

13th September, 2021

POLICY STATEMENT

OFFICE OF THE FEDERAL MINISTER FOR RAILWAYS

Pakistan Railways urgently needs to implement its Restructuring plan in line with the vision of Honorable Prime Minister of Pakistan as envisaged in the Pakistan Railways Restructuring Plan approved by the Federal Cabinet in June, 2020. The said approved Plan is based on the detailed recommendations of the Institutional Reforms Commission. The said Approved plan of the Cabinet was developed on the Pre-Determined targets and foundations of the Pakistan Railways Strategic Plan (PRSP) which is a document separately approved by the Railways Board dated 18th May, 2018.

I have observed that the pace of progress towards the implementation of the above referred Plans is rather slow and the deliverables seem difficult to achieve unless specific Policy level interventions are undertaken and an enabling environment provided to the newly inducted CEO's and Advisors for formulating their business policies independently in line with their specific terms of reference under the general guidance of the Railway Board and the federal government.

Reference is more specifically drawn to Minutes of the 9th Railway Board meeting held on 25.02.2020. The Agenda item No.12 of the said Railway Board meeting refers to the **outsourcing of Freight trains** over the Pakistan Railways Network on the pattern of passenger trains. The Railway Board decided that,

“It was agreed to authorize Pakistan Railways Freight Transportation Company (PRFTC) for outsourcing all freight trains, for such operations. PRFTC will consult Pakistan Railways to keep them in Loop”.

The Agenda item No.14 of the said 9th Railway Board meeting refers to **Private sector Participation in Railways**. The Prime Minister in a meeting dated 27th November, 2019 directed that the **respective Ministries** should encourage Private sector participation in Public sector projects. Accordingly the Ministry of Railways Authorized its subsidiary companies including PRFTC, PRACS and RAILCOP to encourage private sector investment in line with the provisions of PPP Act, 2017.

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The Railway Board Decided that,

“The Board agreed to the Private sector participation with the caveat that the process should be in line with rules and policy”

In line with the general directions of the Federal Government as contained in the Pakistan Railways Restructuring Plan 2020, The Pakistan Railways strategic Plan 2018 and the decisions of the Railway Board as referred to above on both issues of formulation of Independent Companies as well as greater Private sector Participation in the Railway operations and for strengthening the Management of such companies, I hereby issue this policy statement in exercise of Powers vested in me by Section 5 (5) of the Rules of Business 1973:

The Policy statement is to enable the revamping, re-designing expediting and development of new Administrative capabilities for creation of a business friendly environment and to build up the business response capacity of the Pakistan Railways for better management of current and emerging challenges in the Logistics industry of Pakistan.

The Policy statement is meant to improve the PR's prospects for competing in a competitive logistics market. Pakistan Railways was once an institution manned by honest and competent Railway professionals/ officers however with lack of proper training and focus of the Federal Government in provision of required funds, it has now become dysfunctional due to many reasons and the organization is far lagging behind in modern business techniques and forming synergies with the private sector.

Recently, Public enterprises and state run corporations have undergone significant and fundamental changes. At present the cumulative liabilities of Pakistan Railway amount to more than a trillion Rupees and the organization is continuously bleeding.

PRINCIPLES OF POLICY

1. The Pakistan Railways Freight Transportation Company (PRFTC) constituted in line with the Pakistan Railway Strategic Plan and empowered by the enabling decisions of the Railway Board, and the Pakistan Railways Re-structuring Plan as approved by the Federal Cabinet in June, 2020, shall be renamed as Freight Traffic Management Company (FTMC). It will function independently under its CEO, Mr. Jawaid Siddiqui. Mr. Siddiqui is a professional hired through a comprehensive process by Pakistan Railways

