

CHAPTER 2: EARNINGS

2.1 Non-observance of rules

2.1.1 South Western Railway: Loss due to irregular implementation of Terminal Incentive cum Engine on Load (TIEL) Scheme

Railway's action to detach engines from the rakes during loading under TIEL scheme and sending them to other stations vitiated the scheme and resulted in loss of earning capacity of the wagons (Rs.21.88 crore) besides payment of freight rebate (Rs.6.12 crore) to the customers

In Terminal cum Engine on Load (TIEL) scheme, train engine remains available during loading/ unloading operations in the sidings/goods sheds and waits on Railway's account so as to work the train immediately after the completion of the loading/unloading. While it improves the turn round of rolling stock, the customer also gets the incentive in the form of rebate in freight. If customer does not complete loading/unloading within the stipulated free time, the scheme stipulates a deterrent in the form of levy of penalty, demurrage charges and also withdrawal of freight rebate.

Review of records connected to the working under the scheme on six loading stations of Hubli Division for different periods between April 2007 and November 2008 revealed that on many occasions, engine bringing empties for loading was not stabled along with the rake till the completion of loading and was sent to other stations. As a result, loaded rakes were required to wait for another engine resulting in heavy detention to wagons ranging between 55 minutes and 268 hours.

In TIEL scheme, the payment of incentive to the customers in the form of freight rebate should be commensurate with the benefit to the Railway in terms of reduced detentions to their rolling stock. Detachment of the engines and sending them to other stations vitiated the scheme and resulted in a loss of earning capacity of the wagons to the extent of Rs.21.88 crore besides payment of freight rebate of Rs.6.12 crore to the customers due to completion of loading within the stipulated free time.

When this matter was taken up (March 2009) with the Railway Administration, they stated (April 2009) that due to imbalance in loco holding and number of rakes loaded, the engine carrying the empty rake can not be stabled along with the rake till the completion of loading. Detachment of engines was inevitable for their optimal utilisation. In view of the reply, namely detachment of engines being considered inevitable, the feasibility of implementation of the scheme requires to be reviewed.

2.1.2 Central Railway Non-recovery of wagon hire charges from MbPT Railway

The failure of the Central Railway to effectively pursue the revision of allowance of free time to wagons exchanged with MbPT Railway has resulted in non-recovery of wagon hire charges of Rs.11.99 crore

As per clause 9 (b) of the working agreement executed (September 1990) between Mumbai Port Trust (MbPT) Railway and Central/Western Railway, all empty and loaded wagons exchanged between MbPT Railway and Central/Western Railway were to be allowed to remain on MbPT Railway free of hire charges for a period of 32 hours and 50 hours respectively. After expiry of free time, wagon hire charges at the rate in force from time to time as per Rule 210.1 of Indian Railway Conference Association Rules Part II were payable by MbPT to Central Railway. In July 2006, Railway Board issued instructions to zonal Railways stating that free time allowed to ports for discharging the terminal activities on behalf of the Railway should be fixed on the basis of time and motion study. It was also stipulated that such total free time should not exceed 15 hours for single operation and 24 hours for double operation. These instructions were to be effective from 1 August 2006.

Scrutiny of records of Traffic Accounts Office of Central Railway revealed that since wagon hire charges were not due prior to August 2006, they neither took action to conduct time and motion study nor issued notice to the MbPT for revision of the free time. As such wagon hire charges due as per revised free time proposed by Railway Board were not recovered. Audit observed that the average monthly detention of wagons beyond permissible free time after August 2006 was 10 hour to 90 hours for single operation and from 47 hours to 87 hours for double operations in the year 2007 and the same was seven hours to 46 hours for single operation and 23 hours to 109 hours for double operation in the year 2008. On the basis of the average detention, the wagon hire charges recoverable from the MbPT Railways minus demurrage charges (collected by MbPT and paid to Central Railway) worked out to Rs.11.99 crore for the period from 1.8.2006 to December 2008.

When the matter was taken up with the Railway Administration (April 2009) they stated (July 2009) that after receipt of instructions from Railway Board, Advance Rates Notification was issued for the proposed changes but the MbPT Railway had protested the unilateral changes in the allowable free time and asked the Central Railway to defer the implementation till revised agreement was executed. They also stated that Central Railway had nominated a team to conduct time and motion study and this was also not agreed by MbPT Railway on the ground the study should be conducted with only 20 loaded wagons which was the hauling capacity of their locomotives. The reply is not tenable because Central Railway discussed the issue of revision of free time and execution of a revised agreement with the MbPT Railway authorities only in February 2008 and thereafter in March 2009. Despite lapse of almost three years after the instructions were issued by Railway Board, the issue of revision of agreement remained unresolved and it would be difficult to recover the legitimate dues from retrospective date.

Thus the failure of the Central Railway to effectively pursue the matter regarding revision of free time to wagons exchanged with MbPT Railway has resulted in non-recovery of wagon hire charges of Rs.11.99 crore.

2.1.3 North Western Railway: Loss due to sub optimal utilization of wagon capacity

Failure of the Railway Administration to optimally utilize wagon capacity in defiance of Railway Board directives resulted in loss of earnings of Rs.6.86 crore

Railway Board in May 2005 embarked upon a pilot project to maximize the available potential in track and bridges by carrying heavier axle loads on the broad gauge (BG) routes with carrying capacity (CC) +6+2 tons by loading CC+8+2 tons. The project aimed at fetching additional earnings and was accordingly extended on a yearly basis. All routes except a few routes were declared fit for CC+6+2 loaded wagons. The General Managers of the Zonal Railways were directed to obtain the sanction of Commissioner of Railway Safety (CRS) for running of CC+8+2 loads on the various routes within three months of the issue of the instructions.

