

Losses incurred by PR in 5 years amounted to Rs144bn

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ISLAMABAD: The losses incurred by Pakistan Railways during the five years period (2015 – 2020) have amounted to a prodigious 144 billion PKR.

The stiff competition from road transport and the inability of PR to adopt a customer-centric business plan because of complex bureaucratic structure, has led to an inefficient, underfinanced, and overstaffed public agency running in losses for the last three and a half decades. Placed in the “Retain and Restructure” category after the State Owned Enterprises (SOE) triage exercise in March 2021, the 19th-century infrastructure still grapples with the challenges of the 21st century after several repeated rounds of halfhearted reforms.

This was revealed in a recent research report by the Pakistan Institute of Development Economics.

PIDE report recommended radical institutional reforms in Pakistan Railway as it currently ranks among the top ten loss-making state-owned enterprises (SOE) in Pakistan; a 44 Billion PKR deficit was reported in 2020; 36 billion PKR pension liability on PR was reported for 120,000 employees in 2020; and to overcome the deficit and pension liability, a 45 billion PKR subsidy was provided by the government in 2020.

According to a Press Release issued from the Pakistan Institute of Development Economics, it was said in the report that Fifty percent of ticketing is now electronic but Pakistan Railway still lacks an Enterprise Resource Planning (ERP) system which integrates all the processes. Even the flow of financial information within the enterprise reports a delay of 60 days.

Customer Relationship Management (CRM) systems should be created for the customer relationship including tracking arrangements, call centres, SMS alerts, etc. Railways Automated Booking and Travel Assistance (RABTA) has been advertised. Automation is expected to address the leakages which have been the major reason behind the decline in the volume of PR freight in 2020-21.

Additionally, there are 115 000 unverified retirees of PR, who are paid 35 billion rupees annually. To verify these individuals, a biometric verification system for the pensioners has been proposed. The pension deficit has been fielded by the government of Pakistan for PR. A pay and pension commission has been formed which will have to think about not only railways but other public enterprises as well.

Furthermore, the Pakistan Railway has 178000 acres of land, out of which 145 000 are being used for operational purposes. The remaining 33 000 acres is the “Right of Way” entitled to the Pakistan Railway. This land is both underpriced as well as

underpaid as the rents are concerned. Two options can be exercised to put this ancillary land in use. Around 5 to 10 billion PKR can be generated annually by rewriting the concession agreements and getting rid of the encroachments. Or like Delhi Metro, transforming the railway stations of big cities like Lahore Karachi Islamabad into commercial hubs with decent shopping plazas, cafes, and restaurants.

PIDE's report further stated that to enhance the productivity of human resources, there is a need to understand how individuals think and decide. This would require going beyond the "rationality" assumption and expanding the set of tools and strategies Pakistan Railway can think of via behavioural economics. Automatic, social, and thinking with mental models shape the decision of all individuals.

While the losses incurred by PR can be reframed so they are more obvious to all levels of employees. The losses can be interpreted in terms of the declined health and education facilities for the families of the employees. The cost of subsidies provided by the government can be highlighted in terms of the number of children outside school or poverty relief that government provides.

Following the Rider-Elephant-Path approach, one experiment could be to design a specific program for mid-level officers from different departments of PR on how business-oriented railways work.

The participation of the mid-level management plays an essential role in implementing reforms. Thus, the baseline or design of the reforms should focus on inspiring and engaging this tier of bureaucracy. The group should also include partners of PR from the private sector.

The inclusion of the private sector will help the officers to grab the perspective of the private sector and understand the market dynamics, the results, and the recourse. As a part of learning by doing exercise, they should get an opportunity to interact with some of the best railway personnel in the world, the research report stated.

PIDE's suggested program would create a reform-minded community within the system. This nudger's community can then influence the organization both horizontally and vertically for catalyzing the implementation of reforms. Experiments have proved that peers in the workplace exert a strong influence on an individual's performance by enforcing social norms. Proximity to more productive workers can lead to an increase in efficiency models that can be tested for Pakistan Railway.

Pakistan Railways have amounted to a prodigious 144 billion PKR loss - Islamabad Post



Islamabad, JUL 17 /DNA/ – The losses incurred by Pakistan Railways during the five years period (2015 – 2020) have amounted to a prodigious 144 billion PKR. The stiff competition from road transport and the inability of PR to adopt a customer-centric business plan because of complex bureaucratic structure, has led to an inefficient, underfinanced, and overstaffed public agency running in losses for the last three and a half decades. Placed in the “Retain and Restructure” category after the State Owned Enterprises (SOE) triage exercise in March 2021, the 19th-century infrastructure still grapples with the challenges of the 21st century after several repeated rounds of halfhearted reforms.

