

## Chapter 2: Traffic - Commercial and Operations

The Traffic Department comprises four streams viz., Traffic, Commercial, Coaching and Catering & Tourism. The activities related to these streams are performed by the concerned directorates headed by Additional Members/ Executive Director. At the Railway Board level, the Traffic Department is headed by Member Traffic.

The activities such as marketing, traffic development, improvements in quality of railway service provided to customers, regulation of passenger/ coaching/ freight tariffs, monitoring of collection, accountal and remittance of revenues from passenger/ freight traffic are managed by Commercial Directorate. The activities such as planning of transportation services – both long-term and short-term, management of day to day running of trains including their time tabling, ensuring availability and proper maintenance of rolling stock to meet the expected demand and conditions for safe running of trains are, however, managed by Traffic Directorate.

The management of passenger and parcel services is done by Coaching Directorate and activities related to catering and tourism are managed by Catering and Tourism Directorate.

At the zonal level, the traffic department consists of two departments, viz., Operating department and Commercial department. These are headed by Chief Operations Manager (COM) and Chief Commercial Manager (CCM) respectively, who are under charge of General Manager of the concerned Zonal Railway. At the divisional level, the Operating and Commercial Departments are headed by Senior Divisional Operations Manager (Sr. DOM) and Senior Divisional Commercial Manager (Sr. DCM) respectively who are under charge of Divisional Railway Manager of the concerned Division.

The total expenditure of the Traffic Department during the year 2013-14 was ₹5550.19 crore. Total Gross traffic receipt during the year was ₹1,39,558 crore<sup>1</sup>. During the year, apart from regular audit of vouchers and tenders, 1420 offices of the department including 559 stations were inspected.

This chapter includes one review on **Management of Private sidings in IR** and two long paragraphs on **Liberalized Active Retirement Scheme for Guaranteed Employment for safety staff (LARSGESS)** and **Fake Indian Currency Notes (FICNs) received through station earnings on IR** covering all Zonal Railways. These reviews/ long paragraphs are related to train operation and railway earnings, dealt with by the Commercial department of IR.

In addition, this chapter incorporates six Audit Paragraphs highlighting individual irregularities pertaining to inadequate/improper agreement for revenue sharing; non-revision of wagon hire charges; irregular waiver of demurrage charges etc.

<sup>1</sup> Indian Railway year book 2013-14

## 2.1 Review on 'Management of Private sidings in Indian Railways'

### Executive Summary

Freight traffic is the major source of revenue for Indian Railways and plays a vital role in industrial progress and economic growth of the country. Large share of freight hauled by Indian Railways is loaded and unloaded at various sidings, which are mainly either private sidings<sup>2</sup> or assisted sidings<sup>3</sup> of various customers of Indian Railways. Sidings are constructed to eliminate handling of goods at the stations and facilitate local haulage between the place of production/ consumption and Railway station. As on 31-03-2014, out of the total number of 1211 sidings, 835 are private sidings and the remaining are assisted sidings, departmental sidings and defence sidings. As per changing market and customer requirements, new sidings are opened and old ones are closed and dismantled.

The Railways deploy resources such as rolling stock (wagons, locomotives) and engage manpower etc. to run such sidings. The Railways charge the customers for various services provided to them in the sidings. It is, therefore, imperative for the Railways that operations in sidings are effectively monitored at different levels.

A detailed study of the 293 private sidings out of 835 in the Indian Railways has been conducted in audit. This Report highlights the performance of Indian Railways during 2009-2014 on the aspects pertaining to private siding operations that included setting up new sidings, operation of the new as well as existing sidings and recovery of various charges from the siding owners besides closure of sidings not in operations.

### 2.1.1 Major Audit Findings

- I. *Audit reviewed the process of setting up 55 new sidings by the private parties and observed that:-*
  - (a) (i) *43 sidings (out of 55) were constructed by the private parties through the Railways approved consultants. Of which, approval of the detailed project report in case of 25 private sidings was delayed for a period ranging between 45 and 1500 days over and above the prescribed time limit of 120 days (four months).*
  - (ii) *As the Railway Board did not prescribe definite time period for the construction of sidings by the parties, the delays in construction could not be assessed. While no record relating to the period of construction was made available in respect of 31 sidings in 10 Zonal Railways, the time taken for completion of construction of remaining 12 sidings (NWR-3, SER-5,*

<sup>2</sup> *In a private siding, the siding owner is required to bear all costs within and outside the siding premises.*

<sup>3</sup> *In an assisted siding, the siding owner is required to bear all the cost within the private siding premises. Between the serving station and the exchange point, the private party is required to acquire the land and hand over to the railways. The cost of all retrievable materials between the serving station and the exchange point such as track, sleepers, fastening girders of bridges, points and crossings, fencing and signaling, interlocking appliances, machinery of any kind and overhead electric equipment shall be borne by the Railways.*

WCR-1 and WR-3) ranged between 67 days to 2182 days (out of 43 sidings *ibid*). As a result of such delays in construction, the earning potential could not be tapped by Indian Railways. **(Para 2.1.7.1.2 B)**

- (b) In 7 sidings, clearance from Commissioner for Railway Safety (CRS) was not obtained before commissioning of the sidings. **(Para 2.1.7.1.3)**
- (c) In 26 sidings, the shortfall in the traffic with reference to the projections was more than 50 per cent. The reasons of shortfall in achieving the projected traffic were not made available by the Railway Administration in respect of 12 sidings. Further, no efforts were made by the Railway Administration to review the volume of traffic emanating from sidings despite enabling codal provision in this regard. **(Para 2.1.7.1.5)**
- (d) Survey and inspection charges (codal charges) amounting to ₹ 56.27 crore remained recoverable from 18 private siding owners in eight Zonal Railways as on 31-3-2014. **(Para 2.1.7.1.6)**

**II.** Audit examined the completeness of the Agreement entered between the Railways and the siding owners, effectiveness of the siding operations besides issues relating to the closure of the sidings not in operation. It was observed that:-

- (a) (i) Agreements with 16 sidings owners were not executed till 31<sup>st</sup> March 2014. Fresh agreements as per the Railway Board's orders of July 2005 were not executed in the revised format in respect of 53 sidings in 13 Zonal Railways. Further, delay was also observed in execution of agreements in respect of 31 existing sidings in six Zonal Railways.
  - (ii) Copies of agreements were not available in 59 Accounts offices and with 134 serving stations impacting the operation of the sidings. **(Para 2.1.7.2.1)**
- (b) Out of 293 private sidings<sup>4</sup> selected for detailed study, documentation such as siding agreement, land license agreement, siding register etc. were not available in respect of 113 sidings at Zonal Headquarters, 83 sidings at Divisional offices and at 111 concerned sidings offices. Further, meetings were not arranged by the concerned departments to sort out unresolved issues/disputes in respect of 25 private sidings. These reflect inadequate monitoring. **(Para 2.1.7.2.2)**
- (c) Though 155 sidings (out of 293) handled two or more rakes per day, no sick lines/ train examination lines were provided inside the siding. In absence of train examination facility, it was not possible for Railways to assess the quantum of damage and deficiency occurring to the wagons inside the siding premises. Further, tippers were not provided in 45 sidings (out of 293) which affected smooth loading/unloading operations at these sidings. Directives of the Railway Board for specific safety related facilities in Petroleum Oil and Lubricant (POL) sidings were not followed in 15 out of 38 POL sidings by the Railway Administration. **(Para 2.1.7.2.3)**

<sup>4</sup> 293 private sidings selected for detailed study include 238 existing private sidings and 55 new private sidings constructed during 2009 to 2014.

- (d) *Engine on Load (EOL) Scheme meant for helping the customers in prompt clearance of freight trains from their sidings was introduced in July 2004 in order to improve the utilization of the rolling stock. Scheme was introduced in 42 sidings only (out of 293 selected for study) till 31-3-2014. EOL Scheme in these sidings has not actually helped in speedy clearance of rakes from the sidings defeating the very purpose of introducing the scheme.* **(Para 2.1.7.2.4)**
- (e) *Railway dues on account of siding charges, land license fee, maintenance charges, engine hire charges, land license fee, staff cost, damage & deficiency charges etc. were not recovered in time resulting in accumulation of outstanding (₹ 241.58 crore) as on 31-3-2014. Against the demurrage charges amounting to ₹ 2004.35 crore accrued against 293 selected sidings during the period April 2009 to March 2014, ₹ 1338.40 crore was realized and ₹ 603.38 crore (30 per cent) were waived off leaving ₹ 62.57 crore remaining to be recovered as on 31 March 2014.* **(Para 2.1.7.2.5)**
- (f) (i) *An amount of ₹ 59.70 crore was outstanding on account of land license fee and dismantling charges in respect of eight closed sidings over SER and NWR.*
- (ii) *76 sidings, though not in operation for a period ranging up to 10 years, were yet to be notified for closure by Commercial Department. Further, an amount of ₹ 45.47 crore was outstanding against 19 such sidings* **(Para 2.1.7.2.6)**
- (g) *76 private sidings are yet to have a weighbridge in their premises despite Railway Board's instructions to this effect in 2004. In respect of 44 sidings, there was neither weighbridge at the siding premises nor at any en route station. In respect of 32 sidings en route weighing facilities was provided at the distance ranging between 3 to 390 kilometres from the siding premises enhancing the risk of overloading and damage to track.* **(Para 2.1.7.2.7)**

### 2.1.2 Introduction

Sidings are constructed to eliminate handling of goods at the stations and facilitate local haulage between the place of production/consumption and Railway station. As on 31-3-2014, Indian Railways have 1211 sidings which included 835 private sidings, 182 assisted sidings and the remaining include military and departmental sidings. There were 835 private sidings on Indian Railways as on 31 March 2009, with the addition of 125 new sidings as well as closure of 49 sidings and 76 sidings being not in operation (though not declared closed) during the period 2009 to 2014, there remained 835 private sidings in operation as on 31 March 2014 (**Annexure I**).

As per changing market and customer requirements, new sidings are opened and old ones are closed and dismantled. The Railways charge the customers for various services provided to them in the sidings. The siding rules have been

liberalized<sup>5</sup> by the Railway Board in 2005 and 2012 for bringing improvement in management of sidings and maximizing revenue realization. Prior to September 2000, all the cost of construction & maintenance charges thereof in respect of private sidings were to be borne by the siding owners. However, after the implementation of Liberalized Siding Rules in March 2005, there have been significant changes in siding policy of Indian Railways giving effect to the changes in cost sharing arrangements in construction as well as maintenance of sidings.

The Railways deploy resources such as rolling stock (wagons, locomotives) and engage manpower etc. to run sidings. It is, therefore, imperative for the Railways that operations in sidings are effectively monitored at different levels. Freight loading and earning of Indian Railways from various sidings and Goods Sheds for the past five years was as follows:-

**Table 2.1- Freight earnings and loading in Indian Railways**

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>
Total freight earnings (₹ in crore)	58,501.68	62,844.72	69,547.59	85,262.58	93905.69
Total Freight loading of IR (Million Tonnes)	887.79	921.73	969.05	1008.09	1051.64

Source: Indian Railways Year Book of respective years

Earnings from private sidings constitute the major share in the freight earnings of Indian Railways.

### 2.1.3 Audit Objectives

The objectives of this Performance Audit were to obtain reasonable assurance that:-

1. Whether new private sidings were constructed and commissioned following the laid down rules and procedures.
2. Whether an effective mechanism existed for overseeing:
  - Operations and maintenance of existing as well as new sidings and ensuring the recovery of the amounts due from the siding owners
  - Proper closure of the sidings not in operations

### 2.1.4 Audit scope, methodology and sample

The review was undertaken for the five year period from 2009-10 to 2013-14. The study included analysis of issues relating to construction and commissioning of new private sidings, management and operation of existing as

<sup>5</sup> Railways would not charge inspection charges where maintenance of new and existing siding is done by the party. OHE maintenance cost for existing as well as new sidings will be borne by the Railways. In case of new and existing sidings, cost of C & W examination will be borne by the Railways. In case of EOL sidings, the cost of all staff will be borne by the Railways. Capital cost of the traffic facilities like Y connection, additional lines at the serving stations, crossing stations etc. shall be fully borne by Railways.

well as new sidings, execution of agreements including fixation and realisation of various charges and monitoring of maintenance of records at various levels.

Records relating to guidelines and instructions towards management of private sidings issued by different Directorates<sup>6</sup> of Ministry of Railways, involved in policy formulation and issue of directives to zones for their implementation were examined. Implementation of these instructions at the Zonal and divisional level was also reviewed in respect of selected sidings.

Audit selected 293 private sidings (238 existing and 55 newly constructed) for detailed scrutiny (**Annexure II**) out of the 835 private sidings *in operation* in IR. Selection of sidings has been done on the basis of the quantum of traffic handled. All the 49 *closed* private sidings during 2009-14 were also reviewed in audit. Another 76 private sidings which are *not in operations* were also included for the review. Details of the sample selection are given in **Appendix I**.

Further, details of the roles and responsibilities of various authorities involved in construction, maintenance and operations of the private sidings are given in **Appendix II**.

### 2.1.5 Audit Criteria

The following sources of audit criteria were adopted for this Performance Audit:

- (i) Provisions prescribed under Indian Railway Code for Engineering Department, Indian Railway Commercial Manual, Indian Railway Operating Manual and Indian Railway Code for the Mechanical Department,
- (ii) Guidelines/instructions issued from Railway Board/Zonal Railways on construction, utilization, maintenance of private sidings and realisation of various charges from the siding owners and
- (iii) Liberalized Siding Rules, 2005 and 2012.

### 2.1.6 Acknowledgement

Audit acknowledges the co-operation and assistance extended by all Zonal Railways and Railway Board. Entry Conference was held with the representatives of the Ministry of Railways in October 2014.

The draft review report on the subject was issued to Ministry of Railways in April 2015. The audit findings and recommendations were discussed with Additional Member (Finance) and officials of Commercial & Engineering Directorate during exit conference held on 8 July 2015 at Railway Board. Similar exit conferences were also held by the Principal Directors of Audit in the Zonal Railways with the concerned authorities in the zones. Reply of the Ministry of Railways is awaited (June 2015).

<sup>6</sup> Civil Engineering, Commercial, Electrical, Mechanical and Signaling & Telecommunication

### 2.1.7 Audit Findings

The results of the Performance Audit of Management of Private Sidings in IR are given in the following sections:

- Construction of New Sidings,
- Siding operations and recovery of siding related charges and
- Conclusions and recommendations.

#### Audit Objective I

**Whether new private sidings were constructed and commissioned following the laid down rules and procedures.**

#### 2.1.7.1 Construction of new private sidings

##### 2.1.7.1.1 Procedures for construction of new private sidings

Ministry of Railways has laid down detailed guidelines for construction of new private sidings. A private party interested in opening a new private siding should approach the railways formally with a proposal to construct a private siding. As per Railway Board guidelines (December 2004), before submission of a proposal, the party must obtain Rail Transport Clearance (RTC). In case, only one Zonal Railway is involved, Chief Transport Planning Manager (CTPM) of Zonal Railway is empowered to issue RTC<sup>7</sup>. However, in case more than one Zonal Railways is involved, approval of Railway Board is necessary. For obtaining RTC, the party must submit details of the traffic projected - commodity-wise outward and/or inward rakes. On the basis of various parameters including the availability of line capacity and operational feasibility, the Zonal Railway initially assesses the viability of the Private sidings and the RTC is issued by the CTPM/Railway Board in consultation with Zonal Railway. The parties submitting the proposal for construction of private sidings are required to deposit 4 per cent of the cost of construction of siding towards approval of surveys/plans, Estimates and the final inspection as details below:-

- 1 per cent of the cost of the project at the stage of approval of the party's proposal for undertaking survey and granting RTC;
- 1 per cent of the cost of the project at the stage of conveying approval of the surveys/plan and estimates; and
- Balance 2 per cent at the time of inspection of the sidings to ensure that the work has been done as per railways approved plan and specifications.

A *flow chart* depicting the detailed process is given in **Appendix III**.

Before the siding is commissioned and opened for traffic, Zonal Railways is also required to mandatorily obtain sanction of the Commissioner for Railway

<sup>7</sup> Rail Transport Clearance means permission to set up a siding and carry goods on the Railway system

Safety (CRS) as stipulated in Para 1302 of Chapter XIII of Indian Railways Permanent Way Manual.

During April 2009 to March 2014, 125 sidings had been constructed over various Zonal Railways. Audit selected 55<sup>8</sup> (44 per cent) newly constructed private sidings for detailed review. Of the 55 new sidings reviewed in audit, 12 sidings<sup>9</sup> (22 per cent) were constructed by seven Zonal Railways as Deposit Works and 43<sup>10</sup> (78 per cent) sidings in 13 Zonal Railways were constructed through consultants approved by the Railways.

### 2.1.7.1.2 Delay in approval process and construction of sidings

A review of the position on the 12 sidings constructed by Railways as the deposit works and construction of 43 sidings by the private parties through the Railways approved consultants revealed the following:-

#### A Delay in construction of sidings by Railways

A time frame of six months to 1 year from survey to completion of construction was prescribed by Railway Board in cases where the siding is constructed by the Railways as deposit work. Out of 12 sidings constructed by the Railways as deposit works, record relating to time taken in completing the construction was not made available in respect of 7 sidings<sup>11</sup>. In respect of two siding in NWR (J.K. Cement and Indira Gandhi Super Thermal Power Project Jharli), the time taken from survey to completion of construction of the siding ranged between 286 and 319 days and was in accordance with the time period prescribed. In one siding each in NWR, SR and WR, the construction was completed beyond the prescribed period of six months to one year. Of these one siding constructed by Southern Railway for Food Corporation of India (FCI), was delayed by more than 27 years<sup>12</sup>. Reasons for the delays were not found in the record made available by the Railway Administration.

#### B Delays in approval and construction of sidings by private parties

Railway Board has prescribed a time frame of two months from survey to approval of preliminary plan and final approval of detailed project report within four months. No timelines, were, however, prescribed for completing the construction of siding.

- Detailed project reports were approved within the time limit of 120 days prescribed by Railway Board in respect of 7 sidings (CR-3, ER-1, SWR-1 and SECR-2) only. Information on the time taken in approval of the detailed estimates by CTPM was not made available by the respective Railway administration in respect of 8 sidings (SWR-2, SCR-4 and ECoR-2).

<sup>8</sup> 51 constructed during review period and four constructed earlier, but opened during the review period

<sup>9</sup> NWR(3), NER(1), SR(1), NFR (3), NR (1), SR (1) and WR (2)

<sup>10</sup> NWR(3), SCR(4), SR(4), WR(3), CR(5), NR(1), SER(5), ER(5), SECR(3), WCR(2), ECoR (2) and SWR(5)

<sup>11</sup> ECR-1, NFR-4, NR-1 and WR-1

<sup>12</sup> Food Corporation of India Ltd Siding, MVKF



- The time taken for approval of detailed estimates from the date of submission in respect of 25 sidings ranged between 45 and 1500 days over and above the prescribed time limit of 120 days (four months). In respect of three sidings (NR-1, SR-1 and WR-1) the delay was even more than 1500 days. As a result of such delays, the traffic potential that could not be tapped was lost for the Railways.

In case of Hindustan Petroleum Corporation Limited (HPCL) siding in SR, detailed estimate was approved by the Railways after 710 days from the date of completion of the construction of siding. Reasons for taking up of the construction without approval of detailed estimate were not stated by the Railway administration.

- Railway Board did not prescribe definite time period for the construction of sidings by the parties, the delays in construction could not hence be assessed. While no record relating to the period of construction was made available in respect of 31 sidings in 10 Zonal Railways, the time taken for completion of construction of remaining 12 sidings (NWR-3, SER-5, WCR-1 and WR-3) ranged between 67 days to 2182 days. As a result of delays in construction, the earning potential could not be tapped by IR.

#### **2.1.7.1.3 Rail Transport Clearance and clearance of Commissioner of Railway Safety**

As per Railway Board's guidelines (December 2004), before submission of a proposal, the party must obtain Rail Transport Clearance (RTC). Scrutiny in audit revealed that:-

- In respect of three sidings (Indira Gandhi Super Thermal Power Project Jharli and Jhajar Power limited in NWR and Food Corporation of India, Mavelikkara in SR), though Rail Transport clearance was not given by CTPM, these sidings were in operation since August 2011.
- As stipulated in Para 1302 of Chapter XIII of Indian Railways Permanent Way Manual any addition, extensions or alternations to running lines sanction of Commissioner of Railway Safety (CRS) is required. Review of position of selected 55 newly constructed private sidings revealed that in respect of 7<sup>13</sup> sidings, CRS clearance was not obtained before commissioning of these sidings. Since on commissioning, the siding gets connected to the main-line for operations, failure to obtain this mandatory clearance is a compromise with the safety of trains operations. Details in respect of 23 sidings<sup>14</sup> in 9 Zonal Railways regarding CRS clearance were not made available by the Railway Administration.

<sup>13</sup> NWR-3, NFR-1, SR-1 and CR-2

<sup>14</sup> SER-5, SECR-3, ECR-2, WR-1, SWR-3, ER-5, NFR-2, NER-1 and NR-1

#### 2.1.7.1.4 Completed construction cost

As mentioned in Para 2.1.7.1.1, 12 out of the 55 newly constructed sidings selected for study were constructed by Railways as deposit works while the remaining 43 were constructed by private parties through the Railways approved consultants.

Study in Audit revealed that:-

- (i) In respect of these 12 private sidings where the construction of the sidings was done by the Railways as deposit works, an amount of ₹ 2.67 crore remained unrealized from Indian Oil Corporation (IOC) siding in WR. In NFR, the actual expenditure exceeded by ₹ 0.34 crore against the estimated cost of ₹ 12.56 crore in respect of Pandu Port Siding which remained to be reassessed and recovered from the siding owner till 31-3-2014. While the cost of construction was not assessed in two sidings in NER, details of the cost of construction were not made available by the Engineering Department of ECR in respect of Barh Thermal Power siding.
- (ii) In respect of remaining 43 private sidings constructed by the parties through the Railways approved consultants, details of the completed cost of construction were not available with the Engineering Department in respect of 25 private sidings in 10 Zonal Railways. The survey and inspection charges to be recovered were assessed by audit on the estimated cost as brought out in the Para 2.1.7.1.6.

