

Report of the  
Comptroller and Auditor General  
of India

*for the year ended March 2014*

*Laid in Lok Sabha/ Rajya Sabha on \_\_\_\_\_*

**Union Government (Railways)**  
No.24 of 2015  
(Audit Report Volume I)

## TABLE OF CONTENTS

	<i>Paragraph</i>	<i>Pages</i>
PREFACE		v
OVERVIEW		vii
<b>Chapter 1 –Introduction</b>		
<i>Particulars</i>		
Audit Report Outline	1.1	1
Audited Entity	1.2	2
Integrated Financial Advice and Control	1.3	4
Audit Planning	1.4	4
Reporting	1.5	5
Response of the Ministry/Department to Provisional Paragraphs	1.6	5
Audit objections issued, settled and outstanding	1.7	6
Recoveries at the instance of Audit	1.8	6
Remedial Actions	1.9	6
Paragraphs on which Action Taken Note received/pending	1.10	8
<b>Chapter 2 – Traffic – Commercial and Operations</b>		
<b>Review on 'Management of Private Sidings in Indian Railways'</b>	<b>2.1</b>	<b>11-47</b>
Major Audit findings	2.1.1	11
Introduction	2.1.2	13
Audit objectives	2.1.3	14
Audit scope, methodology and sample	2.1.4	14
Audit criteria	2.1.5	15
Acknowledgement	2.1.6	15
Audit findings	2.1.7	16
Conclusion	2.1.8	42
Appendix	I – III	45-47

<b>Review on 'Liberalised Active Retirement Scheme for Guaranteed Employment for safety Staff (LARSGESS)'</b>	<b>2.2</b>	<b>48-62</b>
Introduction	2.2.1	49
Audit findings	2.2.2	51
Conclusion	2.2.3	56
<i>Appendix</i>		57
<i>Statement A</i>		59
<i>Statement A I</i>		60
<i>Statement B</i>		61
<i>Statement C</i>		62
<b>Review on 'Fake Indian Currency Notes received through station earnings on Indian Railways'</b>	<b>2.3</b>	<b>63-69</b>
Introduction	2.3.1	63
Audit Findings	2.3.2	65
Conclusion	2.3.3	69
<b>Paragraphs related to Traffic Department of Indian Railways</b>		<b>70-83</b>
Loss of revenue due to faulty agreement between Western Railway and Project Railway	2.4	70
Rationalization scheme containing contradictory conditions resulted in loss of revenue of ₹ 98.68 crore	2.5	71
Non-revision of agreement and consequent non-realization of revised wagon hire and haulage charges	2.6	73
Loss due to irregular waiver of Demurrage charges	2.7	75
Incorrect charging of freight on 'through distance basis'	2.8	77
Laying of additional lines in violation of special instructions and without condonation by Railway Board	2.9	79
Loss due to non-levy of siding charges	2.10	81
<b>Chapter 3 – Electrical – Signaling and Telecommunication units</b>		
<b>Paragraphs related to Electrical Department of Indian Railways</b>		<b>85-91</b>

Purchase of electricity at higher rate	3.1	85
Under-utilization of electric traction and consequent non-realisation of projective savings	3.2	87
Avoidable expenditure of ₹ 5.89 crore due to defective planning of works	3.3	89
<b>Chapter 4 – Mechanical – Zonal Hqrs/Workshops/ Production Units</b>		
<b>Functioning of Research Designs and Standards Organization</b>	<b>4.1</b>	<b>93-106</b>
Introduction	4.1.1	94
Audit findings	4.1.2	95
Conclusion	4.1.3	106
<b>Functioning of Rail Coach Factory, Kapurthala</b>	<b>4.2</b>	<b>107-130</b>
Introduction	4.2.1	108
Organizational Structure	4.2.2	109
Audit Scope and Methodology	4.2.3	110
Audit Objectives	4.2.4	110
Audit Criteria	4.2.5	111
Audit findings	4.2.6	111
Conclusion	4.2.7	129
<b>Paragraphs related to Mechanical Department of Indian Railways</b>		<b>131-136</b>
Non-availing the benefit of CENVAT while paying Excise Duty on rolling stock	4.3	131
Defective honing and consequent reworking on cylinder liners	4.4	134
<b>Chapter 5 – Public Sector Undertakings (PSUs) of Indian Railways</b>		
<b>Paragraphs related to Railway PSUs</b>		<b>137-140</b>
Imprudent decision to obtain for container operation from Railway resulted in unfruitful expenditure of ₹11.66 crore	5.1	137
Violation of provisions of ‘Employees Provident Funds Scheme, 1952’ resulted in excess expenditure of ₹9.07 crore during 2010-11 to 2013-14	5.2	139
<i>Annexure I to III</i>		<i>141 to 155</i>