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Additionally, there are 115 000 unverified retirees of PR, who are paid 35 billion rupees annually. To verify these individuals, a biometric verification system for the pensioners has been proposed. The pension deficit has been fielded by the government of Pakistan for PR. A pay and pension commission has been formed which will have to think about not only railways but other public enterprises as well.

Furthermore, the Pakistan Railway has 178000 acres of land, out of which 145 000 are being used for operational purposes. The remaining 33 000 acres is the “Right of Way” entitled to the Pakistan Railway. This land is both underpriced as well as underpaid as the rents are concerned. Two options can be exercised to put this ancillary land in use. Around 5 to 10 billion PKR can be generated annually by rewriting the concession agreements and getting rid of the encroaches. Or like Dehli Metro, transforming the railway stations of big cities like Lahore Karachi Islamabad into commercial hubs with decent shopping plazas, cafes, and restaurants.

PIDE’s report further stated that to enhance the productivity of human resources, there is a need to understand how individuals think and decide. This would require going beyond the “rationality” assumption and expanding the set of tools and strategies Pakistan Railway can think of via behavioral economics. Automatic, social, and thinking with mental models shape the decision of all individuals.

While the losses incurred by PR can be reframed so they are more obvious to all levels of employees. The losses can be interpreted in terms of the declined health and education facilities for the families of the employees. The cost of subsidies provided by the government can be highlighted in terms of the number of children outside school or poverty relief that government provides.

Following the Rider-Elephant-Path approach, one experiment could be to design a specific program for mid-level officers from different departments of PR on how business-oriented railways work. The participation of the mid-level management plays an essential role in implementing reforms. Thus, the baseline or design of the reforms should focus on inspiring and engaging this tier of bureaucracy. Their attitudes can play a pivotal role in the acceptance and implementation of reforms. The group should also include partners of PR from the private sector. The inclusion of the private sector will help the officers to grab the perspective of the private sector and understand the market dynamics, the results, and the recourse. As a part of learning by doing exercise, they should get an opportunity to interact with some of the best railway personnel in the world, the research report stated.

PIDE’ suggested program would create a reform-minded community within the system. This nudger’s community can then influence the organization both horizontally and vertically for catalyzing the implementation of reforms. Experiments have proved that peers in the workplace exert a strong influence on an individual’s performance by enforcing social norms. Proximity to more productive workers can lead to an increase in efficiency models that can be tested for Pakistan Railway.

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Railways incurred Rs144b loss from 2015-2020: PIDE report

ISLAMABAD – Pakistan Railways ranks among the top ten loss-making state-owned enterprises (SOE) in Pakistan and the losses incurred by PR have amounted to a prodigious Rs144 billion during last five years (2015-2020).

Moreover Pakistan Railways has 115000 unverified retirees, who are paid Rs35 billion annually, revealed in a recent research report by the Pakistan Institute of Development Economics (PIDE).

The report said that stiff competition from road transport and inability of PR to adopt a customer-centric business plan because of complex bureaucratic structure, has led to an inefficient, underfinanced, and overstaffed public agency running in losses for the last three and a half decades.

PIDE report recommended radical institutional reforms in Pakistan Railway as it currently ranks among the top ten loss-making state-owned enterprises (SOE) in Pakistan; a Rs44 billion deficit was reported in 2020; Rs36 billion pension liability on PR was reported for 120,000 employees in 2020; and to overcome the deficit and pension liability, a subsidy of Rs45 billion was provided by the government in 2020.

The report said that 50 percent of ticketing is now electronic but Pakistan Railway still lacks an Enterprise Resource Planning (ERP) system which integrates all the processes. Even the flow of financial information within the enterprise reports a delay of 60 days.

Customer Relationship Management (CRM) systems should be created for the customer relationship including tracking arrangements, call centres, SMS alerts, etc. Railways Automated Booking and Travel Assistance (RABTA) has been advertised. Automation is expected to address the leakages which have been the major reason behind the decline in the volume of PR freight in 2020-21.

Additionally, there are 115000 unverified retirees of PR, who are paid Rs35 billion annually. To verify these individuals, a biometric verification system for the pensioners has been proposed. The pension deficit has been fielded by the government of Pakistan for PR. A pay and pension commission has been formed which will have to think about not only railways but other public enterprises as well.

