

Third Party Evaluator's Opinion on Locomotives Manufacturing Factory Project

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Relevance

It is agreed that locomotive factory could not bring about increase in the freight and passenger transport volume; however, the need for new locomotives is still relevant. The share of railways in national transport did not increase because of poor management of Pakistan Railways over the years. There is evident need to strengthen local railways industry that could contribute to broadening of national industrial base. Thus such factories that locally make these engines and auxiliary materials have potential to bridge the gap between actual industrial needs, particularly railways, and the locally available opportunities for such industrial requirements.

This project therefore could positively affect local industry along with presumed increase in overall industrial investment. Similarly, with efficient railway administration and improvements in management systems Pakistan Railways have potential to grow and win increased share in passenger and freight transport.

The population pressure on cities, reduction in peri-urban areas, and increased per capita ownership of personal means of road transport are causing strain on roads and congestion of traffic, which is a clear opportunity for Railways. Government incentives can encourage local and foreign investments in railways that could not only positively impact foreign exchange but will also help sub-industrial growth in relevant local industry.

Efficiency

The facts described in the report regarding its impact make sense. The project has not considerably recorded positive contribution in volume of passengers and transport, promotion of related domestic industries and contribution to local development. However, it needs to be analyzed in the context of national industrial environment.

The locomotive engines being manufactured in the factory were of 2,000 horse power. According to one senior officer in railways, the rail track from Karachi to Lala Musa was a plain track, where these engines were feasible. However, between Lala Musa and Peshawar the track becomes hilly and curvy, requiring engines with 3,000-4,000 enhanced horse power to sustain speed, capacity and efficiency of freight and passenger transport services. Interviews with senior officials of railways reveal there was little flexibility in the project to convert the horse power of engines to desired levels. The engines thus produced could not ensure required efficiency, and hence could not compete with a vibrant road transport sector.

Transport of goods provides a higher margin of profit, but that could not be achieved due to various reasons. The rail transport involved more time consuming 'double handling', that is, transport from Karachi port to railway station and from railway station to onward journey to different parts of the country. On the other hand, trucks ferried between two points – port and destination - more efficiently and without any interruption. This left railways at a relative disadvantage. Besides, Army also started National Logistical Cell whose higher capacity trucks put a further dent on railways' freight market share. Review of the documents reveals an increased investment in road sector means of transportation (Pakistan Economic Survey 2004-5).

In the light of the above arguments, it is considered that the factors and reasons leading to the failure of this project are more external than intrinsic. At this point, the impact is not very impressive; however, it has a potential to have a better impact in the long run.