

Chapter 2

Traffic

The Traffic Department comprises four streams viz., Commercial, Traffic, Coaching and Catering & Tourism. The activities related to these streams are performed by the respective 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 services 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 long-term and short-term planning of transportation services, management of day to day running of trains including their time table, ensuring availability of rolling stock to meet the expected demand and conditions for safe running of trains is managed by Traffic Directorate. The management of passenger and parcel services is done by Coaching Directorate and activities related to catering and tourism is managed by Catering & Tourism Directorate.

At the zonal level, the Traffic Department consists of two departments, viz., Operating and Commercial. 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 report to Divisional Railway Manager (DRM) of the concerned Division.

The total traffic operating expenses during the year 2016-17 was ₹ 24007.42 crore². Total gross traffic receipt during the year was ₹ 1,65,292.20 crore³. During 2016-17, the annual growth rate of passenger originating improved by 0.11 *per cent*⁴ over the previous year. Passenger earnings in 2016-17 increased by 4.5 *per cent*⁵. In 2016-17, freight loading increased by only 0.42 *per cent*⁶. The freight earnings however, decreased by 5.24 *per cent* as compared to the previous year.

During the year, apart from regular audit of vouchers and tenders etc., 1168 offices of the department were inspected by audit. This chapter include two reviews on Railway Board's policy on 'Flexi Fare System in Rajdhani, Shatabdi and Duronto Trains in Indian Railways' and 'Management of commercial plots and parking spaces near stations by Commercial department in Indian Railways'.

² Grant no.09 – Operating Expenses – Traffic for 2016-17

³ Includes Passenger Earnings ₹ 46,280.46 crore, Freight Earnings ₹ 1,04,338.54 crore, Other Coaching Earnings ₹ 4,312.00 crore and Sundry Earnings ₹ 10,368.04 crore

⁴ As against the projected passenger originating of 8,182 million, Indian Railways carried 8,116.10 million passengers

⁵ ₹ 44,283.26 crore in 2015-16 and ₹ 46,280.46 crore in 2016-17

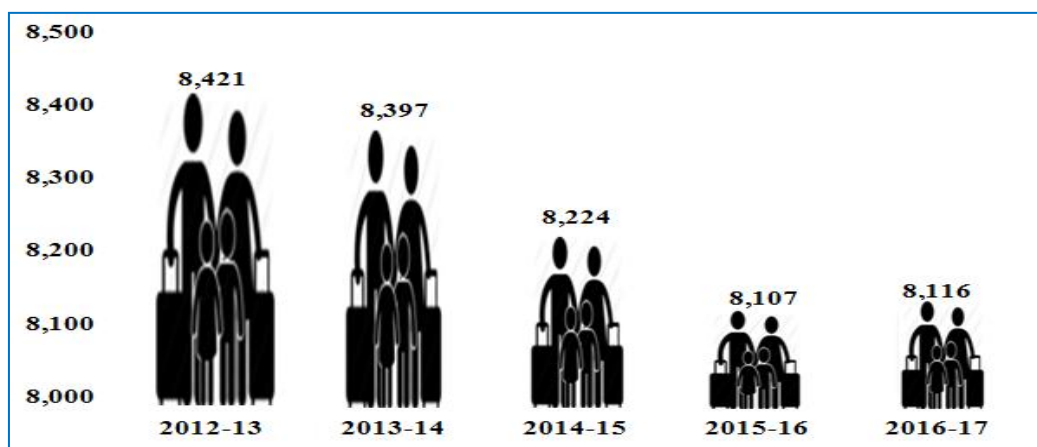
⁶ 1101.51 million tonne in 2015-16 to 1106.15 million tonne in 2016-17

Fifteen Audit Paragraphs highlighting irregularities such as, loss of revenue due to carrying freight traffic through weaker sections, unfruitful expenditure on procurement of microprocessor based LED destination boards, incorrect entry of train timings in Integrated Coaching Management System (ICMS), under-utilisation of third line between Mathura and Palwal, non/short-realisation of way leave charges/engine hire charges/demurrage charges, inadmissible allowance of concession on restricted commodity etc. are also included.

2.1 Flexi fare system in Rajdhani, Shatabdi and Duronto trains

2.1.1 Introduction

Indian Railways (IR) is one of the most availed means of transportation and connectivity among the people. It consists of an extensive network covering 7,349 stations. On an average, 13,329 passenger trains per day are operated in Indian Railways. However, over the past four years, there is a declining trend in passengers carried by IR is shown in **Graph 2.1**.



Graph 2.1: Passengers carried by Indian Railways (in millions), Source: Indian Railway Year Books

In 2015-16, the earnings from passenger traffic were ₹ 44,283.26 crore. With a view to augment passenger earnings, apart from the fare structure adopted in regular trains, Indian Railways introduced (September 2016) dynamic pricing in various trains, Special trains with Tatkal fare and flexi fare system in Premier trains.

Various schemes Introduced by Indian Railways for passenger fares

The fare for travel in regular Mail/Express and passenger trains is charged according to the tariff notified in the Indian Railway Conference Association Coaching Tariff (Part II), Passenger Fare Table. The fare for all classes were last revised in June 2014. To augment the revenue in passenger traffic, Indian Railways has adopted the following strategies during the past two and a half years:

- i. **October 2014:** A policy of charging fare on dynamic pricing was introduced with effect from October 2014, on selected trains which have high demand. As per this policy, 50 per cent of the existing Tatkal Quota was earmarked as Premium Tatkal Quota. This is a distance-slab based fare scheme where the fare increases by 20 per cent after each slab of 10 per cent berths are sold.
- ii. **April 2015:** Zonal Railways were given powers to run Special Trains with special fare (Tatkal fare) structure to meet the high demand during holidays and festival seasons in popular sectors. The fare structure of these trains was on the pattern of Mail/Express trains. In addition to fare, a special charge

was levied at the rate of 10 *per cent* of basic fare for second class and 30 *per cent* of basic fare for all other classes subject to a minimum and maximum as prescribed by Railway Board (May 2015).

- iii. **July 2015:** Suvidha special trains were introduced by Railway Board with effect from July 2015 based on demand during peak seasons and on other occasions as decided by Zonal Railways. The minimum fare for this train shall be Tatkal fare and the fare would increase dynamically after booking of every 20 *per cent* of the berths/seats subject to a maximum of three times of base fare plus Tatkal charges.
- iv. **September 2016:** Flexi fare system has been introduced in Premier trains like Rajdhani, Shatabdi and Duronto with effect from 9 September 2016. The fare under this system increases by 10 *per cent* with every 10 *per cent* of berths/seats sold subject to a maximum of 140 *per cent* for AC 3 tier class and 150 *per cent* for all classes except AC First and Executive Chair Car.
- v. **December 2016:** Railway Board introduced a discounted fare in certain sections for travel by Shatabdi Express duly exempting them from charging under flexi fare system due to very low occupancy. During the same month, Railway Board, further introduced a rebate of 10 *per cent* on last booked fare on vacant berths/seats after preparation of first chart on an experimental basis for six months in Rajdhani/Shatabdi/ Duronto trains.
- vi. **December 2016:** Humsafar trains with AC three tier coaches was introduced. The base fare for this class is 1.15 times of the base fare of AC 3 tier superfast Mail/Express trains, for the first passenger block of 50 *per cent*. Thereafter, there is an increase of 10 *per cent* for every 10 *per cent* increase in the passenger block for the remaining 50 *per cent* berths.
- vii. **February 2017:** Antyodaya Express trains, a long distance superfast service with fully second class unreserved coaches were introduced. The base fare of unreserved second class is 15 *per cent* higher than the base fare of same class in Mail/Express trains.

Comments of Parliamentary Standing Committee about passenger fare

The Standing Committee on Railways in their Third Report 2014-15 (December 2014) observed that the Railways have implemented a flat 10 *per cent* increase in Passenger fares in all classes from 25 June 2014. Inclusive of 4.2 *per cent* Fuel Adjustment Component (FAC), the increase in Passenger fares was around 14.2 *per cent* for different classes of travel. Ministry of Railways stated that in order to increase passenger earnings, efforts were being made to meet the additional demand and augment revenue through various measures like introduction of new trains, enhancement of the composition of more popular trains, attachment of extra coaches in the existing trains, etc. The Committee was informed that special trains are run for clearance of extra passenger traffic during the peak seasons, festivals and special events. Further, the premium special trains are also operated on certain high-demand sectors with dynamic

pricing which is resulting in higher passenger revenues. The Committee observed that all the measures taken by the Ministry of Railways would yield desired results and passenger earnings would show an upward trend so as to ensure higher revenue generation. The Committee, however, desired that with increase in train fares, attention be also paid in augmenting/improving passenger amenities and facilities in trains and at Railway stations.

