibility studies, surveys, consultancy, design, and project planning costs were kept as fixed asset in the balance sheet for long time because these capital expenditures were charged to the different projects. However, as per the modern requirements of IFRS, as the deferred asset, these should be written off (amortize) to the profit and loss account over a set period, often 3 to 5 years.

Resultantly, the Profit and Loss account and Balance Sheet was overstated and did not depict true and fair picture. The proper disclosure with regard to capitalization policy for PSDP project costs was not part of the financial statements. This resulted in weak financial coordination between project Directorate and accounts departments in addition to non-compliance of the accounting standards. Further, a comprehensive and timely reconciliation of PSDP project was not carried out to classify and charge preliminary expenses to profit and loss account resulting in misleading financial reporting to stakeholders, including MoF, Planning Commission etc.

The matter was taken up with the management in November, 2025 and discussed in DAC meeting dated 27.11.2025. The DAC directed the FA&CAO/PR to comply with the requirements of International Financial Reporting Standards and formulate the plan in consultation with MOR for its booking in P&L account in upcoming years.

1.5. Non-availability of cash balances of security deposit of Private parties and GPF

Rule-7 of General Financial Rules regarding withdrawal of moneys from the public account provides that unless otherwise expressly authorized 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 certification audit it was observed that securities and deposits amounting to Rs 20,604.26 million were shown under current liabilities of PR. This represents security deposit of

contractors, private bodies, freight depositors and employees. This consisted of public money deposited into PR account which was required to be adjusted or paid back to the depositors. However, PR did not have any cash backup for payment of this liability under public fund.

Similarly, the liability of PR on account of GPF was Rs 9,286.04 million and the cash balance available in Account XXI with SBP was Rs 34.48 million. Hence, audit is of the view that PR has not enough cash backup to pay the obligatory payments on account of GPF and security deposits of contractors. This resulted in the non-availability of cash balance of Rs 25.27 billion with PR. The detail is given below;

Detail of liabilities and available balance with SBP

(Rs in million)

Liability on account of	Liability	Cash balance with SBP	Shortage
Securities and deposits	20,604.26	4,579.83	16,024.43
GPF	9,286.042	34.48	9,251.56
Total	**29,890.302**	**4,614.31**	**25,275.99**

The matter was taken up with the management in November, 2025 and discussed in DAC meeting dated 27.11.2025. The DAC directed that the details of securities and deposits may be obtained from the concerned DAO's after updating the Misc. advance Register and its proper reconciliation may be carried out.

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1.6. Wrong booking of interest on GPF as receivable from Federal Government

According to Para 316 of Pakistan Government 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 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 the course of 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 Provident Fund on the balance held by Federal Government after separation of account from Federal Government during 1971. However, Finance Division vide its letter dated 15th September, 2006 did not agree with the above referred liability towards Pakistan Railways.

The respective issue relating to accounting policy of PR has been raised since last one decade. Although during the FY 2024-25 interest on GPF was correctly charged to profit and loss account, the management has not yet decided the redemption of balance amount of Rs 17.45 billion. Moreover, in the clearing house meeting held in December, 2017, it was decided that Rs 1.5 billion would be allocated each year to amortize the balance in subsequent years which had not been made.

The matter was taken up with the management in November, 2025 and discussed in DAC meeting dated 27.11.2025. DAC directed the management to take up the issue with Finance Division for early resolution of the issue.

1.7. Non-adjustment of Railway Remittances/Transfer Divisional

Para-1133 of Pakistan Railways Code for the Account Department (Part-I) provides that every endeavor should be made to bring to account all the transactions of a year in the account of the year to which they pertain. Further, Para 1411 states that the divisions / accounting units originating the transfer should state in the Advice of Transfer the month in the books of account of which the transfer is being made; and the responding divisions / accounting units should, as a rule acknowledge the debit or credit in the same month's books of account by an Acceptance of Transfer. In all case of transfers, the responding divisions / accounting units should accept in full the debit raised and/or the credit afforded, reserving for future consideration objections, if any, relating to particular items included in the Advice.

Railway remittances (Transfer Divisional) represent net balance of remittance transactions between different accounting units of Pakistan Railway. The amount under this head was Rs 1,525.104 million in the Financial Year 2014-15. Presently, the amount under this head has reached to Rs 13,439.854 million as on 30th June, 2025. Hence, there was a substantial increase of Rs 11,914.95 million (781%) during last one decade.

This state of affairs 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, 2025 and discussed in DAC meeting dated 27.11.2025. The DAC found the observation valid and directed the PO to take up the issue with CEO regarding the adjustments of the remaining balances after verification and reduction in amount for its adjustments in the accounts.

1.8. Non-adjustment of Inventory/Store suspense balances

International Financial Reporting Standards (IFRS) particularly paragraphs 9–34 of IAS-2 states that inventories must be measured at the lower of cost and net realizable value and should represent identifiable, tangible assets held for sale, in production, or for consumption. Further, IAS-1 ("Presentation of Financial Statements") requires that all assets and liabilities be accurately classified and valued**,** and that temporary or suspense balances be cleared or adjusted prior to finalization of financial statements. According to 1601 of Pakistan Government Railway 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 completed. Further Para 1122 of said code provides

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that the various subsidiary registers should be totaled up, and reconciled with the General Books before the closing of next month's Accounts.

During Certification Audit, it was observed that the suspense accounts were reflected in balance sheet under inventories note no.12. These balances were accumulating unnecessarily since 2013-14. The detail of suspense accounts as on 30.06.2025 is given below:

(Rs in million)

Sr. #	Description	2023-24	2024-25
1	Sales (Scrap)	2,105.84	2,133.37
2	Balance in Workshop Suspense Accounts and Manufactures	6,050.58	7,286.41
3	Suspense-Other Accounts	8,919.09	36.01
Total		**17,075.51**	**9,455.79**

PR has maintained major part of its inventory as suspense balances which have accumulated over the years. The valuation of inventory at cost or net realizable value has not been made, identifiable and tangible assets held for sale and in production were neither available nor presented in FS as required by IAS-2. The suspense balances represents unadjusted expenditure which may result in increase of working expenses, if adjusted**.**

The balances under afore-mentioned revenue heads of inventory have exhibited an increasing trend for the last many years. In the year 2013-14 this amount was Rs 5,097.64 million, which rose to Rs 9,455.79 million in 2024-25.

The matter was taken up with the management in November, 2025 and discussed in DAC meeting dated 27.11.2025. The DAC found the observation valid and directed the PO to take up the issue with CEO regarding the adjustments of the remaining balances after verification and reduction in amount for its adjustments in the accounts.

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Conclusion:

The expectations of stakeholders are based on desired levels of public service delivery and optimal utilization of financial resources which in turn are dependent on provision of correct and current information to policy makers and public finance managers. The financial attest audit of the accounts of PR for the financial year 2024-25 led the Audit to conclude that weak accounting practices, delay in reconciliation, non-recovery of dues, non-adjustment of suspense balances and poor assets and inventory management have affected the accuracy and reliability of its financial statements. These weaknesses also limit the organization's ability to make timely, data-driven decisions and achieve financial sustainability.

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

- Implementation of SOE framework and International Financial Reporting Standards
- Formulation of policy for recording of depreciation, thefts and losses in respect of fixed assets.

- The availability of cash balances under GPF account be ensured in order to clear the pending liabilities.
- Adjustment of all suspense balances be made within the same financial year and its accumulation be avoided under all heads of account.
- Fair presentation of foreign loans and related disclosures be made in the financial statements.
- Booking of accrued liabilities in the financial statements.

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Chapter 2 PAKISTAN RAILWAYS

2.1 Comments on Budget & Accounts

Pakistan Railways prepares two sets of accounts i.e. Appropriation Accounts and Commercial Accounts. The revenue and capital grants in comparison with actual expenditure are presented in Appropriation accounts, whereas in commercial accounts, Financial Statements are presented. Since last one decade the qualified audit opinion is being given on Appropriation Accounts and qualified and adverse audit opinion on Commercial Accounts. However, for the FY 2024-25 Qualified Opinion was given on Financial Statements and Un-qualified Opinion on appropriation account.

2.1.1 Comparative analysis of revenue grant and expenditure

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

Revenue grant and expenditure FY 2024-25

(Rs in million)

Items	Original Allocation	Supplementary Allocation (Surrender)	Final Allocation	Expenditure	Variation	
					Excess/ (Saving)	%
Grant No. 85* Revenue Expenditure						
Voted	164,439.00	6,600.00	156,798.63	153,178.56	(3,620.07)	2.31
Charged	-		1,040.77	1,033.70	(7.07)	0.68
Total	164,439.00	6,600.00	**157,839.40**	**154,212.26**	**(3,627.14)**	2.30

Source: Appropriation Account of PR 2024-25

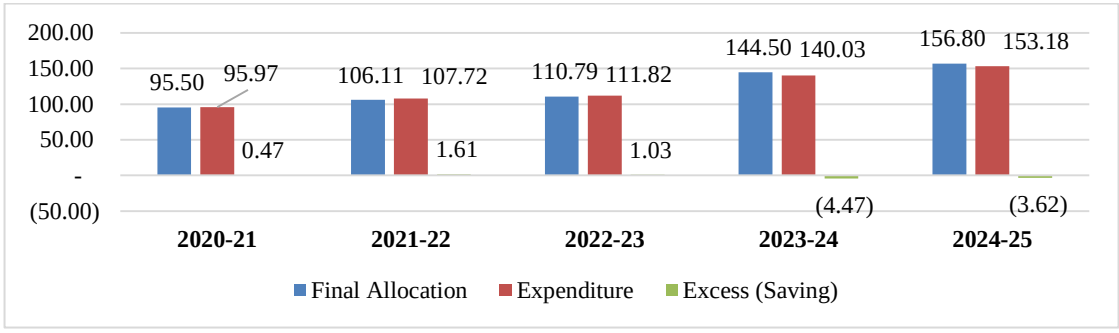
The comparison of budget and expenditure clearly showed that the actual expenditure incurred under "voted" portion of revenue grant was less than the final allocation and there was savings of Rs 3,620.07 million (2.31%). The expenditure incurred under "Charged" portion was Rs 1,033.70 million; even though liability of interest on foreign loans was outstanding. The overall savings under both heads of revenue grant was 2.30%. Therefore, reasons for savings need to be explored; besides the cancellation of a large number of cheques at the close of FY despite the availability of funds may also be explained. Last five years' status of revenue grant has been tabulated and graphically presented below:

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Five year comparison of Revenue Grant and Expenditure (FY 2020-21 to 2024-25)

(Rs in million)

Year	Final Grant	Expenditure	Excess/ (Saving)	%age
2024-25	157,839.40	154,212.26	(3,627.14)	-2.30%
2023-24	144,500.00	140,027.94	(4,472.06)	-3.09%
2022-23	110,786.00	111,819.98	1,033.98	0.93%
2021-22	106,114.32	107,715.05	1,600.73	1.50%
2020-21	95,500.00	95,970.42	470.42	0.49%



Source: Appropriation Accounts of Pakistan Railways for the FY 2020-21 to 2024-25

The above mentioned position depicted that PR incurred excess revenue expenditure from FY 2020-21 to 2022-23 i.e 0.49%, 1.50% and 0.93% which was objectionable against the maximum permissible limit of Rs 5,000 under revenue grant. However, there was saving during FY 2023-24 and 2024-25 i.e. (3.09%) and (2.30%) respectively which was within permissible limit of 5%.

2.1.2 Comparative analysis of capital grant and expenditure

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

Capital Budget and Expenditure FY 2024-25

(Rs in million)

Capital Grant No.133 of Pakistan Railways						
Items	**Original allocation**	**Supplementary Allocation (Surrender)**	**Final Allocation**	**Expenditure**	**Variation**	
					Excess/ (Saving)	**%**
Voted (Capital)	35,000.00	(201.00)	34,799.00	30,585.30	(4,213.70)	12.11
Total	**35,000.00**	**(201.00)**	**34,799.00**	**30,585.30**	**(4,213.70)**	**12.11**

Source: Appropriation Account of PR 2024-25

The expenditure incurred by the management under capital grant for the financial year 2024-25 was significantly lower than the final grant and resulted in savings of Rs 4,213.70 million (12.11%). This occurred due to weak budgetary controls and resulted in non-utilization of financial resources invested by the Federal Government and placed at the disposal of PR for utilization. Therefore, the reasons for savings need to be explained.

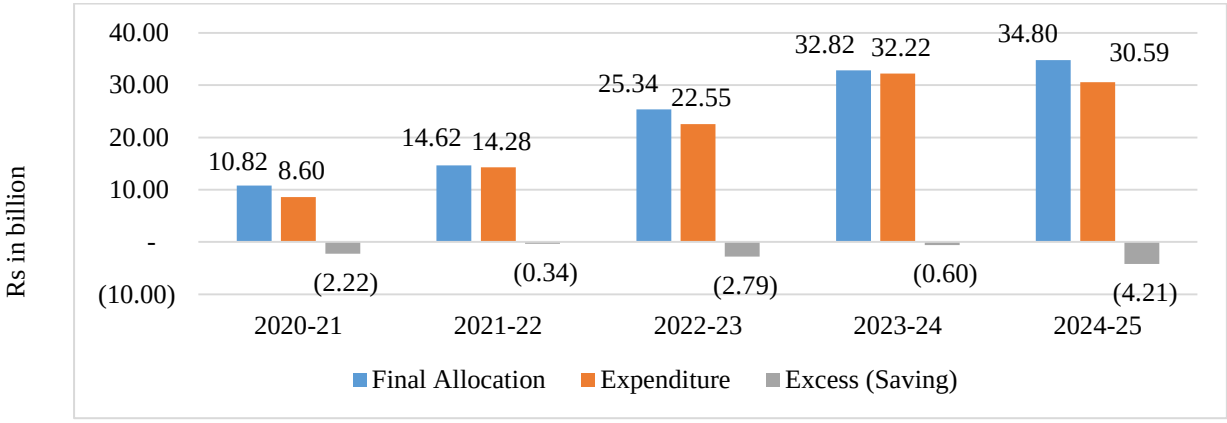
Previous five years' allocation under Capital Grant and expenditure thereon is tabulated and graphically presented below:

Five year comparison of Capital Grant and Expenditure (FY 2020-21 to 2024-25)

Rs in million

Year	Final Grant	Expenditure	Excess/ (Saving)	%age
2024-25	34,799.00	30,585.30	(4,213.70)	-12.11%
2023-24	32,822.51	32,217.04	(605.47)	-1.84%
2022-23	25,343.52	22,549.07	(2,794.45)	-11.03%
2021-22	14,621.99	14,279.35	(342.64)	-2.34%
2020-21	10,820.86	8,599.38	(2,221.48)	-20.53%

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Source: Appropriation Account of PR FY 2020-21 to 2024-25

The five year analysis of Capital grant and expenditure depicted that PR had savings in this grant during all financial years ranging from 1.84% to 20.53%. All savings beyond the maximum permissible limit of 5% were objectionable.

2.1.3 Comparative analysis of Financial Statements of Pakistan Railways

The analysis of Financial Statements of Pakistan Railways i.e. Profit and Loss Account and Balance Sheet for the FY 2024-25 is given hereunder.

2.1.3.1 Profit & Loss Account:

Pakistan Railways suffered net loss of Rs 61,190.93 million during the FY 2024-25. It was Rs 9,816.21 million (19.11%) higher as compared to previous year.

Comparative analysis of Profit and Loss Account of PR
(FY 2020-21 to 2024-25)

(Rs in million)

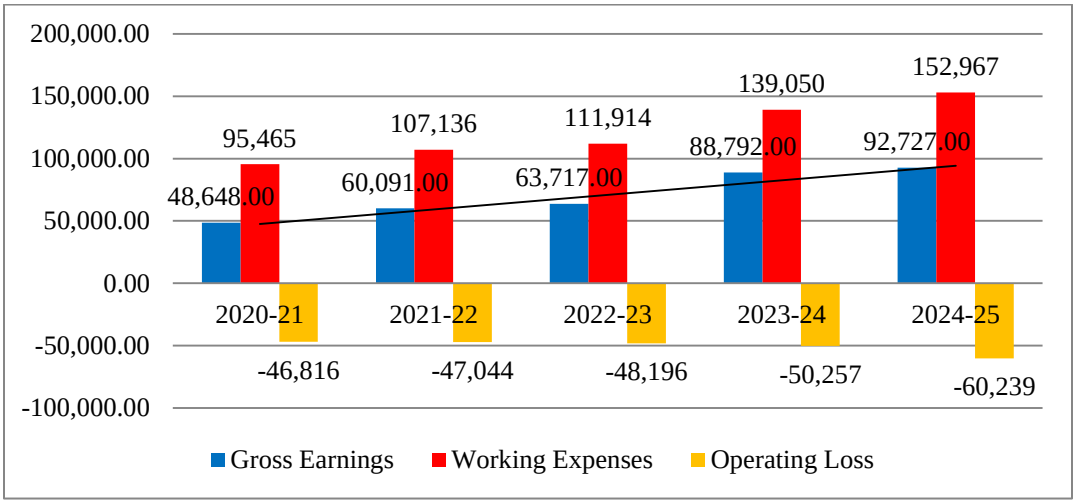
Particulars	2024-25	2023-24	2022-23	2021-22	2020-21	Variation	Variation (%)
1	2	3	4	5	6	7 (2-6)	8=7/6*100
Gross Earnings	92,727.57	88,792.47	63,717.92	60,091.72	48,648.81	44,078.76	90.61 %
Total Working Expenses	152,967.49	139,050.35	111,914.79	107,136.39	95,465.23	57,502.26	60.23 %
Operating Surplus/ (Loss)	-60,239.92	-50,257.88	-48,196.87	-47,044.67	-46,816.42	-13,423.50	28.67 %
Interest on Debt and GPF	1,033.69	1,125.36	-	442.89	418.56	615.13	146.96 %
Miscellaneous Receipts	8.27	8.51	1.59	1.73	2.86	5.41	189.16 %
Net Profit / (Loss)	**-61,190.93**	**-51,374.73**	**-48,195.28**	**-47,485.82**	**-50,152.41**	**-11,038.52**	**22.01 %**

Source: Financial Statements of Pakistan Railways FY 2020-21 to 2024-25

The comparative analysis of profit & loss account indicated that:

i) The working expenses over the last five years (2020-21 to 2024-25) have been increased by 60% and operational losses by 29%. This indicated that Railway administration could not achieve even the breakeven point since many years. The last five years' comparison of Gross Earnings, Working Expenses and Operating Loss is graphically presented below:

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ii) An amount of Rs 34.34 billion was accrued on account of commutation, GPF etc. during the year 2024-25 which was not charged to Profit & Loss Account.

iii) Federal Government provided subsidy (Grant in Aid) of Rs 64.03 billion to set off loss of Rs 61.19 billion.

iv) PR received excess financial assistance of Rs 2.84 billion and recorded that amount in Cumulative Surplus.

2.1.3.2 Balance Sheet

Comparative analysis of Balance Sheet of PR
(FY 2020-21 to 2024-25)

(Rs in million)

Particulars	2024-25	2023-24	2022-23	2021-22	2020-21	Variation	Variation (%)
1	2	3	4	5	6	7(2-6)	8=7/6*100
Capital & Net Worth	378,149.07	340,502.92	276,904.39	247,333.94	237,916.56	140,232.51	58.94
Revenue Reserves	26,052.78	26,052.78	57,293.28	57,988.55	58,410.06	-32,357.28	-55.40
Long Term Liabilities	81,847.03	81,984.52	80,930.46	79,673.37	75,804.81	6,042.22	7.97
Current Liabilities	29,280.69	19,999.31	26,722.45	24,497.01	19,349.69	9,931.00	51.32
Total Liabilities & Capital	515,329.57	468,539.53	441,850.58	409,492.87	391,481.12	123,848.45	31.64
Fixed Assets	405,240.93	374,655.63	211,173.42	186,858.84	175,630.74	229,610.19	130.73
Deferred Assets	0	0	142,056.51	142,056.51	142,056.51	-142,056.51	-100.00
Current Assets	110,088.64	93,883.90	88,620.67	80,577.52	73,793.87	36,294.77	49.18
Total Assets	**515,329.57**	**468,539.53**	**441,850.60**	**409,492.87**	**391,481.12**	**123,848.45**	**31.64**

Source: Financial Statements of Pakistan Railways FY 2020-21 to 2024-25

The Balance Sheet reflected the following areas of concern:

1. Stagnation in Revenue Reserves

Revenue Reserves of Rs 26.05 billion have remained unchanged for the last two consecutive years despite an increase in capital and asset base. This indicated absence of retained earnings, raising concerns regarding operational profitability and sustainability.

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2. Sharp Increase in Current Liabilities

   Current Liabilities have increased by 46.41% (Rs 9.28 billion) during FY 2024-25. This uneven rise compared to current assets growth 17.26% (Rs 16.20 billion)) suggests increased dependence on short-term financing and potential liquidity stress.

3. Heavy Capitalization Without Corresponding Reserve Growth

   Fixed Assets increased by 8.16% (Rs 30.58 billion), while Revenue Reserves showed no growth. This raises concerns regarding capital expenditure decisions and whether such investments are yielding adequate returns.

4. Mismatch Between Capital Growth and Liquidity Position

   Capital & Net Worth increased by 11.06% (Rs 37.65 billion), whereas Current Assets increased only by 17.26% (Rs 16.20 billion) against a 46.41% (Rs 9.28 billion) rise in Current Liabilities. This imbalance may adversely affect working capital efficiency.

5. Rapid Balance Sheet Expansion Without Proportionate Financial Strength

   Total assets grew by 9.99% (Rs 46.79 billion), primarily driven by capital infusion rather than internally generated funds. This reflected dependence on capital rather than earnings weakens financial resilience and long-term viability.

6. Consolidated Financial Statements

   Consolidated Financial Statements of PR as a holding company, along with its subsidiaries i.e. PRACS, REDAMCO, RAILCOP and PRFTC has not been prepared. Therefore, the overall health of the PR could not be ascertained.

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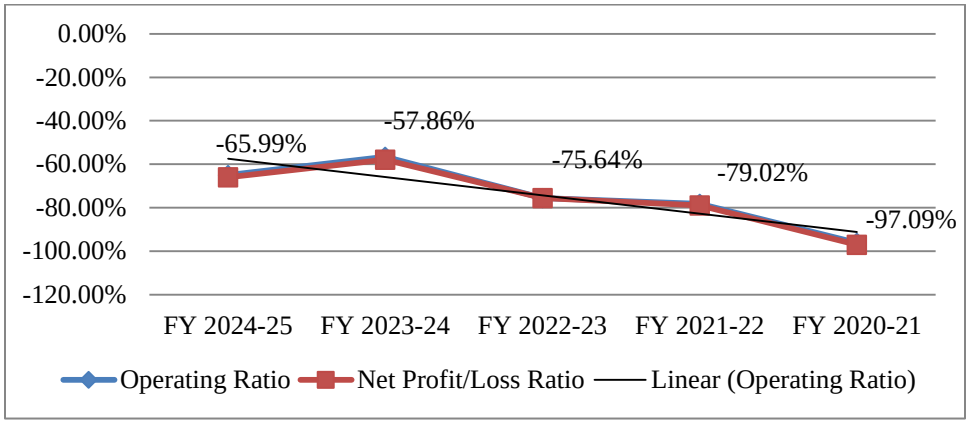
The financial statements reflect growth in size but not in financial strength. The absence of reserve accumulation, sharp rise in current liabilities, and prior overstatement of deferred assets indicate weak financial controls, inefficient capital utilization, and potential liquidity risks. Immediate corrective measures are required to improve profitability, working capital management, and disclosure practices.

Ratio Analysis on the Financial Statements

Profitability Ratios

Ratios	2024-25	2023-24	2022-23	2021-22	2020-21
Operating Ratio	-64.96%	-56.60%	-75.64%	-78.29%	-96.24%
Net Profit/Loss Ratio	-65.99%	-57.86%	-75.64%	-79.02%	-97.09%
Return on Asset (ROA)	-11.87%	-10.96%	-10.91%	-11.53%	-12.06%
ROCE(%)	-12.39%	-11.20%	-11.61%	-12.22%	-12.58%

The above ratios illustrate that the Pakistan Railways operated with a net loss margin throughout the period from financial year 2020-21 to 2024- 25; specifically, a net loss margin of 66% was observed in the financial year 2024-25.

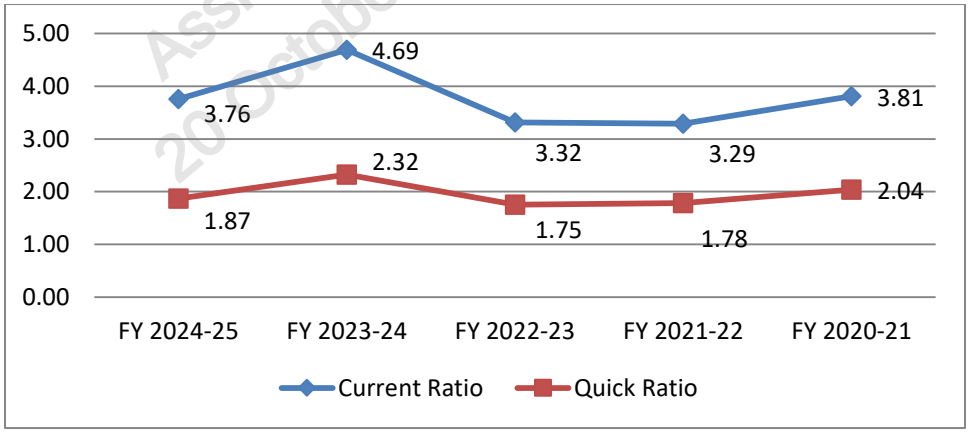


Analysis of operating profitability showed that operating loss margin reduced by nearly 32% from FY 2020–21 to FY 2024–25, showing better control over operating costs relative to earnings. Both Return on Assets (ROA) and Return on Capital Employed (ROCE) have remained flat at roughly -12%, suggesting that asset utilization has not yet translated into bottom-line recovery. The earnings were insufficient to cover the cost of capital employed during the FY 2024- 25 as well as in all preceding years from FY 2020-21 to FY 2023-24. Resultantly, PR remained in a deficit and needs to scale its earning further to achieve a "break-even" point.

Liquidity Ratios

Ratios	2024-25	2023-24	2022-23	2021-22	2020-21
Current Ratio	3.76	4.69	3.32	3.29	3.81
Quick Ratio	1.87	2.32	1.75	1.78	2.04

Pakistan Railway's liquidity position remained good during the last five FY 2020-21 to 2024-25**.**



Even though the Current Ratio exceeded the conventional benchmark of 1:1 in all five years, indicating that current assets were sufficient to cover short-term liabilities booked in the accounts, it was not reflective of actual position of PR's current liabilities. It was analyzed that PR had accrued liabilities of Rs 34,831.06 million as on 30.06.2025 which were disclosed but not recorded in the books of accounts. Moreover, the current ratio peaked at 4.69:1 in FY 2023-24. Although, it declined in FY

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2024-25, it reflected a comfortable short-term solvency position but this was bereft of true ability of PR to pay off its liabilities owing to the latter's non-recording in the books of accounts

Similarly, the Quick Ratio remained around or above 2:1 in most of the years under review, it did not demonstrate a steady upward or strengthening pattern. The ratio showed variability and a noticeable decline in FY 2024–25, indicating comparatively constrained liquid resources. While the figures suggest that PR could meet immediate obligations without reliance on inventory or adjustments of prepayments and advances, the overall transition did not evidence a sustained positive liquidity trend.

2.1.4 COMMENTS ON THE FINANCIAL STATEMENTS OF SUBSIDIARIES OF PAKISTAN RAILWAYS

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

a) Pakistan Railway Estate Development Company (REDAMCO)

b) Pakistan Railways Advisory & Consultancy Services (PRACS)

c) Railway Constructions Pakistan Limited (RAILCOP)

d) Pakistan Railway Freight Transport Company (PRFTC)

a) PAKISTAN RAILWAY ESTATE DEVELOPMENT COMPANY (REDAMCO)

Comparative analysis

The audited financial statements of REDAMCO were provided to audit and comments thereon are given in the succeeding paragraphs:

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Profit & Loss Account (FY 2023-24 & 2024-25)

PARTICULARS	2025 (Rs.)	2024 (Rs.)	Variation	%age
Income	177,990,050	89,215,341	88,774,709	99.51%
Marketing/advertisement cost	(788,926)	(1,072,459)	(288,533)	-27%
Transaction advisory/Evaluation services	(2,913,000)	(10,031,010)	(7,118,010)	-71%
Gross Profit	**174,288,124**	**78,111,872**	**96,176,252**	**123.13%**
Administrative expenses	(75,173,202)	(42,969,930)	(32,203,272)	74.94%
Other income	520,324	-	520,324	100.00%
Profit before taxation	**99,635,246**	**35,141,942**	**64,493,304**	**183.52%**
Taxation	(28,958,240)	(5,824,853)	(23,133,387)	397.15%
Profit after taxation	**70,677,006**	**29,317,089**	**41,359,917**	**141.08%**

The analysis of profit & loss account of REDAMCO is as under:

i. The company earned Rs. 57.527 million as interest from Railway funds invested in various private bank accounts, including Rs 47.377 million placed in TDRs with NBP and Bank Al Habib, without obtaining approval from the Finance Division. This deposit of Railway funds in private bank accounts was in violation of the directives issued by the Ministry of Finance

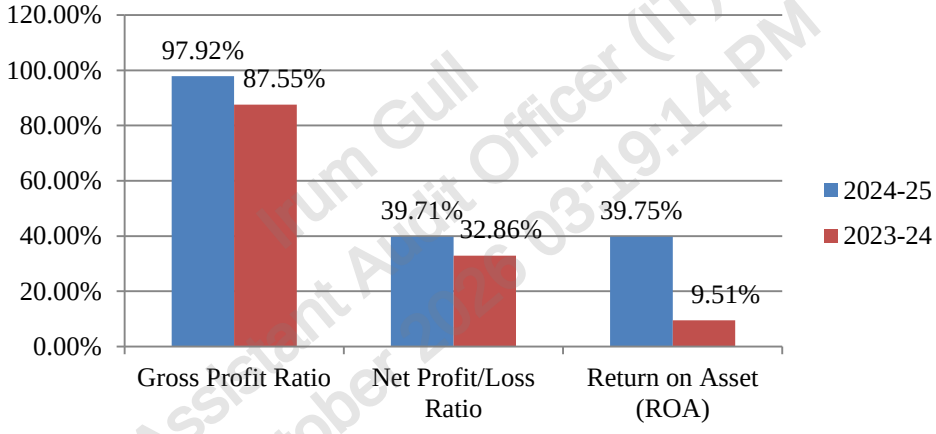
letter No. F.4(1) NTR/2022-666/2022 dated 18.05.2022, and was therefore irregular/unauthorized.

ii. The company invested Rs. 24.60 million in a TDR with NBP @ 16.15% for one year in September 2024, whereas Rs. 22.78 million was invested in Bank Al Habib @9.6% only in December 2024 which was 6.55% lower as compared to NBP rate. This imprudent decision of investing funds in piece meal resulted in loss of Rs. 1.49 million due to variation in interest rates of both investments within a short span of time. (Rs.22.78 million x 6.55%).

iii. REDAMCO earned net profit of Rs.70.677 million after tax during the FY 2024-25 against last year profit of Rs. 29.317 million after tax. This state of affairs shows that the net profit of the company was increased by Rs. 41.359 million (141.08%) as compared to previous year.

Profitability Ratios

Ratios	2024-25	2023-24
Gross Profit Ratio	97.92%	87.55%
Net Profit/Loss Ratio	39.71%	32.86%
Return on Asset (ROA)	39.75%	9.51%

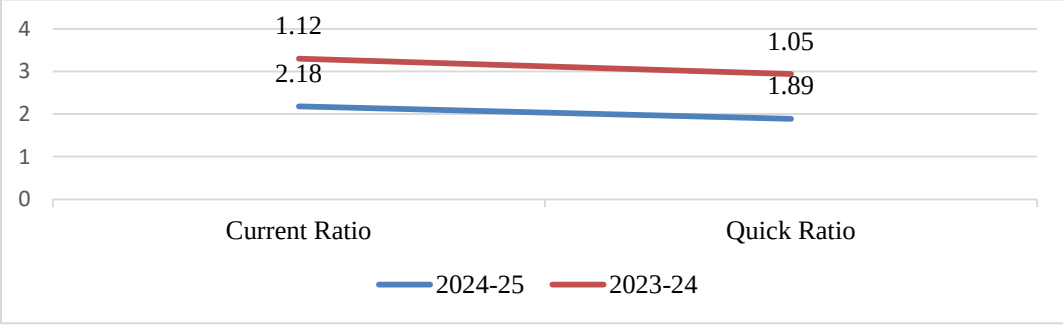


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The profitability ratio of REDAMCO has shown a positive inclination in the FY: 2024-25. The Gross Profit ratio has increased significantly indicating efficient management of expenses in relation to revenue. Net profit ratio also rose significantly reflecting better control over operating expenses and higher overall profitability. The Return on Assets also demonstrated a remarkable jump from 9% to 39%.

Liquidity Ratios

Ratios	2024-25	2023-24
Current Ratio	2.18	1.12
Quick Ratio	1.89	1.05



The company liquidity position also improved considerably in 2024-25. The current ratio shown that the company now has more than enough current assets to cover its short term liabilities enhancing its short term financial stability.

Comparative Analysis of Balance Sheet (FY2023-24& 2024-25)

PARTICULARS	**2025**	**2024**	**Variation**	**%age**
Non-current assets				
Property, plant and equipment	17,332,840	16,861,728	471,112	2.79
Deferred tax assets	194,467	149,277	45,190	30.27
Security deposit	471,600	471,600	-	-
	17,998,907	**17,482,605**	516,302	2.95
Current assets				
Advances	21,740,171	495,002	21,245,169	4,291.94
Income tax refund due from the government	10,439,771	30,825,350	(20,385,579)	(66.13)
Short term investment	47,377,500	22,777,500	24,600,000	108.00
Bank balances	80,269,147	236,815,865	(156,546,718)	(66.10)
	159,826,589	**290,913,717**	**(131,087,128)**	(45.06)
Total assets	**177,825,496**	**308,396,322**	**(130,570,826)**	**(42.34)**
Share capital and reserves				
Authorized capital	**100,000**	**100,000**	-	
10000 (2023:10,000) Ordinary shares of Rs.10 each				
Issued subscribed and paid up capital	100,000	100,000	-	
Un-appropriated profit	103,279,361	32,602,355	70,677,006	216.78
	103,379,361	**32,702,355**	**70,677,006**	**216.12**
Non-current liabilities				
Staff retirement benefits-Gratuity	1,277,825	-	1,277,825	**100%**
	1,277,825	-	**1,277,825**	**100.00**
Current liabilities				
Trade and other payables	73,168,310	275,693,967	(202,525,657)	(73.46)
	73,168,310	**275,693,967**	**(202,525,657)**	**(73.46)**
Total equity and liabilities	**177,725,496**	**308,396,322**	**(130,670,826)**	**(42.37)**

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The following facts were revealed after analysis of figures mentioned in the Balance sheet.

i. Railway's share of Rs. 68.598 million was unauthorizedly retained as a payable in the Balance Sheet as of 30.06.2025, causing a financial loss to Pakistan Railways and resulting in unjustifiable interest earnings by the company.

ii. In terms of the SOE Act 2023, the state owned enterprises established under the various laws of Pakistan are owned and controlled by the Federal Government. Further Finance Division O.M. No. 7(1) Exp-IV/2024 dated 04.09.2024, imposed ban on purchase of all types of vehicles for all departments under administrative controls of Ministries/Division. Contrarily, the Company paid an advance amount of Rs. 19.74 million for the purchase of vehicles, in violation of the Finance Division's instructions.

iii. Overall, profitability was improved, but the financial position was weakened because 42.34% reduction in total assets was observed which tantamount to reducing the entity's long-term capacity, stability, and ability to support future operations.

According to the AGP letter No. 388/43-R&SD/SOP/2007/Pt dated 17.10.2022 the appointment of chartered accountant in Public Sector companies required concurrence of the AGP but annual account for FY 2024-25 were got audited from chartered firm M/S Crowe Hussain Chaudhury & Co. without concurrence of the Auditor-General of Pakistan.

Note:

This office has called for the audited accounts of PRACS, RAILCOP AND PRFTC during November, 2025, however, the same were not provided to audit.

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2.2 Audit Profile of Pakistan Railways

(Rs in million)

Sr.#	Description	Total Nos.	Audited	Expenditure audited	Revenue/ Receipts audited
1	Formations (Phase-I FY 2025-26)	160	62	96,981.73	67,527.32
	Formations (Lean Period FY 2024-25)		22	8,666.96	16,730.70
2	Assignment Accounts SDAs Etc. (excluding FAP)	-	-	-	-
3	Authorities/Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Projects (FAP)				-
Total		**160**	**84**	**105,648.69**	**84,258.02**

2.3 Classified Summary of Audit Findings

Audit observations amounting to Rs 34.42 billion were raised in this report during the current audit of Pakistan Railways and its subsidiary companies. This amount also includes observations on items having non-budgetary outlay/previous years such as land, scrap, inventory etc. Summary of the audit observations classified by nature is as under:

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(Rs in million)

Sr.#	Classification	Non-Budgetary (Land, assets etc.)	Budgetary (expenditure, revenue)
1.	Financial Management		11,256.83
2.	Governance and Administration		1,409.31
3.	Contract & Procurement Management		7,288.87
4.	Project Management		4,670.40
5.	Assets & Inventory Management	6,385.68	0
6.	Land Management	5,118.11	0
Total		**11,503.79**	**24,625.41**
Grand Total			**36,129.20**

2.4 Audit Findings

I. FINANCIAL MANAGEMENT

This chapter consists of seven audit findings related to financial mismanagement in different operating activities of Railways valuing Rs 11,256.83 million

Arjun Gupta
Assistant Audit Officer (IT)
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2.4.1 Un-justified refund of tax to a contractor

Rule 2 Punjab Sales Tax on Services (Withholding) Rules 2015 provides that withholding agent means Federal Government, a Provincial Government, a local government, a department or office under the Government, a public sector project or programme governed thereunder. Furthermore, Clause 1.5 of the agreement dated 27.01.2023 between M/s Royal Swiss Hotel, (Unicorn Prestige Ltd), Lahore and Pakistan Railways for complementary and janitorial service for 05Up/06Dn (Green Line) Train between Margalla-Karachi stations, provides that the contractor shall pay any/all taxes levied or prevalent at present and future, as fixed/determined by federal/provincial government , from time to time, on amounts payable to the contractor under this agreement, including but not limited to withholding tax and sales tax. Clause 4.7 (VI) of the Bidding documents for catering and janitorial services of Green Line (5Up/6Dn) December 2022 provides that withholding tax @ 10% and sales tax @ 5% shall be deducted from monthly payment bills of the contractor.

During audit of the Chief Commercial Manager, H.Q Offices, Lahore in July 2025, it was observed that PR collected Rs 23.76 million from M/s Royal Swiss Hotel, (Unicorn Prestige Ltd), Lahore on account of provincial sales tax for the period from February 2023 to September 2023. Later on, on the request of the contractor, Pakistan Railways refunded Rs 20.03 million from the collected tax by admitting his plea that PR is not a withholding agent under Punjab tax law and therefore could not deduct/recover tax. It is important to mention that Punjab Revenue Authority had lodged a claim of Rs 2,236.99 million against PR on account of tax on services under provincial tax laws. Therefore, the refund of Rs 20.03 million prior to settlement of tax issues with the Punjab Revenue Authority was unjustified and loss to the public exchequer. This showed weak internal controls and slackness on the part of management.

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The matter was taken up with the management in August 2025 and discussed in DAC meeting held on 02.12.2025. The DAC directed to expedite the matter of deducting provincial sales taxes on services within three months (01-03-2026). The PO was also directed to probe into the matter of refunding of Rs 20.03 million and submit report within two weeks (16-12-2025). Compliance of DAC directives was awaited.

Audit recommends that matter be inquired for refund of the collected tax. Amount of tax may be recalculated & recovered from contractor and deposited with tax authorities to avoid any penalty/surcharge and attachment of PR accounts. Internal controls may be strengthened to avoid such recurrence.

DP# 25399

2.4.2 Non-recovery of Railway dues from Government Departments/private parties

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

During audit of different formations of Pakistan Railways, audit observed fifty eight (58) instances involving recoverable amount of Rs 9,957.77 million from various Government

Departments including District & Provincial Governments, Defense Department, Postal Department, NBP, WASA, private parties and DISCOs up to June 2025. Railway management failed to realize Railway dues within due time which leads to poor accounts receivable management **(Annexure-3&4)**. The recovery particulars are mentioned in below table:

(Rs in million)

Sr #	Recovery from	Amount	Period	Annexure/ DP#
1	Government Departments	1,612.11	2015-25	Annexure-3
2	Private Parties	505.16	2014-25	Annexure-4
3	DISCOs	7840.50	1990-25	DP# 25232
Total amount Recoverable		**9,957.77**		

The matter was taken up with the management from May to September 2025 and discussed in DAC meeting held on 09.12.2025. The chair directed the P.O's to expedite the recovery from all the departments within one month (08-01-2026) and share the recovery particulars to audit for verification. Compliance of DAC directives was awaited.

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

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2020-21 (vide para No 2.5.18, 2.5.19), 2021-22 (vide para No 2.5.68, 2.5.69, 2.5.76) 2022-23 (vide para No 2.5.60, 2.5.61), 2023-24 (vide para No 2.5.83,2.5.86) and 2024-25 (vide para No. 2.5.5 ,2.5.6, 2.5.8) having financial impact of Rs 17,050.28 million. Recurrence of same irregularity is a matter of serious concern.

2.4.3 Loss due to excess payment of customs duty, non-levy of import surcharge and container charges

Pakistan Customs Tariff for the FY 2023-24 regarding Railway carriage & wagons and rolling stock provides that custom duty on import of Railway rolling stock is admissible at uniform rate of 3%. Further, section XVII vehicles, aircraft, vessels and associated transport equipment under section 86 of the First Schedule of the Customs Act, 1969 cover the Railway or tramway locomotives, rolling-stock and parts thereof; Railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signaling equipment of all kinds and the Custom Import Tariff 2023-24 provides rate of Custom Duty as 3%. Further, according to the CMM/Freight letter No. 2-MR/6927-R/IX/FBU dated 15.12.2010 provides that imports surcharge @ Rs 100 per ton (minimum Rs 2100 per 20' container and Rs 3600 per 40' container) will be charged in addition to above rates. Further, CTM/Dry port letter No. 32-DP/PNX Dry Port/HQ dated 23.02.2016 provides that nominal charges of Rs 1000 per container will be charges as container charges for utilization of Railway yard.

During audit of Chief Controller of Purchase, Lahore and Chief Traffic Manager/Dry Ports in July to September 2025, it was observed that

i. Railway management imported different types of spare parts on FOB basis for locomotives and paid customs duty up to 35% instead of 3%. Thus, excess payment of

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customs duty Rs 325.81 million resulted in loss to PR due to negligence of Railway management.

ii. PR suffered a loss of Rs 61.53 million due to non-levy of import surcharge for movement of container traffic from Karachi Port area stations of PR to Prem Nagar Dry Port by M/s QICT/DP World and MICT/PIL during the financial year 2024-25. The M/s QICT/DP World and MICT/PIL transported approximately 26,977 containers by rail from Port Muhammad Bin Qasim, Karachi Dry Port, Wazir mansion and Bin Qasim stations etc. to Prem Nagar Dry Port and vice versa. However, no import surcharges were levied which resulted in loss of Rs 61.53 million.

iii. PR suffered a loss of Rs 32.57 million due to non-levy of container charges against utilization of railway yard at Port Muhammad Bin Qasim by M/s QICT/DP World during the financial year 2024-25. PR allowed the M/s QICT/DP World to utilize the said railway yard for temporary stacking/loading/unloading of container from trains without any charges against the policy of charging of Rs 1000 per container. The M/s QICT/DP World transported approximately 32,567 containers however, no container charges were levied which resulted in loss of Rs 32.57 million.

This resulted in loss of Rs 419.91 million due to excess payment on account of customs duty, non-levy of import surcharge, and container charges.

The matter was taken up with the management in July to September 2025. No DAC meeting was convened by the management despite reminders.

Audit recommends that matter be inquired at an appropriate level for not levying the import surcharge and container charges. The matter of excess payment of custom duty be taken up with the Custom authorities for refund/adjustments. Responsibility be fixed against those held responsible under intimation to Audit. Internal controls be strengthened to avoid recurrence.

DP# 25505, 25968 & 25970

Note: The issue was also reported earlier in the Audit Report for Audit Years 2024-25 vide para No. 2.5.19 having financial impact of Rs 1,372.87 million. Recurrence of same irregularity is a matter of serious concern.

2.4.4 Execution of deposit work without receipt/recovery of funds

Para 2029 of Pakistan Railway Code for Engineering Department provides that after obtaining the acceptance of Government department concerned, detailed plans and estimates of the required work should be prepared and got accepted by the applicants. Para 934 further provides that all estimates of deposit works should be got accepted by the parties ordering the works before submission to the competent railway authority for sanction.