#### 2.1.7.1.5 Non-achievement of projected traffic and shortfall in realisation of earnings in newly constructed sidings

Para 1808 of the Indian Railway Code for Traffic (Commercial) Department stipulates that an annual examination should be made by each Railway Administration of the earnings of all sidings with a view to ensure that sidings which have been unprofitable for a long period and are not likely to bring enough traffic to the railway to justify their retention, are not retained. In making such an examination, besides the traffic in any particular year, causes like, general depression in a particular trade should be considered as the controlling factor in deciding whether the sidings should be retained or not.

Sidings constructed and put into operation are to be reviewed periodically and it is to be assessed whether the traffic projected at the time of obtaining Rail Transport Clearance (RTC) are actually achieved. The shortfall in traffic is to be analysed and necessary action has to be taken to overcome the deficiency so that the siding could achieve the projected traffic.

Scrutiny of records relating to freight loading achieved by the 45 sidings<sup>15</sup> out of the 55 selected new private sidings constructed over Indian Railways during the period from April 2009 to March 2014 vis-à-vis traffic projected at the

<sup>15</sup>Out of the 55 newly constructed siding selected for review, 45 sidings handled outward traffic viz loading done and the freight collected and the remaining 10 sidings were inward sidings handling unloading and no freight collection is involved.

time of obtaining Rail Transport Clearance (RTC) from Railway Board revealed the following:-

- 34920 rakes (27.56 per cent) were loaded as against 126692 rakes projected in 32 newly constructed sidings dealing with outward traffic over 13 Zonal Railways<sup>16</sup>. Non- achievement of the projected traffic resulted in loss of potential earnings of ₹ 18661.05 crore. In 26 sidings, the shortfall in the traffic with reference to the projections was more than 50 per cent as indicated in the table 2 below. The reasons for shortfall in traffic handled with reference to the projected traffic were not made available by the Railway Administration of respective Zonal Railways.

**Table 2.2 - Statement showing the range of shortfall in traffic with reference to projected traffic**

Range of shortfall in traffic handled w.r.t. traffic projection	No. of sidings	Zonal Railway wise position	Loss of potential earnings (₹ In crore)
10 % to 50 %	6	ER-2, SR-1, SWR-1, SCR-1, NWR-1	1031.67
51 % to 75 %	12	ECoR-2, SCR-1, WR-1, CR-2, SER-3, SR-1, WCR-1, ER-1	11340.48
More than 75 %	14	NFR-1, CR-2, SR-2, SWR-4, SER-2, WR-1, SECR-1, ER-1	6288.90
<b>TOTAL</b>	<b>32</b>		<b>18661.05</b>

Source:-Record maintained in the CTPM office as well as at serving stations of the sidings in Zonal Railways

- Only six newly constructed siding (WR-1, NFR-1, NR-1, SCR-1, WCR-1, ER-1) could achieve outward traffic as projected at the time of obtaining Rail Transport Clearance.
- In respect of seven newly opened sidings (NFR-1, SCR-1, ECR-1, SR-1, NCR-1 and WR-2), information on the traffic projection was not made available by the Railway Administration.
- Railway Board in their Freight Marketing Policy Circular No. 1 of 2012 [Clause 9(vi)] instructed all Zonal Railways that all divisions should analyze the projected outward traffic volumes estimated to emanate annually from the siding after commissioning. This analysis should be based on the traffic volumes projected by the owner in their application for Rail Transport Clearance (RTC). In this regard, it was observed that while examining the proposals of private parties for issuing RTC, Zonal Railways considered only the operational feasibility of setting up of the siding and not the economic viability of the projected traffic.

<sup>16</sup> ER-4, SR-4, SWR-5, SCR-1, NWR-1, ECoR-2, NER-1, WR-2, CR-4, SER-5, WCR-1, NFR-1 and SECR-1

The issue of non-achievement of projected traffic was taken up with respective Zonal Railways. Replies/responses of Railway Administrations are indicated below:

**Table 2.3-Statement showing the Remarks of Railway Administration in Zonal Headquarters**

Zonal Railway	Remarks of Railway Administration
CR	Shortfall in projected traffic cannot be termed as loss of freight. The Railway charges for every activity / facilities provided for private sidings. The entire investment in private sidings is by the customer and Railway does not spend any money on creation and / or maintenance of these sidings.
ECoR	Traffic as projected by the siding owners is only a preliminary projection keeping in view the requirement of the plant in future. It is not binding upon the party to handle the traffic as projected in the Rail Transport Clearance.
SR	Cost of construction is borne by siding owners and the projected traffic is only the forecast.
SER	Railway has no investment in private sidings; no penalty is imposed for shortfall in projected traffic. However, actually there is no loss for shortfall in projected traffic.

Source:-Remarks offered by Railway Administration in Zonal Railways

In NWR, SWR, WR, SCR, NFR, no efforts were being made by the Railway Administration to ascertain the reasons for shortfall in the projected traffic by the siding owners. Reasons for short fall of traffic and action taken by Railways for achievement of projected traffic were not available by respective Railway Administration of ER, NR, ECR, WCR, NER and SECR.

The above indicate that as the investment is done by private sidings, it does not matter to railways whether they achieve projected traffic after commissioning of the newly constructed siding. Despite clear codal provisions for the periodical review of the traffic carried, Railway administration has not taken any action to address the issue of non-achievement of projected traffic by the private siding owners.

#### **2.1.7.1.6 Short realization of codal charges connected with the approval stage**

Before execution of the agreement with the Railways, the private party is required to pay 4 per cent of the cost of construction of the siding as codal charges<sup>17</sup> towards survey and approval charges. Out of the 55 newly constructed sidings, codal charges in respect of 12 sidings constructed by Railways as deposit works were recovered in advance along with the cost of the project. Scrutiny of record relating to realization of codal charges in

<sup>17</sup> Codal Charges are survey and inspection charges (4 per cent of the cost of construction)

respect of 43 sidings constructed by the private parties (through Railway approved consultants) revealed the following:-

- In respect of 18 sidings in seven Zonal Railways (NWR-1, CR-2, SER-4, WCR-1, SECR-1, SR-4 & SWR-5) required codal charges were correctly levied and recovered.
- It has been mentioned in Para 2.1.7.1.4 that details of the completed cost of construction was not available with the Engineering department in respect of 25 private sidings in 10 Zonal Railways Thus, codal charges amounting to ₹ 60.76 crore were assessed (by Audit) to be recovered on the basis of 4 per cent of the estimated cost. Out of which an amount of ₹ 4.49 crore has been realized and the balance amount of ₹ 56.27 crore remained to be recovered from the private siding owners as on 31.3.2014

### Audit Objective II

Whether an effective mechanism existed for overseeing:-

1. Operations and maintenance of existing as well as new sidings and ensuring the recovery of the amounts due from siding owners
2. Proper closure of the sidings not in operations

#### 2.1.7.2 Siding operations

In terms of Para 1823 of the Indian Railway Engineering Code prior to according sanction to the construction of siding by the competent authority, the applicant is required to execute an agreement in the standard format with the Chief Operations Manager of the Zonal Railways. In July 2005, Railway Board circulated a modified standard format for agreement and directed the Zonal Railways to execute fresh agreements in the standard format for all sidings where old agreements existed. While enforcing/ executing the new siding agreement, following observations/stipulations were to be kept in mind:

- Only the appropriate authority as nominated by the Railway Board should sign the agreement entered between the siding owners and the Railways for each of the siding set up by private party.
- Divisional Railway Manager is required to provide a certified true copy of the agreement to the respective serving stations to ensure that the siding is managed in accordance with the provisions of the agreement in terms of Para 2503 of Commercial Manual, Volume-II.

#### 2.1.7.2.1 Siding Agreements

Not only the terms and conditions for operation and maintenance of private sidings are laid down in the agreement, fixation and recovery of various charges and raising of bills are also spelt out therein. Hence, the Agreements are the main criteria against which smooth and proper operations of sidings can be judged.

Audit Scrutiny of records relating to execution of the agreements with 293 selected private sidings revealed the following:-

- Copies of agreements in respect of 31 private sidings<sup>18</sup> in six Zones were not made available to audit for scrutiny.
- Agreements were not executed with the private siding owners in respect of 16 sidings<sup>19</sup> till 31<sup>st</sup> March 2014 (**Annexure III**). In ECR, the agreements with 12 siding owners (including 2 oil companies, one food grain siding of FCI and 9 coal companies) still remained to be finalised.
- The range of delays in executing the Agreements since the commissioning in respect of 31 existing sidings<sup>20</sup> in six Zones is tabulated below:-

**Table 2.4-Delays in executing Agreement in respect of Private Sidings**

Range of delay	Number of sidings	Zonal Railways
2 to 18 months	9	ECR-2, SER-1, SWR-5, WR-1
2 Years to 15 years	13	ECR-2, NWR-1, SER-2, SWR-5 and WCR-3
15 to 48 years	9	SER-5, SWR-1 and WCR-3

Source:-Record collected from Chief Commercial Manager's (CCM) office

- Fresh agreements were not executed in the revised format, as required under the Railway Board's letter No. 2002/CE-I/SP/1 dated 12.07.2005 in 53 sidings<sup>21</sup> in 13 Zones. Non- execution of the fresh agreements was attributed to that facts that (i) agreements not signed by the siding owners in the revised format (NR-4, ECR-7, SECR-7 and WR-3), (ii) execution of agreements being under process (CR-2, SCR-1), and (iii) dispute over change in certain clauses in the fresh agreement (NCR-1 and NR-2). Further, reasons were not found on record in respect of 26 sidings in eight<sup>22</sup> Zones.
- In case of twelve newly constructed private sidings<sup>23</sup> in five Zones during 2009-14, the agreements in the revised format were executed with delays. In three siding (CR-1 and SER-2), the delay in executing the agreement ranged between 28 to 45 months.
- In terms of Freight Marketing Circular No. 6 of 2007 issued by Railway Board in March 2007, Chief Commercial Manager/Freight Marketing (CCM/FM) was the designated authority for signing the Agreement with the private siding owners. Audit observed that only 33 agreements<sup>24</sup> in six Zones were signed by CCM/FM. The other agreements were signed by the Chief Traffic Planning Manager (CTPM) and other subordinate

<sup>18</sup> ER-17, SER-8, SR-1, NER-1, NR-1, and NFR-3

<sup>19</sup> ECR-12, ECoR-2, NWR-1 and SWR-1

<sup>20</sup> ECR-4, NWR-1, SER-8, SWR-13, WCR-6, WR-1

<sup>21</sup> CR-2, ECR7, NER-5, NWR-2, NFR-2, NR-6, SCR-1, SER-6, SWR-1, WCR-10, WR-3, SECR-7, NCR-1

<sup>22</sup> NER-5, NWR-2, NFR-2, SER-6, SWR-1, WCR-10

<sup>23</sup> CR-1, NFR-3, SER-3, ECR-1, SWR-4

<sup>24</sup> ECoR-9, NER-5, NWR-2, NFR-8, SWR-6, WCR-3

authorities, like, Deputy Chief Commercial Manager (Dy CCM), Officer on Special Duty (OSD), Divisional Railway Manager (DRM), Additional Divisional Railway Manager (ADRM) and Senior Divisional Commercial Manager (Sr. DCM) etc.

#### 2.1.7.2.2 Proper maintenance of records and periodical review meetings

It is essential that the relevant records in respect of the private sidings are maintained at Zonal Headquarter as well as Divisional level for effective monitoring at various levels. As already pointed out in the paragraphs 2.8.2 the siding agreements for a large number of sidings were not executed in the newly prescribed format by the Railway Board. Detailed review of the status of maintenance and availability of records in selected siding revealed the following:-

- Copies of agreements were not available in 59 Accounts offices<sup>25</sup> and with 134 serving stations<sup>26</sup>. In addition, the information like effective date of agreement, preliminary survey expenditure, distance in kilometre, CE Plan Number, payment to be realised for land licence fee, maintenance and other charges from siding etc were not recorded in the siding agreement at appropriate places in respect of the 178 sidings<sup>27</sup> (out of 293) in 13 Zonal Railways. In SWR, these omissions had led to disputes (regarding maintenance charges and Railway land boundary) between Railway Administration and siding owners in respect of two sidings.
- Detailed information of sidings (e.g. categorization of siding, working of siding, outstanding dues against siding etc.) was not available in respect of 80 (27.49 per cent) private sidings at Zonal Headquarters levels and 51 (17.53 per cent) sidings at Divisional level. Two Zonal Railways<sup>28</sup> did not furnish data in respect of one siding each.
- Necessary additions/ deletions/ corrections/ modifications were not incorporated at the time of execution of the revised agreement with the owners of 81 sidings<sup>29</sup> in seven Zones leaving the agreements open ended and vulnerable to future disputes.
- The dates of commissioning of 32 sidings<sup>30</sup> were not available on record in 11 Zones.
- The date of signing of the agreement was not available in 14 agreements<sup>31</sup> executed with owners of private sidings in two Zones.

<sup>25</sup> CR-1, ECR-12, ER-17, NER-9, NR-1, WCR-2, SR-9, NCR-8

<sup>26</sup> CR-3, ECR-7, ECoR-12, ER-17, NWR-2, NFR-11, NR-12, SCR-5, SER-13, SWR-11, WCR-12, SECR-16, SR-4, NCR-9

<sup>27</sup> CR-14, SECR-10, NFR-11, WR-14, NCR-11, SWR-12, NER-10, ECoR-12, NWR-11, SR-23, WCR-10, SCR-22, NR-18

<sup>28</sup> Coal Siding for Chemplast in SR and Jayashree Chemicals in ECoR

<sup>29</sup> ECoR-2, SWR-13, NWR-9, SCR-20, SECR-19, WR-17 and SER-1

<sup>30</sup> CR-2, ECoR-1, ECR-11, ER-4, NER-3, NFR-3, NR-5, NWR-1, SR-1, SECR-1

<sup>31</sup> SCR-13, WR-1

- Documentation such as siding agreement, land license agreement, siding register etc. as required for review, were not available in respect of 113 (38.83 per cent) at Zonal Headquarters, 83 (28.52 per cent) at Divisional offices and 111 (39.82 per cent) at concerned sidings offices.
- Railway Accounts departments did not take any initiative for periodical review of the progress of billing and settlement of outstanding dues in respect of 13 sidings (4.78 per cent) out of 293 selected private sidings. Three zonal railways viz. SR, ECoR and NFR did not furnish data in respect of one siding each. In case of 18 sidings in ER, particulars of billing were not found on record. It was further noticed that the bills for ₹ 22.14 crore on account of land license fees, staff cost, repair & maintenance cost etc were not raised by the Accounts Department in respect of six<sup>32</sup> Zonal Railways.
- Meetings were not arranged by the concerned departments to sort out unresolved issues/disputes in case of 25 (9.53 per cent) out of 293 selected private sidings during the period of review.
- A case of deficiency in control mechanism was noticed at Bokaro Jaypee Cement Limited / Bokaro of SER. The siding was being served by the station Tupkadih where interchange of crew between ECR and SER took place. It was observed that the inward rakes were moved up to Tupkadih by the crew of ECR, but placement at the siding was not made by them. The rakes were detained till the arrival of the crew of SER and thereafter finally placed inside the siding by them. As a result all the rakes were detained for three hours almost every day.

### 2.1.7.2.3 Facilities in sidings

The facilities for loading/unloading in a siding should be provided by the siding owners and should be adequate for smooth operation of the sidings. Para 6.4 of Freight Marketing Circular No. 01/2012 stipulates that regular carriage and wagon examination facilities should be provided if the loading/unloading was two or more rakes per day. Para 10 (a) of the standard siding agreement stipulates that tippers or any other bulk handling system were to be provided and commissioned as per RDSO approved specifications for smooth and timely loading/unloading of the goods. It includes facilities for direct reception and despatch of rake, freight handling at the loading/unloading point etc.

Audit scrutiny of records in selected 293 sidings revealed that:-

- Though 155 selected sidings<sup>33</sup> handled two or more rakes per day, no sick lines / train examination lines were provided inside the siding by the private siding owners. In absence of train examination point, it was not

<sup>32</sup> CR - ₹4.76 crore, NWR - ₹2.90, ECoR - ₹ 0.35 crore, SER- ₹ 7.41 crore, NR - ₹ 4.08 crore and NFR - ₹ 2.65 crore

<sup>33</sup> ECR-4, ER-2, NWR-6, NR-20, SER-19, WR-16, NCR-1, SR-21, SCR-17 SECR-18, ECoR-6, NER-9, WCR-3 and SWR-13



possible for Railways to assess the quantum of damage and deficiency occurring, if any, to the wagons inside the siding premises and recovery of cost of damage thereof from the defaulting parties.

- Tipplers were not provided as per RDSO specification by the siding owners in 45 sidings<sup>34</sup> adversely affecting smooth loading/unloading operations in these sidings as rakes suffered detention during loading operations and the parties were liable to pay demurrage charges for such detentions.
- As per the directives (August 1989) of Railway Board, Liquid Petroleum Gas (LPG)/ Petroleum Oil Lubricants (POL) sidings, were required to incorporate certain provisions in the agreements in respect of boundary wall fencing at the applicant's cost to prevent any mischief or trespass by outsiders, joint examination of the tank wagons for checking the leakage, etc. It was observed that while agreements were not executed in respect of 8 POL sidings (CR-1, ECR-3, NFR-2, NWR-1, and SER-1), copy of agreement was not made available to audit in respect of 4 POL sidings in two Zonal Railways (ER-3, NFR-1). Scrutiny of agreements in respect of remaining 26 (out of 38 POL<sup>35</sup> sidings) revealed that:-
  - In 15 sidings<sup>36</sup> dealing with POL traffic, the above clauses were not incorporated in the agreement. Out of these, in 5 POL siding (CR-2, ECoR-1, NCR-2) even though above clause was not incorporated in the agreement, all facilities required for POL sidings were provided as observed by audit during a joint check of these sidings.
  - In respect of the remaining 11 sidings though the extant clause was provided in the agreement, required facility was provided only in one siding (SCR-1). In respect of remaining 10 POL sidings<sup>37</sup> in 8 Zonal Railways, the required facility was not provided.
- Railway Board's instructions of February 1998 stipulated that Railways would notify the revised working hours of the sidings only after receiving confirmation from the oil companies that all the facilities required for handling of rakes after sunset had been provided and requisite clearances from the Chief Controller of Explosives (CCOE) had been obtained. One POL siding in SWR applied for permission from the Petroleum and Explosives Safety Organisation for operation of the depot activities beyond sunset hours in October 2013. Railways, however, notified this siding as a round the clock working siding (February 2014) pending receipt of the confirmation from the (CCOE). This was a violation of the February 1998 instruction of Railway Board and compromise with the safety in operation of the siding.

<sup>34</sup> ECR-12, NER-1, NWR-3, NFR-1, SECR-3, NR-6, SWR-8, SR-9, ER-1 and ECoR-1

<sup>35</sup> POL-Petroleum Oil Lubricants-CR-3, ECR-3, ECoR-1, ER-3, NER-3, NFR-6, NR-2, NWR-2, SER-1, SCR-1, SR-4, SWR-1, NCR-3, WCR-1 and WR-4.

<sup>36</sup> ECoR-1, NCR-2, CR-2, WR-2, SR-3, NFR-3, NWR-1 and SWR-1

<sup>37</sup> NWR-1, NCR-1, WR-2, SR-1, NER-1, NR-2, SCR-1 and WCR-1

### 2.1.7.2.4 Engine on Load (EOL) Scheme

In order to improve the utilization of the rolling stock and help the customers in prompt clearance of freight trains from their sidings, the 'Engine-on-Load' (EOL) Scheme was introduced in July 2004. The siding holders are required to opt for the EOL operations under an agreement with the Railway Administration. Under the 'EOL' operation, the train engine would remain available during loading or unloading operation in the siding and wait on Railway's account so as to work the train immediately after loading/unloading operation was completed. The party was to develop facilities for loading and unloading on 'Engine-on-Load' concept and design yard layouts to facilitate the same. 'Engine-on-Load' would mean loading or unloading in such manner and within such time as would permit clearance of the same rake by the same engine. The free time for loading and unloading operations permitted under the EOL scheme was as under:-

**Table 2.5 -Free time allowed for loading/unloading under EOL**

Type of operation	Free time for bulk commodities	Free time for bagged commodities
Loading- All types of wagons	4 hours	6 hours
Unloading –		
1. All types of wagons except BOBRN (Rapid Bottom Discharge (Pneumatic) Hopper Wagon	4 hours	5 hours
2. BOBRN wagons	2 hours	Not applicable

Source:-Railway Board's order regarding EOL Scheme

Out of the 293 sidings test checked in audit, EOL Scheme was introduced in 42 sidings<sup>38</sup> only (15 existing and 27 newly constructed sidings). Facilities required under EOL were not developed by 8 siding owners in 5 Zonal Railways<sup>39</sup>. Scrutiny of record pertaining to implementation of EOL scheme at these sidings revealed that:-

- As per the instructions from Railway Board<sup>40</sup>, the party opting for EOL scheme through an agreement with the siding owner are required to develop facilities for loading and unloading and design yard layout to facilitate the same. It was seen that facilities as required under EOL scheme were not developed by the six parties<sup>41</sup> hampering the speedy clearance of rakes at these sidings. Demurrage charges<sup>42</sup> of ₹ 8.95 crore accrued during the review period in respect of the above six sidings. Of these, ₹ 1.49 crore was waived off and ₹ 7.46 crore was recovered.

