



20<sup>th</sup> February, 2012

Principal Secretary to the Prime Minister  
Prime Minister House,  
Government of Pakistan,  
Islamabad.

Subject: Allegations of violation of Public Procurement Rules 2004 by Pakistan Railways in the tender for procurement of 150 Locomotives from US firm only and Import of 75 locomotives from China without calling public Tenders

Dear Sir,

Pakistan needs to have a efficient Railway which is the cheapest transport for commuters. But it has been confirmed from the consistent efforts of Pakistan Railways since last three and half years of buying the 150 Locomotives from a specific US firm, and of 75 locomotives from M/s Dongfang Electric Corporation, in complete violation of normal tender procedures, which are reported to be not only sub-standard, inefficient, but also very costly compared to market prices.

This is to point out that the said procurements are glaring example of Pakistan Railways' behavior in insisting on procuring 0 locomotives from a specific manufacturers right from day one.

Mr. S. Shahid Ahmed, G.M. Pakistan Railways, vide his reply on 19<sup>th</sup> May 2010, criticized the role of TI Pakistan on raising the objection of violation of Public Procurement Rules 2004. In order to justify the wrongdoings, he clarified that the procurement is being made under Rule 42(d)(ii).

This is for your information that Rule 42(d)(ii) is only applicable when the procurement falls under the following category, which railway engines are not part of;

**42. (d) negotiated tendering.- (ii) for technical or artistic reasons, or for reasons connected with protection of exclusive rights or intellectual property, the supplies may be manufactured or delivered only by a particular supplier.**

Pakistan Railways' adamant attitude as stated above has resulted in its failure to induct new railway engines in last 3-1/2 years and brought Pakistan Railways at a standstill with a closure of all cargo trains and half of passenger trains.

All the ills of Pakistan Railways are result of efforts to procure railway engines from a pre-selected parties, come what may.



Unless mandatory requirements of PPRA are enacted by Pakistan Railways, these procurement is deemed to be a mis-procurement in accordance with Rule 50 of the Public Procurement Rules 2004.

TI Pakistan is striving for the Rule of Law.

With Regards,

Syed Adil Gilani  
Advisor

Copies forwarded for the information of:

1. Chairman, Public Accounts Committee, Islamabad.
2. Chairman, NAB, Islamabad.
3. Registrar, Supreme Court.
4. Auditor General, Islamabad.
5. Managing Director, PPRA, Islamabad.