During audit of the Civil Engineering Department, Pakistan Railways Quetta in September-October 2025, it was noticed that divisional management, on request of the Project Director Quetta Development Project, submitted a detailed plan and estimate of Rs 1,072.55 million for relocation of Railway infrastructure comprising 123 railway quarters, 130 commercial shops, boundary walls of

offices, sewerage lines, and electrical works etc. all of which were to be demolished, in connection with the provincial government's project for widening of the joint road Quetta. The plan and estimate were accepted by the Project Director in March 2018. Audit observed that the Project Director deposited only Rs 550.08 million against the already accepted amount of Rs 1,072.55 million, which was accepted by divisional management of Pakistan Railways before approval of the competent authority, in clear violation of codal provisions. The case was subsequently referred to the CEO/Sr General Manager at belated stage, who also observed that divisional management had accepted the deposit without approval. The record further revealed that short deposit was accepted under undue pressure, as the provincial government's funds were about to lapse due to closure of the financial year 2017-18. No action was taken to recover the remaining Rs 522.47 million from the provincial department. As a result, majority of the demolished infrastructure, could not be reconstructed. This failure of management constituted gross negligence and a willful disregard of codal provisions, resulting in financial loss of Rs 522.47 million.

The matter was taken up with the management in October 2025. No DAC meeting was convened by the management despite reminders.

Audit recommends that responsibility be fixed for accepting the short deposit without approval of the competent authority and failing to recover the remaining funds, resulting in loss of railway infrastructure. Disciplinary proceedings be initiated against those held at fault. Internal controls be strengthened to ensure that funds deposited by third parties are fully received, properly accounted, and sanctioned before acceptance, in line with codal provisions. Measures be taken to recover the remaining amount from the Provincial Government and complete the pending works immediately to restore lost infrastructure and prevent further deprivation of railway assets.

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2.4.5 Unauthorized maintenance of private bank accounts and irregular utilization of profit

Para-1402 of Pakistan Railways General Code stipulates 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. Further, section 23(2) of the Public Finance Management (PFM) act 2019 requires that no authority shall transfer public moneys for investment or deposit from the government account including the assignment accounts to other bank accounts without prior approval of the Federal Government. Furthermore, As per SBP AML/ CFT/ CPF Regulations 2021 clause 26 Government accounts shall not be opened in the personal names of the Government official(s). Under the existing statutory and legal framework, no Government Ministry, Division, Department/ Attached Departments and Subordinate Offices can operate its bank accounts other than the principal account of the Federal/ Provincial Government residing at the SBP.

During audit of different formations in July and August 2025, it was observed that PR maintained private bank accounts and receipts on account of rent and land lease charges amounting to Rs 82.28 million were irregularly deposited in these private bank accounts instead of Pakistan Railways Revenue Account-III. Audit considered that operating and depositing of receipt in these

private bank accounts without prior approval of Finance Division for any purpose was unauthorized and against the rules. Detail of private bank accounts is provided in **Annexure-5**.

The matter was taken up with the management in July and August 2025 and discussed in DAC meeting held on 04.11.2025 & 06.11.2025. The DAC directed the P.O (CPO) to ensure deposit of current balance into Pakistan Railway Revenue account within a week (11-11-2025) and future direct credit into that account as well as certify closure of private account. Compliance of DAC directives was awaited.

Audit recommends that matter be investigated at an appropriate level to fix responsibility for unauthorized deposit of railway receipts in private bank accounts and amount in question be immediately transferred in Pakistan Railways Revenue Account-III without further delay under intimation to Audit. Financial controls be aligned with the PFM Act and regulations.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2021-22, 2023-24 and 2024-25 vide paras No 2.5.55, 2.5.91 and 2.6.7 having financial impact of Rs 612.81 million. Recurrence of same irregularity is a matter of serious concern.

2.4.6 Non-recovery of passenger compensation claims from State Life Insurance

According to clause-6.2 of the agreement between Pakistan Railways and State Life Insurance Corporation dated 09.08.2023, Pakistan Railways shall hold the collected insurance premium on behalf of the insurer and shall pay the collected amount to the insurer on quarterly basis within 15 days of end of quarter. Further, clause-8 provides that in case of death of the passenger insurance cover for the deceased shall be Rs 2,500,000 and in case of injury Rs 100,000 to Rs 200,000.

During audit in October 2025, it was observed that six (06) accidents occurred at different locations over PR network during the period from September 2024 to March 2025. In these accidents, 53 passengers died and 149 were injured and they were entitled for compensation as agreed upon with State Life Insurance Corporation. However, Pakistan Railways management failed to recover passenger compensation claims amounting to Rs 162.30 million (53 x 2,500,000 + 149 x 200,000) due to non-payment of insurance premium amounting to Rs 121.261 million to the State Life Insurance Corporation for the period 09.11.2023 to 08.05.2025 **(Annexure-6)**. This depicts weak internal controls and lack of timely actions by management, resulting in depriving the affected passengers or their families of their due compensation.

The matter was taken up with the management in August 2025 and discussed in DAC meeting held on 02.12.2025. The DAC directed the P.O (CCM) to expedite the recovery within one month (01.01.2026). Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for non-payment of insurance premium to SLIC and non-recovery of compensation claims of passengers and adversely affecting the goodwill of Pakistan Railways. Amount involved be recovered without further delay and paid to the concerned passengers or their families.

DP# 25563 & 25A232

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2.4.7 Mis-utilization of Improvement Fund

According to Para-37.6 (g) (I & ii), the Improvement Fund (IF) is meant to meet the cost of works connected with the public & passenger amenities and welfare of Railway staff, like extension and construction of new platform shelters, electric water coolers, retiring rooms, educational facilities to staff, medical facilities to staff etc. Furthermore, Para-902 of Pakistan Railway General Code provides that cost of land and the first cost of construction and equipment is classified as capital expenditure and should be charged to Capital.

During audit in October 2025, it was observed that capital cost amounting to Rs 92.07 million, incurred on installation of Electric ARC Furnace in Steel Shop Moghalpura, was irregularly charged to Improvement fund instead of Capital Fund during 2022-23 and 2023-24, in violation of the rules ibid (**Annexure-7**). This resulted in diversion of funds earmarked for passenger-related improvements such as amenities and service enhancement towards a capital work, thereby depriving the passengers from intended facility improvements**.** Audit considered that such utilization is contrary to the objectives of the Improvement Fund and adversely affects passenger management and service quality, as resources meant for passenger welfare were diverted to unrelated capital expenditure.

The matter was taken up with the management in December 2025 but no reply was received till finalization of report.

Audit recommends that Improvement Fund may be used strictly for passenger amenities and staff welfare to ensure the enhancement of passenger facilities and services**.**

Irfan Gull
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II. GOVERNANCE AND ADMINISTRATION

This chapter consists of six audit findings regarding governance and administration issues in HR and other managerial functions of PR valuing Rs 1,409.31 million

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2.4.8 Non-recovery of excess payment and advances from employees

Note 02 of section II of Running Allowance of Personnel Manual stipulates that probationary Guards when getting practical lines before appointment as Guards are not eligible to any mileage allowance, which they will earn as Guards when put out to work a train independently. Ministry of Finance (Regulation Wing) O.M No. F.3(6) Imp/2016-Vol-1II-673 dated 17.10.2017 provides that M.Phil Allowance is not admissible on any degree other than M.Phil. Further, Para 06 of Finance Division O.M. No. F. 1(5)/Imp/2001 dated 4th September, 2001 provides that Grant of Selection Grade and move Over: "Selection Grade in the scheme of Basic Pay Scales and Move Over scheme shall stand discontinued w.e.f. of this O.M." Furthermore, before sanction of any allowance an approval from Federal Government/Finance Division must be obtained.

During audit of different formations in January to September 2025, sixty-two (62) instances of non-recovery from employees on account of overtime allowance, piece work allowance, irregular grant of selection grade, house rent, loan & advances, electricity bills, mileage allowance to guards & loco drivers being utilized on stationary duties in control offices, vigilance department of PR and washing line etc. were observed. Audit was of the opinion that management failed to implement effective internal controls which resulted in non-recovery of Rs 412.71 million in sixty-two (62) instances (**Annexure-8**).

The matter was taken up with the management in January to September 2025 and discussed in different DAC meetings held on 12.09.2025, 07.10.202, 15.10.2025, 27.10.2025, 04.11.2025 and 09.12.2025. The DAC directed that since the FA&CAO/PR and relevant accounting offices are mandated to serve as withholding agents and not the bill submitting authority, it was the responsibility of relevant account office to make necessary deduction under the rules. The DAC directed the P.O (CPO) office to convey the decision of DAC to all accounting offices for compliance. However, this does not absolve the DDO/CPO office responsibility to present a valid duly substantiated claim with the accounting offices and expedite recovery within two months and to take disciplinary action against the employees who were involved in this issue immediately and recover the balance amount within one month under intimation to audit. Further, DAC directed the P.O to send proposal to the Ministry with proper justification in terms of cost cutting and safety for the contractual recruitment on essential categories of guard grade-I and sectional controller within two weeks. Furthermore, DAC directed the P.O (CME/Loco) to make a proper comprehensive need assessment of the additional working hours required on need basis without imposing a regular daily yard stick of two hours over time. The revised reply may be submitted within two weeks to audit for examination. Compliance of DAC directives was awaited.

Audit recommends that matter be investigated at appropriate level to fix responsibility for irregular/unauthorized payment of mileage/running allowance, non-recovery of HBA/MCA and commercial rent from illegal occupants etc. Amount involved be got recovered from the concerned employees. PR headquarters letter No.101-T/049-FMR/10th June-2021 (CC) dated 07-07-2021 stating instruction for recovery be implemented in letter and spirit.

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Note: The issue was also reported earlier in the Audit Report for Audit Years 2024-25 vide para No 2.5.36 having financial impact of Rs 36.48 million. Recurrence of same irregularity is a matter of serious concern.

2.4.9 Abnormal line losses of electricity

According to para 807 of Pakistan Railways General Code every public officer should exercise the same vigilance in respect of expenditure incurred from Government Revenue as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During audit of the Electrical Department, Quetta in January 2025, it was observed that 1,497,638 units electricity was purchased in bulk for power houses during July 2023 to November 2024 whereas, 1,063,867 units only were distributed as per sub-meters of service buildings. The discrepancy of 433,771 units valuing Rs 24.32 million was recorded as line losses as tabulated below:

(Rs in million)

Power Houses	Unit Purchased	Units Distributed	Units lost	Value of Units lost (Rs)
Power house Quetta	794,320	440,841	353,479	18.96
Sub-station 2 Quetta	401,600	361,996	39,604	2.48
Lift shop Quetta	144,000	124,806	19,194	1.55
Power House Sibi	157,718	136,224	21,494	1.33
Total	**1,497,638**	**1,063,867**	**433,771**	**24.32**

This reflected that 29% of the units purchased was accounted for as line losses on monthly basis for a distance of maximum 500 meters from poles to service buildings. Audit considered that variation in units purchased and consumed was possible electricity theft of Rs 24.32 million which was covered under line losses due to weak supervision and lack of effective checks.

The matter was taken up with the management in January 2025 and discussed in DAC meeting held on 26.08.2025. The DAC directed the P.O to provide a comprehensive reply, along with documentary evidence, to audit within one week (03.09.2025). Compliance of DAC directives was awaited.

Audit recommends that matter be investigated at an appropriate level to identify and address the causes of theft covered under line-losses. Electricity supply be shifted to DISCOs to control theft. Monitoring mechanism be improved to avoid further loss to PR.

DP# 25093

2.4.10 Excess expenditure on production due to poor performance of newly installed electric arc furnace

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

During audit of Mechanical Department, PR Headquarters office Lahore in August 2025, it was observed that Electric Arc Furnace was installed, commissioned and put into regular production on 22.02.2024 in the vicinity of Steel Shop Mughalpura. The record revealed that newly installed

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furnace was consuming Graphite Electrode 8.05 kg per metric ton against the 5.5 kg per metric ton standard given in purchase order which shows 2.55 kg extra consumption for each M. Ton. Similarly, electricity consumption was almost double as stated in PO. This shows that either furnace was not being operated properly or specifications/standards were mentioned wrongly in PO. Further, a shortfall of 3.419 M. Ton refractory material valuing Rs 1,461,480/- ($5,128.50 x Rs 285) was still outstanding against the firm which was not yet provided. Furthermore, record revealed that a letter dated 11.11.2024 was addressed to the firm stating that newly installed furnace was completely held up and needs to be rectified as per contractual obligation and was followed by reminder dated 07.02.2025. PLC software (English version) program troubleshooting and back up files of PLC were also not provided. The Chinese firm's representatives visited Pakistan during 15.04.2025 to 23.04.2025 and the furnace was restored partially. The production was suspended completely during this period which was a question mark on the performance of newly installed furnace. The detail of excess consumption and outstanding material costing Rs 8.09 million is as under:

Item name	**Graphite Electrode used since operations in kg**	**Electrode to be used as per PO in kg**	**Excess electrode used in kg**	**Per kg cost of graphite electrode**	**Cost of excess electrode Rs**
Graphite Electrode	4,846.342	3,311.165	1,535.177	700 ($ 2.457x285)	1,074,624
Item name	Units consumed in one month	Units to be consumed as per PO	Excess units used	Per unit rate of electricity (Rs)	Cost of excess units Rs
Electricity	199,120	102,375	96,745	57.45	5,558,000
Refractory material					1,461,480
Total cost of excess electricity, electrode and outstanding material					**8,094,104**
					Rs 8.09 million

The matter was taken up with the management in August 2025. No DAC meeting was convened by the management despite reminders.

Audit recommends that reasons be explained for excess utilization of electricity and electrode. Matter be investigated to fix responsibility for loss to Railway. Internal controls be strengthened to avoid recurrence.

DP# 25337

2.4.11 Loss due to accidents to passenger trains

As per minutes of the mid-year performance review meeting held on 08.01.2024 held under the chairmanship of Secretary/Chairman Railways, The Chief Operating Superintendent (COPS) Safety was directed to issue instructions regarding impartial inquiries and realistic assessment/calculation of loss to Railways due to accidents. Further, Para 372 and 373 of Pakistan Railways Code for the Accounts Department provides that the defalcation or loss should be reported to the Accounts Office and Statutory Audit and should be investigated by the Executive in association with Accounts representative with a view to fix responsibility. The Accounts Officer should call for a complete report detailing the nature and extent of the loss, the error or neglect of rules by which such loss was rendered possible and the prospects of effecting a recovery. Furthermore, DAC in its meeting

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held on 24.10.2024 directed the COPS/Safety to streamline the process of accountal of accidental losses in books of accounts in consultation with FA&CAO/PR and DGM (to ensure allocation of budget for accidental losses).

During audit in October 2025, it was observed that PR suffered loss of Rs 139.48 million due to damages to assets in 133 accidents of passenger trains during July 2022 to June 2025. Audit observed that most of these accidents were occurred due to human failure, defects of track and rolling stock. In these accidents 19 passengers were died and 91 were injured.

Loss to the Railway assets due to accidents of passenger trains

Sr. No.	Railway Asset	2022-23	2023-24	2024-25	Total
1	Track	7,170,510	2,792,700	31,311,359	41,274,569
2	Coaches	71,066,254	8,670,978	3,465,445	83,202,677
3	Locomotives	613,271	3,513,889	43,229	4,170,389
4	Signal & Interlocking	-	-	1,136,494	1,136,494
5	Electrical	3,623,870	6,005,000	68,805	9,697,675
Total		**82,473,905**	**20,982,567**	**36,025,332**	**139,481,804**

Source: Accidents register maintained by COPS/Safety

Thus, due to human failure and poor maintenance of track and rolling stock PR suffered loss of Rs 139.48 million and passenger lost their lives and suffered injuries.

The matter was taken up with the management in December 2025 but no reply was received till finalization of report.

Audit recommends that each and every case of accident may be inquired on merit to fix responsibility and internal controls regarding inquiries of accidents be improved to avoid recurrence.

2.4.12 Wasteful expenditure on computerized passenger tickets

According to Para 1801 of the Pakistan Railway General Code, every public officer must exercise the same degree of vigilance in managing public expenditure and funds as a person of ordinary prudence would in handling their own finances. It further emphasizes that railway servants are personally accountable for any loss to the Government resulting from their fraud or negligence, as well as for losses caused by others where their actions or negligence contributed.

During audit in October 2025, it was observed that PR placed a purchase order (PO) No. 21/0017/00-0/1-2023 dated 14.03.2024 on Pakistan Post Foundation for computerized passenger paper tickets and procured 3,900,000 tickets uptill 14.04.2025. Audit further observed that all trains were shifted to Railway Automated Booking and Travel Assistance (RABTA) system in March 2025. However, out of total procured tickets, only 2,226,000 were issued till 15.04.2025 including 600,000 tickets procured after shifting to RABTA App. As on 11.08.2025, a stock of 1,674,000 computerized paper tickets was available with DSKP Moghalpura. This depicted that purchase order was placed without any need assessment and prudence which resulted in wasteful expenditure of Rs 5.44 million due to the negligence on the part of railway management. Details of procurement and utilization of tickets under ibid P.O is as under:

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Description	Quantity
Total quantity ordered under PO dated 14.03.2024	5,100,000
Total tickets received under PO dated 14.03.2024 as per Material Accounting System (MAS)	3,900,000
Total issued from received stock	2,226,000
Balance of tickets as per MAS on 11.08.2025	1,674,000
Standard price of each ticket	Rs 3.25
Total loss (3.25x1,674,400)	Rs 5,440,500

The availability of a large quantity of tickets which could not be utilized in past and cannot be utilized in future indicates inadequate planning and lack of coordination between procurement and operational departments.

The matter was taken up with the management in December 2025 but no reply was received till finalization of report.

Audit recommends that matter may be inquired to fix responsibility for placing indents for procurement of tickets without going through the need assessment and planning. Amount involved be recovered from persons responsible for this negligence.

2.4.13 Over booking and short attachment of coaches with passenger trains

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, it was observed that standard composition of passenger trains as determined by the PR management was not being maintained. Passenger bookings were made on the basis of standard train composition. However, on the day of travel passengers frequently faced serious discomfort due to non-attachment of coaches. This resulted in over booking of passengers.

Coaches running short in passenger trains (July 2022 to June 2025)

Sr. No.	Year	Data available for No. of days	Total coaches running short in trains	Per day average coaches running short in trains
1	2022-23	160	72	0.45
2	2023-24	243	1157	5
3	2024-25	245	5734	23
Total		**648**	**6963**	**11**

Source: Daily position of coaches maintained by the Chief Operating Superintendent

Railway management maintained data of only 648 days out of 1095 days during July 2022 to June 2025. Data for the remaining 447 days representing leaves and holidays was not maintained indicating weak monitoring and internal controls. On the basis of available data, it was observed that 6963 coaches were not attached with the trains during the reporting period. Daily average of short attachment of coaches increased sharply from 0.45 coaches per day in 2022-23 to 23 coaches per day in 2024-25. This indicated a severe decline in PR's ability to manage its passenger-coach requirements. On average 11 coaches per day were not attached with the trains which not only resulted in loss of revenue of Rs 819.27 million to the PR but also caused significant discomfort and inconvenience to the passengers having booking in these coaches (**Annexure-9**). Furthermore, 579

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coaches, as of 30.06.2025, were lying idle awaiting maintenance, indicating major deficiencies in the performance and capacity of the carriage and wagon maintenance workshops.

The matter was taken up with the management in December 2025 but no reply was received till finalization of report.

Audit recommends that railway management may ensure the availability of coaches in accordance with the approved composition of passenger trains. The performance and capacity of carriage and wagon workshops be strengthened to bring idle coaches back into operations in order to improve quality of services.

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III. CONTRACT & PROCUREMENT MANAGEMENT

This chapter consists of twelve audit findings regarding award of contracts at lower rates as well as procurement management issues worth Rs 7,288.87 million

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2.4.14 Re-award of Carbonated Soft Drinks (CSD) contract to the same company at lower rate

Para-4 of appendix-A of Pakistan Railway Land and Property Rules, 2023 for competitive leasing, licensing and concessioning provides that the benchmark for auction of rent per annum or premium (nor refundable) for the open auction shall be fixed by Divisional Assessment Committee by considering the average of fair market value and DC rate of the area which be approved by Division Superintendent. Furthermore, Para 2411 of Pakistan Railways Code for the Stores Department provides that reserve prices based on the best bids obtained at past auctions should be fixed by the controller of Stores.

During audit of Railway Estate Development and Marketing Company (REDAMCO) in January 2025, it was observed that the agreement for licensing of exclusive selling rights for the Carbonated Soft Drink (CSD) was executed through open competitive bidding in December 2023 for a period of three years. Audit observed that the bidding was done without fixing benchmark and comparing the bids quoted in the previous agreement which commenced on 15.04.2018 and matured on 14.04.2021. The last annual licensing fee of previous contract was Rs 121.00 million but after about two and half years of its maturity, the new contract was executed with the same agency M/s Pepsi Cola at a considerably lower annual fee of Rs 70.15 million without fixing benchmark from the previous contract. This resulted in loss of Rs 50.85 million to PR due to re-award of contract to same agency at lower rate.

The matter was taken up with the management in January 2025 and discussed in DAC meeting held on 09.12.2025. The DAC directed the P.O (MD/REDAMCO) to submit revised reply in the light of queries raised by audit during discussion within one week (17-12-2025). Compliance of DAC directives was awaited.

Audit recommends that the matter may be probed to fix responsibility for re-awarding the contract to the same agency without considering the last year licensing fee as a benchmark in violation of aforesaid rule.

DP# 25115

Note: The issue was also reported earlier in the Audit Reports for Audit Year 2021-22, 2023-24 and 2024-25 vide paras No. 2.5.49 and 2.5.21 and 2.5.79 having financial impact of Rs 36.23 million. Recurrence of same irregularity is a matter of serious concern.

2.4.15 Award of luggage/brake van contracts at reduced rates than previous years

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 for money to the agency and the procurement process is efficient and economical.

The audit of Commercial Departments Lahore, Karachi and Quetta Divisions was conducted in January, August and September 2025. Audit observed following four instances where contracts for luggage vans/brake van were temporarily awarded without advertisement for a period of one and three months or until finalization of tender process:

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i. The contract of brake van (45Up/46Dn) having capacity 2.1-ton was awarded to M/s Gujrat Cargo Services at a reduced rate of Rs 41.32 million/ year after expiry of the previous contract on 30.12.2024 at Rs 47.52 million which resulted in loss of Rs 6.20 million;
ii. A luggage van (43Up/44Dn) having capacity of 10-ton, operating between Lahore and Karachi Cantt. via Faisalabad was awarded to M/s Afzal Shah on 01.07.2025 at an annual rent of Rs 76.00 million (Rs 0.21 million/day). This rate was almost 50% below the PR tariff of Rs 0.38 million/day (based on Rs 19.10/kg) for the same route, resulting in an annual revenue loss of Rs 63.43 million;
iii. A luggage van (1Up/2Dn) having capacity of 10-ton was initially allotted to M/s A.A. Enterprises on 09.08.2024 at Rs 130.50 million/year, which was later reassigned to M/s Imran Enterprises at a reduced annual rate of Rs 130.00 million, resulting in a loss of Rs 0.50 million; and
iv. Luggage Van (05-Ton, 50%) attached with Jaffar Express was awarded to M/s Pak Sanzar w.e.f 01.12.2024 @ Rs 4,166,666 per month from Quetta to Rawalpindi and back. Just after one month, agreement was revised for complete Luggage Van (10-Ton: 100%) with the same rate. The record revealed that Pakistan Railways Parcel office earned an amount of Rs 2,222,940/- on account of parcel earnings of 50% space for the month of December 2024 for Quetta to Rawalpindi only. On the basis of two way earning (Qta-Rwp-Qta) comes to Rs 4,445,880/- and for the complete luggage van i.e. Rs 8,891,760/-. Resultantly, PR suffered loss of Rs 4.73 million due to award of contract at lesser rate.

The above indicated that the non-transparent awards at significantly lower rates without competitive bidding, proper assessment of tariffs, or advertisement were due to poor financial judgment, weak internal controls, and possible favoritism, resulting in a total revenue loss of Rs 74.86 million.

The matter was taken up with the management in January, August and October 2025. No DAC meeting was convened by the management despite reminders against Sr. # i, ii and iii above. As regards Sr. # iv, DAC ordered a fact-finding inquiry to be conducted by the CTM/Dry Ports within one month (26-11-2025) under intimation to audit. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for non-transparent award of contracts at significantly lower rates in violation of Public Procurement Rules resulting in loss to PR. Action be taken against those found at fault. Future award of contracts be carried out in strict adherence to the PPRA framework supported by a robust internal control system to ensure transparency, fair competition, and protection of the financial interests of Pakistan Railways.

DP# 25007, 25961 & 25A087

2.4.16 Non-settlement of outstanding warranty claims of wrong / short supply of material

According to Warranty Clause 5 of Purchase Order, the supplier warrant that the material will be in accordance with the specification stipulated in the description and material will be free from all defects in quality and workmanship. The supplier will replace the material free of cost, if it fails to comply with performance laid down in the description/ specification within 24 months from the date

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of receipt of material by Railway or 18 months from the date of placement in service whichever is earlier.

During audit of the following formations during July-August 2025 it was observed that spare parts supplied by the firms were found incorrect and unsuitable during inspection and testing in the workshops as it did not conform to the required specifications. Further, in some cases material was supplied short from the quantities mentioned in the purchase orders. The defective material was not replaced by the suppliers till the date of audit, despite lapse of a considerable period. Audit was of the opinion that the acceptance of non-conforming material and failure to ensure timely replacement of defective parts indicated serious lapses in quality assurance, pre-dispatch inspection and post-procurement monitoring procedures which reflected deficient internal controls and ineffective contract management.

(Rs in million)

Sr #	DP #	Title	Period	Formation	Amount
1.	25500	Short and wrong supply of spare parts	2022-2025	Chief Controller of Purchase, Lahore	320.61
2.	25497	Non-settlement of outstanding warranty claims	2022-23	Chief Controller of Purchase, Lahore	173.87
3.	25697	Wrong supply of imported material	2024-25	CDL Workshop, Rawalpindi	33.02
4.	25328	Non-replacement of warranty claims of CBU coaches	2022-23	Mechanical Department Headquarters	20.22
5.	25699	Non-receipt of traction motor against warranty claim	2023-24	CDL Workshop, Rawalpindi	4.14
				Total	**551.86**

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This resulted in wrong supply or short supply of spare parts amounting to Rs 551.86 million and their non-replacement despite lapse of considerable period of time.

The matter was taken up with the management in August 2025. Against Sr.No.2 it was replied that the matter against warranty claim is under process with CME/Loco office. In this regard the committee has been nominated. The remarks were an admittance of audit observation.

Audit recommends that responsibility be fixed for acceptance of substandard material and failure to pursue timely replacement of material under warranty. Action be taken against those held responsible. Replacement of material be ensured without further delay besides taking action against the firms under contractual terms. The quality assurance and contract management mechanisms be strengthened to prevent such recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2020-21, 2021-22, 2022-23, 2023-24 and 2024-25 vide paras No 2.5.7, 2.5.30, 2.5.20, 2.5.49 and 2.5.68 having financial impact of Rs 1,367.984 million. Recurrence of same irregularity is a matter of serious concern.

2.4.17 Irregular expenditure due to splitting of purchases/ works

Rule 9 of Public Procurement Rules - 2004 for goods, works and services 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 re-grouping of the procurements so planned.

During audit of different formations, it was observed that procurement of similar goods including furniture, plant & machinery, computer hardware, stationery, paint material etc. and execution of similar works worth Rs 87.33 million were split-up for the period ranging from one to three months in the same financial years in order to avoid tendering process as well as approval of higher authorities (**Annexure-10**).

These matters were taken up with the management in May and October 2025 and discussed in DAC meetings held on 16.10.2025 and 09.12.2025. The DAC was requested by the P.O (CS&TE) that he may be allowed to submit revised reply with re-consultation with the Peshawar Division. The DAC directed the P.O to submit the revised comprehensive reply within one week (23.10.2025). Compliance of DAC directives was awaited.

Audit recommends that matter be investigated at appropriate level to fix responsibility for mis-procurement and appropriate action be taken against those held responsible. In addition, irregular expenditure be got regularized from competent forum under intimation to Audit.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2020-21 and 2023-24 vide paras No 2.5.6 and 2.5.36 having financial impact of Rs 571.79 million. Recurrence of same irregularity is a matter of serious concern.

2.4.18 Non-recovery of fuel cost from the contractors of outsourced trains

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

During audit of the Chief Commercial Manager, PR Headquarters, Lahore in July 2025, it was observed that Pakistan Railways allowed one-minute UP and DN additional stops to the outsourced trains upon the request of concerned contractors. The additional stops were allowed against a fixed charge of Rs 50,000 per month per stop. Pakistan Railways recovered an amount of Rs 5,250,000 from the contractors of outsourced trains against the cost of Rs 33,375,972 incurred on additional stoppages. It is pertinent to mention here that all these extra stoppages were allowed to the contractors after agreement in order to strengthen his business at the increased operational cost of PR. This financial imprudence resulted in loss of Rs 28.13 million (Rs 33,735,972-Rs 5,250,000) to Pakistan Railways by extending undue favor to the contractors at the cost of Pakistan Railways for the period from 21.06.2022 to 20.06.2025.

The matter was taken up with the management in August 2025 and discussed in DAC meeting held on 02.12.2025. The DAC showed displeasure over the negligence in executing the contract without due diligence and home work. The DAC directed the CTM/Dry ports to inquire the matter and submit report within three weeks (23.12.2025). Compliance of DAC directives was awaited.

Audit recommends that matter may be inquired to fix responsibility for irrational fixation of rates for additional stoppages without considering its financial viability. Rates may be revised covering full cost of Pakistan Railways. Internal controls be strengthened to avoid recurrence.

DP# 25565

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2.4.19 Irregular/unauthorized award of contracts without competitive bidding

Rule 12(1) of PPRA rules for procurement of goods & services provides that procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency. Rule 4 further provides that procuring agencies, while engaging in procurements, shall ensure that procurements are conducted in fair & transparent manner, the object of procurement brings value for money to the agency and procurement process is efficient & economical. Furthermore, Rule 31(1) of PPRA Rules-2004 provides that 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.

During audit of the following formations in January to September 2025, it was observed that contracts of outsourcing of train, luggage/brake vans, aerated water and vending stalls were awarded on temporary basis without competitive bidding in clear disregard of PPRA rules. Further, some of these temporary arrangements were repeatedly extended almost on a monthly basis without advertisement or providing fair opportunity to potential bidders. Audit was of the opinion that circumvention of competitive bidding not only bypassed transparency but also deprived the Pakistan Railways of fair market rates and exposed it to the risk of financial loss. This resulted in irregular and unauthorized award of contracts of Rs 4,596.53 million without competitive bidding as tabulated below:

(Rs in million)

Sr #	DP #	Title	Period	Formation	Amount
1.	25034	Irregular restoration of contract by voluntary enhancement of bid instead of competitive bidding	2021-24	Commercial & Transportation Department Karachi	2,868.64
2.	25590	Award of contracts without competitive bidding	2023-25	Commercial Department Lahore	1,522.03
3.	25578	Award of luggage vans on temporary basis	2023-25	Commercial Department Lahore	149.01
4.	25052	Award of luggage vans on temporary basis	2024-25	Commercial Department, Karachi	40.37
5.	25382	Award of aerated water contracts on temporary basis	2024-25	Commercial Department, Rawalpindi	12.65
6.	25046	Allotment of vending stalls on verbal orders	2024-25	Commercial Department, Karachi	3.04
7.	25A154	Procurement without competitive bidding	2024-25	General Manager (W&SI)	0.79
Total					**4,596.53**

The matter was taken up with the management in January to September 2025. The issue at Sr# 1 and 6 were discussed in DAC meetings held on 28.03.2025 and 28.10.2025. The DAC directed the DG Legal to attend next meeting of the DAC and apprise the DAC that on what grounds the agreement was renewed on voluntary enhancement under force majeure. The DAC directed the PO (CCM) to submit revised reply along with documentary evidence and rules regarding voluntary enhancement of bids to Audit within one week. The DAC further directed the P.O (CCM) to probe into the matter and

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fix responsibility within two weeks under intimation to Audit. Compliance of DAC directives was awaited.

Audit recommends that matter be investigated at an appropriate level to fix responsibility for irregular/ unauthorized award and repeated renewal of temporary contracts in violation of PPRA rules. Disciplinary proceedings be initiated against those held responsible for bypassing the PPRA rules. The practice of temporary arrangements without competition be stopped and corrective measures be put in place to ensure compliance with PPRA Rules.

Note: The issue was also reported earlier in the Audit Report for Audit Years 2024-25 vide paras No 2.5.38 having financial impact of Rs 30 million. Recurrence of same irregularity is a matter of serious concern.

2.4.20 Non-renewal of expired bank guarantees and non-verification of Call Deposit Receipts

Para 4(b) of P.O.O No. 527 dated 18.08.2003 provides that authenticity of the bank guarantees be personally verified from the bank authorities who have issued these bank guarantees. Further, as per standard contract terms & conditions, valid performance bank guarantees are to be maintained throughout the contract period to safeguard against non-performance, financial default, and breach of contractual obligations.

During audit of the Chief Marketing Manager, Lahore and Commercial Department, Rawalpindi in July 2025, it was observed that bank guarantees amounting to Rs 205.57 million against active contracts pertaining to commercial management of trains, brake vans, luggage vans, etc. had expired for 5 months to 3 years but were not got renewed till date of audit. Furthermore, Call Deposit Receipts (CDRs) of Rs 4.25 million, deposited as security for various car parking and vending stall contracts, had also not been verified for authenticity from the issuing banks. Audit was of the opinion that the management failure to renew and verify bank guarantees and security deposits of Rs 209.82 million was undue favor to the contractors, which exposed the organization to financial risk in case of default.

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The matter was taken up with the management in July and August 2025. No DAC meeting was convened by the management despite reminders.

Audit recommends that the matter be inquired to fix responsibility for extending undue favor to contractors, which exposed Pakistan Railways to financial risk. Action be taken against those found at fault. Expired bank guarantees and unverified CDRs be got renewed and verified under intimation to Audit. Monitoring system be established to track expiry and verification of all bank guarantees and security deposits in compliance with rules to prevent such recurrence.

DP# 25566 & 25396

2.4.21 Irregular contract of Track Workshop Raiwind in violation of tender conditions and PPRA rules

Clause 3.1 of Bidding Data (Instructions to Bidders) and Clause 7 of Special Conditions of Contract Agreement executed Between PR and Joint Venture i.e. Everest Trading Corporation (Lead Partner) regarding manufacturing/Supply of Permanent Way Fittings and Fastening etc. at Track Workshop Raiwind provides that bid is open to all bidders meeting the following requirement (ii) Pakistani Firms registered with PEC in category having minimum Rs 1,000 million limit with specialization in ME05 or Firms registered/incorporated with SECP/Registrar of Companies with the same amount of limit. Moreover, Rules 4 of PPRA rules 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 for money to the agency and the procurement process is efficient and economical. Further, Rule 15 of PPRA regarding pre-qualification of suppliers and bidders makes it convenient for procuring agencies to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids.

During audit of the Chief Controller of Purchases, PR Headquarters in August 2025, it was observed that Railway management irregularly awarded the contract of Track Workshop Raiwind under the context of manufacturing/supply of permanent way fittings & fastening for a period of one year extendable for further 3 years for Rs 1,276.77 million per annum in April 2025 by giving undue favor to the contractor as detailed below:

1. Two partners of joint venture were not registered with PEC in required category except one partner i.e. M/s Saleem and Co, whereas, registration validity also expired on 30th June, 2025. Therefore, contract was awarded irregularly in violation of tender terms and conditions.
2. All parties of joint venture were previous suppliers of raw material to Railcop. They have no manufacturing experience and no marks were given in technical evaluation under 'equipment operating capabilities'.
3. Instead of inviting bids from parties having manufacturing capabilities and experience, a discriminatory condition regarding "supply of manufacturing material" was included in bidding documents to qualify the parties engaged in supply of raw material to Railcop.
4. The contract was awarded to single bidder at higher rate without pre-qualification, comprehensive market rate analysis and comparison with other public sector procuring agencies in violation of PPRA rules. The pre-qualification of contractors in all technical contracts has been recommended under PPRA rule 15, which was not considered by the management in the instant case.
5. The contract was awarded without taking any land lease charges. Furthermore, facility of infrastructure was provided free of cost to the private contractor.

The above position showed that the contract of Track Workshop Raiwind was awarded in violation of PPRA rules and against the tender terms & condition at higher rates by giving undue favor to single bidder having no manufacturing experience, which resulted in irregular outsourcing of track workshop amounting to Rs 1,276.77 million.

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The matter was taken up with the management in August 2025. No DAC meeting was convened by the management despite reminders.

Audit recommends that matter be inquired for irregular outsourcing of track workshop Raiwind in violation of tender conditions and PPRA rules, responsibility be fixed on the persons found at fault, manufacturing of permanent way material be taken over by PR for economical production.

DP# 25504

2.4.22 Non-obtaining and non-forfeiture of performance guarantee

As per section 39 of PPRA Rules, 2004, where needed and clearly expressed in the bidding documents, the procuring agency shall require the successful bidder to furnish a performance guaranty which shall not exceed 10% of the contract amount. Further, as per instruction to bidders the successful bidder shall furnish to the employer a performance security in the form and the amount stipulated in the conditions of contract within 14 days after the receipt of acceptance letter. In case of failure, sufficient ground for annulment of the award and forfeiture of bid security exists. Furthermore, clause 1 of purchase order regarding security money provides that the seller is required to deposit security money immediately but not later than 14 days of issue of this order at 5% of the total value of the contract. At the option of the purchaser, purchase order may be cancelled with forfeiture of security money in case of non-supply.

During audit of different formations from April 2025 to September 2025, it was observed in fourteen (14) instances that the performance security/guarantee was either not obtained or forfeited from the contractors in violation of the PPRA Rules and tender conditions. Audit was of the opinion that undue favor was given to the contractors without safeguarding financial interest of PR which resulted in non-collection/forfeiture of performance security/ guarantee of Rs 66.33 million (**Annexure-11**).

The matter was taken up with the management in August 2025 and discussed in DAC meeting held on 16.10.2025. The DAC was requested by the P.O (CS&TE) that he may be allowed to submit revised reply with re-consultation with the concerned Division. The DAC directed the P.O to submit the revised comprehensive reply within one week (23.10.2025). Compliance of DAC directives was awaited.

Audit recommends that action be taken against the responsible PR officers/officials and defaulter firms for non-obtaining of performance guarantees and non-supply of material. Performance guarantees of defaulter firms be forfeited under intimation to Audit.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2021-22, 2022-23, 2023-24 and 2024-25 vide paras No 2.5.36, 2.5.38, 2.5.41 and 2.5.70 having financial impact of Rs 383.966 million. Recurrence of same irregularity is a matter of serious concern.

2.4.23 Irregular award of contract in violation of eligibility criteria

As per Clause 8 of the auction notice, any party against whom there is any outstanding in any shape, or who is involved in litigation against Pakistan Railways, shall not be considered/entertained.

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Furthermore, Clause 18, Section 2 of the bidding documents clearly stipulates that if a bidder had any contract with Pakistan Railways previously and defaulted in that contract, their bid shall be rejected, irrespective of whether they have been formally declared a defaulter or not. Further, the Executive Committee of the Railway Board directed vide Ministry of Railways Letter No. 3-14/2001-E-I dated 22.05.2001 that all contractors who were in litigation with the Railways or had defaulted in previous contracts would not be allowed to participate in any future auctions/tenders of Pakistan Railways.

During audit of the Commercial Department, Lahore Division, in July 2025, it was observed that the contract of Restaurant No. 2 at Lahore Railway Station, earlier awarded to M/s Syed Enterprises in October 2023, was re-tendered and re-awarded to the same contractor in July 2025 at an annual rent of Rs. 10.555 million for three years, extendable for another two years with 10% annual compound increase, after termination of the previous agreement. It was observed that the previous contract, though awarded for three years (extendable by two years), was prematurely terminated after one year as the contractor expressed inability to continue operations and surrendered possession without serving the mandatory 30-day notice required under Clause 2.6.3 of the agreement. Additionally, he failed to deposit withholding tax as per Clause 4.6(7) of the bidding documents and remained involved in litigation with Pakistan Railways. Despite clear financial and contractual defaults in previous contract, the same contractor was allowed to participate in the fresh tender and was re-awarded the contract. Audit was of the opinion that blatant disregard of eligibility conditions and directives of MOR, indicated gross negligence of management, resulting in irregular award of contract amounting to Rs 10.55 million to a defaulting and litigating contractor.

The matter was taken up with the management in August 2025 and discussed in DAC meeting held on 02.12.2025. The DAC directed the P.O (CCM) to submit revised reply and ensure following in all upcoming contracts and share the approved contract templates:-

i. It should be ensured that all the contracts has to be run for one year and; to exit; a contractor has to give three months' notice after completing one year.
ii. The contractor who will give the notice would not be able to participate for the same contract until termination/completion of next successful contract.
iii. CCM will coordinate with CMM to incorporate same clauses for the business executed by the CMM office. CMM is also directed to ensure above.

Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for re-awarding the contract to a defaulting and litigating contractor in violation of eligibility conditions and MOR directives. Disciplinary proceedings be initiated against the officers found at fault. Contractor evaluation and eligibility verification procedures be strengthened to prevent recurrence of such irregularities.

DP# 25584

2.4.24 Non-recovery of liquidated damages, demurrage and penalty charges

As per section 4.4 'free time for loading and unloading' between PRFTC and HSR the company shall be allowed two and a half (2.5) hours free time for loading each coal special at the

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loading point. The two and a half hour period shall commence after the placement of coal wagons/hoper trucks at the loading point and shall finish when the time removal issued for the removal of coal wagons/hoper truck by the company. If the coal wagons/hopper trucks are not removed by the transporter after issuance of the removal memo by the company within two and a half hour period set out above, the company shall not to be subjected to levy of any demurrage charges. In the event the company fails to issue the removal memo in the said time, the company shall pay to the transporter the applicable demurrage charges, in accordance with the Railways demurrage charges rules. As per terms and condition of tender and agreement, penalty due to delay in completion of work an amount up to a maximum of 0.05 % per day up to a maximum of 10 % of the agreement amount will be imposed due to failure of in time completion of works or supply of goods as the case may be. However, if the employer considers the reason of delay are justified and beyond the control of contractor, the time for completion can be extended with imposition of penalty.

During audit of different formations of Pakistan Railways during January to October 2025, it was observed that liquidated damages, demurrage and penalty charges on account of delay in unloading, non-lifting of scrap, damages to wagons and late payment of commercial rent were not imposed/recovered from the contractors in violation of stipulated terms & condition of agreements. Audit considered that unauthorized relaxation of contractual terms not only reflected serious negligence, weak contract enforcement, and disregard for financial discipline. This resulted in loss of Rs 285.79 million to PR due to non-recovery of liquidated damages, demurrage and penalty charges from the defaulting firms (**Annexure-12**).

The matter was taken up with in January to October 2025 and discussed in DAC meetings held on 28.10.2025 and 16.10.2025. The DAC directed the P.O to submit the revised comprehensive reply within one week and directed DG/Vigilance to inquire the matter as per ToRs/stated facts within one month under intimation to Audit. Compliance of DAC directives was awaited.

Audit recommends that responsibility be fixed for non-imposition of the prescribed penalties in violation of tender conditions, and disciplinary action be taken against those found at fault. Amount of liquidated damages/penalty be recovered from the defaulting contractors. Contract management and monitoring controls be strengthened to ensure timely completion of works and supply of goods by strict enforcement of contractual provisions in future.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2021-22, 2022-23 and 2024-25 vide paras No 2.5.71, 2.5.68 and 2.5.103 having financial impact of Rs 1,098.62 million. Recurrence of same irregularity is a matter of serious concern.

2.4.25 Unnecessary procurement of furnace oil

Rule 8 of PPRA Rules 2004 provides that all procuring agencies shall devise a mechanism, for planning in detail for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future. Furthermore, Para 124 and 2401 of Pakistan Railways Code for the Stores Department provides that a maximum and minimum

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limit should be laid down for the quantity of each stock item of stores in a depot at any time below or above which the balances should not ordinarily be allowed to go.

During audit of the Chief Operating Superintendent (COPS) in August-September 2025 it was observed that 212.94 M.Ton furnace oil was available as on 01.07.2024 out of which 78.32 M.Ton was consumed during the year, leaving behind balance of 151.22 M.Ton at the end of the financial year 2024-25, sufficient to meet the requirement of next two years. It is pertinent to mention that management issued new purchase order to PSO for the procurement of 300 M.Ton furnace oil in April 2025. Audit considered that sufficient quantity of furnace oil was available in the stores and PR management made unnecessary procurement of furnace oil of Rs 50.05 million due to non-preparation of annual procurement plan.

The matter was taken up with the management in September 2025. No DAC meeting was convened by the management despite reminders.

Audit recommends that matter be investigated at an appropriate level for fixing responsibility for unnecessary procurement of furnace oil and procurement related controls be strengthened to avoid recurrence.