<sup>38</sup> CR-2, ER-7, NER-2, NWR-5, SER-7, SECR-5, SR-1, WCR-2 and WR-2

<sup>39</sup> NER-1, NWR-1, SECR-3SR-1 and WCR-2

<sup>40</sup> Railway Board's letter No. 99/TC9FM/26/1/Pt Ii dated 2005

<sup>41</sup> NER-1, SECR-2, SR-1, WCR-2

<sup>42</sup> Demurrage charges are recoverable @ ₹100 (up to March 2013) and ₹150 from 1-4-2013 per wagon per hour in respect of detention to wagons during loading/unloading operations

- In ER, out of 18 private sidings test checked, 7 private sidings developed facilities under EOL Scheme for siding operations in their respective sidings. An analysis of the EOL facilities provided in three sidings<sup>43</sup> revealed that accrual of demurrage charges has been on increasing trend from ₹ 4.61 crore in 2009-10 to ₹ 8.69 crore in 2013-14. Increasing trend in the accrual of demurrage charges was attributed to detention of rakes due to shortage of labour, congestion in unloading wharf, manual unloading, old and worn out tippers etc.
- Study revealed that two new sidings<sup>44</sup> constructed in 2011 in WCR have not developed necessary facilities for loading/unloading under EOL concept hampering the speedy clearance of the freight trains from sidings. Similarly in respect of three sidings where EOL was implemented during December 2009 to March 2013, rakes suffered detention in Lanco Amarkantak Power Pvt. Ltd/Urga sidings due to lack of direct receipt and despatch facility.
- The EOL scheme was implemented in nine sidings over SWR. Test check of detentions during the stage 'Release to Despatch' revealed that detentions beyond the permissible free time ranged from 7 to 16 hours for want of loco or crew as the Railway Administration of SWR was withdrawing the locos contrary to the provisions of the scheme.

From the cases pointed out above, it may be seen that despite introduction of EOL, the required facilities for speedy clearance of rakes were not developed in eight sidings. In respect of sidings where the required facilities under EOL were developed, detentions beyond permissible free time were noticed. Thus, it was clear that the EOL Scheme in these sidings has not actually helped in speedy clearance of rakes from the sidings defeating the very purpose of introducing the EOL scheme.

Further, in CR, Karnataka Empta Coal siding Ltd. had not adopted EOL scheme. The engines therefore were detained with rakes by the parties for whole time i.e. from receipt to despatch of rakes. During April 2010 to March 2012, engines were detained for minimum 3.35 hours to maximum 20.10 hours. Only in February 2013, CR enforced the siding authority to accept the EOL scheme and also raised debit of ₹ 0.39 crore for the period from 16.02.2013 to 11.05.2013 for excess time taken for loading than permissible limit under EOL scheme. Non-implementation of EOL scheme from the date of agreement executed with the siding authority resulted in loss of earning of ₹ 3.31 crore due to non receipt of loco hire charges for the period from 1.4.2010 to 15.02.2013.

<sup>43</sup> Mejia Thermal Power Station Siding/ Raniganj, M/s Jai Balaji Industries Limited Siding / Durgapur and M/s Lafarge India Pvt. Ltd. / Raniganj

<sup>44</sup> Bhilai JP siding, Sakaria and Bina Refinery Plant Siding, Bina

### 2.1.7.2.5 Levy and recovery of various charges by the Railways

#### A. Siding charges

Siding charges are levied for haulage of wagons handled (both inward and outward) between the serving station and the siding. Siding charges are required to be levied and recovered from the siding owners where complete facilities for direct receipt and dispatch of rakes are not available in the siding. However, no siding charges are levied in case of sidings where freight is charged on through distance basis<sup>45</sup>.

Siding charges are levied on the basis of cost per engine hour fixed by Railway Board and the average time for a round trip from serving station to the siding and back for placement and /or removal of wagons, whether loaded or empty. Siding charges are fixed after conducting trial run within six months from the date of opening of the siding. Scrutiny of records relating to receipt of siding charges recoverable from 79 sidings out of the 293 selected private sidings revealed the following facts:-

- In 38 sidings<sup>46</sup> in seven Zonal railways, the average time for a round trip from serving station to the siding and back for placement/ removal of wagons was not assessed. This resulted in non levy of siding charges during 2009-14.
- Facilities for direct receipt and dispatch of rakes were not available in 19 sidings (NWR-5, NFR-10, NR-3, SER-1) resulting in handling of rakes at the serving stations before being sent to the respective sidings. Bills for siding charges amounting to ₹ 30.25 crore were not raised on these 19 siding owners.
- Further, siding charges amounting to ₹ 12.13 crore remained outstanding from 22 sidings owners in seven Zonal Railways as on 31<sup>st</sup> March 2014, as indicated in Table 6. The reasons for outstanding against the remaining sidings were not on record.

**Table 2.6-Statement showing outstanding siding charges**

₹ in crore

Railway	Number of sidings	Siding charges due to be recovered	Siding charges recovered	Siding charges outstanding as on 31 March 2014
CR	2	2.48	1.70	0.78
ECR	7	11.96	5.97	5.99
ECOR	1	7.59	3.27	4.32
NFR	1	0.04	0	0.04
SER	1	11.00	10.34	0.66
SR	7	20.75	20.44	0.31
NCR	3	3.53	3.50	0.03
<b>Total</b>	<b>22</b>	<b>57.35</b>	<b>45.22</b>	<b>12.13</b>

Source:-Details collected from the record maintained by Commercial Department in respective Zonal Railways

<sup>45</sup> Freight from the originating station to the end point in siding

<sup>46</sup> NCR-1, NER-2, NWR-8, NR-13, SER-2, WCR-12

## B Shunting charges

Shunting charges should be recovered from the siding users for the shunting of wagons beyond the point of inter-change. However, it should be ensured by the Station Master that the railway engine does not go beyond the point of inter-change unless the Headquarters/Divisional office has specifically permitted it and the additional charges due on this account were paid by the siding user.

Examination of 234 agreements available in Accounts office in Zonal Railways revealed that the terms and conditions for use of Railway engine for shunting purpose at siding premises were not incorporated in agreements with 22 private sidings<sup>47</sup> in five Zones. Scrutiny of records relating to receipt of shunting charges from selected private sidings revealed the following:-

- As on 31<sup>st</sup> March 2014, an amount of ₹ 26.40 crore was outstanding towards shunting charges in respect of 25 sidings<sup>48</sup> as indicated below:

**Table 2.7-Statement showing outstanding shunting charges**

<i>₹ in crore</i>				
Railway	Number of sidings	Shunting charges recoverable including the outstanding as on 1-4-2009	Shunting charges recovered	Shunting charges outstanding as on 31 March 2014
ECR	7	32.70	9.25	23.45
ER	3	39.67	37.31	2.36
NWR	1	0.52	0.51	0.01
NFR	4	7.27	7.07	0.20
NR	1	0.37	0.35	0.02
SCR	1	1.02	1.01	0.01
SECR	4	3.07	2.79	0.28
SER	1	0.34	0.33	0.01
SR	1	0.18	0.12	0.06
WCR	1	0.59	0.58	0.01
WR	1	0.49	0.48	0.01
<b>Total</b>	<b>25</b>	<b>86.21</b>	<b>59.82</b>	<b>26.40</b>

Source:- Details collected from the record maintained by Commercial Department in respective Zonal Railways

- The above amount included ₹ 22.89 crore not claimed by the Railway administration in ECR for three sidings. Details are as under :
  - In PSBS Siding/Meralgram, shunting operations were performed by multi-engine. Against an amount of ₹ 2.38 crore accrued as shunting charges, shunting charges amounting to ₹ 1.57 crore only was realised and an amount of ₹ 0.81 crore was outstanding from the siding owner due to non- preferment of bills.
  - In two sidings (Chasnala and C.K. East), though rakes were placed in two spurs due to non-availability of facility for direct placement

<sup>47</sup> NCR-10, NR-1, WCR-1, SR-1 and SER-9

<sup>48</sup> ECR-7, ER-3, NWR-1, NFR-4, NR-1, SCR-1, SECR-4, SER-1, SR-1, WCR-1, WR-1

and withdrawal yet bills for shunting charges were not preferred and recovered by Railway Administration. This resulted in revenue loss of ₹ 22.07 crore.

### C Recovery of land license fee

When Railway land is used for laying the siding, the Engineering Department is required to assess land rent on the basis of percentage of the land cost. After obtaining approval from Accounts Department, the party is required to be informed of the amount of license fee to be paid annually for the land leased for laying the siding. Bills are to be preferred annually by the Accounts Office after obtaining the required information from the Engineering Department. Railway Board issued detailed guidelines in February 2005 on licensing of railway land to outsiders for commercial purpose and recovery of the land license fee. The rate of annual license fee for the land leased to the private siding owner was fixed at 6 per cent of the land value with a provision of annual revision of the land value at the rate of 7 per cent in terms of Railway Board Guidelines of February 2005.

Scrutiny of records relating to outstanding land license fee from selected private sidings revealed that:-

- Out of 293 private sidings test checked, the land belonged to siding owners in case of 10 sidings<sup>49</sup> only, whereas in case of 169 sidings, the ownership of land belonged to Railways. Ownership of land could not be ascertained in respect of 52 sidings<sup>50</sup> due to non-availability of records with the Civil Engineering Department of respective Railway Administration. Further, in respect of 62 sidings<sup>51</sup> land ownership was not vested with Railways making it susceptible to dispute in future.
- An amount of ₹ 88.48 crore was outstanding towards land license fee from 77 sidings (out of 293 selected for review) as on 31st March 2014 as shown in the table 8 below:-

**Table 2.8-Statement showing outstanding Land License Fee**

₹ in crore

Railway	Number of sidings	Outstanding license fee prior to April 2009	Land license fee accrued during April 2009 to March 2014	Outstanding land license fee as on 31 March 2014
CR	13	12.32	30.25	36.02
ECR	4	0.30	8.29	1.01
ECoR	4	6.08	3.04	3.94
ER	1	0.00	<b>0.26</b>	<b>0.005</b>
NER	3	0.21	1.39	0.38
NWR	4	0.03	0.64	0.60
NFR	1	0.00	0.009	0.002
NR	12	16.09	17.04	25.70
SCR	3	0.029	0.16	0.051
SECR	4	0.44	1.02	0.68

<sup>49</sup> CR-2, ECoR-3, NWR-2, NR-3

<sup>50</sup> CR-10, ECR-13, ECoR-4, ER-17, NWR-1, SER-1, SR-6,

<sup>51</sup> ECR-4, ER-1, NWR-1, NFR-13, SCR-10, SECR-10, SER-1, SR-3, WR-19

SER	6	1.11	6.94	8.05
SWR	15	2.85	6.62	8.73
SR	2	0.00	0.27	0.21
WCR	2	0.00	2.43	1.72
WR	3	0.00	2.18	1.38
<b>Total</b>	<b>77</b>	<b>39.46</b>	<b>80.54</b>	<b>88.48</b>

Source:- Details collected from the record maintained by Civil Engineering and Accounts Department in respective Zonal Railways

The above amount were outstanding for various reasons such as land dispute (₹ 6.37 crore), incorrect fixation of base rate (₹ 21.35 crore), under assessment of land value (₹ 5.40 crore), Court /Arbitration cases (₹ 10.87 crore) and non preference of bills (₹ 5.64 crore). The reasons for balance of ₹ 38.85 crore outstanding land license fees were not made available by the Railway administration in Zonal Railways.

- In CR, outstanding land license fee of ₹ 36.02 crore included bills of ₹ 4.76 crore not preferred by Railway Administration in respect of seven sidings.

#### **D Repair and maintenance of the sidings and recovery of charges by Railways**

As per the extant orders<sup>52</sup>, the siding owner should first approach the Railway for siding maintenance at the cost of the party. In case the necessary manpower is not available with the Railways, siding owners may get the maintenance done by a private consultant/contractor, borne on the approved list of a Railway for siding works. In such cases, Railway Engineers are required to conduct inspections of the private sidings at regular intervals so as to ensure the quality of work done by the consultants. In cases where Railways are maintaining the sidings for the private parties, actual cost incurred by Railways in this regard is recoverable from the private siding owner.

Scrutiny of records in respect of 293 selected sidings revealed that:-

- In 39 sidings<sup>53</sup>, maintenance of track of the inside portion<sup>54</sup> of the siding was done by Railways. Repair and maintenance charges of track of the inside portion of track<sup>55</sup> amounting to ₹ 14.09 crore were outstanding as on 31<sup>st</sup> March 2014 against 18 of these sidings as indicated in Table 9:-

**Table 2.9-Statement showing outstanding repair and maintenance charges**

Railway	Number of sidings	₹ in crore		
		Repair and maintenance charges accrued/raised	Repair and maintenance charges realised	Repair and maintenance charges outstanding
CR	3	10.46	6.76	3.70
ECR	2	3.82	0.86	2.96

<sup>52</sup> Railway Board's Letter No. 2012/CE-1/CT/SP/10 Dated 16-10-2012

<sup>53</sup> CR-5, ECoR-1, ECR-2, ER-2, NCR-5, NFR-11, NR-3, SCR-7, WCR-1, SER-1 and NWR-1

<sup>54</sup> With in the siding premises

<sup>55</sup> With in the siding premises

NFR	8	14.47	9.38	5.09
NR	2	2.09	0.28	1.81
SCR	2	0.81	0.75	0.06
NCR	1	6.66	6.19	0.47
<b>Total</b>	<b>18</b>	<b>38.31</b>	<b>24.22</b>	<b>14.09</b>

Source:- Details collected from the record maintained by Civil Engineering and Accounts Department in respective Zonal Railways

- In case of remaining 254 sidings, maintenance of inside portion of track was done by siding owners. Of these, maintenance work was not given to Railway approved consultant in respect of 156 sidings<sup>56</sup>. It was further observed that as many as 250 accidents took place in 42 sidings. Details of the joint enquiry held in accident cases and the amount of loss assessed and recovered has been indicated in Para 2.1.7.2.5 E.
- Further, the repair and maintenance charges of track outside the siding premises<sup>57</sup> amounting to ₹ 18.80 crore were outstanding as on 31<sup>st</sup> March 2014 against 26 sidings<sup>58</sup> in seven Zones.
- As prescribed in Indian Railway Manual of Inspection schedules for official of Engineering Department, 19 inspections<sup>59</sup> were to be conducted annually by the Railway Officials at each siding. It was, however, observed in audit that:-
  - No inspections were conducted at 32 sidings<sup>60</sup> in eight Zonal Railways. In remaining 261 sidings, the inspection ranged between 2.6 to 30 per cent of the prescribed number of inspections.
  - In 18 sidings<sup>61</sup> in four Zones, inspection reports were not forwarded to the siding owners for taking remedial action.
  - Seven siding owners had not taken any remedial action on inspection reports (NR-2, NWR-2, SER-2, WCR-1).

### **E Recovery of Damage & Deficiency charges**

Under standard terms of agreement, a siding owner is responsible for any damage to Railway property (e.g. rolling stock, engine) inside the siding and should make good any damage to such property caused due to any reason, except negligence on the part of Railway Administration or act of God. Siding owner is also liable to bear the cost of re-railing engines and rolling stock derailed and the cost of repairs to the siding necessitated by such derailment. For ascertaining the cost involved in the actual damage caused to Railway assets, joint inspection is mandatory of all wagons at inter change points with

<sup>56</sup> CR-7, ECR-18, NER-1, NR-17, NCR-5, NFR-3, NWR-6, SCR-16, SECR-25, SER-20, SR-14, WCR-3, WR-20, ECoR-1

<sup>57</sup> Portion between the serving station to exchange point

<sup>58</sup> CR-2 ₹6.49 crore, NER-4 ₹0.38 crore, NWR-2 ₹0.62 crore, NFR-3, ₹0.67 crore, SECR-10 ₹0.96 crore, SER-1 ₹1.68 crore, WR-3 ₹6.62 crore and SWR-₹1.32

<sup>59</sup> DEN- once in a year, AEN - once in six months, SSE/P.Way - at least once in three months and JE - once in a month.

<sup>60</sup> CR-3, ECR-6, ER-2, NR-3, ECoR-13, SER-2, SR-2, SWR-1

<sup>61</sup> CR-5, ER-4, NWR-2, NR-7



major users, comprising the representatives of Siding and Railways, to assess the damage and deficiency for the purpose of recovery.

Scrutiny of records relating to recovery of Damage & Deficiency Charges from selected private sidings revealed that:-

- Out of 293 private sidings test checked in audit, 39 and 254 sidings were maintained by the Railways and private siding owners respectively. During 2009-14, out of 254 sidings maintained by the siding owners, 201 sidings were inspected by Railway Officials. As many as 250 accidents occurred in 42 sidings.
- 264 joint enquires<sup>62</sup> conducted for 250 accidents, damages of ₹ 5.93 crore due to accidents were accepted by the siding owners as indicated in Table 10:

**Table 2.10-Statement showing outstanding Damage and deficiency charges**

Railway	Joint enquiries held after the accidents	Number of cases where party accepted the damages	Amount of damages assessed ( ` in crore)
ECR	1	1	0.06
ECoR	185	185	4.61
ER	24	24	0.06
WR	30	30	0.68
NCR	24	24	0.53
<b>Total</b>	<b>264</b>	<b>264</b>	<b>5.93</b>

Source:- Details collected from the record maintained by, Mechanical and Accounts Department in respective Zonal Railways

- Charges amounting to ₹ 10.16 crore recoverable for damage to mishandling of wagons during loading and unloading remained outstanding as on 31st March 2014 against a total of ₹ 24.91 crore recoverable from 39<sup>63</sup> siding owners.
- Apart from reiterating the instructions from time to time, Railway Board (September 2012) instructed implementation of measures like suitable modification in the siding agreement to include more effective clauses for imposition of penalties for damage to wagons, etc. Damages continue to occur even after penalties were imposed.

#### **F Accident Relief Train charges**

Accident Relief Trains (ARTs) comprises engine, crane, empty wagons, coach, re-railing equipment and other safety equipments depending on the requirement at the site. Mechanical Department is responsible for raising the bills for providing such Accident Relief Trains. ARTs should be made available to private sidings for attending to accidents inside sidings. Scrutiny of records relating to ART charges revealed the following:-

<sup>62</sup> In case of accidents there are one or more joint enquiries

<sup>63</sup> ECR-5, ECoR-6, NR-1, SCR-3, SER-4, SWR-6, WCR-5, SECR-6, SR-2, NCR-1

- Re-railment charges<sup>64</sup> amounting to ₹ 1.92 crore remained outstanding against 22 sidings in nine Zonal Railways as on 31st March 2014.
- Charges for Accident Relief Train (ART) amounting to ₹ 3.12 crore remained outstanding from 39 sidings in ten Zonal Railways as on 31st March 2014.

### G Recovery of Signalling and Telecommunication (S&T) charges

Private parties are primarily responsible for maintenance of the private sidings. However, if at the request of the party, maintenance of S&T equipments are undertaken by the Railway Administration, the maintenance charges (cost of labour and material) are to be recovered from the concerned party. Audit scrutiny of related records revealed that maintenance of S&T equipments in respect of 23 sidings only were done by Railways. In remaining sidings, S&T equipments were maintained by the siding owners. As on 31st March 2014, an amount of ₹ 60.04 crore was outstanding towards maintenance charges against 20 sidings as given in Table 11 below:

**Table 2.11-Statement showing outstanding S&T charges**

*₹ in crore*

Railway	Number of Sidings	S&T maintenance charges outstanding prior to April 2009	S&T maintenance charges accrued during April 2009 to March 2014	Outstanding S&T maintenance charges as on 31 March 2014
CR	2	0.21	1.13	0.51
ECR	2	0.95	6.53	7.48
SECR	14	33.56	10.10	43.45
SER	1	0.47	0.78	1.25
WR	1	3.49	3.86	7.35
<b>Total</b>	<b>20</b>	<b>38.68</b>	<b>22.40</b>	<b>60.04</b>

*Source:- Details collected from the record maintained by Signalling and Telecommunication and Accounts Department in respective Zonal Railways*

### H Recovery of cost of Commercial staff posted in the siding

Railway Board directed (September 2000) that stipulated that the cost of staff of the existing siding not opting for EOL scheme will continue to be borne by the siding owners. In January 2012, Railway Board further stipulated that in all private sidings (other than under EOL scheme), barring the cost of one Commercial staff per shift, Railways should bear the cost of all other Railway staff. However, the cost of all staff at the sidings under EOL scheme should be borne by Railways.

Review of records in Accounts Office of respective Zonal Railways pertaining to outstanding staff cost in 251 sidings<sup>65</sup> out of 293 revealed that an amount of ₹ 30.28 crore was outstanding as on 31 March 2014 towards cost of

<sup>64</sup> Charges levied for setting right the alignment of rails damaged/affected due to derailments of rakes in the sidings

<sup>65</sup> Total 293 selected sidings minus 42 siding operating under EOL scheme where staff cost is borne by Railways only=251 Sidings

commercial staff against ₹ 81.88 crore recoverable in respect 110 sidings as indicated in Table 12.

**Table 2.12-Statement showing outstanding staff cost**

*₹ in crore*

Railway	Number of Sidings	Cost of Commercial staff outstanding prior to April 2009	Cost of Commercial staff accrued during April 2009 to March 2014	Cost of Commercial staff outstanding as on 31 March 2014
CR	20	0.97	21.52	6.51
ECR	4	0.31	1.73	1.20
ECoR	7	0.31	7.11	2.86
NER	1	0.10	0.46	0.46
NWR	5	1.09	3.09	3.39
NFR	6	0.11	1.27	0.67
NR	7	0.44	4.95	0.88
SCR	15	0.56	8.89	2.03
SECR	17	0.90	5.90	2.33
SER	5	0.24	4.55	2.04
SWR	7	0	5.41	2.03
SR	8	0.12	6.02	4.81
WCR	3	0	1.62	0.29
WR	5	0.29	3.92	0.78
<b>Total</b>	<b>110</b>	<b>5.44</b>	<b>76.44</b>	<b>30.28</b>

*Source:- Details collected by the Field Audit Parties from the record maintained by Personnel and Accounts Department in respective Zonal Railways*

### I Demurrage charges

Free time is allowed for completion of loading/unloading operations at loading/ unloading points. If the loading/unloading operation is not completed within the scheduled free time, demurrage charges are to be levied from the parties at the prescribed rate. As per Railway Board instructions, waiver of demurrage charges should normally be done for the reasons which are beyond the control of consignor/consignee and for act of god/war. Zonal Railways are required to make efforts through constant dialogue with Rail users to develop the infrastructure for efficient handling of wagons to reduce the terminal detention and hence improve wagon availability.

