



**PERFORMANCE AUDIT REPORT
ON THE PROJECT OF
PROCUREMENT/MANUFACTURING
OF 780 HIGH CAPACITY HOPPER
WAGONS AND 20 BRAKE VANS
BY PAKISTAN RAILWAYS
AUDIT YEAR 2017-18**

AUDITOR GENERAL OF PAKISTAN

PREFACE

The Auditor General of Pakistan conducts audit in terms of Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with sections 8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001. The performance audit of the project titled Procurement/ Manufacturing of 780 High Capacity Hopper Wagons and 20 Brake Vans was carried out accordingly.

The Directorate General Audit Railways conducted the performance audit of the project during Audit Year 2017-18 for the period 2014-15 to 2016-17 with a view to reporting significant findings to stakeholders. Audit examined the economy, efficiency and effectiveness aspects of the project. In addition, Audit also assessed, whether the management complied with applicable laws, rules and regulations in managing the project affairs. The Audit Report indicates specific actions that, if taken, will help the management realise the objectives of the project of Procurement/Manufacturing of 780 High Capacity Hopper Wagons and 20 Brake Vans. Most observations included in this report have been finalised in the light of discussion in the DAC meeting.

The Performance Audit Report is submitted to the President of Pakistan in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, for causing it to be laid before both houses of Majlis-e-Shoora (Parliament).

Islamabad
Dated:

(Javaid Jehangir)
Auditor General of Pakistan

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Abbreviations

3Es	Economy, Efficiency & Effectiveness
AC	Alternative Current
BPS	Basic Pay Scale
CBM	Cubic Meter
CBU	Completely Build Unit
CCMF	Chief Commercial Manager/Freight
CCP	Chief Controller of Purchase
CDWP	Central Development Working Party
CKD	Completely Knocked Down
CME/C&W	Chief Mechanical Engineer/Carriage and Wagon
CMM	Chief Commercial Manager
Co2	Carbon Dioxide
COD	Commercial Operation Date
CRRC	China Railway Reconstruction Company
DC Cranes	Direct Current Cranes
DCOS	District Controller of Stores
DME	Divisional Mechanical Engineer
DS/W	Divisional Superintendent/Workshops
DVS	Damaged Vehicles Sick Line
Dy. CME	Deputy Chief Mechanical Engineer
ECNEC	Executive Committee of National Economic Council
FDA	Freight Deposit Account
CFE	Cash Foreign Exchange
FO	Foreman
GAAP	Generally Accepted Accounting Principles
GOP	Government of Pakistan
GST	General Sales Tax
HCHW	High Capacity Hopper Wagon
HCW	High Capacity Wagon
I&M	Implementation and Monitoring
ISSAIs	International Standards of Supreme Audit Institutions
KC	Karachi Cantt
KMPH	Kilometer per Hour

KPT	Karachi Port Trust
LP	Local Purchase
LPR	Last Purchase Rate
MD/CFI	Managing Director, Carriage Factory, Islamabad
MR Note	Material Receipt Note
MOR	Ministry of Railways
NICL	National Insurance Company Limited
PC-I	Planning Commission Proforma-I
PD	Project Director
PGB	Piran Ghaib
PLF	Pakistan Locomotive Factory
PNSC	Pakistan National Shipping Corporation
PPRA	Public Procurement Regulatory Authority
PRFTC	Pakistan Railway Freight Transport Company
PSDP	Public Sector Development Programme
RBM	Result Based Monitoring
TLA	Temporary Labour Application
UIC/AAR	The University of Illinois at Chicago/Association of American Railroads
US\$	United States Dollar
WM/CFI	Works Manager/Carriage Factory Islamabad
YSW	Yousafwala
ZBKC	Open top wagon
ZBKH	Hopper Wagon

EXECUTIVE SUMMARY

The Directorate General Audit Railways conducted performance audit of the project titled Procurement/Manufacturing of 780 High Capacity Hopper Wagons and 20 Brake Vans from November 2017 to January 2018. The main objective of the audit was to review the performance of the project against 3 Es (Economy, Efficiency and Effectiveness). The performance audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs).

The Ministry of Railways (MOR) decided to procure/manufacture 1365 hopper wagons and 40 brake vans, in two phases, in order to meet demand for transportation of 6 million ton coal per annum from port areas to Qadirabad power plant. Accordingly, 780 hopper wagons and 20 brake vans were procured/manufactured in Phase-I, while 585 hopper wagons and 20 brake vans were procured/manufactured in phase-II. The PC-I of the 1st phase project, Procurement/Manufacturing of 780 High Capacity Hopper Wagons and 20 Brake Vans was approved by Executive Committee of National Economic Council on 13.05.2015. The cost of the project was Rs 8,863 million (including CFE Rs 5,686.611 million) with completion period of 36 months. The project commenced from 1st July, 2015 and was scheduled to be completed on 30th June, 2018. By October 2017, all the wagons/vans were in operation. Physical achievement as on 31st December, 2017 was 100% and financial progress was 75%. However, the project was formally closed on 30.06.2018. As per Completion Report (PC-IV) of the project, an expenditure of Rs 6,639.877 million (including CFE Rs 4,123.520 million) was incurred against the provision of Rs 8,863 million and 25% funds were saved.

Key Audit Findings

- i. Unjustified/unauthorized change in scope of work resulted in excess expenditure of Rs 201.052 million.¹

¹ Para 4.2.1

- ii. Unnecessary expenditure on the procurement of welding plants resulted in loss of Rs 9.331 million.²
- iii. PR sustained loss due to incurring extra expenditure on indirect delivery of project material – Rs 26.412 million.³
- iv. PR suffered loss due to non-recovery of fixed freight charges – Rs 3.380 billion.⁴
- v. Blockage of capital due to procurement of hopper wagons in excess of demand – Rs 3.198 billion.⁵
- vi. PR sustained loss incurring unjustified/excess expenditure due to manufacturing of brake vans at a higher cost – Rs 22.02 million.⁶
- vii. Irregular expenditure was booked to the project for works/procurements not related to the project – Rs 78.989 million.⁷
- viii. PR sustained loss by incurring additional expenditure on modification of hopper wagons – Rs 10.555 million.⁸
- ix. PR suffered loss due to shortfall of potential earnings as a result of under-utilization of hopper wagons – Rs 7.882 billion.⁹

Recommendations

- i. For change in scope of work or escalation in cost of the project beyond 15%, approval of the competent authority should be obtained. Furthermore, responsibility for

² Para 4.3.2

³ Para 4.3.4

⁴ Para 4.3.6

⁵ Para 4.3.7

⁶ Para 4.4.1

⁷ Para 4.4.2

⁸ Para 4.4.3

⁹ Para 4.7.2

- unjustified/ unauthorized change in scope of work be fixed and action be taken against the person(s) held responsible.
- ii. Responsibility for unnecessary purchase of machines be fixed and disciplinary action be taken against the person(s) held responsible.
 - iii. In future direct loading of project material should be ensured to avoid unnecessary frequent handling and transportation of material which causes excess cost of transportation.
 - iv. The due amount of fixed freight may be recovered at the earliest and internal controls be strengthened to avoid such lapses in future.
 - v. Additional special type wagons may be procured only on the basis of specific needs. Responsibility for blockage of capital be fixed and necessary action be taken against the person(s) held responsible for procurement of extra hopper wagons.
 - vi. Estimates for manufacturing should be prepared with due care and diligence, observing procedures/rules to avoid excess expenditures in future.
 - vii. The matter of booking of irregular expenditure may be investigated and responsibility be fixed besides making necessary accounting adjustments.
 - viii. Matter may be got investigated for negligent working which caused loss to PR by incurring additional expenditure.
 - ix. Action plan for future utilisation of hopper wagons be prepared for profitable utilisation in future.

1. INTRODUCTION

In order to meet with the energy requirements of the country, Government of Pakistan decided to establish coal-based power plants in different parts of the country to generate electricity at comparatively low cost. Accordingly, a power plant at Qadirabad near Sahiwal was established in 2014 (commenced w.e.f. 29.01.2017). To meet with the demand of transportation of 6 million ton coal per year from port areas to Qadirabad, Ministry of Railways decided to procure hopper wagons/brake vans in two phases.

The PC-I of 1st phase of project titled Procurement/Manufacturing of 780 high capacity Hopper Wagons and 20 Brake Vans was approved by ECNEC on 13.05.2015. Cost of the project was Rs 8,863 million including FEC of Rs 5,686.611 million with completion period of 36 months. The project started from 1st July, 2015 and was scheduled to be completed on 30th June, 2018. By October 2017, all the wagons/vans were in operation. Physical achievement as on 31st December, 2017 was 100% and financial progress was 75%. However, the project was formally closed on 30.06.2018. As per Completion Report (PC-IV) of the project, an expenditure of Rs 6,639.877 million (including CFE Rs 4,123.520 million) was incurred against the provision of Rs 8,863 million and 25% funds were saved.

2. AUDIT OBJECTIVES

The major objectives of the audit were:

- i) To review implementation of standards /regulations covering safety and quality issues in the manufacturing of wagons/vans.
- ii) To review economy in terms of:
 - a) procurement of wagons/vans
 - b) production of CKD wagons/vans
 - c) utilization of labour/material
 - d) idle capacity

- iii) To evaluate efficiency issues with regard to the following:
 - a) delivery of procured wagons/vans CBU/CKD as per time lines
 - b) turn out of manufactured wagons/vans for operational purpose
 - c) ratio of defective items
 - d) compatibility of wagons/vans with Railway infrastructure
- iv) To evaluate effectiveness of wagons/vans in terms of:
 - a) optimal utilization of capacity
 - b) demand and supply analysis
- v) To evaluate overall performance of the project with special reference to the following:
 - a) achievement of overall objectives
 - b) percentage increase in revenue
 - c) internal control mechanism
 - d) physical verification of assets

3. AUDIT SCOPE AND METHODOLOGY

3.1 Audit Scope

Performance audit of the project was conducted from November 2017 to January 2018 covering period from July 2015 - December 2017. Audit covered the whole process and operations of the project. Major locations which were visited for the purpose of this audit included PD Office Lahore, Director Procurement/Islamabad, MD/CFI and PLF and DCOS (Shipping) Karachi Cantt.

3.2 Audit Methodology

All the relevant documents provided by management were scrutinized in order to assess the working and functioning of the project. Site visits were conducted, actual results were compared with PC-I of the

project and discussions were also made with different tiers of management.

4. AUDIT FINDINGS AND RECOMMENDATIONS

4.1 Organization and Management

The Project Management Guidelines developed by the Planning Commission of Pakistan provide exhaustive guidelines for efficient management of the project funded by PSDP. The significant observations are discussed in the following paras:

4.1.1 Non-preparation of feasibility study

As per clause 3.3 of Guidelines for Project Management issued by the Planning Commission of Pakistan, it is mandatory that in case of projects of infrastructure sector and production sector costing Rs 300 million and above, proper feasibility studies should be carried out before the submission of PC-I.

Contrary to the above it was observed that PC-I of the project was got approved without conducting proper feasibility study. This led to significant change in scope of work during execution. Not only the location of assembling/ manufacturing work was changed, but the demand of freight traffic was also not properly assessed. This resulted not only extra expenditure on acquisition of plant and machinery but also non utilization of wagons/vans. Hence Railways suffered loss due to not conducting feasibility study.

The issue was pointed out to project management in January 2018. Management replied in May 2018 that in-house feasibility study for procurement of hopper wagons for coal transportation was prepared. The reply was not satisfactory because instead of in-house feasibility study, detailed feasibility study was required to be prepared for projects costing Rs 300 million and above.

DAC in its meeting dated 04.06.2018 directed that Feasibility Study should have been prepared.

Audit recommends that action be taken against Railway management for not conducting proper feasibility study before submission of PC-I.

4.1.2 Irregular appointment/transfer of Project Directors

As per decision of ECNEC notified by Planning Commission of Pakistan in November 2006, the appointment of Project Director (PD) was to be made through advertisement in the press in a transparent manner by a recruitment committee. Moreover, in its meeting dated 18.02.2004 the ECNEC directed that tenure of the PD should be fixed to avoid rapid turnover.

During performance audit, it was observed that the project commenced on 1st July, 2015 after administrative approval by the Secretary Railways vide letter No. 13(9) PL-2014 dated 29.05.2015. However, the PD of the project was posted in May 2016 after lapse of a period of more than eleven months. The appointment of the PD was not done through recruitment committee, which rendered the appointment irregular. The 1st PD was transferred after he had served only for nine months and the 2nd PD was appointed in March 2017. The above position indicated that the Ministry of Railways was not complying with the guidelines and policy decisions of the Government of Pakistan (GOP).