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and from the Private sector after fulfilling all codal requirements of the Federal Government. He will be responsible to legally make changes in company name from PRFTC to Freight Traffic Management Company (FTMC). All employees/officers posted in the companies shall be posted for a fixed period of five years and will have nothing to do with Pakistan Railways during their time of posting in the companies. The CEO/FTMC shall be responsible for undertaking changes to his company including induction of a professional team of Logistics experts, secure freight business for the company, conclude transportation agreements with private parties, work on joint ventures with interested private parties for running freight trains, Make progress on Track access regime and assume full responsibility for PR's freight operations in line with the Pakistan Railways Strategic Plan strategy pillar_15.1 **"PRFTC to continue to take over additional freight traffic, becoming PR's freight unit"** and 15.2 **"PRFTC to engage with private sector through concessions, JVs, or contract services"**. The Freight Business activities of the company will include Freight transport, Marketing, Commercial Management, Freight terminal management and Client coordination. The Federal Minister Pakistan Railways, Secretary/Chairman Railways, CEO.SR.GM Railways, COPS, CMM, CTM, DTM-KYC, DMM-KYC, Divisional Superintendents of Railway Divisions (DS/KYC, SUKKUR, QUETTA, LAHORE, MULTAN, RAWALPINDI and PESHAWAR) and officers/officials dealing with freight of Pakistan Railways will not interfere in the independent management of the FTMC by the CEO/FTMC but will assist and support the company. All freight wagons including ZBC, ZBKC, ZBFC(Large), ZBFC(Small), ZBTO and ZBKH /locomotives assigned to freight movement/Crews (Mechanical and Transportation) brakevans assigned to freight movement/freight loading/unloading facilities/Terminals for the movement of freight trains will henceforth be also responsible to the CEO/Freight Traffic Management Company in respect of movement of freight traffic.

No wagon allocation or Freight movement will be authorized without the Prior information and approval of the CEO/ FTMC throughout the Railway network. Any violation from the above laid down Policy directions in respect of FREIGHT and the EXCLUSIVITY of Freight Traffic Management Company (The Company) in matters pertaining to Freight over Pakistan Railways shall be considered a violation of the Policy

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directions herein contained and will be dealt under the Extant Rules of the Government of Pakistan. I suggest all Pakistan Railway officers to work together as a team so we can make change happen and bring Pakistan Railways back to its glory. The CEO/ FTMC has been instructed to form an independent board of directors in line with SECP recommendations for companies comprising of professionals of highest integrity.

2. RAILWAY INFRASTRUCTURE MANAGEMENT COMPANY

Name of Railway constructions Pakistan Ltd (RAILCOP) will be changed. This will be headed by Mr. Najam Saeed as CEO/RAILCOP who will bring in an Autonomous board of directors for the company. Minister, Secretary/Chairman Railways and CEO.Sr.GM Railways will not be either members or Chairman of the board. Railcop will develop real estate (Stations) as well as infrastructure of Pakistan Railways. Temporarily a board of directors has been constituted to start functioning however once Chairman of the board is elected, The board can increase the number of its members and can bring in more professionals from the private sector having Railway infrastructure experience.

3. RAILWAY ESTATE DEVELOPMENT AND MARKETTING COMPANY (REDAMCO)

The company will be re named as Railway Estate Management company. It will be headed by a new CEO to be inducted as per Federal Government rules from the private sector. The CEO will formulate the company's independent board. The Minister, Secretary/Chairman and CEO.Sr.GM Railways will not be either members or Chairman of the company board. All leasing, Marketing and Management of Pakistan Railways Land will be under this company

Further policy directives relating to other sectors/departments will follow in due course of time after necessary consultative process. All enabling legal provisions, Amendments of existing rules, incorporation of new proposed rules and enabling provisions, Necessary mandatory Approvals in respect of above three companies and the changes proposed must be immediately undertaken and a detailed working paper submitted in line with the Pakistan Railway Strategic Plan (2018), National Transport Policy (2018) and Pakistan Railways Restructuring Plan (2020)


13/9/2021
MUHAMMAD AZAM KHAN SWATI
FEDERAL MINISTER RAILWAYS

SECRETARY/CHAIRMAN RAILWAYS
SECRETARY RAILWAY BOARD
ADDITIONAL SECRETARY,
CEO SR.GM RAILWAYS
ALL DIVISIONAL SUPERINTENDENTS PAKISTAN RAILWAYS
CEO PRFTC/FTMC
CEO RAILCOP
MD/CEO PRACS
CEO/ REDAMCO