DP# 25991

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IV. PROJECT MANAGEMENT

This chapter consists of four audit findings highlighting different issues during project execution and management worth Rs 4,670.4 million

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2.4.26 Award of contract at higher price due to computational error at PMU

According to clause 2.21.3 of RFP regarding Public Opening and Evaluation of Financial Proposal states that the Evaluation Committee will correct any computational errors. When correcting computational errors, in case of discrepancy between a partial amount and the total amount, or between word and figures, the former will prevail.

During audit of Establishment of Project Management Unit (PMU) in the Ministry of Railways (3rd Revised) conducted in April/May 2025, it was observed that Pakistan Railways irregularly awarded a contract on 17.03.2022 for implementation of Enterprise Resource Planning (ERP) in Pakistan Railways to M/s Tally Marks Consulting (Pvt) Ltd at the total cost of Rs 384.87 million at higher price by ignoring the computational error in the financial proposal. The bidder had quoted in the bid an amount of PKR 2,541,000, PKR 2,541,000, PKR 2,541,000 in the Year 1, Year 2 and Year 3 respectively on account of SAP annual support but wrongly totaled to PKR 76,230,000/- instead of correct total of Rs 7,623,000 and finally the wrong total amount of Rs 76,230,000 was added in the bid. There was computational error of Rs 68,607,000 (Rs 76,230,000 – Rs 7,623,000) however the financial evaluation committee did not correct the computational error as per the above stated criteria and awarded the contract at price higher by Rs 68.61 million. Audit considered that non-correction of computational error by the financial evaluation committee resulted in loss of Rs 68.61 million due to award of contract at higher price.

The matter was taken up with the management in May 2025 and discussed in DAC meeting held on 07.10.2025. The DAC directed the P.O (PD/PMU) to re-submit the response in accordance with the directive, after obtaining input from the Financial Tender Committee, within one week (14.10.2025). Compliance of DAC directives was awaited.

Audit recommends that the matter of irregular award of contract at higher price due to non-correction of computational error may be inquired and responsibility be fixed against the persons held responsible. Internal controls be strengthened to avoid recurrence.

DP# 25282

2.4.27 Excess payment to contractor by PD/RFD

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 would be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of the project "Rehabilitation and Reconstruction of Flood Damages (RFD) 2010" in January 2025, it was observed that three (03) works for recoupment of short embankment between Sehwan Sharif and Bubak Road station on Kotri-Dadu section (Karachi division) were awarded to a contractor M/S Ahmed Hussain Jagirani at Rs 21.77 million for completion of work within stipulated time period. During execution of works, contractor received an amount of Rs 16.58 million through running bills. Contractor failed to complete the work within stipulated time period and stopped the work at site. Project management, time and again, directed the defaulting contractor to resume the work immediately and complete the work as per standard specifications and site requirements. Final

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notices were issued to the contractor but all in vain. Later on PD/RFD terminated the contracts with imposition of L.D charges and constituted a committee for inspection of above works along with MBs. The inspection team visited the site and concluded that actual executed quantity of work was Rs 6.59 million which was much less than the payment made to the contractor. This resulted in payment of Rs 9.99 million to contractor without execution of work.

The matter was taken up with the management in March 2025. No DAC meeting was convened by the management despite reminders.

Audit recommends that responsibility be fixed for excess payment made to the contractor and amount involved be recovered from the persons held responsible under intimation to Audit.

DP# 25164

2.4.28 Non-utilization of under-bridge inspection vehicle

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.

During audit of the project "Rehabilitation and Reconstruction of Flood Damages (RFD) 2010" in January 2025, it was observed that an under-bridge inspection vehicle was procured in 2015 at the cost of Rs 170.75 million. The vehicle was operated for only 28 months and inspected only 88 structures (81 bridges and 7 tunnels) by incurring overhead cost of Rs 8.34 million. In 2019, the vehicle was moved to Rawalpindi division for inspection of bridges and tunnels but went out of order while parked at Loco Shed Rawalpindi and could not be repaired since then. In March 2024, the matter was brought into the knowledge of CEO, Railways who directed to get the matter inquired that why vehicle not utilized and remained out of order for the last 05 years for which no inquiry was conducted till the date of audit. The vehicle was utilized for 28 months only against the standard life cycle of 25 years due to poor management and lack of supervision. This resulted in blockage of capital Rs 170.75 million due to non-repair and non-utilization of vehicle for the last five years.

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The matter was discussed with the RFD Management in January 2025. No DAC meeting was convened by the management despite reminders.

Audit recommends that the matter be probed to fix responsibility as directed by the CEO/Sr. GM Pakistan Railways. Strict action be taken against those held responsible for the procurement of substandard vehicle.

DP# 25162

2.4.29 Wasteful expenditure due to non-installation of Automatic Train Protection System in Locomotives

As per scope of approved PC-1 of the project regarding "Rehabilitation of Old Signal Gear on Lodhran-Shahdara Section" Automatic Train Protection (ATP) System was required to be installed in 160 locomotives.

During audit of Mechanical Department, Headquarters office, Lahore in August 2025, it was observed that Mechanical department provided a list of 160 locomotives in 2014 for installation of the system with modifying cost of Rs 1.50 million per locomotive. Initially, compatible 47 locomotives of ZCU-20/30 were selected for this system where modification was not required. The system was only installed but was not made functional. Soon after installation, system was got detached from the locomotives leaving behind some sort of equipment due to unknown reasons. Due to lack of coordination between PD/office and Mechanical department, system has not yet been installed and all equipment of ATP system has been kept in store since 2017. Moreover, equipment already placed in 47 locomotives were found stolen during survey conducted by the team of PD office and consortium dated 08.05.2025. This resulted in the wasteful expenditure of Rs 4,421.05 million (US$ 15,512,439 x Rs 285) due to non-installation of ATP system despite procurement of material.

The matter was taken up with the management in August 2025. It was replied that ATP equipment was to be installed by the firm on turn-key basis. Mechanical department provided all support and locomotives as and when required by the firm. The reply was not satisfactory as the ATP system has not been installed till the date of Audit.

Audit recommends that reasons be explained for non-installation of ATP system and matter be investigated to fix responsibility for loss to Railway. Internal controls be strengthened to avoid recurrence.

DP# 25339

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V. ASSETS & INVENTORY MANAGEMENT

This chapter consists of eight audit findings regarding theft of railway material, deficiencies in coaching and goods stock and ineffective management of Railway saloons valuing Rs 6,385.68 million

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2.4.30 Shortage of material and deficiencies in rolling stock

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

- Divisional officers/officials would monitor theft/ cannibalization of material from coaches and wagons,
- Anti-theft measures would be ensured in damaged vehicles booked for Carraige & Wagon Shops Mughalpura and Hyderabad through Pakistan Railway Police and C&W escorts,
- Provision of boundary wall around all yards with proper searchlights, surveillance cameras and watch towers.

During audit of different formations of Pakistan Railways from January to September 2025, it was observed that due to non-observance of above-mentioned SOPs, twenty one (21) instances of theft, fire incident and deficiencies of common components related to rolling stock like leads of traction motors, electric inter-car couplers, imported material, P.Way material, screw coupling, floating lever, buffer plunger, brake blocks and brake shoe etc. were reported at destination stations and two Carriage & Wagon shops before periodical overhauling and nominated repairs. Out of this, FIRs against only six cases were registered. No concrete efforts were made by Railway management to recover the stolen material despite lapse of seven years**.** This resulted in inventory loss of Rs 718.01 million to PR due to poor security and fitting arrangements (**Annexure-13**).

The matter was taken up with the management in May to September 2025 and discussed in DAC meeting held on 14.11.2025 & 09.12.2025. The chair directed to share the complete compiled relevant documentary evidence including verified deficiency reports and divisional correspondence. The D.S should also be coordinated for physical verification of these evidences by the audit in concerned offices. DAC further directed to devise SOPs to avoid and guard against such persistent incidents of theft. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired at an appropriate level to fix responsibility for ever-increasing deficiencies of goods and coaching stocks and non-observance of already notified SOPs along with provision of action plan to reduce enroute deficiency and safety measures. Disciplinary action may also be taken against those held responsible for non-observance of SOPs under intimation to Audit.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2021-22, 2022-23, 2023-24 and 2024-25 vide paras No 2.5.37, 2.6.7, 2.5.66, 2.5.54 & 2.5.1 and 2.5.2 having financial impact of Rs 2,437.347 million. Recurrence of same irregularity is a matter of serious concern.

2.4.31 Loss of revenue due to missing condemned wagons after award of sale order

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

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During audit of the Commercial & Transportation Department P.R. Karachi in January 2025, it was noticed that sale order No. 196-S/54/Scrap Wagon/T.S/002/RYD/Pt-VIII/2024 dated 28.08.2024 for sale of 76 condemned wagons was issued to contractor M/S Habib Ittehad Re-rolling Steel Mills Lahore. Audit observed that 09 out of 76 wagons worth Rs 11,352,320 were found missing/untraced after issuance of sale order and the contractor requested on 21-12-2024 for revision of sale order due to non-availability of these wagons which was under process till date of audit. This indicated inadequate security controls over scrap which resulted in loss of Rs 11.35 million to PR. Thus, management failed to safeguard the Railway assets.

The matter was taken up with the management in January 2025. No DAC meeting was convened by the management despite reminders.

Audit recommends that responsibility be fixed for loss to PR on account of the missing condemned wagons, action be taken against those found at fault besides, recovery of loss and management controls be strengthened to avoid recurrence.

DP# 25045

2.4.32 Defective electric equipment at CBI stations

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

During audit of Electrical Department, HQ Lahore in April 2025, it was observed that air conditioners were installed at different (CBI) stations under the rehabilitation of signal project. These newly installed ACs were handed over to the Electrical department on different dates in 2023 for further operations and maintenance. The record revealed that out of 631 number of ACs of different capacity, 159 number ACs were defective on account of compressor burnt, outdoor stolen, cable stolen and gas leakages. This showed that public assets were not maintained/safeguarded properly which resulted in loss to PR. The value of defective ACs came out to Rs 30.00 million which occurred due to negligence of the management and weak internal controls.

This matter was taken up with the management in April 2025. No DAC meeting was convened by the management despite reminders.

Audit recommends that matter be investigated for non-maintenance of ACs properly and fix responsibility against the persons at fault under intimation to Audit.

DP# 25241

2.4.33 Non-lifting of auctioned coaches by the contractor due to stolen material

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

During audit of Commercial & Transportation Department, Quetta in January 2025, it was observed that a sale order valuing Rs 22,148,000 was issued in favour of M/s Balochistan Transport

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Company for sale of twenty-eight (28) condemned coaches and wagons on 28.08.2023 with lifting period of three months from the date of issuance of sale order. Despite lapse of 14 months, the contractor had lifted only 18 coaches and wagons leaving behind balance of 10 narrow gauge four wheel coaches at Bostan Railway station valuing Rs 7.91 million. The contractor refused to lift these coaches stating that all retrievable items had been stolen from these coaches. This indicated inadequate security controls over scrap which resulted in loss of Rs 7.91 million to PR.

The matter was taken up with the management in January 2025 and discussed in DAC meeting held on 28.10.2025. The DAC directed DG/Vigilance to inquiry into the matter as per ToRs/Stated facts in audit para 25001 and 25003 within one month under intimation to audit. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for non-lifting of sold condemned coaches and theft of material from these coaches. Lifting of remaining coaches may be expedited and value of stolen material be recovered from those held responsible. Internal controls regarding security management be strengthened to avoid recurrence.

DP# 25003

2.4.34 Non-disposal of scrap/released material

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

During audit of different formations of Pakistan Railways in May and September 2025, twenty two (22) cases of non-disposal and accumulation of scrap and released material were observed. This indicated that scrap/ released material was not disposed off due to poor inventory management which resulted in blockage of capital amounting to Rs 5,283.70 million (**Annexure-14**).

The matter was taken up with the management in May and September 2025 and discussed in DAC meeting held on 28.10.2025 & 09.12.2025. The DAC directed the P.O's to conduct the fresh survey of scrap lying at different sites and initiate the process of auction at the earliest. Compliance of DAC directives was awaited.

Audit recommends that reasons be explained for non-disposal of condemned stock. Efforts were being made for early disposal of condemned stock. Internal controls be strengthened to avoid recurrence.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2021-22, 2022-23, 2023-24 and 2024-25 vide paras No 2.5.29, 2.5.18, 2.5.47 and 2.5.82 having financial impact of Rs 15,467.64 million. Recurrence of same irregularity is a matter of serious concern.

2.4.35 Shortage of HSD oil and Railway material

Para 1802 of Pakistan Railways General Code provides that any defalcation or loss of cash, from stores or other property belonging to Government, should be reported immediately after its

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discovery, to the head of division or department, and in serious cases to the General Manager. Copies of the reports should be sent simultaneously to Financial Advisor and Chief Accounts Officer. The General Manager should bring every important case to the notice of the Railway Board, as soon as possible.

During audit of different formations of Pakistan Railways from January to September 2025, it was observed that HSD oil and material valuing Rs 112.28 million was found short. No concrete efforts were made by Railway management to investigate the cases for recovery of the misappropriated material. Audit considered that non-recovery of misappropriated material was due to the negligence, poor inventory controls mechanism and inaction of the management which resulted in loss of assets Rs 112.28 million to Pakistan Railways (**Annexure-15**).

The matter was taken up with the management from August to September 2025 and Sr No. 3 of Annexure was discussed in DAC meeting held on 15.10.2025. The DAC directed the P.O (CS&TE) to submit a revised reply based on the justification provided by the P.O during the discussion within one week (22-10-2025) under intimation to Audit. Compliance of DAC directives was awaited.

Audit recommends that cases of shortage may be investigated to fix responsibility and amount involved be recovered from defaulters. Moreover, the effective SOPs regarding prevention of such incidents be devised and implemented under intimation to Audit.

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2.4.36 Blockage of capital due to excessive procurement

Para-128 (ii) provides that material should not be stocked in excess of requirements to avoid unnecessary blocking of capital, risk of deterioration, extra cost of storage/ protection arrangement and labour charges etc. Moreover, Para 1539 stipulates that returned stores may consist of surplus stores, being balance of new materials that have not been used on a work.

During audit of different formations in February to September 2025, it was observed that quantities of procured material were not assessed keeping in view the actual requirement. The procured material remained unutilized ranging from five to twenty three years. Audit was of the opinion that unnecessary procurement and non-utilization of material due to deficient procurement planning of the management caused deterioration of material and blockage of capital valuing Rs 147.09 million (**Annexure-16**).

The matter was taken up with the management in September 2025 and discussed in DAC meetings held on 16.10.2025 & 14.11.2025. The DAC directed the P.O (CEN/OL) to complete disposal of surplus material across PR network within two months (13-01-2026) positively under intimation to this forum by ensuring following tasks:-

i. Completion of survey of scrap and surplus material.
ii. Segregation of serviceable and unserviceable items and formation of lots.
iii. Initiation and finalization of auction process.
iv. The P.O (CEN/OL) will personally ensure all the above tasks.

Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for excessive procurement of material. Action be taken against those held responsible under intimation to Audit. Mechanism be developed to ensure proper procurement planning to avoid unnecessary procurements and blockage of capital.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2021-22, 2022-23, 2023-24 and 2024-25 vide paras No 2.5.28, 2.5.19, 2.5.48 and 2.5.83 having financial impact of Rs 3183.613 million. Recurrence of same irregularity is a matter of serious concern

2.4.37 Ineffective management and uneconomical utilization of Railway saloons

Prime Minister Secretariat vide letter dated 13.07.2009 communicated directives of the Prime Minister of Pakistan to the Secretary Railway that Prime Minister's saloons (74 and 75) are allocated for tourism activities in the country. It was further directed that Ministry of Railways in consultation with Ministry of Tourism should make a plan for its use on payment basis to generate revenue for the government and furnish the same for consideration of the PM. Furthermore, Para 807 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 in October 2025, it was observed that Railway saloons form part of Pakistan Railways' passenger service infrastructure and were intended for official use, tourism promotion and revenue generation. Audit reviewed the management, utilization, and financial controls related to saloon operations during the period from 2023-24 to 2024-25. It was observed that:

- Two saloons No. 22-A and 24 were repaired and maintained at a cost of Rs 26.62 million but were used only once during the period under review. This indicated absence of cost-benefit analysis, weak planning, and non-observance of financial propriety.
- Prime Minister's saloons No. 74 and 75, designated for tourism promotion as per directives of the PM Secretariat, remained idle throughout 2023-24 and 2024-25. However, PR incurred Rs 17.71 million on their maintenance, resulting in wasteful expenditure and ineffective asset management.
- Pakistan Railways maintained three saloons (No. 37, 74, and 75) on behalf of the Federal Government but failed to recover Rs 29.28 million spent on their periodical overhauling. Non-recovery reflected weak financial discipline and ineffective coordination with relevant departments.
- Pakistan Railway booked saloons for private parties at rates significantly lower than comparable AC Sleeper coaches as fares were calculated on a 10 person capacity instead of the standard 16-berth capacity. Additional luxury facilities such as attached bathrooms, TV, and kitchen were not charged. This underpricing resulted in a loss of Rs 1.73 million.

Audit considered that Pakistan Railways lacks effective financial controls, utilization planning, and accountability mechanisms in the management of saloons. Railway management failed to devise policy and mechanism for effective utilization of saloons. Further, no media campaign to promote

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awareness for use of railway saloons on commercial basis was designed and initiated by the PR management. Uneconomical pricing, idle assets, and non-recovery of dues undermined revenue generation and resulted in a cumulative financial loss of Rs 75.34 million during the years 2023-24 and 2024-25. These weaknesses emphasize broader deficiencies in passenger asset management within PR.

The matter was taken up with the management in December 2025 but no reply was received till finalization of report.

Audit recommends that cost-benefit analyses be conducted prior to undertaking repair and maintenance expenditures. Pakistan Railways may ensure the operationalization and effective utilization of saloons designated for tourism and recover overhauling costs from the Federal Government. The fare structure be revised in line with actual capacity and available facilities besides strengthening internal financial controls and monitoring mechanisms governing saloon management.

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VI. LAND MANAGEMENT

This chapter consists of five audit findings regarding land management issues primarily concerned with encroachment of Railway land and mismanagement in land lease arrangements valuing Rs 5,118.11 million

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2.4.38 Encroachment of 1532 Kanals prime Railway land

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

During audit of nine formations in July to September 2025, it was observed that 1532 Kanal (30,645 marlas) agricultural and commercial Railway land valuing Rs 2,219.45 million was encroached by private parties, during the period from 2017 to 2025. The cases remained unresolved till the date of audit. Consequently, the Railway land remained under illegal occupation without payment of rental charges. Thus, PR was deprived of valuable assets and potential earnings due to unauthorized occupation of Railway land (**Annexure-17**).

The matter was taken up with the management from August to October 2025. No DAC meeting was convened by the management despite reminders.

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

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2021-22, 2023-24 and 2024-25 vide paras No 2.5.8, 2.5.11, 2.5.14, 2.5.7 and 2.5.46 having financial impact of Rs 22,334.33 million. Recurrence of same irregularity is a matter of serious concern.

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2.4.39 Irregular award of parking contracts

Clause 4 of the Railway Land and Property Rules, 2023 provides that the benchmark for annual rent or premium in open auctions shall be fixed by the Divisional Assessment Committee, based on the average of the fair market value and the DC rate of the area, and must be approved by the Divisional Superintendent. Further, In terms of PR Headquarters letter No.473-W/Misc/Lease/P&L/24 dated 18-03-2024, the area of a marquee included all types of structures such as marquee hall, kitchen, toilets, bridal rooms and parking space etc.

During audit of five formations in July to September 2025, it was observed that different contracts of parking stands were awarded irregularly on outdated benchmark rates, by violating the Railway Land and Property Rules, 2023, for the period from 2018 to 2025. This resulted into irregular award of parking contracts Rs 352.29 million as tabulated below:-

(Rs in million)

Sr.#	DP #	Title	Brief Description	Formation	Amount
1.	25A039	Loss of revenue due to irregular award of parking contract	Parking was leased out separate from Murquee on nominal rentals	P&L, Quetta	68.85
2.	25384 & 25575	Irregular award of parking contracts due to application of outdated policy	Benchmark was applied on the basis of outdated policy resulting in loss of rentals	Commercial Department, Lahore	17.89
3.	25031	Loss due to irregular award of contract	Contract was awarded to 2nd highest bidders instead of re-auction	Commercial & Transportation, Karachi	231.99

Sr.#	DP #	Title	Brief Description	Formation	Amount
4.	25592	Loss due to inaction by management and undue favour to contractor	Contract was awarded on BOT basis but legal formalities were not fullfilled by the contractor.	Commercial Department, Lahore Division	11.38
5.	25585	Loss due to non-fixation of benchmark as per policy and injudicious re-auction of parking contract	Benchmark was applied on the basis of outdated policy resulting in loss of rentals	Commercial Department, Lahore	22.18
Total					**352.29**

The matter was taken up with the management from August to October 2025 and also discussed in DAC meetings. Against Sr. No. 3 the DAC directed the PO (CCM) to submit revised/comprehensive reply along with documentary evidence to Audit within one week. Against Sr. No. 4 & 5 The chair expressed displeasure over the irregularities pointed out by the audit and ordered a fact-finding inquiry by CPPO (Mr. Naveed Mubashir Ch.). Inquiry should be completed within one month (01-01-2026) under intimation to this forum. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility against those who inflicted the loss to Pakistan Railways. Action be taken against those found at fault. Mechanism be developed to ensure strict enforcement of applicable rules and directives issued by the Headquarters/MoR in letter and spirit.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2024-25 vide para No 2.5.57 having financial impact of Rs 10.29 million. Recurrence of same irregularity is a matter of serious concern.

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2.4.40 Irregular and unauthorized award of lease prior to auction

Rule 3, Appendix-A, Annexure-I of Railway Land and Property Rules 2023 states that there will be wide publicity of auction in print, electronic and social media through an auction committee.

During audit of the following formations in July-August 2025, it was observed that possession of the sites was handed over to the lessees prior to auction process ranging from 09 to 152 days. Audit considered that the auction process was fabricated and undue favor was extended to the specific individuals due to negligence of management. This rendered the award of contracts valuing Rs 18.09 million as irregular and unauthorized. The instances were tabulated below:

(Rs in million)

S#	DP #	Title	Period	Formation	Possession days prior to auction	Amount
1	25663	Irregular possession of shops and agricultural land prior to auction proceedings	2024-25	Property & Land Multan	9 to 152 days	17.59
2	25829	Fraudulent award of possession of land before auction proceedings	2024-25	Property & Land Sukkur	77 to 119 days	0.50
Total						**18.09**

The matter was taken up with the management in August 2025. No DAC meeting was convened by the management despite reminders.

Audit recommends that matter be probed to fix responsibility for fabricated auction process. Disciplinary action be initiated against those found responsible for extending undue favor to the selective individuals. Management controls regarding auction of land be strengthened to avoid recurrence.

2.4.41 Loss due to wrong fixation of benchmark

Clause 3 of the Railway Land and Property Rules, 2023 stipulates that upon declaration of land availability for a specific commercial purpose, respective divisions shall arrange auction by fixing the benchmark of annual rental/premium, as the case may be, for auction through wide publicity in print, electronic, and social media by an Auction Committee. Further, Clause 4 of policy regarding licensing of railway land for marquee/marriage lawn circulated vide PR headquarters letter No. 468-W/10577/2019/P&L dated 23-07-2020 stipulates that the base rate for annual rent will be calculated on the basis of 10 % of the average of market and DC price (Commercial rate) of the approved sites of big cities and 8 % of the average of market and DC price for small cities. Moreover, Rule 4 of PPRA Rules for procurement of goods, services and works 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 for money to the agency and the procurement process is efficient and economical.

During audit of different formations in January to September 2025, it was observed that benchmark in connection with award of marquees, shops, restaurants and coolie contracts etc. was not fixed in accordance with the policy. As per policy, calculation of annual rent on the basis of 10 % of the average of market and DC price of the approved sites of big cities and 8 % of the average of market and DC price for small cities was required to be made. However, financial interest of PR was not safeguarded and the benchmark was either fixed low or wrong due to imprudence and negligence of the management which resulted in loss of revenue amounting to Rs 533.27 million (**Annexure-18**).

The matter was taken up with the management in January to September 2025 and discussed in DAC meeting held on 28.03.2025, 09.10.2025 & 27.10.2025. The DAC directed the PO to conduct study about quantum of traffic in big city Railway Parking Stands and submit a comprehensive report to Audit within one week. The report should include comments on clauses of agreements regarding beautification of Railway parking stands. Compliance of DAC directives was awaited.

Audit recommends that matter be inquired to fix responsibility for incorrect fixation of benchmark 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 2023-24 and 2024-25 vide para No 2.5.10 and 2.5.52 having financial impact of Rs 447.80 million. Recurrence of same irregularity is a matter of serious concern.

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2.4.42 Unauthorized mutation of Railway commercial land by the provincial government - 3.82 acres (30.56 Kanals)

Clause 5 of policy for leasing out railway land to government departments provides that upon the approval of CEO/ Senior General Manager, the Director Property & Land will return the plan duly approved along with permission to execute agreement with the concerned government department on payment of land lease charges. However, the title of land will remain on the name of PR in case of payment of land lease charges. Clause 6 further stipulates that after execution of agreement and payment of land lease charges, the divisional administration shall issue the possession certificate in favour of concerned department by executing proper demarcation of proposed area.

During audit of the Civil Engineering Department, Pakistan Railways Quetta in September-October 2025, it was observed that 3.82 acres (166,251 sft) of Railway commercial land was leased out to the provincial government (Project Director Development Packages Quetta City) in June 2018 against deposit work, in connection with the widening of Joint Road Quetta. The Project Director deposited land lease charges of Rs 221,828,500 on 27-06-2018. Audit observed that the land was utilized by the Provincial Government for road widening but the management failed to execute a formal lease agreement specifying terms and conditions as per policy, leaving Pakistan Railways ownership and control unprotected in blatant violation of policy ibid. Further, the possession certificate after demarcation of land was also not on record. Resultantly, the Provincial Government mutated the whole piece of land in its favor, as evident from Deputy Commissioner/Collector Quetta letter No. 146/QDP (CM)/2018-19/RB dated 13-09-2018. Audit was of the opinion that management failure to execute lease agreement constituted willful disregard of prescribed policies and procedures which resulted in permanent loss of Railway land valuing Rs 1,995.01 million at FBR rate of Rs 12,000 per Sft, which could have been fully safeguarded with proper adherence to rules, policies, and internal controls.

The matter was taken up with the management in October 2025. No DAC meeting was convened by the management despite reminders.

Audit recommends that matter be inquired to fix responsibility on officers who failed to execute the lease agreement and retain the title of land in favor of Pakistan Railways. Ensure strict disciplinary action against those found at fault. Legal action be initiated to reverse the mutation from the Provincial Government in accordance with law. Internal controls be reinforced to ensure that all future lease and deposit work agreements are executed strictly under prescribed policy, with ownership rights and interests of Pakistan Railways fully protected.

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CHAPTER 3

THEMATIC AUDIT REPORT ON PASSENGER MANAGEMENT IN PAKISTAN RAILWAYS



3.1. Thematic Audit of Passenger Management in Pakistan Railways

3.1.1. Introduction

Pakistan Railways had a modest beginning on 13th of May, 1861 when the first railway line was opened for public traffic between Karachi City and Kotri, covering a distance of 169 Kms. At the time of independence in 1947, most of the existing network had already been constructed, comprising 5048 route miles (8,123.95 route kilometers). Today Pakistan Railways occupies a unique and crucial place in the country's transport infrastructure. Pakistan Railways, managed directly by the Ministry of Railways, is the third largest railways network in the Asia under a single management with 461 railway stations, 439 locomotives, 1,682 passenger coaches, and 7,791 route kilometers. PR operates 102 passenger trains carrying 108,775 passengers every day.

Over the years Pakistan Railways (PR) has been criticized for its deteriorating quality of services and declining number of passengers. Pakistan Railways was the primary mode of transportation in the country till 1970s. However, owing primarily to a diversion of already scarce resources towards the expansion of the road network, the performance and condition of Pakistan Railways declined and its share of passenger traffic reduced from 41% to 10% in 2009-10 due to ineffective passenger management.[10] This share further reduced to 3% in 2024-25[11]. The effective passenger management revolved around the basic needs of passengers i.e. reliability, safety, affordability and comfort. Therefore, in order to evaluate the PR concerns about the basic needs of their passengers, a thematic audit of passenger management was necessary. This thematic audit aimed to assess the adequacy, efficiency, and effectiveness of passenger management practices in Pakistan Railways, with a view to identifying systemic weaknesses and recommending corrective measures.

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Financial Performance of Passenger Business

Passenger management has undergone a profound transformation over the past five decades, shaped by structural changes in mobility patterns, evolving passenger expectations, and increasing competitiveness of alternate transport modes. A comparative analysis of key performance indicators from 1974-75 and 2024-25 highlights the changing dynamics of the passenger transport ecosystem and provides crucial insights for strategic planning.

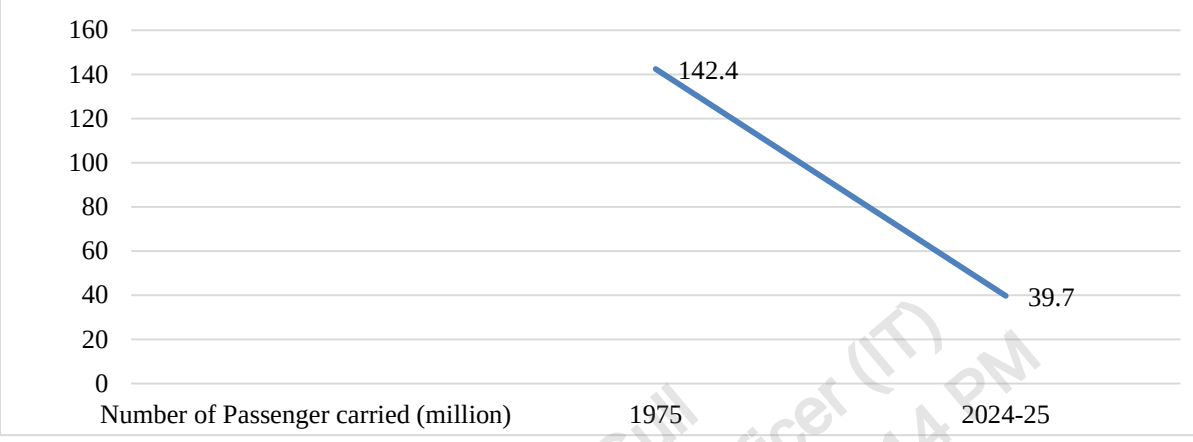
Description	1974-75	2024-25	Absolute variation 2024-25	Percentage variation 2024-25
Number of Passengers carried(million)	142.40	39.70	(102.70)	(72.12)
Passenger Kilometers (billion)	12.28	28.09	15.81	128.74
Passenger Earnings (`Rs in million)	494.66	48,938.54	48,443.88	9,793.37
Earnings in terms of US$ (million)	49.8 *1Rupee=10.07 Cents (US)	173.60 *Rs 281.9 = 1US$	123.80	248.60

Source: *PR year book 1975 and https://www.forex.pk/open_market_rates.asp (18.11.2025)

[10] Economic survey of Pakistan 2009-10
[11] Pakistan Institute of Development Economics - 2024

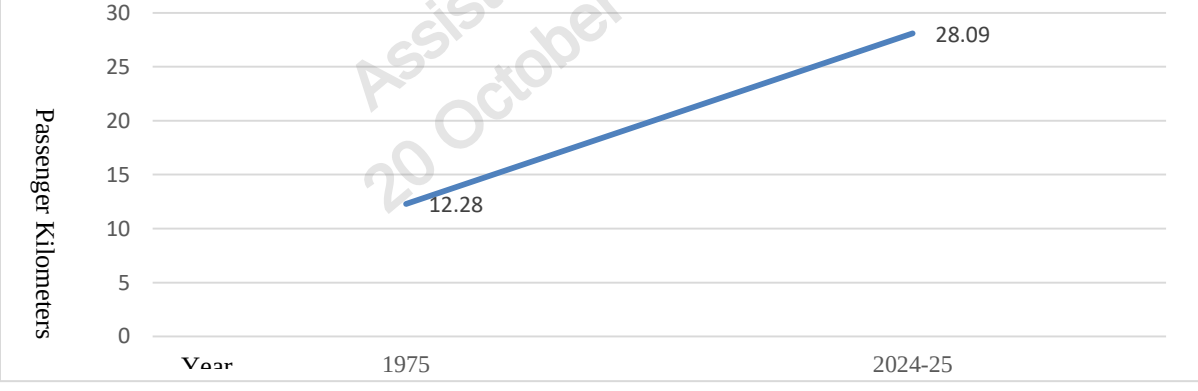
In 1974-75, Pakistan Railways carried 142.40 million passengers, a volume that reflected the dominance of rail-based mobility in an era of limited road and air transport alternatives. By 2024-25, however, passenger numbers had declined to 39.70 million, a contraction of over 72 percent. This long-term decline indicates a significant shift in travel patterns, likely influenced by the expansion of alternative modes of transport such as road and air, urbanization trends and changes in mobility behavior.

Comparison of passengers carried by PR in 1975 and 2024-25



In contrast to the decline in passenger numbers, passenger kilometers increased substantially from 12.28 billion in 1975 to 28.09 billion in 2024-25. This 129 percent increase highlights a structural shift in travel behavior from short routes to long routes, those who do travel are covering much longer distances on average.

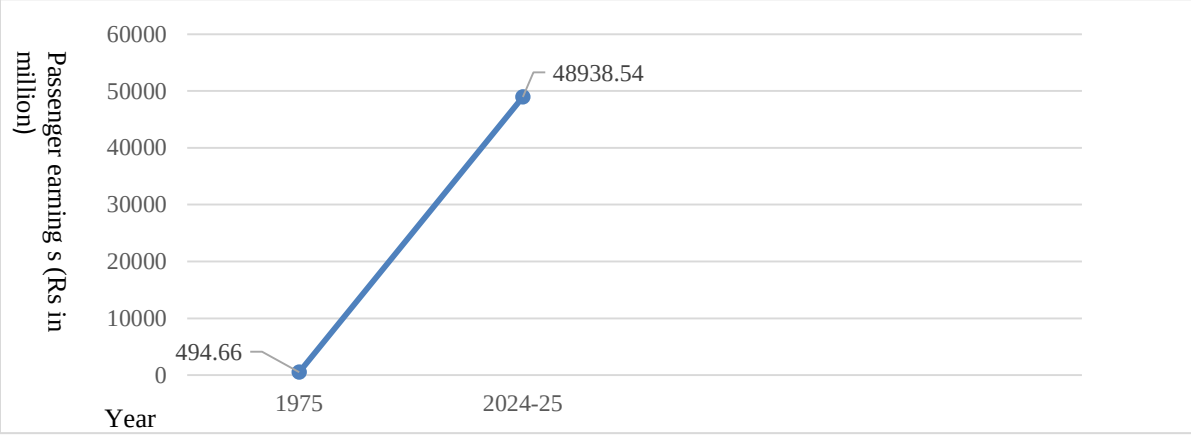
Comparison of PR passenger kilometers in 1975 and 2024-25



Passenger earnings showed a dramatic increase from Rs 494.66 million in 1974-75 to Rs 48,938.54 million in 2024-25. Despite the fall in number of passenger, revenue has grown by nearly 10,000%.

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Assistant Audit Officer (IT)
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Comparison of PR passenger earnings in 1974-75 and 2024-25



When expressed in US dollars, using the historical and contemporary exchange rates provided (Rs 1 = US$0.1007 in 1975; Rs 281.9 = US$1 on 18.11.2025), earnings of PR grew from US$49.8 million in 1974-75 to US$173.60 million in 2024-25. This demonstrates not only nominal growth but also real improvement in the system's ability to generate value from long-distance despite a shrinking passenger base.

Performance of the reporting period (2022-23 to 2024-25) further highlights that number of passengers raised from 35.40 million in 2022-23 to 42.13 million in 2023-24, a growth of 19.01%, reflecting a strong post-pandemic (flood) recovery. However, there was a sharp decline of 12.15% in number of passengers in 2024-25 likely due to operational challenges and changes in service patterns or capacity constraints. Passenger kilometers followed a similar pattern, rising from 23.68 billion to 29.86 billion in 2023-24 (26.09% increase) and then reducing slightly to 28.09 billion in 2024-25. This showed that both volume and travel distance was at peak in 2023-24 before declining marginally in the following year. Passenger earnings exhibited the strongest growth trend. Revenue increased sharply from Rs 34,766.14 million in 2022-23 to Rs 49,554.27 million in 2023-24, a significant 42.53% rise. Earnings in 2024-25 slightly decreased to Rs 48,938.54 million. Importantly, revenue continued to rise gradually even when passenger numbers declined reflecting sustained demand for long-distance travel by rail.

PR Passenger business performance (2022-23 to 2024-25)

Description	2022-23	2023-24	2024-25	Absolute variation 2023-24	% variation 2023-24	Absolute variation 2024-25	% variation 2024-25
Number of Passengers Carried (million)	35.40	42.13	39.70	6.73	19.01	4.3	12.15
Passenger Kilometers (billion)	23.68	29.86	28.09	6.18	26.09	4.41	18.62
Passenger Earnings (Rs in million)	34,766.14	49,554.27	48,938.54	14,788.13	42.53	14,172.40	40.76

Source: PR year book and appropriation accounts for FY 2022-23 to 2024-25

Taken together, these long-term and short-term trends highlight the need for a calibrated passenger management strategy that revives declining short distance travel while strengthening the revenue potential of long-distance services. The data reinforces the importance of passenger-centric initiatives, interconnected transport systems, enhanced service quality and data-driven planning to ensure sustainable growth in a rapidly changing mobility environment.

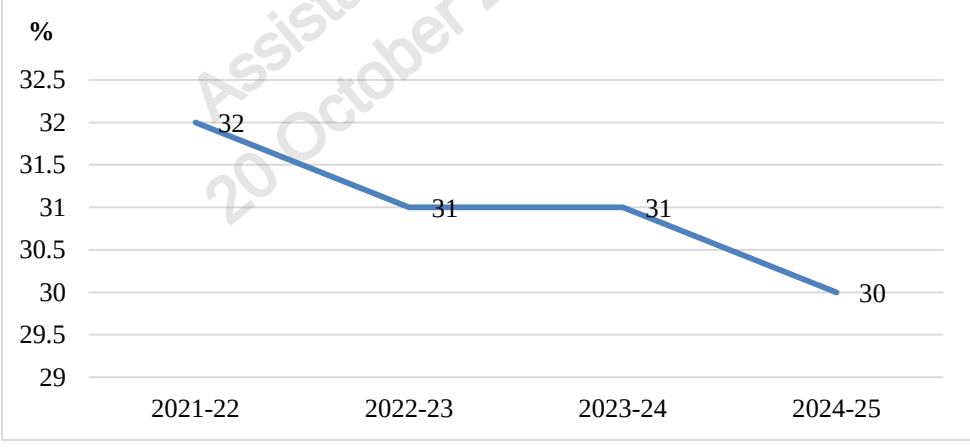
During the year 2024-25, PR operated 102 passenger trains and carried 39,702,798 passengers making a total of 28,091,781,982 passenger-kilometers, averaging 707.55 kilometers per passenger.[12] As on 30.06.2025, PR operated 102 Up/Down trains for which total requirement of coaches was 1,549 whereas, only 1,087 coaches were in operation.[13] PR had 439 locomotives out of which 294 were in working condition. Out of the total number of locomotives, only 130 locomotives (30%) were dedicated for passenger trains.[14]

Status of Locomotives

Status of Locomotive	2021-22	2022-23	2023-24	2024-25
On Books	461	458	447	439
Non-operational	135	134	130	145
Operational	326	324	317	294
Available for Freight Trains	80	92	88	76
Available for Passenger Trains	148	143	138	130
Percentage of locomotives available for passenger trains	32%	31%	31%	30%

A graphic presentation of locos dedicated for passenger trains is as follows.

Locomotives dedicated for Passenger Trains



PR once dominated national mobility, serving as the largest passenger carrier in the 1970s with a 41% share of the country's passenger traffic. This share has since fallen sharply to just 3% in the reporting period.[15] In earlier decades (1974-75), passenger earnings accounted for 32.6% of PR's total

[12] Data by IT department
[13] Data by CME/C&W
[14] Data by CME/Loco
[15] Economic survey of Pakistan 2009-10 and Pakistan Institute of Development Economics 2024

revenue.[16] This ratio had risen by 20.15% in the year 2024-25, with passenger earnings reaching to Rs 48.94 billion, representing 52.78% of total earnings demonstrating that PR still has the capacity to generate strong financial returns when supported.[17] Despite this clear potential, PR's role as a key driver of economic development has weakened, primarily due to insufficient government investment. Over the years, public funds have been directed largely towards expanding and upgrading road infrastructure, which has shifted public confidence and mobility preferences toward road transport. With adequate and sustained government investment, however, Pakistan Railways has the inherent capacity to restore its operational efficiency, increase passenger share, and once again become a cornerstone of national connectivity and economic growth.

3.2. Background

The transport and the logistics sector in Pakistan is diverse in composition and comprises railways, roads, ports, shipping, aviation and the logistics services. Presently, the road transport dominates the mix and carries about 94% of the freight traffic and around 93% of all passengers.[18]This imbalance has increased the cost of transportation through congestion, pollution, and expenditure on the maintenance of roads. However, road transport is particularly suited to the conditions and requirements of Pakistan The motor vehicle is more adaptable than the railways to varying degrees of traffic intensity and permits a greater degree of speed and efficiency in haulage over short distances. There is a close relationship between the volume of transport and the level of economic activity because each depends upon the other. Although Pakistan inherited an extensive railway network at independence, policymakers have repeatedly prioritized road development over rail investment, leading major cities to see rapid expansion in road infrastructure and road-based public transport systems.[19] There are about 255,409 registered buses operating in Pakistan.[20] While PR has only 1,152 passenger coaches at an average during the reporting period.[21] In addition, Pakistan Railways has lost a significant portion of its infrastructure, which has further contributed to the decline in its passenger share and the loss of its dominant position. Some of the factors responsible for this decrease in passenger numbers are discussed below.

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Description	1974-75	2024-25
Route Kilometers	8,812	7,791
Track Kilometers	12,497	11,881
Railway Station	877	461
Locomotives	992	439
Passenger carried	142,402,587	39,702,798
Passenger trains	228 (1999-2000) [22]	102

During 1974-75, Pakistan Railways had 8,812 km route and 12,497 km track. Instead of increasing it, Pakistan Railways had lost 1,021 km of route and 616 km track due to poor management.

[16] PR year book 1975
[17] PR appropriation account 2024-25
[18] National Freight & Logistics Policy 2020
[19] Pakistan Institute of Development Economics - 2024
[20] Pakistan statistical year book 2020
[21] Data by CME/C&W
[22] Pakistan Railway crisis and its solutions by khawaja Umer Farooq March 2013

Moreover, in the late 1980s and early 1990s, Pakistan Railways shut its numerous branch lines and minor stations due to declining passenger numbers and financial sufferings as PR failed to make technological innovations, improve the quality of services, and control mismanagements.[23] Another major setback to the operations of Pakistan Railways occurred on 27th December, 2007 following the assassination of Benazir Bhutto, when rioters set fire to 19 locomotives, 300 coaches, 500 freight wagons, and 21 stations. Pakistan Railways has never recovered from this destruction.[24]

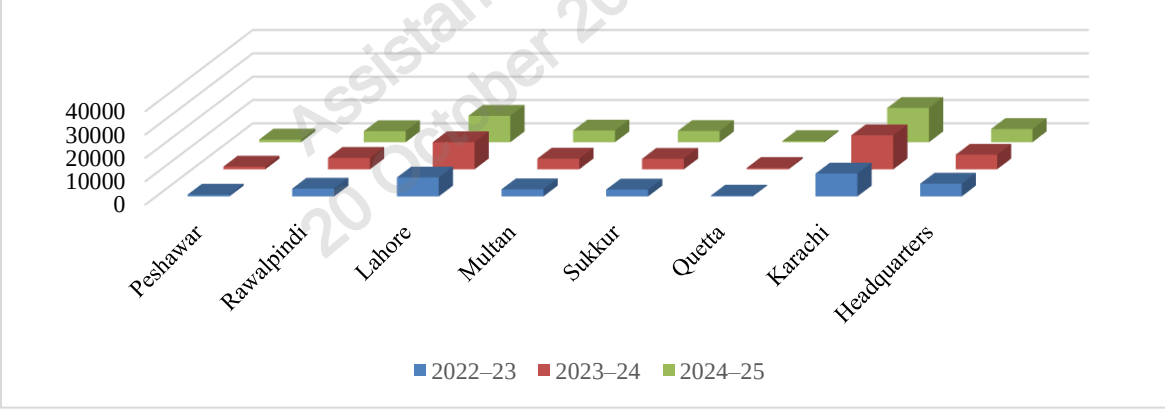
Despite the factors contributing to declining passenger volumes, Pakistan Railways still has the opportunity to regain its dominant position, as it operates seven operating divisions across the network and a headquarters that continue to generate revenue.