On North Western Railway, there is a regular traffic of gypsum and limestone from Jaisalmer area of Jodhpur Division. The outward traffic moves to destinations over South East Central, South Eastern and Eastern Railways and is routed via West Central Railway (WCR)/ North Central Railway (NCR). Railway Board approved three routes for plying of CC+8+2 loaded wagons over North Western Railway (NWR) and sanction of CRS was to be obtained within three months. Accordingly, the CC+8+2 loaded rakes were booked from Jaisalmer (sixteen rakes) and Gotan (three rakes) in August 2008 but were stopped later on the grounds that Sawai madhopur - Kota (107.76 kms on WCR) and Bandikui-Yamuna Bridge (155 kms on NCR) were CC+6+2 routes and the sanction of CRS was not obtained for plying CC+8+2 loaded rakes on NWR. Presently, all the loaded rakes are being moved with CC+6+2 resulting in loss of earnings of two tonnes per wagon. This resulted in loss of Rs.6.86 crore during the period August 2008 to February 2009.

When the matter was taken up with the Railway Administration (March 2009), they stated (June 2009) that the section Sawai madhopur – Kota (107.76 kms.) and Bandikui – Yamuna Bridge (155 kms.) fall over the jurisdiction of other Railways and hence necessary action on the issue of plying CC+8+2 loaded rakes on these routes are to be taken by the concerned Railways/ Railway Board.

The remarks are not tenable because the Sawai madhopur-Kota section (WCR) is a part of the trunk route (Group 'A') from New Delhi to Mumbai Central and was fit for CC+8+2 loads as certified by West Central Railway in their report sent to Railway Board in March 2008. Similarly, Bandikui-Agra Fort section of NCR was also fit for CC+8+2 loaded rakes being laid with higher sleeper density and 52 kg 90 UTS rails as a part of golden triangle route and therefore meets the requisite track standards for CC + 8 + 2 loading. Further, a test check by audit indicated that 105 double headed rakes moved between Bandikui (NWR) to Agra (NCR) from January 2009 to May 2009

and as such the section was also fit for double headed loco operations. Thus the entire route was technically fit for CC+ 8 +2 traffic and only a notification was required to be issued by the Railway Board. Had the Railway Administration been proactive and coordinated with adjoining Zones/ Railway Board, the loss of Rs.6.86 crore could have been avoided.

2.1.4 Western Railway Loss due to over-carriage of parcels

The failure of the staff responsible for handling of the parcels in trains besides unnecessary occupation of precious space in the parcel vans has resulted in loss of Rs.1.96 crore on account of unrealized freight on over-carried parcels

As per provisions of the Indian Railway Commercial Manual, Guard/Assistant Guard of the train is responsible for custody of the parcel packages loaded in the Vans. The loading of parcel packages should be done in such a manner as to enable the Guard/Assistant Guard to arrange quick unloading at the destination station. The manual also stipulates that parcels over-carried must be carefully examined and re-weighed immediately and re-booked to the correct destination.

Scrutiny of records of Parcel offices at Indore and Ahmedabad in December 2007 and November 2008 respectively revealed that 1,46,604 packages of over-carried parcels were received at the two stations during the period from April 2006 to December 2008. These over-carried parcels were neither re-weighed nor re-booked as provided in the rules. On the contrary, these were sent back to their destination without issuing Parcel Way Bills. In the absence of re-booking particulars of the over-carried parcels the exact loss due to over-carriage could not be assessed. However, based on the average weight and freight of each parcel booked from Indore and Ahmedabad stations audit assessed the loss of freight at Rs.1.93 crore.

Audit also noticed that 84 parcels booked by Indore station and 536 parcels booked by Ahmedabad station were received back without unloading at the destination station. Similarly a parcel vehicle booked from Ahmedabad to Agra Fort in October 2007 was received back in unloaded condition after 57 days. The loss of freight due to double carriage works out to Rs.0.03 crore.

In reply to audit the Divisional Commercial Manager accepted that the loss could have been avoided and that all efforts were being made to minimize the instances of over-carriage of parcels

Thus the failure of the staff responsible for handling of the parcels in trains besides unnecessary occupation of precious space in the parcel vans has resulted in loss of Rs.1.96 crore on account of over-carriage.

When the matter was taken up with the Railway Administration (March 2009), they stated (November 2009) that over carriage of parcels arises on account of quantum of traffic and although efforts are made to limit such over carriage, a small percentage get affected. While they admitted that room carried by the over carried parcels could have been gainfully utilized for loading of fresh parcels, they have not agreed to the potential loss of revenue on the ground that packages are cleared by the other available trains. They have now stated that the system of sending advance intimation to destination stations has been introduced so as to facilitate the unloading.

The reply is not acceptable because the number of parcels over carried at two stations during a short span of one year indicates that the procedure was not followed. Moreover, had the parcels been unloaded at the correct stations, the available space could have been utilized to maximize revenue potential. Thus there is certain loss and remedial action is required to strengthen the system of handling the parcels.