The issue was pointed out to the project management in January 2018. Management replied that after accord of administrative approval by the competent authority to commence the project activities, the CME/C&W was nominated as in-charge of the project who looked after till posting of proper Project Director. The PD was appointed from within the officers of Pakistan Railways as such no recruitment from outside PR was required. The reply was not tenable because adherence to the decisions/instructions of ECNEC in letter and spirit was mandatory for all the Ministries/Divisions.

DAC in its meeting dated 04.06.2018 directed that the issue may be referred to ECNEC for exemption regarding appointment of Project Director through Recruitment Committee.

Audit recommends that matter regarding exemption be taken up with the proper forum and tenure of PD be fixed in all future cases.

4.1.3 Irregular appointment of staff on TLA basis resulted in irregular expenditure - Rs 3.251 million

As per General Manager/Operations letter No. GM.Misc.07/2014 dated 07.07.2014 essential staff against work charged posts of projects should be engaged on contract basis. Moreover, according to policy circulated by Railway administration vide letter No. 803-E/7/4-X (APO-IV) dated 15.07.2014 the TLA employees should be engaged only in grade 1 & 2 strictly in accordance with eligibility criteria for direct recruitment.

Contrary to the above, during performance audit, it was observed that 14 project employees of BPS-2 to BPS-16 were irregularly engaged on TLA (Temporary Labor Application) basis instead of making appointments on contract basis in a transparent manner. This resulted in irregular appointment of staff and thereby irregular expenditure of Rs 3.251 (**Annex-1**) due to violation of rules by the management.

The issue was pointed out to project management in January 2018. Management replied that the staff in question was engaged on TLA basis in the project of 540 HCW. After completion of that project, the same staff, being well experienced was transferred (after a gap of one day) in the project of 780 Hopper Wagons and 20 brake Vans. Moreover, recruitment on contract basis takes sufficient time to fulfil the formalities whereas the staff was required on urgent basis. The reply was not tenable because appointment of staff was made on pick and choose basis against the rules and policy which tantamount to misuse of authority.

DAC in its meeting dated 04.06.2018 directed the PO that the post facto approval should be obtained from the competent authority. Response is still awaited.

Audit recommends that responsibility for making irregular appointments of staff be fixed and disciplinary action be taken against the person(s) held responsible.

4.2 Financial Management

Guidelines for financial management prescribe that economy and regularity be observed. The significant observation is discussed in the following para:

4.2.1 Extra cost due to unauthorized change in scope of work – Rs 201.052 million

According to the approved PC-I of the project 580 hopper wagons and 15 brake vans, were to be assembled/ manufactured in Loco Shop Mughalpura. Para 9.2 of Project Management Guidelines stipulates that for change in scope of work or cost of the project beyond 15%, approval of the competent authority who approved the project is necessary.

During performance audit, it was observed that on request of MD/PLF, the Secretary/MOR decided that 50% work for assembling/manufacturing of hopper wagons would be carried out at PLF/Risalpur. Accordingly, 330 (57%) out of 580 hopper wagons were assembled/ manufactured in PLF. This resulted in unauthorized change of scope of work. For the change in scope of work beyond 15% approval of ECNEC was necessary which was not obtained. Moreover, for manufacturing the hopper wagons in PLF, additional machinery/jigs and fixtures were purchased at the cost of US\$ 1,914,777 (Rs 201.052 million). Had the project been completed according to approved PC-I of the project, the expenditure incurred on acquisition of additional machinery/jigs and fixtures could have been avoided.

The issue was pointed out to project management in January 2018. Management replied that the task for manufacturing of 330 wagons at PLF/Risalpur was assigned by MOR. The scope of work as envisaged in PC-I, had not been changed. The reply was not satisfactory because not only the decision to change the scope of work was unjustified and against public interest but it was also irregular because it was not got approved from ECNEC.

DAC in its meeting dated 04.06.2018 directed the PO that a revised reply justifying the facts be provided to Audit within three days. Response to recommendations of the DAC is awaited.

Audit recommends that responsibility for incurring extra cost of Rs 201.052 million be fixed and action be taken against the person(s) held responsible.

4.3 Procurement and Contract Management

Value for money should be the main consideration for the procurement and contract management. The significant observations are discussed in the following paras:

4.3.1 Injudicious evaluation of tender in connection with procurement/manufacturing of hopper wagons – Rs 3.916 billion

According to evaluation criteria (Clause-7) of tender No. DP/Wagons/2015, in connection with the project, if the bidder had manufactured more than 2000 hopper wagons and exported at least 500 wagons, he would get 300 marks. Under terms and conditions of the tender, the bidder was required to provide performance certificates from the using Railroad.

During performance audit, it was observed that the successful bidder i.e. M/s CRRC Jinan Railway Vehicle Equipment Company Ltd. China claimed that it had manufactured 2,170 hopper wagons of designed speed 100/120 kmph, out of which 669 were exported (**Annex-2**). Thus, the technical committee granted 300 marks to them. Scrutiny of performance certificates furnished by the bidder revealed that out of 669 wagons, performance certificates in respect of 369 wagons were not signed by the using Railroads rather they were signed by the Chinese suppliers. Moreover, the supply record uploaded on Company's website as well as indicated in Company's Brochure, revealed that the Company had never exported hopper wagons to any country having designed speed over and above 80/kmph. This created doubts about the authenticity of the documents and performance certificates furnished by the bidder. Thus, the

evaluation of tender made by the technical committee was injudicious. The tender was awarded to M/s CRRC Jinan Railway Vehicle Equipment Company Ltd. China at the cost of US\$ 37.292 million (Rs 3.916 billion) by favouring the contractor.

The issue was pointed out to management in November 2017, who replied that had the performance record provided by the manufacturer was contrary to the laid down parameters, the other participants would have raised objection. The reply was not satisfactory because it was the primary responsibility of the technical committee to authenticate the performance record furnished by the bidders before conclusion of tender process.

DAC in its meeting dated 04.06.2018 directed the PO that performance certificate and other relevant documents be got verified from the concerned Railways and furnish to Audit within 3 days. Response to recommendations of the DAC is awaited.

Audit recommends that the matter be got investigated at an appropriate level to fix responsibility for injudicious evaluation of tender and disciplinary action be taken against the person(s) held responsible.

4.3.2 Unnecessary expenditure on procurement of welding plants – Rs 9.331 million

As per contract agreement for procurement/manufacturing 780 hopper wagons and 20 brake vans, all jigs and fixtures and CKD material as well as necessary tools and plants were required to be supplied by the contractor. Accordingly, the Project Director, vide letter dated 26.07.2016 demanded 20 welding machines for Mughalpura and PLF each for smooth execution of manufacturing activities.

During performance audit of the project, it was observed that 20 Mag welding machines and 05 AC welding machines were demanded by PLF management and provided by the supplier on 07.12.2016 for manufacturing of hopper wagons. In addition to above, the PLF management also purchased 29 Mag welding machines at a cost of Rs 9,330,750 under purchase order No. PR-LF/2017-737-A/LP dated 19.05.2017. This resulted in unnecessary purchase of material because the

existing machines were sufficient for smooth execution of manufacturing activities.

The issue was pointed out to MD/PLF in November 2017. Management replied that 70 welding plants were actually required for the project. 15 were available, 22 were supplied by the vendor. Against the shortfall of 33 plants, 29 were locally purchased to achieve the given target. The reply was not tenable because as per record only 18 welding plants were demanded by FO/Welding/PLF for the hopper wagons project.

DAC in its meeting dated 04.06.2018 directed the PO that an inquiry in this regard be held comprising Dy. CME and Accounts Officer who would submit report to Audit within one week. Response to recommendations of the DAC is awaited.

Audit recommends that responsibility for unnecessary purchase of machines valuing Rs 9.331 million be fixed and disciplinary action be taken against the person(s) held responsible.

4.3.3 Loss due to suspected overcharging of sea freight by PNSC – Rs 34.564 million

As per agreement executed between Pakistan Railways and M/s Jinan Railway Equipment Co. Ltd. for procurement/manufacturing of 780 hopper wagons and 20 brake vans, all wagons/brake vans along with CKD material were required to be shipped through PNSC on “to pay” basis.

During performance audit of the project, it was observed that the rates charged by PNSC for similar articles for the same distance were different, from which it appears that the PNSC was overcharging freight on PR consignments. Cases of overcharging have been given in **Annex-3** wherein overcharging ranging from 4.53% to 15.44% was done in case of five shipments out of seven cleared by DCOS (Shipping) during 2016. This resulted in suspected excess payment of Rs 34.564 million due to negligence of management.

The issue was pointed out to DCOS/Shipping KC in December 2017. Management replied that as per international shipping standards

freight tons are used on the basis weight or volume whichever is higher for calculation of payable freight. The same was done in these cases. The reply was not satisfactory because the commodity shipped under all the seven shipments was of similar type. Therefore, the standard to be used for conversion of volume (CBM) into weight (freight tons) should have been the same.

DAC in its meeting dated 04.06.2018 directed the PO that reasons for change in freight rate be provided to Audit within a week. Response to recommendations of the DAC is awaited.

Audit recommends that the issue may be taken with the PNSC at appropriate level and refund of over freight charge be claimed under intimation to Audit.

4.3.4 Loss due to extra expenditure on more than once loading/unloading of project material – Rs 26.412 million

Para 101 of Pakistan Railways Codes for Store Departments provides that it is the duty of the Controller of Stores to arrange for the supply of material and stores in the most efficient, economical and expeditious manner possible.

During performance audit of the project, it was observed that except some packages that were directly loaded, the whole project material was first transported to Reti Lines, General Store KC and then again loaded and dispatched to the consignees. Thus, due to more than once loading/unloading of project material the PR suffered extra expenditure of Rs 26.412 million on transportation of material from sea port to Reti Lines, KC which is three time higher. Besides, the material was detained for 07 to 29 days unnecessarily (**Annex-4**). Had the material been directly dispatched to the consignees, extra cost ensuing from inefficiency could have been avoided.

The issue was pointed out to DCOS/Shipping/KC in December 2017. Management replied that the material after receipt was subject to survey from underwriter NACL. Joint checking for clearance with technical team of project was also involved. The reply was not satisfactory because

the project material was jointly checked at the final destination. It is in public interest to dispatch project material directly to consignees.

DAC in its meeting dated 04.06.2018 directed the PO that SOPs be formed for demand of proper stock for timely clearance of imported material to avoid extra expenditure on delivery. Response to recommendations of the DAC is awaited.

Audit recommends that responsibility for incurring extra cost of Rs 26.412 million be fixed and action be taken against the person(s) held responsible for not safeguarding Railways' interest.

4.3.5 Loss of revenue due to undercharging freight

As per Chief Marketing Manager Office letter No. M&R/8055-R dated 27.01.2017 per ton per kilometer rate for transportation of coal from Port Qasim to Yousafwala through newly inducted hopper wagons has been fixed at Rs 3.05 from January 2017 which is being revised monthly keeping in view the price of fuel. However, no rate was fixed for transportation of other commodities from other stations.

During performance audit of the project, it was observed that the hopper wagons having higher loading capacity and quick discharge system specifically purchased for transportation of coal, were also being utilized from August 2016 for transportation of rock phosphate/coal from Keamari to Piran Ghaib/Chichoki Mallian. Scrutiny of the record revealed that the above rate was not being applied for booking of rock phosphate/coal from Keamari. Instead, fixed station to station rates (i.e. Rs 1.635 per ton per kilometer and Rs 2.006 per ton per kilometer for Chichoki Mallian and Piran Ghaib respectively) were being charged in terms of CMM Office letter No. 9-DC/41/II dated 24.06.2017, which were far less than Rs 3.05 fixed for transportation of imported coal from Port Qasim to Yousafwala. This resulted in loss of revenue due to less charging of freight of hopper wagons owing to negligence of management.

The issue was pointed out to management, in December 2017. Management replied that hopper wagons were offered for phosphate only to maximize the utilization of hopper wagons during the time when coal

loading for Yousaf Wala was less. The rate chargeable for Yousaf Wala did not apply to phosphate. The reply was not tenable because in view of the high investment cost, the deployment of hopper wagons for transportation of phosphate at prevailing freight rate was not economical

DAC in its meeting dated 04.06.2018 directed the PO that revised reply justifying the facts along with documentary evidence be provided to Audit within two weeks. Response to recommendations of the DAC is awaited.

Audit recommends that keeping in view the investment cost of hopper wagons, Railway management should determine reasonable freight rate for transportation of different loose commodities over the entire system.

4.3.6 Loss due to non-recovery of fixed freight charges – Rs 3.380 billion

In terms of clause 5.2 of contract agreement dated 7th April, 2017 for transportation of coal, executed between Pakistan Railways and PRFTC, PR was entitled to receive fixed freight charges (Rs. 1.330 per ton per kilometer) against committed monthly imported coal quota (366,667 tons) irrespective of the availability of that coal for transportation unless it is for non-availability of coal at port, w.e.f. Commercial Operation Date (COD).

