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C&AG's Audit report on Union Government (Railways) Presented in Parliament

Audit Report No. 14 of 2026 – 'Union Government (Railways) Compliance Audit Report' was laid on the table of Rajya Sabha and Lok Sabha on 12 August 2026. The Audit Report contains results of the compliance audit of the Ministry of Railways of the Union Government. It contains 26 audit observations. The instances mentioned in this Report are those which came to notice in the course of test audit for the period leading upto Financial Year 2023-24. Information relating to the period subsequent to 2023-24 have also been included, wherever necessary, to update the status of audit observations.

Brief of the audit observations:

Para 2.1 Irregular payment for Software Professional Allowance, Medical Allowance, Leave Encashment and Canteen Allowance amounting to `259.13 crore: Centre for Railway Information Systems

Ministry of Finance vide its OM dated 15 October 1984 required Autonomous Bodies to obtain prior approval of the Government of India for payment of allowances which were not as per the 'general pattern'. Centre for Railway Information Systems (CRIS) incurred an expenditure of `259.13 crore, upto March 2025, on payment of allowances such as Software Professional Allowance, Medical Allowance, Leave Encashment and Canteen Allowance to its employees without obtaining approval of the Government of India (GoI). Since these allowances were not as per the general pattern, the expenditure incurred on these allowances was irregular.

Para 2.2 Irregular levy and collection of superfast surcharge from passengers: All Zonal Railways

Indian Railways levied `168.22 crore from passengers on account of superfast surcharges, without scheduling the trains as per provisions of superfast service in 190 Trains.

Para 2.3 Revenue foregone due to non-compliance of Railway Board directives in collecting Loco hire charges from a private siding: Southern Railway

The Railway Board directed (December 2014) all Zonal Railways to levy loco hiring charges on a per loco per hour basis instead of the existing per loco per day basis. Contrary to these instructions, Southern Railway entered into annual agreements with M/s. ACC Ltd., Madukkarai Siding (MDKS) for the hire of one railway diesel locomotive on a per day basis during January 2015-March 2022. No agreement was executed for April 2022-October 2023; however, loco hire charges were recovered on the basis of All India Engine Hour Cost (AIEHC) for the actual hours of utilisation, even though the locomotive remained at the exclusive disposal of MDKS. This deviation from Railway Board's directives resulted in a revenue loss of `48.47 crore.

Para 2.4 Inadmissible payments of ex-gratia/performance related pay: CONCOR, IRCON, IRCTC and RailTel

CONCOR, IRCON, IRCTC and RailTel made inadmissible payments of `20.54 crore as ex-gratia/performance related pay to deputationists in violation of DPE Guidelines.

Para 2.5 Loss of revenue of `19.72 crore due to non-levy of siding charges in public siding: Eastern Railway

Hazratpur Goods Shed, despite being located outside the station limits and qualifying as a public siding as per codal provisions and Railway Board directives, has not been notified as a public siding by Eastern Railway. This has resulted in non-levy of applicable siding charges of `19.72 crore.

Para 2.6 Loss of revenue of `9.06 crore due to non-rationalisation of longer route: Eastern Railway

The non-rationalisation of longer route over Howrah Division of Eastern Railway resulted in loss of revenue of `9.06 crore for inward traffic.

Para 2.7 Revenue foregone due to non-execution of siding agreement with CONCOR: Southern Railway

Southern Railway (SR) Administration did not enter into a standard siding agreement with Container Corporation of India Limited (CONCOR) for haulage of container rakes from their Rail Terminal at Tondiarpet (ICDT) served by Tondiarpet Marshalling Yard (TNPM). This has resulted in non-levy of siding charges from CONCOR to the tune of `7.02 crore during the period from April 2014 to October 2022.

Para 2.8 Non-levy/non-realisation of Siding charges of `6.31 crore: West Central Railway

In terms of the directives of the Ministry of Railways, two private sidings under the jurisdiction of West Central Railway (WCR) did not qualify for charging of freight on through distance basis. Accordingly, Siding charges were required to be levied in accordance with the prescribed rules. However, it was observed that the Railway Administration did not levy Siding charges on these two sidings, resulting in non-realisation of revenue amounting to `6.31 crore for the period from April 2022 to July 2024.