Rates of demurrage charges was last revised by Railway Board in 2008 and fixed at ₹100 per wagons per hour. The rate of demurrage charges was enhanced to ₹ 150 per wagons per hour from 1.4.2013. Scrutiny of records relating to demurrage charges in respect of 293 selected sidings revealed the following:-

- Demurrage charges amounting to ₹ 2004.35 crore accrued against 293 selected sidings during the period April 2009 to March 2014. Against which, ₹ 1338.40 crore were realized and ₹ 603.38 crore (30 per cent) were waived off leaving ₹ 62.57 crore remaining to be recovered from 88

sidings<sup>66</sup> as on 31 March 2014. Demurrage charges were waived for various reasons, like heavy rains, strike/bandh called by workers in the sidings, labour problem in case of manual unloading, supply of unfit wagons, bulged wagons, boulders, heavy shortage of labour and trucks, defective doors, electrical and mechanical failures in packing, plant, labour problem during night loading/ unloading, cargo received in wet condition, breakdown of crane and conveyor belt etc.

- In ER, waiver of demurrage charges was attributed to labour unrest, shortage of labour, congestion in unloading wharf, non-provision of full rake facilities within the siding premises, unloading done manually, old and worned out tippers etc. In NWR and WR, waiver of demurrage charges was attributed to heavy shortage of labour, frequent breakdown in coal handling plant, electrical and mechanical failure in packing plant, late arrival of loco for weighing etc.
- In New Kasmunda colliery siding of SECR, an amount of ₹ 4.42 crore demurrage charges accrued on account of load adjustment of overloaded rakes during the period from February 2012 to March 2014. Out of this, an amount of ₹ 1.08 crore was waived by Railway Administration in clear violation of Railway Board's Master circular of 2014 which stipulated that demurrage charges on load adjustment of overloaded rakes were not waivable.

#### 2.1.7.2.6 Closure of Sidings

##### A Sidings not in operations and declared closed

When there is a request for closure of siding from the siding owner or when there is no traffic on the siding, closure notice is issued to the siding owner, so that all the dues are cleared. Closure notification is issued after the issue of "No due certificate" by the Commercial Department and the siding is treated as closed for traffic. Thereafter dismantling of tracks laid down within the siding is to be done immediately for retrieval of the Railway assets. As per Railway Code for Commercial Department, Chief Commercial Manager of Zonal Railways is the competent Authority for closure of any siding.

As on 31-3-2014, 125 private sidings were not in operation. Out of these, 49 had been notified for closure during 2009-14. The remaining 76 private sidings though not in operations were not notified for closure by Commercial Department by issuing notification till 31-3-2014.

Audit scrutiny of the record pertaining to closure of 49 private sidings revealed the following:-

- 49 private siding were closed (out of the 835 sidings in operations as on 1-4-2009) through the notifications issued by Railway Administration during the period April 2009 to March 2014. Reasons for closure were mainly non-availability of traffic (27 siding), gauge conversion (16 sidings), financial constraint (1 siding), and safety measures (1 siding). In case of

<sup>66</sup> CR-2, ECR-15, ECoR-7, ER-6, NER-2, NWR-2, NFR-8, NR-5, NCR-4, SCR-4, SECR-4, SER-3, SWR-1, SR-22, WCR-2, WR-1

the remaining 4 sidings, the reasons could not be ascertained due to non-availability of records (files related to the siding maintained by commercial department in respective zonal Railways).

- Out of 49 sidings<sup>67</sup> notified for closure during the period of review, the closure notifications were issued one to thirty years after the operations stopped in case of 31 sidings as indicated in the table 13:-

**Table 2.13-Statement showing the time taken in issuing the closure notice**

Time taken in notification (years)	No. of sidings
1-5	7
6-10	5
11-15	10
16-20	3
21-25	4
26-30	2
Total	31

Source:-Record collected by the Field Audit Parties from the Commercial Department of Zonal Railways

- In case of 19 sidings (NWR-8, SCR-3, NR-8), it took more than 10 years to issue notifications for closure of sidings, after operations were stopped in these sidings. The main reasons were siding station converted into Broad Gauge but not the siding, siding owner not agreeing for gauge conversion, want of traffic etc.
- As on 31 March 2014, an amount of ₹ 59.70 crore was outstanding since March 2012 on account of land license fee, dismantling charges in respect of 8 closed sidings<sup>68</sup> in two Zonal Railways (SER-3 and NWR-5).
- In case of 37<sup>69</sup> sidings in six Zonal Railways, no amount was outstanding against the siding owners, whereas in respect of 4 sidings in four Zonal Railways (NWR, NER, ECR & SR), the information regarding the outstanding charges was not made available to audit.

Scrutiny of records relating to the retrieval of engineering material after these 49 private siding having been notified for closure revealed that:

- Railway Engineering material (Track and other Permanent way materials like rail fastening elastic rail clips etc.) worth ₹ 2.79 crore could not be retrieved from 11<sup>70</sup> sidings by Railway Administration.
- In respect of 14 sidings in three Zonal Railways (NWR-12, CR-1 & NR-1) no railway materials were lying with the siding premises.

<sup>67</sup> CR-2, ECoR-1, ECR-1, NR-10, NWR-17, SCR-5, SER-4, SR-8 and NER-1

<sup>68</sup> SER-3 (Joy Balaji Sponge Limited, Barjamda, Taurian Iron and Steel Company Pvt. Limited, Barjamda and Deepak Steel and Power Limited, Barjamda), NWR-5 (Man Industrial Corporation siding, Jaipur, Nalla Power House siding, Jaipur, Kamani Engineering Corporation siding, RCP/IJMP siding, Kolayat and Udaipur Cement Works Khemli)

<sup>69</sup> NWR-11, SCR-5, ECoR-1, CR-2, NR-10, SR-7 and SER-1

<sup>70</sup> NR-8- ₹2.05 crore, NWR-2- ₹0.65 crore, CR-1, ₹0.09 crore

- In case of 3 sidings though the material was dismantled, it was not possible for audit to assess the value of the dismantled materials in absence of necessary details in the records made available to audit.
- In respect of remaining 21<sup>71</sup> closed sidings, it could not be ascertained whether track and track materials had been dismantled and value assessed by Engineering Department was not made available to audit.

### **B Sidings not in use during the period of review but not declared closed**

A mention has been made in Para 2.1.7.2.6 A about 76 sidings<sup>72</sup>, which though not in operation were yet to be notified for closure by Commercial Department by issuing notification. Scrutiny of related files maintained in the commercial department revealed that these sidings were not in operation for the period ranging between one and half years to 28 years. Details of the date of last rake handled in respect of 36 private sidings, made available to audit, are shown below:-

**Table 2.14-Statement showing the duration of siding remaining in-operative**

Duration of operation as on 01.01.2014	Number of sidings	Name of the Zonal Railway
1 to 5 years	11	NCR(1), SECR(1), NR(3),ER(1),SER(1), SWR(3), WR(1)
6 to 10 years	7	NFR(1), SCR(1), ER(1), NR(2), NCR(1), SECR(1)
11 to 15 years	9	NCR(2), SR(3), ER(1), CR(1), NWR(2)
16 to 20 years	7	SCR(2), CR(1), ER(1), NR(3)
21 to 25 years	1	ER(1)
25 to 30 years	1	NR(1)
<b>Total</b>	<b>36</b>	

Source:-Record collected by the Field Audit Parties from the commercial department of respective Zonal Railways

- It may be seen from the table above that 18<sup>73</sup> sidings were inoperative for more than 10 years as on 31 March 2014, but were yet to be declared closed by railways administration.
- Audit scrutiny further revealed that 28 sidings (out of 76 not in operations) in seven<sup>74</sup> Zonal Railways were not in operations for various reasons like non-payment of Railway outstanding dues (towards land license fee, demurrage charges, siding charges, staff cost etc) from the siding owners, siding owners not applied for closure, parties planning to set up new factory etc. Reasons for balance 48 private sidings remaining non operational were not found on record.

<sup>71</sup> (NWR-3, NER-1, SCR-5, ECR-1, SER-4, NR-1, SR-5 and ECoR-1)

<sup>72</sup> CR-7, ECR-15, ER-10, , NCR-4, NFR-3, NR-13, NWR-2, SCR-3, SECR-2, SER-8, SR-5, SWR-3 and WR-1

<sup>73</sup> ER-4, NR-4, SR-3, NWR-2, SCR-2, NCR-2

<sup>74</sup> SCR(3), NFR(1), CR (7), NCR (1), WR (1), ER (2) and NR(13),

- An amount of ₹ 45.47 crore was outstanding against 19<sup>75</sup> sidings (out of 76) from the siding owners. While no amount was outstanding in respect of 7 sidings<sup>76</sup>, the record /information regarding dues was not made available to audit in respect of 50 sidings<sup>77</sup>.
- Out of 76 sidings not in operations, value of Railway materials could not be assessed in respect of 62 sidings<sup>78</sup> as the records relating to statement of assets could not be made available to audit by the Engineering Department. In the remaining 14 sidings,<sup>79</sup> it was observed that Engineering materials worth ₹ 2.00 crore belonged to Railways.

### 2.1.7.2.7 Monitoring weighing of freight handled in private sidings

#### A Provision of weighbridges at private sidings and overloading due to non availability of weighing facility

Railway Board instructed<sup>80</sup> (November 2004) Zonal Railways that where weighbridge do not exist, weighbridges should be commissioned at the earliest. However, for all the private sidings without weighbridges, Zonal Railways are required to notify alternative weighbridges for *en route* weighing.

Audit observed that of 293 selected private sidings including 55 newly constructed sidings, 195 sidings dealt with outward traffic. Out of these 195 sidings 172 sidings handled commodities other than Petroleum Oil Lubricant (POL) where weighing is required. Position on the provision of weighbridges in the siding premises and at *en route* stations is given in Table below:-

**Table 2.15-Statement showing weighing arrangements in selected private sidings**

Zonal Railways	No. of sidings selected	Siding with outward traffic other than POL	Sidings with weighbridge in the siding premises	Sidings with no weighbridge in the siding premises	Siding having only en route weigh bridge for weighment (out of col.5)	Siding with no weighing facility (neither at siding nor en route)	Distance of <i>en route</i> weigh bridge from the siding (in kms)
1	2	3	4	5 (3-4)	6	7(5-6)	8
CR	25	15	7	8	1	7	3
ECR	23	11	7	4	1	3	35
ECoR	14	9	9	0	0	0	NAP
NCR	11	4	0	4	1	3	20
NER	10	3	0	3	0	3	NAP

<sup>75</sup> ER-1, ₹ 0.016 crore, NCR-3, ₹ 2.76 crore, NFR-1, ₹ 0.15 crore, NR-5, ₹ 36.11 crore, NWR-2, ₹ .0018 crore, SCR-2, ₹ 0.67 crore, SWR-3, ₹ 3.27 crore & CR-2, ₹ 2.50 crore

<sup>76</sup> ER-2, NCR-1, SCR-1, SR-2 and WR-1

<sup>77</sup> CR-5, ER-7, ECR-15, NR-8, NFR-2, SER-8, SECR-2 and SR-3

<sup>78</sup> CR-7, ER-10, ECR-14, NCR-4, NFR-3, NR-4, SER-6, SR-5, SECR-2, SCR-3, SWR-3, WR-1

<sup>79</sup> ECR -1, ₹ 0.14 crore, NR-9, ₹ 0.89 crore, NWR-2, ₹ 0.79 crore, SER-2, ₹ 0.18 crore

<sup>80</sup> Letter No. TCI/2004/109/4 dated 04.11.2004 issued by Railway Board

NFR	14	4	1	3	0	3	NAP
NR	23	10	2	8	2	6	110 to 150
NWR	12	7	3	4	2	2	20 to 390
SCR	23	18	11	7	5	2	3 to 86
SECR	26	22	19	3	2	1	25 to 50
SER	21	19	12	7	5	2	5 to 237
SWR	16	12	3	9	0	9	NAP
WR	20	12	4	8	8	0	13 to 178
WCR	13	10	8	2	2	0	35 to 301
SR	24	8	5	3	3	0	18 to 132
ER	18	8	5	3	0	3	NAP
<b>Total</b>	<b>293</b>	<b>172</b>	<b>96</b>	<b>76</b>	<b>32</b>	<b>44</b>	<b>3 to 390</b>

Source: - Record collected by the Field Audit Parties from sidings as well as weighbridges (Operating)

It can be seen from above Table that:-

- 76 sidings<sup>81</sup> did not have any weighbridge even after lapse of 10 years from the issue of Railway Board's instructions. Of these, weighment in respect of 32 sidings was being done *en route*. Further, in these 32 sidings, weighbridges were located at a distance ranging between 3 to 390 kms from the siding premises entailing a risk of overloading and the resultant impact on the track as well as rolling stock. Examples of five such sidings are indicated in the table 2.16 below where weighment is done at a very long distance:-

**Table 2.16-Statement showing the distance of the weighing facilities enroute from the siding**

Zonal Railway	Name of the siding	Name of <i>en route</i> weighment point	Distance of the <i>en route</i> weighbridge from siding
SER	TISCO Work Site Siding / Tata	Bondamunda	159
NR	Gagal Cement Works Ltd./ Kiratpur	Tughlakabad	113
SR	Dalmia Cement Siding, KKPM	Villupuram	132
WCR	National fertilizer Siding Vijaipur	Jhansi	301
NWR	Adani Logistics Ltd. ALIK	PNU	390

Source: - Record maintained by the operating department in Zonal Railways

- In respect of 44 sidings there was neither weighbridge at the siding premises nor at any en route station thereby increasing the risk of overloading. Though the impact of such overloading on the track and rolling stock may not be visible in the short run but in long run would impact the Railways in the form of increased maintenance of track and rolling stock.

<sup>81</sup> (NWR-4, NER-3, NFR-3, SCR-7, WCR-2, WR-8, SWR-9, CR-8, SER-7, ER-3, NR-8, SR-3, SECR-3, ECR-4 & NCR-4)



## B Non-weighment of rakes of bagged consignments

In terms of Railway Board's Rate Circular 61 of 2007, rakes loaded with standard bags of uniform size carrying commodities like cement, food grain, fertilizers etc. were exempted from the mandatory weighing at the weighbridges.

In September 2011 Railway Board prescribed weighing of at least 5 per cent of rakes loaded in uniform, standard size bags. A monthly report was to be sent to the Rates Branch of Railway Board by Zonal Railways. In January 2013, Railway Board issued instructions to all Zonal Railways stating that 5 per cent mandatory weighing of bagged consignments may be dispensed with. However, Zonal Railways were asked to conduct random checks in respect of bagged consignment in the month of January.

Scrutiny of records in respect of 72 sidings handling standard bagged consignments of uniform size revealed that:-

- During September 2011 to January 2013, only in 13 private sidings in seven Zonal Railways (SECR-1, NFR-1, ECoR-1, WCR-2, SER-1, SR-6 and SCR-1), 5 per cent weighment of rakes was being done after issue of instructions by Railway Board.
- In 24<sup>82</sup> sidings, the percentage of rakes checked was much lower and ranged from 0.16 per cent to 4.57 per cent.
- In 35 sidings in twelve<sup>83</sup> Zonal Railways no weighment was done at all.
- In 20 sidings<sup>84</sup> (out of 37 private sidings where test weighment of bagged consignment was done) over eight Zonal Railways, overloading was detected in respect of 6823.31 wagons and penalty of ₹ 2.02 crore was imposed.
- Details of random check of weighment of bagged consignment were not made available by any of the Zonal Railways. However, SR and WCR have been continuing with the September 2011 orders of Railway Board for 5 per cent test weighment of bagged consignment.

### 2.1.8 Conclusion

Freight traffic is the major source of revenue for the Indian Railways and plays a vital role in industrial progress and economic growth of the country. Sidings are constructed to eliminate handling of goods at the stations as well as local haulage between the place of production/ consumption and Railway station. This Report highlights the performance of Indian Railways during 2009-2014 on the aspects pertaining to siding operations that included setting up a new siding, operation of the new as well as existing sidings as per the extant provision and recovery of various charges from the private siding owners besides ensuring closure of siding not in operations.

<sup>82</sup> NWR-3, SECR-1, NCR-1, WCR-5, SER-1, SWR-1, SCR-10, ECR-1 & ER-1

<sup>83</sup> CR-4, ECoR-1, WR-3, SECR-1, NFR-2, NCR-3, SER-4, SWR-3, ECR-1 ER-3, NR-9 & SCR-1

<sup>84</sup> NFR-1, NCR-1, NWR-1, WCR-6, ECoR-1, SER-1, SCR-8 and ECR-1

The proposals of the private parties for setting up sidings were approved with delays subsequently leading to delays in construction and commissioning of new sidings. In respect of 25 sidings (out of 55), the delays in approval ranged between 45 days and 1500 days over and above the prescribed time limit of 120 days. Further, no definite time period was prescribed for construction of sidings by the private parties.

Delays in approval led to delays in construction of private sidings resulting in loss of revenue to the Railways as the traffic projected by the parties intending to set up sidings could not be tapped by Railways. It was also observed that in respect of 7 new sidings constructed during the period 2009-14 clearance of the Commissioner of Railway Safety was not obtained before commencing operations.

Further, as many as 32 newly constructed sidings (out of 55) failed to achieve their traffic projection (shortfall ranging between 10 to 75 per cent) resulting in loss revenue to Railways. Despite clear codal provision, no action was taken by the Railway Administration to undertake the annual review the earnings of such sidings which have not been able to achieve the traffic projected at the time of submitting proposal for setting up a siding.

No siding agreements existed in respect of 16 sidings<sup>85</sup> owners till 31<sup>st</sup> March 2014. Despite a directive from Railway Board (July 2005), fresh agreements were not executed in the revised format in 53 sidings in 13 Zonal Railways. The fresh agreement in the revised format contained exhaustive terms and conditions for operations and maintenance as well as levy and recovery of various charges from the siding owners. Further, information like effective date of agreement, preliminary survey expenditure, payment to be realised for land licence fee, maintenance and other charges from siding etc were not recorded in the siding agreement at appropriate places in respect of the 178 sidings<sup>86</sup> (out of 293) in 13 Zonal Railways.

Railway dues amounting to ₹ 241.58 crores remained outstanding for recovery from the siding owners on account of Siding charges, land license fee, maintenance charges, shunting charges, damage & deficiency charges etc. Further, demurrage charges amounting to ₹ 2004.35 crore were accrued during the period April 2009 to March 2014 on account of detentions to rakes in the siding as a result of lack of facilities in the sidings for handling the rakes for loading/unloading. Out of this, ₹ 1338.40 crore were realized and ₹ 603.38 crore (30 per cent) were waived off leaving ₹ 62.57 crore remaining to be recovered from siding owners as on 31 March 2014.

Out of 49 sidings notified for closure during 2009-14, the closure notifications were issued after more than 10 years of stopping of operations in 19 private sidings. An amount of ₹ 59.70 crore was outstanding since March 2012 on

<sup>85</sup> ECR-12, ECoR-2, NWR-1 and SWR-1

<sup>86</sup> CR-14, SECR-10, NFR-11, WR-14, NCR-11, SWR-12, NER-10, ECoR-12, NWR-11, SR-23, WCR-10, SCR-22, NR-18

account of land license fee, dismantling charges in respect of eight closed sidings<sup>87</sup> in two Zonal Railways.

As many as 76 private sidings were not in operations for the period more than 10 years, no action has been taken by the Railway Administration for closure of these sidings. An amount of ₹ 45.47 crore was outstanding on account of all recoverable dues from the siding owners against 19 such sidings.

76 private sidings are yet to have a weighbridge in their premises despite Railway Board's instructions to this effect in 2004. In respect of 44 sidings, there was neither weighbridge at the siding premises nor at any en route station. In respect of 32 sidings *en route* weighing facilities was provided at the distance ranging between 3 to 390 kilometres from the siding premises enhancing the risk of overloading and damage to track.

