

**Third Party Evaluator's Opinion on
Diesel Electric Locomotives Rehabilitation Project (1)
and Diesel Electric Locomotives Production Project (2)**

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Relevance

The project objective was to revitalize the railways role in transportation and its capacity utilization through rehabilitation and improvement of the existing railway infrastructure. The share of railways in respect of passenger traffic and freight traffic has declined from 73 % and 42 % respectively in the late 50's to 13.5 % and 14 % in 1990-91 to merely to 8.6 % and 4.1 % in FY 2000-01¹, which is now 9 % and 3 % respectively².

The government is in need of broad based investment in developing basic infrastructure specially communications network in order to sustain the high economic growth attained in the Fiscal Year 2004-05. Any projects adding to the capacity of the system by helping sustain higher growth rates is very relevant for Pakistan and its development goals.

Besides these two projects of Japan, locomotive factory Risalpur is currently manufacturing of 54 diesel electric locomotives of Chinese design with the technical assistance of Dalian Locomotives and Rolling Stock Works, China with the financial assistance of the EXIM Bank of China. In its first phase, it is producing 8 - 3000 horse power Semi Knock Downs (SKD)³ locomotives commenced in November 2003 and 4 locomotives have been rolled out until 15 August, 2004.

Effectiveness and Impact

Pakistan Railways had been the largest loss making organizations in Pakistan. Many plans to improve its performance remained to implement. Inefficiency, bad service, non-compliance to timings and non-availability of proper engines are the main reasons behind this fall.

The two projects have remained successful to a large extent to achieve its designed targets. The objectives of the plan still hold its importance. During the last three years (2000-2003), Pakistan Railways has been showing an increasing trend in both passenger and freight traffic, registering an average increase of 6.4 percent and 9 percent per annum, respectively. A positive growth of 8 percent and 14 percent has been recorded in passenger traffic and freight traffic, respectively during July-March, 2004-05⁴.

The railway sector should attract more attention for its benefits. These locomotive engines produce smoke, but in comparison with the road transport and carrying capacity makes it much better option. Road transport in Pakistan takes more fuel, produces larger smoke and also creates hassle in inter-city traffic. Rail travels with larger passengers and goods and is mostly filled in country's main routes. In road transport, many cars are only driven by one person involving more time and cost.

It is expected that Pakistan railways would be privatized in future. The rules and regulations would be developed later, but adding capacity in the organization would ultimately help

¹ PIDE's report on railway transportation

² Planning Commission's report on transportation 2005

³ SKD means that Locomotive Factory imports some part and then assembles it here in Pakistan. It can also be said Partial Knock Downs (PKD). The source of information is official report of Pakistan Railways 2003-04.

⁴ Economic Survey 2004-05

it privatize make more efficient and have a healthy influence on country's transportation system which is in greater need of improvement.

However, any plans to improve Pakistan Railways without overhauling its human capital and creating a shift in their sense of service would not produce desired results. Hoping of change without overall improvement is just far fetched dream.