Para 2.9 Non-levy/non-realisation of Siding charges of `5.83 crore: East Central Railway

In terms of the directives of the Ministry of Railways, Indian Oil Refinery Siding/Barauni under the jurisdiction of East Central Railway (ECR) did not qualify for charging of freight on through distance basis. Accordingly, Siding charges were required to be levied in accordance with the prescribed rules and provisions of agreement executed between Indian Railways and Indian Oil Corporation Limited. However, it was observed that the Railway Administration did not levy Siding charges on this siding, resulting in non-realisation of revenue amounting to `5.83 crore for the period from April 2019 to March 2024.

Para 2.10 Loss of revenue due to non-implementation of Railway Board directives in notifying sections for carrying higher axle-load by imposing speed restrictions: Southern Railway

Railway Board instructed Zonal Railways to convert all isolated CC+6 stretches to CC+8 routes on a war footing and till such conversion, to grant permission for loading CC+8 on Origin-Destination pairs, where CC+6/CC+4 stretches are within 10 *per cent* of total distance, by imposing suitable speed restrictions. However, Southern Railway left out two priority sections for CC+8 loading by imposing speed restriction, which resulted in loss of revenue of `5.06 crore.

Para 3.1 Electrification of a section without obtaining No Objection Certificate from the Airports Authority of India resulted in unproductive expenditure of `81.05 crore besides recurring extra expenditure due to haulage of rolling stock by diesel locomotives: South Western Railway

Execution of electrification work on the Mysuru–Chamarajanagar section of South Western Railway without obtaining unconditional NOC from the Airports Authority of India resulted in unproductive expenditure amounting to `81.05 crore, besides recurring additional expenditure of `80.20 lakh per month on haulage of coaching rolling stock by diesel locomotives.

Para 3.2 Non-realisation of `63.87 crore towards State's share of cost of construction of Road Over Bridges/Road Under Bridges from Government of Jharkhand: South Eastern Railway

Due to non-compliance of codal provisions, Railway Board's order and conditions stipulated in the Memorandum of Understanding, an amount of `63.87 crore remained unrealised from Government of Jharkhand towards State's share of cost of construction of Road Over Bridges/Road Under Bridges.

Para 3.3 Avoidable recovery of the additional charges `53.20 crore by Municipal Corporation of Greater Mumbai due to delayed payment of water bills: Central Railway

Persistent delays in payment of water charges by Central Railway, coupled with weak monitoring mechanism within Central Railway, led to accumulation of substantial dues and recovery of additional charges of `53.20 crore by Municipal Corporation of Greater Mumbai.

Para 3.4 Non-recovery of Way Leave Charges amounting to `23.08 crore: North Central Railway

Non-renewal of agreements for levy of Way Leave Charges as per Railway Board guidelines resulted in non-recovery of `23.08 crore.

Para 3.5 Wasteful expenditure of `14.12 crore due to defective construction of Bridge: Northeast Frontier Railway

Due to defective construction and subsequent dismantling and reconstruction of super-structure of Bridge No. 247 under Araria-Galgalia new Broad Gauge Railway line project, the Railway Administration incurred wasteful expenditure of `14.12 crore.

Para 3.6 Blocking of railway funds due to commencement of construction of a Road Over Bridge without ensuring availability of encroachment-free land: Eastern Railway

The Eastern Railway Administration, disregarding Ministry of Railway's instructions and provisions of Memorandum of Understanding with the State Government of Jharkhand, commenced the construction of a Road Over Bridge (ROB) without ensuring encroachment-free land for the approach road to the ROB leading to blocking of railway fund of `10.96 crore.