Observations of NITI Aayog regarding 'Social service obligations' by IR

The NITI Aayog (National Institution for Transforming India) released a report on reviewing the impact of social service obligations by Indian Railways in September 2016. The report highlighted the operating losses in various classes of rail travel as follows:

Table 2.1 - Category-wise contribution to Passenger Business losses (₹ in crore)					
(-ve loss and +ve profit)					
S. no	Particulars	2011-12	2012-13	2013-14	2014-15
A. Operating Loss: Mail/Express Classes (Non-Suburban Services)					
A1	AC 1	(-) 39	(-)41	(-)47	(-)127
A2	First	(-) 39	(-)61	(-)92	(-)70
A3	AC 2	(-) 439	(-)348	(-)497	(-)496
A4	AC 3	499	495	411	882
A5	ACC	(-)13	(-)38	(-)148	(-)142
A6	Sleeper Class	(-)6532	(-)6853	(-)8408	(-)8510
A7	Second Class	(-)4238	(-)5168	(-)7134	(-)7642
A8	Sub-total (sum of all above)	(-)10800	(-)12014	(-)15917	(-)16106
B. Operating Loss: Ordinary Classes					
B1	First	(-)48	(-)60	(-)70	(-)50
B2	Sleeper Class	(-)369	(-)403	(-)451	(-)530
B3	Second Class	(-)8476	(-)9321	(-)10584	(-)11094
B4	Sub-total (sum of all above)	(-)8893	(-)9784	(-)11105	(-)11674
C	Total Operating Loss (A8+B4)	(-)19693	(-)21797	(-)27022	(-)27779
D	Parcel, Luggage and Postal Services	(-)1867	(-)1863	(-)2394	(-)2453
E	Catering Services	(-)940	(-)1030	(-)952	(-)1016
F	Operating Loss - Suburban passenger services and Metro Kolkata	(-)2814	(-)3365	(-)4027	(-)4679
G	Total Loss (for Passenger Business) (C+D+E+F)	(-)25314	(-)28056	(-)34395	(-)35928

Source: NITI Aayog Report on 'Reviewing the impact of 'Social service obligations' by IR

Some of the key observations and recommendations of the report are as under:

- While lower tariffs and concessions substantially contribute to losses in passenger business and hence account for social service costs, they are not the only factors. In a competitive market where demand for transport is elastic, IR will have a limitation on increasing the fares (i.e. revenue side) which would be driven by competition. Hence, computation of under-

recoveries should have reference to IR's ability to charge fares in a competitive market rather than its cost structure.

- While tariff levels of SL and 2nd Class service is substantially lower than the competing services (equivalent bus fare rates), AC services are reasonably higher than the bus fares.
- Accordingly, losses in AC class could potentially be attributable to higher base cost structure of IR than to its fare structure. Similarly, for sleeper and second class services, IR over-estimates the quantum of losses that could be attributable to lower tariff levels. Analysis indicates that about 80 *per cent* of losses in these classes could be attributable to lower tariff levels while the balance 20 *per cent* are more likely attributable to IR's cost structure.

Therefore, inefficiency in IR's cost structure also significantly contributes to the losses in passenger service business and hence tariff increase cannot be the only mechanism to recover costs.

In this background, the present study was undertaken to review the flexi fare scheme with reference to passenger demand, impact on the occupancy of these trains and earnings of Indian Railways, along with a comparison with the air sector.

Audit Objective

The study was undertaken with a view to assess the change in patronage and earnings of Rajdhani/Duronto/Shatabdi trains after the introduction of flexi-fare scheme and its impact on railway passenger revenues.

Audit scope, methodology and sample

The study covered data analysis in respect of train occupancy and earnings of 142 Premier trains (44 Rajdhani, 46 Shatabdi and 52 Duronto trains) where flexi fare scheme was introduced with effect from 9 September 2016. Data in respect of berth potential, actual occupancy and earnings for the period 9 September 2015 to 31 July 2016 (referred to as pre-flexi period in the Report) and 9 September 2016 to 31 July 2017 (referred to as post-flexi period in the Report) was collected from Centre for Railway Information Systems (CRIS), New Delhi and analysed.

The change in occupancy after introduction of the scheme (9 September 2016 to 31 July 2017) has been compared with occupancy and earnings pertaining to the corresponding months of the previous year i.e. 9 September 2015 to 31 July 2016 in respect of all the Premier trains. Occupancy of Mail/Express trains running in the same route as the Premier trains was also compared for two months (October 2016 and February 2017) to assess the diversion of passenger from Premier trains to Mail/Express trains. A comparison has been made between the costs of tickets by air vis-à-vis flexi fare of AC II Tier of Premier trains for 30 to 120 day Advance Reservation period (ARP) as on 31 March 2017. Change in number of passengers travelling by air in selected 13 sectors where

Premier trains are run, was collected from the website of Director General of Civil Aviation (DGCA).

The punctuality of the Premier trains for the month of February 2017 has been checked to assess the quality of service being provided to the passengers. A passenger survey questionnaire was also administered on 806 passengers of 16 Shatabdi and 11 Rajdhani Trains during April 2017 and May 2017 to capture their views on flexi-fare and quality of services, cleanliness, food quality etc. being provided in these trains, while charging higher fares.

Annexure 2.1

Response of railway administration

Initially, the audit was undertaken analyzing data of five months period from September 2016 to February 2017 and the corresponding periods of the previous year. The Audit findings and recommendations were discussed with Railway Board during Exit Conference. Railway Board during the Exit Conference and in their reply (July 2017) stated that the audit assessment have been made for the period in which flexi fare system was not fully operational, the observation made by audit may not be acceptable, as the data have been assessed only up to February 2017. Subsequently, Audit enhanced the scope of their study and covered a period up to July 2017 for review. The revised report with enhanced scope covering the post-flexi fare period of up to July 2017 was again issued to the Railway Board on 23 November 2017. The audit findings on the revised scope have been included in the report.

Audit findings

2.1.2 Judiciousness of decision for introduction of flexi-fare scheme

The proposal to introduce flexi fare structure in Rajdhani, Duronto and Shatabdi trains was mooted (August 2016) by Railway Board in order to achieve the additional revenue generation of ₹ 5800 crore in the passenger earnings, when there was an estimated increase of one *per cent* in the originating passengers when compared to 2015-16. Rajdhani, Duronto and Shatabdi trains running in most sectors were highly popular with high average occupancy and contribute about 12 *per cent* of total Passenger Reservation System (PRS) earnings. The following proposals were considered for revenue augmentation:

- Enhanced fare structure during the peak demand period of April-June and October – December for Rajdhani, Duronto and Shatabdi trains and the existing fare structure for the remaining period.
- Enhanced fare structure in selected Rajdhani, Duronto and Shatabdi trains which have average occupancy exceeding 100 *per cent* consistently in all months.
- Enhanced fare structure in all Rajdhani, Duronto and Shatabdi trains irrespective of the demand and occupancy.

The third alternative was approved and flexi-fare system was introduced in all Rajdhani, Duronto and Shatabdi trains with effect from 9 September 2016.

Before introducing the flexi-fare system, Railways had already tried the dynamic/ enhanced fare in different formats. These are discussed below:

2.1.2.1 Enhanced fare introduced in Premier Trains

Under Tatkal scheme 30 *per cent* of the total seats/berths were allotted at enhanced fare of 30 *per cent* more than the normal fare. Class wise position under 'Tatkal Scheme' in Premier trains during the eleven months period of September 2015 to July 2016 was as follows:

Train type	Class	Tatkal Potential ⁷	Vacancy	Percentage
<i>Shatabdi</i>	CC	18,95,493	5,13,283	27.08
<i>Duronto</i>	2A	1,53,718	35,817	23.30
<i>Duronto</i>	3A	7,36,807	1,50,461	20.42
<i>Rajdhani</i>	2A	4,08,002	57,539	14.10
<i>Rajdhani</i>	3A	13,24,494	69,295	5.23
Total		45,18,514	8,26,395	

Source: PRS data obtained from CRIS/New Delhi

Thus, when 30 *per cent* of the seats/berths were allocated to Tatkal under the increased fare of 30 *per cent* over the normal fare, the berths/seats remained vacant to the extent of five to 23 *per cent* in AC 2, AC 3 and CC classes of all the Rajdhani, Duronto and Shatabdi trains. Only in SL class of Duronto, the Tatkal tickets were filled up. The demand of berths/seats in all AC classes was less due to enhanced Tatkal fare.

When Railways were not able to fully utilise the 30 per cent of seats/berths under Tatkal scheme with enhanced fare of 30 per cent over the normal fare, the decision to allot 90 per cent of seats under flexi fare with enhanced fare up to 40 or 50 per cent was not judicious.

2.1.2.2 Enhanced fare introduced in other trains

Railway Board introduced (May 2015) Special trains on Tatkal fare keeping in view the demand pattern and with the approval of CCM of Zonal Railways. The fare structure of these trains was on the pattern of mail/express trains. In addition to fare, a special charge was levied at the rate of 10 *per cent* of basic fare for second class and 30 *per cent* of basic fare for all other classes subject to a minimum and maximum as prescribed by Railway Board in the *ibid* order. Railway Board further introduced Suvridha Trains from 1 July 2015 on dynamic pricing system during peak season like holiday rush and festivals as jointly decided by CCM and COM of Zonal Railway. The fare in these trains increased after every 20 *per cent* of berths/seats booked and ranged up to three times of base fare plus Tatkal fare.