Division-wise passenger earnings from 2022-23 to 2024-25

(Rs in million)

Division	2022-23	2023-24	2024-25
Peshawar	762.335	1,177.990	1,163.040
Rawalpindi	3,356.610	4,909.540	4,754.440
Lahore	8,125.880	11,627.880	11,326.410
Multan	3,059.040	4,609.490	5,026.620
Sukkur	2,949.640	4,508.760	4,823.940
Quetta	377.954	589.498	517.688
Karachi	9,812.200	14,584.070	14,683.830
Headquarters	5,469.190	6,270.520	5,675.040

An analysis of division-wise passenger earnings for the period from 2022-23 to 2024-25 indicates substantial revenue-generating potential across all seven operating divisions. Karachi, Lahore, and Rawalpindi divisions remained the major contributors to overall passenger earnings.



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However, the variations in revenue performance among divisions highlight the need for focused improvement strategies, particularly for relatively underperforming divisions such as Quetta and Peshawar.

[23] Hindawi-Journal of Advanced Transportation Volume 2018, Article ID 2670346, https://doi.org/10.1155/2018/2670346

[24] http://pecongress.org.pk/?s = pakistan + railways (Pakistan Railways Past, Present and Future)

Currently, Pakistan Railways' passenger services are classified into five classes according to the quality of service and coaching vehicles namely: (1) Air-conditioned Sleeper (2) Air-conditioned Parlour (3) Air-conditioned Business (4) Air-conditioned Lower and (5) Economy Class.

The analysis of civil passenger earnings for 2022-23 to 2024-25 reveals that the Economy class remains the primary revenue driver, contributing over Rs 103.87 billion during the three-year period.

Class-wise passenger earnings of PR

(Amount in Rs)

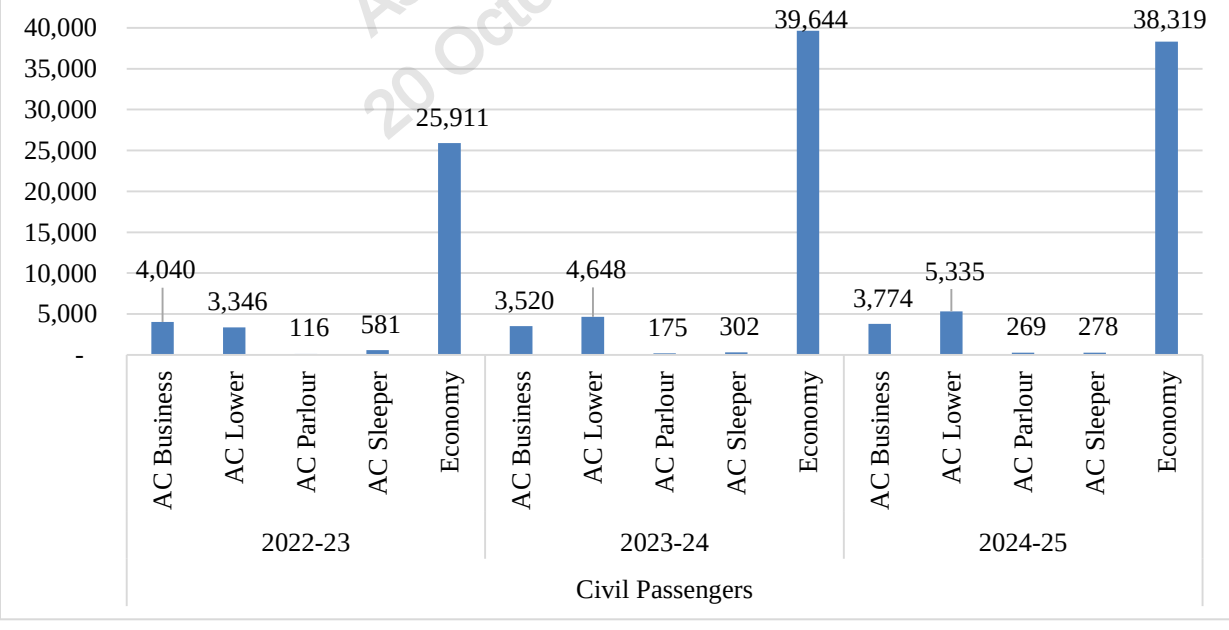
Civil Passengers					
Year	**AC Sleeper**	**AC Parlour**	**AC Business**	**AC Lower**	**Economy**
2022-23	581450562	116215638	4039792742	3346347587	25910740589
2023-24	302316160	174689316	3520284884	4647571509	39644103378
2024-25	277699495	269354371	3774410201	5334577985	38318942637
Total	1161466217	560259325	11334487827	13328497081	103873786604
Military Passengers					
2022-23	9900165	3207800	85070424	71269699	683858882
2023-24	15334515	2536365	109795120	121157055	1027705652
2024-25	10464155	3084185	90943270	129426700	1172088948
Total	35698835	8828350	285808814	321853454	2883653482

This indicates that Pakistan Railways' passenger revenue structure is heavily skewed toward lower fare passengers, highlighting the need to maintain affordable and reliable services for the majority of rail users. Despite the availability of higher-value services such as AC Sleeper, AC Parlour, AC Business, and AC Lower, revenue generation from these segments remains comparatively low. The combined revenue of premium classes is significantly surpassed by Economy class. This indicates limited demand for higher-class services, inappropriate fare structure, service quality issues or insufficient marketing of premium services.

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Trend in passenger earning (Civil Passengers)

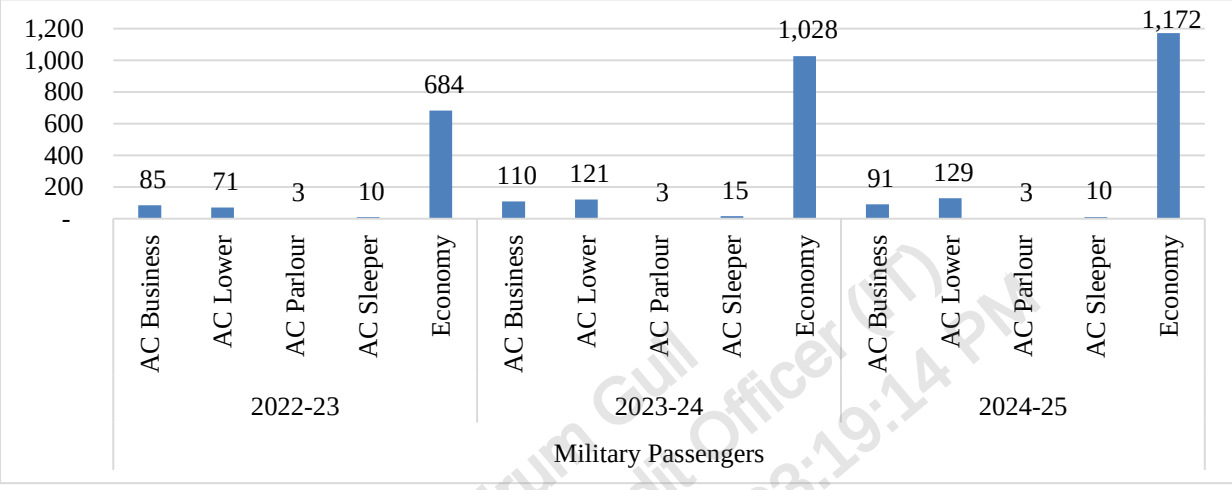
(Rs in million)



Pakistan Defense Forces are major consumer of PR services. Hence, audit analyzed the earning trends from Pakistan Defense Forces. Military passenger earnings reflect a steady increase across most classes, with total revenue of Rs 2.88 billion over three years. The growth in AC Business and AC Lower classes indicates consistent utilization by military personnel. However, continued reliance on Economy class for military travel similar to civil passengers suggests an opportunity to promote higher-class usage where operationally feasible.

Trend in passenger earning (Military)

(Rs in million)



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This demonstrates a reliable and recurring revenue stream from military movements, need for dedicated capacity planning and scheduling and importance of maintaining service reliability for institutional passengers.

Non-fare revenue

Non-fare revenue refers to non-tariff earnings generated by monetizing physical assets such as railway stations, trains, and other infrastructure owned by Pakistan Railways. During 2024-25, Pakistan Railways' non-fare revenue contributes only about 9.27% of its total earnings (Rs 8.59 billion out of Rs 92.73 billion), which is significantly lower than the 10-33% range observed in developed countries.[25] This indicates substantial untapped potential. By strengthening efforts to generate income under this segment, Pakistan Railways could better support its infrastructure needs and improve the financial performance of its passenger services.

Audit considered that excessive reliance on a single passenger segment can limit diversification and hinder overall financial sustainability. Pakistan Railways must explore ways to balance earnings across different classes by improving the attractiveness of premium categories.

Pakistan is committed to attainment of Sustainable Development Goals (SDGs) and adopted the same in 2016 as its own national development agenda. The National Economic Council approved

[25] http://jctindia.org/jct/april2018-v13i1-12.pdf

the National SDGs Framework in 2018.[26] The theme selected for audit is closely connected to the fulfillment of United Nations SDGs 8, 9, 11, 12 and 13. Moreover, National Transport Policy 2018 aims to make PR profitable and a superlative service provider for passengers and freight traffic. Similarly, Pakistan Vision 2025 had at its crux that PR would be revolutionized into a profit bearing organization by increasing its train speed and quality service provider for passengers.

The thematic audit of "Passenger Management in Pakistan Railways" analyzed the actions taken by railway management for optimization of rail passenger operations. The thematic audit highlighted the passenger management issues in the light of aforementioned policies and the following five SDGs:

i. **SDG 8** – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all i.e. PR to enhance the total number of employees by employment contracts and prioritize their health and safety.

ii. **SDG 9** – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation i.e. build electrified lines, improve infrastructure and cater to any climate-related risks.

iii. **SDG 11** – Make cities and human settlements inclusive, safe, resilient and sustainable i.e. avoidance of rail accidents

iv. **SDG 12** – Ensure sustainable consumption and production patterns i.e. sustainable procurement clauses, adequate disposal of Railway equipment waste, recycling of waste, and environmental management system

v. **SDG 13** – Take urgent action to combat climate change and its impacts i.e. PR to ensure rail machinery complies with international environmental standards.

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3.3. Establishing Audit Theme

The audit theme selected with respect to the fact that effective passenger management strategy could help Pakistan Railways to achieve sustainability in its operations, contribute towards national economic growth and enhance the well-being of the people. The theme also selected keeping in view that PR had its own executive departments with regard to passenger management. Therefore, it had the expertise to set its priorities and enhance passenger management in line with national prioritized goals 2018.

3.3.1 Reasons of Selections

Passenger transport constitutes a core public service obligation of Pakistan Railways (PR). Effective passenger management directly influences the organization's ability to fulfill its social mandate, ensure mobility, and provide affordable transportation to millions of citizens. Despite an extensive rail network, PR has experienced a persistent decline in passenger share compared to road transport. Analyses of class-wise and division-wise earnings indicate imbalances, underperformance in key areas, and underutilization of high-yield segments. Moreover, numerous public complaints

[26] https://pakistan.un.org/en/sdgs

highlight recurring issues such as delays, inadequate facilities, overcrowding, poor sanitation, limited digital services, and inconsistent ticketing practices. Operational performance is further constrained by limited rolling stock, outdated coaches, and deteriorating infrastructure, all of which adversely affect service delivery. Passenger earnings constitute a substantial component of PR's operating revenue. Enhancing passenger management practices is essential for improving financial sustainability, reducing operating losses and restoring competitiveness against other modes of transport. In view of these longstanding service challenges and the strategic importance of passenger services within Pakistan Railways, this thematic audit was selected.

3.3.2. Purpose/Objectives

The thematic audit had the objective to assess the adequacy and effectiveness of passenger management systems with emphasis on reliability, safety, affordability, and comfort.

3.3.3. Scope

Scrutiny and analysis of record/information relating to Passengers of Pakistan Railways for the period from 2022-23 to 2024-25 was undertaken at Pakistan Railways Headquarters office, Ministry of Railways, Islamabad, and at major railway stations like Lahore, Raiwind, Karachi City, Karachi Cantt, Multan, Quetta, Peshawar, Sukkur, Rohri and Rawalpindi. Furthermore, trains like Khyber Mail, Awam Express, Jaffer Express, Subak Kharam, Shah Latif Express, Narowal Passenger and Chaman Passenger that cover most of the geographic area of Pakistan were selected to assess service delivery and data analysis.

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3.4. Legal Framework Governing the Theme

Legal framework adopted for the current assignment included Railway Act, 1890 as amended from time to time, Pakistan Railways Traffic Manual, Pakistan Railways Code for the Commercial Department, Pakistan Railways Commercial Manual, Pakistan Railways Coaching Tariff, Pakistan Railways Time Table, Pakistan Railways General Code, Pakistan Railways Mechanical Code, Pakistan Railways Accounts Codes and Income Tax Ordinance 2001. These codes and manuals have been used as criteria. Moreover, the policies and directives of the MoR and Federal Government have also been considered while conducting the audit.

3.5. Stakeholders and Governmental Organizations identified as directly/indirectly involved

It was very important that all stakeholders and Governmental organizations be kept informed of the changing financial position of Pakistan Railways keeping in view the complexity and diversity of its operations. The following Governmental Organizations were directly and indirectly involved as major stakeholders.

i. Ministry of Railways
ii. Government of Pakistan
iii. State Bank of Pakistan
iv. Ministry of Finance
v. Ministry of Defense
vi. Ministry of Industries & production

vii. Ministry of Planning and Development
viii. General Public

3.6. Role of Important Organizations

Ministry of Railways is mainly responsible for formulation of strategies related to passenger management. The Traffic and Commercial departments of PR are responsible for the core business activities of managing the flow of rail traffic and generating revenue through passenger and freight services.[27] These departments play a crucial role in the day-to-day operations, strategic planning, and profitability of Pakistan Railways, as they oversee everything from train scheduling, passenger management, customer service, and business development. The Chief Engineer (C&W) and Chief Engineer (Loco) are responsible for availability of locomotives and passenger coaches. The Chief Controller of Purchases and Chief Controller of Stores are responsible for providing maintenance stores and spares for efficient and safe running of passenger trains.

3.7. Organization's Financials

Railway financing is dependent on the availability and adequacy of funding. Funding generally comes from four sources i.e. i) passenger tickets, ii) payments for freight services, iii) government subsidies and iv) providing other services like track access or advertising and other services in passenger trains and stations. These represent the total revenue sources of Pakistan Railways from the core revenue areas. Details of revenue generated by the PR during the year 2024-25 are as under:

Source	Passenger	Parcel	Freight	Sundry	Total
Rs in million	48,938.54	3,279.87	31,913.83	8,595.33	92,727.57

PR took subsidies from the Government of Pakistan to sustain its operations which is also one of the main sources of funding. In the year 2024-25, PR generated record revenue of Rs 92.73 billion in its history. Audit observed that current financial arrangements of Pakistan Railways did not consistently provide the resources required to support planned new projects, procurements, maintenance and operational activities. As a result, several key maintenance/rehabilitation programs experienced delays or scaling-down of scope. Strengthening funding mechanisms is therefore essential to ensure sustainable and effective railway financing.[28]

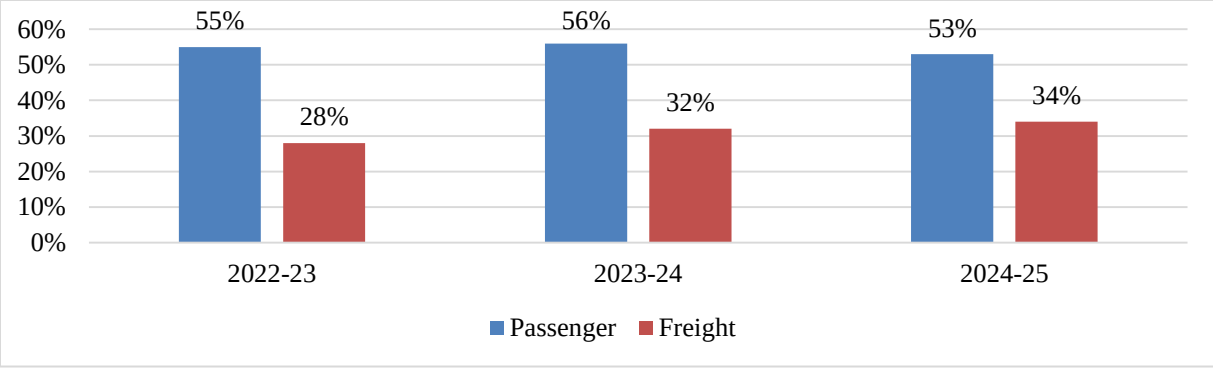
The total revenue of Pakistan Railways was significantly increased from Rs 63.72 billion (2022-23) to Rs 92.73 billion (2024-25), registering an increase of 45.39%. Freight sector is the major contributor to this increase by 76.98% (Rs 18.03 billion to Rs 31.91 billion), while passenger segment only contributed an increase of 43.15%. Passenger revenue showed a substantial increase of Rs 14.17 billion (40.75%) from Rs 34.77 billion to Rs 48.94 billion. However, its share in total revenue decreased slightly, from 56% to 53%, indicating that passenger earnings rose, but other revenue

[27] These departments comprise of Chief Operating Superintendent, Chief Commercial Manager, Chief Marketing Manager, Chief Operating Superintendent / Safety and Director I.T. All these Principal Officers and experts are headed by Additional General Manager/Traffic who reports to Chief Executive Officer / Senior General Manager

[28] Thematic audit report on Effective Utilization of PSDP Portfolio by Pakistan Railways, Audit year 2023-24

streams also expanded at a faster pace **(Annexure-19)**. The graph below presents the share of total earnings generated by the passenger and freight sectors of PR.

Percentage share of passenger earning in total revenue

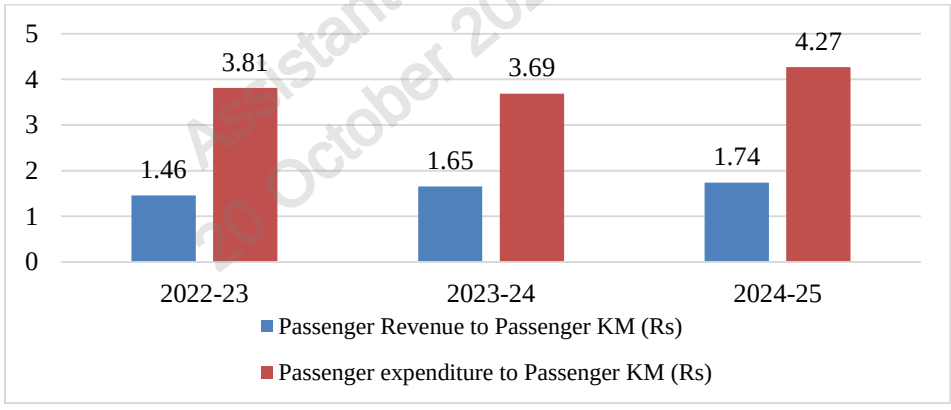


Source: Appropriation Accounts of PR for the year 2022-23, 2023-24, 2024-25

Passenger Revenue to Passenger Kilometer

Passenger revenue per passenger-kilometer showed steady improvement over the three-year period, raised from Rs 1.46 in 2022-23 to Rs 1.65 in 2023-24 and further to Rs 1.74 in 2024-25. In contrast, passenger expenditure per passenger-kilometer increased sharply, reaching to Rs 4.27 in 2024-25, from Rs 3.81 in 2022-23. This widening gap indicates that the revenue earned per passenger-kilometer remained significantly lower than the corresponding cost, highlighting the continued financial imbalance in passenger operations.

Passenger revenue and expenditure to Passenger KM



Source: PR Year Books and Commercial Accounts of PR for the years 2022-23, 2023-24, 2024-25 and data from IT department

This widening gap indicates that the revenue earned per passenger-kilometer remained significantly lower than the corresponding cost, highlighting the continued financial imbalance in passenger operations. The analysis suggests that Pakistan Railways must strengthen fare management, enhance service quality, and improve load factors to further optimize revenue per passenger-kilometer and achieve sustainable financial performance.

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3.8. Field Audit Activity

Field audit activity was conducted on the basis of segregation from desk audit activity and record was requisitioned from concerned stakeholders. The record was carefully scrutinized to report material irregularities and suggest remedial measures to be taken at policy level. The thematic audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) as envisaged in Financial Audit Manual (FAM) of DAGP.

3.8.1. Methodology

The audit used mixed-method and included various steps in sequential and independent manner i.e. examination of relevant files/documents, review of financial data, site visits and discussion with the management. Moreover, Audit reviewed policies, manuals, reports, and statistical yearbooks, analyzed historical and current data on passengers, stations, locomotives, coaches and carried field inspections at ten (10) major railway stations including Lahore, Raiwind, Karachi City, Karachi Cantt, Multan, Quetta, Peshawar, Sukkur, Rohri and Rawalpindi. In order to analyze quality of passenger amenities and facilities at Railway stations and in running trains, passenger surveys were conducted. The surveys and interviews were based on a structured questionnaire in national language (Urdu) comprising twenty questions. The sample of trains was selected keeping in view routes of seven (07) trains covering countrywide geographical locations and different categories of trains i.e. passenger trains (short routed/small town stoppage), mail trains (long routed/postal mail & passengers) and express trains (limited stoppage/long routed) which included Khyber Mail, Jaffer Express, Awam Express, Subak Kharam, Shah Latif Express, Narowal Passenger and Chaman Passenger. Passengers' feedback was obtained from different classes of trains viz. AC Business, AC Lower and Economy Class by selecting fifty passengers on average in each train including 70% male and 30% female passengers aged ranging from twenty to seventy years. The participants were from diverse cultures having different rural/urban backgrounds and both literate and illiterate people. Further, passenger complaints data from internal reports of Railway Train Managers and PCP portal was also analyzed. Moreover, the compliance of applicable rules and policies was reviewed.

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3.8.2. Audit Analysis

Audit analysis was comprised of review of internal controls and detailed assessment of capacity utilization along with impediments affecting the performance of PR in the passenger sector.

3.8.2.1 Review of Internal Controls

Internal controls related to passenger management were studied and analyzed to get an overall understanding. The specific instances of internal control weaknesses found through observations and evaluation of internal control system mainly relate to weaknesses in risk identification, operational reporting, compliance controls, fianncial management, procurement management, inventory management, assets management and project management.

There was an inadequate monitoring of significant controls and a failure to correct material weaknesses in controls. Pakistan Railways had not been able to modernize its accounting, reporting,

and financial management system. All these issues had a serious and material impact on the financial stability and profitability of the entity.

3.8.2.2. Critical Review

Customer satisfaction and retention is one of the key determinants to measure the quality of services provided to them. Due to the growing importance of quality in people life, customers desire to enjoy a relatively superior quality services has been increased. Pakistan is the fifth highly populated country of the world[29] and its rapid population growth also contributes to an increase of people's travelling demands. In Pakistan passenger trains are considered the cheapest and comfortable mode of travelling especially for long distances. Passenger trains are important to the economic development because of its wider community benefits compared to road transport and significant implications for national budgets. Over the years, PR's performance has been criticized for its deteriorating quality of services. Railways used to be the predominant mode of passenger transportation in Pakistan till 1970s with 41% of passenger share. However, it had failed to maintain its position in the passenger sector and number of passengers carried by PR were declined from 142.4 million in 1975 to 39.7 million in 2024-25. Share of Rail and Road in passengers carried was 3% and 94% respectively which clearly indicates that Rail passengers were moved to road transport. Major reasons for shifting of passengers from Rail to Road were following:

- Expansion of road network with the development of Motorways and Highways
- Policy and investment imbalance on Rail and Road by the government
- Flexible road transport schedules
- Inconsistent punctuality of trains
- Deteriorated Railway infrastructure and assets

PR had following internal impediments hampering the effective passenger management services:

A) Inadequate redressal of issues causing decline in passenger share

i. Non-implementation of the Railway Regulatory Authority Ordinance and the State-Owned Enterprises (SOE) Act

Two key reform initiatives i.e. the Railway Regulatory Authority Ordinance, 2002 and the State-Owned Enterprises (SOE) Act have not been implemented. These legal frameworks were introduced to improve transparency, efficiency, and governance within Pakistan Railways. The Railway Regulatory Authority Ordinance, 2002 envisaged the establishment of an independent regulatory body to oversee railway operations, ensure passenger safety, regulate fares, and protect consumer rights. Unfortunately, despite lapse of 22 years, the authority had not been established. Similarly, the SOE Act, designed to strengthen corporate governance, financial accountability, and management autonomy has also not been implemented within Pakistan Railways despite the fact that

[29] https://www.worldometers.info/world-population/population-by-country/

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Assistant Audit Officer (IT)
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the Federal Government formally extended the application of the SOE Act to Pakistan Railways on 04.11.2024.

Audit considered that failure to implement these laws constitutes non-compliance with statutory requirements and undermines the Government's broader objectives of institutional reform and improved public service delivery. Pakistan Railways continues to operate under conventional bureaucratic structures without adopting modern governance practices. Consequently, this has led to weak passenger management, poor service delivery, financial inefficiencies and limited accountability across both operational and administrative areas.

ii. Non-execution of Pakistan Railway Strategic Plan (PRSP)

According to Pakistan Railways Strategic Plan 2020, PR was required to increase its passenger market share in line with Vision 2025 goals. In the strategy, it was expected that the number of passenger trains operated would increase by about 5% per year but only after 2020, when the strategic investment programs had been completed and there was capacity to operate additional trains. In total, the number of trains operated would increase from about 51 pairs of passenger trains per day to about 85 pairs per day, a 67% increase. However, Audit observed that PR couldn't increase the total number of trains from 51 pairs to 85 pairs as 51 pairs of trains were being operated up to 30.06.2025. The above position depicted that PR couldn't implement reforms included in PRSP and National Transport Policy.

iii. Institutional overlapping and governance problems

Before 1973, Pakistan Railways was operated as a commercial organization with complete operational and financial autonomy. After 1973, Pakistan Railways' budget was merged with the federal budget and Pakistan Railways was included in federal legislative list in the 1973 Constitution. Consequently, an independent Ministry of Railways was created during 1974 which is responsible for the control of Pakistan Railways as well as to guide and formulate its overall policy. The merger of budgets and conversion of Pakistan Railways into a government department shifted it from a commercial entity to a rigid bureaucratic setup. As a result, procedural controls outweigh performance and bureaucratic interference weakens technical decision making. The core issue is that commercial outcomes are expected from a department that lacks commercial autonomy. Railways cannot adjust fares in proportion to increase in operational costs or discontinue unprofitable services due to political constraints. The Ministry simultaneously functions as regulator, manager, and operator, creating a conflict of roles that hinders effective governance and commercial efficiency.

iv. Absence of management focus on research and innovation.

PR has no research and development department and long-term research policy. A Research and Development (R&D) mechanism has not been established to support modernization and efficiency enhancement within the Pakistan Railways. The existing technical institutions, such as the Pakistan Railways Academy (Walton) and Railway Carriage Factory (Islamabad), primarily focus on operational training and maintenance work rather than structured research or innovation. The absence of collaboration with universities, technical institutions, and industry partners has resulted in continued

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reliance on outdated technologies and imported expertise. Consequently, Pakistan Railways continues to face recurring operational inefficiencies and technological obsolescence.

v. Lack of passenger business and market promotion strategies

Pakistan Railways has a Directorate of Public Relations mandated to promote railway services and engage with print and electronic media. However, its role has largely been reduced to issuing concession cards to journalists and their families. This limited functioning reflects Pakistan Railways' inability to fully utilize the directorate for public awareness and promotional campaigns aimed at attracting potential passengers. Additionally, the Department of Marketing is responsible for ensuring efficient service delivery to passengers and freight customers, promoting Pakistan Railway services and driving sales has confined its efforts primarily to outsourcing the commercial management of selected trains. It has not undertaken substantial initiatives to promote or improve the visibility of Pakistan Railways' own passenger services, resulting in weak passenger outreach and underused promotional capacity.

vi. Punctuality issues in passenger train operations

Punctuality of Pakistan Railways' passenger trains remained a persistent challenge, as a substantial number of trains failed to adhere to their scheduled arrival and departure times, resulting in reduced trains reliability and passenger inconvenience. During the reporting period passenger trains punctuality showed fluctuating trend reflects ongoing operational inefficiencies and infrastructure constraints that continue to affect the reliability of passenger trains.

Year	2022-23	2023-24	2024-25
Punctuality	79%	82%	74%

Audit further observed in Karachi Division that the reported punctuality figures were manipulated by excluding shuttle and passenger trains from the calculation and assuming their punctuality as 100%, thereby overstating actual performance. Delays are commonly caused by outdated infrastructure, inadequate maintenance, operational inefficiencies, and congestion on key routes. These recurring delays adversely affect the overall reliability of the service, inconvenience for passengers, and diminish public trust in the railway system, ultimately contributing to declining ridership.

vii. Increased train travel times

The comparison of train schedules between 15.10.2022 and 15.10.2024 (still enforce) showed that almost all major passenger trains have experienced increases in total journey time, with some routes showing significant extensions of over four hours such as the Pakistan Express. These extended durations ranging from one to four hours contributed to greater passenger fatigue and travel discomfort. Since passenger satisfaction is closely linked to punctuality and efficiency, such increases negatively impact overall travel experience. As a result, passengers may feel greater inconvenience and reduced confidence in the reliability and timeliness of train services **(Annexure-20).**

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viii. Non-commercial approach to passenger fare fixation

Pakistan Railways has consistently attempted to rationalize its fare structure. However, the fare system was not actually based on commercial principles. In most cases, fare revisions whether increases or decreases were determined primarily by considering only the fuel prices, while other major cost components were ignored. This practice resulted in fares that did not reflect the full cost of providing passenger services, preventing Pakistan Railways from covering its operating expenditures.

B) Vicious cycle of underfunding and inefficient resource utilization

Pakistan Railways has been facing a continuously increasing annual operating deficit over the last several years. During the last five years deficit rose from Rs 47.23 billion in 2020-21 to Rs 61.19 billion in 2024-25. This restricts PR to expand its Rail network to potential passenger business sites.

Despite being a vital driver of economic development, PR's role in the national economy has diminished due to meager government investment in the railway sector. The market share of PR in the passenger sector has shrunk steadily, with a significant shift of traffic towards the road transport sector. One major contributing factor is the imbalance in government priorities, where investment has predominantly favored road infrastructure. From 2020-21 to 2024-25, the PSDP allocation for Railways was only Rs 154.11 billion as compared to Rs 652.36 billion for the national highways, which is almost four time higher. But on the other hand, PR also failed to adapt itself to the changing circumstances and become competitive enough to retain its market share if not increased. Lack of strategic planning and market oriented customer friendly approach has seriously crippled Railways' growth potential in the passenger sector of the economy.

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Comparison of PSDP allocation for PR and NHA

(Rs in billion)

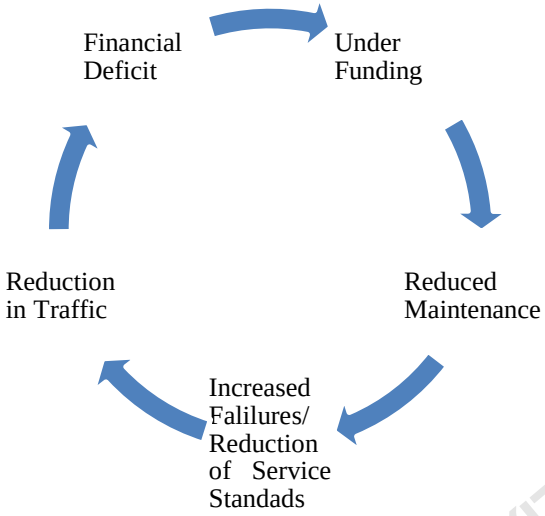
Description	2020-21	2021-22	2022-23	2023-24	2024-25	Total
NHA	118.67	113.75	101.35	156.5	161.99	652.36
PR	24	30.03	32.65	32.64	34.79	154.11
PR to NHA (%)	20.22	26.40	32.22	20.85	21.47	23.62

Source: Economic Survey of Pakistan 2020-21 to 2024-25, MoR and Ministry of Planning, Development and Special Initiatives

Pakistan Railways also failed to fully utilize the available PSDP funds. During the financial years 2020-21, 2021-22, 2022-23, 2023-24, and 2024-25**,** amounts of Rs 2.22 billion, Rs 0.34 billion, Rs 2.79 billion**,** Rs 5.48 billion, and Rs 4.21 billion, respectively, remained unutilized. This reflects inefficiency in project execution, weak financial planning, and delayed implementation of development schemes.

The dilemma faced by most of the railway organizations of the world can be explained through what the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) describes as the "vicious circle of railway underfunding". A widening negative gap between operating costs and revenues often leads to a situation in which governments reduce the level of funding available to their rail systems for the maintenance of their track infrastructure and vehicle fleets. This in turn leads to deterioration in the condition of rail infrastructure and rolling stock resulting in high rates of equipment failure and the imposition of severe engineering restrictions on track, in order to

control the decline in physical standards. These falling standards of service lead to decrease in business and reduction in traffic volume, further lower revenue and larger financial deficit and resultantly a further drop in the railway budget.[30]



Pakistan Railways faces this similar vicious circle, where budgetary shortfalls, poor utilization of available funds, and declining service quality reinforce one another. In addition, out of the total funds available, a large chunk goes into unproductive heads like establishment charges and other administrative expenses, leaving limited resources for operational improvements, modernization or passenger facilitation.

Audit considered that Pakistan Railways' persistent budget deficit and inefficient fund utilization have aggravated its financial instability and adversely affected passenger service delivery. The organization's failure to adopt a strategic, market-oriented approach has limited its ability to retain or expand its passenger business, especially in the face of growing competition from road transport. Audit recommends that Pakistan Railways may adopt course corrective measures to improve cost control and enhance revenue generation, particularly through the freight and passenger sectors. Ensure efficient and prioritized utilization of available funds for the projects that directly contribute to passenger service enhancement. Develop a long-term investment strategy in coordination with the Federal Government to address underfunding and break the cycle of operational deficit.

C) Non-computerized record keeping at railway stations

In the world of rail, railway stations act as operational hubs where train arrivals, departures, scheduling, and crew management are coordinated. They also generate significant revenue through ticket sales, parcel services and miscellaneous commercial activities. In PR, at railway stations, key operational and financial records are still maintained manually instead of being computerized. Important records such as daily train cash book, coaching station balance sheet, parcel booking, station

[30] www.unescap.org

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cash books, overcharge sheets, local classification of passengers, return of excess fares lists of refunds of overcharges etc. are recorded in physical registers. There is a critical issue of access to such information. For example, the earning of Karachi Circular Railway and Shah Latif Express during the period from 09.01.2022 to 31.05.2024 was not booked to passenger earnings of Pakistan Railways.[31] Further, if one requires the punctuality of trains, running of coaches overdue POH or shortage in racks for any month of a year, it would take at least a couple of days to get it through manual channels. That is because the data is buried in files and whenever it is needed, it has to be compiled after extracting from files. The manual system is inherently unreliable, carries a significant margin of error and results in inefficient data retrieval and delayed reporting. The above fact was also pointed out in a JICA study done in 2010 which faced numerous delays in acquiring the accurate data. The automation of railway stations and the revenue department is vital for enhancing informed decision-making, promoting transparency, and improving administrative efficiency in the passenger management system. Audit recommends that Pakistan Railways may expedite the implementation of computerized record-keeping across all stations. Adequate IT infrastructure, suitable software and capacity-building programs for staff may be provided to support this transition effectively.

D) Passengers' dissatisfaction

Pakistan Railways' consumers lodged number of complaints on Prime Minister's Performance Delivery Unit (PMDU) during the reporting period. Most of the complaints were about deficiencies in service delivery, ticketing, refund handling, and passenger facilitation. Further, Audit conducted survey of selected railway stations and passenger trains to analyze the implementation of mission statement of Pakistan Railways that requires the provision of a competitive, safe, reliable, market oriented, efficient and environment-friendly mode of transport. The results of analysis of passenger complaints and audit surveys are elaborated below:

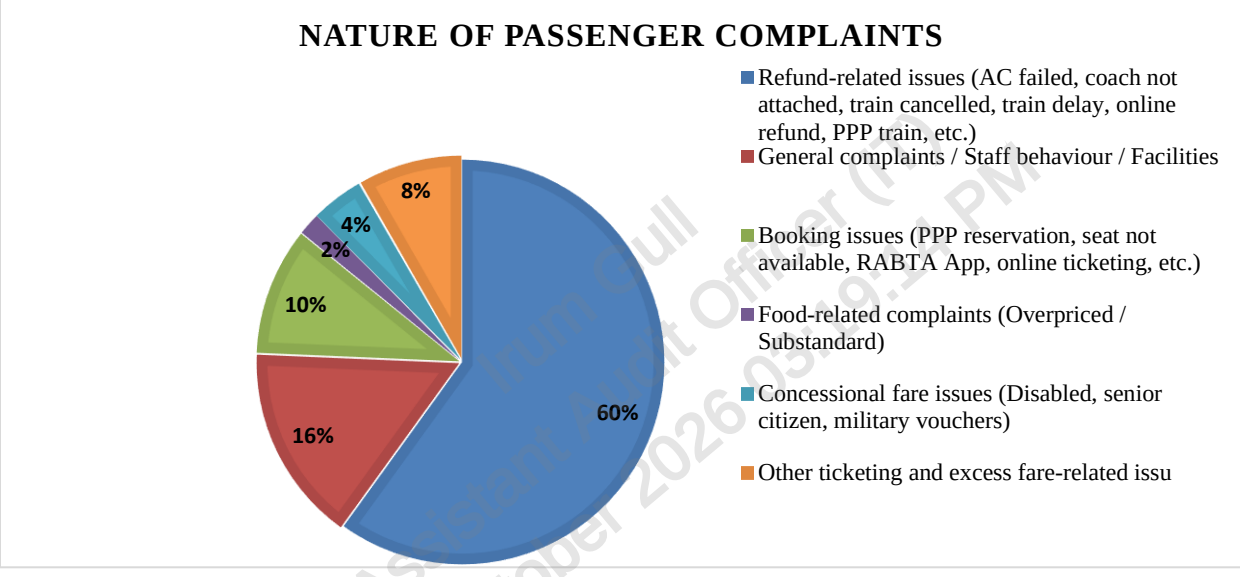
i) Ineffective redressal of passenger complaints registered on PMDU portal

Examination of passenger complaints received on the Pakistan Citizen Portal (PCP) under the Chief Commercial Manager (CCM) revealed a total of 338 complaints during 2022-23 to 2024-25. The volume and nature of these complaints indicate persistent deficiencies in service delivery, ticketing, refund handling, and passenger facilitation. The complaints mainly related to issues of ticketing, refund delays, facility shortages, and non-implementation of discount policies. Major categories of complaints included:

Sr. #	Nature of complaint	No. of complaints
1	Refund-related issues (AC failed, coach not attached, train cancelled, train delay, online refund, PPP train, etc.)	202
2	General complaints / Staff behaviour / Facilities	53
3	Booking issues (PPP reservation, seat not available, RABTA App, online ticketing, etc.)	34
4	Food-related complaints (Overpriced / Substandard)	6
5	Concessional fare issues (Disabled, senior citizen, military vouchers)	14
6	Other ticketing and excess fare-related issues	29
Total		**338**

[31] Observation No.7

The above-mentioned issues primarily arose due to weak monitoring of PMDU complaints and inadequate follow-up by both the Commercial and Operations Wings of Pakistan Railways. Furthermore, it also shows ineffective coordination between railway reservation offices and private train operators resulting in inconsistent service delivery and unresolved passenger grievances. The high volume of refund-related complaints indicates that manual refund procedures and outdated ticketing systems are contributing to significant processing delays and passenger dissatisfaction. Additionally, the high number of passenger amenities, staff-behavior complaints suggest a lack of structured training programs, as well as insufficient accountability mechanisms for front-line staff responsible for passenger interaction and service quality. Overall, these systemic weaknesses reflect gaps in internal controls**,** service monitoring and interdepartmental coordination that adversely impacting the passenger experience and reputation of Pakistan Railways.



Audit considered that the train passengers experience serious inconvenience, financial loss and service dissatisfaction due to delayed or rejected refund claims, unavailable booked seats, and non-acceptance of digital payments. Further, repeated issues related to disabled, senior citizen and military voucher discounts showed non-compliance with government concession policies potentially leading to reputational concerns. The large number of general complaints and staff behavior issues indicated the poor passenger handling, lack of accountability, and weak customer service culture. Failure to address these recurring complaints may result in loss of passenger trust and negative perception of Pakistan Railways' service quality.

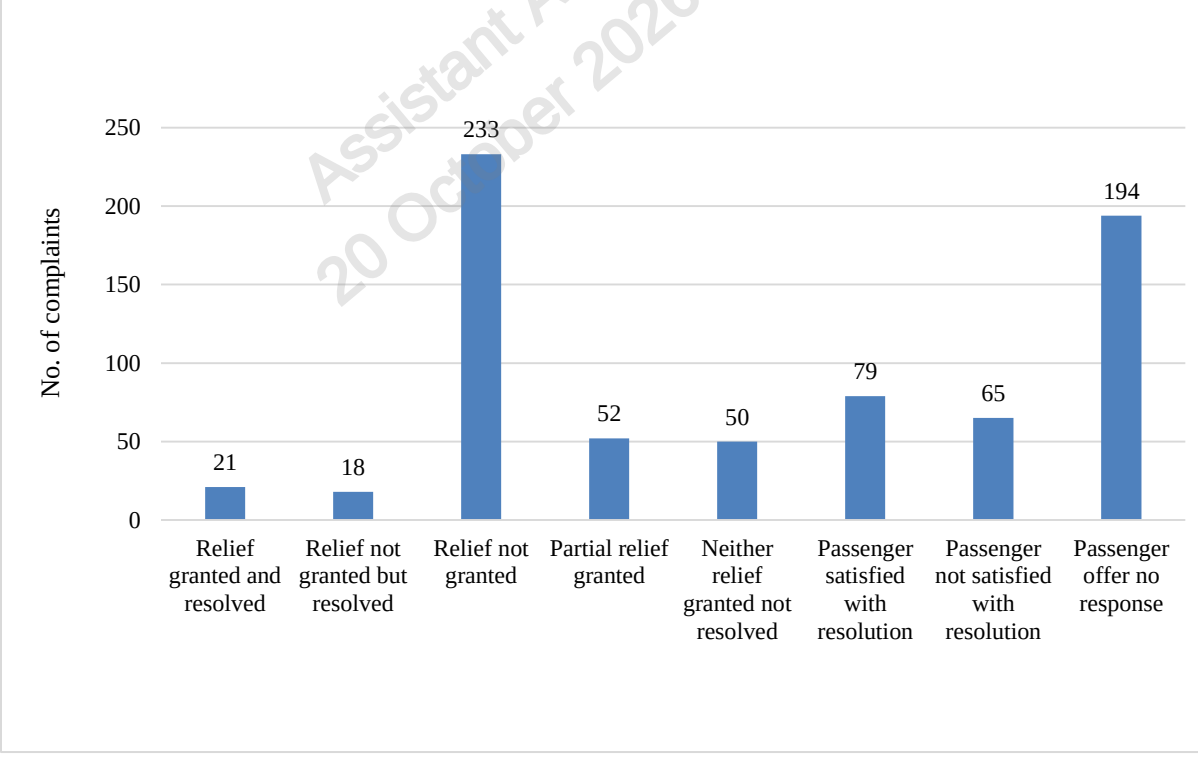
Audit also analyzed the outcome of passengers' complaints and found that out of total 338 complaints, only a small proportion i.e. 21 cases resulted in full relief being granted and resolved, representing a limited success rate in achieving complete passenger satisfaction. Additionally, 52 cases resulted in partial relief, indicating that although efforts were made to address grievances but the resolutions did not fully meet passenger expectations.

A substantial number of complaints i.e. 233 cases were closed without granting any relief, which may indicate gaps in service delivery, inadequate redress mechanisms or the need for clearer communication with passengers regarding policy limitations. Furthermore, 50 cases were neither resolved nor provided with relief which reflecting potential inefficiencies in complaint handling and follow-up processes.

Outcome of passengers' complaints

Sr. No	Description	No. of complaints
1	Relief granted and resolved	21
2	Relief not granted but resolved	18
3	Relief not granted	233
4	Partial relief granted	52
5	Neither relief granted not resolved	50
6	Passenger satisfied with resolution	79
7	Passenger not satisfied with resolution	65
8	Passenger offer no response	194

Passenger feedback data provides further insight into satisfaction levels. While 79 passengers expressed satisfaction with the resolution provided, 65 passengers reported dissatisfaction indicating contrary views on the quality and adequacy of complaint resolution. It is worth mentioning that 194 passengers did not respond to follow-up communications. This high level of non-response may point to weaknesses in communication channels, lack of confidence in the grievance process or insufficient mechanisms to capture post-resolution feedback.