Para 3.7 Blocking of capital due to execution of Road Over Bridge/Limited Use Subway works without ensuring clear site availability: Southern Railway

Southern Railway Administration undertook construction of Road Over Bridges (ROBs) and Limited Use Subways (LUSs) without ensuring availability of clear sites, resulting in blocking of capital amounting to `7.81 crore and avoidable expenditure of `0.89 crore due to continued operation of Level Crossings (LCs).

Para 3.8 Avoidable expenditure of `8.43 crore from contingencies on irrelevant works: North Eastern Railway

North Eastern Railway Administration incurred expenditure of `8.43 crore from the provisions of contingencies, made in different projects financed from Capital and Extra Budgetary Resources (Institutional Finance), to meet the expenditures on works not related to the projects.

Para 3.9 Avoidable expenditure of `6.93 crore towards excess procurement of Train Protection Warning Systems: Metro Railway

Metro Railway (MR) procured Train Protection Warning Systems (TPWS) for installation in 35 rakes, despite having only 27 rakes available at the time and no firm assurance of receiving additional rakes. As a result, TPWS equipment worth `6.93 crore remained unutilised and was later used as spares after exhausting most of its codal life.

Para 3.10 Avoidable expenditure on premature replacement of rails due to development of kinks in newly laid rails: North Western Railway

Replacement of rails prematurely on account of development of kinks in newly laid rails led to avoidable expenditure of `2.73 crore on replacement of rails coupled with additional liability of `2.95 crore on rails due for replacement.

Para 4.1 Loss of earning capacity due to manufacture of coaches with earmarked space for mini pantry without assessing actual requirement: Integral Coach Factory

Integral Coach Factory Administration did not assess the actual requirement of LHB AC and non-AC chair car coaches with earmarked space for mini pantry before resorting to production of such coaches which resulted in attaching these coaches to Mail/Express trains where there was no requirement of mini pantry. This has resulted in loss of earning capacity of coaches to the tune of `105.76 crore during the period from 2020-21 to 2024-25.

Para 4.2 Imprudent decision of Ministry of Railways for setting up Diesel Loco Component Factory at Dankuni, resulted in unproductive expenditure of `93.40 crore: Chittaranjan Locomotive Works

Diesel Loco Component Factory (DLCF) at Dankuni, set up at a cost of `266 crore in 2012-13 was closed with effect from January 2018. Consequently, machinery and plant worth `93.40 crore, procured in DLCF were declared surplus as those were specifically designed for the components of diesel locomotives and could not be utilized.

Para 4.3 Delayed implementation of accurate traction energy billing methodology resulted in significant financial losses: South Central Railway

Delay in implementing traction energy billing on actual basis resulted in a net avoidable expenditure of `64.29 crore.

Para 4.4 Wasteful expenditure of `33.72 crore towards payment of idle time wages due to delay in receipt of Rolling Stock Programme: Northern Railway

Railway Administration did not provide Production Plan in a timely manner resulting in idling of manpower and consequent wasteful expenditure of `33.72 crore towards payment of idle time wages to workshop staff.

Para 4.5 Excess payment of power factor surcharge of `6.29 crore due to non-maintenance of the average power factor and unclaimed incentive of `0.11 crore: North Western Railway

North Western Railway (NWR) did not maintain the required average power factor at Kishangarh, Maonda and Bhiwadi Traction Sub-stations (TSS) on DFCCIL route, which attracted power factor surcharge in energy bills. Further, despite the adoption of incorrect methodology by Ajmer Vidyut Vitran Nigam Limited/Jaipur for calculating power factor in billing, NWR made avoidable payments of `6.29 crore towards power factor surcharge and did not claim the applicable incentive of `0.11 crore.

Para 4.6 Avoidable payment of Contract Demand Surcharge amounting to `5.92 crore: North Western Railway

Lackadaisical approach and inadequate follow-up by North Western Railway Administration towards revision of Contract Demand of Gahri Bhagi Traction Sub-station despite excess over Contract Demand with Punjab State Power Corporation Limited led to avoidable payment of Contract Demand Surcharge amounting `5.92 crore and continued financial liability due to non-revision of Contract Demand.

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