

# Failure of Corporate Governance in Pakistan Railway

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**Abstract**– Pakistan Railways routed almost all the major cities of Pakistan. British government gives us the world’s best railway infrastructure. Just few decades’ back people considered the Pakistan railways as the safest and the economical mode of transport. Due to the provision of good facilities and following the schedules people liked to travel via Pakistan Railways to reach to their destination. Further more different companies and government institutes relay on Pakistan railways for the transportation of their goods safely and well on time. But unfortunately our corrupt railway management leads this department towards the collusion. Top management of Pakistan Railways and the Government of Pakistan itself is involved in hiring ineligible and unskilled staff beyond the capacity. These are the reasons which directed the Pakistan towards the heavy and unbearable losses.

**Keywords**– Corporate, Pakistan Railway, Ineligible and Losses

## I. INTRODUCTION

Railways are the economical and safest mode for passengers and cargo among the means of transportation. It has a great contribution in expansion of economy for our country. A plan for a railway system in Pakistan was first projected in 1858. A survey for railway line was initiated in 1858 by Commissioner of Sindh, Sir Henry Edward Fere. It was projected that a railway line from Karachi City to Kotri, steam navigation from the Indus /Chenab up to Multan and from there another railway to Lahore and further than be constructed. Thus, it was on 13th May, 1861 that first railway line of 105 miles distance was opened for public traffic between Karachi City and Kotri. In 1889 the line between Karachi City to Kemari was opened and the line from Kemari to Kotri was doubled in 1897.

The first railway line was positioned between Karachi and Kotri since 1861, the expansion of the railway network by the British came at a rapid pace up until 1947. The dynamic factors for this development were economic and strategic in nature. For instance to stop the invasion of the Russians from the West, the British built the Khojak tunnel, the fourth largest at that time, in seemingly inaccessible areas of Balochistan to reach Chaman railway station

## II. REASONS OF CORRUPTION AND LOSSES

Now Pakistan Railways (PR) is facing a financial deficit of approximately Rs 40 billion and has so far closed down thirteen passenger trains to address fiscal constriction. The

Auditor-General of Pakistan report said fraud, wastage of funds, failure in recovering outstanding dues and other financial irregularities amounting to billions of rupees were the reasons for the losses. According to audit report PR administration devastating to recover Rs 310.34 million on account of maintenance and operational charges of sidings or level-crossings from Defense Department, WAPDA, and other government institutes for years. Discretely, PR also sustained a loss of Rs 1,324.13 million due to the non-recovery of lease and rental charges from various government and private organizations

The Pakistan railway’s poor management, meager internal structure and negligence had cost PR Rs2 billion. Due to the lack of mismanagement, over employment and corruption from the grass level to the top management leads the Pakistan Railway which was considered as the most revenue generating department towards its end.

Up till 1980, the Pakistan Railways accounted for 65% of Pakistan’s freight traffic. But unfortunately this was cut down to nearly 15% by 2009 and now it at 1% or even less.

## III. CORRUPTION IN DIFFERENT DEPARTMENTS OF PAKISTAN RAILWAYS

All the departments are the cause of loss and corruption to Pakistan Railways. The operational staff including the ticket checkers, police etc are involve in getting bribe or issue tickets to number of passengers but this money is not recorded in the book of accounts.

Tracks, engines and bogies are rusting away or pulled out of service due to a lack of maintenance. The maintenance materiel is misrepresented and even sold out at below the market rates. The National Accountability Bureau (NAB) has filed a new corruption case of Rs 340 million in purchase of 69 locomotives against former Pakistan Railways general manager (GM) Saeed Akhtar. NAB had arrested the former GM on Bano scrap corruption scandal. Saeed Akhtar is accused of committing corruption in scrap scandal worth Rs 70 million and also involved in another scandal of corruption Rs 340 million on account for repairing Chinese engines.

another case of millions of rupees corruption faces by the Pakistan Railways, in 2012 Shalimar Express was handed over to private contractor and it has been revealed that during the privatization of the train that contractor was given benefit of millions of rupees illegally. Saeed Akhtar the former GM of Pakistan Railways, signed deal of Shalimar Express with the contractor on cheaper rates for 25 percent share of the

business. The private company had to spend Rs. 97.0 million on renovation of the train but not a single rupee was spent by the contractor on beautification of the train. Pakistan Railways also handed over dining car and carriage coaches to the private company without any charges and which causes a loss of hundreds of million rupees to the unit.

#### IV. CONCLUSION

Research and studies shows that the main reasons of corruption and losses by the Pakistan railways are the mismanagemenet, number of employees more than its capacity and the involvement of top to lower management in corruption either of lower or of higher level.

Due to the corruption and non deserving staff, Pakistan Railways put up with heavy losses. Infrastructure, which was considered as one of the world's best is near to collapse.

Just few decades back people prefer the Pakistan Railways as the cheapest and safest mode of transport but unfortunately now they avoid it due to uncertainty in schedules of arrival and departure of trains and unavailability of basic needs during the travel.

#### V. RECOMMENDATIONS

The best remedy to take out the Pakistan railways from prevailing worst conditions is "*Privatization*", but for the immediate recovery,

- Government should take the immediate action against the corrupt officials.
- Rectify the over employment by downsizing.
- Focus on the rebuilding and redesigning of Pakistan Railways infrastructure.
- Trained and developed the operational staff.
- Up gradation of locomotives and waiting rooms at railway stations.
- Trains should follow the schedules and schedules boards should also be maintained and updated accordingly.