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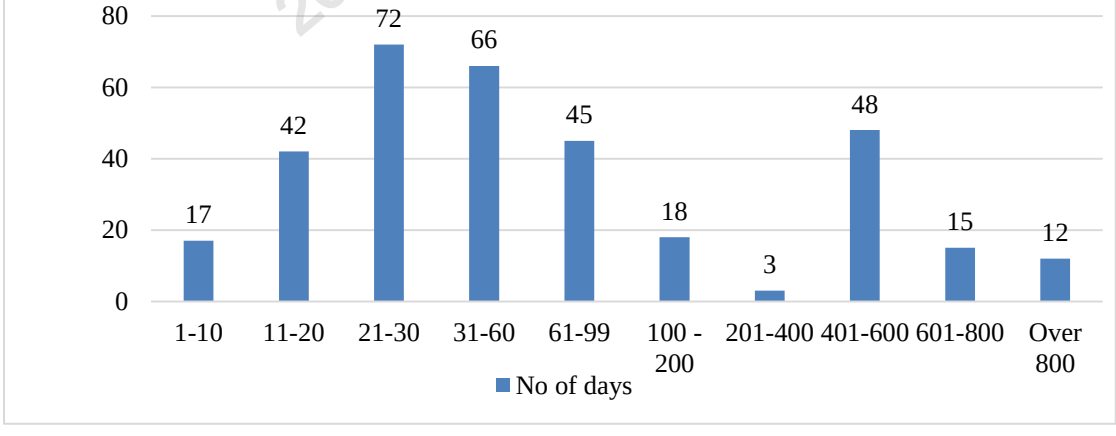
Audit considered that there is a need for stronger grievance-handling systems, improved communication with passengers, more consistent resolution of cases and enhanced monitoring to ensure that relief where justified is provided effectively. Strengthening these areas will contribute significantly to improved passenger trust, better service delivery and more robust passenger management practices.

The complaints turnaround time indicates significant delays in the grievance redressal process and highlights the need for systemic improvements in complaint resolution within the railway management framework. Although a small portion of complaints were resolved promptly like 17 cases within 1 to 10 days and 42 cases within 11 to 20 days. The majority of the cases took far longer than what would be considered reasonable for passenger service delivery.

Complaints turnaround time

Sr. No.	Complaints turnaround time	No. of complaints	Sr. No.	Complaints turnaround time	No. of complaints
1	1-10	17	7	201-400	3
2	11-20	42	8	401-600	48
3	21-30	72	9	601-800	15
4	31-60	66	10	Over 800	12
5	61-99	45			
6	100 -200	18			
Average time taken to resolve a single complaint					
No. of complaints		338	No. of days taken to resolve 338 complaints		55,658 days
Resolution period for a single complaint			164.66 days		

A substantial portion i.e. 207 complaints which is approximately 61**%** took more than 30 days to resolve, indicating a persistent backlog or inefficient processing. More concerning are the extremely delayed cases, including 3 complaints resolved after 201 to 400 days, 48 cases between 401 and 600 days, 15 cases between 601 and 800 days and 12 cases took more than 800 days for resolution.



The presence of such prolonged delays demonstrates systemic inefficiencies in grievance handling, insufficient monitoring mechanisms and lack of timely escalation. The average resolution

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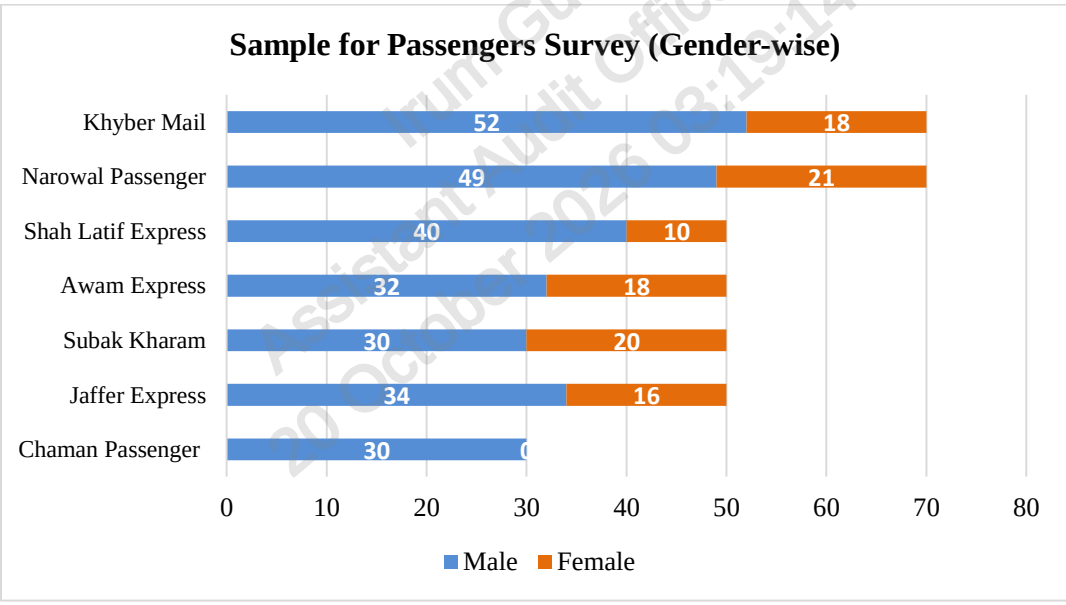
time of 165 days further demonstrates that railway management is not consistently meeting reasonable standards for timely grievance redressal. Such prolonged delays can significantly impact passenger trust, increase dissatisfaction, and undermine the credibility of the service provider's grievance-handling mechanisms.

ii). **Survey in respect of amenities and facilities to passengers in trains and at stations**

To analyze the provision of basic amenities and facilities to railway passengers in trains and at railway stations a comprehensive passenger and station survey were designed and conducted keeping in view the influencing factors during this audit.

(1). Passenger trains

The quality of public service delivery in selected seven (07) passenger trains i.e. Khyber Mail, Jaffer Express, Subak Kharam, Shah Latif Express, Awam Express, Narowal Passenger and Chaman Passenger that cover most of the geographic area of Pakistan was analyzed by taking responses of passengers in twenty (20) categories. These trains included both short & long route trains, Passenger, Mail & Express trains. Selection of passengers was made as approximately 70% male, 30% female and randomly from young and elderly passengers. Gender-wise number of passengers interviewed is graphically presented below:



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The quality of public service delivery was assessed on the basis of availability and quality of passenger amenities and facilities on the following rating scale:

Rating Scale	Very Good	Good	Fair	Bad	Very Bad	Not Available
	5	4	3	2	1	0

Snapshot of passenger survey on basic amenities and facilities

Sr. No.	Service/ Facility	*Benchmar	Average rating
1	Purchase of Ticket	3	4
2	Waiting room facility on platform	3	3
3	Punctuality of time-table	3	2
4	Luggage carrying facility (Porter/Trolly)	3	3
5	Cleanliness of Train and Seats/Berths	3	3
6	Condition of toilets	3	2
7	Availability of liquid soap in washrooms	3	1
8	Availability of tissue-papers in washrooms	3	1
9	Use of pesticides and killing of rats	3	2
10	Facility of wi-fi (internet)	3	1
11	Train lighting, fan, mobile charging	3	1
12	Clean drinking water (Water dispensers)	3	1
13	Quality of food in train	3	1
14	Provision of bedding/ blankets	3	1
15	Special arrangements for ladies in train	3	2
16	Conduct of ticket checking staff	3	4
17	Conduct of reservation staff	3	4
18	Conduct of train attending staff	3	4
19	Security checking in the train	3	3
20	Fare of train in comparison of road	3	1

*Fair rating scale is taken as benchmark

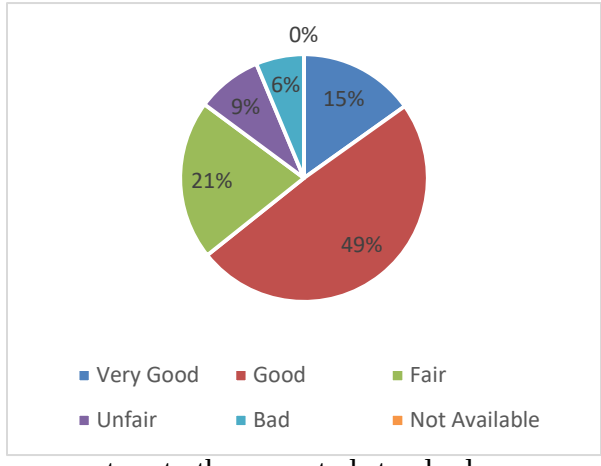
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The passenger amenities and facilities have been further grouped into seven categories. The passengers response corresponding to each group of category in survey sample of trains is tabulated below:

Group of Passenger Amenities & Facilities	Very Good	Good	Fair	Unfair	Bad	Not Available	Total
Purchase of Ticket and waiting room facility	15%	49%	21%	9%	6%	0%	100%
Punctuality of Time-Table and Luggage Carrying Facility	8%	16%	34%	20%	17%	5%	100%
On board passenger amenities	5%	7%	16%	28%	18%	26%	100%
Quality of food and clean drinking water	4%	5%	13%	23%	21%	35%	100%
Staff behaviour	12%	60%	20%	5%	2%	2%	100%
Safety and Security of Passengers	10%	33%	29%	14%	5%	9%	100%
Fare of train in comparison of road	0%	0%	2%	41%	57%	0%	100%

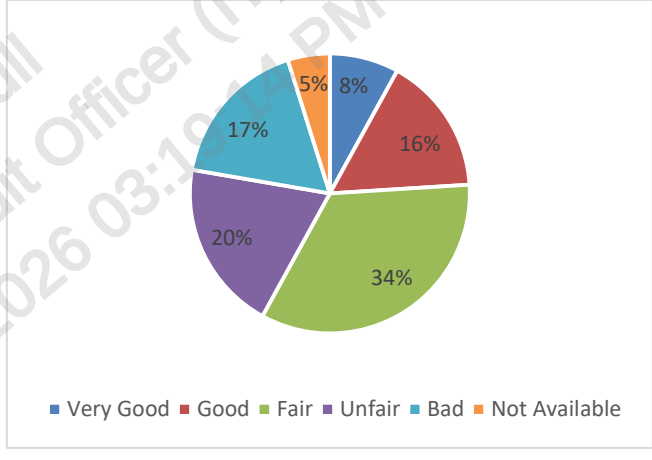
a) Purchase of Ticket and Waiting Room Facility on Platform

As per passenger survey responses, the rating for ticket purchasing was above the benchmark, indicating that passengers found this process either "good" or "very good". However, the waiting room facility on platforms was rated from "bad" to "fair," reflecting inadequate conditions that require improvement. Overall, the results showed that while passengers were reasonably satisfied with the ticket purchasing process. Whereas, the waiting room facilities that is an essential part of the initial stage of the journey were not up to the expected standard.



b) Punctuality of Time-Table and Luggage Carrying Facility

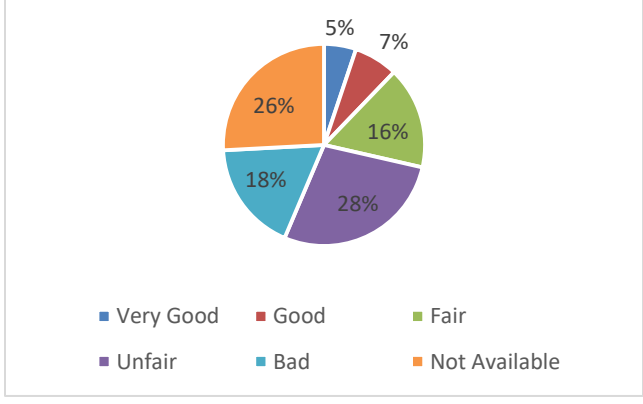
According to the passenger survey, respondents expressed dissatisfaction with the punctuality of trains by rating this service below the benchmark and highlighting persistent delays and weak operational discipline. This shortcoming has a significant negative impact on overall passenger satisfaction. In contrast, passengers rated the luggage carrying facility (porter/trolley) between "bad" and "fair," indicating only partial satisfaction with this service. Resultantly, the survey results depicted that PR failed to ensure punctuality of trains and provision of better luggage carrying facility.



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c) On board passenger amenities

The survey results in this category were derived from passenger feedback across nine service areas, including cleanliness of trains and seats/berths, condition of toilets, availability of liquid soap and tissue papers, use of pesticides, provision of WiFi, train lighting, availability of bedding/blankets and special arrangements for ladies.





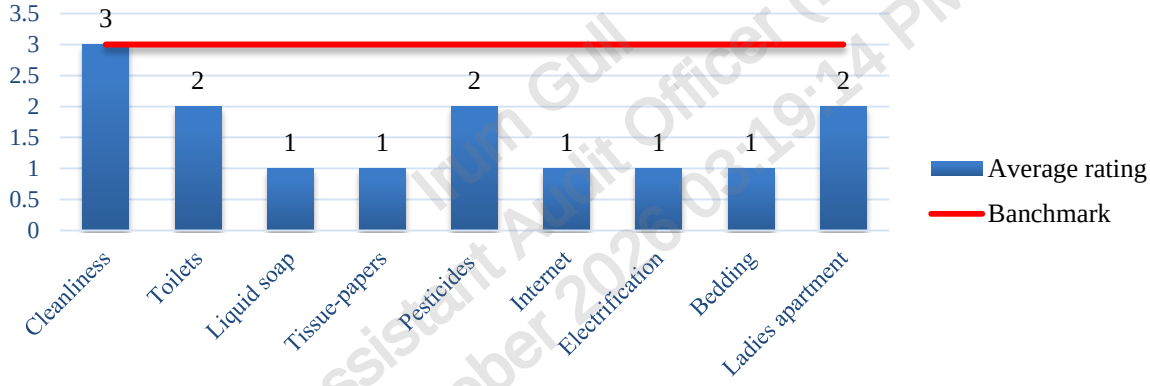
Broken door of washroom of economy class coach Khyber Mail 2DN



Economy coach of Lahore-Narowal train

Among these nine categories, only cleanliness of trains touched the benchmark and even this reflected that overall cleanliness levels remained inadequate.

Passengers' response for onboard passenger amenities (Benchmark v/s Passengers' rating)

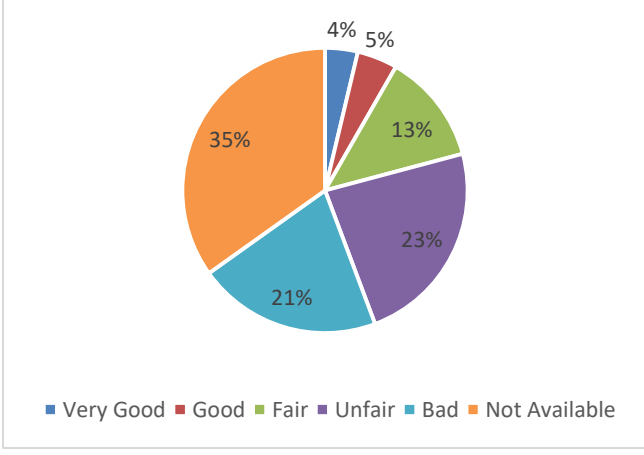


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The remaining eight categories were rated from "bad" to "very bad," indicating that Pakistan Railways was failed to provide essential onboard amenities. These deficient service standards significantly undermine passenger comfort, satisfaction and the overall travel experience.

d) Quality of food & clean drinking water

This category was based on two service areas i.e. quality of food and availability of clean drinking water. Both areas were rated "very bad," reflecting inadequate vendor oversight and weak hygiene monitoring.





Dirty utensils of Kitchen portion of 2DN

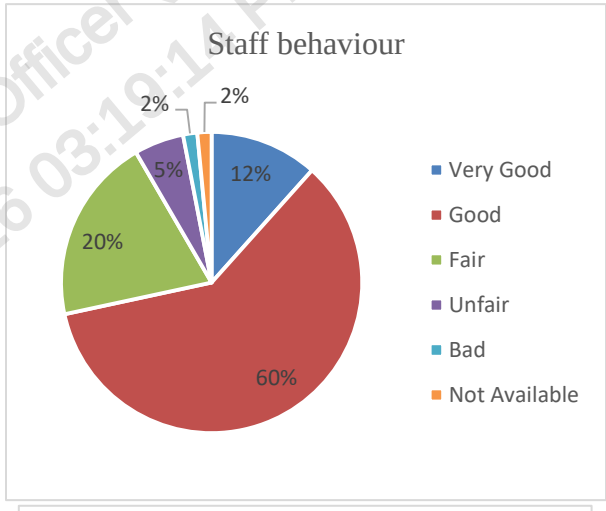


Utensils lying on train floor 2DN

These deficiencies posing significant health and safety risks for passengers and highlight serious gaps in service management.

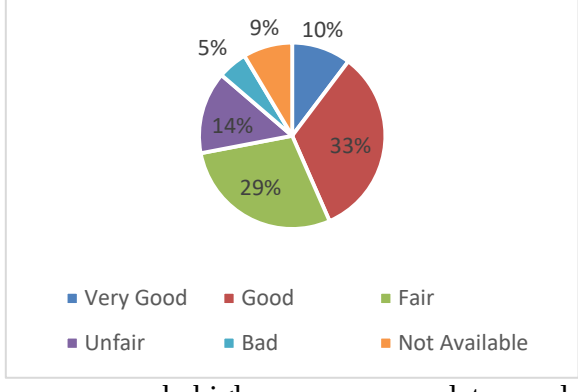
e) Staff behavior

Customer care and facilitation are potent pull factors to attract passengers, staff behavior is leading reason for shaping client perception particularly in transportation sector. The category was assessed on the basis of three indicators namely conduct of ticket checking staff, conduct of reservation staff and conduct of train attending staff. The respondents rated behavior of staff "fair" to "good", indicating sound business practices and efficient human resource management of Pakistan Railways.



f) Safety and Security of passengers

The respondents rated safety and security in trains from "bad" to "good". However, the respondents on average rated this category as 'fair", indicated that security checks require strengthening, given rising security risks and inconsistent deployment of security equipment.

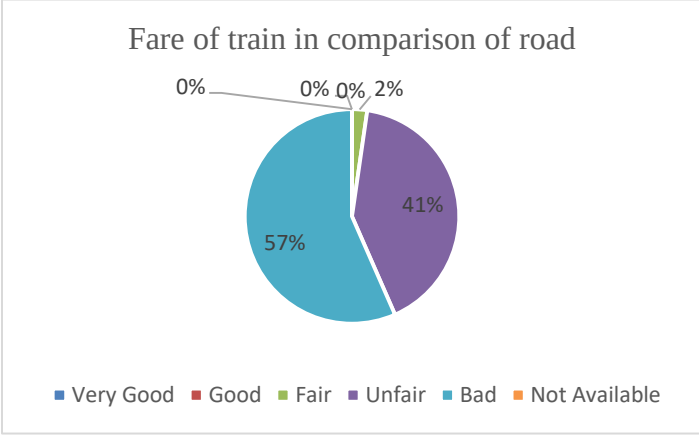


g) Fare of train in comparison of road

The Passenger feedback showed that train fares were much higher as compared to road transport fares. The respondents rated this category well below the benchmark, indicating that passengers perceive train fares as less economical or poor value for money relative to road-

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based alternatives. Such perceptions adversely affect passenger preference for rail travel and highlight the need for a reassessment of fare policies to ensure affordability and improved value relative to road transport options.



The passengers survey highlighted that while staff conduct was generally satisfactory and majority of essential passenger services fell significantly below acceptable standards. Critical gaps were evident in punctuality, hygiene, sanitation, drinking water, food quality, onboard amenities, internet, and facilities for women. These deficiencies collectively undermine passenger comfort, safety and trust in Pakistan Railways. The survey outcomes revealed systemic shortcomings in operational oversight and enforcement of service standards, requiring immediate policy and operational intervention.

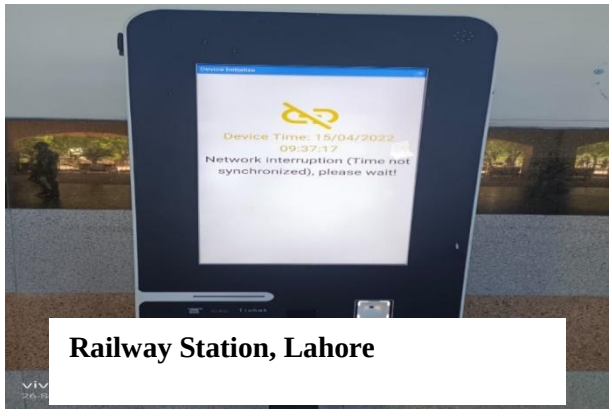
Furthermore, audit observed that similar operational and maintenance deficiencies were highlighted by Train Managers of six premium trains i.e. Green line Express (5UP/6DN), Tezgam Express (7UP/8DN), Karachi Express (15UP/16DN), Millat Express (17UP/18DN), Pak Business Express (33UP/34DN), and Karakoram Express (41UP/42DN). The deficiencies pointed out by Train Managers were related to lack of cleanliness, poor hygiene, defective cooling systems, poor and broken fittings of coaches, non-functional lighting, electrical fixtures etc. This indicating inadequate attention towards passenger comfort, safety, and sanitation standards (**Annexure-21**).

(2). **Services and amenities available at Railway Stations**

The quality of public service delivery at selected 10 railway stations namely Lahore, Raiwind, Karachi cantt, Karachi city, Multan, Quetta, Peshawar, Sukkur, Rohri and Rawalpindi was analyzed by taking physical inspection and interview of station staff.

(a). Ticketing & Reservations

The survey revealed that although online ticketing facilities were available at most major selected stations, the number of functional online counters were inadequate. Many stations had non-functional Automatic Ticket Vending Machines (ATVMs) and where functional they had limited use as no passenger awareness campaign was initiated to promote their use. Further, it was observed that most of the ATVMs were provided at reservation offices and when passengers reach at reservation office they prefer to take ticket from booking clerks instead of ATVM. Thus, these ATVMs installed at reservation offices were not being utilized.



Railway Station, Lahore

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Separate counters for current reservations were not available at any station indicating limited passenger facilitation. Backup arrangements for electricity breakdowns were not available at Karachi city, Karachi cantt, Peshawar and Quetta railway stations, affecting service continuity.

(b). Passenger Information

Electronic display boards were insufficient across almost at all stations and mostly installed on the entrance of railway stations and not installed on every platform. Public announcement systems were available at all stations and mostly covered all platforms.



Entry point of Railway station Lahore



Lahore railway station Lahore

Train arrival and departure information was communicated timely at all selected stations except Peshawar railway station reflecting weak real-time information management.



Railway station Lahore



Railway station Lahore

Directional signage for entry, exit, and platforms was inadequate, not installed in appropriate locations, and not easily understandable to common passengers.

(c). Help Desk

Passenger help desks were missing at Raiwind, Karachi city, Karachi cantt. and Sukkur railway stations, and complaint registers were not maintained anywhere. Even where help desks existed, timely

resolution of complaints was inconsistent. This indicates poor passenger grievance redressal mechanisms, which undermines service accountability.

(d). Waiting Facilities

Most stations had waiting rooms; however, seating capacity and cleanliness varied. At all stations, waiting rooms were available only on the platforms adjacent to the main entry points, while the remaining platforms lacked such facilities. Audit observed that at Karachi Cantt (Platform No. 2), passengers were compelled to sit on the stairs and on the ground due to the absence of waiting room facilities while waiting for their trains, highlighting gaps in passenger comfort facilities.



Karachi Cantt. station Platform-2



Karachi Cantt. station Platform-2

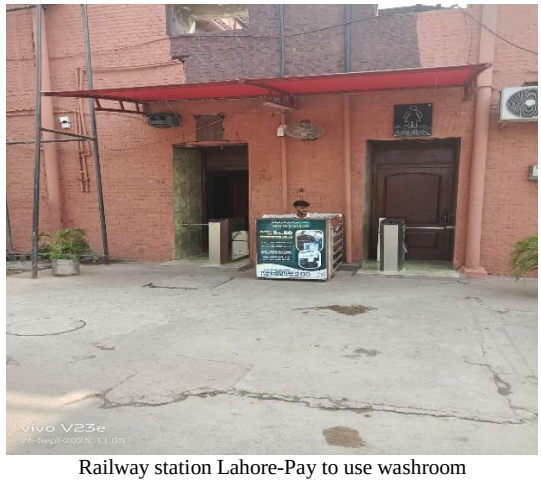
Cooling and heating facilities were operational at the majority of stations, with only a few exceptions. Wi-Fi services were not available at Raiwind, Multan, Sukkur, Karachi City, and Quetta stations. Audit also observed that separate waiting areas for men and women existed at most stations except Rohri railway station.

(e). Washrooms

The number of toilets was generally sufficient, but the standard of cleanliness varied significantly.



Raiwind railway station without sanitary fitting



Railway station Lahore-Pay to use washroom

Some stations followed hourly cleaning schedules, while others cleaned only once a day. Provision of separate facilities for men, women, and disabled passengers was satisfactory. However, at most of the stations pay to use wash room were available caused discomfort and extra financial burden to the passengers.

(f). Retiring Rooms

Out of 10 selected railway stations, retiring rooms were available only at four railway stations i.e. Lahore, Rawalpindi, Peshawar and Quetta. Except for Rawalpindi Railway Station, the retiring rooms at the remaining stations were permanently occupied by railway officers or departments. Record-keeping related to room allotments was also found deficient. These issues indicated limited accommodation services for passengers.

Asim Gull
Assistant Audit Officer (IT)
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(g). Accessibility

Accessibility for disabled passengers was generally poor. Ramps and lifts were missing or non-functional at Lahore, Peshawar, Karachi city, Sukkur and Rohri railway stations. Availability of wheelchairs varied widely. Direction boards for navigation were insufficient and often unclear at several stations, making it difficult for passengers especially elderly and disabled persons to move independently.

(h). Cleanliness & Sanitation

Staffing levels for sanitation were inconsistent; an adequate workforce was only available at Lahore railway station. Although cleaning schedules existed but actual adherence varied.



Karachi cantt railway station with dirty platform



Railway station Rohri with garbage

Dustbins were not available or frequently cleared at certain stations, reflecting weak monitoring and hygiene management.

(i). Food & Catering

Licensed food stalls were available at all stations, and rate lists were consistently displayed. Hygiene inspections were conducted regularly at all stations except Raiwind Station.



Food stall at Karachi cantt railway station-platform-2



Food stall at Karachi cantt railway station-platform-2

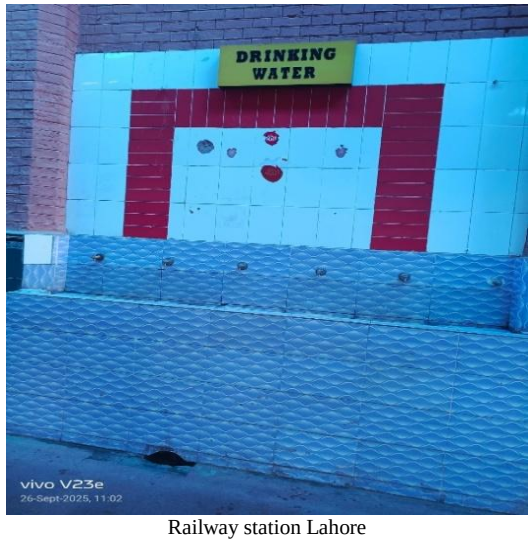
However, during the audit at Karachi Cantt Station, it was observed that two different rate lists were in use, one printed on the stalls and another displayed separately, and the contractor was overcharging based on an expired rate list. Despite the availability of food services, quality assurance and monitoring mechanisms require strengthening to safeguard passenger health and safety.

(j). Drinking Water

Drinking water points were available at all stations; however, their functionality was inconsistent. Regular water quality monitoring was largely absent at Lahore, Raiwind, Rawalpindi, Peshawar and Quetta railway stations.



Railway station Rohri



Railway station Lahore

This raises concerns regarding safety and reliability of potable water provided to passengers.

(k). Parking & Access

Parking facilities were generally well-managed at all stations; however, charges for pickup and drop-off were charged at all stations except Lahore railway station, indicating poor service delivery and lack of uniform policy implementation.

(l). Security

Security arrangements were inadequate at several stations due to insufficient security staff and non-functional security equipment. Many stations lacked operational CCTV cameras, walk-through gates, and luggage scanning machines. This inspection indicates the lack of seriousness in the approach of the PR towards security of its passengers. No attempt has been made by them to control access to even high risk stations like Karachi cantt which are the first step towards ensuring security. The surveillance equipment installed are either faulty or incorrectly placed resulting in gaps in the system.

Asstt. Audit Officer (IT)
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Karachi cantt. Railway Station entry point

Fire safety equipment existed at most locations, but safety alarms were missing or non-functional. Medical emergency facilities were available only at a limited number of stations, indicating a critical gap in emergency preparedness.

The assessment of station-level passenger services and amenities reveals significant systemic gaps in Pakistan Railways' passenger management framework. Critical areas including passenger information systems, help desks, sanitation, accessibility for disabled passengers, drinking water, food hygiene, and security showed persistent deficiencies, reflecting inadequate oversight, weak maintenance practices, and lack of uniform service delivery mechanisms. The absence of functional ATVMs, insufficient signage, poor washroom conditions, limited accessibility features, and non-operational security equipment undermine the overall travel experience and compromise passenger safety and comfort.

E) Shortage of Suitable and Attractive Passenger Coaches

The existing fleet of passenger coaches was insufficient to carry out the required services. Express trains are always crowded, and people are forced to purchase tickets far in advance to reserve their seats.

Requirement and availability of coaches

Description	No. of coaches		
	30.06.2022	30.06.2025	14.11.2025
No. of Trains	96	102	106
Total requirement	1,300	1,549	1,464
Rake composition of trains	1,080	1,142	1,100
In operation	1,078	1,087	1,028

Pakistan Railways operated 96 UP and Down trains as on 30.06.2022 for which total requirement with provision of spare coaches was 1300 coaches. Rake composition of these trains was 1080 coaches against which 1078 coaches were running in operation with deficiency of 2 coaches.

As on 30.06.2025, 102 up and down trains were running with composition of 1,142 coaches against which only 1,087 coaches were running in operations with shortage of 55 coaches. Position of available coaches was deteriorated with the passage of time but PR kept on increasing the number of trains. As on 14.11.2025, PR was operating 106 trains with reduced composition of 1,100 coaches. Previously composition of 102 trains was 1,142 coaches with average of 11 coaches but composition of 106 coaches was reduced to 1,100 coaches with reduced average of 10 coaches per train. Furthermore, shortage of coaches in running trains was also increased from 55 coaches to 72 coaches.

Audit observed that a PSDP project regarding, "Procurement/Manufacture of 230 Passenger Coaches" was delayed as the target date of completion was 02.01.2022 but the project could not be completed up to June 2025. Resultantly, out of the planned 230 passenger coaches, only 57 coaches (including 46 CBU units and 11 AC standard coaches manufactured at CFI) had been inducted into Pakistan Railways system up to September 2025. The delay in induction of new passenger coaches adversely affected passenger comfort, service quality, and operational efficiency.

Arun Gill
Assistant Audit Officer (IT)
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F) Compromised safety of passengers due to attachment of defective / dummy / POH overdue coaches

i) Attachment of defectives Coaches

Attachment of properly maintained coaches with the passenger trains is necessary for the safety of passengers and uninterrupted train operations. Rohri is an important junction at main line and all trains pass through this junction. Audit observed that at Rohri junction 27 coaches were detached from passenger trains during the year 2022-23 on account of different major defects. During the year 2023-24 and 2024-25, detachment of coaches en-route at Rohri junction was increased to 52 and 77 coaches respectively. This tendency of attachment of defective passenger coaches resulted in compromised safety of passengers and loss to the Railways due to detention of trains.

ii) Attachment of dummy Coaches

Further, DME and AME Sukkur inspected 27 trains en-route comprising of 405 coaches from July 2025 to October 2025 and found that one to two dummy coaches totaling 29 dummy coaches without functional braking systems were attached to each of these trains. The attachment of dummy coaches without braking power severely compromises the braking efficiency of the train, creating a high risk of accidents, derailments, and potential loss of life. This serious lapse indicated that passenger safety was not the priority of railway management.

iii) Attachment of Coaches overdue periodic overhauling

Audit observed that PR management was running coaches overdue POH with passenger trains against provisions of rules and safety standards. As on 01.07.2022, 51 coaches out of 1,078 coaches were running overdue POH and as on 30.06.2025, 85 coaches out of 1,087 coaches were running overdue POH. At an average 59 coaches were running overdue POH during the period from 01.07.2022 to 30.06.2025. During the reporting period from 2022-23, 2023-24 and 2024-25, daily average of coaches running overdue POH was 45, 49 and 78 coaches respectively. On 04.04.2025, number of coaches running overdue POH was at its maximum of 140 coaches. This indicated that safety of passengers was being compromised by running coaches overdue POH. Furthermore, 579 coaches, as of 30.06.2025, were lying idle awaiting maintenance, indicating major deficiencies in the performance and capacity of the carriage and wagon maintenance workshops.

G) Deteriorated infrastructure

Another key factor contributing to the decline in Pakistan Railways' passenger business is the progressive deterioration of its infrastructure. During the reporting period, 133 passenger trains' accidents occurred due to the poor condition of tracks, rolling stock, signaling and interlocking systems, and electrical equipment. These incidents resulted in 19 fatalities and 91 injuries, along with a financial loss of Rs 139.48 million to Pakistan Railways. The deterioration of infrastructure has had a direct negative impact on passengers. The high number of accidents has undermined passenger confidence in the safety and reliability of Pakistan Railways' services, leading to reduced ridership. Frequent disruptions, delays, and unsafe travel conditions have further discouraged passengers from using rail transport significantly contributing to the overall decline in passenger business.

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H) Non-refund of tickets due to defective refund system

The FA&CAO (Revenue) vide letter dated 29.08.2023 communicated a vendor description form (Refund of Ticket) to the Chief Commercial Manager to make payments to the passengers directly in their accounts through SAP. This procedure was adopted to improve passenger facilitation and avoid cost and labour of manual cheques. Audit observed in Karachi Division that in 290 cases refund of Rs 962,125 was not paid to the passengers due to non-existence of their own bank accounts. Further, it was observed that vendor description form had no option of payment through Easypaisa, Jazz Cash etc. Thus, deficient refund system resulted in non-refund of Rs 0.96 million to the passengers which also shattered their reliance and confidence on services of PR. Further, while the Federal Government encourages the use of IT-based solutions to facilitate ease of doing business, Pakistan Railways discourages passengers by not entertaining refund claims submitted after the departure of the train, even though such options are available in other modes of purchasing ticketing.

During review of refund of ticket cases of Sukkur Division it was observed that procedure of refund payment through banking channel was not adopted by the Sukkur Division and they were making payments to the passengers through pay orders in the name of station masters. During the period from September 2023 to June 2025 refund of Rs 1,802,454 was made to the passengers through pay orders instead of direct credit to their bank accounts as shown below:

Sr. No.	Period	Refund of ticket (Rs)
1	09/2023 to 06/2024	671,714
2	07/2024 to 06/2025	1,130740
Total		**1,802,454**

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I) Discriminatory Fare Policy Between Economy Class and AC Class Passengers

As per the General Terms and Conditions for Travelers issued by Pakistan Railways, there exists a disparity between the fare and reservation policies for Economy Class and Air-Conditioned (AC) Class passengers. According to clause-6, Economy Class tickets are reserved from the originating quota station to the ending station of the passenger, and the fare is charged from the available seat's origin, regardless of the passenger's actual boarding point. Conversely, clause-7 specifies that AC Class tickets are reserved based on the actual station of travel of the passenger, and the fare is calculated accordingly. This policy results in Economy Class passengers being charged for a longer travel distance than they actually undertake, while AC Class passengers are charged only for the distance they travel. The existing fare policy is discriminatory toward Economy Class passengers, leading to financial disadvantage for lower-fare travelers. Such inconsistency may cause passenger dissatisfaction and damage the public image of Pakistan Railways.

J) Unjustified charging of additional service charges & excess fare affecting passenger care

Clause 5.10 of the commercial management contracts allows private operators to charge up to 10% additional service charges only if specified value-added amenities, such as Wi-Fi, tissue papers, liquid soap, luggage trolleys water dispensers etc, are provided and verified by the CCM's office. During audit, it was observed that railway management outsourced 18 mail/passenger trains to

different private parties during the year from 2020-21 to 2024-25. The private operators charged passengers the 10% additional service charges despite failing to provide the required value-added amenities such as Wi-Fi, tissue papers, liquid soap, luggage trolleys water dispensers etc. The absence of these basic passenger-care services, coupled with continued additional service charges collection, resulted in an unjustified financial burden on passengers amounting to Rs 1,250.18 million. Further, it was observed that the contractor of outsourced Mianwali Express Train was charging fare from passengers 14.29% to 28% in excess of Pakistan Railway fare.

SWOT ANALYSIS

In order to suggest a plan for revitalization of passenger business of PR, Audit has carried out SWOT analysis highlighting its strength, weaknesses, opportunities available and threats posed by the exogenous factors.

Strengths

1. Pakistan Railways has a potential to maintain its passenger traffic due to safe mode of transportation and increased population and cheap fare policy, inspite of public dissatisfaction regarding its substandard quality of services.
2. Pakistan Railways have a fleet of experienced and well trained officers who are quite motivated for the improvement of passenger business.
3. Geographic location of Pakistan provides PR profitable long haul corridor of rail links with Iran, Turkey and Central Asian States.
4. PR is equipped with sufficient facilities for manufacturing, assembling and maintenance of its rolling stock.

Weaknesses

1. PR has no sufficient resources to replace and maintain its outdated infrastructure and rolling stock which is otherwise hazardous for public safety.
2. PR is running its business under umbrella of a bureaucratic setup instead of creating a business friendly environment and culture to compete the market of transport sector.
3. Owing to resource constraints, PR is not in a position to expand, update and modernize its existing network which is an impediment in the way of its progress.
4. Political necessity to operate even those services which can never cover their costs is biggest source of its losses
5. Pakistan Railways lacking digitalization in its operations
6. Over staffing in certain categories, while under staffing in critical areas is serious challenge for a safe and efficient passenger business.
7. Pakistan Railways is also lacking proper coordination and liaison with other modes of transport due to non-availability of a comprehensive national transport policy.

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Opportunities

1. Increasing business activities due to population and economic growth provide opportunities for profitable passenger train operations.
2. There is an increased demand for cross border regional linkages.
3. Global preference for multi modal transport presents a major opportunity for Pakistan Railways to increase its passenger traffic. As rail becomes the dominant mode within these systems, PR can capture greater demand by enhancing integration and services.
4. Awareness about environmental issues enhanced the trend of train services being a pollution free mode of transport.
5. PR is a low cost carrier as compared to other modes of transport.
6. The improved road network in remote areas allows Pakistan Railways to discontinue uneconomical train services with minimal inconvenience to the public. This development acts as a blessing in disguise, supporting more efficient resource allocation
7. The rising importance of Public-Private Partnerships (PPP) and the growth of a strong private sector can provide Pakistan Railways with much-needed financing, expertise and improved management through outsourcing
8. Noncore railway business resources have the potential to support the core business of Pakistan Railway.

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Assistant Audit Officer (IT)
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Threats

1. Continued improvements in road network is a serious threat to the passenger business of Pakistan Railways.
2. Quality services by road transport is also a big challenge for Pakistan Railways passenger business.
3. Non adoption of modern techniques and equipment by the Pakistan Railways is another threat for lagging behind.
4. Non-hiring of duly qualified professionals in commercial and marketing departments of Pakistan Railways.

Challenges

Audit enumerates the following multifarious challenges that Pakistan Railways has to tackle in its way forward:

1. How to increase the profitability of Pakistan Railways by improving its operational efficiency and reducing its operating costs?
2. How to gain customers confidence by providing quality services at affordable prices without adverse effect?

3. How to modernize Pakistan railways to bring at par with rapidly globalizing world in respect of efficiency and cost?
4. How to stop attrition of essential staff and attract the best talent through proper incentives and rewards?

3.9. Departmental Response

No response received.

3.10. Recommendations

Based on the aforementioned critical review and observations, audit recommendations are as under:

- A comprehensive investment plan may be chalked out with the help of Federal Government to improve passenger share.
- Passenger traffic must be operated in compliance with the Sustainable Development Goals as adopted by Pakistan.
- Modernization of available passenger coaches and procurement & manufacturing of new coaches may be undertaken to enhance PR capacity to carry large volumes of passengers.
- Railway management may take course corrective measures to rehabilitate/upgrade/build its infrastructure causing trains delays and accidents.
- PR may ensure timely maintenance and overhauling of coaches by strengthening its workshops.
- PR may develop a real-time monitoring system for coach availability and service status.
- Railway management may reduce the number of idle or under-maintained coaches by improving workshop planning and resource allocation.
- Railway management may adhere to the approved standard composition for each passenger train.
- Booking of passenger tickets may be restricted when coaches are unavailable and introduce automated alerts for coach shortages.
- Refund policies may be aligned with modern practices and policy with regard to online and app-based refunds may be revisited under the rules.
- Railway management may ensure timelines and reliability of trains by addressing the causes of delays and strengthen safety and security measures at railway stations.
- Passenger service performance unit may be established to oversee service quality indicators and grievance redressal of passengers.
- PR must generate train-wise, route-wise costing data for determination of passenger fare, and to benchmark/ base price for outsourcing the commercial management of trains.

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- PR may use SAP for recording revenue earnings at the very bottom i.e. railway stations level to avoid any under or over reporting of passenger earnings.
- PR management may provide dedicated racks for outsourced trains enabling private contractors to add value in services.
- PR may reinforce recovery policy for speedy realization/ adjustments of Railways' receipts such as station outstanding and military warrants.
- Passenger facilities and amenities in passenger trains and at railway stations may be improved to sketch the better face of Pakistan Railways.
- Utilization of passenger related funds for irrelevant works may be avoided and only used for which they were allocated.

3.11. Conclusion

Pakistan Railways was predominantly responsible for effective transportation of passenger traffic from the country's inception till 1970s. However, contemporary times depict evasion of responsibility and dominance of unscrupulous practices in the PR management, as the latter's role of being a harbinger of economic development in the country has now become stagnant. The thematic audit of Passenger Management in Pakistan Railways highlights systemic weaknesses that have significantly affected service quality, operational efficiency and passenger satisfaction. Persistent issues such as non-maintenance of standard train composition, inadequate availability of serviceable coaches, weak monitoring mechanisms, poor station facilities, outdated passenger information systems and ineffective grievance redressal. These deficiencies collectively diminish public trust and hinder Pakistan Railways' ability to function as a competitive and sustainable mode of transportation. The most important aspect of undermine of PR passenger traffic is the negligible government investment in Pakistan Railways as the authorities have instead focused on upgradation and maintenance of road network to transport majority of the passenger traffic.

Despite these challenges, PR possesses considerable potential to enhance its passenger management through better planning, improved maintenance practices, modern ticketing systems, strengthened governance and more proactive engagement with passengers. Implementation of the recommendations outlined in this report particularly those relating to coach availability, infrastructure upgrades, digital transformation, and strengthened oversight would not only improve service delivery but also help PR restore public confidence, increase revenue and meet the growing expectations of passengers. PR will have to undertake concerted efforts to steer the system towards an increase in passenger volume and revenue. Without any coherent and meaningful reform, efficient passenger management in Pakistan Railways will remain elusive.

Asstt Audit Officer (IT)
20 October 2026 03:13:14 PM

Appendices

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Assistant Audit Officer (IT)
20 October 2026 03:19:14 PM

APPENDIX-I

Scope of Audit:

The Directorate General Audit Railways, Lahore has the mandate to conduct audit of 118 formations in addition to 38 PSDP Projects of Pakistan Railways and 04 subsidiary companies under the control of Ministry of Railways. Total expenditure of these formations was Rs 184.79 billion including revenue expenditure of Rs 154.21 billion and development expenditure of Rs 30.58 billion. The revenue receipts of PR were Rs 92.73 billion, which had been utilized against revenue expenditure for the financial year 2024-25. Audit coverage relating to expenditure and revenue receipts for the Audit Year 2025-26 comprises 94 formations of PR having total expenditure of Rs 137.63 billion and revenue receipts of Rs 70.72 billion for the financial year 2024-25. In terms of percentage, the audit coverage for expenditure was 70.22% of auditable expenditure and for revenue receipts was 76.26% of auditable receipts. Out of total 94 formations planned for current audit year 2025-26, 62 formations, covering expenditure Rs 96.98 billion and revenue receipts Rs 67.53 billion, have been audited during the first phase, from July to December 2025.

This audit report also includes audit observations resulting from the audit of expenditure of Rs 8.66 billion and receipts of Rs 16.73 billion for the financial year 2023-24 pertaining to 22 formations including 03 subsidiaries of Pakistan Railways. Resultantly, this audit report includes audit result of 84 formations covering expenditure Rs 105.65 billion and revenue earnings Rs 84.26 billion. Moreover, 05 significant paras relating to a special study report[32] have also been included in this audit report.

In addition to this compliance audit report, separate reports on financial attest audit on the accounts of PR (FY 2024-25), financial attest of a foreign aided project (FAP), thematic audit and one impact audits were also issued during the period from July to December 2025. The results of financial attest audit are 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 27,364.54 million was pointed out. Moreover, as a result of follow up of previous audit reports, management recovered an amount of Rs 1,535.015 million which has been verified by Audit from January to 30th November, 2025.

