Webinar
on
‘Pakistan Railways or Pakistan’s Railways’
on
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Pakistan Railways

Contents

- Pakistan Railways at a glance – Infrastructure, rolling stock, human resource
- Last three decades - Reforms and restructuring attempts
- Policy, institutional and governance issues
- Railway economics and traffic analysis

Pakistan Railways at a glance

Pakistan Railways at a glance

Present Position

- Medium sized railways from international standard
- National Trade Corridor of about 2000 km from ports in the south to the hinterland in the north and northwest
- Ideal for a robust and efficient railway network
- Connectivity to Afghanistan at Chaman and Torkhum, Iran at Taftan and India at Wagha and Khokrapar. Future China at Khunjarab?

Pakistan Railways at a glance

- 7600 km of track mostly in bad shape –Aging infrastructure (bridges, embankment rails and fittings)
- Obsolete signaling system
- Outdated maintenance process and equipment for track
- ML-1 fit for 110 kmph, ML-2 and ML-3 in bad shape.
- Aged rolling stock, specially locomotives
- Deficient maintenance facilities for rail vehicles (locomotives and coaches/wagons)


Khunjrab
AFGHANISTAN
JAMMU
&
KASHMIR
(DISPUTED TERRITORY)
PESHAWAR
RAWALPINDI
LAHORE
MUGHALPURA
QUETTA
ZAHIDAN
KHANEWAL
MULTAN
LODHRAN
INDIA
IRAN
SUKKUR
NAWABSHAH
GWADAR
KOTRI
HYDERABAD
KARACHI
KCR
ARABIAN SEA
LEGEND
BROAD GAUGE DOUBLE LINE
5 ft 6 inch
BROAD GAUGE SINGLE LINE
METER GAUGE SINGLE LINE
1 Meter
NARROW GAUGE SINGLE LINE
2 ft 6 inch
KARACHI CIRCULAR RAILWAY (KCR)
RIVERS

Pakistan Railways - Last Three Decades

Pakistan Railways – Last Three Decades

- Forced attrition since 1989 helped in reduction of staff @ 3000 per annum
- Open Access Policy in form of RECO's for oil movement in early 90'
- WB sponsored restructuring into three companies, namely, Infrastructure, Passenger and Freight in late 1997
- Little buy in by PR management – disastrous
- Partial restoration of old divisional structure in 2000

Pakistan Railways – Last Three Decades

- Military style restructuring in 2002
- Induction of Chinese rolling stock in 2003-5
- Operating profit in 2007
- Nose dive from 2007 to 2009 - priority to new passenger trains for political gains – deficit increased to Rs 30 billion
- Policy decision in December 2010 by Cabinet to close 120 loss making passenger trains – partial implementation

Pakistan Railways – Last three decades

- 2011 to 2013- PR in bad shape
- Commercial/business approach adopted and revenues improved – Operating surplus in 2018
- Again deficit increased to over Rs 50 billion and increasing
- Covid was the last nail in the dwindling revenues
- Waiting for Up gradation of ML-1 ??

Pakistan Railways -Policy, institutional and governance issues

Pakistan Railways -Policy, institutional and governance issues

- Ineffective policy formulation – Business management approach lacking - political interference
- Conceptual disconnect between MOR and PR
- Private sector participation negligent in train operation – contracting rather than Public Private Partnership
- Human resource capacity building ignored

Pakistan Railways -Policy, institutional and governance issues

- Major decisions (Introduction of a passenger train) taken on political basis without ascertain financial viability of trains.
- Subsidy consumed by pay, pension, fuel, etc. - not for service improvement
- Over staffed in relation to number of trains employees per train
- Lack of professional competence
- Square pegs in round hole