During performance audit of the project, it was observed that against 4.400 million tons of imported yearly committed coal quota, only 2.003 million tons coal was transported through Pakistan Railways during the period from February 2017 to January 2018 (**Annex-5**). Thus, PR was entitled to recover an amount of Rs 3.380 billion from PRFTC on account of the shortfall of committed monthly coal quota but the amount involved had not been recovered till date of audit. This resulted in loss of Rs 3.380 billion due to negligence of Railway administration.

The issue was pointed out to the management in February 2018. Management replied that the claims for shortfall had already been lodged.

The reply was not satisfactory because the amount had not yet been recovered from PRFTC.

DAC in its meeting dated 04.06.2018 directed the PO to get all facts and figures verified from Audit and to get recovery process expedited. Response to recommendations of the DAC is awaited.

Audit recommends that the amount involved may be recovered at the earliest and recovery particulars be sent to Audit for verification.

4.3.7 Blockage of capital due to procurement of hopper wagons in excess of traffic demand – Rs 3.198 billion

Para 1523 of Pakistan Government Railway Code for the Mechanical Department provides that additional special type wagons may be justified only on the basis of additional specific needs, the existence of which should be fully proved with the help of such information as may be available. As per Inland Coal Transportation Agreement (ICTA) dated 7th July, 2015, PR committed for daily transportation of maximum 12,000 metric ton (4.2 million ton per annum) coal from Karachi port area to Qadirabad power plant.

During performance audit, it was observed that Ministry of Railways procured/manufactured 1365 high capacity hopper wagons and 40 brake vans for transportation of 6 million tons coal per annum from Karachi port area to Qadirabad power plant. The wagons/vans were put into operation from September 2016 to January 2018. Scrutiny of record revealed that from 12% (66 wagons) to 97% (237 wagons) of stock remained idle each month during the period from September 2016 to January 2018 (**Annex-6**). It occurred due to inaccurate estimation of traffic demand at the time of preparation of PC-I, because for transportation of committed quantity of coal (i.e. 4.2 million ton per annum), 1095 wagons and 28 brake vans were sufficient. Thus, due to negligence of the management, 270 wagons and 12 vans valuing Rs 3.198 billion were procured in excess of the actual demand which resulted in blockage of capital.

The issue was pointed out to the management in February 2018. Management replied in May 2018 that PR had entered into long term agreement for transportation of 4 million tons coal per annum from port Qasim to Yousafwala Station for Qadirabad power plant. The stock was procured keeping in view the future requirement as well. The reply was not satisfactory because the additional special type wagons should have been procured only on the basis of additional specific needs. Hence procurement in excess was unnecessary.

DAC in its meeting dated 04.06.2018 recommended the para for settlement subject to verification of stated facts.

On revisiting the record Audit observed that in response to query raised in CDWP meeting dated 27.01.2015, the Secretary Railways categorically stated that the instant scheme was for transportation of coal only for Qadirabad power plant.

Audit recommends that responsibility for blockage of capital due to over assessment of demand may be fixed and necessary action be taken against the person(s) held responsible.

4.3.8 Purchase of unsuitable wheels due to ambiguous specification in tender documents – Rs 535 million

In the inspection report dated 16.01.2017 the PR engineers recommended that solid forged instead of solid casted, wheels be used in hopper wagons and brake vans. However, in Clause 15.1 of technical specification of tender documents, the words “solid wheels” were used only.

It was observed during performance audit that solid casted wheels complying with AAR M107/208 specifications were provided in hopper wagons and brake vans. During pre-shipment inspection the PR engineers pointed out that in Pakistan, solid forged wheels (not casted) are being used in PR rolling stock and the same should be provided by the supplier. However, the project management did not insist on replacement of solid casted wheels with solid forged wheels. Due to negligence in giving specification of wheels, the supplier provided unsuitable wheels. This resulted in irregular procurement of wheels valuing Rs 535 million.

The irregularity was pointed out to project management in January 2018 and also discussed in DAC meeting held on 04.06.2018. DAC was informed that the specifications did not mention either forged or cast. Both types of wheel were covered under UIC/AAR standards therefore, no deviation was committed. The DAC settled the para subject to verification of stated facts. During verification, it was learnt that forging and casting were two separate manufacturing methods. Further, as per CME's sketch No. 462/C&W dated December 2006, the wheel profile should be hot rolled/forged. Therefore, the purchase of casted wheel profile was against the policies of Pakistan Railways.

Audit recommends that the issue be got investigated at appropriate level to fix responsibility as to why recommendation of the inspectors were ignored and action be taken against the persons held responsible.

4.3.9 Non-deduction of taxes from non-registered firms – Rs 1.388 million.

As per Federal Board of Revenue, Islamabad letter No. 1(42)STM/2009/99638-R dated 24th July, 2013, purchase of taxable goods may only be made from sales tax registered persons against sales tax invoice with payment through banking channels.

During performance audit, it was noticed that from July 2016 to December 2017 different taxable goods like electric items, machinery items, stationery items etc. valuing Rs 8,164,309 (**Annex-7**) were purchased from the persons not registered with GST but sales tax @ 17% amounting to Rs 1,387,932 was not withheld at the time of payment. The said purchases therefore, caused loss to the government exchequer and reflect failure of internal controls.

The irregularity was pointed out to project management in January 2018. Management replied that the purchases amounting of Rs 8,164,309 were made at different stages on emergent basis as and when required. However, they would take care in future for making such procurements from the GST registered shops/firms.

DAC in its meeting dated 04.06.2018 directed that purchases of goods should have been made from the supplier registered with GST.

Audit recommends that responsibility for irregular purchases be fixed and action be taken against the persons held responsible.

4.3.10 Loss due to purchase of material at higher rates – Rs 1.056 million

Para-807(i) of State Railway General Code provides that every public officer should exercise the same vigilance in respect of expenditure incurred from the Government revenues as person of ordinary prudence would exercise in respect of expenditure of his own money.

During performance audit, it was observed that the project management purchased different gases at higher rates by 11% to 46% as compared to the rates paid by CCP office for same gases during the same period. This resulted in loss of Rs 1,055,751 (**Annex-8**) because of non-observance of canons of the financial propriety.

The matter was pointed out to management in January 2018. Management replied that the gases were procured through tendering process in a transparent manner. The tenders were finalized by comparing the LPR of CCP, Headquarters office. The reply was not satisfactory because the LPRs referred in the tenders were of earlier periods when prices were higher.

DAC in its meeting dated 04.06.2018 directed the PO to provide documentary evidence in support of their stance. No further reply was received till finalization of the report.

Audit recommends that management should make available the documentary evidence in support of their instance without delay.

4.3.11 Irregular expenditure due to purchase of goods from shops other than approved quotations – Rs 1.94 million

Clause-4 of PPRA Rules provides that procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement

brings value for money to the agency and the procurement process is efficient and economical. In terms of Clause-42(b)iv of the above Rules, the object of the procurement was required to be purchased from the supplier offering the lowest price.

During performance audit of the Project, it was noticed that from July 2016 to December 2017 different goods were locally purchased at the cost of Rs 1,940,025 (**Annex-9**). In each case three quotations were obtained from local market and the lowest quotations were got approved from the Project Director. After drawing cash through pay orders the required material was purchased from other than the lowest quotationers. This shows that the procurement was not conducted in a fair and transparent manner which is totally against the rules. This took place due to weak financial controls.

The irregularity was pointed out to project management in January 2018. Management replied that after finalization of the cases, shopping committee visited the local market to procure the items but at the shop some items were not available with the firm who quoted lowest price. Hence some items were procured from other firms. The reply was not tenable as making purchases from other than the lowest suppliers was prohibited under PPRA Rules.

DAC in its meeting dated 04.06.2018 directed the PO to provide revised reply along with documentary evidence to Audit. Response to recommendations of the DAC is awaited.

Audit recommends that responsibility for making purchases in violation of PPRA Rules may be fixed and action be taken against the persons held responsible.

4.3.12 Irregular procurement due to enhancement of contract value beyond permissible limit – Rs 195.307 million

As per clause 42(c) iv of PPRA Rules the procuring agency can place repeat orders not exceeding 15% of the original procurement.

During performance audit of the project, it was observed that tender for procurement/manufacturing of 780 hopper wagons and 20 brake

vans was opened on 21.08.2015. The tender was awarded to M/s CRRC Jinan Railway Vehicle Equipment Company Ltd. China at the cost of US\$ 37.194 million. It included a bill of quantity for supply of “plant and machinery/jigs and fixtures” at the rate of US\$ 183,761. Later, this value was enhanced to US\$ 2,098,538 through a repeat order. The increase worked out to US\$ 1,914,777 (Rs 195.307 million) which is 1042% of the original bill of quantity. This resulted in irregular procurement due to enhancement of contract value beyond permissible limit of 15%. This reflected weak financial controls.

The issue was pointed out to management in November 2017. Management replied that the enhancement was made in line with Rule 42(C)iv of PPRA-2004 according to which procurement could be made through repeat orders up to a maximum of 15% of the original procurement value. The reply is not tenable because the original procurement was enhanced by 1042%.

DAC in its meeting dated 04.06.2018 directed the PO to provide revised reply along with documentary evidence to Audit. Response to recommendations of the DAC is awaited.

Audit recommends that the issue be got investigated at an appropriate level to fix responsibility for mis-procurement due to irregular enhancement of tender quantity and disciplinary action be taken against the person(s) held responsible.

4.4 Construction and Works

The construction and works should be done in an efficient and economic manner in accordance with the requirements of PC-I.

4.4.1 Unjustified expenditure due to manufacturing of brake vans at higher cost – Rs 22.02 million

Para 1801 of Railway General Code states that means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence.

During performance audit of the project, it was observed that the estimates for manufacturing of brake vans at Carriage Factory, Islamabad were not prepared with due care and diligence. Per unit manufacturing cost of brake vans during 2016-17 under procurement/ manufacturing of 780 hopper wagons project, was determined as Rs 2.568 million whereas for manufacturing of similar brake vans during 2017-18 in case of procurement/manufacturing of 585 hopper wagons project, per unit cost was worked out as Rs 1.100 million (**Annex-10**). This resulted in incurrance of excess expenditure Rs 22.02 million (Rs 2.568 million – Rs 1.100 million = Rs 1.468 million x 15 vans = Rs 22.02 million) on manufacturing of 15 brake vans under procurement/manufacturing of 780 hopper wagons project. This resulted in unjustified/excess expenditure of Rs 22.02 million due to negligence of management in preparing estimates.

The issue was pointed out to MD/CFI in November 2017. Management replied that manufacturing work of 15 brake vans under the project of 780 HCHW and 20 brake vans was executed first time for which side wall, under frame, end and roof assembly at Carriage factory, were required to be modified/adjusted. Thus additional work and extra labour was booked. However, the same fixtures were utilized, during manufacturing of 10 bogie brake vans, under the project of 585 hopper wagons and 20 brake vans, resulting in saving of extra labour. The reply was not satisfactory because difference of unit cost of Rs 1.468 million (133 %) between two similar types of work is absolutely not justified.

DAC in its meeting dated 04.06.2018 directed the PO to provide revised reply along with documentary evidence to Audit. Response to recommendations of the DAC is awaited.

Audit recommends that the issue may be got investigated for unjustified expenditure and action be taken against the persons held responsible.

4.4.2 Irregular booking of expenditure for works/procurements not related to the project – Rs 78.989 million

Para 1029 of Railway Code for the Mechanical Department states that all work orders should be treated as individual items by foreman, and

all transactions appertaining to the job should be booked either by debit or credit, as the case may be, to the particular work order concerned.

During performance audit, it was observed that the expenditure not related to the hopper wagons project was charged to the project. The facts are discussed in the following paragraphs:

4.4.2.1 Scrutiny of job tickets issued by various shops revealed that the wages of workforce were irregularly charged to production order No. 10-001-16 meant for manufacturing of 15 brake vans under the project whereas the employees were actually utilized on other works as detailed in **Annex-11**. This resulted in overstatement and misclassification of project expenditure by Rs 0.833 million due to weak internal controls.

The issue was pointed out to MD/CFI in November 2017. Management replied that at the time when the project of manufacturing of 15 bogie brake vans was being executed, CFI was also engaged in special repair of coaches. Since both the projects were running simultaneously, same staff was engaged on both projects. The reply was not tenable because wages of employees not working on the project could not be charged to hopper wagons project.

DAC in its meeting dated 04.06.2018 directed the PO to provide justification of the expenditure incurred along with documentary evidence to Audit but no further reply was received.

Audit, therefore, recommends that the matter may be investigated and responsibility for booking of irregular expenditure may be fixed.

4.4.2.2 It was noticed that physical work for installation of jigs and fixtures and manufacturing/assembling of hopper wagons started during December 2016 in PLF. On the other hand, an expenditure of Rs 16.191 million was charged to the project allocation from August 2016 to November 2016 (**Annex-12**). This resulted in irregular booking of expenditure because no work was done prior to 08.12.2016 except receipt and accountal of material by Store Section of PLF. This reflects negligence and weak financial controls.