Rahim Gull
Assistant Audit Officer (IT)
20 October 2025 08:19:14 PM

Audit Methodology

The audit methodology included examination of relevant files, documents, review of financial data, site visits, surveys and discussions with the management. Audit was planned on the basis of understanding of internal control environment, risk assessment and understanding of accounting system of Pakistan Railways. Analytical procedures were also performed through different combinations of variables. Detailed audit of selected samples was carried out keeping in view planned audit focus, risk and materiality.

Audit Impact

Pakistan Railways made certain rectifications in its final accounts for the financial year 2024-25 at the stance of audit, as mentioned below:

- An overstatement of Passenger and Other Passenger earnings by Rs 873.51 million due to double accounting of Military earnings was rectified. Resultantly, revenue earnings were reduced and net loss of PR for the financial year 2024-25 increased by this amount.
- The adjustments amounting to Rs 13.24 billion were made to the Balance Sheet, primarily involving reclassification of assets. These included cost for acquisition of land worth Rs 1.27 billion for rail connectivity from Kohat to Afghanistan previously charged to wrong head "Structural and Engineering Works" now booked to "Land". Further, "Suspense-other accounts" were adjusted to account for mobilization advance of Rs 2.88 billion under "Advances and Re-payments" and Rs 9.09 billion under Inventory and Store suspense balances.

Asim Gull
Assistant Audit Officer (IT)
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[32] Special Study Report on Hiring of Locomotives from M/S NLC by Pakistan Railways (Audit Year 2024-25)

APPENDIX-II **Comments on the Status of Compliance with PAC Directives as on 31.12.2025**

Audit Year	Total Paras	Total No. of Actionable Points	Compliance received	Compliance not received	Percentage of compliance
1985-86	34	34	24	10	70.59
1986-87	29	29	25	4	86.21
1987-88	31	31	19	12	61.29
1988-89	19	19	11	8	57.89
1989-90	41	41	29	12	70.73
1990-91	42	42	37	5	88.10
1991-92	36	36	20	16	55.56
1992-93	99	13	1	12	7.69
1993-94	67	67	52	15	77.61
1994-95	123	123	76	47	61.79
1995-96	153	21	13	8	61.90
1996-97	65	5	0	5	0.00
1997-98	56	7	7	0	100.00
1998-99	50	28	13	15	46.43
1999-00	58	56	39	17	69.64
2000-01	48	48	34	14	70.83
2001-02	28	28	11	17	39.29
2003-04	24	11	5	6	45.45
2004-05	22	22	22	0	100.00
2005-06(A)	46	46	46	0	100.00
2006-07	34	34	28	6	82.35
2007-08	68	29	12	17	41.38
2008-09	101	101	59	42	58.42
2009-10	151	72	6	66	8.33
2010-11	88	3	1	2	33.33
2011-12	97	0	0	0	0.00
2012-13	73	0	0	0	0.00
2013-14	59	39	0	39	0.00
2014-15	86	0	0	0	0.00
2015-16	84	43	0	43	0.00
2016-17	49	0	0	0	0.00
2017-18	70	12	0	12	0.00
2018-19	79	6	0	6	0.00
2019-20	114	94	10	84	10.64
2020-21	23	0	0	0	0.00
2021-22	78	0	0	0	0.00
2022-23	87	24	5	19	20.83
2023-24	97	6	1	5	16.67
2024-25	113	0	0	0	0.00
Total	**2622**	**1170**	**606**	**564**	**51.79**

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Compliance of PAC directives remained in the range 7% to 100% during the period of 1985-86 to 2010-11 except 1996-97. However, after the year 2011-12 the compliance of PAC directives was significantly declined and reached between 10.64% to 20.83% till 2024-25. Non-compliance of

PAC directives is challenging the course correctives measures on part of Pakistan Railways resulting in recurrence of irregularities of similar nature.

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20 October 2026 03:19:14 PM

Annexures

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20 October 2026 03:19:14 PM

Annexure-1

MFDAC

Sr.#	DP #	Subject	Amount
1.	25004	Loss of freight earnings due to non-provision of goods wagons to private parties	96.33
2.	25005	Non-recovery of rental charges of extra space utilized by car parking contractor	1.62
3.	25006	Loss of earning due to non-finalization of auction of bill boards	3.37
4.	25009	Loss of fuel due to detention of passenger trains	10.76
5.	25010	Loss of earnings due to non-auction of restaurants/vending stall	3.6
6.	25012	Loss due to detention of goods trains at Quetta-Zahedan section	3,098.37
7.	25013	Non-Deduction of General Provident Fund from the salaries of employees	31.71
8.	25014	Loss of earning due to damaged stock	550.61
9.	25018	Loss to Public Exchequer due to Non-deduction/deposit of withholding tax from venders	5.19
10.	25019	Loss of earnings due to non-auction of vending stalls and car parking stands	36.66
11.	25020	Loss of earning due to non-achievement of targets	194.28
12.	25021	Loss due to non-deposit of 30% of bid amount	2.5
13.	25022	Loss due to irregular allotment of stalls with restaurant	3.5
14.	25025	Non Recovery of outstanding dues against FFC	3.9
15.	25026	Loss due to excess consumption of fuel on account of detention of trains	700.25
16.	25027	Loss due to irregular allotment of stalls with restaurant	1.5
17.	25028	Loss due to irregular allotment of stalls with restaurant	6.47
18.	25030	Loss due to irregular allotment of stalls with restaurant	17.74
19.	25041	Loss of freight earnings due to underutilization of high capacity wagons	136.02
20.	25042	Loss of earning due to inordinate delay in auction	5.2
21.	25044	Loss of freight earning due to injudicious utilization of freight wagons by extending undue favour to the private contractor	125.68
22.	25048	Irregular booking of freight charges in Freight Deposit Account	10.4
23.	25049	Loss due to excess/avoidable consumption of fuel	2,132.82
24.	25051	Loss of freight revenue due to non-supply / non-booking of wagons despite availability	35.27
25.	25053	Irregular/ unauthorized operation of Freight Deposit Account due to non-maintenance of minimum balance and undue favour to the contractor	8.35
26.	25054	Loss of freight earnings due to short supply of wagons	313.7
27.	25056	Loss on account of accidents due to poor maintenance and non-observance of standard parameters	2.29
28.	25058	Unauthorized expenditure from funds of deposit works	0.62
29.	25060	Loss due to non-achievement of earning target	1,472.03
30.	25061	Loss due to excess/avoidable consumption of fuel	37.38
31.	25062	Non-execution of agreement with parking contractor and non-recovery of rent & withholding tax	0.96
32.	25064	Loss due to non-auction of parking stands & Goods Shed	4.65
33.	25065	Unauthorized expenditure from funds of deposit works	1.39
34.	25066	Irregular award of contract due to non-observance of PPRA Rules	12.27
35.	25067	Loss due to delay in finalization of tendering process	6.05
36.	25071	Misappropriation of govt. money due to late remittance of cash	195.1
37.	25072	Irregular utilization of funds from Freight Deposit Accounts (FDA)	2,184.66
38.	25075	Unjustified award of car parking contract below the benchmark	0.95
39.	25076	Non-recovery of electrical overhead crossing charges from DISCOs	2,934.80
40.	25077	Loss due to non-disconnection of redundant electric connection	1.31
41.	25078	Unjustified installation of castoff transformers by FESCO against price of new transformers	2.63

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Sr.#	DP #	Subject	Amount
42.	25079	Loss due to non-reduction of power load/tariff rate and estimated annual saving	1.16
43.	25080	Non-disposal of released material	1.16
44.	25081	Non-shifting of water supply connections of Railway colonies to WSSP	38.44
45.	25082	Loss on account of late payment surcharge on utility bills	0.59
46.	25083	Loss due to deficiencies in coaching stock	3.11
47.	25084	Loss due to auction of copper wire scrap at lesser rate	1.39
48.	25085	Irregular allocation/charging of Capital expenditure to Revenue	65.23
49.	25086	Non-recovery of fuel adjustment & electric charges	0.37
50.	25087	Loss due to permanent occupancy of Railway rest house rooms	2.31
51.	25089	Blockage of capital due to non-disposal of defective/spare transformers	3.83
52.	25090	Non-recovery of electrical overhead crossing charges from DISCOs	1,156.65
53.	25091	Loss due to purchase of bulk electricity instead of direct billing for services buildings	39.91
54.	25092	Loss on account of late payment surcharge on utility bills	25.8
55.	25094	Non-disposal of scrap	23.22
56.	25095	Loss due to theft of electric items from coaches masked under deficiencies	20.42
57.	25096	Loss due to non-reduction of idle load against electric connections	3.77
58.	25098	Loss due to payment of Low Power Factor Penalty	1.21
59.	25099	Loss due to non-disconnection of idle electric connections	1.22
60.	25101	Loss on account of water supply to Railway employees	35.74
61.	25102	Loss due to sale of electricity to vendors and employees at lower rates	21.81
62.	25103	Wasteful expenditure on pay & allowances of staff deputed on permanently closed water pumps	4.83
63.	25104	Blockage of capital due to excess procurement of electrical materials for construction of new warehouse in Loco Shed, Quetta	0.12
64.	25105	Irregular payment through cash instead of cheques	6.42
65.	25106	Irregular expenditure due to splitting of local purchase	4.7
66.	25107	Installation of solar system without need assessment	12.82
67.	25108	Blockage of capital due to non-repair of 350 KVA DG set	4.85
68.	25111	Loss of potential earnings due to non-initiation of commercial exploitation of Railway land	33,406.54
69.	25112	Conflict of interest in appointment of managers and irregular/unjustified payments	6.25
70.	25113	Non-recovery of outstanding leasing and licensing charges from Private Parties	132.45
71.	25114	Loss of committed earnings due to delayed decision making regarding leasing of proposed sites for petrol pumps	1,016.34
72.	25116	Loss of earning due to delayed award of contracts for exclusive selling rights of Carbonated Soft Drink (CSD) and biscuits	343.11
73.	25117	Irregular retention of PR's share of revenue receipts without the approval of Finance Division	270.65
74.	25118	Unauthorized expenditure on account of pay & allowances due to appointment in excess over sanctioned strength	9.53
75.	25120	Non recovery of refundable Income Tax from FBR	30.83
76.	25121	Incorrect reporting of expenses of transaction advisory services in the Profit & loss account	10.03
77.	25123	Non availability of remedial management policy regarding existing cases of 99 year long term lease	16,513.00
78.	25124	Irregular adjustment of refundable security deposit by parties	32.31
79.	25125	Non-utilization/disposal of diesel generators	0.69
80.	25128	Non-deduction of GPF subscription from the salaries of employees	0.64
81.	25129	Loss to national exchequer due to non-deduction of taxes	0.24

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Sr.#	DP #	Subject	Amount
82.	25130	Irregular and non-transparent local purchases	0.54
83.	25131	Loss due to inordinate detention of trains	45.24
84.	25132	Loss due to misappripriation/theft of batteries	1.47
85.	25133	Loss due to inordinate detention of trains	92.44
86.	25134	Loss due to issuance of HSD oil to solarized stations	1.31
87.	25135	Wasteful expenditure on account of pay allowances to idle staff	10.04
88.	25138	Un-necessary/un-justified issuance of HSD oil	2.56
89.	25140	Un-justified procurement of solar system material for the arrangement in L-Xing at Kotri Dadu section	1.76
90.	25142	Loss due to shortage of store material	0.84
91.	25143	Non-utilization of electronic Pin Brazing machine	0.36
92.	25144	Wasteful expenditure due to non-completion of contract	1.1
93.	25145	Loss on account of extra consumption of fuel due to detention of trains on the part of signaling department	914.96
94.	25146	Irregular/ unjustified procurement of material	2.08
95.	25148	Irregula procurement of telecom material due to negotiation	0.35
96.	25149	Mis-procurement of CCTV cameras due to award of contract through bidding devoid of technical evaluation criteria	3.15
97.	25151	Loss of fuel due to detention of trains	0.47
98.	25153	Mis-procurement due to splitting	1.06
99.	25156	Theft of Signal and telecom material at Peshawar Division	0.36
100.	25159	Irregular issuance and consumption of HSD oil for diesel generator sets	3.07
101.	25163	Irregular payment on account of escalation charges paid to NLC	169.36
102.	25166	Suspected bogus payment to the contract for short supply of ballast	8.42
103.	25167	Blockage of capital due to negligence of Railway management	17.25
104.	25168	Incurrence of irregular/un-authorized expenditure without provision in PC-1	265.45
105.	25169	Suspicious execution of work without performing quality controls tests and availability of verifiable record in respect of quantities	25.06
106.	25170	Irregular expenditure due to non-revision of estimates	152.29
107.	25171	Loss due to overpayment on account of inclusion of unjustifiable quantities in estimates	3.96
108.	25172	Irregular expenditure due to non-revision of estimates	6.99
109.	25173	Loss due to splitting up of similar nature of works	179.07
110.	25174	Loss due to non-recovery of L.D charges from contractors	9.42
111.	25175	Wasteful expenditure due to non-completion of work	7.38
112.	25176	Suspected misappropriation of P. Way released material	847.7
113.	25177	Non-replenishment of Freight Deposit Account (FDA)	350.67
114.	25178	Loss due to transhipment of Coal to other Wagons	1.93
115.	25179	Loss of revenue earnings due to non-availability of rolling stock (ZBKH wagons)	6,209.16
116.	25180	Loss on account of freight payments including indexed gross profit margin not accepted by HSR	3,523.19
117.	25182	Loss due to self-decanted wagons and freight	8.9
118.	25183	Loss due to default by the contractor	0.41
119.	25185	Unjustified appointment of additional staff	8.89
120.	25188	Non-adjustment of spur line cost component	4,950.00
121.	25189	Loss due to incorrect assessment of damages by extending un-due favour to contractor	29.12
122.	25191	Loss due to condemnation of 07 ZBKH wagons	61.94
123.	25193	Loss of potential revenue due to non-provision of ZBKH wagons to HSR	124.2
124.	25194	Non-deduction of detention charges in respect of coal wagons	8.66
125.	25196	Non-adjustment of advances	0.46
126.	25199	Non recovery on account of 4% service charges from Pakistan Railways	113.31

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Sr.#	DP #	Subject	Amount
127.	25200	Embezzlement of revenue by incharge reservation booking assistant at Rahim Yar Khan	1.15
128.	25202	Loss on account of sale of train tickets	43.36
129.	25204	Loss due to excess depositing of withholding advance tax	122.7
130.	25205	Loss to government exchequer due to tax evasion	8.83
131.	25206	Loss due to breach of contract	6.19
132.	25210	Loss due to theft of assets	0.15
133.	25212	Non-adjustment of temporary advances granted to employees for office use leading to temporary misappropriation	4.23
134.	25214	Loss due to non-claiming of fare on account of suburban tickets from Pakistan Railways	3.92
135.	25215	Loss due to irregular incurrence of expenditure on parked vehicles	1.22
136.	25218	Mis-utilization of project funds due to non establishment of design office	21.79
137.	25219	Non receipt of construction cost from Pakistan Railways after auction of shops	2.45
138.	25223	Non-Recovery from the various Cost Centers other than C&W Shop	39.38
139.	25224	Loss of Potential Earning due to Non repair of Goods stock	130.03
140.	25226	Irregular payment through cash instead of Cheques	2.73
141.	25229	Suspicious issuance of Carriage & Wagon material without acknowledgment	0.52
142.	25230	Irregular issue of material issued to other subordinate without credit receipt	2.56
143.	25231	Recurring loss on account of high tariff despite direct billing	129.06
144.	25233	Wasteful expenditure on account of solar system	10.81
145.	25234	Loss due to frequent broken of electric inter-car couplers	14.45
146.	25235	Loss due to difference between electricity units purchased and sold to railway employees	2,684.59
147.	25236	Loss on account of delay in handing over of colonies to DISCOs	187.65
148.	25237	Loss on account of fixed charges due to non-disconnection of idle connections	14.36
149.	25238	Loss on account of late payment surcharge on electricity bills	327.8
150.	25240	Recurring loss due to non-handing over of water supply pumps to local authorities	869.91
151.	25243	Defective electrical appliances in running trains	6.96
152.	25244	Loss due to excessive use of electricity for CBI Stations	52.49
153.	25245	Loss due to payment on account of low power factor penalty	5.14
154.	25247	Unauthorized expenditure on revenue works from PSDP funds	72.8
155.	25248	Misappropriation of P.way material	16.03
156.	25249	Unjustified receipt of material and booking of expenditure to the project	9.84
157.	25250	Misappropriation of wooden battens	8.48
158.	25251	Loss due to excess issuance of P.way material	3.42
159.	25252	Non-maintenance of record and non-handing over of assets of the project	2.88
160.	25254	Unauthorized expenditure on construction of PWI office	2.77
161.	25255	Irregular booking of freight of revenue works to the project	4.69
162.	25256	Loss to PR due to short composition of ballast trains	4.78
163.	25257	Non-adjustment of expenditure incurred from PSDP funds	42.08
164.	25258	Short and wrong supply of crossing timbers	2.7
165.	25259	Blockage of capital due to non-handing over/taking over of rehabilitated/new tracks and leftover material	32.14
166.	25260	Non-transparent expenditure on hiring of machinery	2.6
167.	25261	Unjustified excess procurement of material from PSDP funds	250.46
168.	25262	Doubtful payment against supply of ballast	2.96
169.	25263	Misappropriation of ballast	4.91
170.	25269	Irregular local purchases due to splitting	0.53
171.	25274	Unjustified payment of honorarium	1.1
172.	25275	Mis-procurement due to violation of PPRA Rules	4.78

Sr.#	DP #	Subject	Amount
173.	25276	Unfair presentation of financial statements causing unjustifiable exaggeration of profit	8.23
174.	25278	Change in scope of work of the approved PC-I due to non-execution of review and up-dation of FIS/MIS technical study	40
175.	25279	Irregular procurement of E-Procurement & Tendering by SAP Ariba module without provision in the PC-I	47.51
176.	25280	Extra expenditure due to irregular award of contract for implementation of Enterprise Resource Planning (ERP) in Pakistan Railways beyond the scope of PC-I	170.78
177.	25281	Mis-procurement due to award of contract after the expiry of bid validity time	384.87
178.	25283	Un-due financial favour to the contractor due to non-obtaining of performance guarantee	22.45
179.	25284	Non-appointment of staff against essential managerial/technical posts	-
180.	25285	Irregular deployment of key Personnel on the implementation of ERP in Pakistan Railways	-
181.	25286	Extra expenditure due to irregular award of contract for enterprise cloud managed services before implementation of ERP in Pakistan Railways	112.26
182.	25287	Un-authorized deviation from approved scope of work of project "Umbrella PC-II"	479.17
183.	25288	Non-achievement of project deliverables within approved timeline – "Umbrella PC-II"	-
184.	25289	Preparation of vague and unjustified PC-II of PSDP projects "Umbrella PC-II"-Rs 1,970.00 million	1,970.00
185.	25290	Non-achievement of envisaged benefits of the projects	-
186.	25291	Irregular expenditure on feasibility study for strategic rail link without cost recovery from sponsor	19.88
187.	25292	Irregular and excess expenditure on feasibility study beyond approved cost limits	14.83
188.	25293	Unjustified expenditure on temporary establishment despite availability of permanent establishment	4.78
189.	25294	Unjustified expenditure on preparation of bidding documents and agreement	29.58
190.	25295	Excess payment to M/s NESPAK	17.04
191.	25296	Loss due to delay in execution of solarization project for PR buildings	1,000.00
192.	25297	Irregular and unjustified payment to joint venture consultant firm	2.11
193.	25298	IIrregular / infructuous expenditure on Karachi Circular Railway (KCR) from PSDP instead of PPP mode	18,884.83
194.	25299	Irregular floating of tender and award of contract	278.98
195.	25304	Loss due to excess consumption of HSD Oil over & above fixed ration	10.37
196.	25305	Loss due to excess consumption of HSD Oil on account of "Loco on miscellaneous services" (LOMS)	12.59
197.	25306	Recurring loss due to defective agreement with PSO on account of operational fee	77.25
198.	25307	Loss on account of excess consumption of HSD Oil due to detention of trains	55.19
199.	25308	Avoidable loss due to payment of freight charges	18.35
200.	25312	Loss on account of damages to coaches and railways property due to rough shunting	2.47
201.	25313	Loss due to excess consumption of lube oil	1.84
202.	25315	Unauthorized cannibalization of parts from Locomotives Stored in Good Order	-
203.	25319	Loss due to deficiencies in Coaching Stock	26.03
204.	25320	Loss of potential earning due to delayed repair of locomotives	2,070.05
205.	25321	Loss of potential earnings due to delay in repair of High Capacity Wagons	1,018.51
206.	25322	Loss due to deficiencies in coaching and goods stock	11.24

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Assistant Audit Officer (IT)
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Sr.#	DP #	Subject	Amount
207.	25323	Loss due to consumption of HSD Oil under "Loco on Miscellaneous Services" (LOMS)	7.58
208.	25324	Loss due to excess consumption of HSD Oil by drivers/shunters and DE Locomotives beyond fixed ration	1.12
209.	25327	Low production due to poor performance of steel shop	485.74
210.	25329	Non-recovery of railway dues from defence department and NLC on account of repair of rolling stock	277.04
211.	25330	Loss due to stabling of locomotives in rain over a long time	612.55
212.	25331	Contractual malpractices leading to substantial financial losses on account of agreement with PSO	113.64
213.	25332	Loss due to defective repair of traction motors	29.48
214.	25334	Loss to hopper wagons due to utilization of sea water	86.94
215.	25335	Loss due to replacement of wrongly supplied loco parts against available stock by the Chinese firm	52.23
216.	25336	Loss due to frequent defects on account of procurement of GEU-20 locomotives	6,648.92
217.	25338	Wasteful expenditure on conversion of braking system of the MBFRS wagons which have completed their useful life	640.28
218.	25341	Wasteful expenditure on account of upgradation of shed at MYP	379.88
219.	25342	Loss of freight earnings due to non-utilization of available fit stock	33,863.66
220.	25345	Loss on account of damages to coach of Pakistan Express due to negligence of C&W rake escort staff	1
221.	25346	Blockage of capital due to detention of wagons	347.61
222.	25348	Loss due to deficiencies of coaching stock	37.32
223.	25349	Loss on account of potential revenue due to detention of economy class coaches for want of material	20.03
224.	25350	Loss due to unjustified increase in trip ration	0.76
225.	25352	Irregular running of dummy vehicles and deficiency of brake fittings	67.86
226.	25353	Loss on account of HSD oil due to detention of trains	68.04
227.	25354	Wasteful expenditure due to non-execution of Trip-A schedule of locomotives by maintenance of in Loco Shed Yousafwala	14.4
228.	25355	Irregular extension of the pooling van contract in favour of a contractor having in-active Income Tax status	2.49
229.	25356	Irregular expenditure on account of pay and allowances due to mis-utilization of 56 Nos. staff	-
230.	25357	Loss due to excess consumption of HSD oil by DE Locomotives and Drivers over & above the fixed ration	1.67
231.	25359	Loss on account of extra consumption of fuel due to detention of trains	0.57
232.	25361	Loss of earnings due to non-achievement of targets	858.4
233.	25363	Non-submission of security money by bidders prior to auction	1
234.	25364	Irregular award of contracts due to void agreements	167.88
235.	25365	Temporary misappropriation of Govt. money due to late deposit of cash by the STEs	0.83
236.	25366	Loss due to non-auction of vending stalls	43.84
237.	25368	Unauthorized expenditure from station earnings	0.7
238.	25369	Loss due to missing empty EFT books by STEs	1.62
239.	25370	Loss due to inefficient management of sale of platform tickets	23.78
240.	25372	Unjustified award of contracts to ineligible contractors	10.77
241.	25373	Loss to government exchequers due to non-deposit of WHT by the contractors to FBR	9.17
242.	25374	Non-achievement of earning targets	1,520.87
243.	25376	Loss of potential revenue due to non-auction of go downs at Mardan	3.2
244.	25377	Misprocurement due to inclusion of discriminatory clause in the bidding documents of vending stalls	1.23

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Audit Officer (C)
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Sr.#	DP #	Subject	Amount
245.	25378	Delay in remittance of station receipts	4.29
246.	25379	Loss of potential revenue due to non-auction of vending stalls after expiry of previous agreements	0.32
247.	25385	Premature closure of vending stalls due to new stall design change resulting in loss	28.44
248.	25386	Irregular award of luggage/ brake van contracts without tendering	371.93
249.	25387	Loss to public exchequer due to non-recovery of withholding tax from contractors	4.68
250.	25388	Non-clearance of station outstanding	127.17
251.	25389	Loss due to BOT contracting of pay to use washrooms at Rawalpindi Railway Station	29.7
252.	25391	Loss due to non-restoration/ operation of Sir Syed Express	1,178.89
253.	25392	Loss due to outsourcing of Janitorial Services	43.49
254.	25393	Irregular award of car parking contract without approved site plan	1.25
255.	25394	Temporary misappropriation of government money due to late remittance of cash	13.68
256.	25395	Loss due to unauthorized release of contractor's items without recovery of outstanding rent	0.19
257.	25397	Ineffective controls over clearance of station outstanding	100.96
258.	25398	Undue favour to the contractors due to non-recovery of Advance Income Tax	89.59
259.	25400	Non-production of record	-
260.	25401	Loss to public exchequer due to non-collection of withholding tax from brake vans and luggage van contractors	35.28
261.	25403	Loss to public exchequer due to non-deposit of collected tax	43.13
262.	25404	Loss to PR due to bearing tax liability instead of recovering from the contractors	694.39
263.	25405	Loss to public exchequer due to incorrect collection of WHT	6.86
264.	25406	Loss due to non-provision of dining car and kitchen portion to the contractors	2.8
265.	25408	Irregular allotment of brake vans and luggage vans without tendering	62.55
266.	25409	Unlawful handing over commercial management of trains without formal agreements	4,702.00
267.	25410	Injuducious decision regarding execution of ATM installation agreement in violation of PPRA rules without financial benefits	-
268.	25411	Wasteful expenditure on computerized passenger tickets	5.44
269.	25412	Non-provision of approved rack for Mehran Express	6.74
270.	25413	Irregular payment of pay & allowances to meter readers	8.81
271.	25414	Loss to public exchequer due to Non/Less deduction of income tax	0.86
272.	25415	Mis-utilization and fraudulent use of deposit work funds	1
273.	25419	Non-deduction of General Provident Fund (GPF) subscription	1.25
274.	25421	Non-recovery due to non deduction of 5% maintenance charges	0.79
275.	25424	Non-clearance of pending liabilities	179.87
276.	25425	Non-recovery due to non-deduction of Group Insurance	1.34
277.	25430	Irregular payment of TLA over and above sanctioned strength engaged by FC	14.36
278.	25432	Irregular expenditure due to non-implementation of E-Office	0.7
279.	25433	Non-deduction on account of monthly subscription of General Provident Fund	11.15
280.	25434	Non-clearance of pending liabilities under PM package	448.8
281.	25436	Un-justified payment to levies force without service record and proper agreement	48.31
282.	25438	Non-recovery of house building advance from the employees who failed to submit mortgage deeds	4.68
283.	25439	Non-payment of benevolent fund and miscellaneous grants	176.67
284.	25440	Recoverable/ Non-deduction of General Provident Fund from the salaries of employees	3.43

Muhammad Asim Gull
Assistant Audit Officer (IT)
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Sr.#	DP #	Subject	Amount
285.	25441	Loss due to mismanagement and un-authorized occupation of Railway land	5.41
286.	25442	Un-authorized opening of bank account and transfer of public funds	34.9
287.	25443	Irregular utilization of profit for the payment of benevolent fund grants	4.090
288.	25444	Irregular payment of pay & allowances to meter readers	3.32
289.	25445	Irregular retention/ utilization of earning by Divisional Sports Association	0.87
290.	25448	Irregular utilization of Railway parking stands by Divisional Sports Association	0
291.	25449	Wasteful expenditure on account of pay and allowances due to delay in finalization of disciplinary proceedings	1.57
292.	25450	Non-accountal of tolls & plant (T&P) items in Khawateen Industrial Centre, Multan	0.34
293.	25452	Loss due to nonestablishing Marquee on railway land at Akora Khattak	1.35
294.	25453	Loss due to non transfer of court recoveries to Railway Central Account III	8.91
295.	25456	Loss due to unauthorized occupation and illegal construction of shops/ cabins at premises of car parking Sakhakot Railway Station	123.26
296.	25460	Loss due to non recovery of railway land charges utilized for Cattle Mandi Near Attock City Railway Station	1.68
297.	25462	Loss due to unauthorized construction and allotment of quarters by building department on railway land near new town Behar Colony Attock	8.25
298.	25463	Loss due to illegal construction of shops and houses on railway land at Ganda Nala Takht Bhai Railway Station	97.03
299.	25466	Irregular amendment in railway land & property rules 2023	0
300.	25467	Loss due to non recovery of rental charges of car parking near KTH Peshawar	19.33
301.	25468	Loss due to unauthorized occupation and illegal utilization of railway land for Tehbazari at Takth Bhai station	85.38
302.	25470	Irregular sales of Railway land at Peshawar	33.89
303.	25472	Loss due to subletting/ renting of leased property to third parties	51.21
304.	25473	Loss of earnings due to expired lease agreement of shops	0.81
305.	25474	Loss due commercial utilization of land of Katchi Abadies	10.63
306.	25475	Non-finalization of leasing proposals for shops and marquee resulting in loss of potential revenue	15.49
307.	25476	Loss due to unauthorized subletting/ construction in Shalimar Hospital	267.1
308.	25477	Recoverable rental charges from residents of Katchi Abadies over Workshop Division	140.5
309.	25478	Loss due to non-construction of shops on prime location	12.24
310.	25480	Loss due to partially implanation of masjid's shop policy	7.82
311.	25481	Loss due to fresh encroachment on PR land	155.07
312.	25482	Loss due to non-recovery of land value	2,700.00
313.	25484	Loss of rental value due to non-finalization of proposals of land required by TEVTA	58.1
314.	25487	Loss due to non-utilization of high-value commercial land	3,033.00
315.	25488	Loss due to non-removal of new encroachment	16.81
316.	25489	Irregular award of contract to bidder registered with PR without fair competition	8.2
317.	25490	Non-acceptance of purchase order by local agent due to misleading statement resulting into non-supply of material	6.14
318.	25491	Loss of exchange rate on account of extension in delivery period resulting delay in supply of spare parts	33.45
319.	25493	Non-realization of outstanding amount against suppliers	14.29
320.	25494	Loss due to procurement of axle box roller bearings for incorrect specification	1.63
321.	25496	Irregular change in inspection clause on supplier's demand resulting non-inspection of batteries	99.57
322.	25498	Blockage of foreign exchange due to expiry of letter of credits	1,094.20

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Sr.#	DP #	Subject	Amount
323.	25499	Loss due to award of contract for manufacturing of turnouts by setting higher benchmark rate	159.9
324.	25502	Irregular award of contract and unjustified adjustment of outstanding recovery through procurement of loco spare parts	88.48
325.	25503	Irregular award of procurement contracts to defaulter firms/ suppliers	199.35
326.	25506	Unnecessary procurement over & above maximum stock levels	2.13
327.	25508	Irregular award of direct contracts without due diligence and exploring alternate sources	265.96
328.	25510	Irregular procurement of lubricants without complete lab testing	1,015.02
329.	25511	Irregular award of contract without open competitive bidding in contravention of PPRA Rules	60.9
330.	25512	Non-formulation of an effective follow-up plan	0
331.	25513	Pending inquiry reports fof the F.G.I.R. on train accidents	0
332.	25514	Weak parameters of annual inspections of the F.G.I.R. (collapse of foot-over bridge at Railway Station Khanewal)	0
333.	25515	Irregular procurement of taxable goods and services from unregistered sellers without banking channels	0.76
334.	25516	Irregular use of staff cars without maintenance of compulsory record	3.78
335.	25517	Non-furnishing of certificate by F.G.I.R. regarding use of staff car	0
336.	25518	Loss on procurement of new photocopier from local market at higher rate	0.47
337.	25519	Irregualr appointment/ services of Naib Qasid having criminal police record	0
338.	25520	Shifting of expenditure of F.G.I.R. to Ministry of Railways, Islamabad	20
339.	25524	Loss due to procurement of material at high rates	0.66
340.	25525	Misappropriation of trees at the section of IOW/NSR	0.53
341.	25527	Loss due to non-recovery of rental charges from railway employees	6.58
342.	25528	Recovery of rental charges without acknowledgement into railway earnings	7.96
343.	25529	Loss due to non recovery of rest house charges	0.72
344.	25533	Loss due to irregular payment & serious embezzlement of public money	0.5
345.	25538	Misappropriation	3.27
346.	25539	Purchases of ban items	1.25
347.	25540	Non-recovery of rental charges of unauthorized rented out-houses attached with bungalows	69.3
348.	25543	Loss due to non-commencement of construction of shops	1.33
349.	25544	Loss due to under-recovery of water supply charges from PR employees	56.43
350.	25545	Recoverable rental charges due to allotment of government accommodation in excess of entitlement	58.21
351.	25546	Non-execution of work through departmental labour	0.27
352.	25547	Non-disposal of scrap	0.29
353.	25549	Outdated jurisdiction plant of workshop division leading to weak land management	0
354.	25550	Irregular allotment of government accommodation due to non-obtaining of mandatory affidavit	0
355.	25551	Loss due to non-vacation of railways accommodation from retired employees retaining accommodation beyond 01 year	1.69
356.	25552	Irregular allotment of government accommodation in violaton of merit, resulting in loss	1.21
357.	25553	Fraudulent payment without execution of work	0.99
358.	25554	Irregular extension and undue favour to contractor against deposit work	3.45
359.	25555	Incorrect estimates for deposit work due to irrelevant cost	6.24
360.	25557	Loss to P.R. due to award of irregular extension on works without imposition of LD charges	3.78
361.	25558	Irregular commencement of work prior to its approval by competent authority	55.5
362.	25559	Execution of deposit work without receipt of funds from sponsors to P.R.	34.8

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Sr.#	DP #	Subject	Amount
363.	25560	Irregular award of contract without obtaining performance guarantee	5.08
364.	25561	Loss due to unjustified variation in contract value of brake van portions	20.61
365.	25562	Excess adjustment of fare on account of short composition of train	1.38
366.	25564	Non-recording of revenue on account of berths utilized by M/s Unicorn Prestige Ltd (Royal Swiss)	33.37
367.	25567	Non-recovery of withholding tax from company under winding up	160.86
368.	25568	Loss on account of outsourcing of commercial management of trains	4,701.77
369.	25569	Loss due to suspected fraudulent practives in Blank Paper Ticket issuance	-
370.	25570	Serious vulnerabilities found in Online RABTA App with potential for fraud and disruption of service	-
371.	25571	Loss of potential earnings due to non-utilization of parcel booking facility in brake vans	1.52
372.	25572	Uneconomical and unfeasible train operation resulting into loss	18.56
373.	25573	Decrease in revenue due to avoidable decrease in Parcel earnings	11.34
374.	25574	Non-recovery of outstanding rental charges from vending stall No. 4 at Khanewal Railway station	0.25
375.	25576	Loss of revenue due to inordinate delay in auction of constructed shops	49.24
376.	25577	Loss of revenue due to non-auction of closed vending stalls	2.29
377.	25579	Non-recovery of withholding tax from contractor resulting in loss to public exchequer	5.91
378.	25580	Loss of revenue resulting from failure to re-auction restaurant	11.79
379.	25581	Loss of revenue due to delay in contract commencement owing to unjustified extension	2.49
380.	25582	Irregular award of parking stand without execution of agreement resulting in illegal construction by the contractor	11.6
381.	25583	Irregular award of vending stall contracts to defaulters involved in litigation	2.39
382.	25586	Non-clearance of station outstanding	26.93
383.	25587	Defective BOT agreement due to vague and unquantified scope of work	14.2
384.	25588	Loss due to non-evaluation of single bid in violation of PPRA rules	5.28
385.	25589	Loss of rental charges due to management's failure to prevent unauthorized sealing of parking stand	2.19
386.	25593	Loss due to inordinate delay in finalization of coolie contract	0.54
387.	25594	Irregular adjustment of recoverable amount from forfeited performance security causing loss to railway	0.48
388.	25595	Non-recovery of withholding tax from vending stall contractors	1.85
389.	25596	Loss of revenue due to irregular/ unauthorized grant of mobilization period without necessity by extending undue favour to the contractor	5.5
390.	25597	Loss due to excess consumption of HSD Oil over fixed ration	1.02
391.	25599	Wasteful expenditure due to premature failure of traction motors	6.96
392.	25600	Loss due to late payment of surcharge on Sui Gas bills	21.51
393.	25602	Less deduction of Income Tax from monthly salary	1.48
394.	25603	Blockage of capital due to non-disposal of scrap material & obsolete furnace oil tanks	1.95
395.	25604	Loss due to consumption of HSD oil on LOMS	20.67
396.	25605	Non-issuance/ utilization of material	0.88
397.	25606	Suspected bogus invoices of local purchases	13.53
398.	25607	Loss due to excess consumption of HSD Oil by DE Locomotives and Drivers/ Shunters over & above the fixed ration	0.45
399.	25610	Blockage of capital due to non-disposal/ consumption of furnace oil	8.11
400.	25611	Loss on account of damages due to running of over due POH/PM/A-1 coaches	7.15
401.	25612	Loss due to excess consumption of lube oil	0.33
402.	25615	Irregular appointment of TLA staff and unauthorized expenditure	18.15

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Sr.#	DP #	Subject	Amount
403.	25616	Wasteful expenditure of fumigation services despite availability of in-house manpower	2.71
404.	25617	Loss due to issuance of poor-quality furnace oil	0.62
405.	25619	Avoidable expenditure due to inefficient utilization of available resources	3.5
406.	25620	Loss of potential revenue due to delay in F-schedule maintenance of locomotives	85.29
407.	25622	Non-auction of condemned goods wagons and frames resulting in potential revenue loss	103.25
408.	25624	Irregular and unauthorized expenditure on procurement from unapproved firms	13.16
409.	25625	Financial loss due to excess HSD Oil consumption caused by train detentions	29.22
410.	25629	Loss on account of extra consumption of fuel due to detention of trains	242.58
411.	25630	Fraudulent payment made to official of Traffic Department	0.15
412.	25632	Loss due to Accidental damages	11.25
413.	25634	Loss due to short composition of passenger trains	7.86
414.	25635	Un-authorized expenditure on repair of official vehicles	0.96
415.	25637	Loss to government exchequer due to non-recovery of PST tax on services	0.21
416.	25638	Loss to government exchequer due to less recovery of tax on services (Federal)	0.1
417.	25639	Misprocurement of common user items	3.3
418.	25640	Loss due to excess consumption of fuel on account detention of passenger trains	21.8
419.	25641	Loss of potential earnings due to detention of freight wagons	3.34
420.	25643	Loss of potential revenue due to plying of Khushal Khan Khattack not as per approved schedule	5.36
421.	25644	Loss on account of accidents due to poor maintenance and non-observance of standard parameters	1.5
422.	25645	Irregular/ unauthorized expenditure on account of repair of official vehicles	1.84
423.	25646	Loss of earning due to short composition of trains	315.59
424.	25647	Mis-procurement due to acceptance of single bid without verifying rate reasonability	4.94
425.	25648	Loss due to excess/ avoidable consumption of fuel	676.99
426.	25649	Irregular/ unauthorized expenditure from deposit works	2.32
427.	25650	Loss of freight earnings due to non-booking of wagons as per quota	3,002.45
428.	25651	Loss of freight revenue due to fraudulent collusion and misreporting of usable (Fit) wagons as damaged	16.76
429.	25653	Loss of freight revenue due to deliberate delay in allotment and loading of useable wagons	18.88
430.	25654	Recoverable amount due to irregular/ unauthorized consumption of POL in excess of ceiling limit	0.66
431.	25655	Irregular/ unauthorized expenditure on account of procurement of fuel	12.71
432.	25656	Recurring loss due to unjustified enhancement of POL ceiling limit while switching of fleet cards	1.59
433.	25657	Irregular payment of pay & allowances to Sports Man	1.59
434.	25658	Irregular expenditure on repair of vechicles through unauthorized supplier	1.84
435.	25659	Loss due to claims regarding short composition of outsourced brake vans/ luggare vans valuing	11.82
436.	25661	Illegal occupation/ allotment and subletting of quarters	4.53
437.	25662	Non-recovery of rental charges from government departments	13.45
438.	25664	Huge level of encroachment in the section of AIOW I/C SKZ	1,548.94
439.	25665	Encroachment of railway land by government departments	1,043.50
440.	25666	Auction of land for stacking purpose under policy of model bazar	2.86
441.	25667	Non-auction of Oil Depot/ Godown and non-recovery of outstanding charges	24.2

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Sr.#	DP #	Subject	Amount
442.	25669	Loss of potential earnings due to non-auction of prime land vacated by PSO	20.84
443.	25671	Irregular establishment of petrol pumps on railway land	302.19
444.	25672	Irregular leasing of railway land at negotiated rates	6.6
445.	25675	Unverified CDRs/ non-realization of money into railway account	1.84
446.	25678	Loss to GOP due to non/short deposit of withholding tax by lessees	5.27
447.	25679	Loss of potential earning due to non-auction of vacated/ sealed land by oil companies	298.06
448.	25680	Recoverable amount on account of rental charges from lessees of shops	1.9
449.	25682	Recoverable amount for rental charges against government departments	48.63
450.	25683	Loss of revenue due to non-finalization of lease cases under public-private partnership	5,702.06
451.	25684	Loss of revenue due to non-finalization of proposed sites for petrol pumps	97.21
452.	25687	Non-recovery of security money from marquee contractors	5.39
453.	25688	NOC for tebe well and executiion of boring work without agreement	4.61
454.	25689	Loss due to defective agreement by allowing grace period to lessee of marquee against the P&L rules - 2023	1.22
455.	25690	Irregular auction process due to non-collection of bid security	4.85
456.	25691	Loss on pay & allowances of staff of closed chrome platting shop	2.9
457.	25692	Injudicious expenditure on repair of Inlet Valve / Discharge Valve	0.98
458.	25693	Loss of potential revenue due to inordinate delay in repair of locomotives	1,269.00
459.	25694	Non-acknowledgement of scrap	41.72
460.	25698	Loss to the exchequer due to less deduction of taxes	0.72
461.	25700	Loss of revenue due to unjustified cancellation of sale of scrap	5.71
462.	25701	Over-payment on account of Sundays during leave	7.5
463.	25703	Non-disposal of released material	95.56
464.	25704	Non-recovery of GPF advance and school bus charges	1.11
465.	25705	Loss due to sale of scrap at lower rate	1.02
466.	25706	HSD oil found in excess of balance reported by CDL management	3.48
467.	25708	Defective scrap policy resulted in cancellation of sales proceedings and blockage of capital	19.46
468.	25709	Loss due to substandard repair/ overhauling of traction motors	4.19
469.	25710	Excess payment of wages on account of excess casual leaves	0.68
470.	25711	Irregular advance payment of wages to employees of the CDL Workshop	21.87
471.	25713	Loss due to suspecious and excessive issuance of lube oil	7.7
472.	25714	Loss due to procurement of material at higher rates	0.27
473.	25715	Loss on account of pay & allowances due to less production by the DSM shop	72.56
474.	25716	Loss due to pre-mature failure of locomotives	10.16
475.	25717	Non-disposal of condemned locomotives	140
476.	25718	Irregular expenditure from imprest funds	0.42
477.	25720	Loss due to deficiencies in Coaching and Goods stocks	25.21
478.	25721	Loss of potential earnings due to inordinate delay in repair of locomotives	553.75
479.	25723	Irregular procurement of material from firms not approved for LP	11.83
480.	25724	Discrepancies in recording receipt of HSD oil without joint physical verification (dip certificate)	859.88
481.	25725	Irregular payment to M/s PSO due to non-certification of Calibrated Metering Nozzle	954.52
482.	25726	Loss of potential earnings due to held up of 14 locomotives for POH and NR	2,910.00
483.	25727	Loss due to deficiencies in coaching stock	66.03
484.	25728	Loss due to unjustified increase in trip ration to hide extra consumption of HSD oil	7.86
485.	25729	Loss due to out of course detachment of coaches and wagons at Rohri station	20.6
486.	25730	Misappropriation of material	40.24
487.	25731	Blockage of capital due to non-auction of goods stock	30