### Recommendations

- *IR needs to strictly enforce the timelines for processing the proposals of setting up the sidings and ensure that construction of sidings is not delayed depriving the Railways of the potential freight earnings.*
- *IR should consider undertaking periodical review of the earnings from the private sidings and initiate measures to enhance the earnings in case the traffic handled has fallen short of the projections at the time of submitting the proposal for setting up sidings.*
- *IR needs to fix the time line for signing the agreements with the private siding owners and to ensure that the prescribed dues are recovered in timely manner as prescribed in the agreements.*
- *IR needs to strengthen the internal control mechanism to ensure regular collection of various charges to be received from siding owners besides maintenance of proper record including the copies of the agreements at the sidings, serving stations and the Accounts Offices.*
- *IR should ensure strict compliance to its own instructions for provision of weighbridges at or near the siding premises so as to restrict the overloading and avoid adverse impact on the safe train operations.*

---

<sup>87</sup> SER-3 (Joy Balaji Sponge Limited, Barjamda, Taurian Iron and Steel Company Pvt. Limited, Barjamda and Deepak Steel and Power Limited, Barjamda), NWR-5 (Man Industrial Corporation siding, Jaipur, Nalla Power House siding, Jaipur, Kamani Engineering Corporation siding, RCP/IJMP siding, Kolayat and Udaipur cement works Khemli)

## Appendix I (Para 2.1.4)

## Sample Details

Type of siding	Criteria for sample selection	Total population	Sample selected
Existing sidings	<p>25 per cent of the total number of private sidings in operation as on 31-03-2014 subject to the minimum of 10 and maximum of 25 sidings per Zonal Railway</p> <ul style="list-style-type: none"> <li>Sidings were selected on the basis of quantum of traffic handled during last five years and covering at least two Divisions in the individual Zonal Railways. At least two sidings handling inward traffic were selected per Zonal Railway.</li> <li>Sample selected included each of the six major commodities i.e. coal, iron and other ores, POL, cement, fertilizers, food grains and pig iron and steel, wherever existed.</li> </ul>	835	238
New sidings	40 per cent of newly constructed sidings in each Zonal Railways during 2009-10 to 2013-14, subject to maximum of five.	125	55
Closed sidings	100 per cent of all closed sidings and private sidings not in operation but not taken for closure	125 (49 +76)	125 (49+76)

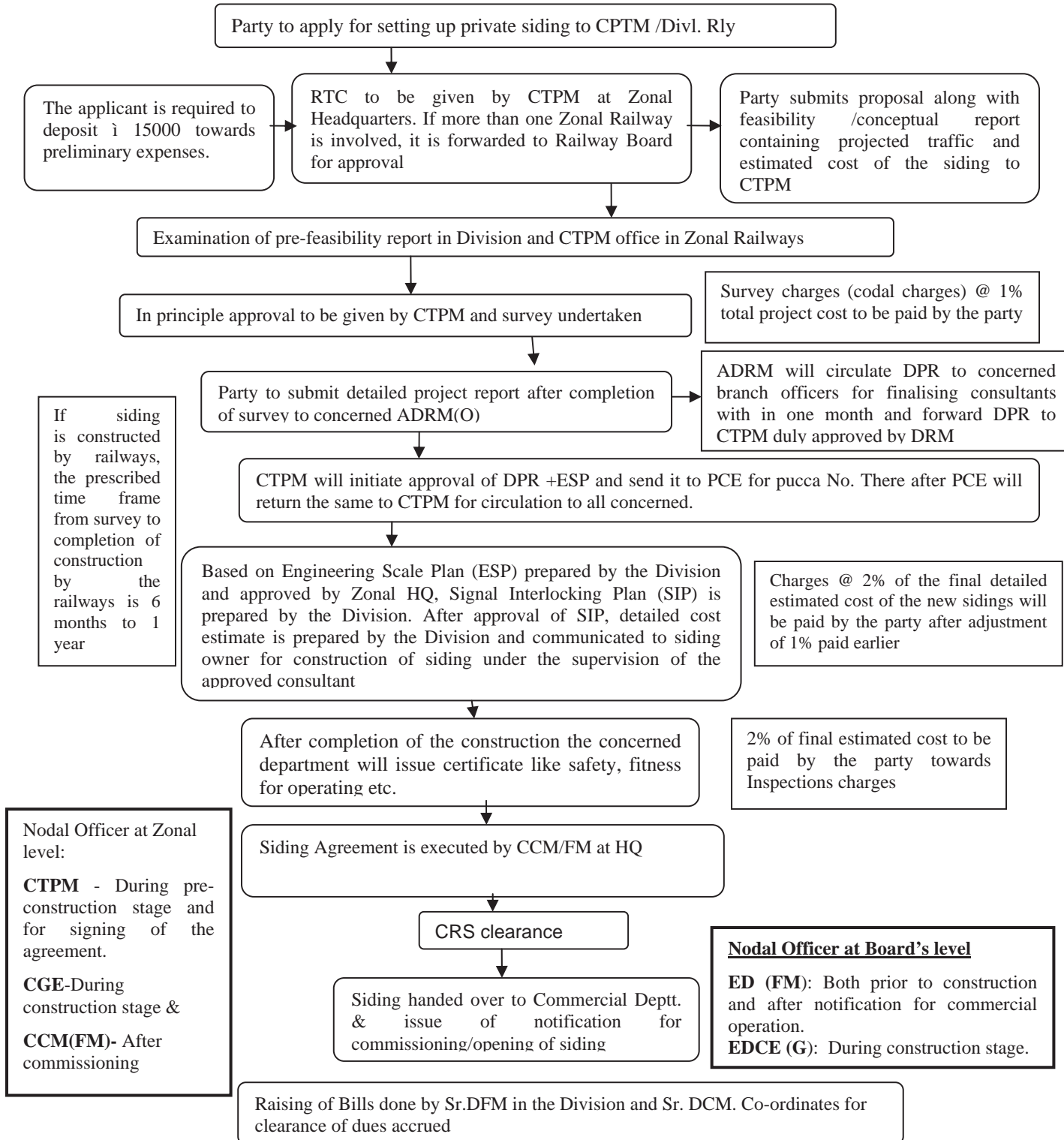
**Appendix II (Para 2.1.4)****Organizational Structure**

The role/responsibility of various Departments in managing different aspects of sidings at Railway Board, Zonal Railway and Divisional level has been indicated in the table below.

<b>Unit</b>	<b>Department</b>	<b>Responsibility</b>
Railway Board	Member (Traffic), Member (Engineering) supported by Executive Director Civil Engineering (General) and Executive Director/Freight Marketing	Policy Matters
Zonal Railway	Operating - Chief Transport Planning Manager and Chief Operations Manager)	Execution of agreements
	Engineering - (Chief Engineer)	Preparation of plans and estimates and for construction and maintenance of sidings
	Commercial -(Chief Commercial Manager/Freight Marketing)	Fixation of various siding related charges leviable in consultation with Railway Board
	Accounts (Financial adviser & Chief Accounts Officer)	Collecting the various siding related charges including land license fee
Divisions in Zonal Railways	Operating (Divisional Operations Manager)	Operations to and from sidings
	Electrical and Signalling-(Sr. Divisional Electrical Engineer)	Provision and maintenance of overhead equipment and Maintenance/Inspection of signalling assets
	Mechanical -(Divisional Mechanical Engineer	Examination of wagons and locos moving to and from the sidings
	Engineering –Sr. Divisional Engineer	Maintenance/Inspection of permanent way
	Accounts - Divisional Accounts Officer	Preferring and realizing bills for various charges based on the data supplied by the respective departments

**Appendix III (Para 2.1.7.1.1)**

**Flow chart for construction of new sidings**



## 2.2 Review on 'Liberalised Active Retirement Scheme for Guaranteed Employment for safety Staff (LARSGESS)'

### Highlights

The 'Liberalized Active Retirement Scheme for Guaranteed Employment for Safety Staff (LARSGESS)' was notified by Ministry of Railways (Railway Board) on 2 January 2004. The scheme provided for employment of a ward of an employee belonging to a specified category, subject to condition laid down in lieu of the employee seeking voluntary retirement. The scheme was conceived following demands by the Trade Union representatives of Indian Railway employees.

Audit findings regarding the scheme are:

Initially, the Scheme covered only two safety categories of staff viz. Drivers (excluding shunters) and Gangmen. Subsequently, number of amendments have been made by Ministry of Railways (Railway Board) during the period 2005 to 2014 by relaxing the prescribed norms for recruitment and also including other categories of staff under this Scheme. These amendments had the effect of diluting the eligibility criteria for recruitment and reducing the qualifying service period of the existing employee.

- Ministry of Railways had permitted recruitment of those candidates under LARSGESS who did not even possess the minimum educational qualification of 10<sup>th</sup> pass or equivalent as required for other categories of staff such as Trackman, Traffic Khalasi, Points man, Gate Man, Helper Khalasi, etc. Neither approval of Cabinet was taken nor DOPT was consulted before implementation of the Scheme.

[Para 2.2.2 (i)]

- Irregular appointment of employees under -1S scale<sup>88</sup> was made through the LARSGESS Scheme. Out of 24,848 appointments made under LARSGESS between January 2011 to March 2014, 946 appointments (3.80 per cent) were made without having prescribed educational qualification under this scheme in -1S scale under "exceptional circumstances" without specifying them.

[Para 2.2.2 (iii)B & Statement B]

- Recruitments under LARSGESS were made in violation of the conditions viz., (a) eligibility condition is to be the same as prescribed for direct recruitment, and (b) suitability of wards was to be assessed in the same manner as was being done in the case of direct recruitment, prescribed by Indian Railways itself. Out of the 10,086 test checked appointments, 7,860 (80 per cent) appointments were made by diluting one or more of the above conditions.

<sup>88</sup> As per MOR (RB)'s letter dated 9 December 2011, the emoluments to trainees recruited under the LARSGESS, during the period of their training and before they are absorbed in the Government as employees, will be governed by the minimum of the - 1S pay band without any grade pay.

[Para 2.2.2 (iii)A & Statement A-1]

- *Out of the 10,086 test checked appointments, in 7,757 appointments cases, condition of passing Physical Efficiency Test (PET) was violated.*

[Para 2.2.2 (iii)A & Statement A-1]

- *While the Scheme of LARSGESS laid down the eligibility age group of 50-57 years for seeking retirement under the scheme in the case of safety categories with the Grade Pay of ₹1,800, 1,649 employees of safety categories retired after they had crossed 57 years of age in contradiction to the provisions of the scheme.*

[Para 2.2.2 (iii)]

- *Central Administrative Tribunals in their Judgments had declared the whole scheme (LARSGESS) as unconstitutional, backdoor entry for Government job, illegal, formed out of unreasonable confusion, ultra-vires, etc. Even after decisions of the Tribunals the RB added new features of the Scheme.*

[Para 2.2.2 (v)]

### 2.2.1 Introduction

The Safety Related Retirement Scheme (SRRS) was notified by the Railway Board on 2 January 2004. Later (11 September 2010) this scheme was named as 'Liberalized Active Retirement Scheme for Guaranteed Employment for Safety Staff (LARSGESS)'. The scheme is mainly framed to create employment for a suitable ward of the employee, whose application for voluntary retirement under the scheme is accepted. The scheme was conceived (March 2011, July 2011, July 2013, March 2014, etc.) following demands<sup>89</sup> by the Trade Union representatives of Indian Railway employees. Audit assessed whether the recruitment process under the said scheme was transparent and prescribed procedure was followed. Audit also assessed the quantum of recruitment under the scheme.

As per Ministry of Railways (Railway Board)'s letter of 2 January 2004, the Scheme was to be called Safety Related Retirement Scheme. The Scheme was initially to cover two safety categories viz., Drivers (excluding shunters) and Gangmen whose working was perceived to have a critical bearing on the safety of train operations and track maintenance. The letter brought out the following factors in support of covering these categories:

Drivers are directly responsible for the running of trains. Running duties demand continued attention and alertness. The element of stress combined with uncertain hours of work entailed in the performance of running duties over long periods of time tend to have adverse effect on their health. Gangmen are responsible for the proper maintenance of tracks. Their duties involve heavy manual labour<sup>90</sup> in the laying of tracks, repair of tracks, patrolling etc. Due to this reason spinal and back problems catch up quite

<sup>89</sup>To constitute lower level assessment committee, demanding dispensation of written examination, to include other categories of staff, etc.

<sup>90</sup>The Track Machines were introduced on Indian Railways during the early 1960s for mechanized laying and maintenance of track.



early in life. These categories, work in conditions, in which fatigue sets in earlier, than in the case of staff who work indoors or within station limits or in depots and workshops. Therefore no category other than Gangmen and Drivers was included in the Scheme

Further, as per above, the Scheme was framed on the considerations that with advancing age, the physical fitness and reflexes of staff of these categories deteriorate, thereby causing a safety hazard. Provisions made were:

- Drivers and Gangmen in the age group of 50 to 57 years could seek retirement.
- The employee should have completed 33 years of qualifying service in order to be eligible for seeking retirement under this scheme.
- The conditions of eligibility, in the case of wards, being considered for appointment are to be the same as prescribed for direct recruitment from the open market.
- Suitability of the wards was to be assessed in the same manner as was being done in the case of direct recruitment.

Subsequently, numbers of amendments have been made by Ministry of Railways (Railway Board) during the period 2005 to 2014 in the Scheme. The details of Amendments subsequently made in the Scheme by Ministry of Railways (Railway Board) are brought out in **Appendix**. These amendments had the effect of diluting the eligibility criteria for recruitment and reducing the qualifying service period of the existing. Some of the amendments are as follows:

- Candidates who failed to qualify the written examination were to be given one more chance to qualify the suitability test (July 2006).
- Extended the benefit of the Scheme to other safety (pointsman, shuntman, leverman, gateman, keyman, traffic porters, khalais, crame jamadar, etc.) categories of staff. (September 2010, January 2012 and March 2014)).
- In case the ward of the employee fails in the medical examination of a particular cycle after passing the written test; then the employee's request for consideration of other ward for recruitment under the Scheme may be considered in the next retirement/ recruitment cycle provided both the employee and ward continue to fulfill the prescribed eligibility conditions(February 2013).
- The qualifying service of 33 years is reduced to 20 years of qualifying service in order to be eligible for seeking retirement under this scheme (March 2013).
- Railway Board vide their letter of July 2013 decided to dispense with Written Examination for recruitment of wards of Gangmen, etc.
- Railway Board vide their letter of December 2014 decided to relax the quantum of minimum service required under the safety category post to 10 years from 20 years.

The initial introduction of the scheme and subsequent modifications made in the Scheme from 2004 to 2014 (upto December 2014) were critically examined by covering the Railway Board policy files. However for implementation and quantum of recruitment, audit covered the recruitment made in the years 2011, 2012, 2013 (Calendar year) and upto March 2014 in all recruiting units of the Indian Railways.

For sample selection, detailed check of the process of recruitment under LARSGESS was carried out in 10,086 appointments out of total appointments of 24,848 made during January 2011 to March 2014 in Zonal Headquarters/ Divisional Headquarters and Workshops of Indian Railways.

Audit also examined the records pertaining to LARSGESS at Railway Board, all Zonal Railways Headquarters, all divisional Headquarters.

## 2.2.2 Audit findings

### Irregular/large scale recruitment made under LARSGESS

(i) Audit observed that the scheme of LARSGESS did not have Cabinet approval. During review of the recruitment of employees under LARSGESS, it was noticed that Chairman Railway Board in his noting dated 26 November 2011 had mentioned that “6<sup>th</sup> Pay Commission has permitted recruitment of candidates who do not possess minimum educational qualification of 10<sup>th</sup> pass or equivalent in cases of compassionate ground appointments etc. In addition to compassionate grounds, we have covered appointment in Sports Quota and accident victims. On the same lines, we can cover appointment to land losers, LARGESS and Substitutes. Further their pay will be regulated as per 6<sup>th</sup> Pay Commission in – 1S pay scale and they will be absorbed in regular post with regular Grade Pay only after they acquire the minimum educational qualification. **If the above course of action is approved, there is no need to approach Cabinet**”.

(ii) The Railway Safety Review Committee (RSRC) 1998 – Part II - Khanna Committee had also commented about the ‘nexus’ between the age-profile/ physical fitness of the employees and the impact on safety. It had been brought out in Paras 4.2.4 and 4.2.5 of this Report that although some of the General Managers were of the view that the retirement age of drivers should be lower this view was not supported by any matching scientific data in support thereof and therefore be viewed only as an opinion. It was further pointed out that even research studies on the linkage between the age factor and the performance of the drivers was inconclusive. In Para 4.2.5 of the Report the Committee further recommended that “a psycho-technical study of disregard of signals in relation to the age of drivers conducted by the RDSO some years ago concluded that disregard of signals by drivers is independent of the age factor. The slowing down of reflexes with the passage of time was compensated by positive improvement in the psyche such as a greater sense of responsibility among the older drivers. In view of this the Committee refrained from making any definite recommendation on the specific issue of the retirement age of drivers”.

The scheme of LARSGESS did not have Cabinet approval

Railway Safety Review Committee (RSRC) 1998 had rejected the argument that the age-profile/ physical fitness of the employees had any adverse impact on safety.

(iii) Initially (2 January 2004) the Scheme was to cover two safety categories viz., Drivers (excluding shunters) and Gangmen whose working was perceived to have a critical bearing on the safety of train operations and track maintenance. However, during review of records regarding recruitment of employees under the Scheme in 69 offices of Senior Divisional Personnel Officers (Sr.DPO's) in Indian Railways, it was noticed that during the period from January 2011 to March 2014, out of the total recruitment of 1,35,931 employees under various categories, 24,848 employees (18 per cent) were recruited under LARSGESS in the categories of Grade Pay ₹1,800 including employees recruited in -1S pay band classified as safety category for LARSGESS in Indian Railway vide Railway Board's letters of 2 January 2004, 11 September 2010, 3 January 2012 and 24 March 2014 respectively. The details of total recruitment of employees under various categories including recruitment under LARSGESS on Indian Railways during the period January 2011 to March 2014 have been shown in **Statement A**. Cases of irregular appointments made under LARSGESS in violation of the provisions prescribed under the scheme were noticed, which are discussed in the subsequent paragraphs:

(A) The provisions laid down under the scheme stipulated that the conditions of eligibility and suitability of the wards, being considered for appointment under LARSGESS, were to be same as for direct recruitment and were to be assessed in the same manner as was being done in the case of direct recruitment. Hence, wards would require to qualify the three conditions viz., (i) the prescribed educational qualification, (ii) physical efficiency test (PET) and (iii) written examination before recruitment under this scheme. Audit test checked cases of 10,086 candidates out of the total 24,848 candidates recruited during January 2011 to March 2014 under LARSGESS. Out of 10,086 selected appointments, 7860 (80 per cent) appointments were made by diluting the above conditions as per details given in (**Statement A-1**). Audit further noticed that -

- 72 appointments were made in violation of all the above three conditions;
- In 1,775 appointments, two of the three conditions were violated;
- In 6,013 appointments, one of the three conditions for the recruitment scheme was violated. Of which, 5,910 appointments were made without passing of PET, which is a serious concern in view of safe train operations.

Thus, recruitments under LARSGESS by dilution of the conditions viz., (a) eligibility condition is to be the same as prescribed for direct recruitment, and (b) suitability of wards was to be assessed in the same manner as was being done in the case of direct recruitment were in violation of the provisions of the scheme and could impact the safety of train operations.

(B) Audit further noticed irregular appointments under -1S scale. As per Railway Board letter No.E(NG)II/2011/RR-I/11 dated 9 December 2011 (RBE

166/2011), in exceptional circumstances<sup>91</sup> wherever grant of appointment is considered to any of those persons in categories mentioned, not in possession of prescribed educational qualification for the post, such persons will be recruited/ engaged as trainees who will be given the regular pay bands and grade pay only on acquiring the minimum educational qualification prescribed under the recruitment rules. The emoluments of these trainees, till they acquire the prescribed minimum educational qualification for, being considered as regular incumbent to the post will be at the minimum of the -1S pay band without any grade pay. The period spent in the -1S pay band by the future recruits will not be counted as service for any purpose as their regular service will start only after they are placed in the pay band PB-1 of ₹5200-20200 along with grade pay of ₹ 1800.

Scrutiny revealed that out of 24,848 appointments made under LARSGESS between January 2011 to March 2014, 946 appointments (3.80 *per cent*) have been made under this scheme in -1S scale under LARSGESS. No reasons were found on record where exceptional nature of circumstances requiring recruitment of individuals without minimum prescribed qualification was reflected. An amount of ₹5.86 crore comprising of Pay + DA has already been paid for the period from December 2011 to March 2014 to these appointees. The details of appointment of employees under -1S scale under LARSGESS Scheme without any mention of “the exceptional circumstances” during the period from January 2011 to March 2014 are shown in **Statement B**. Audit is of the view that an employee who does not possess the minimum educational qualification cannot perform his duties in an efficient manner.

(C) Railway Board vide letter No. E(P&A)I-2010/RT-2 dated 11 September 2010 reduced qualifying service from 33 years to 20 years and the eligibility age group from 55-57 years to 50-57 years for seeking retirement under the scheme in the case of safety categories<sup>92</sup> with the Grade Pay of ₹1,800. It was seen from the records of 69 Senior Divisional Personnel Officers over Indian Railways that out of 24,848 appointments made under LARSGESS between January 2011 to March 2014, 1,649 employees of safety categories (6.64 *per cent*) retired after they had crossed 57 years of age in contradiction to the provisions of the scheme. This was facilitated through issue of Railway Board’s letter of 29 March 2011 which prescribed a calendar for process where maximum age on date of operation of panel was permissible to be beyond 57 years i.e. beyond the prescribed age of retirement under the provision of the scheme. These 1,649 employees also included 286 employees (1.15 *per cent*) who crossed the maximum age of retirement permissible on the date of operation of panel as prescribed in Railway Board’s letter of 29 March 2011<sup>93</sup>.

<sup>91</sup> MOR (RB) in their letter No. E(NG)II/2011/RR-I/11 dated 9 December 2011 had not mentioned anything about the exceptional circumstances.

<sup>92</sup> Pointsmen, Shuntman, Leverman, Gateman, Keyman, Khalasi, Khalasi Helper, Crane Jamadar and Crane Khalasis, etc.

<sup>93</sup> MOR (RB) vide their letter of 29.03.2011 had stated that the retirement/ recruitment process under the LARSGESS was to be done twice in a year as per prescribed time schedule i.e. first half – January – June & Second half July – December. This process was started from July

In addition to the above, it was also noticed that in respect of 45 cases (ER, NR, NWR, SER, SWR and WR), the maximum age for recruitment of ward applicable to cases of direct recruitment was breached in the half yearly period cycle. All these cases should have been excluded from operation of panel under LARSGESS in view of breach of conditions of scheme.

Moreover, in North Central Railway it was noticed that in respect of 22 employees, retirement of the employees under LARSGESS took place in the scheduled month of superannuation of the employee. The details of these employees over various Zonal Railways are shown in **Statement C**.

#### **(iv) Inclusion of other categories of employees under safety category**

Initially (2 January 2004) the LARSGESS Scheme was to cover only two safety categories viz., Drivers (excluding shunters) and Gangmen. Subsequently, Ministry of Railways vide their circulars of 11 September 2010, 3 January 2012, 24 March 2014, etc. also included other categories of employees such as Trolley man, Track man, Pointsman, shuntman, Leverman, Gateman, Traffic Porters, Keyman, Khalasi, Crane Jamadar, etc. In all these circulars no specific reasons for inclusion of the above mentioned categories under the LARSGESS Scheme were mentioned.

#### **(v) Verdict of Central Administrative Tribunals**

Central Administrative Tribunals in their Judgments in the benches of CAT/Jaipur, CAT/Delhi and CAT/Patna have severally held that the whole scheme (LARSGESS) now available was unconstitutional as it took away the competitive spirit to grant a Government job and is only the backdoor entry to get a Government job. All such back door entry schemes except the compassionate appointment scheme were declared to be arbitrary, illegal, formed out of unreasonable confusion, ultra-vires and unconstitutional and quashed enmasse. In fact, a judgement of CAT, Patna categorically directed that any further retirements/ recruitments under SRRS or LARSGESS shall be kept in abeyance. In spite of these judgments, Ministry of Railways (Railway Board) did not take any cognizance and made irregular appointments under the LARSGESS Scheme.

#### **(vi) Other Audit Findings**

Following other irregularities noticed by Audit are:

- (a) During the review of records regarding LARSGESS maintained in the office of Senior Divisional Personnel Officer (Sr.DPO)/ Ajmer, North Western Railway, it was noticed that three candidates who were declared failed were declared successful<sup>94</sup> after taking the approval of the appointing authority. It was further noticed that the temporary service of

2011. These 286 employees have violated the condition of maximum age of retirement permissible on the date of operation of panel at that particular time.

<sup>94</sup> On the request of candidates the result was reviewed and it was found that answers of two questions were found wrong in the answer key prepared by the examiner. On the basis of answer deemed correct as claimed by the candidates they were declared successful.