2.1.5 Northern, Northeast Frontier: Short realization of freight and East Coast Railways due to incorrect computation of freight of military traffic

Failure of forwarding Railways to levy the correct freight coupled with failure of the destination station resulted in short recovery of freight of Rs.1.69 crore from Defence Department

Rules provide that the destination station should check the freight and other charges mentioned in the invoices and report the undercharges noticed, if any, to the booking station.

Railway Board (Board) in March 2006 rationalized the rates for Military traffic with effect from 01 April 2006. As per revised instructions, the freight of Military goods traffic of any description including explosives, when booked in Military and Railway owned wagons, was to be levied and charged for the permissible carrying capacity (PCC) of the wagons used at class LR-1 and class 110, respectively. Further, the freight charges so levied should be for actual number of wagons in the train subject to a minimum of 40 bogie wagons per train. Rules also provide that at least two dummy wagons should be attached between the engine/guard's vans and the wagon loaded with explosives.

Scrutiny of records of Military traffic received at 6 stations (Pathankot, Baddowal, Dasua, Suranussi, Ludhiana, Bathinda Cantt.) revealed that while booking consignments of Military ammunition traffic, during April 2006 to March 2009, the staff of booking stations (POSG & Bhandak of Central Railway) did not charge the freight as per Board's instructions. The ammunition booked in wagons was charged at train load class rate though the condition of charging of freight for minimum of 40 bogie wagons was not fulfilled and the freight was charged for less than 40 wagons. More than two to 13 bogie wagons attached with the train as dummy wagons were charged at haulage rates. Similarly, the Military ammunition traffic, booked in the rakes of Railways owned BCN/BCNA wagons was not charged for the prescribed minimum number of 40 bogie wagons at the applicable correct class (class 110) on the basis of their applicable PCC. These irregularities were also not detected by the Commercial staff of receiving Railway. As a result, the undercharges of freight amounting to Rs.0.89 crore remained unrealized from the Defence Department. Similarly irregularities were noticed in East Coast Railway resulting in short recovery of freight amounting to Rs.0.24 crore. Further, in Northeast Frontier Railway, Edible oil consigned to Military Regimental Messes etc. was charged at class LR 4 instead of the prescribed class of 110 resulting in short recovery of Rs.0.56 crore.

When the matter was taken up with the Railway Board (October 2009), they stated (December 2009) that a letter to Central Railway has been written to start recovery of undercharges pertaining to Northern Railway and error sheets have been issued for undercharges pertaining to East Coast Railways. Nevertheless, the undercharge pointed out has not, so far, been recovered. In respect of Northeast Frontier Railway, Railway Board took a stand that no further action was required in the matter as the clarification for charging of stores like Edible oil consigned to Regimental Messes at class 110 was issued in October 2009 thereby making the instruction effective from 10 November 2009. This is not tenable. Since the clarifications simply reiterated the provision of rationalization letter of March 2006 stipulating charging of the item at class 110, there was no justification for making the instruction effective from 10 November 2009. As such, the short recovery pointed out requires regularization. Thus, the failure of the forwarding Railways to levy the correct freight coupled with failure of the destination station staff to collect the undercharges resulted in short recovery of freight of Rs.1.69 crore.

2.1.6 East Coast Railway: *Non-realisation of surcharge due to irregular booking of goods*

Failure to levy freight at Railway Risk rate as per extant orders resulted in short-realisation of Rs.1.39 crore
--

Where any goods are entrusted to a Railway Administration for carriage, such carriage shall, except where owner's risk (OR) rate is applicable in respect of such goods, be at railway risk rate. Goods, for which owner's risk rate and Railway risk (RR) rate are in force, may be entrusted for carriage at either of the rates and if no rate is opted, the goods shall be deemed to have been entrusted at owner's risk rate.

In terms of Rule No.177 of Goods Tariff 41, (Vol.-I), class rates apply at RR except where the symbol 'OR' is given against the commodity. If the commodity, to which the symbol "OR" is attached, is offered for booking at RR, the freight charges to be levied would be 20 per cent higher than the charges at Owner's Risk.

As per Goods Tariff effective from 01 April 2007 all the Main Commodity groups were brought under 'OR'. The commodity 'Iron Ore' appears under the Main commodity group No.13 (i.e. Mineral and Ores) with risk rate 'OR' and class rate 160 (Train Load). The classification of these commodities remained in force at OR till 31 October 2007.

Scrutiny of related records at Goods Office, Bachel revealed that in 32 Railway Receipts issued in April 2007, the consignor (NMDC Ltd.) in its forwarding notes had opted for Iron Ore to be carried at 'RR' to different stations over Indian Railways. The corresponding Railway Receipts revealed however that under the column Risk Rate, 'Railway Risk' was overwritten as Owner's Risk without any attestation. Further in other five Railways, in receipts issued (April and May 2007), Iron Ore was booked as OR while the consignor had offered for booking at 'RR'. Thus, irregular booking of goods had taken place in these cases. As a result there was a short-realisation of

freight of Rs.1.39 crore on account of non-levy of 20 per cent over and above the normal charges.

When the matter was taken up with the Railway Board (September 2009), they stated (December 2009) that there was no short realization of freight, which has been realized on the basis of Owner's risk in consonance with the type of Risk accepted by the Railways in the concerned RRs. The reply is not acceptable because the consignments were not booked under Railway Risk Rate though the consigner opted for the same. Hence, by overwriting the RRs Railway had lost the opportunity to collect the surcharge which was leviable as per rules resulting in loss of freight.