Internal Audit
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Sr.#	DP #	Subject	Amount
488.	25732	Loss due to excess consumption of lube oil than permissible limits	8.55
489.	25733	Confiscation of fire brigade by Railway police owing to theft of HSD oil	2.47
490.	25734	Loss due to sub-standard procurement of high capacity wagons	1092.49
491.	25735	Loss on account of HSD oil due to detention of trains	106.28
492.	25736	Inordinate delay in repair of D.E. locomotives resulting loss of potential earnings	326.43
493.	25738	Blockage of capital on account of surplus stock/ oil storage tanks	13.18
494.	25740	Wasteful expenditure due to repeated failure of locomotives	118.94
495.	25741	Loss of HSD oil due to idle locomotives with running engine	131.43
496.	25742	Local purchases with doubtful GST invoices	3.56
497.	25744	Loss due to deficiencies in rolling stock	2.26
498.	25745	Irregular utilization of HSD Oil	1.09
499.	25746	Loss due to non-recovery of annual maintenance charges of saloon against Governor Baluchistan	0.32
500.	25748	Loss on account of accidents/ derailments	12.13
501.	25750	Loss due to non-recovery of C&W material issued to Iranian Railways	8.97
502.	25751	Loss due to non auction/ disposal of scrap material	10.16
503.	25752	Excess consumption of HSD oil on account of Loco on miscellaneous services (LOMS)	16.55
504.	25753	Non-acknowledgement of store material	1.26
505.	25755	Loss due to moisture in HSD Oil	0.93
506.	25756	Loss due to shortage/ missing of store and T&P items	0.59
507.	25758	Loss on account of irregular/ unauthorized expenditure due to illegal appointments	0.33
508.	25759	Loss due to arrangement of Pilot Train for distribution of ration to Military Personnel in the section of SIB-ABG	104.61
509.	25760	Irregular expenditure due to splitting of purchases of similar nature	3.89
510.	25761	Blockage of capital due to non-disposal of condemned coaches and scrap material	33.35
511.	25762	Loss of fuuel due to engineering speed restriction	501.95
512.	25764	Irregular transferring/ depositing of public money in personal bank accounts	2.27
513.	25765	Mis-procurement of building material by avoid tendering process	13.57
514.	25766	Loss due to accidents on account of engineering faults	6.62
515.	25767	Non-forfeiture of bid security against uncompleted works	1.23
516.	25768	Non-accountal of material found excess in the stores of IOWs and PWIs	6.79
517.	25769	Non-auction of scrap material	98.25
518.	25771	Loss due to payment of surcharge on Sui Gas bills	0.69
519.	25772	Non-deposit of sundry other earnings in railway account	410
520.	25773	Irregular payment of salaries against outstanding operational charges on level crossings	9.87
521.	25774	Less recovery of gatekeepers from sponsors of level crossings	1.03
522.	25775	Unauthorized expenditure on the track renewal	11.71
523.	25778	Mis-utilization and fraudulent use of deposit work funds	8.09
524.	25779	Un-authorized payment after completion of work	1.03
525.	25781	Loss of revenue due to non-provision of NOC under ROW	20
526.	25782	Un-authorized deletion of OFC cable of Wateen causing loss	1
527.	25783	Unauthorized payment of salaries without performing duties	1.56
528.	25784	Misutilization of rail lengths instead of indented purpose causing loss	3.73
529.	25785	Irregular/ unauthorized usage of P.Way material	27.22
530.	25787	Non-recovery of outstanding operational and maintenance charges of L-xing	1,019.15
531.	25788	Unjustified payment of crop under the project of LGB causing loss	0.92
532.	25789	Unauthorized issuance of material by PWI/SKO	0.61

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Sr.#	DP #	Subject	Amount
533.	25790	Blockage of capital owing to non-auction of unserviceable P.Way material causing loss	31.73
534.	25791	Shortage of P.Way material in the store of PWI/AKD causing loss	3.7
535.	25792	Unauthorized utilization of Deposit Misc. funds for irrelevant works	7.17
536.	25793	Loss of potential earning due to unnecessary delay in finalization of sui-gas cable crossing	10.05
537.	25794	Excess payment due to application of incorrect composite schedule rates	0.18
538.	25795	Loss due to less receipt of land lease charges and annual rent	10.48
539.	25796	Irregular/ unauthorized expenditure due to application of through rates/ market rates without rate analysis and approval of competent authority	3.38
540.	25797	Loss due to procurement of ballast at hgiher rate	6.99
541.	25799	Loss due to less provision of gatekeepers in estimate	3.13
542.	25802	Mis-utilization of supervision charges on revenue works without approval of competent authority	4.63
543.	25803	Non-transfer of funds to revenue against permanent way material utilized on deposit works	17.08
544.	25804	Suspected misappropriation on account of ballast transportation	1.18
545.	25805	Irregular issuing of category-D program ballast to PSDP project	8.71
546.	25806	Loss due to unjustified payment out of revenue to gatekeeper engaged on sponsored level crossing	3.22
547.	25807	Loss on account of freight charges due to booking of empty wagons	0.39
548.	25808	Loss due to non provision/ recovery of train detention charges	4.45
549.	25810	Irregular issuance of scrap material without approval of track supply officer	8.9
550.	25813	Agriculture land under the use of lessee for long period resulting into loss	1.83
551.	25814	Encroachment and non-retrieval of railway land in Bahawalpur	5,583.80
552.	25816	Non-vacation/ regulrization of encroached shops	13.78
553.	25818	Loss due to wrong calculation of land lease charges	61.84
554.	25819	Un-authorize use of rioad on Railway land	6.74
555.	25821	Fraudulent attempt to regularize occupied railway land resulting into loss of potential revenue	7.53
556.	25822	Loss due to unauthorized construction of water course	3.68
557.	25824	Loss due to non construction of shops and non receipt of 50% remaining premium	26.1
558.	25825	Loss due to handing over of hockey stadium to provisional government without receipt of land lease charges	185.73
559.	25828	Loss due to injudicious decision by management	3.42
560.	25830	Loss due to irregular leasing of agricultural land without approved plan	1.53
561.	25831	Irregular/ unauthorized letting stacking business by compromising safety of land and violation of directive of CEO/Sr. GM	3.58
562.	25833	Loss due to non-retrieval of high valued commercial sites	586.7
563.	25834	Loss due to ficticious auction leading to potential encroachment	2.93
564.	25835	Recoverable amount on account of non-deduction of withholding tax	5.17
565.	25836	Unauthorized utilization of agricultural land causing loss to PR	1.14
566.	25837	Non-implementation of structured state owned enterprise (SOEs) in Pakistan Railway as per SOEs act 2023	-
567.	25838	Irregular winding up of railway subsidiary companies without submission of business & transition plans as initially directed by the cabinet having net worth	4,036.00
568.	25839	Non-transfer of unutilized PSDP funds FY 2024-25	3,917.62
569.	25840	Irregular/ unauthorized transfer of funds from pension account	4,545.00
570.	25841	Wasteful expenditure on three track rehabilitation projects	1,368.13
571.	25842	Loss due to unjustified rejection of highest bid for Royal Palm Golf & Country Club lease by Pakistan Railway	886

Sr.#	DP #	Subject	Amount
572.	25843	Loss to pubic exchequer due to non-utilization of consultancy benchmarks and opportunity cost from delayed re-bidding RPGCC lease	49.2
573.	25844	Non-recovery of house building advance (HBA) and Motor Cycle Advance (MCA) from AGPR & employees transferred from Ministry of Railways	109.2
574.	25845	Irregular payment to adhoc employee	5.43
575.	25847	Unauthorized retention and misutilization of vehicles after widening up decision of subsidiaries	44.23
576.	25848	Irregular/ unauthorized expenditure on fuel charges due to illegal utilization/ retention of vehicles beyond approved authorization of cabinet division	12.79
577.	25849	Strategic setback due to non-initiation of CPEC project and substantial reduction in scope for the cost	3,173.08
578.	25850	Significant discrepancy in reconciled Foreign Relent Loan (FRL) liabilities	5,916.82
579.	25851	Failure of Railway Board to prevent un-authorized receipt by M/S Indus Valley Industrial Junction	147.05
580.	25852	Unjustified and unfavourable addendum to agreement with Pakistan State Oil (PSO) causing annual loss	358.28
581.	25853	Failure to initiate criminal proceedings and recovery from Ex-AAO	39.48
582.	25854	Non-retrieval of 663.62 acres of commercial railway land from encroachers despite board directions	385,737.00
583.	25855	Misuse of financial powers due to irregular/ unauthorized payment of cash award to non-MOR employees	2.4
584.	25856	Irregular salary from AGPR to temporary employee	3.89
585.	25857	Non-transfer of 5% house rent charges by AGPR to Pakistan Railways	5.26
586.	25858	Irregular retention of GPF funds by AGPR resulting in financial burden on PR	5.66
587.	25859	Irregular appointment and unauthorized enhancement of lumpsum pay package of legal advisor	28.88
588.	25860	Non-deduction of 5% compulsory house rent charges from salaries	1.49
589.	25861	Irregular and unauthorized payment of TA/DA	0.5
590.	25862	Irregular/ recoverable withdrawal of Mphill allowance	0.16
591.	25863	Fraudulent payment to bogus employee	1.22
592.	25864	Non-transfer of budgetary control to CGA resulting in additional financial burden on PR	2,631.81
593.	25865	Non-recovery of bills receivable from government departments, autonomous bodies and private parties etc	3,303.20
594.	25866	Unauthorized grant of cash award to the consultants of PIFRA/AG Punjab relating to SAP pension payments	6.5
595.	25868	Loss due to non-utilization of SAP Ariba E-Procurement & Tendering module purchased from M/S TMC	15.84
596.	25869	Wasteful expenditure on implementation of ERP due to irregular acceptance by FA&CAO despite deficiencies and unsatisfactory performance	294.96
597.	25871	Loss due to duplication of printing in RABTA App Project & Pakistan Post Foundation	26.62
598.	25872	Irregular expenditure incurred over and above the amount deposited by Military Authorities	10.38
599.	25873	Loss due to non-realization of lease rent of Concrete Sleeper Factory and Bunglow at Kotri	29.8
600.	25874	Loss due to non-deduction of personal loan from the regular monthly salary of GM/W&SI	1
601.	25875	Loss to national exchequer due to non-deduction of income tax from the salary of retired employee as per the rates of tax card circulated by FBR	0.38
602.	25876	Irregular award of time scale promotion to senior auditors of Pakistan Railway Accounts Department	0.1

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Sr.#	DP #	Subject	Amount
603.	25877	Un-authorized expenditure due to appointment and extension of current charge of the higher posts in violation of rules	0.68
604.	25878	Loss to national exchequer due to less deduction of Income Tax from the salaries of employees	2.48
605.	25879	Irregular expenditure on account of pay and allowances due to mis-utilization of staff	1.17
606.	25880	Loss to Pakistan Railway due to damage PSC sleeper supplied by HIS industries	502.69
607.	25881	Unauthorized retention of cash in hand earned through in-sourcing and treatment of private parties in Cairns Hospital Lahore and late depositing of government money in Bank Account	3.07
608.	25882	Loss to Pakistan Railways due to waiver off factory and bungalow rent of CSF Kotri	27.29
609.	25884	Non-deduction of general provident fund	2.05
610.	25885	Irregular and fraudulent withdrawals through bearer/ uncrossed cheques from benevolent fund account	2.69
611.	25886	Unauthorized expenditure due to irregular deployment of staff in KIC Multan	2.47
612.	25888	Irregular expenditure due to non-compliance of Fed. Govt. rightsizing policy	2.34
613.	25889	Irregular utilization of staff benefit fund (SBF) for disbursement of honorarium	0.72
614.	25891	Unauthentic and unverified earnings due to non-observance of internal & financial controls	1.91
615.	25892	Unjustified and unauthentic expenditure due to non-existence of financial controls	0.97
616.	25894	Non-deduction of general provident fund	7.82
617.	25896	Non-deduction of monthly subscription of Insurance fund	0.06
618.	25898	Irregular out-of-turn payment of marriage/ invalid grant without observing priority	6.55
619.	25899	Loss to public exchequer due to non/less deduction of income tax	0.33
620.	25900	Wasteful expenditure on account of Legal Fee	0.1
621.	25901	Irregular utilization of Staff Benefit Fund (SBF) for disbursement of honorarium	4.5
622.	25902	Irregular and fraudulent withdrawals through bearer/uncorssed cheques from Benevolent Fund Account	19.95
623.	25903	Misuse of Benevolent Fund Grant	0.3
624.	25904	Irregular drawal of salary during leave without pay (LWP)	0.26
625.	25905	Loss due to non-deduction of water charges	0.31
626.	25906	Non-recovery due to irregular drawal of house rent allowance	0.24
627.	25908	Misappropriation of Benevolent Fund Grant	0.61
628.	25909	Irregular disbursement of SBF in cash instead of banking channels	1.5
629.	25910	Irregular utilization of Staff Benevolent Fund (SBF) for disbursement of honorarium	3.36
630.	25911	Irregular payment of overtime to vehicle drivers	3.74
631.	25912	Loss due to fraudulent payment of salaries to non-employee and non-finalization of investigation against Railway officers/officials	1.89
632.	25913	Non-repayment of loans taken by Divisional Officers from Sports fund	0.73
633.	25915	Irregular payment of pension instead of pay & allowances under Prime Minister's Package	6.23
634.	25916	Irregular grant of House Building Advance	0.74
635.	25917	Non-compliance with Establishment Division instructions leading to irregular pension/ commutation	4.62
636.	25918	Non-recovery on account of non-deduction of Group Insurance	0.6
637.	25920	Non-availability fundamental information in payroll developed by SAP Payroll module	-

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Sr.#	DP #	Subject	Amount
638.	25921	Irregular payment of pay & allowances to meter readers	3.71
639.	25922	Non-recovery of Provident Fund	3.62
640.	25923	Incorrect deduction of GPF contribution	5.19
641.	25924	Non-recovery of GPF advance	4.4
642.	25925	Loss to govt exchequer due to less deduction of income tax from salary	0.63
643.	25926	Loss due to non-deduction of Water Charges	0.26
644.	25930	Irregular payments due to disbursement of industrial school staff's salaries in cash	2.23
645.	25931	Non-updating of service books	-
646.	25933	Loss to Govt exchequer due to payment of advance income tax	0.38
647.	25934	Irregular maintenance of Benevolent Fund account with private bank	156
648.	25935	Irregular payment without verification of actual passengers travelled	1,678.09
649.	25936	Loss due to award of brake van and luggage vans at abnormally lower rates	320.29
650.	25937	Loss due to claims by contractor of outsourced trains for short composition	3.65
651.	25938	Loss due to excess/ avoidable consumption of fuel	189.67
652.	25939	Irregular/ unauthorized expenditure from deposit works	1.03
653.	25940	Loss on account of procurement due to higher rates	0.22
654.	25941	Loss on account of accidents	1.53
655.	25942	Loss of revenue due to short composition of trains	103.37
656.	25944	Irregular/ unjustified expenditure on repair and maintenance of condmned vehicles	1.28
657.	25945	Irregular procurement without compliance to EPAD policy	3.35
658.	25946	Irregular expenditure on fuel in excess of approved ceiling	1.92
659.	25947	Irregular award of contract and payments made without sanction	0.88
660.	25948	Non-return of government-issued laptops by transferred officers	0.4
661.	25949	Loss of fuel due to detention of trains on account of traffic department	308.48
662.	25950	Loss due to train accidents	5.5
663.	25951	Loss of fuel duet to detention of other trains for watering and examination at Sama Satta station	1.5
664.	25952	Loss of potential earning owing to short composition of coaches	209.79
665.	25953	Un-authorized expenditures on account of excess consumption of fuels in official vehicles	0.89
666.	25954	Loss to government excehquer due to non-deduction of General Sales Tax	0.43
667.	25955	Huge accumulation of outstanding amount against M/s PSO	1,404.16
668.	25956	Loss due to non-auction of vending stalls	55.89
669.	25957	Loss of earning due to non-achievement of earning targets	174.98
670.	25958	Loss due to non-auction of car parking stand	1
671.	25959	Loss of fuel due to detention of trains on accounts of commercial department	2.77
672.	25960	Decrease in revenue due to avoidable decrease in freight earnings from PSO (55% decline)	62.99
673.	25962	Loss of revenue due to irregular award of parking contract in violation of PPRA rules	61.72
674.	25963	Irregular renewal of parking contract in favour of withholding tax defaulter	43.92
675.	25964	Loss due to unauthorized enhancement of parking fee and unjustified grant of flooed relief	4.38
676.	25969	Loss to exchequer due to non-levy of Federal Excise Duty (FED) on Royalty charges	13.65
677.	25971	Loss to exchequer due to non-levy of Federal Excise Duty (FED) on import charges	1.23
678.	25972	Loss due to less recovery of diversion charges	0.38
679.	25973	Loss on account of storage charges due to less accountal of storage days	7.67
680.	25974	Loss on account of storage charges due to incorrect application of storage rates	260.24

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Sr.#	DP #	Subject	Amount
681.	25975	Loss due to application of lower rate on account of import services charges at Lahore Dry Port in comparison to rate of Azakhel Dry Port	43.4
682.	25976	Loss to exchequer due to non-levy of Federal Excise Duty (FED) on Crane, Weigh Bridge and Labour handling charges	18.96
683.	25977	Loss due to non-levy of interest charges on late payments of Royalty charges	1.08
684.	25979	Unjustified and excessive consumption of HSD oil	136.81
685.	25980	Detention of goods trains due to negligence of guards	3.49
686.	25981	Non-recovery of cost of extra fuel consumed due to unscheduled stoppage of passenger trains	2.42
687.	25982	Blockage of capital due to non-utilization of available HSD oil after handing over of fueling to PSO	124.65
688.	25983	Non-auction/ disposal of condemned fuel storage tanks	966.18
689.	25984	Loss due to booking of saloons at lower rates	1.73
690.	25986	Loss on maintenance of Saloons not utilized	26.62
691.	25987	Loss due to handing over of fuel storage facilities to PSO without recovery	16.48
692.	25988	Wasteful expenditure on maintenance of saloons	17.71
693.	25989	Non-recovery of cost of maintenance of saloons of federal government	29.28
694.	25990	Excess consumption of fuel by passenger trains due to operational inefficiencies	7,553.06
695.	25992	Excess consumption of fuel on LOMS	85.14
696.	25993	Loss due to fictitious issuance of crank case oil to locomotives on account of topping up	257.86
697.	25995	Less accountal of released material against permanent way material issued for repair works	2.56
698.	25997	Undue favour to the contractor by adjusting the short supply ballast	4.66
699.	25998	Unjustified delay in procurement of pitching stone just to procure from favourite contractor	4.63
700.	25999	Expected loss due to possible accident by unattended 11KVA overhead crossings	-
701.	25A001	Loss due to non-recovery of train detention charges on underpass	159.75
702.	25A002	Non-clearance of liabilities	40.37
703.	25A003	Loss due to award of contract at higher rate	0.86
704.	25A005	Loss due to non-receipt of actual cost of P.way material from sponsoring agencies	7.38
705.	25A006	Unjustified expenditure due to duplication of work	28.79
706.	25A007	Incorrect estimates for deposit work due to irrelevant cost	23.7
707.	25A008	Over issuance of fish plates by PWI Gujjar Khan	1.74
708.	25A009	Unauthorized issuance of P-Way material to PWI and IOW without A-class	20.28
709.	25A010	Unauthorized issuance of P-way material to PWI and IOW without A-class	9.44
710.	25A011	Non-imposition of LD charges against unsupplied ballast for category "D"	7.38
711.	25A012	Mis-procurement of building material due to uneconomical local purchase to avoid tendering process	38.4
712.	25A013	Irregular execution of deposit works without approval of estimates	19.81
713.	25A014	Irregular/ unauthorized execution of deposit work without agreement, safety certificate and undefined responsible agency for future maintenance	36.18
714.	25A015	Non-recovery of rental charges against government departments	19.06
715.	25A016	Loss of Railway revenue due to irregular adjustment of rent of demolished shops in the construction estimate	7.76
716.	25A018	Loss from wasteful expenditure on execution of defective work contrary to specifications	2.34
717.	25A020	Irregular/ unauthorized payment on bogus invoices to the firms having fake NTN/STRN and unregistered status	11.98
718.	25A021	Irregular/ unauthorized expenditure due to execution of earthwork contrary to approved specification	2.17

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Sr.#	DP #	Subject	Amount
719.	25A022	Loss of construction cost and mis-utilization of deposit miscellaneous funds.	3.34
720.	25A024	Irregular/unauthorized insertion of unsanctioned item with incorrect measurement exposing risk of overpayment	1.07
721.	25A025	Loss due to price escalation caused by undue delay in execution of work owing to managerial negligence and inflationary impact	61.96
722.	25A028	Irregular / unauthorized award of contract due to acceptance of single bid without verifying rate reasonability in violation of PPRA rules.	5.94
723.	25A029	Irregular/ unauthorized award of contract to an ineligible contractor contrary to tender conditions and PPRA rules	21.61
724.	25A030	Mis-procurement of painting material due to violation of PPRA rules and loss due to procurement at higher rate	4.22
725.	25A033	Unaccounted excess material in the stores of PWI Faisalabad	299.21
726.	25A034	Loss due to award of irregular extension on works without imposition of LD charges	7.84
727.	25A035	Irregular unjustified payment on account of test pile without load testing	7.89
728.	25A036	Irregular payment on account of under rated load testing for bridge No 4 (test pile)	10.85
729.	25A038	Loss to public exchequer due to non-deduction of sales tax	5.53
730.	25A040	Fraudulent award of parking contract through forgery in financial bid	1.01
731.	25A041	Fraudulent award of lease contract through collusion, manipulation of bids and violation of applicalbe rules.	121.2
732.	25A042	Irregular/unauthorized award of contracts to encroachers and litigants through a manipulated auction.	28.5
733.	25A043	Irregular/unauthorized award of contract due to manipulated auction process and collusive practices.	187.76
734.	25A044	Irregular award of extra land without competitive bidding through unauthorized revision of site plan.	70.2
735.	25A046	Irregular/ unauthorized award of contract without approval of competent authority and fixation of benchmark in violation of rules.	0.76
736.	25A048	Loss of revenue due to undue delay in possession and irregular award of contract.	1
737.	25A050	Loss due to non-forfeiture of premium and earnest money by extending undue favour to defaulting bidders.	24.95
738.	25A051	Loss of revenue due to inordinate delay in possession owing to bidder's default in advance rent payment and undue facilitation by management.	4.44
739.	25A053	Irregular/ unauthorized award of contracts due to unauthrized approval of site plans and discriminatory auction conditions.	18.59
740.	25A054	Loss due to deliberate fixation of benchmark on an understated area and without approval of the site plan, by extending undue favour to the licensee.	13.41
741.	25A055	Non-recovery of rental charges from lessees/ licensees of commercial and agricultural land.	20.17
742.	25A056	Unauthorized encroachment/ utilization of extra railway land without payment of rent.	43.73
743.	25A057	Recoverable amount due to non-deposit of rental charges in railway earnings and irregular/ unauthorized collection of rent.	0.99
744.	25A058	Irregular/ unauthorized renewal of agreements and non-regularization of lease.	28.14
745.	25A060	Non-recovery of withholding tax from licensees.	2.58
746.	25A061	Loss and security hazard due to irregular/ unauthorized encroachment of commercial land by the licensees.	504.78
747.	25A062	Loss of revenue per annum due to defective site plan and manipulation in award of parking space.	1.94
748.	25A063	Loss due to non-retrieval of encroached commercial sites.	491.41

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Sr.#	DP #	Subject	Amount
749.	25A064	Non-digitization of lease/ licensing data in PRLIMS and incomplete land records.	101.82
750.	25A066	Blockage of capital due to non-disposal of scrap material	88.88
751.	25A067	Non-recovery of rental charges against rented out quarters	3.5
752.	25A070	Irregular excess expenditure due to poor estimation and change in scope	6.99
753.	25A071	Irregular payment to officials working on sponsored L-Xing	19.03
754.	25A072	Irregular payment of salaries against outstanding operational charges on level crossings	3.74
755.	25A073	Loss of revenue due to award of contract at lower rate	27.81
756.	25A076	Irregular/ unauthorized booking of freight charges in freight deposit account	14.97
757.	25A077	Loss due to BOT contracting of pay to use washrooms at Karachi Cantt Railway Station	15.25
758.	25A078	Irregular/ unauthorized operation of freight deposit accounts due to non-maintenance of minimum balance and undue favour to the contractors	48.47
759.	25A079	Irregular award of parking contract to non-responsive bidder	7.02
760.	25A080	Irregular award of contract without execution of agreement and loss due to non-recovery of late fee charges and WHT	0.74
761.	25A081	Irregular/ unjustified running of contract for providing security arrangements and managing the motorcycle and car parking stand due to non-compliance with contract terms and lack of oversight	494.51
762.	25A082	Loss to public exchequer due to non-recovery of withholding/ advance tax from cargo contractors of KBX city station	974.66
763.	25A083	Temporary misappropriation of earnings due to late remittance of earnings	0.88
764.	25A084	Loss of revenue due to non-approval of highest bids in auction of vending stalls at Karachi Cantt Station	5.97
765.	25A085	Loss to Railway due to non-recovery of rental dues and undue favour extended to contractor by non-termination of contract	2.22
766.	25A086	Irregular award of contracts for luggage/brake vans without tendering process	471.44
767.	25A088	Loss due to claim submitted by the contractors on account of non-provision of luggage/ brake vans	2.92
768.	25A089	Loss due to illegal approval of claim for shortage of brake van	1.01
769.	25A090	Non-clearance of station outstanding	1,585.54
770.	25A091	Non-recovery of withholding tax from vendors/ contractors extension of undue favour by Railway management resulting in loss to public exchequer	19.33
771.	25A093	Recovery of withholding tax from godown contractors at Karachi Cantt Station	1.49
772.	25A095	Irregular award of vending contracts on temporary basis and non-collection of 5% withholding tax	1.53
773.	25A096	Loss due to irregular acceptance of cash from cargo contractors	3.59
774.	25A097	Irregular/ unauthorized award of contract without competitive bidding and loss to public exchequer due to non-recovery of 5% WHT	5.87
775.	25A098	Loss due to outward (QTA-ZHN) freight operation with empty load	82.21
776.	25A099	Loss due to train accidents	10.58
777.	25A102	Loss to railways due to terrorist attacks on Jaffar Express	2.62
778.	25A103	Loss of parcel earnings due to detachment of brake van	1.17
779.	25A106	Loss of fuel due to detention of trains on account of accidents and traffic department	172.23
780.	25A108	Loss of earnings due to short composition of Jaffar Express	3.66
781.	25A109	Recurring loss of revenue due to non-repair of DVM stock	2.2
782.	25A110	Mis-utilization of vehicle and irregular expenditure without budget allotment on account of POL & maintenance charges	0.97
783.	25A111	Irregular expenditure incurred on local purchases without approval of competent authority	0.66
784.	25A112	Loss of potential earning due to detention of freight wagons for want of repair	4,384.80

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Sr.#	DP #	Subject	Amount
785.	25A113	Loss of potential revenue due to held up locomotives for repair	1,539.52
786.	25A114	Poor repair and maintenance of locomotives resulting en-route failures	527.29
787.	25A115	Loss due to theft of costly items in Goods Stock	145.64
788.	25A116	Loss due to excess consumption of HSD oil in loco sheds	39.32
789.	25A117	Loss on account of detention of goods trains due to detachment of damaged wagons	38.31
790.	25A118	Loss due to misappropriation of released crank case lube oil	38.22
791.	25A119	Loss due to wasteful consumption of HSD oil on idle working of locomotives before departure of freight trains	25.03
792.	25A121	Loss due to deficiencies in coaching stock	11.43
793.	25A124	Fictitious issuance of lube oil and empty drums without acknowledgement of recipient	6.38
794.	25A125	Loss due to substandard repair/ overhauling of traction motors	3.58
795.	25A126	Non-recovery of outstanding electric charges from NLC and local agent of M/s Web Tech	2.95
796.	25A127	Loss due to excess consumption of HSD oil due to operational inefficienty	1.7
797.	25A128	Loss on account of damages to locomotive due to over shooting	1.36
798.	25A129	Loss due to insecure fitting of brake shoe blocks in freight wagons resulting decrease in braking power of freight trains	23.85
799.	25A130	Loss due to non-refund of un-authorized withholding of tax by NIT	2.06
800.	25A131	Unauthorized cash payment	10.03
801.	25A132	Loss due to avoidable withholding tax on unauthorized cash withdrawals	0.45
802.	25A133	Irregular investment of surplus funds	25
803.	25A134	Unauthorized cash disbursement of salaries	73.23
804.	25A135	Unauthorized utilization of receipts by PRSB and DG Education	7.65
805.	25A137	Loss due to unjustified waiver of Penalty/ Mark-up charges	137.19
806.	25A138	Loss to national exchequer on account of non-collection of withholding tax	6.31
807.	25A139	Non-deposit of deducted withholding tax	2.09
808.	25A140	Non-recovery of bills receivable from Post Master General on account of haulage charges	1,175.25
809.	25A141	Loss due to unauthorized deduction of Punjab Sales Tax by PMG from haulage payments to PR	78
810.	25A142	Loss to exchequer due to less deduction of withholding tax on account of RABTA service charges payments	7.19
811.	25A143	Un-authorized expenditure due to grant and extension of current charge of the higher posts	4.64
812.	25A144	Un-authorized grant of cash award	1.37
813.	25A145	Irregular acceptance of Insurance bond as bank guarantee	2.24
814.	25A146	Misutilization/ misappropriation of DAM fund receipts	166.72
815.	25A147	Misutilization/misappropriation of Federal Excise Duty receipts	127.04
816.	25A149	Loss due to acceptance of higher rates in procurement of common user items.	0.44
817.	25A150	Irregular expenditure on procurement of common user items.	18.84
818.	25A151	Irregular/unauthorized expenditure from deposit works.	0.45
819.	25A152	Irregular expenditure on repair of vehicles through unauthorized supplier.	1.03
820.	25A155	Loss to government exchequer due to non-recovery of 5% withholding tax	0.17
821.	25A156	Loss to government exchequer due to non-recovery of provincial sales tax	0.91
822.	25A157	Unjustified retention of expired performance securities	983.88
823.	25A158	Non-deduction of general provident fund	0.72
824.	25A159	Loss due to non-recovery of outstanding charges from contractors of outsourced passenger trains	27.16
825.	25A160	Wasteful expenditure due to non-generation of revenue reports of FA&CAO/Revenue office through SAP software	192.44
826.	25A162	Irregular expenditure due to irregular utilization of staff.	49.34

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Sr.#	DP #	Subject	Amount
827.	25A165	Loss on account of accidents due to poor maintenance and non-observance of standard parameters.	1.31
828.	25A166	Loss due to excess/ avoidable consumption of fuel.	235.22
829.	25A167	Non-realization of penalty charges from NBP on account of late deposit/ credit of daily railway revenue collection	196.85
830.	25A168	Loss due to theft/ shortage of p-way material at closed sections of Karachi Division	162.62
831.	25A169	Loss due to improper maintenance of Track and imposition of Engineering Speed Restrictions since Long	33.08
832.	25A170	Non-recovery of LD charges	8.25
833.	25A172	Loss due to misappropriation of T&P and Consumable items by Permanent Way Inspector, Tendo Jam	1.59
834.	25A173	Loss due to misappropriation of Track Material and Consumable items by Permanent Way Inspector, Tendo Jam	6.6
835.	25A174	Loss due to misappropriation of Permanent Way Released Material by Permanent Way Inspector, Tendo Jam	4.44
836.	25A175	Loss due to irregular provision of extra loop and upgradation of level crossing at Meting Railway Station	9.74
837.	25A176	Wasteful expenditure on development of Drainage System at Hyderabad	138.66
838.	25A177	Non-accountal of T&P items lying in Stores of IOW/Hyderabad	0.75
839.	25A180	Non-recovery of Railway dues from other organizations	27.37
840.	25A181	Loss due to utilization of departmental labour as gatemen at sponsored level crossings	11.99
841.	25A182	Loss of fuel due to short composition of Ballast Trains	0.63
842.	25A183	Poor performance of Railway Police Karachi division resulting into non-finalization of FIRs in respect of theft of material from various sections of Karachi Division	25.8
843.	25A185	Irregular execution of work	29.73
844.	25A186	Loss due to preparation of defective estimate	3.07
845.	25A187	Irregular execution of deposit work	29.73
846.	25A188	Irregular procurement of Stone Ballast by adopting single stage envelope method of procurement	164.95
847.	25A189	Irregular engagement of night patrollers without sanctioned strength	13.32
848.	25A190	Non-transfer of train detention charges from deposit miscellaneous account	234.39
849.	25A191	Non-drawl of completion report	1,148.76
850.	25A192	Loss of revenue due to delay in approval of estimates	119.34
851.	25A193	Irregular approval of deposit work estimat & tender for construction of shops	9.68
852.	25A194	Non-clearance of liabilities	524.98
853.	25A195	Incorrect estimates for deposit work due to irrelevant cost	21.8
854.	25A196	Irregular deposit of earnings in deposit miscellaneous account instead of revenue account-III	1,000.00
855.	25A198	Irregular Transfer of Material without authority	3.25
856.	25A199	Unauthorized transfer of material from PSDP to Revenue Accounts	77.62
857.	25A200	Loss of fuel due to non-repair of bridges in time	257.25
858.	25A202	Un-authorized occupation of Railway gang hut at Kotri	0.9
859.	25A203	Encroachment of Railway land at Autobhan Road, Hyderabad	102.22
860.	25A204	Encroachment of Railway land measuring 203.305 acres at Hyderabad-Badin closed section	2,951.99
861.	25A205	Un-authorized occupation of Railway land	2.5
862.	25A206	Encroachment of Railway land near Old Rest House, Hyderabad	8.8
863.	25A210	Recoverable amount on account of land leased out by REDAMCO.	74.76
864.	25A213	Non-recovery of land lease charges from Badami Bagh Steel traders.	39
865.	25A215	Irregular possession of shops on verbal orders by Deputy Director Land.	1.39

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Sr.#	DP #	Subject	Amount
866.	25A216	Irregular utilization of stacking purpose Railway land for weighbridge.	70.16
867.	25A218	Non-recovery of outstanding lease charges across Lahore Division.	129.28
868.	25A219	Loss due to non-forfeiture of security money and non re-auction of shops due to negligence of management.	8.35
869.	25A220	Non-recovery of outstanding amount against M/s Punjab Petroleum.	19.75
870.	25A221	Loss due to encroachment of Railway land.	15.71
871.	25A225	Irregular payment of pay & allowances to sports incharge	1.65
872.	25A226	Loss of earnings due to granting undue favour to cargo contractors	21.28
873.	25A227	Loss on account of pay & allowances to parcel staff at Chaman Station	0.69
874.	25A228	Loss of revenue owing to slackness of railway management more than	3.24
875.	25A229	Loss of earnings due to non-achievement of earning targets	183.43
876.	25A230	Loss of rental income due to non-utilization of stalls	0.86
877.	25A231	Loss of rental income due to delay in finalization of auction and possession process	1.38
878.	25A233	Non-recovery of withholding tax from vending contractors	0.78
879.	25A235	Loss due to fire incident of wagon	338.93
880.	25A237	Irregular payment of claim compensation	0.92
881.	25A238	Non-realization of wharfage charges	1.61
882.	25A239	Loss on account of claim compensation due to derailment	0.74
883.	25A240	Potential loss due to derailment of train	32.79
884.	25A241	Loss due to incorrect delivery of wagons	4.45
885.	25A242	Loss due to less deduction of income tax from payment of janitorial services	4.3
886.	25A243	Non-clearance of station outstanding	4,026.93
887.	25A244	Non-payment to PSO on account of HSD oil	5.26
888.	25A245	Potential loss due to late payment charges of NLC dues due to defective agreement	378.16
889.	25A246	Non-realization of wharfage charges	66.82
890.	25A247	Loss due to non-realization of fuel dip shortage from CRR contractor hired for supervision of loading/ unloading of POL products and sealing of tank wagons	371.18
891.	25A249	Loss to Govt of Pakistan for payment of sales tax without verification/ authentication	5.86
892.	25A250	Loss due to splitting of similar works and variation in rates of identical CSR items	4.65
893.	25A251	Recoverable amount due to embezzlement of government funds through unauthorized utilization of Railway rest house receipts	1.57
894.	25A252	Irregular utilization of track maintenance material for deposit work without transfer of funds in Railway Fund Account-III	2.17
895.	25A253	Infructuous expenditure due to unauthorized deviation from approved site plan and unauthorized use of Railway land	1.76
896.	25A254	Overpayment due to unauthorized charging of sales tax by firms through bogus invoices with fake NTN/STRN without sales tax registration	1.52
897.	25A255	Irregular/unauthorized expenditure by issuance of pay orders in the name of officers instead of payment to vendors through banking channel	2.55
898.	25A256	Recoverable ground rent charges due to non-lifting scrap	203.77
899.	25A257	Non-assigning of stock codes to new stores	237.96
900.	25A258	Non-recovery of substandard/ defective material	3.4
901.	25A259	Blockage of capital due to non-disposal of surplus material	529.23
902.	25A260	Irregular award of contract for sale of non-ferrous scrap on G2G basis	380.23
903.	25A261	Loss due to theft/ fire of scrap	0.81
904.	25A262	Under/over reporting of stores consumption data in SAP Module	36,651.05
905.	25A263	Irregular maintenance of Private bank account of benevolent fund and Sports fund grants and utilization of profit	7.049

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Sr.#	DP #	Subject	Amount
906.	25A264	Fraudulent cash withdrawals through bearer cheques from Benevolent Fund Account	2.33
907.	25A265	Pending liability due to non-processing of insurance claims for payment by State Life Insurance Corporation	28.65
908.	25A266	Loss to public exchequer due to non/less recovery of income tax	0.28
909.	25A267	Non-deposit of GST in government treasurer	1.08
910.	25A268	Irregular/ unauthorized incurrence of Post Facto Expenditure	0.62
911.	25A269	Mis-procurement of common user items	6.58
912.	25A270	Wasteful expenditure of hiring of consultant	0.5
913.	25A271	Loss to exchequer due to non-deduction of income tax from payment of rent of hired houses	0.37
914.	25A273	Mis-procurement due to splitting up the purchase of similar items	0.78
915.	25A274	Non-finalization of accident inquires and non-taking action against the culprits of accidents	68.09
916.	25A275	Loss due to fraudulent payment on account of POL and repair & maintenance of non-operational vehicles.	4.99
917.	25A276	Non-recovery of railway dues from various departments	1,306.51
918.	25A277	Unauthorized expenditure on account of purchase of material from Railway Officer Club Multan	0.99
919.	25A278	Unauthorized repair & maintenance from deposit work without provision in sanction estimate	1.29
920.	25A279	Loss due to non-recovery of late payment surcharge from bills receivables	144.82
921.	25A280	Irregular sanction of estimates due to non-deposit of sponsor funds in relevant head of account	43
922.	25A281	Irregular award of contract for sale of scrap to Peoples Steel Mill (PSM) on G2G basis	1,435.10
923.	25A282	Loss of potential revenue due to acceptance of lower rates in kilograms instead of per unit for G2G sale	301.53
924.	25A283	Irregular adjustment of RAILCOP payables against G2G sale contract with Peoples Steel Mill (PSM)	188.13
925.	25A284	Loss of potential revenue due to acceptance of lower rates under G2G sale of non-ferrous scrap	67.4
926.	25A285	Non-disposal of scrap	2,677.80
927.	25A286	Non-recovery of store/ demurrage charges paid at ports	1.42
928.	25A287	Loss on account of revenue due to non-leasing out of desired vacant & encroached land to town committee Daur for establishment of public park	7.22
929.	25A288	Loss due to non-auctioned of 25 No. Rahim Yar khan shops.	5.42
930.	25A290	Irregular expenditure on account of staff in excess of sanctioned strength	3.9
931.	25A291	Irregular payment of overtime allowance	0.24
932.	25A292	Irregular reimbursement of medical claims	1.08
933.	25A293	Irregular reimbursement of mobile phone charges	0.16
934.	25A295	Loss due to late payment surcharge on NLC dues- Rs 362.36 million	362.36
935.	25A296	Non-recovery from M/S NLC on account of repair and maintenance of locomotives-Rs 70.45 million	70.45
936.	25A297	Loss of HSD oil due to overconsumption by NLC drivers- Rs 18.00 million	18
937.	25A298	Non-recovery of in-shed consumption of fuel -Rs 22.25 million	22.25
938.	25A299	Unjustified rent commencement clause based on availability time resulting in financial loss- 1022.10 million	1,022.10
939.	25A300	Irregular expenditure due to non-concurrence of Finance/ Accounts department	214.81
940.	25A301	Loss due to irregular provision of extra loop and upgradation of level crossing at Meting Railway Station	9.74
941.	25A302	Loss due to non-handing over of licensed fiber stalls	14.88
942.	25A303	Loss due to unnecessary delay in finalization of cases	26

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Sr.#	DP #	Subject	Amount
943.	25A304	Irregular occupancy of extra space and construction of multi story hard structures without approval.	2,669.64
944.	25A305	Loss due to non-recovery of outstanding amount against licensee measuring 5.26 acre cultivation purpose agriculture land.	0.19
945.	25A306	Loss due to non-recovery of outstanding rental charges against Chenab Rangers and unauthorized occupation of 289 acres of Railway land.	28.9
946.	25A307	Loss due to non re-auctioned of 05 food godowns and 01 food office situated at Mardan.	31.71
947.	25A308	Loss due to non-execution of agreement and unnecessary delay in handing over possession to lessees	19.46
948.	25A309	Non-recovery of outstanding maintenance charges of level crossings/sidings	2,373.94
949.	25A310	Unauthorized occupation of Railway shops at Railway station, Hyderabad	7.25
950.	25A311	Un-authorized occupation on 230 square yards of commercial land at Tando Adam	2.3
951.	25A312	Un-authorized occupation of commercial Railway land measuring 1350 square feet	1.62
952.	25A313	Un-authorized construction of Petrol Pump on Railway land	7.74
953.	25A314	Unjustifiable encroachment on Railway land by King Classic Builders	696.09
954.	25A315	Unauthorized occupation on Railway quarters at Hyderabad	66.68
955.	25A316	Irregular auction of Marquee for ten years against rules	7.8
956.	25A317	Irregular expenditure on procurement of banned items resulting non-compliance with Austerity Measures	1.7
957.	25A318	Loss of freight earning due to short supply of wagons.	1,383.88
958.	25A319	Non-disposal of condemned goods stock	1,611.00
959.	25A320	Misappropriation of HSD oil	591
960.	25A321	Non-recovery of cost of repair and maintenance of locomotives from National Logistic Cell	4.88
961.	25A322	Fuel loss to PR due to engineering speed restriction on daily basis	106.68
962.	25A323	Loss due to burning of Sleeper Exchange Machine	320.84
963.	25A324	Un-authorized occupation of Railway land	25.68

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Annexure-2

Performance Analysis by KPIs (Planned vs. Delivered Targets)
(Ministry of Railways)

Output	Key Performance Indicators	Planned Target 2024-25	Delivered Target 2024-25	Results/ Remarks/Reason
Railways Policies Formulation	Policies Formulation and Implementation (Numbers)	2	2	The Target achieved.
Railways Services	Freight Traffic to be handled (Billion Tones Kilometers)	8.83	7.81	The Target achieved approx. 88%.
	Passenger Traffic to be handled (Billion Passenger Kilometers)	35.4	29.8	The Target achieved approx. 84%.
	Freight Revenue (Rs in Billion)	33.50	31.802	The Target achieved approx. 94%.
	Passenger Revenue (Rs in Billion)	54.40	53.203	The Target achieved approx. 97%.
	Other Revenue Receipts (Rs in Billion)	12.1	8.596	71% achieved.
	Total Revenue Receipts (Rs in Billion)	**100**	**93.601**	Revenue receipts 93% approx..
	Improvement in punctuality of Passenger Services (%)	81%	86%	Punctuality of passenger services has been improved by 5% more than the target.
Infrastructure Development-Track	Rehabilitation of Track (K.Ms)	31	31	Track rehabilitated 100% as per target.
Infrastructure Development-Stations	Rehabilitation of Existing Stations (Numbers)	0	0	No new station has been rehabilitated during FY 2024-25
Infrastructure Development-Bridges	Rehabilitation of Bridges (Numbers)	34	23	Target could not be achieved completely due to non-availability of sufficient funds.
Infrastructure Development-Shelters	Provision of Platform Shelters (Numbers)	0	0	-
Infrastructure Development-Signaling	Up gradation of signaling system (KMs)	46	46	The Target has been achieved.
	Up gradation of signaling system (No of Stations)	27	18	The Target achieved 67% approx.
Infrastructure Development-Electrical Power	Meterization of 26000 Meters (%)	0	0	-
Rolling Stock Availability	Rehabilitation of accidental Locomotives	0	0	-
	Special Repair of Locomotives	6	6	The Target has been achieved.
	Procurement of New Coaches (Numbers)	10	10	The Target has been achieved..
	Procurement of New Wagons (Numbers)	250	250	New wagons have been imported which were delayed

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Output	Key Performance Indicators	Planned Target 2024-25	Delivered Target 2024-25	Results/ Remarks/Reason
				last year on the part of manufacturer.
	Repair & Maintenance of Power Van, AC & Economy Class Coaches (Numbers)	0	103	Achieved due to expeditious repair works.
	Repair & Maintenance of Wagons (Numbers)	328	328	Targets achieved..
Business Development and Operations	Establishment of New Dry Ports/ Terminals (Numbers)	0	0	-
Governance	Introduction of ERP %	25	25	4 out of 10 modules are live and active
	Training & Developments (Numbers)	70	70	Target achieved by training of Pakistan Railways Officers
	Monitoring and Evaluation Report (Nos.)	60	60	Target achieved by including 38 PSDP project in the portfolio of Ministry of Railways.

