



GOVERNMENT OF PAKISTAN
MINISTRY OF RAILWAYS
(RAILWAY BOARD)
ISLAMABAD

No: M&S/150/D.E.Loco

Dated: May 19, 2010.

✓ Syed Adil Gilani
Chairman,
Transparency International - Pakistan,
5-C, 2nd Floor, Kyayaben-Ittehad, Phase-VII,
Defence Housing Authority,
Karachi

**Sub: ALLEGATION OF VIOLATION OF PUBLIC PROCUREMENT RULES
2004 BY PAKISTAN RAILWAYS IN THE TENDER FOR
PROCUREMENT OF 150 LOCOMOTIVES.**

Ref: Your third letter dated 14.05.2010 on the above subject.

Dear Gilani Sahib,

Reference to your above referred letter, despite an elaborate clarification through letter dated 13.05.2010, still few objections have again been raised which are clarified parawise:

- i) As already intimated that the PPRA letter of 5th May, 2010 referred in your letter was not received by this office. However, the same letter has been received much later in this office on 14.05.2010. It was wrongly addressed by PPRA to Managing Director/Carriage Factory, Islamabad who has no concern with the tender. It is not understood as to how TIP got the copy of this internal official routine letter of PPRA and started commenting in press and TV against Railways even before the reply was sent to PPRA.
- ii) Again this office is at a loss as to how and why the TIP has chosen to be the sole judge regarding applicability of Rules. Clearly, the PPRA Rules provide alternate method of procurement under Rule 42 d (ii). It is, also not understood as to how the TIP has assumed the Role of passing judgment on good or bad governess. And that too against the office of Secretary Railways, who is not remotely concerned with receipt of the letter. Such arbitrary judgment only shows some bias of TIP in the instant case, which was also obvious in your comments on one of the TV shows on 4th May, without even knowing the details,

against the Railways. One expects neutrality, impartiality and objectivity from an organization like TIP and not whimsical judgments.

It has repeatedly been told that PPRA rule 10 is for procurement of ordinary general purpose goods which is not applicable for this highly technical procurement of D.E. Locomotives under PPRA Rule 42 d(i) but TIP is again and again referring to procurement under Rule-10. This self styled right to choose the Rules selectively by TIP is not tenable. The interpretation of Rules, correctness of the Rule applicability and the operational needs for a particular procurement, should be left to the offices, organization, who are assigned these Responsibility. We are referring the matter to PPRA and would be guided by their advice.

- ii) It is again not clear as to how TIP has assumed from the very beginning that M/s General Electric is the only eligible company to quote. It was already clarified to TIP that M/s General Motor is also equally eligible to quote.

Rule 42 is not restricted for certain amount only. Rule 42 is based on certain principles on technical grounds etc irrespective of whether the amount involved is in thousands or in billions. Rule 42 (d) is realistic rule to avoid the so called hundreds of locomotive manufacturers as mentioned by TIP. It is probably due to lack of technical knowledge with TIP that arbitrary statements are being given in press and TV without realizing the subject and technicalities involved in selecting a particular D.E. Locomotive for P.R. use.

- iv) The approval is available as per PPRA Rule 11 as already pointed out earlier.

It is hoped that above clarifications will cover all your observations indicated in your above referred letters.


(S. Shafiq Ahmed)
General Manager/M&S
Tel: 9258347

Copy forwarded for information in reference to the endorsements by TIP:

1. Chairman, Public Accounts Committee, Islamabad.
2. Auditor General Pakistan, Islamabad.
3. Registrar Supreme Court of Pakistan, Islamabad.
4. M.D./PPRA, Islamabad.
5. Chairman, NAB, Islamabad.