PRESS RELEASE

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

New Delhi

6th November, 2025

Audit of "Multi-Modal Transport and Logistics Initiatives by Indian Railways"

The Indian Railways is undergoing a transformative phase, with significant investments and modernization efforts to enhance its infrastructure, safety, mobility, customer satisfaction and commerce. It has emerged as an important strategic player in India's logistics and infrastructure development. The National Rail Plan (NRP) 2030 aims to create a 'future ready' Railway system by 2030. The NRP aims to increase the modal share of the Railways in freight to 45% and substantially reduce transit time by increasing the average speed of freight trains to 50 kmph. The objective of the Plan is to create capacity ahead of demand catering to future growth in demand till 2050. While an NCAER study (September 2025), places logistics costs at 7.97% of GDP for FY 2023-24 ,but for MSME sector it stands at a substantial 16.9 % of GDP.

The PM Gati Shakti policy , launched in October 2021 integrates various ministries and departments, including Railways, Roads, Ports, and others, onto a single digital platform. The initiative focuses on improving last-mile connectivity, reducing logistics costs, and boosting economic growth by connecting infrastructure projects with economic zones and businesses. Indian Railways subsequently launched the Gati Shakti Cargo Terminal (GCT) policy in December 2021 to encourage private investment in developing multi-modal cargo terminals. As of August 2025, 115 of the 132 approved GCTs have been commissioned.

The development of multimodal logistics infrastructure requires the convergence of efforts of various Ministries and Departments of the Government of India viz. Ministry of Railways, Ministry of Road Transport and Highways (MoRTH), Ministry of Ports, Shipping and Waterways, Department for Promotion of Industry and Internal Trade (DPIIT) etc. as it involves the integration of different modes of transport along with supporting infrastructure such as warehousing, logistics parks, and cargo terminals.

Recently, the Government of India has decided to establish a federal agency, Gati Shakti Transport Planning and Research Organisation (GTPRO) for the integrated planning and monitoring of all modes of surface transport, railways, shipping, civil aviation, mass transit systems, and the logistics sector at the national level.

The C&AG, being the auditor of all Ministries and Departments of the Government of India, is uniquely positioned to undertake a comprehensive, cross-sectoral audit covering multiple entities involved in the logistics ecosystem. Accordingly, an Integrated Audit Group (IAG) has been constituted to carry out coordinated audit work across various audit verticals, including Railways, Infrastructure, Ports, Shipping, and Waterways.

The Railway Audit Wing is conducting an audit of **‘Multi-Modal Transport and Logistics Initiatives**’ with particular emphasis on ‘First Mile Last Mile’ connectivity with Logistics hubs and (Origin - Destination) O-D pairs in financial year 2025-26.

To ensure that the audit provides comprehensive and practical insights, the Railway Audit Wing of the C&AG’s office has conducted a series of consultations, meetings, and conferences with key stakeholders, like Chairman and Members of the Railway Board, CMDs/MDs of Logistics related PSUs and Heads of Port Authorities, Public and Private Train Operators, Freight Operators, and Terminal Operators, among others ,to obtain diverse perspectives from entities involved in India’s logistics and freight ecosystem.

To strengthen the analytical and strategic framework of the audit, IIM Mumbai has been engaged as the Knowledge Partner.

The audit on ‘Multi-Modal Transport and Logistics Initiatives’ will focus on the National Rail Plan 2021–2030, the Regulatory and Legal Framework, Logistics Operations, Digitization, and the Ease of Doing Business in Logistics keeping in mind the International Best Practices in Multimodal Logistics. The audit carried out by the Railway Audit Wing of the C&AG office will cover nine Railway Zones across the north–south and east–west corridors of India, along with three Ministries, Logistics related Railway PSUs and selected Origin–

Destination (O–D) pairs critical to freight movement. The Audit Report is planned to be placed before the Parliament in the Monsoon Session of 2026.

IT Audit of Indian Railways e-Procurement System (IREPS)

Background

Indian Railways e-Procurement System (IREPS) is an online platform for handling all procurement activities across Indian Railways. Given its scale, data volume, and financial significance, a comprehensive IT audit is being undertaken to assess governance, IT controls, and business rule compliance within the system.

Audit Objectives

1. **Governance & Implementation:** To verify whether IREPS implementation is in line with approved functionalities, timelines, and costs.
2. **IT Controls:** To evaluate the adequacy and effectiveness of general IT controls covering inter-alia, security, access, continuity, and change management.
3. **Business Rule Compliance:** To assess whether business rules are accurately mapped and application controls ensured compliance with financial and administrative guidelines.