⁷ Tatkal potential implies the number of seats/berths available for booking under Tatkal Scheme

The occupancy in these two types of trains during the period April 2016 to August 2016 was as follows:

Table 2.3 - Occupancy trends in other trains with enhanced/dynamic fare				
Class	Berth/seat Potential	Actual occupancy	Vacancy	Vacancy (%)
Class-wise occupancy in Suvidha Trains (114 trains and 1085 runs) during April 2016 to August 2016				
2A	98416	34487	63929	64.96
3A	400083	182825	217258	54.30
SL	602000	423064	178936	29.72
2S	910	872	38	4.18
Class-wise occupancy in Special Trains with Tatkal fares (121 trains and 1259 runs) during April 2016 to August 2016				
AC 1	5196	2013	3183	61.26
AC 2	69401	31504	37897	54.61
AC 3	229033	145769	83264	36.35
CC	51642	33992	17650	34.18
SL	325854	258599	67255	20.64
2S	488673	136363	352310	72.10

Source: PRS data obtained from CRIS/New Delhi

It can be seen that in all the classes in Special Trains with Tatkal fare, the percentage vacancy was very high and ranged between 21 *per cent* and 72 *per cent*. Even in the sleeper class where the occupancy normally does not reduce with increased fare, in the sleeper class in Special trains with Tatkal fare, the vacancy was 21 *per cent*. Further, in all classes of Suvidha Trains, there was vacancy ranging between four *per cent* and 65 *per cent*.

Thus, wherever dynamic/enhanced fare was introduced, the occupancy was very low. However, this aspect was not taken into consideration while introducing the flexi fare system in all Rajdhani, Duronto and Shatabdi trains irrespective of demand and occupancy.

2.1.3 Patronage and earnings of Rajdhani/Duronto/Shatabdi trains after introduction of flexi-fare

2.1.3.1 Decreasing trend in the occupancy of Premier trains after introduction of flexi fare

In the flexi-fare system, the base fares would increase by 10 *per cent* with sale of every 10 *per cent* of berths/seats subject to a maximum of 140 *per cent* for AC 3 tier class and 150 *per cent* for all classes except AC First class and Executive Chair Car. Audit examined the trend of occupancy in Rajdhani/Shatabdi/Duronto trains before and after introduction of Flexi fare system. For this purpose, a comparison of occupancy in various classes was made for the period from 9 September 2016 to 31 July 2017 (*Post-flexi fare period*) (i.e. eleven months post introduction of flexi fare system) with the corresponding eleven months period in the earlier year (before introduction of flexi fare system) i.e. from 9 September 2015 to 31 July 2016 (*Pre-flexi fare period*). The comparison of data

for 44 Rajdhani trains, 52 Duronto and 46 Shatabdi trains (total 142 trains) was as follows:

Table 2.4 - Comparison of occupancy of Premier trains pre and post flexi-fare scheme								
Class	9.9.15 to 31.7.16 (Pre-flexi period)				9.9.16 to 31.7.17 (Post-flexi period)			
	Berth/ seat potential ⁸	Actual occupancy ⁹	Vacant berths/ seats	Vacancy (in per cent)	Berth/ seat potential	Actual occupancy	Vacant berths/ seats	Vacancy (in per cent)
2A	3062608	2850824	211784	6.92	3099523	2570333	529190	17.07
3A	9987609	9922008	65601	0.66	10409950	9945700	464250	4.46
SL	1920256	2042632	(-)122376	(-)6.37	2008593	2132914	(-) 124321	(-) 6.19
CC	12411532	9921005	2490527	20.07	12696680	9430952	3265728	25.72
Total	27382005	24736469	2767912	10.11	28214746	24079899	4259168	15.10

Source: PRS data obtained from CRIS/New Delhi

As can be seen that after introduction of flexi fare, the vacant berths/seats which were 10.11 *per cent* of the total berth/seat potential during September 2015 to July 2016 increased to 15.10 *per cent* during September 2016 to July 2017. Even in terms of absolute numbers, the Premier trains carried 2,40,79,899 passengers during post-flexi period as compared to 2,47,36,469 passengers during pre-flexi period and thus registered a de-growth of 2.65 *per cent* passengers despite availability of higher number of berths/seats. This indicates that more number of passengers chose not to travel by train at significantly higher fare. Train wise analysis of the trend of occupancy pre and post implementation of flexi fare, showed that

- Out of 44 Rajdhani trains,
 - In respect of AC 2 tier, in 42 trains the overall occupancy decreased by four to 27 *per cent*. In only two trains¹⁰, the occupancy increased by three and 14 *per cent*.
 - In respect of AC 3 tier, in 20 trains the overall occupancy decreased by five to 20 *per cent*. In 16 trains, the occupancy decrease was up to five *per cent*. In five trains, the occupancy almost remained constant. In only three trains¹¹, the occupancy increased by 12 to 19 *per cent*.
- Out of 52 Duronto trains,
 - In respect of AC 2 tier, in 28 trains the overall occupancy decreased by five to 25 *per cent*. In 16 trains, the decrease was up to five *per cent*. In one train, the occupancy almost remained constant. In 7 trains, the occupancy increased by up to 16 *per cent*.
 - In respect of AC 3 tier, in 15 trains the occupancy decreased by five *per cent* to 22 *per cent*. In 21 trains, the decrease was up to five *per cent*. In

⁸Berth Potential means end to end potential berths available for bookings.

⁹Actual occupancy means number of passengers travelled end to end vis-à-vis different legs of journey

¹⁰ 22207 (Chennai Central – Thiruvananthapuram), 22208 (Thiruvananthapuram - Chennai Central) – These trains shown as Rajdhani trains in CRIS data, but these are AC Super Express.

¹¹ 12436 (New Delhi-Dibrugarh), 22207 (Chennai Central – Thiruvananthapuram), 22208 (Thiruvananthapuram - Chennai Central) – The last two trains shown as Rajdhani trains in CRIS data, but these are AC Super Express.

two trains, the occupancy almost remained constant. In 14 trains, the occupancy was increased by one to 23 per cent.

Annexure 2.2 a

- Out of 46 Shatabdi trains,
 - In CC, in 44 trains the occupancy decreased by one to 14 per cent. In the remaining two trains the occupancy almost remained constant.

Annexure 2.2 b

Thus, the occupancy in all the classes of Rajdhani, Duronto and Shatabdi trains except Sleeper class of Duronto trains showed a decreasing trend except in a few trains.

White Paper of Indian Railways (February 2015) observed that “Running of AC3 tier class is most suitable for railways and passengers and it breaks even at approximately 75 per cent occupancy. As it is the only coach which gives profits, trains should be augmented to run with as many AC3 tier coaches as possible”. ‘Summary of End Results Coaching Services Profitability/Unit Costs’ published by IR also indicates that all classes of Indian Railways are operated under losses except AC 3 Tier class.

As seen from the data on occupancy of Premier trains, the occupancy in AC 3 tier has significantly dropped after introduction of flexi fare. The vacant berths increased from 0.66 per cent in pre-flexi period to 4.46 per cent in post-flexi period.

Thus, the introduction of flexi fare in AC 3 tier class which was already a profit making class was not fair.

2.1.3.2 Impact on earnings

A review of data regarding earnings of Premier trains before and after introduction of flexi fare scheme was done. It was seen that while the occupancy in all classes of travel reduced post flexi fare scheme except in Sleeper class, there was an increase in total earnings from 142 Premier trains, where flexi fare scheme was introduced.

The table below compares increase in earnings vis-a-vis berth potential and the earnings per berth in different classes of Rajdhani, Duronto and Shatabdi trains:

Class	Pre-flexi period		Post-flexi period		Increase in earnings (₹ in crore)	Percentage increase in earnings	Decrease in number of passengers	Percentage decrease in passengers carried
	Earnings (₹ in crore)	Number of passengers carried	Earnings (₹ in crore)	Number of passengers carried				
Rajdhani								
AC 2	540.04	2137294	572.18	1877026	32.14	5.95	-260268	-12.18
AC 3	1306.39	6740208	1573.19	6823371	266.8	20.42	83163	1.23
Duronto								
AC 2	157.25	713530	183.29	693307	26	16.54	-20223	-2.83
AC 3	522.7	3181800	603.43	3122329	80.73	15.45	-59471	-1.87
SL	148.18	2042632	185.73	2132914	37.55	25.34	90282	4.42

Class	Pre-flexi period		Post-flexi period		Increase in earnings (₹ in crore)	Percentage increase in earnings	Decrease in number of passengers	Percentage decrease in passengers carried
	Earnings	Number of passengers carried	Earnings	Number of passengers carried				
	(₹ in crore)		(₹ in crore)					
Shatabdi								
CC	718.87	9921005	828.06	9430952	109.19	15.19	-490053	-4.94
Total	3393.43	24736469	3945.85	24079899	552.42	16.28	-656570	-2.65

Source: PRS data obtained from CRIS/NDLS

Thus, there was an increase in the total earnings from the Premier trains post flexi fare period by ₹ 552 crore. However, the actual number of passengers carried by the Premier trains post flexi-fare, decreased significantly by 6.57 lakh passengers during the period September 2016 to July 2017 (2.65 per cent).