The issue was pointed out to MD/PLF in November 2017. Management replied that stocking of material, shifting of jigs and fixtures for installation of new jigs/fixtures etc. had started in August/September 2016. Thus, the expenditure so charged against the project was justified. The reply was not satisfactory because the expenditure on labour were charged to the project disproportionately.

DAC meeting was not convened despite reminders.

Audit therefore recommends that the matter may be investigated and responsibility for booking of irregular booking of expenditure to the project may be fixed besides making necessary accounting adjustments.

4.4.2.3 It was observed that an administrative approval for special repair of roads at the cost of Rs 13 million chargeable to head of account A-13370 (Repair and maintenance) was accorded by the MD/PLF on 16.07.2016. The work was executed from 12.02.2017 to 18.03.2017 under contract agreement No. 1/LF/2016-17 dated 13.02.2017 at the total cost of Rs 14,675,856. Instead of charging the expenditure to revenue allocation, the expenditure was booked against labour/material charges allocated for manufacturing of hopper wagons. This resulted in incurrence of irregular expenditure as well as misclassification of revenue expenditure to PSDP.

The issue was pointed out to management in November 2017. Management replied that due to non-allocation of revenue budget against the head A-13370, payment of Rs 14.676 million was made to the contractor from the project against contingency head. The reply was not tenable because the contingency provided in a project cannot be diverted to any other work not related to the project.

DAC meeting was not convened despite reminders.

Audit recommends that issue may be got investigated for incurrence of unjustified expenditure out of the PSDP project and responsibility be fixed and disciplinary action be initiated against the persons held responsible to avoid recurrence in future.

4.4.2.4 A sample of 19 purchase orders, involving an amount of Rs 12.221 million, issued for supply of different store items was drawn out

of the total stores expenditure charged to hopper wagons project. In case of 10 items valuing Rs 7.078 million, the purchase requisitions were found to have been placed for items needed for other than the project (**Annex-13**), but expenditure was irregularly charged to the project. This state of affairs indicated that more than 50% of the project expenditure was overstated. This resulted due to improper monitoring of work orders.

The issue was pointed out to MD/PLF in December 2017. Management replied that it was correct that the material indicated by Audit was purchased for another project, but due to late supply, steel plate/round bar amount to Rs 4,338,868 was utilized for the project. The reply was not satisfactory because all the raw material/parts required for assembling of wagons were provided by the supplier. No evidence was provided that the steel plates/round bars purchased from the local market were utilized for the manufacturing of wagons.

DAC meeting was not convened despite reminders.

Audit recommends that issue be got investigated for charging unrelated expenses to the project, responsibility for booking irrelevant expenditure to the work order of the project be fixed and disciplinary action be initiated against the persons held responsible.

4.4.2.5 It was noticed that CKD material and jigs and fixtures for manufacturing of hopper wagons were received in Mughalpura workshop during the last week of August 2016. Thereafter, work for installation of jigs and fixtures was started. Scrutiny of ledger work sheet of work order No. 96110003 in connection with the manufacturing of hopper wagons revealed that an expenditure of Rs 34.117 million on account of labor charges pertaining to period from 20.06.2016 to 19.08.2016 was charged to the project. Furthermore, the last batch of 20 hopper wagons was turned out from the shop on 09.05.2017, while labor charges up to 19.05.2017 were charged to the project. This resulted in irregular booking of labour charges Rs 6,094,487 for the period 10.05.2017 to 19.05.2017. The above state of affairs indicates that irrelevant labor charges of Rs 40.211 million were charged to the project which also resulted in over-statement of

expenditure. This shows weak financial controls of the project management.

The irregularity was pointed out to project management in January 2018. Management replied that jigs and fixtures supplied by the firm were received in PLF in the 1st week of August 2016. Staff was utilized for preparatory work. As regards booking of expenditure till 19.05.2017, salaries of staff and other bills were booked from 20th to 19th of subsequent month. The reply was not satisfactory because no evidence about receipt of jigs and fixtures in the 1st week of August 2016 was provided to Audit. Moreover, charging of total expenditure for the month of May 2017 to the project was irregular because the work was completed on 09.05.2017.

DAC meeting was not convened despite reminders.

Audit recommends that responsibility for booking irrelevant expenditure to the project be fixed and disciplinary action initiated against the persons held responsible. Financial controls be strengthened to avoid recurrence.

4.4.3 Additional expenditure due to extra provisions in hopper wagons – Rs 10.555 million.

Para 1801 of State Railway General Code Volume-I states that means should be devised to ensure that every Railway servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence.

During performance audit, it was observed that after procurement of hopper wagons in CBU condition, certain modifications/anti-theft measures were got carried out therein from Carriage Shops, Mughalpura at an estimated cost of Rs 10.555 million. This shows that Railway administration failed to incorporate provision of anti-theft measures while preparing specifications of hopper wagons as well as approving prototype of the wagons. This resulted in excess expenditure due to negligence of management. Thus bad planning on the part of management resulted in loss by incurring extra expenditure on hopper wagons.

The matter was pointed out to project management in January 2018. Management replied that modifications and theft measures were carried out in view of requirement of PR. The reply was not tenable because all such preventive measures, if necessary, should have been made while preparing specifications. In fact this shortcoming was not even pointed out during out pre-shipment inspection of the hopper wagons.

DAC meeting was not convened despite reminders.

Audit recommends that the matter may be got investigated and responsibility be fixed for negligent working which caused loss to PR by incurring irregular additional expenditure.

4.5 Asset management

During performance audit of the Project, it was observed that asset management in the Project was not done in an efficient manner. The significant observations are discussed in the following paras:

4.5.1 Undue detention of wagons and consequential loss of potential revenue – Rs 31.295 million

As per Clause 16.2.1 of the contract agreement dated 14.01.2016, the seller warranted that the goods supplied under the contract would be fit for the purpose and free from any defects. Clause 16.3.1 of the above agreement stated that the warranty period would be 24 months from the date of placing the goods into actual service or 36 months from the date of shipment.

During performance audit, it was observed that 151 hopper wagons were detained for repair and waiting for loading for 4988 days resulting in loss of potential earning Rs 31.295 million. The facts are discussed in the succeeding paragraphs:

4.5.1.1 39 hopper wagons were received in C&W shops Mughalpura for nominated repairs within one year of putting into service, and turned out after 08 to 98 days. Moreover, 03 wagons were still stabled in C&W shops, detained from 63 to 233 days till date of inspection. This resulted in loss of potential revenue Rs 6.782 million due to detention of wagons for

1081 days (**Annex-14**). Audit considers that the quality of material/workmanship used in the manufacturing of wagons is questionable. Furthermore, all the wagons procured/manufactured under the contract were under warranty but no warranty claim was lodged due to negligence and slackness of management.

The matter was pointed out to project management in January 2018. Management replied that leakage from joint near distributor valve was investigated by the Chinese experts and they rectified the defects, besides, some wagons were accidental. The reply was not satisfactory because documentary evidence about the accidental wagons as well as the wagons booked for nominated repair was not provided.

DAC was not convened despite reminders.

Audit recommends that reasons for booking of hopper wagons for nominated repair as well as the natures of repair along with detail of spares used for nominated repairs may be provided.

4.5.1.2 For achievement of target of revenue fixed by the Ministry of Railways it was imperative that the stock may not be un-necessarily held up.

During performance audit of the Project, it was observed that 109 ZBKH wagons were unnecessarily detained at different stations from 10 to 37 days either waiting for want of load or repair (DVS) as detailed in (**Annex-15A, 15B and 15C**). This resulted in loss of potential revenue Rs 24.513 million due to detention of wagons for 3,907 days.

The issue was pointed out to management, in December 2017. Management replied that ZBKHS were newly designed wagons and their specialized unloading mechanism was available only at YSW and PGB and coal loading was not done due to non-custom clearance of cargo or non-availability of amount in FDA. As soon as demand for loading was received those wagons were loaded. The reply was not tenable because some wagons were detained at Keamari Railway station as waiting for loading, while remaining wagons were detained for repair in sick lines at Marshalling Yard Pipri.

DAC was not convened despite reminders.

Audit recommends that responsibility for unnecessary detention of wagons be fixed and action be taken against the persons held responsible.

4.6 Monitoring and Evaluation

4.6.1 Non-provision of Result Based Monitoring (RBM) indicators in PC-I of the project

As per clause 10.1-A(iii) of the Guidelines for the Project Management, the PC-I must contain quantifiable performance indicators showing the visible impact on economy after completion of the project.

During performance audit of the project, it was observed that no quantifiable performance indicators were provided in PC-I of the project from which visible impact on economy after completion of the project may be assessed. Consequently, the return from hopper wagons after putting into service could not be ascertained.

The issue was pointed out to project management in January 2018. Management replied that the para related to CME/C&W.

DAC was not convened despite reminders.

Audit recommends that reasons for non-provision of performance indicators in the PC-I may be explained and their inclusion be ensured for all future projects.

4.7 Sustainability

According to Guidelines, sustainability after completion is another important aspect which needs to be considered; how it would yield the required output/outcome. Sustainability aspect of the project should be discussed in the PC-I. The significant audit findings are as under:

4.7.1 Loss due to charging for less weight of phosphate/coal transported through Hopper Wagons – Rs 5.139 million

Loading capacity of newly inducted hopper wagons (ZBKH) was 70 tons. However, in view of the track condition, loading capacity was restricted to 60 tons.

During performance audit of the Project, it was observed that instead of charging 60 tons capacity, the Station Master Keamari charged 58/59 tons per hopper wagon for the period from August 2016 to November 2017. Due to inbuilt capacity of 70 tons, these wagons can carry full load up to 60 tons. This resulted in loss of Rs 5.139 million due to less charging of freight as detailed in (**Annex-16**).

The issue was pointed out to Divisional Marketing Manager, Karachi in December 2017. He replied that in accordance with letter No. 2-M&R/6989-R/IV dated 19.05.2010 wherein the CMM office had directed to charge minimum weight 58 and 59 tons in ZBKC, in such manner ZBKH were utilized to generate revenue. This office had already sought clarification from the CMM regarding loading of ZBKH according to policy already received for the loading in ZBKC, but the reply was still awaited. The reply was not satisfactory because the loading capacity of ZBKH was much higher than ZBKC and the Headquarters Office has directed to charge minimum weight 60 tons of ZBKH.

DAC was not convened despite reminders.

Audit recommends that responsibility for loss of Rs 5.139 million be fixed and action be taken against the person held responsible.

4.7.2 Less earnings than target due to underutilization of hopper wagons – Rs 7.882 billion

As per clause 2.1 of contract agreement dated 7th April, 2017 for transportation of coal, executed between Pakistan Railways and PRFTC, the parties agreed for transportation of 366,667 tons imported coal per month from Port Qasim to Yousafwala Railway station/siding. The operation was commenced w.e.f. 29.01.2017.

During performance audit of the Project, it was observed that average earnings remained about 54.5% less than the earning target for the period from February 2017 to January 2018. This resulted in less earning of Rs 7.882 billion against targets (**Annex-17**).

The issue was pointed out to the CMM in February 2018. He intimated the issue related to CCMF. The CCMF pointed out that matter

related to CME/C&W. Finally, the observation was issued to COPS but no reply was received till finalisation of report.

DAC was not convened despite reminders.

Audit recommends that reasons for underutilisation of wagons may be explained. In future, proper estimates be prepared so that desired outcomes are achievable as well as sustainable.

4.8 Overall Assessment

The overall performance of the project was unsatisfactory because average 59% hopper wagons procured/manufactured for transportation of coal remained idle each month from September 2016 to January 2018. This indicates that the need assessment was not properly done at the planning stage which resulted in blockage of capital Rs 3.198 billion. The shifting of manufacturing from Mughalpura to PLF Risalpur resulted in additional expenditure of Rs 201.052 million. Moreover, average earnings remained about 54.5% less than the targets from February 2017 to January 2018 causing a revenue loss of Rs 7.882 billion.

5. CONCLUSION

The Project was started without proper planning because detailed feasibility study of the project was not done. Before commencement of execution of the project, the approved site of work was substantially changed resulting in extra financial burden on the project. Due to injudicious evaluation of tender, the procurement process was doubtful/non-transparent. Irrelevant works/procurements not covered in the PC-I were charged to the project thereby project expenditure was overstated. The hopper wagons procured/manufactured on specific demand remained underutilized resulting in shortfall of anticipated revenue. Thus it is safe to conclude that the project was started in a hasty manner without assessing actual future demand resulting in financial loss to PR.

5.1 Key issues for the future

The project should start after proper feasibility study/PC-II, so that preparation of PC-I is based on correct data, keeping in view the ground

realities. There should be a single, dedicated Project Director who should not be transferred during the execution period for better results.