- a safaiwala was taken into account for calculating the qualifying service for LARSGESS.
- (b) As per MOR (RB), letter of 11 March 2013, for availing the benefit under the LARSGESS scheme, at least 20 years qualifying service is required in the specified safety category. However, scrutiny of records of Senior Divisional Personnel Officer/Bangalore, South Western Railway, revealed that as many 17 employees out of 63 test checked were allowed to retire and their wards were appointed under LARSGESS even though they had not served in the respective safety category for 20 years.
- (c) As per Para 4 of Railway Board's letter No E (P&A)1-2010/RT-2 dated 11 September 2010 (RBE No 131/2010), it was reiterated that the retirement of an employee be considered only if the ward is found suitable in all respects. Retirement of the employee and appointment of the ward should take place simultaneously. However, in South Eastern Railway, one employee was empanelled for fresh appointment in Grade Pay ₹1,800 under LARSGESS scheme for the year 2011. Voluntary retirement of his father was accepted on 31 October 2012 before appointment of his ward. However, his ward failed to pass the Medical Examination. Subsequently, the father applied for employment of his elder son under LARSGESS scheme and the appointment of his ward was in progress at the time of conducting this review.
- (d) In West Central Railway, it was noticed that in respect of 334 cases, the retirement of employees and appointment of wards have not taken place simultaneously (difference of 1 to 381 days). Similarly, in North Western Railway, in respect of seven cases, the recruitment of employees and appointment of wards had also not taken place simultaneously (difference of 4 days to 25 days) in contradiction to the Railway Board letter dated 11 September 2010 which clearly stipulates that retirement of the employee and appointment of the ward should take place simultaneously.
- (e) As per Annexure to Railway Board's letter No E (P&A)1-2010/RT-2 dated 11 September 2010 (RBE No 131/2010), Gateman, Trolleyman and Keyman of Civil Engineering Department were covered under the scheme (LARSGESS). In North Western Railway, however, during review of final settlement cases of employees voluntarily retired under the scheme, it was seen that the benefit of scheme was irregularly given to Mate (Supervisor of Gangman), a category which was not covered under the scheme at that particular time. Similarly, 12 Cleaners were also recruited under LARSGESS during the period 2011 to March 2014. These recruitments are also not covered under LARSGESS at that particular time.
- (f) In North Western Railway (three employees) and West Central Railway (one employee) false certificates regarding qualification and police verification details were produced. Action has been initiated by the North Western Railway and appointments were not made, however, no action has been taken by West Central railway. In Ranchi Division of South Eastern Railway, one ward was appointed under LARSGESS on false declaration given by the retiring employee that he is the adopted son of the retiring

employee. The service of the adopted son was terminated. The services of his father who had given the false declaration were re-instated without taking any action.

- (g) In respect of eight retiring employees of West Central railway, different wards other than the declared wards were appointed in their place.
- (h) As per General Rule, medical examination of the appointed candidate is to be done before the appointment. However, it was noticed that in Metro Railway, Kolkata, an Ex. Helper Electric expressed his willingness for being covered under LARSGESS on 5 September 2012. However, Medical Examination of his ward was held on 30 August 2012, i.e. prior to submission of willingness. Similarly, another Ex. Helper Electric expressed his willingness for being covered under LARSGESS on 21 June 2013 but Medical Examination of his ward took place on 18 June 2013.

Thus it was noticed by audit that under the LARSGESS Scheme, the Ministry of Railways (Railway Board) not only flouted the prescribed rules and regulations for employment but also glossed over deviations from their own Scheme, and did not take required rectificatory action.

### 2.2.3 Conclusion

The original scheme, as well as all subsequent amendments to the scheme were at the instance of demands of the Trade Union and representatives of the employees of Indian Railways and not a well considered, appropriately approved scheme. The Ministry of Railways (Railway Board) had made large scale appointments under LARSGESS on the analogy that they were akin to compassionate appointments for which minimum qualifications were relaxed. The scheme blocks open competition and breeds an unhealthy culture. It obstructs recruitment through open competition and equality of opportunity in matters of public appointment for all citizens under the state.

LARSGESS was implemented without consultation with Department of Personnel & Training (DOPT), Ministry of Finance and is not authorized by the Cabinet of the Union of India. It has also been held irregular by the Central Administrative Tribunals in their Judgments in the bench of CAT/Jaipur, CAT/Delhi and CAT/Patna.

In spite of these orders, Ministry of Railways (Railway Board) had made two more amendments on 24 March 2014 and 1 December 2014 by including additional five categories under the Scheme and relaxing the quantum of minimum service required under the safety category post.

The LARSGESS Scheme was initially introduced to cover only two safety categories viz., Drivers (excluding shunters) and Gangmen in view of their working to have a critical bearing on the safety of train operations and track maintenance, even though the Railway Safety Review Committee (RSRC) 1998 had rejected the argument that the age-profile/ physical fitness of the employees had any adverse impact on safety. Subsequently, Ministry of Railways included other categories of employees such as Trolley man, Track man, Pointsman, shuntman, Leverman, Gateman, Traffic Porters, Keyman, Khalasi, Crane Jamadar, etc from time to time without mentioning any

specific reasons for their inclusion under the LARSGESS Scheme. The recruitment through this scheme is a compromise with the regular provisions and eligibility criteria of the concerned categories of staff.

The matter was brought to the notice of Railway Board in March 2015; their reply has not been received (May 2015).

**Appendix  
(Para 2.2.1)**

**Amendments subsequently made in the LARSGESS Scheme by Ministry of Railways  
(Railway Board)**

Sl. No.	Date of amendment	Details of Amendments
1.	15 April 2005	The suitability for recruitment of wards of employees opting for retirement under the scheme was to be assessed through a committee of three Senior Administrative Grade (SAG) Officers at the level of Zonal Headquarters instead of Railway Recruitment Board (RRB).
2	25 July 2006	The candidates who failed to qualify the written examination were to be given one more chance to qualify the suitability test. Wherever such requests were to be received it was to be ensured that both Railway servant and his/her ward availing the benefit available under the Scheme continued to fulfill the eligibility conditions as on the date of the exam or 30 <sup>th</sup> of June of the respective year, whichever is earlier
3	11 September 2010	Extending the benefit of Scheme to other safety categories of staff (Pointsman, Shuntman, Leverman, Gateman, Traffic Porters of Operating Department, Gateman, Trolleyman, Keyman of Civil Engineering Department, Khalasi/ Khalasi helper of S&T and, Mechanical and Electrical Department) with a grade pay of ₹1800 per month. The qualifying service has also been reduced from 33 years to 20 years and the eligibility age group extended from 55-57 years to 50-57 years for seeking retirement under the Scheme in the case of Safety categories with Grade Pay of ₹1800. The condition of qualifying service (i.e. 33 years) and age group (i.e. 55-57 years) for Drivers was to remain unchanged. However, the employment under the Scheme was guaranteed only to those found eligible/ suitable and finally selected as per procedure. It was also reiterated that the retirement of the employee was to be considered only if the ward is found suitable in all respects. Retirement of the employee and appointment of the ward should take place simultaneously. The other terms and condition of the Scheme will remain unchanged as they existed in Safety Related Retirement Scheme (SRRS – 2004)
4	24 September 2010	It was clarified that LARSGESS will also be applicable to Gangman/ Trackman who were already covered under the SRRS – 2004.
5	29 March 2011	The retirement/ recruitment process under the LARSGESS was to be done twice in a year as per prescribed time schedule i.e. first half – January – June & Second half July – December. This process was started from July 2011. Assessment Committee of three Junior Administrative Grade (JAG) Officers at Divisional level was prescribed to adjudge the suitability of wards for recruitment against safety category post in Grade Pay ₹1800 per month.
6	3 January 2012	Certain relaxations were granted under the LARSGESS Scheme. Trolleyman of Departments other than Civil Engineering was



		also to be included in the list of Safety categories. Dispensed with the requirement of Physical Efficiency Test for recruitment in the relevant categories under LARSGESS. Relaxation was granted in respect of the prescribed minimum educational qualifications for recruitment under the Scheme in line with recommendations of VI CP.
<b>7</b>	18 February 2013	In case the ward of the employee fails in the medical examination of a particular cycle after passing the written test; then the employee's request for consideration of other ward for recruitment under the Scheme may be considered in the next retirement/recruitment cycle provided both the employee and ward continue to fulfill the prescribed eligibility conditions.
<b>8</b>	11 March 2013	20 years' of qualifying service should be in the specified safety category posts.
<b>9</b>	23 July 2013	It was decided to dispense with Written Examination for recruitment of wards of Gangmen and the specified Safety categories in GP ₹1800/- as notified in Board's letters of 11 September 2010 and 3 January 2012 under LARSGESS. These instructions were to be applicable from July – December 2013 retirement/recruitment cycle onwards only.
<b>10</b>	30 August 2013	It was decided to extend second chance for Aptitude test for recruitment as Assistant Loco Pilots to those wards, who have passed the written test but could not clear the Aptitude Test under LARSGESS, after a gap of three months, in exceptional cases based on merits of each case. These instructions were to be applicable from July – December 2013 retirement/recruitment cycle onwards only. The past cycles were to be governed by the earlier instructions
<b>11</b>	24 March 2014	Additional five categories who are working on track in GP ₹1800/- under the scheme- (i) Electrical Power Staff, (ii) Track Machine Staff, (iii) Bridge Staff, (iv) Traction Distribution (TRD) Staff, and (v) Permanent Way Inspector (PWI) Khalasis were also included under this Scheme.
<b>12</b>	1 December 2014	It was decided to relax the quantum of minimum service required under the safety category post to 10 years from 20 years.

**Statement A**  
[Para 2.2.2 (iii)]

**Statement showing total recruitment of employees under various categories, including recruitment under LARSGESS on Indian Railway during the period January 2011 to March 2014**

Sl. No.	Source of Recruitment	No. of employees recruited
<i>1</i>	<i>2</i>	<i>3</i>
1	RRC Ex-Servicemen	10,955
2	RRC Regular	82,123
3	Sports quota	380
4	Compassionate Ground	13,534
5	Scout and Guide	198
<b>6</b>	<b>LARSGESS</b>	<b>24,848</b>
7	Substitutes	1,358
8	Others/ cultural	498
9	Transfer From Bungalow Peon/Bungalow peon	374
10	Accident victim	95
11	Land lossers	1575
	<b>Total</b>	<b>1,35,931</b>

**Source:** Data collected from each Zonal Railway

**Statement A-1**  
**[Para 2.2.2 (iii)]**  
**Violation of prescribed recruitment provisions under LARSGESS**

**Condition I: To qualify prescribed educational qualifications**

**Condition II: To pass Physical Efficiency Test (PET)**

**Condition III: To qualify written examination**

Rly	Total No. of appointments under LARSGESS during January 2011 to March 2014	No. of appointments selected for review	Appointments made by violation of							
			Only Condition I	Only Condition II	Only Condition III	Only Conditions I & II	Only Conditions I & III	Only Conditions II & III	Conditions I, II & III	Total Violation
1	2	3	4	5	6	7	8	9	10	11
CR	2606	418	18	0	0	0	0	0	0	18
ER	476	170	0	70	0	11	0	5	0	86
ECR	1018	428	0	0	0	0	0	0	0	0
ECoR	318	134	0	83	13	0	0	38	0	134
NCR	1407	288	0	205	0	52	0	0	0	257
NER	832	166	0	149	0	17	0	0	0	166
NEFR	1773	360	0	297	0	20	0	0	0	317
NR	2896	517	0	349	0	77	0	0	0	426
NWR	2031	2031	0	1644	0	387	0	0	0	2031
SCR	2819	566	18	417	54	0	0	0	0	489
SER	157	157	0	119	0	20	0	7	0	146
SECR	750	750	0	433	0	205	0	0	0	638
SR	2365	2365	0	740	0	324	0	327	62	1453
SWR	741	741	0	626	0	42	0	42	10	720
WCR	1996	410	0	368	0	42	0	0	0	410
WR	2603	525	0	368	0	157	0	0	0	525
RPU & Metro	60	60	0	42	0	2	0	0	0	44
<b>Total</b>	<b>24848</b>	<b>10086</b>	<b>36</b>	<b>5910</b>	<b>67</b>	<b>1356</b>	<b>0</b>	<b>419</b>	<b>72</b>	<b>7860</b>

Total No. of cases, who violate condition I i.e. recruited without prescribed education qualification -  $(36 + 1356 + 0 + 72) = 1464$

Total No. of cases, who violate condition II i.e. recruited without passing PET -  $(5910 + 1356 + 419 + 72) = 7757$

Total No. of cases, who violate condition III i.e. recruited without qualifying written examination -  $(67 + 0 + 419 + 72) = 558$

**Statement B**  
**[Para 2.2.2 (iii) (a)]**  
**Irregular appointment of employees under -1S scale under LARSGESS Scheme during the period January 2011 to March 2014**

Sl. No.	Railway	Total No. of employee	Total payments made (DA + total Basic Pay) amount in ₹
1	2	3	4
1	Eastern	11	915769
2	North Western	387	17394411
3	South Central	18	1224730
4	Southern	79	11253711
5	South Eastern	5	291264
6	West Central	42	1827202
7	South East Central	36	3306642
8	RPU & Metro	2	223776
9	Northeast Frontier	20	1515753
10	Western	157	6357192
11	North Central	48	2880676
12	Central	18	969352
13	Northern	106	9406584
14	North Eastern	17	1063025
<b>Total</b>		<b>946</b>	<b>58630087</b>

**Source:** Data collected from each Zonal Railway

Note: No appointments were made under 1S scale in South Western and East Coast Railways.

Note: Calculation in respect of col.4 has been done in the following manner:  
 Period = DA for the period = Pay (+) DA admissible from time to time = emoluments  
 (x) month of service since appointment

**Statement C****[Para 2.2.2 (iii) (b)]**

**Statement showing details of employees retired, who has crossed 57 years of age at the time of retirement under LARSGESS Scheme during the period January 2011 to March 2014**

<b>Sl. No.</b>	<b>Railway</b>	<b>No. of employees retired after 57 years of age</b>	<b>No. of employees retired after 57 years of age (As per RB's letter dated 29.03.2011)</b>	<b>Ward age crossed the maximum age of recruitment</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Central	116	0	0
2	Eastern	43	0	5
3	East Central	251	0	0
4	East Coast	48	0	0
5	North Central	157	0	0
6	North Eastern	60	6	0
7	Northeast Frontier	56	6	0
8	Northern	217	0	12
9	North Western	222	171	5
10	South Central	114	0	0
11	South Eastern	14	0	3
12	South East Central	22	0	0
13	Southern	118	0	0
14	South Western	41	41	6
15	West Central	75	62	0
16	Western	85	0	14
17	RPU & Metro	10	0	0
<b>Total</b>		<b>1649</b>	<b>286</b>	<b>45</b>

**Source: Data collected from each Zonal Railway**

## 2.3 Review on 'Fake Indian Currency Notes received through station earnings on Indian Railways'

### Highlights

In Indian Railways, there are 8666 booking locations, where cash transactions take place through ticket bookings/ refunds, parcel booking etc. Cash received through these locations are either deposited directly into banks or remitted to Cash Offices nominated by the Railway. The issues of receipt of Fake Indian Currency Notes (FICNs) through these locations and procedure adopted by Railway authorities for dealing with these FICNs were reviewed by Audit. Some of the key findings are as under:

- Audit of records of 85 stations over 17 Zonal Railways, remitting station earnings directly to banks, revealed that debits of ₹35.99 lakh were raised on 13 stations of five zones by the concerned bank for remitting of FICNs. **(Para 2.3.2.1)**
- Across IR, 4589 stations are remitting cash to 40 Cash Offices nominated by Railways. Scrutiny of five such stations of each cash office revealed that debits of ₹56.34 lakh were raised by 26 cash offices on 12 Zonal Railways for remitting FICNs. **(Para 2.3.2.2)**
- Out of the total debits (₹92.33 lakh) raised on these selected stations, major portion (78.60 per cent) was made good by the concerned booking staff as on July 2014. Audit, however, revealed that FICNs detected by banks/ cash offices were being returned to the concerned booking staff, which was in violation of provisions laid down in Cash and Pay Manuals of Zonal Railways. This also led to possibility of recirculation of FICNs in open market. In case of CR, Audit revealed that FICNs of ₹18.64 lakh detected by IDBI bank were returned to the station authorities and that too without any impounding advice. **(Paras 2.3.2.1 & 2.3.2.2)**
- Audit revealed that procedure adopted by station authorities for dealing with the FICNs was not as per the prescribed rules/ instructions. In case of three Railways (CR, ER, WR), concerned station authorities intimated to Audit that the FICNs were destroyed by the station staff. **(Para 2.3.2.2)**
- Test check of 196 booking locations over 14 Zonal Railways revealed that Currency Authenticator Machines were installed only in 58 locations. Despite installation of the machines, FICNs of ₹9.26 lakh were received at these locations. **[Para 2.3.2.3(b)]**

### 2.3.1 Introduction

The issue of circulation and use of Fake Indian Currency Notes (FICNs) in the context of Indian Railways (IR) is relevant in view of the following:

On Indian Railways, cash transaction by passengers, travel agents and contractors for tickets and other payments take place at 8666 ticketing locations [1859 Passenger Reservation System (PRS), 5222 Unreserved Ticketing System (UTS) and 1585 UTS cum PRS]. Cash received through

these locations are either deposited directly into banks dealing with Railway business, or remitted to nominated Cash Offices at Divisional/ Zonal Headquarters through cash bags. Cash Offices then deposit such cash with their respective banks. At present, in IR, 2226 Stations remit cash directly into Banks while 4589 Stations remit cash to their nominated Cash Offices.

Reserve Bank of India (RBI) has issued comprehensive guidelines to be followed by Scheduled Banks from time to time for dealing with the menace of FICNs. RBI directed (July 2012) that Counterfeit Notes shall be impounded and reported to it by all Nationalized/ Private Banks, all Treasuries and Sub Treasuries and Issue Offices of Reserve Bank of India. RBI further clarified (July 2013) that in no case should the Counterfeit Notes be returned to the tenderer or be destroyed by the Banks /Treasuries.

At Railway Board level, Commercial Directorate (Member Traffic) and Finance Directorate (Financial Commissioner) are responsible for monitoring and controlling of Cash and Pay Offices and smooth working thereof. At Zonal level, Chief Commercial Manager (CCM) is required to supervise/monitor the receipt of revenue at Stations. Working of Cash and Pay Offices of the Zonal Railway is under supervision of the FA & CAO of the Zone, whereas Commercial and Security Departments of the Division ensure deposit and transportation of Cash-In-Transit services. The procedure of dealing with the FICNs, instructions/ provisions have been prescribed in Indian Railway Commercial Manual (Para 2406 and 2408), Indian Railway Accounts Code (Para 1941) and relevant paras of Cash and Pay Manuals of respective Zonal Railways<sup>95</sup>.

Audit reviewed the compliance of prescribed rules/ instructions within Railways and adequacy of infrastructure made available to Railway staff for detecting of FICNs

Audit examined the records for the period of five years from 2010-11 to 2014-15 (up to July 2014) of selected Railway stations (five stations<sup>96</sup> in one division of each Zone, that remit cash directly to the Bank, and five stations under each cash office<sup>97</sup>). Audit also examined the records of Traffic Cash and Pay office, Traffic Accounts office of all 17 Zonal Railways.

Detailed audit findings are discussed in subsequent paragraphs.

<sup>95</sup> Four Railways (SER, WCR, SECR, SCR) have no Cash and Pay Manual.

<sup>96</sup> In IR, altotal earnings of 2226 stations are directly remitting cash to banks. Five such stations in on division of each Zones were selected for scrutiny.

<sup>97</sup> Over IR, 4589 stations are remitting station earnings to 40 nominated cash offices situated over IR. Five per cent such stations in each Zones were selected for detailed study.

### 2.3.2 Audit findings

#### 2.3.2.1 Station earnings remitted directly to Banks

Review of records of 85 stations over 17 Zonal Railways revealed that arrangements were made by banks<sup>98</sup> for collection of cash from Stations/ cash office and deposit in to respective Railway Accounts opened with the banks.

As per Para 2406 and Para 2408 of Indian Railway Commercial Manual (IRCM), FICNs should not be accepted and all Currency Notes tendered in payment of fare, freight, etc., should be examined carefully by booking staff before accepting them. Further, Cash and Pay Manuals of Railways stipulate that in case of detection of FICNs, the debits should be raised against the concerned stations to get the amount made good by the booking staff concerned

Review of records of five selected stations in one division each of the 17 Zonal Railways revealed that a total amount of ₹35.99 lakh was detected as FICNs by banks pertaining to the earnings received from 13 stations of five Zonal Railways (CR, NR, SR, SWR and WR). On account of detection of FICNs the banks raised debits of the same amount against these stations. Records of concerned stations further revealed that the major portion of outstanding debits (58.46 per cent) was made good by the concerned booking staff of the stations as per the prescribed provisions in the Cash and Pay Manuals of Zonal Railways. The details are given in the following table:

*Table No.2.17*

Sl. No.	Name of Railway	No. of stations, where FICNs detected out of the selected 5 stations	Debits raised on account of FICNs (₹) by the banks	Debits cleared (₹) by the concerned booking stations	Debits outstanding (₹)
1.	CR	3	1864100	1864100	0
2.	NR	3	188850	188850	0
3.	SR	1	10700	10700	0
4.	SWR	1	500	0	500
5.	WR	5	1535250	40600	1494650
	Total	13	3599400	2104250	1495150
			<b>₹35.99 Lakh</b>	<b>₹21.04 Lakh</b>	<b>₹14.95 Lakh</b>

From the above, it is evident that while Railway Administrations had made recoveries for a major portion of the FICNs detected by banks, an amount of ₹14.95 lakh still remained to be recovered by Railways in these selected stations.

Separately, a detailed scrutiny of cash deposits with the banks pertaining to stations earnings of the entire suburban section<sup>99</sup> (29 stations) of Mumbai Division (WR) revealed that FICNs of ₹35.79 lakh were detected and

<sup>98</sup> Nationalized and Private banks. In three Railways (CR, WR and SR) arrangements were made by private banks (HDFC & IDBI) in some locations of suburban section on these three Railways.