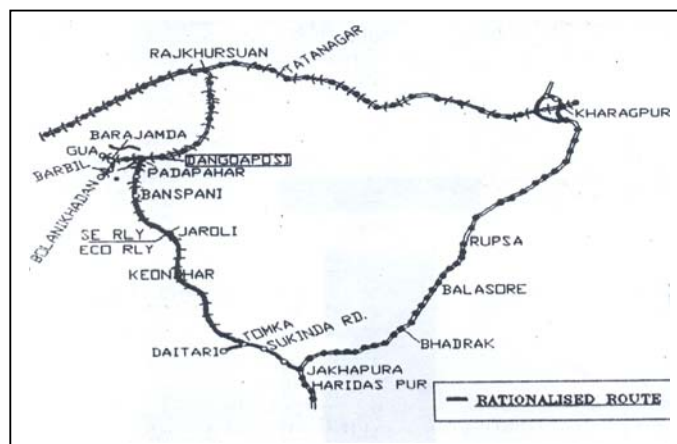
2.2 Routing deficiencies/incorrect computation of distance

2.2.1 South Eastern and East Coast Railways: *Loss of revenue due to deficiency in rationalisation scheme*

Deficiency in the orders of rationalisation scheme i.e. non inclusion of a station situated on rationalised route resulted in loss of revenue of Rs.2.26 crore due to charging of freight via shorter route

As per Railway Board's order issued (03 August 2007) amendment No.3 to the General Order No.1/2007 of Rationalisation Scheme was applicable with immediate effect. Iron ore traffic originating at Bolanikhadan, Barbil, Barajamda, Gua and Noamundi stations and their associated sidings on South Eastern Railway and booked to stations on Jaroli-Jakhapura-Cuttack-Paradeep Section should be carried via Tatanagar- Kharagpur-Bhadrak instead of the shortest route via Banspani-Jaroli-Jakhapura. This arrangement was extended further up to 30 June 2009 unless cancelled earlier.

Audit noticed that Banspani-Jaroli-Jakhapura line takes off from Padapahar Junction on Tata-Rajkharswan-Barajamda Section and Dangoaposi Station is the next station beyond Padapahar Junction towards Tata end. As per the above rationalised route, all iron ore traffic from Barajamda, Noamundi, Barbil and Gua and their associated sidings are carried through Padapahar and Dangoaposi stations. It was, however, seen that Dangoaposi station was not included in the above General Order of Rationalisation Scheme for booking of iron ore traffic to stations on Jaroli-Jakhapura-Cuttack-Paradeep section.



Records revealed that during the period from February 2008 to February 2009, on some occasions iron ore traffic booked from Dangoaposi to stations Tomka, Jakhapura, Paradeep in Jaroli-Jakhapura-Cuttack-Paradeep section was charged via longer rationalized route (Tatanagar-Kharagpur-Bhadrak). On eight occasions (June 2008, September 2008 and February 2009) iron ore traffic from Dangoaposi to Tomka (a station on East Coast Railway) was booked and charged via shortest route i.e. Banspani-Jaroli-Jakhapura indicating that uniform policy was not followed for routing of traffic and charging of freight for iron ore booked from Dangoaposi station. This irregularity had taken place because Railway Board had included only some of the stations in the General Order of Rationalisation Scheme without mentioning the entire section from Barajamda to Rajkharswan stations for booking of iron ore traffic. Since Dangoaposi station is located in the same section of route over which iron ore traffic from Barajamda, Noamundi etc. and its associated sidings is carried through, it should have been included in the rationalised route. In reply to an Audit query, Dy Chief Operations Manager, South Eastern Railway stated (May 2009) that a proposal is being sent to Railway Board for inclusion of Dangoaposi station in the list of notified stations for route rationalisation scheme (via Bhadrak).

Thus, Railway Administration's failure in not including Dangoaposi station in the rationalised route resulted in loss of revenue of Rs.2.26 crore in respect of those consignments, which were booked and charged via shortest route.

2.2.2 Eastern Railway: Non-rationalisation of longer route

Railway Administration's failure in reviewing the rationalisation scheme as required by the Railway Board from time to time and non-rationalisation of the actually carried route resulted in loss of revenue of Rs.1.27 crore

Railway Board had issued instructions (February 1976, April 1998 and November 1999) to all Zonal Railways to review and intimate them such streams of goods traffic which were being booked and charged by shorter routes but were actually carried by longer routes due to operational difficulties as a regular measure for rationalisation of such routes so that freight could be charged by the actual carried longer route.

Audit scrutiny of records of the office of the Goods Shed Superintendent, Ultra Tech Siding, Durgapur revealed that cement traffic, booked from Ultra Tech Siding, Durgapur to Sainthia, Malda and some other stations (viz. New Jalpaiguri, New Guwahati, North Lakhimpur etc.) on Northeast Frontier Railway, was regularly being carried via Khana-Sainthia route (longer route). However, the freight was being charged by Andal-Sainthia route (shorter route) and no action was taken by the Railway Administration to rationalise the longer route. Thus haulage of traffic by the longer route and charging of freight by the shorter route resulted in loss of revenue. Audit assessed loss of Rs.1.27 crore during the period from April 2007 to February 2009 in respect of 276 rakes, which were carried via longer route. The loss would continue till remedial action is taken.