Railway Board in its reply (February 2018) stated that the actual earnings are increasing in comparison to the same period of previous years.

Audit agrees that the passenger earnings have increased, however, the railways carried 6.75 lakh less passengers in Premier trains during 9 September 2016 to 31 July 2017 despite a three per cent increase in berth potential as compared to the previous year period of 9 September 2015 to 31 July 2016.

2.1.3.3 Impact of flexi fare on occupancy in Mail/Express trains running on the same route of Premier Trains

Apart from Premier trains being run on various routes, Mail/Express trains are also running on the same routes. Audit examined the occupancy in the Mail/Express trains on the routes where Premier trains were being run. Data in respect of two months viz., October 2016¹² and February 2017¹³ was collected and a comparison was made between occupancy of Rajdhani/Duronto/Shatabdi trains (with less than 75 per cent occupancy) with that of Mail/Express trains running on the same routes. The data is given below:

Month	Train No./Name	Class	Occupancy (per cent)	Train type (Mail/ Express/ Superfast)	Train No./Name	Occupancy (per cent)
Premier Trains				Mail/Expres Trains		
Premier Train - Rajdhani						
Oct-16	22694 Nizamuddin- Bengaluru	2A	64	SF	12650 Nizamuddin- Yesvantpur	108
Oct-16	12235 Dibrugarh- New Delhi	2A	45	EXP	14055 Dibrugarh - Delhi	99
Oct-16	12437 Secunderabad – Nizamuddin	2A	65	SF	12721 Hyderabad – Nizamuddin	145
Oct-16	12441 Bilaspur – New Delhi	2A	48	SF	12409 Raigarh – Nizamuddin	128
Oct-16	12453 Ranchi – New Delhi	2A	53	SF	12825 Ranchi – New Delhi	89

¹² One of the months of peak season

¹³ One of the months of lean season

Table 2.6 - Comparison of occupancy of Premier trains with Mail/Express trains						
Month	Train No./Name	Class	Occupancy (per cent)	Train type (Mail/ Express/ Superfast)	Train No./Name	Occupancy (per cent)
<i>Premier Trains</i>				<i>Mail/Expres Trains</i>		
Oct-16	12433 Chennai – Nizamuddin	2A	73	SF	12621 Chennai – New Delhi	103
Feb-17	22694 Nizamuddin- Bengaluru	2A	64	SF	12650 Nizamuddin- Yesvantpur	125
Feb-17	12235 Dibrugarh- New Delhi	2A	22	EXP	14055 Dibrugarh - Delhi	77
Feb-17	12437 Secunderabad – Nizamuddin	2A	43	SF	12721 Hyderabad – Nizamuddin	155
Feb-17	12441 Bilaspur – New Delhi	2A	49	SF	12409 Raigarh – Nizamuddin	112
Feb-17	12453 Ranchi – New Delhi	2A	36	SF	12825 Ranchi – New Delhi	77
Feb-17	12433 Chennai – Nizamuddin	2A	55	SF	12621 Chennai – New Delhi	114
Feb-17	12235 Dibrugarh- New Delhi	3A	70	EXP	14055 Dibrugarh - Delhi	97
Feb-17	12437 Secunderabad – Nizamuddin	3A	70	SF	12721 Hyderabad – Nizamuddin	185
Feb-17	12453 Ranchi – New Delhi	3A	74	SF	12825 Ranchi – New Delhi	132
<i>Premier Trains - Duronto</i>						
Oct-16	22201 Sealdah – Puri	2A	64	SF	12837 Howrah - Puri	98
Oct-16	22210 New Delhi – Mumbai central	2A	52	SF	12908 Nizamuddin – Bandra Terminus	85
Oct-16	12294 Allahabad – Lokmanya Tilak Terminus	2A	52	SF	22130 Allahabad – Lokmanya Tilak Terminus	70
Oct-16	12240 Jaipur – Mumbai central	2A	28	SF	12956 Jaipur – Mumbai central	90
Oct-16	22204 Secunderabad – Vishakapatnam	2A	74	SF	12728 Hyderabad – Vishakapatnam	106
Oct-16	12213 Yesvantpur – Delhi Sarai Rohilla	2A	72	SF	12649 Yesvantpur -Nizamuddin	124
Oct-16	12228 Indore – Mumbai central	2A	53	SF	12962 Indore – Mumbai central	87
Feb-17	22210 New Delhi – Mumbai central	2A	63	SF	12908 Nizamuddin – Bandra Terminus	74
Feb-17	12294 Allahabad – Lokmanya Tilak Terminus	2A	72	SF	22130 Allahabad – Lokmanya Tilak Terminus	98
Feb-17	12240 Jaipur – Mumbai central	2A	47	SF	12956 Jaipur – Mumbai central	122
Feb-17	22204 Secunderabad – Vishakapatnam	2A	62	SF	12728 Hyderabad – Vishakapatnam	109

Table 2.6 - Comparison of occupancy of Premier trains with Mail/Express trains						
Month	Train No./Name	Class	Occupancy (per cent)	Train type (Mail/ Express/ Superfast)	Train No./Name	Occupancy (per cent)
Premier Trains				Mail/Expres Trains		
Feb-17	12269 Chennai – Nizamuddin	2A	62	SF	12615 Chennai - Delhi Sarai Rohilla	121
Feb-17	12213 Yesvantpur – Delhi Sarai Rohilla	2A	44	SF	12649 Yesvantpur -Nizamuddin	149
Feb-17	22201 Sealdah – Puri	2A	51	SF	12837 Howrah - Puri	101
Oct-16	12294 Allahabad – Lokmanya Tilak Terminus	3A	68	SF	22130 Allahabad – Lokmanya Tilak Terminus	72
Oct-16	12240 Jaipur – Mumbai central	3A	37	SF	12956 Jaipur – Mumbai central	91
Oct-16	12228 Indore – Mumbai central	3A	36	SF	12962 Indore – Mumbai central	83
Feb-17	12240 Jaipur – Mumbai central	3A	65	SF	12956 Jaipur – Mumbai central	113
Feb-17	22204 Secunderabad – Vishakapatnam	3A	69	SF	12728 Hyderabad – Vishakapatnam	111
Feb-17	12213 Yesvantpur – Delhi Sarai Rohilla	3A	59	SF	12649 Yesvantpur -Nizamuddin	141
Feb-17	12228 Indore – Mumbai central	3A	69	SF	12962 Indore – Mumbai central	107
Premier Trains - Shatabdi						
Oct-16	12035 Jaipur – Agra Fort	CC	56	SF	12196 Ajmer – Agra Fort	96
Oct-16	12026 Secunderabad – Pune	CC	63	EXP	17014 Hyderabad - Pune	103
Oct-16	12277 Howrah – Puri	CC	66	SF	12821 Howrah – Puri	108
Oct-16	12243 Chennai – Coimbatore	CC	67	SF	12679 Chennai - Coimbatore	104
Feb-17	12005 New Delhi – Kalka	CC	72	EXP	14095 Delhi Sarai Rohilla - Kalka	79
Feb-17	12035 Jaipur – Agra Fort	CC	54	SF	12196 Ajmer – Agra Fort	87
Feb-17	12026 Secunderabad – Pune	CC	68	EXP	17014 Hyderabad - Pune	122
Feb-17	12277 Howrah – Puri	CC	30	SF	12821 Howrah – Puri	107
Feb-17	12243 Chennai – Coimbatore	CC	61	SF	12679 Chennai - Coimbatore	105
Feb-17	12278 Puri – Howrah	CC	44	SF	12822 Puri - Howrah	111
Feb-17	12039 Kathgodam – New Delhi	CC	69	EXP	15014 Kathgodam – Delhi	99

Source: Data warehouse of Indian Railways

For the months test checked, it was observed that

- The occupancy of AC 2 and AC 3 tier class of Mail/Express trains on the same routes as Rajdhani trains was significantly higher than the occupancy of corresponding classes of Rajdhani trains and was more than 100 per cent in

10 trains. In five Mail/Express trains, where the occupancy was 77 per cent to 99 per cent, the corresponding occupancy of Rajdhani trains was 22 per cent to 70 per cent.