<sup>99</sup> The suburban sections of a Zone are notified by Zonal Railway/ Railway Board where local trains are run on short duration



impounded by the bank. Audit noticed that as of July 2014, total accumulated outstanding debits on account of FICNs, detected and impounded, was ₹35.38 lakh, in respect of which recovery had not been made. Debits of only ₹0.41 lakh were made good by the booking staff of only two stations of the Mumbai Division. Further, as this is an ongoing process in Railways, outstanding debits on account of FICNs would accumulate further. This is indicative of the fact that a comprehensive exercise by IR over the entire population in all Divisions might yield a substantial amount detected and yet to be recovered.

#### (a) Detection of FICNs by Banks

In case of detection of FICNs, banks are required to impound such FICNs and to deposit them with RBI. Banks are also required to send impounding advice to concerned Railway authority. Audit reviewed the records of Divisional Commercial Manager/ Chief Commercial Manager and Cash Office of the one division in each Zone to examine the procedure of detection of FICNs and communication of same to the concerned Railways by the banks over 17 Zonal Railways. Audit noticed that—

- On six Zonal Railways (CR, NR, NFR, SR, SWR and WR), FICNs of ₹61.97 lakh were detected and debits were raised by the banks during the review period.
- In case of CR, FICNs of ₹18.64 lakh were detected and debit raised by IDBI bank on the concerned stations. Moreover, the concerned station authorities of CR were given back these FICNs without any impounding advice from the bank which was in violation of the rules. Receipt of the FICNs by the station authorities/ booking staff leaves open the possibilities of re-circulation of these FICNs in open market.
- In case of NFR, Railway Administration stated that though FICN of ₹0.005 lakh was detected by SBI, no debit was raised by the bank. The bank simply returned the FICN to the station concerned.
- In other 11 Railway Zones<sup>100</sup>, where nationalized banks were engaged in Railway business for collection and deposit of stations earnings, no cases of detection of FICNs were found on record during the audit of the selected stations.

#### 2.3.2.2 Stations' Earnings remitted to nominated Cash Office

On Indian Railways, 4589 Stations were remitting cash to 40 nominated Cash Offices. Cash and Pay Manual of Railways stipulates that, FICNs debited to the station, will be sent by the Head Cash Witness<sup>101</sup> to Divisional Commercial Superintendents concerned in a sealed cloth containing all FICNs to fix responsibility and to arrange to get the amount made good by the station staff concerned. However, no further procedure was mentioned in the Cash and Pay Manuals for dealing with the detected FICNs handed over to the Divisional Commercial Superintendents by the Cash Office.

<sup>100</sup> ER, WCR, NER, SECR, SCR, NCR, ECoR, NWR, ECR, SER and Metro Railways

<sup>101</sup> One of the staff of Cash Office

Audit observed that FICNs, received through Cash Bags from various Stations identified by the officials of nominated Cash Office were returned to the concerned Stations as a debit alongwith Short Remittance advice and detected FICNs. Audit further noticed that-

- Scrutiny of records of cash offices over 17 Zonal Railways revealed that during April 2010 to July 2014, debits of ₹56.34 lakh were raised by 26 Cash Offices on 12 Zonal Railways<sup>102</sup> on account of FICNs. Out of these debits, ₹51.55 lakh had been subsequently made good by the concerned staff and ₹4.79 lakh was outstanding as on July 2014.
- Audit further revealed that the procedure adopted by different Railway authorities for dealing with FICNs detected was not as per the prescribed provisions. The details are shown below:-

(Table No.-2.18)

(Amount in ₹)

Railways	Debit raised (FICNs) by Cash office and made good by booking staff	Procedure adopted by station authorities for dealing with FICNs (as intimated by the concerned station authorities to Audit)	Remarks
CR	112600	All the fake notes are destroyed by the station staff	This was in violation of provisions of Cash and Pay Manuals of Railways wherein it was stated that FICNs detected should be impounded and reported to concerned Divisional Commercial Superintendent.
ER	1123300	Destroyed by the station staff	
WR	858120	Disposed off, torn and burnt.	
NWR	860560	FICNs were handed over to the concerned booking staff. However, no records available which indicate that the same has been reported to commercial department of the Railway in this regard. As such, possibility of recirculation of these FICNs in the market cannot be ruled out.	
SER	542470	The defective currency notes were destroyed by the Chief Booking Supervisor (CBS).	
ECoR	96900	No information in this regard are available with Railway Administration	No records found by Audit with the Station authorities in regard to disposal of FICNs detected
WCR	446200		
NR	675800		
NCR	79800		
SR	104900	FICNs sent to RBI for further action and not to concerned Stations	Procedure followed
SCR	233650	FICNs sent to GRP and copies of the same are sent to DCM of concerned Divion for further necessary action	
SWR	21100	FICNs is deposited with RBI, who impounded the same under advise to Railway Administration.	
	<b>5155400</b>		

From the above table, it is evident that only three Railways (SR, SWR and SCR) followed the prescribed procedure while dealing with the FICNs. However, in respect of five Railways (CR, ER, WR, NWR, SER), the procedure for dealing with FICNs, adopted by Railway authorities is not as per

<sup>102</sup> CR, ER, WR, NWR, SER, ECoR, NR, NCR, SR, SCR, SWR and WCR

the provisions laid down in Cash and Pay Manuals and Commercial Manuals of Railways.

The procedure indicated above as returning the FICNs to the concerned stations was in violation of the Cash and Pay Manuals wherein it was stipulated that FICNs were required to be sent in a sealed cover to Divisional Commercial Superintendents of concerned Division of Railway. In view of the above practice, possibility of recirculation of FICNs in open market cannot be ruled out.

Detection of FICNs clearly indicate that due diligence on the part of booking staff at the time of accepting currencies was required to be enforced. Lack of seriousness on part of the Zonal Railways to deal with this problem as well as tendency to avoid the action required to be taken in case of detection of FICNs, is also evident from the fact that FICNs detected were returned to the station staff and same was destroyed, torn, burnt as pointed out in the above table.

Indian Railways need to keep a close watch on detection of FICNs by Banks, dealing with Railway business and Cash Offices where stations earnings are remitted, to avoid re-circulation of these FICNs in open market.

### **2.3.2.3 Non-provision of Indian Currency Note Authenticator Machines at all cash handling locations**

#### **(a) Non installation of Indian Currency Note Authenticator Machines**

Review of records on 17 Zonal Railways revealed that Railway Administration had arranged for installation of 2377 Indian Currency Notes Authenticators at only 1562 locations as against 8642 booking locations and 40 Cash Offices as of July 2014.

#### **(b) FICNs received despite installation of Currency Authenticators Machines.**

Audit test checked 196 locations of 14 Zonal Railways where Currency Authenticators Machines were installed. In 58 locations of Eight Zonal Railways<sup>103</sup> Audit revealed that despite installation of 187 Indian Currency Authenticators, FICNs amounting to ₹9.26 lakh were received through Station earnings, as detected by Banks/ nominated cash offices upto July 2014.

This indicated that the Currency Authenticator Machines installed were either defective or the staff were negligent in using the Machines resulting in failure to detect the FICNs.

Commercial department of the Zonal Railways failed to ensure the installation of adequate number of Indian Currency Note Authenticator machines at all booking locations and cash offices. Even where the machines were installed, the concerned department failed to ensure the upkeep and maintenance of these machines. Consequently, in spite of machines being provided the acceptance of FICNs through booking stations could not be prevented.

<sup>103</sup> CR, ER, ECoR, NWR, SR, SER, SWR & WR

### **2.3.2.4 Failure of the Railway Administration to impart training to Ticket Booking Staff for detection of Forged Indian Currency Notes (FICNs)**

It is very essential for Ticket Booking staff to ensure that Currency Notes accepted from the Passengers are genuine. For this purpose, it is necessary to ensure that the cash handling staff is fully conversant with the security features of a Bank Note.

Scrutiny of records of Zonal Railways revealed that only 1720 booking staff (5.18 per cent) of six Zonal Railways (CR-223, ECR-259, NWR-1, SER-37, SWR-621 and WR-579) out of total 33188 staff over IR had been imparted training programmes, conducted by RBI and Nationalized/Private banks. Moreover, none of the booking staff of remaining 11 Zonal Railways were imparted training in this regard as on July 2014. Audit further revealed that neither any structured training programmes were conducted nor any data about staff trained and to be trained was maintained by Zonal Railways.

Railway Administration should have organized training/awareness programmes regularly for the staff dealing with cash, sensitizing them about the security features of Bank Notes to enable them to detect FICNs at the point of receipt itself.

### **2.3.3 Conclusion**

Despite provisions about the manner in which FICNs should be dealt with Indian Railways failed to check the receipt of forged notes at booking counters. The manner in which FICNs were dealt with in various Zonal Railways by destroying, handing over to the concerned booking staff was in violation of the rules prescribed in codes and manuals. Handing over the FICNs to the booking staff was likely to contribute to the re-circulation of these FICNs in open market. Indian Railways also failed to make clearance of outstanding debits on this account leading to revenue loss. Further, absence of adequate control mechanism, especially the limited number of Currency authentication Machines made available across Zonal Railways increased the risks of acceptance of fake currency and even those available were not being used optimally. Since Indian Railways regularly collect substantial amount of money on account of passenger/ freight transportation, any lapse on its part in detecting and controlling the cases of FICNs is likely to aggravate the already existing problem of fake currency in the Indian economy.

The matter was brought to the notice of Railway Board in March 2015; their reply has not been received (May 2015).

## Paragraphs related to Traffic department of Indian Railways

### **2.4 Western Railway (WR):** *Loss of revenue due to faulty agreement between Western Railway and Project Railway*

Disproportionate revenue sharing formula adopted between Railways and KRCL in respect of revenues generated on Gandhidham-Samkhiyali section resulted in loss of ₹ 300.21 crore so far

The Gauge Conversion (GC) of the existing Metre Gauge track between Gandhidham-Samkhiyali-Palanpur (measuring 300.81 Kms.) into Broad Gauge (BG) was carried out by Kutch Railway Company Limited (KRCL) and this line was opened for traffic in July 2006. Prior to GC, the section from Gandhidham to Samkhiyali (53.08 kms) had a BG line alongside the MG line. Therefore, on completion of the GC work of Gandhidham-Samkhiyali-Palanpur stretch, this section (Gandhidham-Samkhiyali) got a double line.

A review of the Operation and Maintenance Agreement signed by the Railways with KRCL in July 2006 revealed that clause 6.2.3 provides for revenue sharing between Railways and KRCL as under:

1. KRCL shall get full apportionment of revenue for the to and fro movement of freight trains on Palanpur-Samkhiyali-Gandhidham BG line.
2. Western Railway shall get revenue from traffic moving on the old BG line between Gandhidham and Samkhiyali.

Accordingly, test check of the actual working of revenue apportionment for a period of 3 months from January 2012 to March 2012 was done and it was revealed that KRCL's share of freight revenues was ₹ 21.66 crore whereas Railways share of freight was only ₹ 2.29 crore.

A further scrutiny showed that the two lines between Gandhidham and Samkhiyali, were treated as separate section for purpose of apportionment. Due to operational reasons the newly converted line between Gandhidham-Samkhiyali, was treated as up line and outward loaded traffic from Gandhidham was being hauled on this line and the revenue generated thereon went to KRCL. Empty movement towards Gandhidham was being hauled on the existing BG line (from Samkhiyali to Gandhidham) resulting in meagre revenue share to Railways.

Since Gandhidham-Samkhiyali section has two lines that are connected to every station, and since during congestion on the route, traffic is moved on either of the lines, both the lines should be treated as a single section for revenue sharing purpose. As such treating the two lines as separate section is principally not in order as brought out by the Transportation Department of the Western Railways to the Railway Board in July 2012. The revenue sharing therefore should have been on a reasonable formula in the ratio of 50:50 in respect of freight earnings calculated for Gandhidham-Samkhiyali section as

normally done in case of port line like Pipava Railway Corporation Limited (PRCL) and Bharuch Dahaj Railway Company Limited (BDRCL).

Thus, agreeing to share revenue, line wise, has resulted in undue revenue benefit to KRCL to the extent of ₹ 32280121/- per month for which records were audited. This has resulted in significant loss of ₹ 300.21<sup>104</sup> crore to Railways during the period from July 2006 to March 2014. This being of a recurrent nature, the loss will continue to mount unless steps to correct the anomaly in the revenue sharing formula are taken at the earliest.

The issue was taken up with Railway Administration in (September 2014). Railway Administration in their reply (December 2014) stated that action was to be taken strictly on the basis of O&M/Concession agreement. It may be noted that it is the Railway's responsibility to provide empties to originating point to enable the loading and movement of traffic on the line has to be based on maximum operational and structural convenience. It may further be noted the policy for SPVs is complex and based on consideration of various factors which is dealt with at Board.

The reply is not tenable because audit has highlighted the faulty revenue sharing clauses of the existing operation and maintenance agreement which is causing loss to Railways. Revenue was shared on the basis of traffic carried on each line treating them as separate sections, which is not in order. This aspect was brought out by Railway Administration to the Railway Board in July 2012. Due to operational reasons, carrying of only empties is done on the line belonging to Western Railway thus resulting in meager revenue to Western Railway. Therefore, treating the two lines over 53 kms stretch between Gandhidham and Samkhiyali as two sections is an anomaly causing recurring loss of revenue to Railways.

The matter was brought to the notice of Railway Board in March 2015; their reply has not been received (May 2015).

**2.5 West Central: Rationalization scheme containing contradictory Railway (WCR) conditions resulted in loss of revenue of ₹ 98.68 crore**

Contradictory conditions contained in Rationalization Scheme resulted in loss of revenue of ₹ 88.22 crore due to charging of freight via shortest route instead of actual carried longer route and ₹10.46 crore due to less loading of wagons

In terms of Rule 125 (1) of Indian Railway Conference Association (IRCA) Goods Tariff, unless specified by the sender, goods will be dispatched by the route operationally feasible and freight charges recovered by the shortest route. Rule 125 (3) of IRCA states that "Notwithstanding anything contained in Rule 125 (1) above, when the Central Government issues an order under Section 71 (1) (b) of the Railway Act, 1989, that the goods specified in the order can be carried by a route specified therein, the goods will be chargeable

<sup>104</sup> Total loss w.e.f. July 2006 to March, 2014 i.e. for 93 months @ ₹ 32280121 per month (i.e. 32280121 \* 93 = 3002051253, say ₹ 300.21 crore)

by the specified route even if it is not the shortest route". Accordingly, Railway Board had been issuing General Orders to enable the Zonal Railways to charge freight by the actual route of carriage. Railway Board had been asking Zonal Railways to review the General Orders (Rationalization Schemes) critically and suggest additions/deletions bringing out reasons.

Operating Department of North Central Railway (NCR) on the basis of Freight Operation Information System (FOIS) message No. 2011/TT-III/27/1 dated 02 September 2011 informed (September 2011) Railway Board that goods traffic originating from Jabalpur division of WCR meant for destinations on Allahabad (ALD) – Faizabad (FD) route was being booked and charged via Manikpur (MKP) – ALD. However due to operational constraints at ALD, this traffic was actually being carried by NCR through Ohan (a bypassing station of Manikpur)-Banda- GMC<sup>105</sup>, which was a longer route. In view of this, the NCR Administration requested to rationalize the carried route via Ohan-Banda-GMC. A similar request was submitted (September 2011) by the Chief Operations Manager/WCR stating that this rationalization would also help in extra loading of 2 Tonnes/wagon, as the chargeable capacity via Ohan was CC+6, while it was only CC+4 via the charged route. Railway Board, on the basis of the proposal received from NCR and WCR rationalized the route vide Rationalization Scheme (RS) No. 01/2012<sup>106</sup> incorporating the condition that "All traffic originating from Jabalpur division- To destination on Allahabad- Faizabad route for which shortest distance is via Allahabad-Rai Barelley-Pratapgarh-Sultanpur would be charged via Ohan-Banda-GMC.

A test check of traffic booked from seven cement sidings<sup>107</sup> on Jabalpur Division revealed that the RS No. 01/2012 was not followed and the freight was being charged via shortest route (MKP-ALD) instead of via Rationalized route (Ohan-Banda-GMC). The matter was referred to Railway Administration in August, 2013. The Railway Administration then referred back the matter to Railway Board (September, 2013) and requested to amend the RS No. 1/2012 as the same could not be implemented in respect of any of the destinations to which traffic was booked from Jabalpur Division due to the following conditions of RS being contradictory in nature.

1. Destinations which lie on ALD-FD route (thus fulfilling condition. 1) do not have their shortest distance via Allahabad-Rai Barelley-Pratapgarh-Sultanpur (thus violating condition no. ii).
2. Destination which do have shortest distance via Allahabad – Rai Barelley-Pratapgarh-Sultanpur (thus fulfilling condition no. ii) do not lie on ALD-FD route (thus violating condition no. i)

<sup>105</sup> Kanpur Goods Marshalling Yard

<sup>106</sup> Effective from 20 August 2012 to March, 2013; subsequently extended up to 31 March 2014

<sup>107</sup> Maihar cement siding, Birla cement siding Satna, Prism cement siding hinauta Ramban, J.P. Rewa cement siding Turki Road, J.P. Bele cement siding Turki Road, Diamond cement siding Damoh, Associated Cement Ltd. Kymore siding Jukehi

The matter was again taken up with the Railway Administration (WCR) in July 2014. The Railway Administration (WCR) in their reply (November 2014) stated that the conditions mentioned in the RS No.1/2012, were not applicable on any of the destinations to which traffic was booked from Jabalpur Division and hence charging of traffic in respect of seven sidings was done via shortest route as per provisions of IRCM and IRCA Goods Traffic. It was further intimated that Railway Board had amended the RS No.01/2012 vide their letter No. 2011/TT-III/27/1 dated 11 February 2014 applicable from 13 February 2014. Now traffic to these destinations was being charged via Rationalized Route with extra loading on account of more carrying capacity on the Rationalized Route.

The reply confirms that while issuing the RS order No. 1/2012 Railway Board did not exercise due diligence on the proposals received from WCR and NCR. Also WCR failed to point out the contradiction in the RS No.1/2012 to the Railway Board, which was done only when audit pointed out in August, 2013. Thus lack of due diligence and promptness resulted in loss of revenue of ₹88.22 crore due to charging of freight via shortest route instead of actual carried longer route and ₹10.46 crore due to less loading of wagons for the period from 20 August 2012 to 12 February 2014.

The matter was brought to the notice of Railway Board in March 2015; their reply has not been received (May 2015).

### ***2.6 Southern Railway (SR): Non-revision of agreement and consequent non-realization of revised wagon hire and haulage charges***

Failure to incorporate clause providing for automatic revision of hire charges periodically notified by Railway Board in the agreement between SR Administration and Chennai Port Trust (CPT) resulted in non-recovery of wagon hire charges of ₹4.08 crore. Besides, delay on part of SR Administration in claiming/ recovering haulage charges led to loss of ₹7.91 crore

In the Audit Para No.2.4.3 of Report No.8 of 2003 of C&AG (Union Government), Audit commented that SR Administration failed to amend the provisions of the agreement executed with Chennai Port Trust (CPT) for automatic revision of wagon hire charges (for wagons detained by CPT beyond free time), when the same were revised by Railway Board. This resulted in recovery of wagon hire charges with lower rates.

In the Action Taken Note, Railway stated (March 2005) that vigorous action would be taken to amend the agreement with suitable clause for automatic revision of wagon hire charges whenever Railway Board notified revision in wagon hire charges.

**A.** During further review of the records of SR Administration, Audit noticed that the amendment to the existing agreement was yet to be made (July 2014). The agreement entered into between SR Administration and CPT provided for periodical review and revision after mutual consultations and not



automatic revision. It is pertinent to mention that in Railway Board's instructions (April 2000), it was clarified that wagon hire charges payable by CPT are governed by Indian Railway Conference Association (IRCA)<sup>108</sup> Rule as amended from time to time and CPT is liable to pay appropriate hire charges applicable to non-railway users.

Audit analyzed the loss on account of short recovery of wagon hire charges due to non-revision of agreements. The detailed findings are mentioned below:

1. The latest revision of wagon hire charges and free time allowed were made by Railway Board in October 2004, but the same was not agreed to by the CPT who stated that the revision was done without mutual consultations.
2. Due to non-revision of wagon hire charges and free time, SR Administration could not recover the hire charges at revised rates.
3. Audit assessed the revenue loss to Railways on account of non-recovery of revised wagon hire charges to the extent of ₹4.08 crore for the period from February 2008 to March 2014. This would be much higher if the same was calculated from the date of revision (October 2004). Loss of revenue would further accumulate till the revision is given effect.

Thus, non-revision of agreements for incorporating suitable clause for automatic revision of wagon hire charges despite the assurance given by Railway Board to Audit vide Action Taken Notes on earlier Audit Para resulted in loss of revenue to the extent ₹4.08 crore. This loss may increase till revision of the agreement.

**B.** Audit also observed that in the agreement with the CPT, it was stipulated that for terminal services of CPT, terminal charges were payable to CPT. Railways were required to make payment of terminal charges after deduction of haulage charges<sup>109</sup> due from CPT. Railway Board later decided (August 2007) that the terminal charges should be collected by CPT directly from consignors/ consignees. Accordingly, terminal charges were being collected by CPT from March 2008 and SR Administration was required to recover haulage charges separately from CPT.

Audit, however, noticed that SR Administration failed to claim the haulage charges due from CPT regularly after March 2008. It was belatedly claimed (₹5.25 crore) in March 2011 for the period March 2008 to February 2011. However, the same still remains to be recovered from CPT. As seen in Audit, this was because the CPT's demand to refix the interchange point<sup>110</sup> for the purpose of calculation of haulage charges could not be resolved by SR

<sup>108</sup> IRCA, an association under Ministry of Railways, is responsible for prescribing standards/tariffs for goods and passenger trains with approval of Railway Board.

<sup>109</sup> Haulage charges are payable by CPT for extra haulage and shunting involved between interchange points to inner harbor and outer harbor of CPT.

<sup>110</sup> Interchange point is the point where traffic is handed over to other party (CPT) and from there, haulage charges for using shunting is liable.

Administration so far (June 2014). Consequently, haulage charges due from CPT had accumulated to ₹7.91 crore during March 2008 to July 2014.