Railways Economics and Traffic Issues

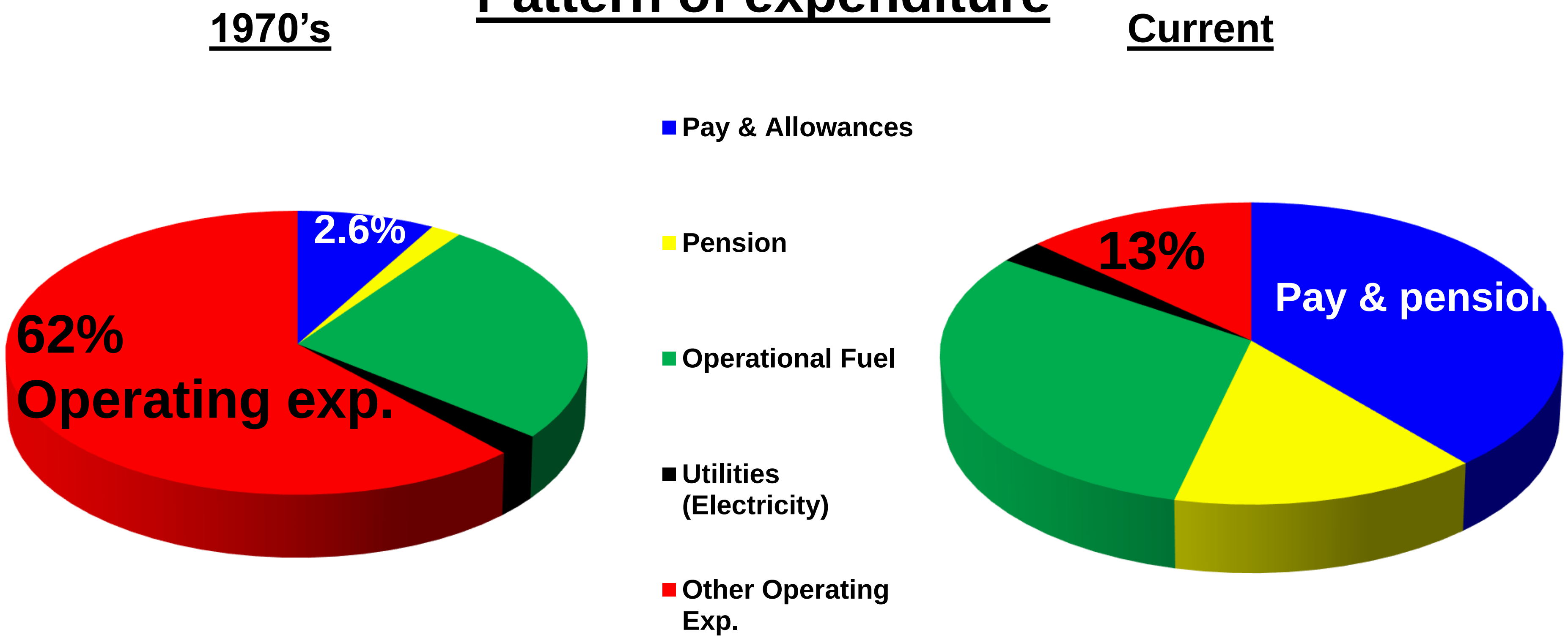
Railways Economics and Traffic Issues

Present Position

- Deficit about Rs 50 billion per annum and rising
- Development budget reduced
- Expenditure on maintenance of track, locomotive, coaches and wagons reduced
- More than 70% of the budget spent on pay and pension
- Amount for train operations drastically reduced

Railways Economics and Traffic Issues

Pattern of expenditure



- **Amount allocated for operating expenses has been drastically reduced over the years**

Railways Economics and Traffic Issues

Present Position

- PR carries less than 4% of the traffic
- About 80% of the traffic moves on ML-1 (1800km/7600km)
- Loss making passenger trains operated at the cost of revenue generating freight trains
- Traffic mix distorted - Passenger sector dominant
- Non – commercial stoppages of mail/express trains
- Tariff structure not dynamic – increase in prices of oil, utilities, pay and pension

Railways Economics and Traffic Issues

Passenger Sector

- Number of passenger reduced from 139 million in 70’s to 55 million
- Passenger kilometers increased
- Average lead per passenger increased
- Short hop passenger reduced but long distance increased
- Passenger demand is for long distance travel
- Demand in 40 mail/express (80%) and about 15% in 72 intercity

Railways Economics and Traffic Issues

<u>Freight</u>

- Freight dwindling but regained due to Sahiwal coal
- Freight forecasting encouraging
- Freight operations less cost but more revenue
- Demand for long distance/ bulk freight traffic - oil, cement, coal, containers, GITA etc.
- Critical factor - availability of locomotive in the freight sector

Thank You