- The occupancy of AC 2 and AC 3 tier class of Mail/Express trains on the same routes as Duronto trains was significantly higher than the occupancy of corresponding classes of Duronto trains and was more than 100 per cent in 11 trains. In 10 Mail/Express trains, where the occupancy was 72 per cent to 98 per cent, the corresponding occupancy of Duronto trains was 28 per cent to 72 per cent.
- The occupancy of CC class of Mail/Express trains on the same routes as Shatabdi trains was significantly higher than the occupancy of corresponding classes of Shatabdi trains and ranged from 79 per cent to 122 per cent, whereas the occupancy in Shatabdi train ranged between 30 per cent and 69 per cent. Only on New Delhi – Kalka route, the occupancy of both types of trains were in the similar range (72 per cent and 79 per cent for Mail/Express and Shatabdi trains respectively).

The above indicates that after the introduction of the flexi fare system, passengers preferred to travel by Mail/Express trains over the Rajdhani/Duronto/Shatabdi trains despite a higher travel time for Mail/Express trains.

Railway Board in their reply stated (July 2017) stated that the occupancy of Premier trains depends upon the peak and lean seasons. The occupancy of Premier trains in lean season always remained low in comparison to the Mail/Express trains.

However, Audit analysis of occupancy of Premier trains vis-à-vis Mail/Express trains included both peak season (October 2016) and lean season (February 2017). The trend indicated that the vacant berths were increasing.

2.1.3.4 Impact on passengers' patronage of Premier trains post flexi fare scheme

The system of flexi fare adopted by airlines is aimed to take care of yield management¹⁴. The pricing is linked to the occupancies and the time at which the ticket is being booked. As the occupancies shrink, fares go up so that maximum yield per seat can be obtained.

Audit examined the flexi fare scheme in Rajdhani/Duronto/Shatabdi trains in light of the concept of yield management. Audit selected the following 13 sectors of Premier trains, on which there are regular flights.

S. no	Sector
1	Chennai – New Delhi – Chennai
2	Trivandrum – New Delhi – Trivandrum
3	Hyderabad – New Delhi – Hyderabad

¹⁴ Yield management is a variable pricing strategy, based on understanding, anticipating and influencing consumer behavior in order to maximize revenue or profits from a fixed, time-limited resource (such as airline seats or hotel room reservations or advertising inventory).

Table 2.7 - Sectors adopted for comparison of air-fare with train fare

S. no	Sector
4	Kolkata – New Delhi – Kolkata
5	Guwahati – New Delhi – Guwahati
6	Bengaluru – New Delhi – Bengaluru
7	Mumbai – New Delhi – Mumbai
8	Ranchi – New Delhi – Ranchi
9	Ahmedabad – New Delhi – Ahmedabad
10	Bhubaneswar – New Delhi – Bhubaneswar
11	Goa – New Delhi – Goa
12	Mumbai – Kolkata – Mumbai
13	Bengaluru – Kolkata – Bengaluru

All inclusive fare of AC 2 tier of Rajdhani and Duronto trains in the identified 13 sectors were compared with all inclusive air fare (economy class of Air India as well as one private airlines) as on 31 March 2017 for journey on 30 April 2017 (30 day of ARP¹⁵), 30 May 2017 (60 day of ARP), 29 June 2017 (90 day of ARP) and 29 July 2017 (120th day of ARP). Audit findings are given below:

Table 2.8 - Statement showing the cheapest mode of transport

S. no	Name of the Sector	Cheapest mode (Air/Rail)			
		120 days ARP	90 days ARP	60 days ARP	30 days ARP
1	Chennai – New Delhi	Rail	Air	Air	Air
	New Delhi – Chennai	Air	Air	Air	Air
2	Trivandrum – New Delhi	Rail	Air	Air	Air
	New Delhi – Trivandrum	Rail	Air	Air	Air
3	Hyderabad – New Delhi	Air	Air	Air	Air
	New Delhi – Hyderabad	Air	Air	Air	Air
4	Kolkata – New Delhi	Air	Air	Rail	Rail
	New Delhi – Kolkata	Rail	Air	Rail	Air
5	Guwahati – New Delhi	Rail	Air	Air	Rail
	New Delhi – Guwahati	Rail	Air	Air	Air
6	Bengaluru – New Delhi	Air	Air	Air	Air
	New Delhi – Bengaluru	Air	Air	Air	Air
7	Mumbai – New Delhi	Air	Air	Air	Rail
	New Delhi – Mumbai	Air	Air	Rail	Air
8	Ranchi – New Delhi	Air	Rail	Air	Rail
	New Delhi – Ranchi	Air	Rail	Air	Air
9	Ahmedabad – New Delhi	Rail	Rail	Rail	Rail
	New Delhi – Ahmedabad	Air	Rail	Rail	Air
10	Bhubaneswar – New Delhi	Air	Air	Air	Air
	New Delhi – Bhubaneswar	Air	Air	Air	Air
11	Goa – New Delhi	Air	Rail	Rail	Rail
	New Delhi – Goa	Air	Rail	Rail	Rail
12	Mumbai – Kolkata	Rail	Rail	Air	Rail
	Kolkata – Mumbai	Rail	Rail	Air	Air
13	Bengaluru – Kolkata	Air	Air	Air	Air
	Kolkata – Bengaluru	Air	Air	Air	Rail

Source: Web site of Airlines and IRCTC

¹⁵ Advance Reservation Period

It was observed that, of the 26 directions (up/down of the 13 sectors),

- for 120 days ARP, travel by air was found to be the cheapest mode in 17 directions of travel. In the remaining 9 directions, though the air fare was higher, the difference in fare was only up to ₹ 600.
- for 90 days ARP, travel by air was found to be the cheapest mode in 18 directions of travel.
- for 60 days ARP, travel by air was found to be the cheapest mode in 19 directions of travel.
- for 30 days ARP, travel by air was found to be the cheapest mode in 17 directions of travel.
- In Hyderabad-New Delhi, New Delhi- Hyderabad, Bengaluru -New Delhi, New Delhi- Bengaluru, Bhubaneshwar-New Delhi, New Delhi- Bhubaneshwar, New Delhi-Chennai and Bengaluru-Kolkata sectors, the air fare was cheaper when tickets were booked 30 days to 120 days in advance.
- In Chennai-New Delhi, Trivandrum-New Delhi, New Delhi-Trivandrum, New Delhi-Guwahati sectors, the air fare was cheaper when tickets were booked 30 days to 90 days in advance.
- In Mumbai-New Delhi and Kolkata-Bengaluru sectors, the air fare was cheaper when tickets were booked 60 days to 120 days in advance.
- In New Delhi-Mumbai sector, the air fare was cheaper when tickets were booked 90 days to 120 days in advance.

Thus, in a large number of sectors and for most of the ARPs, air fare was found to be cheaper.

The trend of occupancy in airlines and AC 2 and AC 3 tier of premium trains during pre-flexi period and post flexi period was as follows:

Sector	Total for AC 2 and AC 3 (Sep 15 to Jul 16)	Total for AC 2 and AC 3 (Sep 16 to Jul 17)	Increase (+) / Decrease (-) (Nos.)	Increase (+) / Decrease (-) (in per cent)	No. of passengers by air (Sep 15 to Jul 16)	No. of passengers by air (Sep 16 to Jul 17)	Increase (+) / Decrease (-) (Nos.)	Increase (+) / Decrease (-) (in per cent)
A	B	C	D	E	F	G	H	I
New Delhi - Chennai	115259	112738	-2521	-2	980416	1061148	80732	8
Chennai - New Delhi	106928	108932	2004	2	980429	1063482	83053	8
New Delhi – Thiruvananthapuram	150344	129279	-21065	-14	115705	168415	52710	46
Thiruvananthapuram - New Delhi	164910	147964	-16946	-10	108411	185678	77267	71
New Delhi – Hyderabad	74205	72140	-2065	-3	985054	1088112	103058	10
Hyderabad - New Delhi	73554	71947	-1607	-2	985249	1067219	81970	8
New Delhi – Kolkata	942382	910978	-31404	-3	1072148	1400462	328314	31
Kolkata - New Delhi	945083	924067	-21016	-2	993328	1319021	325693	33
New Delhi – Guwahati	737549	728833	-8716	-1	442398	603508	161110	36

Table 2.9 - Comparison of increase/decrease in number of passengers in selected sectors – Rail and Air