5.2 Lessons Identified

The Project was started without proper planning and ascertaining actual demand which resulted in procurement of stock in excess of the requirement. Project Directors were frequently changed during the execution of the Project. Since the project was neither carefully examined nor analysed, right from its inception, procurement/manufacturing of high capacity hopper wagons ended up in incurrence of wasteful expenditure without achieving intended objectives in an economical manner. Lack of proper supervision and due care by project management led to financial mismanagement casting shadows over sustainability of the project.

ACKNOWLEDGEMENT

Audit acknowledges the support of the Project Director, Director Procurement, MD/PLF and CFI, CMM, CME/C&W and DCOS (Shipping) for their cooperation and assistance in providing the necessary information and record.

Annex-1**List of tla staff employed on TLA
(Para 4.1.3)**

Name of employee	Designation	Period ending	Gross pay
Rameez ud Din	JCO (BS-12)	31.07.2016	20,079
-do-	-do-	31.08.2016	20,747
-do-	-do-	30.09.2016	20,079
-do-	-do-	31.10.2016	20,747
-do-	-do-	30.11.2016	20,747
-do-	-do-	31.12.2016	16,383
-do-	-do-	31.01.2017	20,747
-do-	-do-	28.02.2017	20,747
-do-	-do-	31.03.2017	20,079
-do-	-do-	30.04.2017	20,747
-do-	-do-	31.05.2017	20,747
-do-	-do-	30.06.2017	20,056
-do-	-do-	31.07.2017	22,082
-do-	-do-	31.08.2017	22,082
-do-	-do-	30.09.2017	21,347
-do-	-do-	31.10.2017	22,082
-do-	-do-	30.11.2017	22,082
-do-	-do-	31.12.2017	21,370
Muhammad Mehmood	Naib Qasid (BS-02)	31.07.2016	7,160
-do-	-do-	31.08.2016	14,069
-do-	-do-	30.09.2016	14,069
-do-	-do-	31.10.2016	15,040
-do-	-do-	31.12.2016	13,718
-do-	-do-	31.01.2017	13,718
-do-	-do-	28.02.2017	14,104
-do-	-do-	31.03.2017	13,718
-do-	-do-	30.04.2017	14,176
-do-	-do-	31.05.2017	15,188

-do-	-do-	30.06.2017	14,681
-do-	-do-	31.07.2017	13,520
-do-	-do-	31.08.2017	15,081
-do-	-do-	30.09.2017	14,509
-do-	-do-	30.11.2017	1,075
Muhammad Munir	HC (BS-14)	31.07.2016	22,281
-do-	-do-	31.08.2016	23,022
-do-	-do-	30.09.2016	22,281
-do-	-do-	31.10.2016	23,022
-do-	-do-	30.11.2016	23,022
-do-	-do-	31.12.2016	22,281
-do-	-do-	28.02.2017	23,022
-do-	-do-	31.03.2017	22,281
-do-	-do-	30.04.2017	23,022
-do-	HC (BS-16)	31.05.2017	29,725
-do-	-do-	30.06.2017	28,734
-do-	-do-	31.07.2017	31,616
-do-	-do-	31.08.2017	31,616
-do-	-do-	30.09.2017	30,562
-do-	-do-	31.10.2017	31,616
-do-	-do-	30.11.2017	31,616
-do-	-do-	31.12.2017	30,597
Muhammad Adil Mazhar	SCO(BS-14)	31.07.2016	23,007
-do-	-do-	31.08.2016	23,772
-do-	-do-	30.09.2016	23,007
-do-	-do-	31.10.2016	23,772
-do-	-do-	30.11.2016	23,772
-do-	-do-	31.12.2016	23,007
-do-	-do-	28.02.2017	23,772
-do-	-do-	31.03.2017	23,007
-do-	-do-	30.04.2017	23,772
-do-	-do-	31.05.2017	23,772
-do-	-do-	30.06.2017	22,980

-do-	-do-	31.07.2017	25,290
-do-	-do-	31.08.2017	25,290
-do-	-do-	30.09.2017	24,447
-do-	-do-	31.10.2017	25,290
-do-	-do-	30.11.2017	25,290
-do-	-do-	31.12.2017	24,475
Azeem ur Rehan	JCO (BS-12)	31.07.2016	11,378
-do-	-do-	31.08.2016	20,747
-do-	-do-	30.09.2016	20,079
-do-	-do-	31.10.2016	20,747
-do-	-do-	30.11.2016	20,747
-do-	-do-	31.12.2016	20,079
-do-	-do-	28.02.2017	20,747
-do-	-do-	31.03.2017	20,079
-do-	-do-	30.04.2017	21,497
-do-	-do-	31.05.2017	21,497
-do-	-do-	30.06.2017	5,734
Muhammad Amir Nawaz	LDC (BS-07)	31.07.2016	16,383
-do-	-do-	31.08.2016	16,928
-do-	-do-	30.09.2016	16,383
-do-	-do-	31.10.2016	16,928
-do-	-do-	30.11.2016	16,928
-do-	-do-	31.01.2017	16,928
-do-	-do-	28.02.2017	16,928
-do-	-do-	31.03.2017	16,383
-do-	-do-	30.04.2017	17,907
-do-	LDC (BS-09)	31.05.2017	26,718
-do-	-do-	30.06.2017	4,774
Hafiz Asif Hussain Rana	LDC (BS-07)	31.07.2016	16,383
-do-	-do-	31.08.2016	16,928
-do-	-do-	30.09.2016	16,383
-do-	-do-	31.10.2016	16,928
-do-	-do-	30.11.2016	16,928

-do-	-do-	31.12.2016	16,383
-do-	-do-	28.02.2017	16,928
-do-	-do-	31.03.2017	16,383
-do-	-do-	30.04.2017	9,551
-do-	-do-	31.05.2017	20,941
Muhammad Azeem Qadri	Driver (BS-07)	31.07.2016	16,383
-do-	-do-	31.08.2016	16,928
-do-	-do-	30.09.2016	16,383
-do-	-do-	31.10.2016	16,928
-do-	-do-	30.11.2016	16,928
-do-	-do-	31.12.2016	16,383
-do-	-do-	31.01.2017	16,928
-do-	-do-	28.02.2017	16,928
-do-	-do-	31.03.2017	16,383
-do-	-do-	30.04.2017	16,928
-do-	-do-	31.05.2017	16,928
-do-	-do-	30.06.2017	16,364
-do-	-do-	31.07.2017	18,032
-do-	-do-	31.08.2017	18,032
-do-	-do-	30.09.2017	17,431
-do-	-do-	31.10.2017	18,032
-do-	-do-	30.11.2017	18,032
-do-	-do-	31.12.2017	11,052
Muhammad Faizan	Driver (BS-07)	31.07.2016	16,383
-do-	-do-	31.08.2016	16,928
-do-	-do-	30.09.2016	16,383
-do-	-do-	31.10.2016	16,928
-do-	-do-	30.11.2016	16,928
-do-	-do-	31.12.2016	11,468
-do-	-do-	31.01.2017	15,835
-do-	-do-	28.02.2017	16,928
-do-	-do-	31.03.2017	16,928
-do-	-do-	30.04.2017	15,799

-do-	-do-	31.05.2017	16,928
-do-	-do-	30.06.2017	16,364
-do-	-do-	31.07.2017	18,032
-do-	-do-	31.08.2017	18,032
-do-	-do-	30.09.2017	17,431
-do-	-do-	31.10.2017	18,032
-do-	-do-	30.11.2017	18,032
-do-	-do-	31.12.2017	18,032
Muhammad Afzal	N.Qasid (BS-02)	31.07.2016	14,699
-do-	-do-	31.08.2016	15,188
-do-	-do-	30.09.2016	14,698
-do-	-do-	31.10.2016	15,188
-do-	-do-	31.12.2016	14,698
-do-	-do-	31.01.2017	15,188
-do-	-do-	28.02.2017	15,188
-do-	-do-	31.03.2017	14,698
-do-	-do-	30.04.2017	15,188
-do-	-do-	31.05.2017	15,188
-do-	-do-	30.06.2017	14,681
-do-	-do-	31.07.2017	16,121
-do-	-do-	31.08.2017	3,640
Waleed Taqhir Naseer	J.Auditor (BS-11)	31.08.2016	21,151
-do-	-do-	30.09.2016	21,151
-do-	-do-	31.10.2016	21,151
-do-	-do-	30.11.2016	21,151
-do-	-do-	31.12.2016	21,151
-do-	-do-	31.01.2017	21,151
-do-	-do-	28.02.2017	21,151
-do-	-do-	31.03.2017	20,469
Muhammad Hamid Qureshi	Works Accountant (BS-15)	31.01.2017	24,176
-do-	-do-	28.02.2017	24,176
-do-	-do-	31.03.2017	24,176

-do-	-do-	30.04.2017	22,564
-do-	-do-	31.05.2017	24,176
-do-	-do-	30.06.2017	24,176
-do-	-do-	31.07.2017	24,124
-do-	-do-	31.08.2017	25,788
-do-	-do-	30.09.2017	24,929
-do-	-do-	31.10.2017	25,788
-do-	-do-	30.11.2017	25,788
-do-	-do-	31.12.2017	23,293
Muhammad Imtiaz	N.Qasid (BS-02)	31.12.2017	13,520
Zeeshan Masih	N.Qasid (BS-02)	31.12.2017	13,520
Total			3,250,546

Rs 3.251 million

**Statement showing the detail of hopper wagons exported by
M/s CRRC Jinan Railway Vehicle Equipment Company Ltd. China
(Para-4.3.1)**

S. No.	No. of wagons exported	Speed	Year	Country
1	200*	120/kmph	2012	Nigeria
2	200	120/kmph	2012	Nigeria
3	100	120/kmph	2014	Iraq
4	90*	120/kmph	2014	Kenya
5	79*	100/kmph	2008 & 2013	Madagascar
	669			

*Performance Certificates were provided by the Chinese Suppliers

Annex-3**Statement showing the detail of excess payment due to overcharging
Rs 34.564 million (Para 4.3.3)**

S. No.	Voucher No./Bill of Entry No.	Volume (CBM)	Weight (Freight Ton)	Freight charged (Rs)	Freight should be (Rs)	Difference excess paid
1	PN-A08307 dt. 18.07.2016 B/E # 175-PR/2016	10887	12124.75	137,329,781	123,311,930	14,017,851
2	PN-A08308 dt. 18.07.2016 B/E # 176-PR/2016	600	--	5,990,400	5,990,400	0
3	PN-A08383 dt. 12.08.2016 B/E # 212-PR/2016	18673.98	--	233,735,488	233,735,488	0
4	PN-A08462 dt. 16.09.2016 B/E # 232-PR/2016	13555.6	14169.89	174,802,394	167,224,513	7,577,881
5	PN-A08571 dt. 25.10.2016 B/E # 268-PR/2016	7784.89	8173.86	95,254,355	90,721,446	4,532,909
6	PN-A08736 dt. 28.12.2016 B/E # 341-PR/2016	3021.51	3296	32,756,413	30,028,806	2,727,607
7	PN- dt. 19.01.2017 B/E # 342-PR/2016	3719.55	4293.9	42,672,545	36,965,229	5,707,316
					Total	34,563,564 Rs 34.564 million

Annex-4

Statement showing the detail of avoidable/excess expenditure of Rs 26.412 million (Para 4.3.4)

Bill of Entry No.	Weight of material (M Tons)	Rate per ton (Rs)	Amount of loading at sea port (Rs)	Extra expenditure on account of transportation to Reti line/Un-loading and loading (Rs)	Date of loading at sea port	Date of loading at Reti line	Delay
175-PR/2016	3776.495	647.36	2,444,881	7,334,643	19.07.16	17.08.16	29 days
176-PR/2016	272.100	647.36	176,147	528,441	19.07.16	17.08.16	29 days
212-PR/2016	1885.724	647.36	1,220,742	3,662,226	18.08.16	05.09.16	18 days
232-PR/2016	1985.661	647.36	1,285,438	3,856,314	20.09.16	27.09.16	07 days
268-PR/2016	1563.231	647.36	1,011,973	3,035,919	27.10.16	21.11.16	25 days
341-PR/2016	1805.356	647.36	1,168,715	3,506,145	31.12.16	18.01.17	18 days
342-PR/2016	2311.041	647.36	1,496,076	4,488,228	06.02.17	23.02.17	17 days
				26,411,916			

