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NTRC

1991

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NATIONAL TRANSPORT RESEARCH CENTRE

ROLE OF NORTHERN AREAS TRANSPORT CORPORATION LTD.

(PROPOSAL)

February, 1991

CONTENTS

I.	INTRODUCTION	1
II.	TERMS OF REFERENCE	3
III.	ANTICIPATED WORK & METHODOLOGY	4
IV.	DATA REQUIREMENT	6
V.	DATA ANALYSIS	7
VI.	TIME FRAME	8
VII.	COST ESTIMATES	8
VIII.	SUMMARY OF COST ESTIMATES	13

ANNEX

ROLE OF NORTHERN AREAS TRANSPORT CORPORATION LTD. (NATCO)

I. INTRODUCTION :

There is considerable diversity of natural resources, climate and population within the Northern Areas spread over an area of about 72,494 square kilometers. As per 1981 Census, the population was about 573,000. The present population is estimated to be about 750,000. The region as a whole exhibits features of poverty and backwardness which are characteristic of the northern mountain belt. The population is scattered among different valleys and the density of population is also very low with meagre availability of cropped land. The region is situated at a distance from the other developed parts of the country and internal communications within the region are also difficult mainly due to rugged and mountainous topography.

With a view to provide reliable transport facilities in Northern Areas, the Federal Government established the Northern Areas Transport Corporation (NATCO) in 1974 under the Companies Act, 1913, as a Private Limited Company with the following main objectives:

- (1) To provide reliable transport facilities to the people of the Northern Areas.
- (2) To streamline road transport system in the Northern Areas.
- (3) To link Northern Areas by road with the rest of the country.
- (4) To provide transport facilities at the border of Pakistan and China to facilitate tourists.

NATCO has been operating both passenger and goods services (including POL transportation) in the Northern Areas. However over the years several developments have taken place including opening of the KKH and recent shift in the policy of the Federal Government to curtail the public sector involvement to the minimum. Accordingly in the meeting of Northern Areas Council held on 5-6 December, 1990, the Minister for Kashmir Affairs & Northern Affairs desired to look into

the possibility of privatization of NATCO. For this purpose, a follow-up meeting was held under the chairmanship of the Secretary Ministry of Kashmir Affairs & Northern Affairs on 7-1-1991 in his office in which after detailed discussion, it was decided to have a Study carried out through NTRC with the following Terms of Reference.

II. TERMS OF REFERENCE (TOR) :

The Terms of Reference (TOR) are as under :

- (1) The conditions prevailing and objectives aimed at the setting up of NATCO in 1974.
- (2) Facilities provided for the fulfillment of the assigned Charter of duties.
- (3) Actual achievement and shortfall.
- (4) Relevance of the original Charter of NATCO.
- (5) Options/alternatives available to meet the transport requirements of the Northern Areas.
- (6) The recommended role of NATCO, if any.

Minutes of the meeting may be seen in the Annex.

III. ANTICIPATED WORK & METHODOLOGY :

For Terms of Reference from S.No. (1) to (3), the basic information would be provided by the administrative agency concerned mainly NATCO. However, for Terms of Reference at S.No. (4) to (6) these would be resolved systematically by using standard techniques of transport demand assessment supplemented by discussion and interviews with functionaries of concerned departments/agencies. A brief outline of the transport demand assessment process would include :

- (1) Detailed review of previous reports, studies and literature on the subject.
- (2) Identification of problems and bottlenecks - operational, financial and of administrative nature and review of policies.

- (3) Zoning of Transport area, distribution and transport networks and administrative organizations responsible for passenger/goods movements both by road and air and share of each mode by Public/Private sector.
- (4) Data collection on economic variables, income levels existing transport patterns, inventories of transport networks, supply and demand of essential commodities etc.
- (5) Supplementing the existing information through special field surveys like O.D. both for passengers and goods at the 'inter-zonal' level.
- (6) Data Analysis and assessment of Overall transport requirements.
- (7) Assessment of the Role of private sector through interviews etc.
- (8) Formulation of plans, programmes and policies.