Sector	Total for AC 2 and AC 3 (Sep 15 to Jul 16)	Total for AC 2 and AC 3 (Sep 16 to Jul 17)	Increase (+) / Decrease (-) (Nos.)	Increase (+) / Decrease (-) (in per cent)	No. of passengers by air (Sep 15 to Jul 16)	No. of passengers by air (Sep 16 to Jul 17)	Increase (+) / Decrease (-) (Nos.)	Increase (+) / Decrease (-) (in per cent)
A	B	C	D	E	F	G	H	I
Guwahati - New Delhi	707105	701483	-5622	-1	424356	613601	189245	45
New Delhi – Bengaluru	357893	373458	15565	4	1680897	1846712	165815	10
Bengaluru- New Delhi	429965	409285	-20680	-5	1680454	1861949	181495	11
New Delhi – Mumbai	787629	787787	158	0	2905364	3174442	269078	9
Mumbai - New Delhi	856495	838966	-17529	-2	2880430	3140280	259850	9
New Delhi – Ranchi	169808	161986	-7822	-5	205662	375389	169727	83
Ranchi - New Delhi	168931	154174	-14757	-9	188793	341308	152515	81
New Delhi – Ahmedabad	342727	342971	244	0	724335	878513	154178	21
Ahmedabad - New Delhi	333572	326539	-7033	-2	727164	866251	139087	19
New Delhi – Bhubaneswar	314140	282744	-31396	-10	331881	433720	101839	31
Bhubaneswar - New Delhi	309694	272739	-36955	-12	320542	419269	98727	31
New Delhi – Goa*	48219	43241	-4978	-10	468738	606639	137901	29
Goa - New Delhi*	67158	67028	-130	0	489545	609543	119998	25
Mumbai – Kolkata	171371	160694	-10677	-6	757088	811876	54788	7
Kolkata – Mumbai	164970	163883	-1087	-1	718891	789635	70744	10
Bengaluru– Kolkata	79178	87618	8440	11	542487	721322	178835	33
Kolkata – Bengaluru	78365	85187	6822	9	515163	699241	184078	36

Source: PRS data obtained from CRIS

*Since the Train No. 22413/22414 (New Delhi – Madgaon Rajdhani) was introduced from November 2015, the comparison of passengers carried by rail/air was adopted from December to July only

It can be seen that

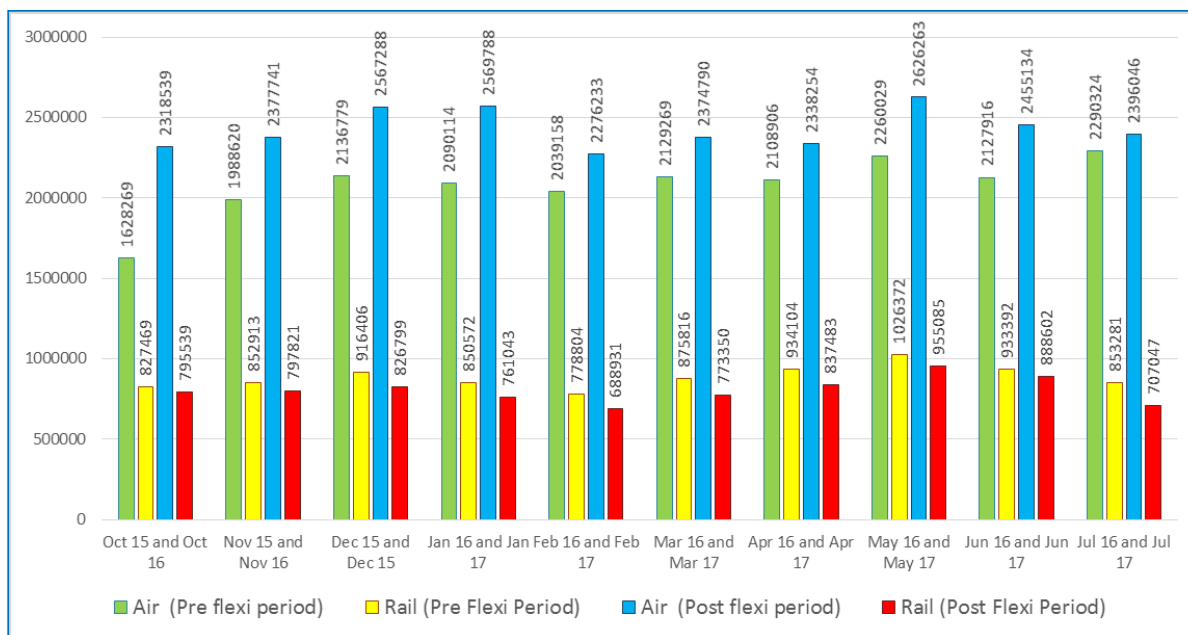
- The number of passengers carried by the airlines has increased in all the 26 directions (up/down of the 13 sectors), whereas occupancy in Rajdhani/Duronto trains, it increased only in four directions viz. Chennai – New Delhi, New Delhi – Bengaluru, Bengaluru – Kolkata, Kolkata – Bengaluru where the increase was 2, 4, 11, 9 per cent respectively.
- In three directions viz. New Delhi – Mumbai, New Delhi – Ahmedabad, Goa – New Delhi the passengers carried was almost constant.
- In 19 directions, the decrease in passengers was in the range of one to 14 per cent.

Annexure 2.3

This indicates that when compared to the cost and time taken for travel by AC 2 and AC 3 tier, air travel by economy class worked out to be cheaper and preferable mode of travel. This is corroborated by decreasing trend of occupancy in Premier trains post flexi fare scheme, while the number of the

passenger carried by airlines increased during the same period of post-flexi as compared to pre-flexi.

Audit compared the number of passengers travelled by air with the number of passengers travelled by premier trains (AC 2 and AC3 tier) during the pre and post flexi period in the 13 selected sectors. The result can be seen in **Graph 2.2**:



Graph 2.2: Comparison of passengers travelled by air and rail during Pre-flexi period (October 2015 to July 2016) and Post-flexi period (October 2016 to July 2017)

From the above graph, it can be seen that on one hand number of train passengers of AC 2 and AC 3 tier class of premier trains showed decreasing trend in post flexi period in comparison to pre flexi period, on the other hand air passengers have shown increasing trend over the same period. This indicates that the decrease in occupancy in Premier trains did lead to passengers shifting to air for travel in these sectors.

Railway Board in their reply stated (July 2017) stated that for shorter ARP, flights charged much more fare than that of Premier trains. However, audit study compared the fare in 26 directions for four ARP periods—30 days, 60 days, 90 days and 120 days and noticed that, travel by air was cheaper in 17, 19, 18 and 17 directions respectively. Railway Board further stated (February 2018) that while air fares are dynamic with surge pricing, in flexi-fare variation is fixed throughout the year and there is no surge pricing. Overall there is an increase in occupancy of reserved passengers (all trains including Rajdhani, Shatabdi and Duronto trains) and passengers have not shifted to other modes of transport.

Audit review has shown that passengers of Rajdhani, Shatabdi and Duronto trains have shifted to either the Mail/Express trains on the same routes or shifted to air.

2.1.4 Impact of measures taken by railways to utilise the vacant seats

The Tatkal quota in the Premier trains continued to be operated as per existing guidelines after the flexi fare scheme was introduced and the berths assigned under the Tatkal quota were to be booked at the rate of 1.5 times of the base fare for all classes viz. SL, 2A, 3A and CC except AC 1 and EC. Subsequently, Railway Board revised (December 2016) the instructions and with effect from 20 December 2016, reduced the Tatkal quota from 30 per cent to 10 per cent of total class wise accommodation.

As the occupancy during lean seasons reduced significantly, Railway Board further decided (14 December 2016) to allow discounted fare in some section of Shatabdi trains and a rebate of 10 per cent after preparation of first chart in all Premier trains. The impact of these measures is discussed below:

2.1.4.1 Decision of reducing Tatkal quota in flexi fare trains

Audit analysed the tickets earmarked under Tatkal quota in all 142 Premier trains and its utilisation during 20 October 2016 to 19 December 2016 and compared with the Tatkal utilisation during 20 December 2016 to 19 February 2017 i.e. during the period of two months before and after the decision of reducing the Tatkal quota. Audit analysis is given below:

Table 2.10 -Train type wise Tatkal summary of all Rajdhani/Duronto/Shatabdi trains									
Train type	Class	20-10-2016 to 19-12-2016				20-12-2016 to 19-02-2017			
		Berth potential	Actual passengers	Vacant berths	Vacancy (in per cent)	Berth potential	Actual passengers	Vacant berths	Vacancy (in per cent)
<i>Rajdhani</i>	2A	92489	51995	40494	43.78	43723	31457	12266	28.05
	3A	299985	216838	83147	27.72	139128	119576	19552	14.05
<i>Duronto</i>	2A	33231	21837	11394	34.29	18875	13285	5590	29.62
	3A	153992	109560	44432	28.85	84083	64211	19872	23.63
	SL	98392	95580	2812	2.86	57808	61917	-4109	-7.11
<i>Shatabdi</i>	CC	412842	242150	170692	41.35	223419	130168	93251	41.74
Total		1090931	737960	352971	32.36	567036	420614	150531*	29.56*

* Except sleeper class

It can be seen that after the decision to reduce the Tatkal quota in Premier trains was taken with effect from 20 December 2016, the percentage of vacant berths/seats improved significantly in all the classes.

Thus, the decision to reduce the Tatkal quota from 30 per cent to 10 per cent in Premier trains led to better utilization of Tatkal berths/seats.