Annex-5

**Statement showing month wise detail of non recovery of fixed freight charges-
Rs 3.380 billion (Para 4.3.6)**

Month	Target		Actual		Difference		Fixed Freight charges (Rs)	Amount (Rs)
	No. of ZBKH	Tonnage	No. of ZBKH	Tonnage	No. of ZBKH	Tonnage		
Feb-17	6100	366667	550	33351.2	5550	333315.8	1,409.80	469,908,663
Mar-17	6100	366667	562	33974.5	5538	332692.5	1,409.80	469,029,887
Apr-17	6100	366667	2534	152,620.3	3566	214046.7	1,409.80	301,763,038
May-17	6100	366667	3074	184,853.0	3026	181814.0	1,409.80	256,321,377
Jun-17	6100	366667	3,347	202163.6	2753	164503.4	1,409.80	231,916,893
Jul-17	6100	366667	2,654	160,398.9	3446	206268.1	1,409.80	290,796,767
Aug-17	6100	366667	3,408	205,608.3	2692	161058.7	1,409.80	227,060,555
Sep-17	6100	366667	2,696	161,887.1	3404	204779.9	1,409.80	288,698,703
Oct-17	6100	366667	3,110	186,606.4	2990	180060.6	1,409.80	253,849,434
Nov-17	6100	366667	4,975	298,516.8	1125	68150.2	1,409.80	96,078,152
Dec-17	6100	366667	2,061	124,000.1	4039	242666.9	1,409.80	342,111,796
Jan-18	6100	366667	4,313	258,786.0	1787	107881.0	1,409.80	152,090,634
		4,400,004.00		2002766.2				3,379,625,898

Rs 3.380 billion

**Statement showing Loss due to procurement of hopper wagons in
excess of demand – Rs 3.198 billion**

(Para 4.3.7)

MONTH	AVAILABLE			Utilized	Un-Utilized	% Un-Utilized
	1st Phase	2nd Phase	Total			
September-16	200	-	200	47	153	76.60
October-16	200	-	200	59	141	70.34
November-16	200	-	200	31	169	84.55
December-16	200	-	200	29	171	85.54
January-17	245	-	245	8	237	96.75
February-17	350	-	350	109	241	68.95
March-17	430	-	430	100	330	76.74
April-17	530	-	530	464	66	12.41
May-17	625	285	910	544	366	40.21
June-17	645	285	930	615	315	33.88
July-17	690	285	975	472	503	51.58
August-17	730	305	1,035	641	394	38.08
September-17	770	350	1,120	525	595	53.11
October-17	780	425	1,205	344	861	71.44
November-17	780	490	1,270	908	362	28.50
December-17	780	565	1,345	365	980	72.86
January-18	780	585	1,365	762	603	44.19
Total monthly average unutilized (1005.73/17= 59.16%)						1005.73

Estimated cost of 270 Hopper Wagon (Rs 11.109*270=2,999.430 million)

Estimated cost of 12 Break Vans (Rs 16.589*12=199.068 million)

Total cost of 270 hopper wagons & 12 brake vans = Rs 3,198.498 million

or say Rs 3.198 billion

**Statement of local purchase cases (non paid GST)
(Para 4.3.9)**

S. No.	L.P. Case No.	Description	Pay order No.	Date	Amount
1	81/800 HCHW/2016-17	Spray mask, wet & dry paper	933594	24.12.16	54000
2	85/800 HCHW/2016-17	D.B. circuit breaker 100 AMP	933595	24.12.16	95250
3	86/800 HCHW/2016-17	Purchase of PVC cable	933596	27.12.16	17400
4	87/800 HCHW/2016-17	Sodium flood light fitting	933597	27.12.16	94500
5	91/800 HCHW/2016-17	Check Nut	933607	13.01.17	36400
6	92/800 HCHW/2016-17	MS flat (iron)	933608	09.02.17	99750
7	93/800 HCHW/2016-17	MS flat (iron)	933609	08.02.17	99750
8	94/800 HCHW/2016-17	Swan neck miller plants	933610	03.01.17	98400
9	95/800 HCHW/2016-17	Nut 1 ¼	933611	13.01.17	72800
10	96/800 HCHW/2016-17	CO2 Flexible wire for feed dubing	933612	13.01.17	64000
11	97/800 HCHW/2016-17	CO2 welding torch 24 KD	933613	03.01.17	90000
12	98/800 HCHW/2016-17	Shell remula oil & HSD oil	933614	13.01.17	98070
13	99/800 HCHW/2016-17	Tool cutting compund	933615	13.01.17	70035
14	100/800 HCHW/2016-17	Waste cotton etc.	933616	13.01.17	98500
15	101/800 HCHW/2016-17	Welding earth clamp	933617	13.01.17	31000

16	102/800 HCHW/2016-17	Insulation tape & spray gun	933601	04.01.17	24200
17	103/800 HCHW/2016-17	Apron (paint uniform)	933602	04.01.17	23750
18	104/800 HCHW/2016-17	Jaggery	933618	24.01.17	30000
19	105/800 HCHW/2016-17	CO2 gas	933619	24.01.17	99875
20	106/800 HCHW/2016-17	CO2 gas	933620	24.01.17	99960
21	107/800 HCHW/2016-17	Cealing & PVC panelling	933621	24.01.17	99885
22	108/800 HCHW/2016-17	Typre for vehicle	933622	24.01.17	24800
23	109/800 HCHW/2016-17	Carbon bush & electric wire	933623	24.01.17	24960
24	111/800 HCHW/2016-17	Apron (paint uniform)	933640	--	24375
25	112/800 HCHW/2016-17	Roller bearing	933626	06.02.17	36000
26	113/800 HCHW/2016-17	Valve cushion plates	933627	06.02.17	98750
27	114/800 HCHW/2016-17	Hydraulic jack	933628	06.02.17	36800
28	115/800 HCHW/2016-17	CO2 gas	933642	22.02.17	92820
29	116/800 HCHW/2016-17	Crockery items etc.	933629	06.02.17	7770
30	117/800 HCHW/2016-17	Electric items	933634	11.02.17	22700
31	118/800 HCHW/2016-17	Foot protection leather & leather gloves	933643	22.02.17	78500
32	119/800 HCHW/2016-17	Hydraulic jeck	933635	--	24500
33	120/800 HCHW/2016-17	Electric items	93364	22.02.17	39750
34	121/800 HCHW/2016-17	Carbon bush	933645	22.02.17	95000
35	122/800 HCHW/2016-17	CO2 gas	933636	16.02.17	99875

36	123/800 HCHW/2016-17	CO2 gas	933637	16.02.17	99875
37	125/800 HCHW/2016-17	Gate valves, ball valve, wheel valve & flexible cable wire	933695	23.04.17	38175
38	126/800 HCHW/2016-17	Polyurethane paint thinner	93369	13.03.17	81340
39	128/800 HCHW/2016-17	CO2 gas	933638	14.02.17	98175
40	129/800 HCHW/2016-17	Welding lead 200 mm	933648	22.02.17	99125
41	130/800 HCHW/2016-17	Chain set	933649	22.02.17	58500
42	131/800 HCHW/2016-17	Canves gloves	933639	16.02.17	24500
43	132/800 HCHW/2016-17	Electric grinding machine	933650	22.02.17	94500
44	133/800 HCHW/2016-17	Grinding disk	933651	22.02.17	99905
45	134/800 HCHW/2016-17	CO2 welding torch	933652	22.02.17	92500
46	135/800 HCHW/2016-17	CO2 gas	933653	22.02.17	99960
47	136/800 HCHW/2016-17	Check Nut	933660	10.03.17	52800
48	137/800 HCHW/2016-17	Nut	933661	10.03.17	99000
49	138/800 HCHW/2016-17	CO2 gas	933662	10.03.17	92820
50	140/800 HCHW/2016-17	CO 2 gas	933664	10.03.17	92820
51	141/800 HCHW/2016-17	Electric heater, power connector	933655	20.02.17	20200
52	142/800 HCHW/2016-17	Safety helmet	933665	10.03.17	84000
53	143/800 HCHW/2016-17	Grinding disk	933666	10.03.17	99905
54	144/800 HCHW/2016-17	Safety goggles for grinding	933656	22.02.17	24000
55	145/800 HCHW/2016-17	Mig welding wire	933667	10.03.17	98020

56	151/800 HCHW/2016-17	Repair of electric grinding machine	933658	03.03.17	24400
57	152/800 HCHW/2016-17	Pad locks	933675	13.03.17	99200
58	153/800 HCHW/2016-17	Drill machine & drill check nut	933668	10.03.17	16100
59	155/800 HCHW/2016-17	CO2 nozzle & insulated body	933670	21.03.17	98800
60	156/800 HCHW/2016-17	Carbon grinding machine	933678	21.03.17	37500
61	157/800 HCHW/2016-17	Insulated body & inside screw connecting rod	933682	29.03.17	98750
62	158/800 HCHW/2016-17	Insulated body & inside screw connecting rod	933685	31.03.17	24000
63	159/800 HCHW/2016-17	Grinding disk	933686	31.03.17	94250
64	160/800 HCHW/2016-17	Compler for miller plant	933679	21.03.17	20100
65	161/800 HCHW/2016-17	Hydraulic pipe, self starting switch & wire clump	933680	21.03.17	10000
66	162/800 HCHW/2016-17	Nozzle with direct base	933690	17.04.17	56000
67	163/800 HCHW/2016-17	Guard file (big size)	933688	--	20000
68	164/800 HCHW/2016-17	Stationery items	933691	17.04.17	31075
69	165/800 HCHW/2016-17	Miller cup for CO2 welding	933692	--	22500

70	166/800 HCHW/2016-17	CO2 nozzle with diesel bore for CO2 welding	933696	23.04.17	69000
71	169/800 HCHW/2016-17	CO2 gas	977708	03.06.17	99450
72	172/800 HCHW/2016-17	CO2 gas	977709	03.06.17	33052
73	174/800 HCHW/2016-17	Tonner for sharp photo copier & printer	977714	10.06.17	12400
74	175/800 HCHW/2016-17	Stationery items	977717	10.06.17	30130
75	180/800 HCHW/2016-17	Typre & tube for vehicle	977718	19.06.17	24900
76	184/800 HCHW/2016-17	Verticle blinds	977734	34.08.17	13182
77	45/800 HCHW/2016-17	Electric items	933540	20.10.16	13900
78	46/800 HCHW/2016-17	Valve plate	933551	10.11.16	98400
79	47/800 HCHW/2016-17	Mechanical jeck	933541	20.10.16	22050
80	50/800 HCHW/2016-17	Twist knot brush	933544	20.10.16	16400
81	51/800 HCHW/2016-17	CO2 gas	933552	10.11.16	99947
82	52/800 HCHW/2016-17	CO2 gas	933564	22.11.16	99947
83	53/800 HCHW/2016-17	SCR control card, wire feeder care & gas pipe etc.	933553	10.11.16	63000
84	/800 HCHW/2016-1754	SCR control card, wire feeder care & gas pipe etc.	93354	10.11.16	61000
85	55/800 HCHW/2016-17	Bath room fitting accessories	933547	26.10.16	21650

86	56/800 HCHW/2016-17	Magnet conductor heavy duty push button`	933557	15.11.16	32360
87	57/800 HCHW/2016-17	CO2 torch cap, nozzle adaptor, CO2 nozzle	933558	15.11.16	28500
88	58/800 HCHW/2016-17	Carpet 160 feet	933555	10.11.16	13600
89	59/800 HCHW/2016-17	Wire brush	933556	10.11.16	22230
90	62/800 HCHW/2016-17	CO2 gas	933560	15.11.16	99947
91	63/800 HCHW/2016-17	PVC cable & pipe	933562	17.11.16	10364
92	64/800 HCHW/2016-17	Electric wire dutimation wistal	933568	02.12.16	27720
93	65/800 HCHW/2016-17	Safety helmet & face screen	933569	02.12.16	96000
94	66/800 HCHW/2016-17	Wooden sheets & ladder wooden	933563	17.11.16	19200
95	67/800 HCHW/2016-17	Miller tip, miller cup holder & acetylene DA gauge	933570	02.12.16	96250
96	68/800 HCHW/2016-17	Plastic pipe, hydraulic pipe, brake oil & diesel filter	933565	25.11.16	20480
97	69/800 HCHW/2016-17	Flood light, energy saver & electric wire	933576	16.12.16	34875
98	70/800 HCHW/2016-17	Trill twist & punching machine	933566	02.12.16	6250
99	71/800 HCHW/2016-17	Jaggery	933567	02.12.16	20000