IV. DATA REQUIREMENT

The tentative list of data required would include :

(1) Inventory of Transport Networks :

- Identification and coding of Nodes and Links on Road Network
- Classification of links according to area (plain, rolling, hilly), type of pavement (paved, shingle) surface condition-(improved, unimproved) etc.
- Estimation of operating costs for each type of road.
- Estimates of Inter Zonal distances, times and cost by road and air.

(2) Existing Transport Patterns :

(a) Goods/Commodities :

- Supply/Demand & Surplus/deficit by zone
- Procurement and distributions by zone.

- Movement of commodities by origin, destination, mode, time of the year by different agencies.
- Costs incurred on handling and transportation between destinations.
- Trade with China

(b) Passengers :

- Inter-zonal Movements by Mode
- Cost of transportation between various origins & destinations by various service groups.
- Further supplemented by special field surveys like O-D, etc.
- Tourism

V. DATA ANALYSIS :

The analysis of the data indicated above will be carried out in terms of standard transport planning procedures and techniques

for firming up the base year Transport Movements. Major emphasis would be laid on Modal split not only confined to road/air but further disaggregated in terms of share of the public/private sectors.

An effort would however be made to assess the potential profitability of the undertaking so that the scope for private sector participation could be realistically determined.

VI. TIME FRAME :

The study is expected to be completed in about four months after the commencement of work.

VII. COST ESTIMATES :

The cost has been estimated at Rs.75,000/- as per details given below :-

(1) Staff Requirements :

A total number of 6 persons would be required for office and field duties. The staff composition and functions are explained below :-

(a) Field Staff :

In order to collect the data from concerned departments and through specific field surveys, the team comprising a Supervisor (BPS-16) and 4 Enumerators (BPS-11) would be required for the duration of the Study. The 4 Enumerators would be provided from the existing Staff Strength of NATCO. The Supervisor would, however, be provided by the Centre for which an expenditure of Rs. 14,000/- has been estimated (excluding Transport and Lodging to be arranged by NATCO) as detailed below :-

<u>Category</u>	<u>No</u>	<u>Man</u>	<u>Salary</u>	<u>Field Allowance</u>	<u>Total</u>
		<u>Months</u>	<u>PM (Rs.)</u>	<u>P.M. (Rs.)</u>	<u>(Rs.)</u>
Supervisor BPS-16	1	4	3,000/-	500/-	14,000/-

Functions :

The functions of each category of Field Staff are mentioned below :-

(i) Supervisor :

There will be one Supervisor in order to look after the work assigned to Enumerators. His main duties would include

- a) Supervising Data Collection.
- b) Supply, collection and rechecking of Forms/Questionnaires duly filled by the Enumerators.
- c) Preparation of Summary Tables.
- d) Furnishing data to office for further processing

(ii) Enumerator :

Four Enumerators would be required for collection of data from the field and various concerned agencies.

(b) Office Supervisor :

For the Study of such a nature, the barest minimum strength of one Office Supervisor has been proposed for the work of the Study period till the preparation of the Final Report. The Expenditure on account of Pay of the Office Supervisor has been estimated at Rs. 12,000/-.

Functions :

The main functions of Office Supervisor would be as

under :-

- a. Record, control and Documentation of Forms/Questionnaires.
- b. Presentation, Compilation, Processing and analysis of collected data.
- c. Data Tabulation and consolidation of Statistics.
- d. Editing and coding of Forms/Questionnaires for computerization.
- e. Co-ordination with Field Staff and other office work.

(2) Field Visits :

At least two officers would visit the field for selection of survey points, organizing field surveys, monitoring and maintaining liaison with the concerned agencies. The estimated expenditure would be about Rs. 9,000/- excluding the lodging facilities to be provided by NATCO as per the breakdown given below :

<u>S.No.</u>	<u>Category</u>	<u>No. of Visits</u>	<u>Total Days</u>	<u>TA/DA (Rs.)</u>	<u>Total (Rs.)</u>
1.	Deputy Chief BPS-19	3	15	5,100/-	5,100/-
2.	Research Officer BPS-17	3	15	3,900/-	3,900/-
				Total Rs.	<u>9,000/-</u>

(3) Stationery & Printing :

A lumpsum provision of Rs. 20,000/- has been made for stationery and preparation of the Final Report.

(4) Transport Facility :

Local transportation facility for Officers and Field Staff in Northern Areas would be provided by NATCO.

