

**LAHORE**—The operation of the Business Express has been shut down till further notice due to unresolved conflicts with the Pakistan Railways over contracts terms and payment debt.

The Pakistan Railway has termed the closure on request of the Business Express itself. Although the official verdict states that the closure is more of a suspension for three days and the service will be resumed after three days, sources inside PR claim that the service is not likely to resume until all the financial and corporate matters are settled and that might take months.

The Business Express which started its operation early last year had to complete agreed to pay around 88 percent of its profit share to the PR as per the contract and per trip charges to the PR from Lahore to Karachi or Karachi to Lahore were a little over Rs 1.5 million. That made a 3 million rupees payment per one round trip of the public-private franchise.

However, the investors of the Business Train soon realised that the PR had misled them on the revenue output and the payment of the amount was not achievable. It started piling up debt on the Business Train and as it currently stands, the public-private venture owes near Rs 300 million to the Pakistan Railways.

Although the contract categorically stated that it would be terminated if the private party fails to pay anything over 7 days of payment to the PR yet PR did not hold its private partner over this clause and continued providing services.

The Pakistan Railways GM Operation was of the view that shutting this venture down would send the wrong signals to the market and future probable public private partnerships might suffer. However this encouragement has now cost PR dearly as after Economic Coordination Council (ECC) noted that the contract might need to be revised. Also the GM Operations and the Chairman have categorically conceded to the fact the economics of the contract were not completely accurate.

A similar public private partnership, Pakistan Railways, instead of 88 percent, agreed to a 70 percent share with the Shalimar Group, which, to-date has been making its payment regularly. Although there were conspiracies looming that the Business Express-owed amount would finally be written off as bad debt and that is why the situation is being staged, however, Chairman/ Secretary Railways Muhammad Arif Azim dispelled all these notions saying that nobody would be allowed to keep a single penny that belonged to the national institution.

Meanwhile, the direct benefactor of the situation, business and procurement wise, was the Shalimar Group which now operates two trains on the same route.

Courtesy: The News