100	72/800 HCHW/2016-17	Sharp tonner & developer	933574	09.12.16	15000
101	73/800 HCHW/2016-17	Valve cushion plates	933593	24.12.16	96250
102	/800 HCHW/2016-1774	Valve base plates	933577	16.12.16	96000
103	75/800 HCHW/2016-17	Pain, white wash material	933641	22.02.17	88560
104	76/800 HCHW/2016-17	Aluminum windows, frames & wire gauge	933578	16.12.16	40000
105	77/800 HCHW/2016-17	Safety belt & cotton gloves	933579	16.12.16	67050
106	78/800 HCHW/2016-17	Masking tape	933580	16.12.16	65730
107	80/800 HCHW/2016-17	Electric tube rod & chocks	933575	08.12.16	10660
108	01/800 HCHW/2016-17	Iron square pipe frame shade	875896	23.08.16	24800
109	02/800 HCHW/2016-17	Office filing cabinet & box cabinet	875897	23.08.16	23000
110	03/800 HCHW/2016-17	Fiber sheet	875898	23.08.16	24800
111	04/800 HCHW/2016-17	Shell tellus	933560	03.09.16	67507
112	05/800 HCHW/2016-17	Pressure pipe & clump	933508	03.09.16	82300
113	06/800 HCHW/2016-17	Shell Corina 46	933509	03.09.16	99484
114	09/800 HCHW/2016-17	G1 Pipe, elbow etc.	933502	24.08.16	18208
115	11/800 HCHW/2016-17	Printed office files	875899	23.08.16	24900
116	12/800 HCHW/2016-17	Ream A4 size & legal size	933503	24.08.16	24600

117	13/800 HCHW/2016-17	Stationery items	875895	22.08.16	24880
118	14/800 HCHW/2016-17	Compressor valve plate	933511	03.09.16	98400
119	15/800 HCHW/2016-17	Plastic chairs	875894	22.08.16	22200
120	16/800 HCHW/2016-17	Photo copy of drawings	875900	23.08.16	24940
121	17/800 HCHW/2016-17	Folder files with PR logo	933512	03.09.16	22500
122	18/800 HCHW/2016-17	Oil filter Hyd adopter etc.	933513	07.09.16	71100
123	19/800 HCHW/2016-17	Buflow hide & ferodo brake lining	933514	04.09.16	90300
124	20/800 HCHW/2016-17	Nut & bolt	933515	07.09.16	69150
125	21/800 HCHW/2016-17	Ball valve & wheel valve	933516	07.09.16	84400
126	22/800 HCHW/2016-17	Computer scale	933518	22.09.16	24000
127	23/800 HCHW/2016-17	Hand cutting machine	933528	07.10.16	91260
128	24/800 HCHW/2016-17	Welding electrode No. 8	933529	07.10.16	91650
129	25/800 HCHW/2016-17	Welding electrode No. 10	933530	07.10.16	91650
130	26/800 HCHW/2016-17	CO2 gas	933531	07.10.16	99846
131	28/800 HCHW/2016-17	Ceiling & PVC paneling for camp office	933522	22.09.16	24900
132	29/800 HCHW/2016-17	LED lights, cables, electric switch etc.	933654	22.03.17	24550
133	30/800 HCHW/2016-17	Mig welding torch	933533	07.10.16	72000

134	32/800 HCHW/2016-17	CO2 welding torch China 10 No.	933681	29.03.17	91000
135	33/800 HCHW/2016-17	Hand cutting machine 7 No.	933534	07.10.16	96180
136	36/800 HCHW/2016-17	Grinding disk	933535	07.10.16	92750
137	37/800 HCHW/2016-17	Grinding disk	933536	07.10.16	87100
138	38/800 HCHW/2016-17	Welding gauge CO2	933550	10.11.16	99000
139	39/800 HCHW/2016-17	Insulated body for CO2 welding plant 60 No.	933694	23.04.17	75000
140	40/800 HCHW/2016-17	Dispenser	933525	03.10.16	13600
Total					8,164,309 Rs 8.164 million

Sales tax @ 17% of Rs 8,164,309 = Rs 1,387,933

Or say Rs 1.388 million

Annex-8

Statement of gases purchased by the project of 800 hopper wagons (Para 4.3.10)

S. No.	Case/Purchase order No.	Description	HQ Purchase order No./Pay order No.	Date	CO2 Gas purchase rate at HQ	Purchase rate at Project	Difference Rs.	Difference in percentage	Quantity	D.P	P.D	Amount
1	197-S/04/800-HCHW/08/2016 (Tender Case)	Oxygen gas	10/0001/02-0/2-2015 dt: 28.04.16	12.11.16	54	79	25	46.22	15000	12.11.16 to 16.11.17	12.11.16	375000
2	197-S/05/800-HCHW/08/2016 (Tender Case)	DA gas	10/0001/02-0/2-2015 dt: 28.04.16	12.11.16	581	729	148	25.47	2500	12.11.16 to 16.11.17	12.11.16	370000
3	197-S/03/800-HCHW/08/2016 (Tender Case)	CO2 gas	10/0001/04-0/2-2015 dt: 19.04.16	29.10.16	69.6	77.22	7.62	10.95	20000	29.10.16 to 28.10.17	29.10.16	152400
4	105/800 HCHW/2016-17 (L.P CASE)	CO2 gas	933619	24.01.17	69.6	85	15.4	22.13	1175	01.05.16 to 30.04.17	05.01.17	18095
5	106/800 HCHW/2016-17 (L.P CASE)	CO2 gas	933620	24.01.17	69.6	85	15.4	22.13	1176	01.05.16 to 30.04.17	10.01.17	18110
6	122/800 HCHW/2016-17 (L.P CASE)	CO2 gas	933636	16.02.17	69.6	85	15.4	22.13	1175	01.05.16 to 30.04.17	05.01.17	18095
7	123/800 HCHW/2016-17 (L.P CASE)	CO2 gas	933637	16.02.17	69.6	85	15.4	22.13	1175	01.05.16 to 30.04.17	05.01.17	18095

8	135/800 HCHW/2016- 17 (L.P CASE)	CO2 gas	933653	22.02.17	69.6	85	15.4	22.13	1176	01.05.16 to 30.04.17	10.01.17	18110
9	169/800 HCHW/2016- 17 (L.P CASE)	CO2 gas	977708	03.06.17	46.8	58.5	11.7	25	1700	01.05.17 to 30.04.18	15.06.17	19890
10	172/800 HCHW/2016- 17 (L.P CASE)	CO2 gas	977709	03.06.17	46.8	58.5	11.7	25	565	01.05.17 to 30.04.18	15.06.17	6610
11	51/800 HCHW/2016- 17 (L.P CASE)	CO2 gas	933552	10.11.16	69.6	87.75	18.15	26.08	1139	01.05.16 to 30.04.17	10.11.16	20673
12	52/800 HCHW/2016- 17 (L.P CASE)	CO2 gas	933564	22.11.16	69.6	87.75	18.15	26.08	1139	01.05.16 to 30.04.17	10.11.16	20673
Total											Rs 1,055,751 RS 1.056 million	

Annex-9**Statement of goods purchased other than offered quotations (Para 4.3.11)**

S. No.	L.P. Case No.	Description	Pay order No.	Date	Amount
1	92/800 HCHW/2016-17	MS flat (iron)	933608	09.02.17	99750
2	97/800 HCHW/2016-17	CO2 welding torch 24 KD	933613	03.01.17	90000
3	98/800 HCHW/2016-17	Shell remula oil & HSD oil	933614	13.01.17	98070
4	99/800 HCHW/2016-17	Tool cutting compound	933615	13.01.17	70035
5	102/800 HCHW/2016-17	Insulation tape & spray gun	933601	04.01.17	24200
6	107/800 HCHW/2016-17	Ceiling & PVC paneling	933621	24.01.17	99885
7	111/800 HCHW/2016-17	Apron (paint uniform)	933640	--	24375
8	117/800 HCHW/2016-17	Electric items	933634	11.02.17	22700
9	118/800 HCHW/2016-17	Foot protection leather & leather gloves	933643	22.02.17	78500
10	125/800 HCHW/2016-17	Gate valves, ball valve, wheel valve & flexible cable wire	933695	23.04.17	38175
11	126/800 HCHW/2016-17	Polyurethane paint thinner	93369	13.03.17	81340
12	131/800 HCHW/2016-17	Canvas gloves	933639	16.02.17	24500
13	132/800 HCHW/2016-17	Electric grinding machine	933650	22.02.17	94500
14	136/800 HCHW/2016-17	Check Nut	933660	10.03.17	52800
15	141/800 HCHW/2016-17	Electric heater, power connector	933655	20.02.17	20200
16	151/800 HCHW/2016-17	Repair of electric grinding machine	933658	03.03.17	24400
17	153/800 HCHW/2016-17	Drill machine & drill check nut	933668	10.03.17	16100
18	156/800 HCHW/2016-17	Carbon grinding machine	933678	21.03.17	37500
19	157/800 HCHW/2016-17	Insulated body & inside screw connecting rod	933682	29.03.17	98750

20	159/800 HCHW/2016-17	Grinding disk	933686	31.03.17	94250
21	160/800 HCHW/2016-17	Compiler for miller plant	933679	21.03.17	20100
22	162/800 HCHW/2016-17	Nozzle with direct base	933690	17.04.17	56000
23	163/800 HCHW/2016-17	Guard file (big size)	933688	--	20000
24	164/800 HCHW/2016-17	Stationery items	933691	17.04.17	31075
25	184/800 HCHW/2016-17	Verticle blinds	977734	34.08.17	13182
26	57/800 HCHW/2016-17	CO2 torch cap, nozzle adaptor, CO2 nozzle	933558	15.11.16	28500
27	58/800 HCHW/2016-17	Carpet 160 feet	933555	10.11.16	13600
28	63/800 HCHW/2016-17	PVC cable & pipe	933562	17.11.16	10364
29	64/800 HCHW/2016-17	Electric wire dutimation wistal	933568	02.12.16	27720
30	75/800 HCHW/2016-17	Pain, white wash material	933641	22.02.17	88560
31	80/800 HCHW/2016-17	Electric tube rod & chocks	933575	08.12.16	10660
32	06/800 HCHW/2016-17	Shell Corena 46	933509	03.09.16	99484
33	30/800 HCHW/2016-17	Mig welding torch	933533	07.10.16	72000
34	32/800 HCHW/2016-17	CO2 weldign torch China 10 No.	933681	29.03.17	91000
35	36/800 HCHW/2016-17	Grinding disk	933535	07.10.16	92750
36	39/800 HCHW/2016-17	Insulated body for CO2 welding plant 60 No.	933694	23.04.17	75000
Total				Rs 1,940,025 Rs 1.94 million	

Annex-10**Statement showing the variation in estimated cost of brake vans assembled/manufactured in CFI in two projects (Para 4.4.1)**

Description	780 hopper wagons project (2016-17)	585 hopper wagons project (2017-18)	Variation
Per unit labour charges for manufacturing of 15 brake vans	Rs 0.455	Rs 0.384	Rs 0.071 (18%)
Other charges per unit	Rs 2.313	Rs 0.716	Rs 1.597 (223%)
Total cost per unit	Rs 2.568 million	Rs 1.100 million	Rs 1.468 (133%)

Unjustified expenditure of Rs 22.02 million (Rs 2.568 million – Rs 1.100 million = Rs 1.468 million x 15 vans = Rs 22.02 million)

Annex-11**Statement showing the detail of irregular expenditure of Rs 0.833 million
(Para 4.4.2.1)**

Period	Job ticket No.	CC No.	No. of employees	Wages involved	Remarks
01.04.2017 to 14.04.2017	1	5100	25	573,814	The employees were booked for furnishing of coaches instead of brake vans
-do-	1	5100	20	140,447	-do-
-do-	1	5100	19	25,374	-do-
01.04.2017 to 29.04.2017	2	5051	24	55,812	Pay of employees charged for the period from 01.04.2017 to 29.04.2017 but last brake van was turned out on 26.04.2017. Thus wages of 27.04.2017 to 29.04.2017 was irregularly charged to the work order
-do-	3	5051	13	32,145	-do-
-do-	2	5041	3	5,578	-do-
Total Rs				833,170	

**Statement showing the detail of expenditure booked to Hopper
Wagons project for the period from August to November 2017**

(Para 4.4.2.2)

(Rs in million)

S. No.	Head of account	Expenditure (Rs)
	A. Cash	
1	Pay & allowances	7.950
2	TA	0.074
3	Petrol, imprest & other misc. expenses	0.304
4	Local purchase of material	0.317
5	Electric works & LP items	0.302
6	Conservancy charges	0.440
7	Medical re-imburement	0.037
	B. Store	
8	Purchase material	5.368
9	Tools/jigs & fixture	0.378
10	Electric works	1.021
	Total Rs	16.191 million

Annex-13

Statement showing the detail of expenditure Rs 7.078 million relating to other works was charged to the hopper wagons project (Para 4.4.2.4)