When the matter was taken up (September 2009) with the Railway Board, they stated (December 2009) that sometimes consignments are carried by slightly longer and less congested routes to ensure (a) faster speed thereby achieving better utilisation of wagons and locomotives and (b) quick delivery of consignments to customers. They further added that the traffic, identified by Audit was basically a short lead traffic (less than 500 km.) and as such there was every possibility for diversion of the same to road and keeping in view the already declining trend of rail co-efficient it was considered prudent to rationalize the route and charge higher freight. They also stated that upward revision in classification has no relation with decline in Rail co-efficient of this traffic. The contention of the Railway Board that the traffic would divert to road if the route was rationalized and freight charged via actually carried longer route, is unfound as Railway had made upward revision in the classification thereby charging higher freight. Moreover, the fact remains that despite charging freight by the shortest route, the rail co-efficient declined as per figures reported by Railway Board.

2.2.3 Northern, North Western: Loss due to non-observance of and East Coast Railways rationalisation orders, incorrect computation of distance and non/incorrect levy of busy season surcharge

Railway's failure to levy freight as per rationalization orders, incorrect computation of distance and non/incorrect levy of busy season surcharge resulted in loss of revenue amounting to Rs.1.19 crore

Rules provide for periodical inspections by officials of both Commercial and Accounts Department and internal check by Traffic Accounts Office to ensure that goods traffic is booked and charged correctly as per the extant rules.

Scrutiny of records in audit of outward food grain traffic booked from 32 stations of Northern Railway to stations of other Zonal Railways revealed failures regarding non-observance of Rationalisation Orders, incorrect computation of distance and non/incorrect levy of Busy Season Surcharge.

- (a) As per General Order No.1 of 2006 and 2007, (effective from 01 July 2006 to 30 June 2008) food grain traffic from Northern Railway to stations on Nagpur-Rourkela (excl.) section including Raipur-Vizianagram and Jharsuguda-Titlagarh sections for which the shorter route is via Anuppur-Bilsapur was to be booked, routed and charged via Itarsi-Amla-Nagpur. All goods traffic for stations reached via Cuttack was to be booked and charged via Barang-Kapilas Road by pass avoiding Cuttack. Further, as per para 3.3(c) of General Order No.1 of 2006(effective from 01 July 2006 to 31 March 2007) food grain traffic from Northern Railway to stations on Kharagpur-Waltair section was to be booked and charged via Mughalsarai-Gomoh. Audit noticed that in 17 cases the traffic was not charged via the routes specified by the Railway Board (Board). Besides, in 16 cases the chargeable distance for charging the freight was not computed

correctly. This resulted in short-recovery of freight charges amounting to Rs.0.71 crore during April 2006 to November 2008.

- (b) As per Board's directives, busy season surcharge at the rates specified from time to time was to be levied on the food grain traffic. It was, however, observed that in 11 cases, the charge was either not levied or levied incorrectly. This resulted in undercharge of freight amounting to Rs.0.39 crore during April 2006 to October 2007. The Accounts/Commercial Staff also failed to detect this irregularity in their internal check/inspections.

Similarly, irregularities were noticed on North Western and East Coast Railways resulting in undercharge of freight amounting to Rs.0.09 crore.

Thus, Railway Administration's failure to levy freight as per rationalisation orders, incorrect computation of distance and non/incorrect levy of busy season surcharge as per Board's directives resulted in loss of revenue amounting to Rs.1.19 crore April 2006 to November 2008.

When the matter was taken up (November 2006 to December 2008), the Railway Administration stated that the undercharge of only Rs.0.75 crore was found to be due and the same will be referred to foreign Railway after due verification for recovery.

The reply of the Railway Administration is not tenable as apart from the undercharges of Rs.0.75 crore (Rs.0.36 crore plus undercharges of Rs.0.39 crore on account of non/incorrect levy of busy season surcharge) accepted by the Railway Administration, undercharge of Rs.0.27 crore was also found to be correct as recomputed in audit. Moreover, undercharge pointed out was yet to be recovered.

2.2.4 Southern Railway Loss of freight due to incorrect notification of chargeable distance in the Local Distance Table

Failure on the part of Railways in notifying correct chargeable distance of sections in the Local Distance Table resulted in loss of freight to the extent of Rs.1.16 crore

The chargeable distance (CD) between the originating and destination stations is notified in the Local Distance Table (LDT) by the Chief Commercial Manager. As per Railway Board's instructions (February 2003 & September 2004), for deriving the CD, actual engineering distances up to two decimal places of the various sections from originating station to destination station are added and the distance so aggregated rounded off to the next higher kilometer.

A check of Working Time Table (WTT) of Madurai Division and LDT of Southern Railway revealed that whereas the actual distance between Madurai and Dindigul shown in the WTT (September 2004) was 67.64 km, CD notified in the LDT of 2003 was 65.94 km. The difference was due to variations in the inter section distances between four sets of stations in this section.

In respect of Goods traffic booked from New Port of Tuticorin Siding (MVTS), there were five pairs of points involving short realization of freight due to adoption of less CD for this section. Out of these, records connected with one pair of points viz. MVTS to Tamilnadu Newsprint Limited Siding, Pugalur having regular traffic of coal and limestone were examined in Audit for the years 2006-07 to 2008-09 and loss of freight to the extent of Rs.1.16 crore was noticed.