2.1.4.2 Discount in some sections of Shatabdi trains

In order to improve the patronage, Railway Board introduced discounted fare in AC Chair Car of Shatabdi trains running over Mysuru – Bengaluru and Ajmer-Jaipur sections from 20 December 2016 on trial basis for six months. For these sections, the flexi fare system was not applicable and Tatkal charges were not levied on the discounted fare.

- In New Delhi – Ajmer Shatabdi Express (Train No.12015/12016), the discounted fare was proposed between Jaipur and Ajmer and between Jaipur and Kishangarh in both up and down directions. The discounted fare was subsequently withdrawn with effect from December 2017.
- In Chennai Central – Mysuru Shatabdi Express (Train No.12007/12008) the discounted fare was proposed between Bengaluru City and Mysuru in both up and down directions.

A comparison of the occupancy and earnings during January 2017 and February 2017 with that of October 2016 and November 2016 i.e. two months before and after the month in which the discounted fare was implemented can be seen in the table below:

Table 2.11 - Impact on occupancy and earnings				
Period	Passengers (Nos.)	Earnings (in ₹)	Passengers (Nos.)	Earnings (in ₹)
	<i>Between Bengaluru City and Mysore</i>		<i>Between Mysore and Bengaluru City</i>	
<i>Oct-Nov 2016</i>	9,129	40,18,435	11,809	48,24,945
<i>Jan-Feb 2017</i>	10,361	30,38,468	13,504	38,14,879
<i>Increase/Decrease</i>	1,232	(-) 9,79,967	1,695	(-) 10,10,066
<i>(in per cent)</i>	13	(-) 24	14	(-) 21

Source: PRS Data obtained from CRIS/NDLS

The above analysis revealed that in Bengaluru City–Mysuru direction, there was an increase of 13 *per cent* in occupancy and in Mysuru– Bengaluru City direction, there was an increase of 14 *per cent* in occupancy after implementation of discounted fare.

2.1.4.3 Rebate after preparation of first chart

Railway Board introduced 10 *per cent* rebate in the last booked fare on the vacant berths/seats after preparation of first chart on an experimental basis for six months in Rajdhani/Shatabdi/Duronto trains from 20 December 2016. The scheme was also applicable for allotment of vacant berths due to 'no show' passengers in train by TTEs.

Audit examined the trend of occupancy and earnings after implementation of 10 *per cent* rebate on vacant berths/seats booked after preparation of first chart during January and February 2017 and compared it with the period of October and November 2016 i.e. two months prior to and two months after the month of implementation of the scheme and the results of our analysis are given below:

Table 2.12 - Trend of occupancy and earnings after introduction of rebate			
Period	No. of services (Shatabdi)	Occupancy (CC)	Earnings (₹)
<i>Oct-Nov 2016</i>	2,481	75,321	6,23,25,386
<i>Jan-Feb 2017</i>	2,404	91,511	7,05,33,776
<i>Increase</i>	(-) 77	16,190	82,08,390
<i>Increase (%)</i>	(-) 3	21	13

Period	No. of services (Rajdhani)	Occupancy			Earnings (₹)	
		AC 2	AC 3	AC 2	AC 3	
Oct-Nov 2016	1,529	9,742	32,064	2,27,60,091	5,03,51,000	
Jan-Feb 2017	1,476	15,580	47,726	4,24,02,483	8,30,423,67	
Increase	(-) 53	5,838	15,662	1,96,42,392	3,26,913,67	
Increase (%)	(-) 3	60	49	86	65	

Period	No. of services (Duronto)	Occupancy			Earnings (₹)		
		AC 2	AC 3	SL	AC 2	AC 3	SL
Oct-Nov 2016	1200	2180	10827	4343	4840268	17328293	2768689
Jan-Feb 2017	1155	3157	14795	5466	7734340	26855341	3667260
Increase	(-) 45	977	3968	1123	2894072	9527048	898571
Increase (%)	(-) 4	45	37	26	60	55	32

Source: PRS Data obtained from CRIS/NDLS

It was seen that

- Though the services of Shatabdi trains were less by 77, there was an increase in occupancy to the extent of 21 per cent in CC class. Also, there was an increase in earnings of around 13 per cent after implementation of the 10 per cent rebate scheme.
- Similarly, though services of Rajdhani trains were less by 53, the occupancy in AC 2 tier and AC 3 tier increased by 60 and 49 per cent respectively. The earnings also increased by 86 and 65 per cent in respect of AC 2 tier and AC 3 tier respectively after implementation of the scheme.
- Also, while the services of Duronto trains were less by 45, the occupancy in AC 2 tier, AC 3 tier and Sleeper class increased by 45, 37 and 26 per cent respectively. The earnings also increased by 80, 55 and 32 per cent in respect of AC 2 tier, AC 3 tier and Sleeper class respectively after implementation of the scheme.

Thus, after implementation of the rebate scheme there has been an increase in occupancy and earnings in all the Premier trains.

Railway Board in their reply stated (July 2017 and February 2018) stated that during interim review after introduction of flexi fare various discount schemes were introduced in premier trains. Audit review has also made a point that after introduction of discount/rebate schemes, there was increase in occupancy which indicates that rail passengers did not perceive value for their money in flexi fare system in Premier trains.

2.1.5 Quality parameters for Premier trains with enhanced fare structure

The White Paper of IR (February 2015) observed that the major issues regarding passenger satisfaction are availability of train accommodation, transit time, punctuality, cleanliness at stations and in trains, catering services, reservation facilities etc.

Parliamentary Committee about passenger fare desired that with increase in train fares, attention be also paid in augmenting/improving passenger amenities and facilities in trains and at Railway stations.

Audit examined the punctuality of Rajdhani/Duronto/Shatabdi trains and obtained feedback from passengers on services provided by Railways. These are discussed in the following paragraphs.

2.1.5.1 Punctuality

Punctuality is one of the most important parameter of the quality of service being provided to the passengers. The punctuality of Rajdhani/ Shatabdi/ Duronto trains terminated in each Zonal Railway during February 2017 (subject to a maximum of two trains in each category) was reviewed in audit. It was observed that

- In 19 Rajdhani trains, out of 311 services, 243 services (78 per cent) were delayed and only 68 services maintained their punctuality.
- In 22 Duronto trains, out of 252 services, 167 services (66 per cent) were delayed and only 85 services maintained their punctuality.
- In 22 Shatabdi trains taken up for the study, out of 544 services, 347 services (64 per cent) were delayed and only 197 services maintained their punctuality.
- In four Rajdhani Trains¹⁶, all the 76 services during the month of February 2017 did not maintain punctuality. Similarly, all six Duronto¹⁷ and six Shatabdi¹⁸ trains with 48 and 149 services respectively did not maintain their punctuality during February 2017.

Annexure 2.4

Thus, even after introduction of flexi fare, punctuality of trains has not been maintained.

2.1.5.2 Passenger feedback on quality of services

To ascertain the opinion of travelling passengers on flexi fare system, Audit administered a survey questionnaire to 806 passengers travelling in 16 Shatabdi and 11 Rajdhani during the month of April 2017 and May 2017.

- (i) To a question on '*Whether Indian Railways have provided any improvement in the services rendered commensurate with enhanced fare*', 495 passengers (61 per cent) replied in negative.
- (ii) To a question on '*Do you feel that you derive the value for the money and time you have spent by travelling in Premium train with flexi fare?*' 445

¹⁶(12302 – New Delhi – Howrah, 12314 – New Delhi – Sealdah, 12433 – Chennai – New Delhi, 22692 – New Delhi – KSR Bengaluru)

¹⁷(12260 – New Delhi – Sealdah, 12274 – New Delhi – Howrah, 12281 – Bhubaneswar – New Delhi, 12273 – Howrah – New Delhi, 12286 – New Delhi – Secunderabad, 12214 – New Delhi – Yesvantpur)

¹⁸(12033 – Kanpur-New Delhi, 12003 – Lucknow - New Delhi, 12041 – Howrah – New Jalpaiguri, 12027 – Chennai – KSR Bengaluru, 12007 – Chennai – Mysuru, 12002 – New Delhi – Habibganj)

passengers (55 per cent) replied in the negative and 361 passengers (45 per cent) replied in affirmative.

- (iii) To a question on 'Given the travel time, flexi fare without value addition, would you prefer to travel by flight/bus', 497 passengers (62 per cent) replied in affirmative.
- (iv) These passengers were further asked to indicate areas which required improvement.
- ✓ 324 passengers (65 per cent) stated that food served in trains requires improvement
 - ✓ 97 passengers travelling in AC 2 and AC 3 class of expressed that bed-rolls required improvement
 - ✓ 176 passengers (36 per cent) stated that punctuality needed to be improved
 - ✓ 181 passengers (37 per cent) stated that cleanliness inside the coach required improvement.
 - ✓ 280 passengers (57 per cent) indicated that cleanliness of toilets required improvement.
 - ✓ Other significant issues identified by passengers for improvement included prevention of unauthorised vendors, cleanliness at station and waiting area, more options/variety in food served, behaviour of pantry car staff, provision of television, mobile/laptop charging points, cleaning of windows and curtains.