S. No.	P. O. No. & date	Description	Quantity	M.R. & date	Amount	Relevant work as per work requisition
1	PR-LF/16-712/LP 17.05.2016	Steel plate	15 Nos.	0068462 25.06.2016	727,286	Brake vans (628-PR/2015-16)
2	PR-LF/16-706-A 11.06.2016	Steel Red oxide Finish coat	2400 Kgs	0068411 29.06.2016	585,600	Brake vans (632-PR/2015-16)
3	PR-LF/16-720/LP 07.06.2016	Steel primr red oxide	1600 Kgs	0068413 29.06.2016	313,600	05 DE Loco (640-PR/2015-16)
4	PR-LF/16-702/LP 29.03.2016	Steel round	6555 Kgs	0068419 21.07.2016	619,382	Brake vans (631-PR/2015-16)
5	PR-LF/16-705(F)/LP 22.06.2016	Alternator pully	40 Nos.	0068306 17.10.2016	264,000	Brake vans (630-PR/2015-16)
6	PR-LF/16-709(B)/LP 27.05.2016	Flood light	30 Nos.	0068308 18.10.2016	630,000	75 DE Loco (624-PR/2015-16)
7	PR-LF/16-704/LP 06.04.2016	Angle Cock	80 Nos.	0068309 20.10.2016	227,552	Brake vans (629-PR/2015-16)
8	PR-LF/2016-710(F)/LP 27.05.2016	Industrial light	50 Nos.	0068312 19.11.2016	1,422,200	75 DE Loco (622-PR/2015-16)

9	PR-LF/16-732/LP 16.11.2016	Copper enamelled wire	300 Kgs	0068322 19.01.2017	328,203	Brake vans (634- PR/2015-16)
10	PR-LF/16-725/LP 29.11.2016	Calcium carbide	20000 Kgs	0068429 31.01.2017	1,960,000	Brake vans (648- PR/2016)
Total					Rs 7,077,823	
					Rs 7.078	
					million	

Annex-14**Detention of wagons in C & W shops Mughalpura (Para 4.5.1.1)**

S. No.	ZBKH Hopper Wagon No.	Date Received	Date Outturn	Days held in repair
1.	96212	11.07.17	02.08.17	21
2.	96215	21.04.17	10.05.17	19
3.	96221	21.04.17	28.07.17	97
4.	96222	25.03.17	11.04.17	16
5.	96225	28.12.17	13.01.18	15
6.	96231	05.06.17	19.06.17	14
7.	96232	11.07.17	24.07.17	13
8.	96260	28.12.17	10.01.18	12
9.	96264	04.08.17	28.08.17	24
10.	96273	05.04.17	15.04.17	10
11.	96274	05.06.17	20.06.17	15
12.	96275	21.04.17	10.05.17	19
13.	96289	21.04.17	10.05.17	19
14.	96306	05.12.17	14.12.17	9
15.	96309	12.10.17	21.10.17	9
16.	96325	05.04.17	18.04.17	13
17.	96326	05.04.17	18.04.17	13
18.	96327	05.04.17	13.04.17	8
19.	96328	05.04.17	14.04.17	9
20.	96338	11.07.17	28.07.17	17
21.	96345	11.07.17	24.07.17	13
22.	96353	04.08.17	29.08.17	25
23.	96370	21.04.17	10.05.17	19
24.	96415	04.08.17	12.09.17	38
25.	96455	05.12.17	14.12.17	9
26.	96494	11.07.17	01.08.17	20
27.	96503	04.08.17	28.08.17	24
28.	96504	12.10.17	21.10.17	9
29.	96515	28.12.17	05.01.18	7
30.	96531	28.12.17	09.01.18	11
31.	96553	11.07.17	28.07.17	17
32.	96564	04.08.17	30.08.17	26
33.	96599	07.08.17	12.09.17	35
34.	97010	04.08.17	28.08.17	24
35.	97013	12.10.17	21.10.17	9
36.	97067	05.12.17	20.12.17	15

37.	97128	05.12.17	23.12.17	18
38.	97230	12.10.17	16.10.17	4
39.	97504	28.12.17	03.01.18	5
40.	96492	11.07.2017	28.02.2018 stabled till date of inspection	233
41.	96105	05.12.2017	28.02.2018	85
42.	96656	28.12.2017	28.02.2018	63
Total days				1081

Loss of revenue Rs 6.782 million
(1081 days x Rs 6274=6.782 million)

Annex-15A

Detail of wagon detained at Port Muhammad Bin Qasim Station (Para 4.5.1.2)

S. No.	ZBKH Wagon No.	Date of arrival	Date of dispatch	Days held up
1	96347	06.11.17	Not dispatched till date of inspection i.e. 13.12.17	37

Annex-15B

Statement showing the detail of 80 hopper wagons unnecessarily detained for 1421 days at Keamari Station for the period from August 2016 to December 2017 (Para 4.5.1.2)

S. No.	ZBKH Wagon No.	Date of arrival	Date of dispatch	Days held up
1	96016	10.08.16	21.08.16	11
2	96012	10.08.16	21.08.16	11
3	96004	10.08.16	21.08.16	11
4	96011	10.08.16	21.08.16	11
5	96025	10.08.16	21.08.16	11
6	96013	11.08.16	21.08.16	10
7	96121	01.10.16	11.10.16	10
8	96047	01.10.16	12.10.16	11
9	96056	01.10.16	12.10.16	11
10	96049	01.10.16	19.10.16	18
11	96081	02.10.16	28.10.16	26
12	96163	02.10.16	22.10.16	20
13	96157	02.10.16	26.10.16	24
14	96048	08.10.16	19.10.16	11
15	96082	08.10.16	01.01.17	24
16	96029	09.10.16	22.10.16	13
17	96015	09.10.16	21.10.16	12
18	96125	11.10.16	25.10.16	14
19	96122	11.10.16	21.10.16	10
20	96185	20.10.16	01.01.17	12
21	96077	24.10.16	01.01.17	8
22	96186	27.10.16	14.11.16	18
23	96075	04.11.16	14.11.16	10
24	96023	04.11.16	14.11.16	10
25	96092	04.11.16	14.11.16	10
26	96061	04.11.16	14.11.16	10
27	96083	04.11.16	14.11.16	10
28	96102	04.11.16	14.11.16	10
29	96084	04.11.16	14.11.16	10
30	96069	04.11.16	14.11.16	10
31	96128	04.11.16	14.11.16	10
32	96196	04.11.16	14.11.16	10
33	96105	27.11.16	15.06.17	200

34	96120	10.12.16	01.01.17	22
35	96130	11.12.16	01.01.17	21
36	96131	11.12.16	01.01.17	21
37	96142	11.12.16	01.01.17	21
38	96159	11.12.16	01.01.17	21
39	96147	11.12.16	01.01.17	21
40	96135	11.12.16	01.01.17	21
41	96134	11.12.16	01.01.17	21
42	96082	16.01.17	26.01.17	10
43	96077	16.01.17	26.01.17	10
44	96063	16.01.17	26.01.17	10
45	96185	16.01.17	26.01.17	10
46	96021	19.01.17	31.01.17	12
47	96013	19.01.17	31.01.17	12
48	96007	19.01.17	31.01.17	12
49	96106	19.01.17	31.01.17	12
50	96221	13.08.17	26.08.17	13
51	96494	13.08.17	26.08.17	13
52	96212	13.08.17	26.08.17	13
53	97058	26.08.17	07.09.17	12
54	96446	26.08.17	07.09.17	12
55	96337	26.08.17	07.09.17	12
56	96659	26.08.17	07.09.17	12
57	96147	26.08.17	07.09.17	12
58	96200	26.08.17	07.09.17	12
59	96471	26.08.17	07.09.17	12
60	96315	06.09.17	20.09.17	14
61	96701	10.09.17	07.10.17	28
62	96731	15.09.17	02.10.17	17
63	96768	15.09.17	02.10.17	17
64	96676	16.09.17	07.10.17	21
65	96264	16.09.17	07.10.17	21
66	97010	16.09.17	07.10.17	21
67	97079	16.09.17	07.10.17	21
68	96390	16.09.17	07.10.17	21
69	96072	16.09.17	07.10.17	21
70	96231	16.09.17	07.10.17	21
71	96353	16.09.17	07.10.17	21
72	96580	22.09.17	07.10.17	15
75	96110	12.10.17	10.11.17	29
76	96050	14.10.17	02.11.17	19

77	96403	14.10.17	02.11.17	19
78	96087	14.10.17	02.11.17	19
79	96309	04.12.17	16.12.17 date of inspection	43
80	97493	01.12.17	16.12.17 date of inspection	46
Total:				1421

Annex-15C**Detail of DVS/DVM wagons detained at Marshalling Yard Pipri Station (Para 4.5.1.2)**

S. No.	ZBKH Wagon No.	Date of arrival	Date of dispatch	Days held up
1	96309	04.03.17	Not yet dispatched till date of inspection i.e. 19.12.17	291
2	96114	04.03.17	-do-	291
3	96580	10.06.17	30.07.17	50
4	96115	10.06.17	30.07.17	50
5	96415	10.06.17	30.07.17	50
6	97002	10.06.17	Not yet dispatched till date of inspection i.e. 19.12.17	192
7	97010	17.06.17	30.07.17	43
8	96264	17.06.17	30.07.17	43
9	96503	17.06.17	30.07.17	43
10	96353	17.06.17	30.07.17	43
11	96564	17.06.17	30.07.17	43
12	96035	17.06.17	30.07.17	43
13	96045	17.06.17	30.07.17	43
14	96222	17.06.17	14.08.17	62
15	96504	02.07.17	02.10.17	92
16	96309	04.07.17	02.10.17	87
17	96196	04.08.17	Not yet dispatched till date of inspection i.e. 19.12.17	137
18	96495	04.08.17	-do-	137
19	97013	04.08.17	02.10.17	59
20	96105	04.08.17	29.11.17	117
21	96518	04.08.17	Not yet dispatched till date of inspection i.e. 19.12.17	137
22	96508	27.09.17	-do-	101
23	96663	27.09.17	-do-	101

24	96204	21.10.17	02.12.17	42
25	96227	21.10.17	Not yet dispatched till date of inspection i.e. 19.12.17	59
26	97128	31.10.17	29.11.17	29
27	97067	14.11.17	29.11.17	45
28	96008	30.11.17	Not yet dispatched till date of inspection i.e. 19.12.17	19
Total days				2449

Summary

Reference	Breakup	Loss of revenue Rs
Annex-15A	37 days x Rs 6274	232,138
Annex-15B	1421 days x Rs 6274	8,915,354
Annex-15C	2449 days x Rs 6274	15365026
		24,512,518
		Or say Rs 24.513 million

Annex-16

Statement showing the detail of under charges on booking of coal/rock phosphate through ZBKH at Keamari Railway Station for the period from August 2016 to December 2017 - Rs 5.139 million (Para 4.7.1)

Keamari - Piran Ghaib (Rock phosphate)						
Month	No. of ZBKH	Weight charged (Ton)	Should be	Difference	Rate per ton	Amount
Aug-16	77=154	4467.6	4620	152.4	1900	289,560
Sep-16	265=530	15386.6	15900	513.4	1900	975,460
Oct-16	347=694	20154.4	20820	665.6	1900	1,264,640
Nov-16	171=342	9881.1	10260	378.9	1900	719,910
Dec-16	168=336	9824.1	10080	255.9	1900	486,210
Aug-17	207=414	12126.2	12420	293.8	1900	558,220
Sep-17	183=366	10770.7	10980	209.3	1900	397,670
Oct-17	146=292	8533.5	8760	226.5	1900	430,350
Nov-17	03=06	178.9	180	1.1	1900	2,090
Keamari - Chichokimillian (Coal)						
Nov-16	11=22	652.9	660	7.1	2100	14,910
Total						Rs 5,139,020 Rs 5.139 million

Annex-17

Statement showing month wise detail of loss of expected earnings on account of transportation of coal through ZBKH as compared with target - Rs 7.882 billion (Para 4.7.2)

Month	Target		Actual		Difference		Rate per ton (Rs)	Amount (Rs)
	No. of ZBKH	Tonnage	No. of ZBKH	Tonnage	No. of ZBKH	Tonnage		
Feb-17	6100	366667	550	33351.2	5550	333315.8	3,239.36	1,079,729,980
Mar-17	6100	366667	562	33974.5	5538	332692.5	3,252.08	1,081,942,625
Apr-17	6100	366667	2534	152,620.3	3566	214046.7	3,252.08	696,096,992
May-17	6100	366667	3074	184,853.0	3026	181814.0	3,257.38	592,237,287
Jun-17	6100	366667	3,347	202163.6	2753	164503.4	3,248.90	534,455,096
Jul-17	6100	366667	2,654	160,398.9	3446	206268.1	3,307.20	682,169,860
Aug-17	6100	366667	3,408	205,608.3	2692	161058.7	3,307.20	532,653,333
Sep-17	6100	366667	2,696	161,887.1	3404	204779.9	3,291.30	673,992,085
Oct-17	6100	366667	3,110	186,606.4	2990	180060.6	3,334.76	600,458,886
Nov-17	6100	366667	4,975	298,516.8	1125	68150.2	3,362.32	229,142,780
Dec-17	6100	366667	2,061	124,000.1	4039	242666.9	3,362.32	815,923,771
Jan-18	6100	366667	4,313	258,786.0	1787	107881.0	3,362.32	362,730,444
TOTAL								Rs 7,881,533,141 Rs 7.882 billion