When the matter was taken up (March 2009) with the Railway Administration, they stated (August 2009) that correct inter distance between Kodaikkanal Road (KQN) and Vadipatti (VDP) was 11.07 km. However, it was printed by mistake as 12.93 km. in WTT. The distance (67.64) km mentioned in the WTT has been corrected (May 2009) as 65.78 km.

Railway Board reiterated (December 2009) the above and further stated that with the correction in the distances in the WTT there was no variation in the WTT and LDT.

The reply is not acceptable as the inter distances between ABI-KQN (14.56 km.) and KQN-VDP (12.93 km.) have been certified repeatedly by the Civil Engineering Authorities as per their field records and these have been taken into account as such while preparing/modifying the WTTs from time to time. Railway Administration has corrected these inter distances in May 2009 on the certification of an office which has already certified in March 2009 that the inter section distances between Dindigul Jn and Madurai Jn (BG) section as mentioned in the existing WTT are correct. As such, LDT has not been revised corresponding to the WTT and revision made in WTT in May 2009 is not in order.

2.2.5 Southern Railway: Less realisation of freight due to non-ratioalisation of a longer carried route

Railway's failure in getting an operationally convenient longer carried route rationalised resulted in less realisation of freight to the extent of Rs.1.05 crore

As per Rules, all goods traffic should be despatched by the operationally feasible route and freight charges recovered by the shortest route. However, if some traffic has to be carried regularly by the longer route requiring incurrence of extra expenditure, such route may be rationalised by the Railway by issuing general orders under section 71 (1) (b) of the Railways Act 1989 and freight recovered by the rationalised route instead of shortest route.

Ichchangadu (ICG), a station in Vriddhachalam (VRI) - Tiruchchirappalli (TPJ) section, is the serving station for two sidings viz. Madras Cements Limited Siding (MCL) and India Cements Limited Siding (ICL). Traffic originating from these sidings includes traffic booked to stations beyond Erode (ED).

After the Gauge Conversion (GC), VRI – Salem (SA) section became the shortest route (November 2007) for the traffic moved to stations beyond ED. As such, this traffic was booked via the VRI – SA route. However, a review of records in Audit revealed that Railway was carrying this traffic regularly over

the Tiruchchirappali Goods Yard (TPGY) – ED route, 19 km longer than the shortest VRI - SA route. Railway attributed following reasons for moving this traffic by the longer route.

- Ruling gradient of VRI - SA section is 1 in 100 which requires use of multi engines. However, the ruling gradient between ICG and Karur (KRR) on TPJ – ED section is 1 in 200 over which the same train can be hauled with single engine.
- Movement of traffic bound for destinations beyond ED via SA involves direction change at SA resulting in undue hold up of wagons.

Audit observed that the ruling gradient in KRR - ED section is 1 in 100 and a double/multiple locomotive is required for moving the traffic via longer route also. Thus, due to involvement of reversal of engine at SA, the traffic was not moved via the shorter route and the longer route was considered operationally convenient. In spite of this, Railway did not take any step for the rationalisation of the longer carried route resulting in less realisation of freight to the extent of Rs.1.05 crore in carrying 258 rakes via longer route during the period December 2007 to March 2009.

When the matter was taken up (January 2009) with the Railway Administration, they stated (August 2009) that the longer carried route was not got rationalised as Railway might have lost the traffic due to increase in the freight and tough competition from other modes of transport. The traffic was moved via the longer route solely for Railway's operational convenience. Freight less realised is negligible in comparison to the total freight earnings and loss due to undue hold up of wagons. The reply is not tenable as there was no chance for losing the traffic as the movement of subject traffic was all along by the longer route even prior to the GC of VRI – SA section. In fact, there was a loss of freight even after incurring expenditure on the GC of the shorter route. Since freight less realised is an avoidable loss, its comparison with the total freight earnings is not valid. Further, change in the direction of the traffic and undue hold up of wagons at SA were adequate reasons for the rationalisation of the longer route.

2.3 Detention to Rolling Stock

2.3.1 West Central Railway *Loss due to detention of locomotives*

The failure of the Railway Administration to follow the directions of the Railway Board regarding regulating the movement of locomotives to ensure timely trip inspection schedule has resulted in failure of locomotives causing productivity loss of Rs.12.25 crore on account of avoidable detention

Keeping in view the instances of retention of locomotives over due for inspection in service, Railway Board directed (July 2004) all zonal railways to ensure that a locomotive which becomes due for schedule is returned to the homing shed in time to avoid any safety hazard and ensuring reliability and availability of electric locomotives. Directions were also given to monitor the movement of locomotives to ensure their timely return for schedules.

Scrutiny of records of Electric Loco Shed Itarsi revealed that 97 locomotives had failed during service due to oil starvation in suspension bearings which occurred on account of lack of timely inspections. It was also observed that records regarding maintenance schedule given to locomotives were not being maintained to monitor as to when the next schedule was due. Failure of the locomotives during service caused avoidable detention of 636 days resulting in loss of productivity of Rs.12.25 crore during the years 2005-06 to 2008-09 (till December 2008).