When the matter was brought to the notice of SR Administration in August 2014, they stated (January 2015) that SR Administration has already proposed the suitable clause in the agreement for automatic revision in the wagon hire charges whenever the rates were revised by Railway Board. However, CPT is yet to execute the agreement. Despite repeated correspondence and meeting with the CPT, they did not agree to pay the revised charges and continue to pay as per the mutual consultation at the rate existing prior to November 2004 leading to accumulation of dues. They also stated that the issue has already been brought to the notice of Railway Board duly requesting for inter-Ministerial assistance from Ministry of Shipping.

The reply indicates that there was no development in case of execution of revised agreement despite the assurance given (March 2005) by Railway Board in their Action Taken Note on earlier Audit Report. Despite the matter being brought to the notice of Railway Board, the wagon hire charges have not been recovered at revised rates. This will further lead to accumulation of dues till the execution of revised agreement.

The matter was brought to the notice of Railway Board in February 2015; their reply has not been received (May 2015).

### **2.7 South East Central: Loss due to irregular waiver of Railway (SECR) Demurrage charges**

Irregular waiver of demurrage charges resulted in loss of railway revenue amounting to ₹ 5.84 crore

Railway recovers demurrage charges<sup>111</sup> from their customers for detention of wagons on account of delay in loading/ unloading of consignments in the sidings on expiry of specified free time for this purpose. Vide Rates Circular No.39 of 2004<sup>112</sup> (October 2004), Ministry of Railways (Railway Board) instructed that the circumstances leading to accrual of Demurrage Charges (DC) can broadly be grouped into following three categories:

- (i) Reasons within the control of consignor/ consignee.
- (ii) Reasons beyond the control of consignor/ consignee like labour strike, transportation strike, general bandh, agitation, riots, curfew, fire, explosion, heavy rains, etc.
- (iii) Act of God, act of war and act of public enemies.

<sup>111</sup> As per Para 101 of the Indian Railway Code for the Traffic Department (Commercial), Demurrage means the charge levied for the detention of any rolling stock after the expiry of free time, if any allowed for such detention.

<sup>112</sup> Prior to October 2004 waiver of demurrage/ wharfage charges (wharfage is applicable in parcel traffic) were governed as per RB's Rate circular No.TC-1/201/72/27, dated 23.4.86. The Rates circular No.39 of 2004 (October 2004) was issued in supersession of the RC of 1986.

In respect of category (i) waiver should normally not be done. As regards (ii) and (iii), waiver can be considered on merits of individual case. Powers of waiver should be exercised judiciously keeping in view the merits of each case and waiver should not be granted in a routine manner.

In September 2011, Ministry of Railways (Railway Board) instructed to levy a penalty of ₹ 5,000 per overloaded wagon in case load adjustment took place at the originating station. Thereafter, in July 2014, Ministry of Railways (Railway Board) vide their Master circular on “Weighment of wagons/ rake, exemption from weighment, procedure to deal with overloaded wagons and levy of Detention charges, etc” instructed that penalty for overloaded wagons and detention charge levied for detention of wagons for adjustment of overload is not waivable.

Test check by Audit (May 2014) on accrual and waiver of demurrage in respect of four coal loading sidings owned by South Eastern Coalfields Limited (SECL) for the period September 2011 to January 2014 revealed the following irregularities:

- (i) Demurrage Charges (DCs) were not grouped in three categories as per Ministry of Railways (Railway Board) Rates Circular No.39 of 2004.
- (ii) DCs towards detention of rakes for overloading by the party should not have been waived as brought out below, as these were within the control of consignee/ consignor.

Out of the total DC (₹7.38 crore) waived by the SEC Railway Administration, as per Rates Circular No.39 of 2004 (October 2004), of Ministry of Railways (Railway Board), only ₹1.54 crore qualified to be waived. Thus SEC Railway Administration had wrongly waived ₹5.84 crore<sup>113</sup> which includes DCs for load adjustment and DC for penalty.

When the matter was taken up with the SEC Railway Administration in May 2014, they accepted (August 2014) that the DC component on penalty of ₹5,000 per overloaded wagons should not have been waived and in October/ November 2013 advised the division that showing penalty of ₹ 5,000 as detention charges per overloaded wagons in the DC bills is a wrong practice and this charge should have been collected in the Railway Receipt (RR). In respect of DC levied for extra detention on account of load adjustment, they stated that it should be treated at par with normal DC for the purpose of waiver.

The above reply is not acceptable. Master circular No.TC-I/2014/108/4, dated 11 July 2014 which was a Rate Master Circular containing master guidelines derived from the earlier rate circulars only, wherein it was clearly mentioned that detention charge of ₹5,000 per overloaded wagon is not waivable.

<sup>113</sup> As per Annexure A-1, A-2, A-3 & A-4 (data collected from records of Sr. DOM, SECR, Bilaspur), total DC (Normal + Penalty + Load Adjustment) waived by SEC Rly Admn was ₹ 7.38 crore (Junadih siding-₹ 5 crore + Dipka--II Siding-₹ 0.95 crore + Surakachar siding-₹ 0.25 crore + Old Kusmunda siding-₹ 1.18 crore). However as per Rule only ₹ 1.54 crore [Normal DC (x) % age of waiver on total DC accrued] should have been waived. Hence irregular waiver of DC = ₹ 7.38 crore \*(-) ₹ 1.54 crore = ₹ 5.84 crore

Moreover, in this circular nothing regarding waiver of Demurrage Charges and penalty in cases of overloading had been mentioned.

DC is a charge levied for detention of any rolling stock after expiry of free time for loading/ unloading and this happens independent of overloading, if any. Only a portion of Normal DC could be waived. But in all the above mentioned cases, along with the Normal DC, SEC Railway Administration also waived DC for penalty and DC for load adjustment. Moreover, DC should be waived on the merits of the case and the waiver should not be granted in a routine manner as laid down in Rates Circular No.39 of 2004 cited in para one. However, in none of the cases, were any valid reasons found on record and it was also noticed that the waivers were granted in a routine manner.

Thus, South East Central Railway Administration waived DC amounting to ₹5.84 crore (₹3.32 crore as detention charges for overloading in wagons in the DC bills and ₹2.52 crore as DC for penalty) during the period September 2011 to January 2014 in contradiction of rules. It not only resulted in loss of Railway revenue but also ignored the unscrupulous practice of overloading by the siding owners.

The matter was brought to the notice of Railway Board in February 2015; their reply has not been received (May 2015).

### **2.8 Eastern Railway (ER): Incorrect charging of freight on 'through distance basis'**

Railway Administration charged freight for traffic dealt at Durgapur Steel Exchange Yard Siding on 'through distance' basis without following the codal provisions and prescribed criteria leading to a loss of ₹5.22 crore, a recurring loss till rectification.

Charging of freight on 'through distance' basis is cheaper than charging freight up to Serving Station and levy of Siding charges for haulage of empty / loaded Wagons.

As per Codal provisions<sup>114</sup>, if a Siding has been provided with complete facilities for direct reception and despatch of trains and such trains do not require to be dealt with at the station from which the Siding takes off/Serving Station but runs through to or from the Siding with Railway locomotive or originates from or terminates in the exchange/peripheral Yard provided by the Siding holder, the Railway Administration shall have the powers of levying freight charges on 'through distance' basis up to the buffer end of the siding or the farthest point of the exchange Yard, instead of levying freight charges up to the Serving Station and Siding charges for haulage of Wagons over the Siding.

Scrutiny in Audit of the records of Durgapur Steel Exchange Yard (DSEY) revealed that prior to January 1977 DSEY was being treated as a Siding. In respect of loads related to DSEY freight was charged up to the serving station and Siding charges for the haulage of loads to Siding. However, in an apex

<sup>114</sup> Paragraph No.1805 of the Indian Railway Code for the Traffic (Commercial) Department

level meeting between the Railway Board and Ministry of Steel (January 1977), a decision was taken to treat DSEY as an 'independent booking point' on 'through freight' basis. The decision taken by Railway Board to charge freight on 'continuous distance' basis was implemented (February 1978)<sup>115</sup> for goods traffic from and to DSEY Siding and withdrew the levy of Siding charges.

After the implementation of the decision, while deciding the 'chargeable distance' applying 'through distance basis' concept, Zonal Railway Accounts Authorities took the view (October 1978)<sup>116</sup> that since the proposed new goods booking point was meant for serving exclusively the Durgapur Steel Plant (DSP), under normal practice it could be presumed that the cost of various staff posted at the point<sup>117</sup> and additional cost, if any, would be the liability of the beneficiary (DYES).

Railway Board further ordered (October 1993)<sup>118</sup> that the system of charging freight on 'through distance' basis may be allowed for trainload traffic which goes into the Siding with the engine pulling/ pushing provided there is no detention to engines except for change of ends and no separate shunting staff required exclusively for the purpose. Again in June 2010<sup>119</sup>, Railway Board clarified that the system of charging of freight on 'through distance' basis would be applicable in respect of only those Sidings which are so notified on the criteria already fixed (1993).

Though the terms 'through freight' basis, 'continuous distance' basis' and 'through distance' basis are different terms, they convey the same meaning. While charging freight on the basis of any of these terms, serving station is to be notified as an independent booking point and 'chargeable distance' is worked out in an identical manner

Audit observed that while circulating the list of notified full rake / half rake terminals for covered wagons, the Chief Freight Traffic Manager, Eastern Railway, Kolkata had declared (November 2006) the DSEY as a Siding with full rake capacity<sup>120</sup>. This is indicative of the fact that Exchange Yard is also a Siding.

Scrutiny of records of DSEY for the period January 2008 to May 2014 revealed that although freight for traffic dealt at DSEY was being charged on 'through distance' basis and no Siding charges recovered as per orders of 1978, Railway Board's orders of October 1993 and July 2010 had not been implemented as-

- There had been detention to Railway locomotives on regular basis for other than change of ends.

<sup>115</sup> Wire (XXR) issued in February 1978 by Chief Commercial Superintendent

<sup>116</sup> No. FB/T/Rates/374-Pt. VI dated 06.10.1978

<sup>117</sup> These may be commercial staff for freight related works and shunting staff for shunting of wagons etc

<sup>118</sup> No.TC-I/87/214/14 dated 21.10.1993

<sup>119</sup> No. 2007/TC-I/302/1/Pt E dated 23.06.2010

<sup>120</sup> Paragraph No. No. 3.2 of Circular letter No. TS 550/2/10/Vol XXII dated 14.11.2006

- Railway Staff had been posted at DSEY for performing shunting activities exclusively for DSEY and any cost of deployment was not being recovered.
- Zonal Railway Administration had not notified this Exchange Yard (Siding) as an independent booking point for charging freight on 'through distance' basis as per Railway Board instructions of July 2010.

The charging of freight on 'through distance' in respect of traffic dealt at DSEY was, thus, in contravention of Railway Board orders of October 1993 and June 2010 as the criteria fixed by Railway Board was not being followed and Siding not notified for the purpose.

In the prevailing circumstances when the DSEY (Siding) has not been notified for charging freight on 'through distance' basis and there are detention to locomotives for shunting activities (for detachment/ attachment of wagons and attaching brake van etc) at DSEY by Railway's shunting staff, cost of which is not recovered from Siding owner, charging of freight on 'through distance' basis was irregular. An assessment for the period of review has revealed a loss of ₹5.22 crore to the Railway. The amount of loss is the difference between freight up to serving station plus siding charges (under the normal practice) and freight collected on 'through distance' basis. This is a recurring loss till the rectification.

When the issue was taken up with the Railway Board (March 2015) they stated (May 2015) that DSEY is an Exchange Yard and has been treated as a Goods Booking Point since 1978 as per Railway Board's orders. The question of issuance of a Notification does not arise as DSEY is not an 'independent booking point'. Their contention is not valid as codal provisions and Railway Board orders are equally applicable for Exchange yards also. Railway Administration has also recognized DSEY as a siding. Further, charging of freight on 'through distance' basis establishes that DSEY is an 'independent booking point'. It is important to mention that besides, the Railway Boards contention flies in the face of their own instructions of October, 1993 laying down conditions applicable for charging of freight on 'through distance' basis and necessity of getting the sidings notified as per these criteria and their orders of July, 2010.

### ***2.9 South Western: Laying of additional lines in violation of special Railway (SWR) instructions and without condonation by Railway Board***

Decision to lay additional lines with steeper gradient than permissible limit without obtaining the condonation from Railway Board resulted in delays in completion and their opening for traffic for periods more than 64 months in one case and 34 months in another one so far and unproductive expenditure of ₹ 5.09 crore.

Special instruction contained in Chapter-II of Schedule of Dimensions 1676 mm Gauge provides for a maximum permissible gradient in station yards of 1

in 400 for existing works and 1 in 1200 for new works, unless special safety devices are adopted and /or special rules enforced to prevent accidents such as catch/slip sidings<sup>121</sup>, additional distant signal, speed restriction etc siding. If it is not possible to provide yard gradient of 1 in 1200 while executing works in connection with Gauge Conversion, Doubling and New Crossing Stations etc., Railways should, however, make effort to provide grades as flat as possible in the station yards but not steeper than 1 in 400. In case, steeper gradients are required to be provided in exceptional cases, timely condonation for the same should be obtained from Railway Board (RB). RB in April 2003<sup>122</sup> instructed that such condonation/ relaxation should be obtained well in time and should not be a case of fait accompli. Any request for post facto approval would be viewed seriously and should be only after fixing responsibility. Before commencement of any works involving any alteration or extension as well as for opening of any additional lines and yard facilities for passenger services, sanction from Commissioner of Railway Safety (CRS) is mandatory.

However, it was observed that while executing two works of laying additional lines in two station yards of South Western Railway with Gradient more than the permissible limit, the above instructions were not complied with as per details given below:

**(a) Adihali Station**

Adihalli (ADHL) was a 'C' Class station on Tumkur – Arsikere BG section of Mysore Division of South Western Railway (SWR) and the station yard was with gradient 1 in 100. The work of converting this station into a 'A' class station<sup>123</sup> by laying an additional loop line was sanctioned by Railway Board in the year 2005-06<sup>124</sup> to increase the line capacity of the section. While the work was in progress, Chief Transport Passenger Manager advised to upgrade the station to function as a regular crossing station<sup>125</sup> (February 2008). The work of upgrading the station as a regular crossing station by providing additional loop line was carried out retaining the existing gradient of 1 in 100 as against the requirement of 1 in 400.

**b) Chikodi Road Station**

The Chikodi Road (CKR) is a crossing station of Londa – Meraj Section of Hubli Division of SWR. The station yard at Miraj end consist of falling gradient of 1 in 275. To increase the line capacity, Railway Board sanctioned the work of laying additional loop line in this yard in 2008-09.<sup>126</sup> As per the justification furnished by Railway Administration in January 2012, since adoption of a gradient of 1 in 400 in this yard involved grading of proposed

<sup>121</sup> 'Catch sidings' are provided at Stations with steeper gradient to divert runaway train off the main line on approach to station whereas Slip sidings are provided in the direction away from a station

<sup>122</sup> Railway Board's letter No.92/CEDO/SR/4 dated 03/04/2003

<sup>123</sup> The classification stations into "A" and "C" depending on the signalling arrangement. In class 'A' line clearance to an incoming train will be given only if the line intended to receive a train is clear for at least 400 meters beyond the home signal

<sup>124</sup> This work was included in the Pink Book of 2005-06 vide item No. 33 with allotment of Budget Grant for the year.

<sup>125</sup> Crossing station refers to Station where track and signalling arrangements have been arranged in such a way to both receive and despatch trains on a single line section by providing one or two loop lines to accommodate berthing of trains.

<sup>126</sup> This work was included in the Pink Book of 2008-09 vide item No.26 with allotment of Budget Grant for the year.

new line and main line as well as series of Points and Crossings, the same would have been very expensive. Further, taking into account the difficulty in carrying out these works in the running condition it was decided by Railway Administration to carry out this work keeping the gradient of yard as 1 in 275.

As per the instruction of Railway Board quoted above, in both the above cases i.e to carry out an additional loop line work having Gradient steeper than 1 in 400, the condonation of Railway Board and sanction of CRS should have been obtained before incurring any expenditure.

However, in both the above cases, these instructions were totally ignored and works were commenced (ADHL October 2006 with DOC-March 2007) & (CKR –June 2009 with DOC-October 2010), without the sanction of CRS as well as without the condonation from Railway Board.

While the work was in progress, SWR authorities approached CRS for sanction in July 2009 in respect of ADHL Station Yard and in August 2011 in respect of CKR Road Station Yard. However, in both cases, among other things, CRS insisted on obtaining the condonation from Railway Board for executing the works and did not accord sanctions. It was only thereafter that Zonal Administration approached for ex post facto condonation from Railway Board (in May 2012 for ADHL and January 2012 for CKR), that too without fixing any responsibility for executing these works without obtaining condonation from Railway Board.

Audit observed that the works of ADHL station were completed in all respects except insertion of points and crossings (which is the final work for connecting the new line with the existing running lines, which required CRS sanction) by July 2009 and expenditure of ₹ 2.73 crore had been incurred by that time while in CKR station, 90 per cent of the works were completed by May 2011 incurring an expenditure of ₹2.36 crore. The Works remained stalled thereafter as the condonation from Railway Board was not obtained so far (December 2014). As such the total expenditure incurred i.e. ₹5.09 crore remained unproductive, for 64 months in respect of ADHL yard (₹2.73crore) and 34 months in respect of CKR yard (₹2.36 crore). Besides, the very purpose of enhancing the line capacity to meet the increased traffic in the section had not been achieved in both the above cases.

The matter was brought to the notice of Railway Board in February 2015; their reply has not been received (May 2015).

<b>2.10 South East Central: Railway (SECR)</b>	<b>Loss due to non-levy of siding charges</b>
--	---

Non-adherence to the existing provision regarding levy of siding charges led to loss of ₹ 5.05 crore
--

Para 2517 and Para 2522 of the Indian Railway Commercial Manual, Volume-II stipulates that in addition to freight charges to and from the station serving the siding, siding charges at the rates laid down in the agreement or notified separately by the Railway Administration for dealing with the traffic at the siding should be recovered from the siding users. It was further mentioned



that where special facilities<sup>127</sup> have been given to individual concerns for unloading of tank wagons, siding charge should be levied at the rate fixed by the Zonal Railway Administrations from time to time.

Review by Audit (April/ May 2013) of two Petroleum Oil Lubricant (POL) public sidings served by Bilaspur (BSP) and Bhilai (BIA) stations of South East Central Railway revealed that at both these stations, Railway Administration had permitted Oil companies<sup>128</sup> to lay separate pipelines on railway tracks earmarked for unloading of POL products. Oil Tank wagons are placed on these lines from where the POL products are directly unloaded into the storage tank of the oil companies. As per codal provision, siding charges were recoverable from these parties. However, Railway Administration had not levied any siding charges on these oil companies which resulted in non-levy of siding charges to the tune of ₹ 4.15 crore<sup>129</sup> for the period October 2004 to March 2014 (₹ 1.13 crore in respect of Bilaspur station for the period January 2008 to March 2014 and ₹ 3.02 crore for Bhilai station for the period October 2004 to March 2014).

Audit check of another private siding of IOCL served by Bishrampur station in April/ May 2013 revealed that neither was this siding notified as a private siding, nor a time and motion study<sup>130</sup> conducted for fixation of siding charges in respect of this private siding. This resulted in non-levy of siding charges to the tune of ₹0.90 crore<sup>131</sup> during the period December 2008 to May 2014.

When the matter was brought to the notice of the SEC Railway Administration in May 2013, they stated (April 2014 and December 2014) that no special facilities were provided to the oil companies at Bilaspur and Bhilai by providing separate lines. Rather these were provided as per Red Tariff. Due to safety reasons direct decanting through pipelines was done without involving trucks. This is not a special facility, but a condition for safe

<sup>127</sup> The term Special Facilities has not been defined in any Rules of the Railway. However, Para 2522 of Indian Railway Commercial Manual stipulates that where special facilities have been given to individual concerns for unloading of tank wagons siding charges should be levied. Therefore, laying of separate pipeline in the railway land for unloading of tank wagons directly into the oil company's storage tank is definitely a special facility provided by the Railway as the oil companies are deriving the benefit of direct decanting of POL products into their storage tanks without involving trucks which they would otherwise have to deploy if these pipe lines had not been laid and products had to be carried by road.

<sup>128</sup> Indian Oil Corporation Limited (IOCL), Hindustan Petroleum Corporation Limited (HPCL) at Bilaspur and at Bhilai IOCL and Bharat Petroleum corporation Limited (BPCL).

<sup>129</sup> Average time required for placement and removal of a rake (as per available records) (x) All India rate of engine hour cost (AIEHC) as fixed by Railway Board and revised from time to time (x) No. of rakes dealt with

<sup>130</sup> Time and motion study, a term used by railway, under which average time taken in placement and removal of wagons (in a round trip) in a siding is assessed. The siding charges is calculated based on this average time as – Siding charge=Average trip time in minutes (x) Engine Hour Cost/60

<sup>131</sup> As no time and motion study conducted, Audit had calculated the same. Average time required for placement and removal of a rake (as per available records) (x) All India rate of engine hour cost (AIEHC) as fixed by Railway Board and revised from time to time / 60 (x) No. of rakes dealt with

handling of petroleum products. The oil companies laid the pipelines for direct unloading of POL product at their own cost.

The reply is not acceptable as permission for laying of separate pipelines in the Railway land for unloading of tank wagons directly into the oil company's storage tank is a special facility extended by the Railways as the oil companies are deriving the benefit of direct decanting of POL products into their storage tanks without involving trucks and thus the parties are saving **costs** which they would otherwise have to incur if these pipe lines had not been laid and the products had to be carried by road. As far as provisions of Red Tariff is concerned, it is stated that Red Tariff only mentions about transportation, handling and loading of Petroleum and other Inflammable liquids, etc. The Red Tariff does not anywhere lay down provisions for free separate Railway tracks with pipelines for direct decanting of POL products. In respect of Bishrampur station, the SEC Railway Administration accepted (April 2014/ December 2014) the audit contention and agreed to conduct time and motion study and levy siding charges accordingly. However, as on January 2015, no action was taken.

Thus, due to non adherence to the codal provisions in respect of levying of siding charges, Railways sustained a loss of ₹5.05 crore during the period October 2004 to May 2014 (₹4.15 crore for the period October 2004 to March 2014 and ₹0.90 crore for the period December 2008 to May 2014).

The matter was brought to the notice of Railway Board in February 2015; their reply has not been received (May 2015).