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Annexure-3
Para# 2.4.2

Non-recovery of Railway dues from government departments

(Rs in million)

Sr. #	DP #	Title	Period	Formation	Amoun
1	25530	Loss due to non-recovery of outstanding Level Crossing charges	2024-25	Civil Engineering Department, Peshawar	500.49
2	Obs.9	Non-recovery of Railway dues from CMA	2023-25	Thematic Audit	411.03
3	25407	Non-recovery of railway dues from Controller of Military Accounts	2022-23	Chief Commercial Manager, H.Q, Lahore	379.11
4	25A004	Recoverable outstanding operational/ maintenance charges of level crossing	2024-25	Civil Engineering Department Lahore	89.93
5	25763	Non-recovery of outstanding operational/ maintenance charges of level crossings	2024-25	Civil Engineering Department, Rawalpindi	78.69
6	25402	Non-recovery on account of Rehman Baba Express from PRACS	2023	Chief Commercial Manager, H.Q, Lahore	64.46
7	25801	Non-recovery of outstanding maintenance charges of level crossings/sidings	2024-25	Civil Engineering Department, Sukkur	24.32
8	25556	Non-recovery of maintenance charges of Military and private sidings	2015-25	Civil Engineering department Rawalpindi	18.23
9	25668	Non-recovery of rental charges from WAPDA	2024-25	Property & Land Department, Sukkur Division	16.55
10	25390	Non-recovery from Custom Department	2021-25	Commercial Department, Rawalpindi	11.70
11	25608	Loss due to non-recovery of repair and maintenance cost of Postal Vans	2024-25	Mechanical Department, Peshawar	5.83
12	25201	Non-recovery of advance ticket reservation of Khushal Khan Khattak Train	2019-25	PRACS	4.29
13	25485	Non-recovery of rental charges from Pakistan Post Office and WASA	2024-25	Property & Land, Workshop Division, Mughalpura	2.77
14	25457	Non-recovery against Khyber Teaching Hospital Peshawar	2016-20	Property & Land Department, Peshawar	2.18
15	25465	Non-recovery of Revenue from M/s REDAMCO	2017	Property & Land Department, Peshawar	1.28
16	25486	Non-recovery of rental charges from NBP	2024-25	Property & Land, Workshop Division, Mughalpura	0.80
17	25100	Non-recovery of rental and additional work charges	2024-25	Electrical Department, Quetta	0.45
				Total	**1612.11**

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Annexure-4
Para# 2.4.2

Non-recovery of Railway dues from private parties

(Rs in million)

Sr. #	DP #	Title	Period	Formation	Amount
1	25461	Non-recovery of rental charges of shops	2023-25	Property & Land Department, Peshawar	103.12
2	25326	Non-recovery on account of damages of wagons from the contractor	2024-25	Mechanical Department, HQ Lahore	82.00
3	25367	Non-recovery of actual freight charges from Engro Fertilizer Company Ltd	2024-25	Commercial Department Sukkur	71.07
4	25A214	Non-recovery of Railway dues	2022-23	Property & Land Department, HQ Lahore	42.00
5	25676	Non-recovery of rental charges from lessees	2024-25	PRFTC	28.19
6	25040	Non-recovery of Railways dues from cargo contractors	2024	Mechanical Department, Lahore Division	19.37
7	25002	Non-recovery of rental charges of extra space utilized by contractors	2023-24	Commercial and Transportation Department Quetta	18.42
8	25459	Non-recovery of rental charges of Railway land	2023-24	Property & Land Department, Peshawar	11.85
9	25967	Non-recovery of land lease charges of Prem Nagar Dry Port from M/s QICT/DP World and MICT/PIL	2020-26	Property & Land Department, Peshawar	11.42
10	25A212	Non-recovery from cyber net in connection with damage to Railway assets	2024-25	Property & Land Department, HQ Lahore	11.29
11	25670	Undue favour to contractor due to non-receipt of rent as per agreement	2024-26	Property & Land, Sukkur	10.56
12	25454	Non-recovery of rental charges and unauthorized utilization of Railway land at Peshawar	2015-24	Property & Land Department, Peshawar	8.64
13	25A065	Non-recovery of rental charges from lessees/ licensees of commercial and agricultural land	2020-24	Property & Land Department, Peshawar	7.22
14	25023	Non-recovery of rental charges of vending stalls and restaurants	2023-24	Commercial & Transportation Department, Sukkur	6.97
15	25A153	Non-recovery of ground rent	2024-25	General Manager (Welfare & special initiative)	6.68
16	25A209	Non-recovery of railway dues against licensee	2020-21	Property & Land Department, Lahore	6.60
17	25A122	Recovery from private parties	2023-24	Mechanical Department, Karachi	6.13
18	25317	Loss due to non-recovery from private contractors	2021-25	Mechanical Department, Lahore Division	5.78
19	25526	Non-recovery of rental charges of quarters	2017-25	Civil Engineering Department, Peshawar	5.64
20	25591	Loss of revenue due to illegal occupation and unauthorized construction on railway land by cargo contractors	2024-25	Mechanical Department, Multan	5.46
21	25A217	Non-recovery of rental charges	2023-25	Property & land Department, Lahore	4.74

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Sr. #	DP #	Title	Period	Formation	Amount
22	25479	Non-recovery of rental charges	2020-25	Property & Land, Workshop Division, Mughalpura	4.49
23	25800	Short recovery due to non-implementation of agreemental clauses	2014-26	Property & Land Department, Peshawar	3.95
24	25966	Loss due to less recovery of land lease charges of Prem Nagar Dry Port from M/s QICT/DP World and MICT/PIL	2020-26	Commercial & Transportation Department, Sukkur	3.10
25	25A222	Non-recovery of rental charges of extra space utilized by cargo contractors	2024-25	Commercial Department, Quetta	3.12
26	25181	Non-recovery of illegal offloading of coal wagons from HSR	2024	PRFTC	2.95
27	25464	Loss due to illegal occupation and non-recovery of outstanding rental charges against the stacking on railway land at Khair Abad railway station	2025	Mechanical Department, HQ Lahore	2.73
28	25347	Non-recovery of cost of consumable material from private contractor	2022-25	Mechanical Department, Multan	1.79
29	25097	Non-recovery of electricity charges	2016-24	Electrical Department, Quetta	1.76
30	25325	Non-recovery on account of insurance charges from NICL	2024-25	Mechanical Department, HQ Lahore	1.60
31	25483	Non-recovery of lease charges against parking stand	2024-25	Property & Land, Workshop Division, Mughalpura	1.19
32	25318	Non-recovery from contractors on account of damages to goods stock	2024-25	Mechanical Department, Lahore	0.96
33	25017	Non-recovery of rent of a vending stall	2024	Commercial & Transportation Department, Sukkur	0.86
34	25A223	Non/short-recovery of rental charges from vending contractors	2024-25	Commercial Department, Quetta	0.83
35	25070	Non-recovery of rental charges of excess area occupied by the lessee	2024-25	Commercial & Transportation Department, Peshawar	0.65
36	25380	Non-recovery of railway dues on account of parking stand at Charsadda	2021-24	Divisional Commercial Officer (DCO), Peshawar	0.47
37	25523	Loss due to illegal occupation and non-recovery of railway rest house charges at Attock city	2023-25	Civil Engineering Department, Peshawar	0.45
38	25A234	Non/short-recovery of rent	2024-25	Commercial Department, Karachi	0.42
39	25375	Non-recovery of rent of good sheds/ godowns at Mardan Railway Station	2024-25	Civil Engineering Department, Peshawar	0.38
40	25458	Loss due to non-recovery of rental charges of Ramzan Bazar established on railway land at Mianwali & Kundian	2023-25	Property & Land, Workshop Division, Mughalpura	0.31
Total					**505.16**

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Annexure-5
Para 2.4.5

Unauthorized opening and operation of private bank accounts

(Rs in million)

S#	DP #	Title	Bank Account No.	Period	Formation	Amount
1	25119	Irregular opening of bank account and short-term investment	Bank of Khyber, Islamabad 2009331851	2023	REDAMCO	46.43
2	25928	Irregular maintenance and expenditure from Private Bank Account of Baba Masoom Shah Shrine at platform Rawalpindi Station	ABL, DC Office, RWP 10025515720014	2024-25	Administration Department, Rawalpindi Division	4.51
3	25435	Blockage of capital due to non-deposit of amount in PR fund	NBP, Quetta 4002292288	2010	Administration Department, Quetta	4.17
4	25932	Irregular maintenance of Private Bank Accounts	ABL, Railway station, Rwp 10025514510015, 10022030610015, 10022030550025	2024-25	Administration Department, Rawalpindi Division	3.97
5	25187	Irregular transfer of money in personal bank account	Alfalah Gulburg 28001006515618	2023-24	PRFTC	3.63
6	25429	Unauthorized opening and maintenance of private bank accounts	UBL, Quetta 050710014382	2018-25	Administration Department, Quetta	3.23
7	25A017	Irregular/unauthorized utilization of revenue generating facility as officers club and deposit of Railway earnings into private bank accounts	NBP, Quetta 4026587808	2024-25	Civil Engineering Department, Quetta	11.34
8	25826	Irregular/unauthorized deposit of Railway earnings into private bank accounts	000225873922 maintained in UBL Minara Road, Sukkur	2024-25	Property & Land Department, Sukkur	5.00
Total						**82.28**

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Annexure-6

Audit Para 2.4.6

Statement showing the non-recovery of passenger compensation claims from State Life Insurance

Sr. #	Date	Name of train	No. of Causalities	No. of injuries
1	24.09.2023	Collusion of 147UP-Mianwali express with ZNRV No.93512 Good train	00	31
2	07.04.2024	48 DN Rehman Bba	00	05
3	19.04.2024	46DN-Pakistan Express	00	09
4	21.07.2024	17UP	00	01
5	09.11.2024	Bomb blast QTA Rly Station	28	67
6	11.03.2025	Weapon fire-39DN	25	36
Total			**53**	**149**

No. of causalities=53 No.

Rate of compensation per passenger=Rs 2500000

Amount of compensation for causalities= Rs 132500000

No. of injuries= 149 No.

Rate of compensation per passenger=Rs 200000

Amount of compensation for Injuries= Rs 29800000

Total compensation not received=Rs 162300000

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Annexure-7

Audit Para 2.4.7

Mis-utilization of Improvement Fund by Workshop Division during 2022-23 and 2023-24

(Rs in million)

Sr. #	Description of work	Expenditure
	Moghalpura Division 2022-23	
1	Construction of Electric ARC Furnace Foundation in Steel Shops Mughalpura	54.976
2	Selection of Consultancy services for the work of Construction of Electric ARC Furnace Foundation in Steel Shops Mughalpura	0.185
3	Electric Portion Construction of Electric ARC Furnace Foundation in Steel Shops Mughalpura	10.281
4	Extension of Foundry Shop in c/with Construction of Electric ARC Furnace Foundation in Steel Shops Mughalpura	4.72
5	Provision of CGI Sheets and M.S Gutters in Foundry Shop in C/with construction of ARC Furnace Foundation in Steel Shops in the Section of IOW/ North MGPR	16.788
	Financial Year 2023-24	
6	Provision of CGI Sheets and M.S Gutters in Foundry Shop in C/with construction of ARC Furnace Foundation in Steel Shops in the Section of IOW/ North MGPR	5.122
Total		**92.072**

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Annexure-8
Para# 2.4.8

Non-recovery of excess payment and advances from employees

(Rs in million)

SN.	DP #	Title	Period	Formation	Amount
1	25043	Irregular payment of running allowance to staff working on stationary duties	2020-24	Commercial & Transportation, Karachi	12.54
2	25633	Irregular payment of millage allowance to officials other than Guards	2024-25	Transportation Department, Sukkur	7.33
3	25652	Irregular/ unauthorized payment of running allowance	2024-25	Transportation Department, Lahore Division	4.43
4	25618	Irregular payment of mileage allowance to drivers on stationary duties	2024-25	Mechanical Department, Rawalpindi	4.26
5	25068	Irregular payment on account of running allowance	2022-24	Commercial & Transportation Department, Peshawar	3.78
6	25A161	Irregular payment on account of running allowance	2021-25	Transportation Department, Karachi	2.83
7	25757	Unjustified/ irregular payment of running allowance	2024-25	Divisional Mechanical Engineer, Quetta	2.56
8	25626	Unjustified payment to Guards posted in vigilance/other departments	2023-25	Transportation Department, Sukkur	2.26
9	25A164	Irregular/unauthorized payment of mileage allowance	2024-25	Transportation Department, Karachi	2.20
10	25011	Irregular payment of running allowance to staff working on stationary duty	2022-24	Commercial & Transportation, Quetta	2.05
11	25628	Loss due to irregular / unjustified payment of running allowance (55%) during CL/ suspension period to running staff	2024-25	Transportation Department, Sukkur	1.81
12	25371	Loss due to irregular/ unjustified payment of running allowance (55%) during CL/suspension period to running staff	2024-25	Commercial Department, Sukkur	1.8
13	25029	Irregular payment of running allowance to staff working on stationary duty	2016-23	Commercial & Transportation, Sukkur	1.26
14	25642	Un-authorized payment of mileage allowance to running staff for more than 1 year against stationery posts	2025	Divisional Transportation Officer, Peshawar	1.21
15	25631	Recoverable and unjustified payment to running staff	2016-23	Transportation Department, Sukkur	0.94
16	25A224	Irregular payment on account of 55% allowance	2024-25	Commercial Department, Quetta	0.91
17	25943	Irregular payment on account of 55% allowance	2021-25	Admin Department, Rawalpindi	0.57
18	25719	Irregular payment of mileage allowance on stationery duty	2025	Mechanical Department, Peshawar	0.29
19	25362	Loss due to fraudulent payment of millage and other allowances to the running staff	2024-25	Commercial Department, Sukkur	0.1
20.	25887	Excess payment of overtime allowance	2024-25	Administration Department, Multan	18.55
21.	25914	Irregular payment of pay & allowances due to irregular grant of selection grade after 05 days appointment	2016	Administration Department Karachi	13.89
22.	25A272	Irregular grant of time scale promotion	2023-25	FA&CAO/PR, HQ Lahore	7.85
23.	25A027	Non-recovery of commercial rent from illegal/ unauthorized occupants of Railway accommodation	2023-24	Civil Engineering Department, Quetta	7.05

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SN.	DP #	Title	Period	Formation	Amount
24.	25867	Non-recovery on account of monthly installment of HBA/MCA advances	2021-25	FA&CAO/PR Lahore	3.9
25.	25893	Loss due to short/less recovery of electricity bills	2024-25	Administration Department, Multan	3.78
26.	25198	Non-recovery of loan on account of House Building from Ex-Managing Director	2023-25	PRACS	3.70
27.	25846	Recovery of irregular withdrawal of executive allowance and dual transport facilities	2023-25	Ministry of Railways Islamabad	3.66
28.	25965	Loss due to award of unauthorized time scale promotion to Senior Auditors	2021	FA & CAO/M&S	2.81
29.	25184	Loss due to dual grant of motor car advance and non-realization of HBA, Motor Car and GPF advance from Ex-CEO of the company	2021	PRFTC	2.80
30.	25A136	Excess payment on account of Adhoc-Relief allowance	2024-25	FA&CAO/Revenue	2.64
31.	25A289	Non-recovery of dues from ex-employees	2023-24	General Manager, M&S, Lahore	2.61
32.	25122	Excess payment to managers on account of pay & allowances	2024	REDAMCO	1.96
33.	25985	Non-recovery of pension from the reemployed employees	2024-25	COPS, HQ Office, Lahore	1.28
34.	25147	Non-recovery on account of excess telephone bills	2019-24	Signal & Telecom department, Karachi	1.17
35.	25A163	Unjustified payment of overtime allowance	2024-25	Transportation Department, Karachi	1.15
36.	25195	Loss due to non-realization of HBA from Ex-CEO of the company and declaring it as doubtful debts in Financial Statements	2021	PRFTC	1.11
37.	25427	Loss due to irregular payment of salary after retirement and death of employees	2023-24	Administration Lahore Division	0.86
38.	25895	Non-deduction of benevolent fund monthly subscription	2024-25	Administration Department Sukkur	0.82
39.	25927	Short deduction of Benevolent Fund	2025	Admin Department, Rawalpindi	0.77
40.	25417	Non-recovery due to irregular drawal of House Rent allowance	2023-25	Administration Lahore Division	0.75
41.	25919	Non-recovery on account of non-deduction of Benevolent Fund	2025	Admin Department, Rawalpindi	0.73
42.	25016	Non-recovery of misappropriated amount from the staff	2014-20	Commercial & Transportation Department, Quetta	0.70
43.	25890	Short/non-deduction of benevolent fund monthly subscription	2024-25	Administration Department, Multan	0.51
44.	25437	Recoverable amount due to wrong fixation	2023-24	Administration, Department, Quetta	0.35
45.	25447	Non-recovery of advances from salary bills	2023	Administration Department, Peshawar	0.32
46.	25277	Unjustified grant of honorarium for the period not served by an officer	2023-24	REDAMCO	0.29
47.	25870	Less recovery from retired employee on account of HBA/MCA advances	2024-25	FA&CAO/PR Lahore	0.24
48.	25883	Non-realization of overpayment of pay and allowances to Managing Director CSF	2024	FA & CAO/M&S	0.24

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SN.	DP #	Title	Period	Formation	Amount
49.	25722	Excess payment of Disparity Reduction Allowance	2022-25	Mechanical Department Peshawar	0.21
50.	25A294	Non-recovery of HBA from ex-employees	2024-25	General Manager, M&S, Lahore	0.23
51.	25422	Non-recovery of over payment of salary to ATO Lahore	2024-25	Administration Lahore Division	0.19
52.	25426	Loss due to non-deduction of Water Charges	2024-25	Administration Lahore Division	0.19
53.	25929	Loss to Government exchequer due to inadmissible payment of House Rent Allowance (HRA) to official-accommodation allottees	2025	Admin Department, Rawalpindi	0.18
54.	25423	Irregular drawal of salary during leave without pay (LWP)	2024	Administration Lahore Division	0.16
55.	25907	Non-recovery of maintenance charges of government accommodation	2024-25	Administration Department, Sukkur	0.07
56.	25358	Non-recovery of under charges from STEs	2024-25	Commercial Department, Sukkur	0.06
57.	25609	Irregular payment of M.Phill allowance	2024-25	Mechanical Department Peshawar	0.04
58.	25598	Loss due to unjustified payment of overtime allowance and piece work	2024-25	Mechanical Department, Workshop Mughalpura	207.83
59.	25702	Unjustified payment of overtime	2024-25	Central Diesel Locomotives (CDL) Workshop, Rawalpindi	53.93
60.	25621	Unjustified and Repetitive Payment of Overtime	2024-25	Mechanical Department, Rawalpindi	7.77
61.	25314	Excess payment of overtime allowance	2024-25	Mechanical Department, Lahore	1.32
62.	25446	Un-justified payment of overtime to vehicle drivers	2024-25	Administration Department, Peshawar	0.91
Total					**412.71**

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Annexure-9

Audit Para# 2.4.13

Loss to PR and discomfort for the passengers due to short attachment of coaches with passenger trains

1.	Average composition of trains during the year 2024-25	1128
2.	Average daily shortage	11
3.	Coaches running with trains (1 – 2)	1117
4.	Coaches run during the year	407705
5.	Total passenger earnings	47,970,551,000
6.	Per coach earnings	117660
7.	Coaches short	6963
8.	Loss due to short composition of trains (6 x 7)	819,266,580

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Annexure-10
Para# 2.4.17

Irregular expenditure due to splitting of purchases/ works

(Rs in million)

Sr. #	DP #	Title	Period	Formation	Amount
1.	25707	Irregular expenditure due to splitting up of purchases	2024-25	Central Diesel Locomotives, Rawalpindi	14.86
2.	25811	Irregular expenditure by splitting up the purchases	2023-25	Civil Engineering Department, Sukkur	11.66
3.	25780	Irregular/Unauthorized tendering due to splitting of Work	2024-25	Civil Engineering Department, Multan	9.97
4.	25A148	Misprocurement due to splitting of similar items	2022-23	Transportation Department, Karachi	9.85
5.	25536	Irregular expenditure due to splitting of purchases	2023-24	Civil Engineering Department, Peshawar	8.68
6.	25601	Irregular splitting of purchases of similar items	2024-25	Mechanical Department, Workshop Mughalpura, Lahore	6.46
7.	25614	Irregular procurement through splitting	2024-25	Mechanical Department, Rawalpindi	6.33
8.	25273	Mis-procurement due to splitting up the procurement of similar items	2023-24	REDAMCO	5.70
9.	25310	Irregular expenditure due to procurement of similar items by splitting	2024-25	Mechanical Department, Lahore	4.84
10.	25059	Mis-procurement due to splitting up the procurement of similar items - Rs 2.51 million	2023-25	Commercial & Transportation Department, Peshawar	2.51
11.	25228	Irregular expenditure due to splitting of local purchase cases	2021-24	Carriage & Wagon Shop, Hyderabad	2.18
12.	25088	Irregular expenditure due to splitting of purchases of similar nature	2023-24	Electrical Department, Peshawar	1.18
13.	25057	Mis-procurement due to splitting up the procurement of similar items - Rs 1.15 million	2023-24	Commercial & Transportation Department, Karachi	1.15
14.	25542	Irregular expenditure due to splitting of identical items	2024-25	Civil Engineering Department, Workshop Division	1.04
15.	25636	Mis-procurement due to purchase of identical items through splitting instead of through open competitive bidding	2024-25	Divisional Transportation Officer, Peshawar	0.92
Total					**87.33**

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Annexure-11

Para 2.4.22

Non-obtaining and non-forfeiture of performance guarantee

(Rs in million)

S #	DP #	Title	Period	Formation	Amount
1	25509	Non-obtaining and non-forfeiture of performance guarantee	2021-25	Chief Controller of Purchase, Lahore	19.15
2	25A105	Non-forfeiture of performance security	2022-23	Transportation Department, Quetta	11.51
3	25A248	Non-forfeiture of performance security	2024-25	Civil Engineering Department, Lahore	9.62
4	25055	Non-forfeiture of performance security of contractor who failed to lift scrap in lifting period	2024	Commercial & Transportation Department, Karachi	7.82
5	25507	Non-obtaining of Performance Security from contractors	2024-25	Chief Controller of Purchases, Lahore	6.33
6	25492	Non-actualization of forfeiture penalty in absence of security money	2021	Chief Controller of Purchases, Lahore	2.99
7	25798	Undue favour to the contractor due to non-forfeiture / encashment of performance guarantee on account of non-supply of ballast	2024	Civil Engineering Department, Sukkur	2.8
8	25A092	Non-realization of 30% bid amount from the vending contractors at Hyderabad station	2024-25	Commercial Department, Karachi	1.49
9	25253	Short deduction of forfeited security money	2021	Project "Rehabilitation of KPT and Rail Connectivity Phase-I (Revised)"	1.22
10	25A094	Non-forfeiture of bid security by extending undue favour to the contractor	2024-25	Commercial Department, Karachi	1.00
11	25674	Non-realization of bid money resulting into loss	2023	Property & Land Department, Multan	0.82
12	25160	Non-recovery of performance security from contractors	2024	Signal & Telecom Department, Lahore	0.76
13	25A068	Short recovery of performance security contrary to terms & conditions of tender by extending undue favor to the contractors	2024-25	Civil Engineering Department, Quetta	0.66
14	25155	Non-recovery of performance security from contractors	2024-25	Signal & Telecom Department, Peshawar	0.16
Total					**66.33**

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Annexure-12

Para 2.4.24

Loss due to non-recovery of demurrage, LD and penalty charges

(Rs in million)

Sr#	DP #	Title	Period	Formation	Amount
1	25A104	Non-recovery of storage charges from contractor	2023-24	Transportation Department, Quetta	201.86
2	25192	Non-imposition of demurrage charges on account of late unloading at Yousafwala power plant	2023-24	PRFTC	43.6
3	25001	Non-recovery of storage charges	2023-25	Commercial & Transportation Department, Quetta	28.45
4	25A171	Non-recovery of penalty charges	2022-24	Civil Engineering Department, Karachi	3.25
5	25623	Non-recovery on account of damage to wagons by contractor	2024-25	Mechanical Department, Rawalpindi	0.42
6	25381	Recoverable amount of late payment penalty from Car Parking contractor	2024-25	Commercial Department, Rawalpindi	0.34
7	25A031	Non-imposition of penalty on account of delay in completion of work	2024-25	Civil Engineering Department, Quetta	3.81
8	25A032	Non-termination of contracts and non-imposition of contractual penalty on defaulting contractors	2024-25	Civil Engineering Department, Quetta	1.63
9	25686	Non-imposition of penalty against late payment by extending undue favour to the lessees	2024-25	Property & Land Department Rawalpindi	1.11
10	25495	Irregular extension in delivery period without LD charges through contradictory staff office order	2024	Chief Controller of Purchase, Lahore	1.09
11	25152	Non-recovery of penalty due to delay in completion of work	2023	Signal & Telecom Department, Peshawar	0.23
Total					**285.79**

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Annexure-13
Para# 2.4.30

Shortage of material and deficiencies in rolling stock

(Rs in million)

SN.	DP #	Title	Period	Formation	Amount
1	25994	Deficiency of 267 distributor valves in goods stock	2024-25	Mechanical department, Karachi	209.68
2	25333	Deficiency in coaching and goods stock at Mughalpura	2024-25	Mechanical Department, Headquarters, Lahore	153.58
3	25222	Deficiency in goods stock arrived at C&W Shop Hyderabad	2023-25	Carriage & Wagon Shop, Hyderabad	139.48
4	25A120	Theft of traction motor cables and loco parts	2024-25	Mechanical Department, Karachi	19.99
5	25158	Theft of Railway material	2023-24	Signal & Telecom Department, Lahore	17.62
6	25340	Theft of spare parts mainly leads of traction motors	2024-25	Mechanical Engineering Department, HQ, Lahore	17.22
7	25141	Theft of railway material /assets	2022-24	Signal & Telecom department, Karachi	14.95
8	25809	Theft of Railway material	2024-25	Civil Engineering Department, Sukkur	9.28
9	25A100	Theft of condemned wagons & fuel	2024-25	Transportation Department, Quetta	8.04
10	25A123	Theft of released lube oil and empty drums	2022-24	Mechanical Department, Karachi	5.04
11	25239	Theft of electric inter-car couplers	2023-24	Electrical Department, HQ Lahore	4.36
12	25351	Missing distributor valve in running Hooper Wagons	2024-25	Mechanical Department, Multan	3.17
13	25309	Theft from Goods Stock	2024-25	Mechanical Engineering Department, Lahore	2.35
14	25A236	Theft of scrap material	2024-25	Chief Customer and Facilitation Manager, Lahore	1.86
15	25522	Theft of permanent way material	2018-25	Civil Engineering Department, Peshawar	1.45
16	25749	Theft of HSD oil	2024	Mechanical Department, Quetta	1.12
17	25225	Theft of material from C&W shop	2023-24	Carriage & Wagon Shop, Hyderabad	1.01
18	25739	Theft of material from turn tables	2025	Mechanical Department, Sukkur	0.83
19	25747	Theft of traction motors	2025	Mechanical Department, Quetta	0.81
20	25344	Theft of buffer plungers from goods wagons parts	2024	Mechanical Department, Multan	0.25
21	25037	Loss of rolling stock and brand new imported material	2023	Commercial & Transportation department, Karachi	105.92
				Total	**718.01**

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Annexure-14
Para# 2.4.34

Non-Disposal of scrap

(Rs in million)

Sr. #	DP #	Title	Period	Formation	Amount
1	25316	Blockage of capital due to non-disposal of condemned coaches & wagons	2018-25	Mechanical Department Lahore	1,813.50
2	25038	Non-disposal of rolling stock scrap	2024-25	Commercial & Transportation Department, Karachi	1,529.97
3	25537	Non-auction of scraps material	2024-25	Civil Engineering Department, Peshawar	512.44
4	25627	Blockage of capital due to non-disposal of scrap	2024-25	Commercial Department Sukkur	385.44
5	25A101	Non-disposal of scrap	2023-25	Transportation Department, Quetta	131.08
6	25A037	Non-auction of scrap material	2018-19	Civil Engineering Department, Lahore	290.33
7	25126	Blockage of capital due to non-auction of abandoned poles of overhead telecom lines	2023-24	Signal & Telecom Department, Quetta	172.74
8	25246	Non-disposal of Permanent Way material released from track rehabilitation project	2024-25	Rehabilitation of KPT and Rail Connectivity	119.69
9	25036	Non-auction 135 condemned wagons	2024-25	Commercial & Transportation Department Karachi	91.62
10	25613	Non-Disposal of condemned locomotives resulted in blockage of capital	2024-25	Mechanical Department, HQ, Lahore	84.00
11	25221	Blockage of capital due to non-disposal of 95 condemned wagons	2022-25	Carriage & Wagon Shop, Hyderabad	81.23
12	25024	Blockage of capital due to non-disposal of condemned wagons	2023-25	Commercial & Transportation Department, Sukkur	18.88
13	25A107	Non-disposal of condemned wagons	2023-24	Transportation Department, Quetta	15.10
14	25737	Non-disposal of condemned locomotives resulted in blockage of capital	2023-24	Mechanical Department, Sukkur	14
15	25015	Blockage of capital on account of scrap sale	2024-25	Commercial & Transportation department, Quetta	9.81
16	25242	Non-auction of released material	2022-25	Electrical Department, HQ Lahore	5.91
17	25754	Non-disposal of condemned plant & machinery at Loco Shed Quetta	2019-20	Mechanical Department, Quetta	2.32
18	25696	Blockage of capital due to non-auction of condemned vehicles	2024-25	Central Diesel Locomotive, Workshop, Rawalpindi	2.14
19	25139	Non-disposal of scrap material	2024-25	Signal & Telecom department, Karachi	1.39
20	25137	Blockage of capital due to non-disposal of scrap/released material	2024-25	Signal & Telecom Department, Sukkur	0.88
21	25154	Blockage of capital due to non-disposal of scrap	2024-25	Signal & Telecom Department, Peshawar	0.77

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Sr. #	DP #	Title	Period	Formation	Amount
22	25161	Non-disposal of scrap material	2023-25	Signal & Telecom Department, Lahore	0.46
				Total	**5,283.7**

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Annexure-15
Para# 2.4.35

Shortage of HSD oil and Railway material

(Rs in million)

SN.	DP #	Title	Period	Formation	Amount
1	25A179	Misappropriation of material by PWI	2020-23	Civil Engineering Department, Karachi	64.33
2	25A184	Misappropriation of P.Way material	2025	Civil Engineering Department, Karachi	17.67
3	25978	Misappropriation of HSD oil	2024-25	COPS, HQ Office, Lahore	9.16
4	25770	Fraudulent payment against fake local purchase	2024-25	Civil Engineering, Rawalpindi	8.66
5	25136	Loss due to shortage of store material	2023-24	Signal and Telecom Department, Sukkur	6.07
6	25A178	Misappropriation of timber scrap by PWI	2023-24	Civil Engineering Department, Karachi	2.79
7	25712	Loss due to misappropriation of lube oil	2024-25	CDL Workshops, Rawalpindi	1.64
8	25165	Loss due to shortage of office equipment/T&P Items	2023-24	PD, RFD 2010	1.07
9	25743	Misappropriation of material	2024-25	Mechanical Engineer, Quetta	0.66
10	25A197	Misappropriation of material by PWI	2024-25	Civil Engineering Department, Karachi	0.23
Total					**112.28**

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Annexure-16
Para# 2.4.36

Blockage of capital due to excessive procurement

(Rs in million)

SN.	DP #	Title	Period	Formation	Amount
1	25343	Blockage of capital on account of surplus/ dead stock	2012	Mechanical Department HQ, Lahore	69.08
2	25266	Unnecessary procurement resulting in blockage of capital	2021	Signal & Telecom Departments HQ Lahore	66.47
3	25311	Blockage of capital on account of surplus/dead stock	2007-23	Mechanical Department, Lahore Division	3.93
4	25521	Surplus material lying in the stores of different subordinates of engineering department Pakistan Railways Peshawar	2020-21	Civil Engineering Department, Peshawar Division	2.37
5	25227	Blockage of capital on account of surplus stock	2010	Carriage & Wagon Shop Hyderabad	1.94
6	25150	Blockage of capital due to non-return of surplus material	2020-21	Signal & Telecom Department, Peshawar	1.7
7	25695	Unjustified purchase of material available in the Railway Depots	2003	CDL Workshops, Rawalpindi	1.6
Total					**147.09**

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Annexure-17
Para# 2.4.38

Encroachment of Railway land

(Rs in million)

Sr.#	DP #	Title	Period	Formation	Area (Marla)	Value of land
1	25A208	Unauthorized encroachment of agricultural land	2022-23	Property & Land Department, Sukkur	27,774	310.59
2	25469	Unauthorized occupation and illegal car parking in front of Peshawar High Court	2019-20	Property & Land Department, Peshawar	30	151.75
3	25A045	Loss due to recent encroachment of commercial land, coupled with gross negligence of management	2024-25	Property and Land Department, Quetta	22	120.00
4	25A201	Non-retrieval of Railway land despite court orders	2017-18	Property & Land Department, Karachi	131	61.62
5	25050	Encroachment of commercial land by cargo contractors	2024-25	Commercial & Transportation Department, Karachi	97.36	438.12
6	25815	Loss of Railway land due to weak prosecution and non-removal of encroachments	2020-21	Property & Land Department, Multan	2551	1073.78
7	25832	Non vacation of commercial shops from illegal occupants in the light of court orders	2024-25	Property & Land Department, Sukkur	22.22	10.63
8	25677	Recoverable amount as per remedial measurement policy from private encroachers	2024-25	Property & Land Department, Rawalpindi	-	34.90
9	25827	Loss due to non-regularization of encroached commercial land under remedial policy	2022-23	Property & Land Department, Sukkur	17.85	18.058
Total					30645.43	2219.45

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Annexure-18
Para 2.4.41

Loss due to wrong fixation of benchmark

(Rs in million)

Sr. #	DP#	Title	Period	Formation	Amount
1.	25032	Loss of revenue due to injudicious fixation of low benchmark	2017-24	Commercial & Transportation Department, Karachi	186.15
2.	25A211	Loss due to leasing out of Railway land by fixing lower benchmark	2023-24	Property & Land Department, HQ Lahore	143.06
3.	25A049	Loss of rent due to wrong fixation of bench mark against approved policy.	2020-21	Property & Land Department, Quetta	125.84
4.	25A207	Loss due to incorrect assessment of rent for auction of shops	2024-25	Property & Land Department, Sukkur	20.27
5.	25A047	Loss due to arbitrary fixation of benchmarks and award of adjacent shops at unequal rates	2024-25	Property & Land Department, Quetta	12.95
6.	25A075	Loss of contract award at lower rate due to unjustified reduction in benchmark	2024-25	Commercial Department, Karachi	11.05
7.	25069	Loss due to non-fixation of benchmark	2023-24	Commercial & Transportation Department, Peshawar	5.6
8.	25823	Wrong fixation of benchmark resulted in loss on account of annual rental charges	2024-25	Property & Land Department, Sukkur	4.95
9.	25383	Loss due to award of Coolie contract at lower rate	2022-23	Commercial Department, Rawalpindi	4.66
10.	25360	Loss due to allotment of stalls at low rates by giving undue favour to contractors	2023-24	Commercial Department, Sukkur	4.28
11.	25063	Loss due to irregular award of contract without open competition at lower rate	2024-25	Commercial & Transportation, Peshawar	3.67
12.	25817	Loss due to incorrect fixation of premium	2024-25	Property & Land Department, Multan	2.5
13.	25008	Loss due to award of contract at lower rates	2023-24	Commercial & Transportation, Quetta	1.47
14.	25820	Incorrect/ uncompetitive deliberate fixation of bench mark resulting into loss	2024-25	Property & Land Department, Multan	1.44
15.	25220	Loss due to auction of shops at lower rate	2022-23	PRACS	1.38
16.	25A074	Loss of revenue by awarding the contracts at lower rates due to injudicious fixation of benchmark	2024-25	Commercial Department including DMM, Karachi	1.37
17.	25A052	Loss of revenue due to irregular / unauthorized revision of approved benchmark after advertisement and non-disclosure in auction notice	2024-25	Property & Land Department, Quetta	0.99
18.	25673	Loss due to fixation of lower premium	2024-25	Property & Land Department, Multan	0.9
19.	25A059	Loss caused by higher construction cost owing to defective fixation of benchmark	2024-25	Property & Land Department, Quetta	0.74
Total					**533.27**

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Annexure-19

Section 3.7

Statement showing the trend and horizontal analysis of railway earnings

(Rs in million)

Earnings	2022-23	2023-24	2024-25	Difference between 2022-23 and 2023-24	%age Change	Difference between 2022-23 and 2024-25	%age Change	
Analysis of overall earning of PR								
Passenger	34,766.14	49554.27	49,376.58	14788.13	42.53	14610.44	42.02	
Parcel and other coaching earning	1,715.55	2,885.40	3715.35	1169.85	68.19	1999.8	116.56	
Freight	18,031.69	28,119.02	31913.83	10087.33	55.94	13882.14	76.98	
Misc.	9,204.54	8,233.77	8595.32	-970.77	11.83	970.77	10.54	
Total	**63,717.92**	**88,792.46**	**93,601.08**					
Analysis of passenger and freight earnings								
Earnings	**2022-23**	**2023-24**	**2024-25**		**Earnings**	**2022-23**	**2023-24**	**2024-25**
Passenger	54.56258	55.8091	52.75215		Passenger	55%	56%	53%
Freight	28.29924	31.66825	34.09558		Freight	28%	32%	34%

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Annexure-20

Statement showing change in travel time of passenger trains from 15.10.0222 to 15.10.2024

Sr #	Train	Originating Station	Terminating Station	Originating Time 15.10.2022	Terminating Time 15.10.2022	Travel Time (Hours)	Originating Time 15.10.2024	Terminating Time 15.10.2024	Travel Time (Hours)	Increase/ (Decrease)
1	Shalimar Express	Karachi Cantt	Lahore	6:00	23:55	17:55	6:30	2:55	19:25	1:30
2	Hazara Express	Karachi City	Havelian	5:50	14:50	33:00	6:35	16:40	34:05	1:05
3	Awam Express	Karachi Cantt	Peshawar Cantt	7:00	16:55	33:55	7:30	17:30	34:00	0:05
4	Shah Latif Express	Dhabeji	Mirpur Khas	8:25	11:55	3:30	9:25	12:55	3:30	0:00
5	Rehman Baba Express	Karachi Cantt	Peshawar Cantt	10:00	13:50	27:50	12:00	18:05	30:05	2:15
6	Pakistan	Karachi Cantt	Rawalpindi	14:30	16:25	22:55	14:00	17:35	27:30	4:35
7	Karakoram Express	Karachi Cantt	Lahore	15:00	8:50	17:50	15:00	10:20	19:20	1:30
8	Allama Iqbal Express	Karachi Cantt	Sialkot	15:30	16:25	24:55	15:30	17:50	26:20	1:25
9	Pak Business Express	Karachi Cantt	Lahore	16:00	9:10	17:10	16:00	10:20	18:20	1:10
10	Mehran Express	Karachi City	Mirpur Khas	15:55	20:30	4:35	15:55	20:55	5:00	0:25
11	Karachi Express	Karachi Cantt	Lahore	16:30	10:25	17:55	18:00	13:00	19:00	1:05
12	Millat Express	Karachi Cantt	Lalamusa	17:00	17:10	24:10	17:00	19:15	26:15	2:05
13	Tezgam Express	Karachi Cantt	Rawalpindi	17:30	18:55	25:25	17:30	20:00	26:30	1:05
14	Bahaudin Zakria Express	Karachi City	Multan Cantt	17:30	10:05	16:35	18:15	11:15	17:00	0:25
15	Bolan Express	Karachi City	Quetta	18:00	16:05	22:05	20:00	19:05	23:55	1:50
16	Fareed Express	Karachi City	Lahore	19:30	21:15	25:45	19:30	22:05	26:35	0:50
17	Sir Syed Express	Karachi Cantt	Rawalpindi	21:00	20:00	23:00	21:00	21:30	24:30	1:30
18	Green Line Express	Karachi Cantt	Margla	22:00	20:15	22:15	22:00	21:10	23:50	1:35
19	Khyber Mail	Karachi Cantt	Peshawar Cantt	22:15	5:20	31:05	22:15	6:05	31:50	0:45
20	Sukkur Express	Karachi City	Jacobabad	23:00	10:55	11:55	23:00	11:55	12:55	1:00
21	Jaffar Express	Quetta	Peshawar Cantt	9:00	18:25	33:25	9:00	19:35	34:35	1:10

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Annexure-21

Summary of deficiencies pointed out by the train managers of 5UP/6DN, 15UP/16DN, 18-DN/17-UP, 34-DN/33-UP, 42-DN/41-UP, 43UP/44DN trains

Sr. No.	Issues/deficiencies
1.	Less janitorial staff with train.
2.	Public address system was not available in train
3.	Cooling in some coaches was very poor.
4.	Water dispenser was not available in coaches.
5.	Water bottles were not available at dispensers.
6.	Bedding provided by contractor to passengers was short and not cleaned since long.
7.	Bugs found in coaches
8.	WIFI services were not available in train
9.	Fire extinguisher cylinders were not available in train
10.	LEDs were not working.
11.	Muslim showers and Lotas were not available in all economy class coaches.
12.	Dustbins were not available in washrooms.
13.	Mobile charging sockets were not available
14.	Quantity and quality of food provided to passengers was very poor.
15.	Toilets auto door closers were missing or defective.
16.	Soap dispensers were missing or out of orders.
17.	On occasions, dining car service was not available in train.
18.	Entrance door was defective in some coaches
19.	AC/Sleeper class coach no 726 was old coach attached given bad smell.
20.	Rat was found in AC/Sleeper class coach no. 726.
21.	Tube lights and fans were missing or defective in economy class coaches.
22.	Conditions of economy class coaches were very bad, mostly door locks were broken.
23.	Washrooms were not cleaned and washed at any station.
24.	Door closers were missing in some coaches
25.	Door glass missing in some coaches
26.	Mostly door catchers were defective in all Economy class coaches.
27.	Mostly AC/units blowers were short in coaches
28.	Mostly tissues stands, dustbins and hand wash dispense were short.
29.	Insect spray was not available with C&W cleaning staff.
30.	Floor was broken of some coaches
31.	Tissue rolls were not provided by HTXR

Irum Gul
Assistant Audit Officer (IT)
Date: 2026.03.19 13:14 PM

5UP/6DN

Sr.No.	Issued pointed out by the Train Managers
1.	Less janitorial staff with train.
2.	Public Address System was not available in train.
3.	Cooling of some coaches was very poor.
4.	Water dispense was not available in coaches.
5.	Bedding provided by contractor to passengers was short and not cleaned since long.
6.	Bed bugs were found in coaches
7.	WIFI services were not available in train
8.	Breakfast provided to passengers was without tea.
9.	Fire extinguisher cylinders were not available in train
10.	LEDs services were not properly working.
11.	LOTA's and Muslim showers were not available in all Economy class coaches.
12.	Dustbins were not available in washrooms.
13.	Mobile charging sockets were not available
14.	Quantity and quality of food was very poor.
15.	Mostly toilets auto door closers were missing or defective.
16.	Mostly soap dispensers were missing or out of orders.

15UP/16DN

1.	Dining car service was not available in train.
2.	Entrance door was defective in some coaches
3.	AC/Sleeper class coach no 726 was old coach attached given bad smell.
4.	Mostly fans were short in AC/Standard class coaches
5.	Rat was found in AC/Sleeper class coach no. 726.
6.	On 01.04.2024, Total 121 tube lights and 30 fans were missing or defective in all Economy class coaches.
7.	On 03.04.2024, The conditions of Economy class coaches were very bad, mostly door locks were broken and also ewers were not available in all washrooms.
8.	Washrooms were not cleaned and washed at any station.

18-DN/17-UP

Sr.No.	Issued pointed out by the Train Managers
1.	Dining car service was not available in train.
2.	Door closers were missing in some coaches
3.	Door glass missing in some coaches

34-DN/33-UP

1.	The condition of Economy class coaches was very bad and mostly door locks were broken condition
2.	Mostly door catchers were defective in all Economy class coaches.
3.	Mostly AC/units blowers were short in coaches
4.	Mostly fans and lights were missing in all coaches.

42-DN/41-UP

1.	Mostly tissues stands, dustbins and hand wash dispense were short.
2.	Insect spray was not available with C&W cleaning staff.
3.	Floor was broken of coach no 11564
4.	Tissue rolls were not provided by HTXR/Lahore

43UP/44DN

1.	Tube light missing in coach No. 9830, 12047, 12264, 12875, 12280, 11478, 12832, 12929,12087,12882,12893,12276 and 11434
2.	Fans are short/missing in coach No. 9830, 12047,12929,12087,12893,12276 and11434
3.	AC unit compressor/lower motor short in coach No. 12242, 4674, 11218 and 11246
4.	Mobile charging sockets were not available in all classes

Assistant Audit Officer (IT)
Dy No 0000 Dated 26-06-2024 15:14 PM

5.	Door closers were missing in some coaches
6.	Muslim showers and Lotas were not available in all economy class coaches
7.	LEDs were not provided in AC class
8.	Fire extinguisher cylinders were not available in train
9.	Water not provided at HYD-ROH
10.	Dust bins not cleaned at washing line

Irum Gull
Assistant Audit Officer (IT)
20 October 2026 03:19:14 PM