Possible Audit Findings

1. Governance and Implementation Deficiencies

- Lack of structured project monitoring mechanisms and committees.
- Delays in module rollouts.
- Inadequate/outdated application documentation.

2. Weaknesses in IT Controls and System Security

- Use of proprietary software in place of open-source options.

- Gaps in compliance with Disaster Recovery and Archival Policies.
- Active railway IREPS user accounts post retirement.
- Absence of an effective change management framework.

3. Tendering Irregularities and Business Rule Non-Compliance

- **Possible Collusion and Cartelization:** Multiple bids from identical IP addresses, dummy bidding using shared credentials like mobile numbers, email IDs etc.
- **Inadequate Tender Notice Periods:** Tender notice period not as per prescribed norms.
- **MSME Procurement:** Non-adherence to mandated procurement targets; collection of EMDs and Tender Document cost from MSME bidders against extant rules.
- **Non-Compliance with GeM Guidelines:** Non-generation of mandatory non-availability report under GeM.
- **Non-Adherence to Paperless Working:** Whether the tenders are processed manually despite Railway Board's directives.

Through this audit, recommendations for the need of stronger IT governance, enhanced data integrity, and stricter enforcement of procurement norms within IREPS are expected to be emphasized. Implementation of these measures will likely to help Indian Railways achieve greater transparency, efficiency, and value for public expenditure.

Sustainable Rail Transport: ESGs and Green Energy

Audit on **"Sustainable Rail Transport: ESGs and Green Energy"** is being undertaken to assess Indian Railways' progress towards achieving **net-zero carbon emissions by 2030** in alignment with India's climate commitments and global sustainability goals.

Background

Indian Railways, one of the largest rail networks globally, plays a crucial role in India's green transition. The organization is implementing wide-ranging initiatives under the **Environmental,**

Social, and Governance (ESG) framework to promote energy efficiency, renewable energy use, and sustainable infrastructure.

Audit Focus

1. **Environmental (E):** Electrification of rail lines, use of solar and wind power, adoption of green building standards, and energy-efficient technologies.
2. **Social (S):** Inclusive and accessible transport, community engagement, safety, and employment generation through green initiatives.
3. **Governance (G):** Transparency in ESG reporting, ethical procurement, innovation, and robust monitoring mechanisms.

Audit Objectives

- To examine whether Indian Railways has effectively planned and implemented sustainable transport initiatives consistent with the **Net Zero 2030** commitment.
- To assess whether systems for **governance, monitoring, and reporting** are in place to track progress toward ESG and sustainability targets.

Audit Coverage

The audit covers **five railway zones** — Northern, East Coast, Western, South Central, and South East Central — and **three PSUs** (DFCCIL, IRCTC, and Konkan Railway).

Expected Outcome

The audit aims to evaluate the effectiveness of Indian Railways' green initiatives, identify gaps in achieving sustainability targets, and recommend corrective measures to strengthen progress toward a low-carbon, environmentally responsible railway network.

<u>Theme-Based Audit on Performance of Suburban Train Services</u>

A **Theme-Based Audit on "Performance of Suburban Train Services"** is being undertaken to evaluate the adequacy, safety, and efficiency of suburban railway operations across major metropolitan regions.

Audit Focus

The audit will assess whether suburban train services have been:

- **Augmented** to meet the growing passenger demand and to ensure seamless inter-modal connectivity with metro, bus, and ferry systems.
- **Efficiently managed** to minimize overcrowding, delays, and service disruptions.
- **Upgraded** through doubling/tripling of congested routes and modernisation of signalling systems.

Safety & Passenger Amenities

The audit will review:

- Implementation of security measures such as **CCTVs, DFMDs, UVSS, dog squads**, and **talk-back facilities**.
- Efforts to ensure **safety of women and Divyangjan passengers**, including women-only coaches and accessible infrastructure.
- Provision of **First Aid facilities, emergency medical rooms (EMRs)**, and response systems for accident victims.

Clean & Green Suburban Transport

Focus will also be on initiatives for **cleanliness, waste management, and environmental sustainability** in stations and trains.

Other Key Aspects

- Review of **public complaints, accidents, and compensation** mechanisms.
- Evaluation of compliance with **Public Accounts Committee (PAC) recommendations** and the **C&AG's Report No. 14 of 2016**.
- Examination of measures taken to **reduce fatalities due to trespassing, line crossings, and platform gaps**.
- Study of the need for a **dedicated organisational setup** for suburban services.

Expected Outcome

The audit aims to identify gaps in suburban train performance, safety, and passenger services, and to recommend actionable improvements for a safer, cleaner, and more efficient suburban rail system.

BSC/SS/IK/72-25