Furthermore, the Pakistan Railway has 178000 acres of land, out of which 145000 are being used for operational purposes. The remaining 33000 acres is the “Right of Way” entitled to the Pakistan Railway. This land is both underpriced as well as underpaid as the rents are concerned. Two options can be exercised to put this ancillary land in use. Around Rs5 to 10 billion can be generated annually by rewriting the concession agreements and getting rid of the encroaches. Or like Delhi Metro, transforming the railway stations of big cities like Lahore Karachi Islamabad into commercial hubs with decent shopping plazas, cafes, and restaurants.

PIDE's report further stated that to enhance the productivity of human resources, there is a need to understand how individuals think and decide. This would require going beyond the "rationality" assumption and expanding the set of tools and strategies Pakistan Railway can think of via behavioural economics. Automatic, social, and thinking with mental models shape the decision of all individuals.

While the losses incurred by PR can be reframed so they are more obvious to all levels of employees. The losses can be interpreted in terms of the declined health and education facilities for the families of the employees. The cost of subsidies provided by the government can be highlighted in terms of the number of children outside school or poverty relief that government provides.

Following the Rider-Elephant-Path approach, one experiment could be to design a specific programme for mid-level officers from different departments of PR on how business-oriented railways work. The participation of the mid-level management plays an essential role in implementing reforms. Thus, the baseline or design of the reforms should focus on inspiring and engaging this tier of bureaucracy. Their attitudes can play a pivotal role in the acceptance and implementation of reforms. The group should also include partners of PR from the private sector.

PIDE' suggested program would create a reform-minded community within the system.

Railways paying Rs35bn pension to unverified employees

Khaleeq Kiani

ISLAMABAD: The Pakistan Institute of Development Economics (PIDE) — a state-owned think tank working under the Planning Commission — has found that 115,000 unverified retired employees of Pakistan Railways are being paid Rs35 billion in annual pension.

In a statement issued on Sunday, PIDE said its study showed that Railways losses amounted to a prodigious Rs144bn during the five years from 2015 to 2020.

The PIDE report recommended radical institutional reforms in Pakistan Railways, as it currently ranked among the top ten loss-making state-owned enterprises in Pakistan.

The losses included a Rs44bn deficit reported in 2020, including Rs36bn pension liability on Railways for 120,000 employees. To overcome the deficit and pension liability, a Rs45bn subsidy was provided by the government during that year, the report said.

Report says PR incurring losses for 35 years due to stiff competition from road transport, inability to adopt customer-centric business

“The stiff competition from road transport and the inability of PR to adopt a customer-centric business plan because of complex bureaucratic structure has led to an inefficient, underfinanced and overstaffed public agency running in losses for the last three and a half decades,” it said.

“Additionally, there are 115,000 unverified retirees of PR, who are paid Rs35bn annually,” the report said.

To verify these individuals, a biometric verification system for the pensioners has been proposed. The pension deficit has been fielded by the government for Pakistan Railways. A pay and pension commission has been formed, which will have to think about not only railways but other public enterprises as well.

Furthermore, the Pakistan Railways owns 178,000 acres, of which 145,000 are being used for operational purposes and the remaining 33,000 are the “right of way” entitled to the Pakistan Railways.

This land is both underpriced and underpaid as the rents are concerned. Two options can be exercised to put this ancillary land in use.

Around Rs5-10bn can be generated annually by rewriting the concession agreements and getting rid of the encroaches or by transforming railway stations in big cities like Lahore, Karachi and Islamabad into commercial hubs along the lines of Delhi Metro with decent shopping plazas, cafes and restaurants.

Placed in the “retain and restructure” category after the state-owned firms’ triage exercise in March 2021, the 19th-century infrastructure of Pakistan Railways still grapples with the challenges of the 21st century after several repeated rounds of half-hearted reforms.

The report said half of the ticketing was now electronic, but Pakistan Railways still lacked an enterprise resource planning (ERP) system which integrates all the processes. “Even the flow of financial information within the enterprise reports a delay of 60 days,” it said.

It also recommended that customer relationship management (CRM) systems should be created for the customer relationship, including tracking arrangements, call centres, SMS alerts, etc.

It added that the Railways Automated Booking and Travel Assistance (Rabta) had been advertised and automation was expected to address the leakages which had been the major reason behind the decline in the volume of PR freight in 2020-21.

The report also stressed the need to understand how individuals think and decide to make human resources more productive.

This would require going beyond the “rationality” assumption and expanding the set of tools and strategies Pakistan Railways can think of via behavioural economics.

The losses incurred by Railways could be reframed, so they were more obvious to all levels of employees, such as in terms of the declined health and education facilities for workers’ families, it said. Besides, the cost of subsidies provided by the government can be highlighted in terms of the number of children outside school or poverty relief that the government provides.

Published in Dawn, July 18th, 2022