When the matter was taken up with the Railway Board (October 2009) they stated (December 2009) that there were only 54 failures due to oil starvation and the cases of such failures have reduced. They also added that instructions to use locomotives provided with TAO motor within one zone and regulate the movement to ensure timely trip schedules were never issued. The reply is not tenable because as per records of the Itarsi Loco Shed, 97 locomotives have failed on line due to failure of the suspension bearings and the instances of failure had gone up from 16 in 2005-06 to 29 in 2008-09. The contention that no instructions regarding use of locomotives provided with TAO motor within one zone and regulate their movement to ensure timely trip schedules were never issued is not correct and Railway Board is required to refer to their letter No. 2001/Elect(TRS)/440/5 dated 15 July 2004.

Thus the failure of the Railway Administration to follow the directions of the Railway Board regarding regulating the movement of locomotives to ensure timely trip inspection schedule has resulted in failure of locomotives causing productivity loss of Rs.12.25 crore on account of avoidable detention.

2.3.2 Southern Railway: Stabling of manufactured wagons for want of long lead/free supply items

Railway's failure in procuring Air brakes in advance and arranging free supply items resulted in stabling of manufactured wagons and corresponding loss of earning capacity of Rs.11.11 crore

Railway Workshops involved in the manufacture of wagons are required to plan and ensure timely availability of long lead vital/free supply items so that manufacturing activities are started in time and regulated without any hindrance.

Special steel raw material is required for the manufacture of BLC and BOXNHL wagons. Golden Rock Workshop (GOC) placed indents on Railway Board (August 2006) for procurement of special steel raw material for manufacturing 1125 BLC wagons from April 2007 onwards. Based on the wagon placement orders received in January 2007, GOC planned to manufacture 240 BOXNHL wagons during 2007-08 and placed indents (May 2007) for the procurement of CRF steel sections/stainless steel raw material. As the requisite material was not received, GOC decided (July 2007) to undertake the manufacture of 240 BOXNHL from September 2007 wagons against Railway Board's order of May 2006.

Since Though Air brake a long lead vital non-stock item required for manufacture of wagons, the order for procurement of 240 sets of Air brakes

was placed on 6 March 2008 allowing delivery of 50 percent of ordered quantity within one month and balance within three months thereafter. The supply was received in May 2008 and July 2008 (120 sets each). As a result, 148 BOXNHS wagons manufactured during the period December 2007 to May 2008, were stabled in GOC. Further apart from this some more wagons were also stabled due to non-availability of free supply items like HT Couplers, Casnub Bogies and Wheel sets also. This resulted in delay in utilizing the otherwise fully manufactured wagons leading to potential loss of earning capacity of Rs.11.11 crore.

When the matter was taken up (March 2009) with the Railway Administration, they stated (August 2009) that since the special steel raw material for the manufacture of BLC and BOXNHL wagons could not be made available at the initial stage, manufacture of BOXNHS wagons was undertaken under a contingency plan due to which an unrealistic and insufficient lead time of only two months was given for the procurement of Air brakes. The reply is not tenable as the manufactured wagons were stabled in GOC due to Administration's failure in initiating timely action for the procurement of Air brakes and ensuring supply of other free supply items for the Wagon order received as early as in May 2006.

2.4 Miscellaneous

2.4.1 South Western Railway: *Loss of earnings due to delay in augmentation of train composition to 24 coaches*

Railway's failure in augmenting the train composition to 24 coaches by the target date resulted in non-realisation of anticipated additional revenue to the extent of Rs.35.78 crore.

In order to provide confirmed berths to waitlisted passengers and earn additional revenue, Railway Board decided to increase the number of coaches in popular trains from the existing to 23/24 and issued detailed instructions (June 2006) to commence the process of augmentation. Railway Administration identified (December 2006) 19 trains including eight trains identified by the Railway Board for this purpose. Whereas the augmentation work of trains identified by the Railway Board was to be completed by the end of December 2007, the targeted fixed for this work for the trains other than those identified by the Railway Board was by the end of March 2008.

A review of records revealed that augmentation of only one train (2785/2786) was completed and concurrence to run augmented train was given in respect of another one train (1013/1014) belonging to other Railway. Augmentation of five trains (6525/6526, 2509/2510, 2591/2592, 6529/6530 & 6221/6222) could not materialise due to the presence of a Kerosene Bunk in the yard at the land belonging to the Corporation (BBMP). Removal of this Bunk was necessary for facilitating the required works like extension of Pit lines.

It was, however, noticed that Railway Administration sought clearance from en-route/destination Railways for running five identified trains (2629/2630,

2649/2650, 2607/2608, 2609/2610 & 2657/2658) with additional coaches by December 2007. Neither the concerned Railways responded nor was the matter chased by the Railway Administration. The capacity of the pit lines and platforms for making possible the running of other seven trains (2779/2780, 2725/2726, 2781/2782, 2975/2976, 6589/6590, 6591/6592 & 2863/2864) after augmenting the train composition could also not be up-graded by the target dates. The capacity of Pit lines at the following four stations was to be up-graded by the end of March 2009-

Station	P1	P2	P3	P4	P5	P6	Status
Hubli	21 coach	18					Work at proposal stage
Vasco	18						Work started in December 2008
Banagalore		21	21	18		21	Work not commenced
Mysore	21	21	21				Work in progress

Extension of platforms was required on 22 stations. By the end of March 2009, works were completed in respect of seven stations only. Whereas works were in progress in four stations, no work was started on the remaining eleven stations. As such, these 12 trains could not run with 24 coaches by the target dates fixed for them either due to lack of coordination among the Railways or due to non-execution/ non-completion of works for the extension of pit line/platforms. Taking into account the fares for sleeper class/second class sitting accommodations, non-running of 12 trains with the composition of 24 coaches has resulted in non-realisation of anticipated earnings to the extent of Rs.35.78 crore during January/March 2008 to March 2009.

