



TRANSPARENCY INTERNATIONAL-PAKISTAN

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Advisory Committee

21st December 2011

Chairman,
Pakistan Railways,
Headquarter Office,
Lahore.

Sub: Allegations of violation of Public Procurement Rules 2004 by Pakistan Railways in
the Award of Business Train between Lahore and Karachi

Dear Sir,

Transparency International Pakistan has noted from news printed in the Nation of 21 December 2011, "Non-transparency talk delays Business Train", that a Contract of Public Private Partnership is awarded inviting without public tenders to Four Brothers International (Pvt.) Limited.

"Pakistan Railways in August 2011 had entered into an agreement with a private company to operate between Lahore and Karachi under a private public partnership first time in the history of the PR. Four Brothers International (Pvt.) Limited is investing Rs225.786 million in the joint venture. As per the agreement, the Company would pay Rs1.573 million per single journey and Rs1.148 billion per annum to Pakistan Railways at 88 per cent of the carrying capacity of the Business Train. Quoting the details of the agreement, they added that total 486 berths had been mentioned in the train but in actual there were 612 seats. Similarly, they said that the Railways Ministry had not announced the tender for the train so far which was contrary to the paper rules."

This is to point out that if the allegations are correct that no tenders were invited for this Contract, it is a violation of Public Procurement Rules 2004, and this procurement is deemed to be declared as mis-procurement under Rule No 50.

Kindly note that such Contracts of PPP are mandatory to be processed under the Public Procurement Rules 2004, in accordance with Cabinet Division Notification No. 2/1/2008 PPRA-RA-III dated 7th May 2008

The said procurement is another glaring example of Pakistan Railways' behavior in insisting on bypassing Public Procurement Rules 2004 in its procurement, such as 150 locomotives from USA against which TIP has sent its complaint on 11 December 2011, and also 75 locomotives from China.

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

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.