(5) Overhead :

A Lumpsum provision of Rs.10,000/- has been estimated on account of Overhead expenditure covering local transportation in Islamabad, Telephone Bill, mailing charges etc.

(6) Contingencies :

Contingency provision at the rate of 15% of the total estimated expenditure and amounting to Rs.9,750/= has been made.

VIII. SUMMARY OF COST ESTIMATES :

The Summary of Cost Estimates is as follows :

<u>S.No.</u>		<u>(Rupees)</u>
1.	Staff	
	a. Field	Rs. 14,000/-
	b. Office	Rs. 12,000/-
2.	Field Visits	Rs. 9,000/-
3.	Stationery & Printing	Rs. 20,000/-
4.	Overhead	<u>Rs. 10,000/-</u>
	Total	<u>Rs. 65,000/-</u>
	Contingencies @ 15%	<u>Rs. 9,750/-</u>
	Grand Total	<u>Rs. 74,750/-</u>
	Say	Rs. 75,000/-

GOVERNMENT OF PAKISTAN
 MINISTRY OF KASHMIR AFFAIRS & NORTHERN
 AFFAIRS

SUBJECT: MINUTES OF THE MEETING ON 'NORTHERN AREAS
 TRANSPORT CORPORATION LIMITED' HELD ON
 7-1-1991 IN THE MINISTRY OF KASHMIR AFFAIRS
 AND NORTHERN AFFAIRS:-----

In the meeting of Northern Areas Council held on 5-6th December, 1990, the Minister for Kashmir Affairs & Northern Affairs had desired to look into the affairs of the NATCO in the context of the policy of the Federal Government regarding privatisation of public sector corporations through sales of certain shares to co-operative societies etc. For this purpose, a meeting was held in the Ministry of Kashmir Affairs & Northern Affairs on 7-1-1991 at 10.30 a.m. The following were present:-

- i) Mr Ahmed Sadik,
 Secretary,
 Ministry of Kashmir Affairs &
 Northern Affairs
- ii) Mr. Inayatullah Khan,
 Administrator,
 Northern Areas.
- iii) Mr M Sadiq Swati,
 Senior Chief, NTRC,
 Planning Commission,
- iv) Mr M Kazim Idris,
 Deputy Chief, NTRC,
 Planning Commission,
- v) Mr M Ashraf Ali Khan,
 Deputy Secretary (G),
 Ministry of Kashmir Affairs &
 Northern Affairs
- vi) Haji Sanullah,
 Secretary General (Admn),
 Northern Areas
- vii) Mr Zafar Iqbal,
 Manager,
 Northern Areas Transport Corp. Ltd

2. The Administrator, Northern Areas explained the prevailing socio-economic needs and the circumstances (strategic)

under which the NATCO was established in 1974 as a public sector organization. The financial position and difficulties faced by the NATCO in the peculiar condition of the area were also explained by the Administrator, Northern Areas. It was also noted that the NATCO held the informal status of flag carrier in these area in addition to providing the essential transport facilities to the local population and transportation of essential goods and other commodities.

3. The Senior Chief, NTRC, Planning Commission observed that the working paper being considered, presented the symptoms of the problem, whereas a diagnostic approach through a detailed study, keeping in view the original objective of the establishment of NATCO, conditions prevailing at that stage of time and the social conditions then prevailing in the Northern Areas, and subsequent changes in these conditions was required. He advised against a hasty decision regarding the future of NATCO.

5. After detailed discussion, it was decided to have a study carried out through NTRC, on priority basis. The terms of reference of the study are to be as under:-

- a) The conditions prevailing and objectives aimed at the setting up of NATCO in 1974.
- b) Facilities provided for the fulfillment of the assigned Charter of duties.
- c) Actual achievement and shortfall.
- d) Relevance of the original Charter of NATCO.
- e) Options/alternatives available to meet the transport requirements of the Northern Areas
- f) The recommended role of NATCO, if any.

6. Mr M Sadiq Swati, Senior Chief, NTRC, Planning Commission indicated that they would need financial as well administrative assistance from the Northern Areas to carry

out the study. The financial assistance will be restricted to direct and essential expenses involved and their expert advice would be free of any charges. The Administrator, Northern Areas agreed to extend the required assistance.

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