When the matter was taken up (March 2009) with the Railway Administration, they stated (August 2009) that trains could not be augmented due to delay in pit lines extension on account of land acquisition process, requirement of high power locomotives, extension of platforms and non-receipt of concurrence from other Railways. However, Divisional Railway Managers have been asked to advise the feasibility of running four trains with additional coaches. The reply is not tenable as Railway should have initiated the land acquisition process in time after the receipt of Railway Board's orders in June 2006. Non-commencement of work for the extension of platforms on 11 out of 22 stations shows that Railway Administration was not determined to create required infrastructure in time. Further, as per Railway Board's statement, WDM3 locomotive has capacity to haul 24 coaches in gradient sections also.

2.4.2 South Central Railway: Loss due to faulty Liberalised Siding Rules

Electrification of non-electrified sidings at the cost of Railways under Liberalised Siding Rules has resulted in reduction of earnings by Rs.5.21 crore in comparison to earlier earnings even after incurring expenditure on the electrification of the siding

In non-electrified sidings on electrified territory, Railways collect siding charges in addition to freight from or to serving station. If a siding has complete facilities for the direct reception and despatch of trains, freight on

through distance basis i.e. freight for the distance right from the siding to the destination is charged. Transportation charge collected on 'through distance basis' is normally less than that of the combined amount of freight from serving station and siding charges. Railway Board, however, ordered (February 1994) that freight on through distance basis would not be charged in respect of non-electrified sidings on electrified territory.

As per codal provisions, entire cost of electrification within the siding premises is to be borne by the siding owner. In view of poor response from the siding owners for the electrification of their sidings, Railway Board offered (February 1988) an incentive of 50 percent in the expenditure. As there still was no improvement, Railway Board implemented (September 2000) the Liberalised Siding Rules (LSR) under which Railway decided to bear the cost of electrification of those existing sidings where the Rate of Return (ROR) was 14 percent or above on traffic offered in the previous 24 months. Thereafter South Central Railway Administration electrified three sidings (two collieries and one Power House) and exchange yard of one siding in 2007, all served by Ramagundam station situated in electrified territory, at a total cost of Rs.10 crore.

An analysis of freight conducted in Audit in respect of one siding (GOSG) out of three revealed that electrification of siding at the cost of Railway has resulted in financial loss to the Railways. In respect of this siding, freight due on through distance basis for the traffic dealt with during the period September 2007 to November 2008 was less by Rs.5.21 crore (i.e. Rs.98.05 crore recoverable as freight plus siding chares minus Rs.92.84 crore on account of freight). This amount would have been paid by the siding owner legitimately as per the extant orders if the Railway had not electrified the siding under LSR.

When the matter was taken up (January 2009) with the Railway Administration, they stated (June 2009) that policy guidelines are evaluated and formulated by the Railway Board. Lesser realization even after incurring expenditure by the Railway on the electrification of the siding is as per the telescopic benefit, which is the basic principle in any transporting organisation. The reply is not tenable as the framing of LSR appears to be defective. Since the declaration of a siding for charging of freight on through distance basis is discretionary, such condition could be applied only after the recoupment of the expenditure on the electrification of the siding through the recovery of siding charges.

2.4.3 Western Railway Avoidable loss of earnings due to delay in opening of the section for passenger traffic

Railways suffered a loss of Rs.1.94 crore due to delay in opening of Neemuch –Ratlam section for passenger traffic despite clearance by Commissioner of Railway Safety
--

Gauge conversion work of Neemuch –Ratlam section over Western Railway was completed and the section was opened for goods traffic from 15 February 2007. With the intent to open the section for passenger traffic, the section was

inspected by Commissioner of Railway Safety (CRS) on 20 March 2007. CRS gave provisional sanction for running of passenger trains with a maximum speed of 75 KMPH subject to strictly observing the speed restrictions. After two months Western Railway approached Railway Board on 14 May 2007 for fixing of a suitable date for inauguration. As no response was received from the Railway Board and the public was getting restless, the Western Railway again approached Railway Board on 6 June 2007 and requested either to fix an early date for inauguration or permit them to run local passenger trains immediately. The section was ultimately inaugurated by Minister of Railways on 16 June 2007. Thus the trains were not operated on the section merely for want of inauguration by a VIP for almost three months resulting in inconvenience to public as well as loss of earnings.

When the matter was taken up with the local Railway Administration in December 2007, they stated (February 2008) that passenger services could not be operated due to non-completion of the residual works. The reply is not tenable as the CRS had cleared the section for commencement of passenger services subject to observing certain speed restrictions and the delay was merely for want of inauguration to be done by a VIP.

Giving a reasonable period of ten days for completing the formalities for inauguration of the section after the CRS clearance, Audit observed that the Railway suffered a loss of Rs.1.94 crore during 1 April 2007 to 15 June 2007.

The matter was taken up with the Railway Administration (January 2009); their reply is awaited (December 2009)