Thus, passengers expect better quality services commensurate with enhanced fare. At present many of them feel that they have not derived value for money and time spent in the Premier trains and that they would prefer to switch over to other modes of transport.

2.1.6 Conclusion

The decision to implement flexi-fare scheme in all Rajdhani, Duronto and Shatabdi trains irrespective of the demand and occupancy resulted in decrease in occupancy in all classes except Sleeper class in Duronto trains. There were instances of minor increases in occupancy in a few premier trains. The occupancy increased only in a few Premier trains. Though the Railways had introduced enhanced/dynamic fare in various formats (Enhanced Tatkal fare in Premier trains, Suvidha trains and Special trains with Tatkal fare) before introducing the flexi fare scheme, they did not take into consideration the fact that the occupancy in all classes (except sleeper class in Suvidha Trains) where enhanced/dynamic fare were implemented was very low and AC 2 and AC 3 in these trains were not finding adequate patronage. In AC 3 class also, which is one of the most profitable classes, the occupancy dropped significantly after introduction of flexi fare and the vacant berths increased from 0.66 per cent in

pre-flexi period to 4.46 *per cent* in post-flexi period. As such, introduction of flexi fare in AC 3 Tier class in the present form was not judicious. Even in terms of absolute numbers, the Premier trains carried 2,40,79,899 passengers during post flexi period as compared to 2,47,36,469 passengers during pre-flexi period and thus registered a de-growth of 2.65 *per cent* passengers despite availability of higher number of berths/seats. Though Railways earned ₹ 552 crore from passenger earnings from the Premier trains post flexi fare system during 9 September 2016 to 31 July 2017, they carried 6.75 lakh less passengers in Premier trains during 9 September 2016 to 31 July 2017 despite a three *per cent* increase in berth potential as compared to the previous year period from 9 September 2015 to 31 July 2016. Thus, there is a need for review and fine tuning in the scope of the scheme so that not only more revenue is earned but number of passengers also increase, thus, further enhancing revenue. Railway Board in their reply (February 2018) stated that a Committee has been constituted to review the flexi fare/ variable fare system over Indian Railways. The Committee has submitted report on 16 January 2018 and their recommendations are under consideration of the Board.

The occupancy of Mail/Express Trains in the routes where Premier trains run, was found to be much more than the Premier trains during the months test checked (October 2016 and February 2017). As such, passengers preferred to travel by Mail/Express trains over the Rajdhani/Duronto/Shatabdi trains despite a higher travel time for Mail/Express trains.

A comparison with air fare for different Advance Reservation Periods in 13 sectors also showed that air fares were cheaper than the respective train fares for a large number of routes. As such, when compared to the cost and time taken for travel by Premier trains, air fare became a cheaper and preferable mode of travel. While in air fares the prices of tickets increase with increase in demand, in flexi fare, there is a fixed increase in fares after every 10 *per cent* of the tickets booked irrespective of the demand. By paying a higher price for an air ticket, a passenger is ensured a confirmed seat, but a passenger who purchases a waitlisted train ticket by paying a higher amount does not have an assurance of confirmed ticket. Thus, charging a higher fare without providing confirmed seat/berth would force passengers to explore other available alternatives. Railways have recently introduced a new Rajdhani Train between Hazrat Nizamuddin and Mumbai, which would travel the distance in two hours less time than the regular Rajdhani for which Railway propose to charge higher fare for reduction in travel time. Linking of increased fare with a value addition in the quality of service is a welcome step in this direction.

Railway Board introduced a few measures such as reducing the Tatkal quota from 30 *per cent* to 10 *per cent*, discounted fare in AC Chair Car of two Shatabdi trains and 10 *per cent* rebate in the last fare on the vacant berths/seats after preparation of first chart during December 2016. These measures improved the occupancy of the Premier trains to some extent.

Passenger Survey showed that passengers expect better quality services commensurate with enhanced fare. At present, many of them feel that they have not derived value for money and time spent in the Premier trains and that they would prefer to switch over to other modes of transport.

2.1.7 Recommendations

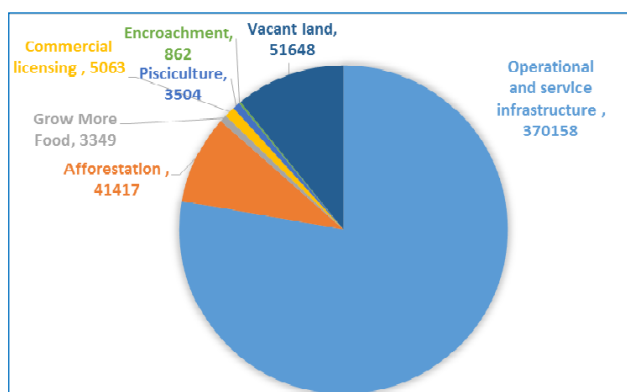
1. *Railways may review and fine tune the scope of the scheme so that not only more revenue is earned but number of passengers also increase, thus, further enhancing revenue. Instead of enhancing fare across all classes and routes, Indian Railways may consider reviewing the fare structure on the basis of demand and occupancy in different routes.*
2. *Railway Board may explore the possibility of rationalising the fare structure across all types of trains instead of targeting Premier trains which was already having a separate increased fare structure.*
3. *Instead of allotting 90 per cent seats/berths under flexi fare scheme and leaving only 10 per cent seats/berths for normal fare, it is recommended that at least 50 per cent seats/berths should be allotted for normal fare.*
4. *While paying a higher air fare, a passenger is assured a confirmed seat, whereas under flexi fare scheme, when a passenger books a waitlisted ticket at 40 to 50 per cent higher fare, he is not assured of a confirmed seat. It is recommended that for the uncertainty a waitlisted passenger undergoes, he should be compensated by way of a lower fare.*

2.2 Management of commercial plots and parking spaces near stations by Commercial department in Indian Railways

2.2.1 Introduction

Indian Railways (IR) owned 4,76,001 hectares (ha) of land¹⁹ as on 31 March 2017. Land area measuring 3,70,158 ha (77.76 per cent of total land) is used for operational and service infrastructure. Railway land is also licensed for various purposes such as afforestation, grow more food scheme, pisciculture and commercial licensing.

Besides above, 51,648 ha land is vacant and 862 ha land under encroachment. The breakup of the usage of Railway Land as on 31 March 2017 is given in **Graph 2.3**.



Graph 2.3: Usage of railway land as on 31 March 2017 (in hectares)

¹⁹ As per records of Land and Amenities Directorate of Railway Board

Para 1008 of Indian Railways Engineering Code enjoins upon railway administration to develop the resources and put to profitable use any areas of land in its occupation and lying idle. As per provisions under Para 1010 of Indian Railways Engineering Code, the Engineering or any other Department of the Railway as decided by the General Manager at his discretion is responsible for management of land in the occupation of the IR. Zonal Railway Administrations are permitted to grant land under license for purposes, whether or not connected with Railway working²⁰. Land (other than station areas) including sidings is under the control and management of the Engineering Department of Railways. Land within the station area and near siding for advance stacking of goods is under the control and management of Commercial Department of Railways. Commercial Department gives land licenses to outsiders for stacking rail-borne goods or for any other specified purpose such as operating cycle/scooter stand, car parking etc.

Background

Minister of Railway in the budget speech for the year 2016-17²¹ expressed concern over low generation (less than five *per cent*) of revenues through non-traffic sources and expressed the aim of reaching world average (10 to 20 *per cent*) by monetizing assets and undertaking other revenue yielding activities. A Non-fare Revenue Directorate was constituted at Railway Board²² in April 2016 for commercial exploitation of vacant land, parking of vehicles in railway land other than stations besides enhancing revenues through advertisements and other sources. Surplus land of Railways is one such non-traffic source where the Railway Administration should endeavour to maximise revenue by profitable use of such areas in its occupation.

In previous studies²³ conducted in audit, the issues related to management and utilisation of railway land under the control of Engineering Department of Railways were covered. The present study is focused on review of management of plots and parking spaces near stations under the control of Commercial Department of IR. The land plots adjacent to Railway stations and at prime locations are much sought after and have huge potential for revenue generation. The plots of land near railway stations were allotted to parties and were traditionally being used for stacking of goods for transportation by the railways. However, after abolition of 'small and piecemeal booking of wagons'²⁴ in 1980s, these plots were not taken back from plot holders and generally used for the purpose not connected with the working of the railways. Though the Railway Board had issued various circulars on commercial licensing of railway land from time to time, the management of such commercial plots after

²⁰Para 1013 of Indian Railway Code for Engineering Department

²¹presented in the Parliament on 25 February 2016

²²Railway Board's letter No. 2016/O&M/6/2 dated 28.04.2016 (Office Order No. 20 of 2016)

²³Performance Audit on "Land Management in Indian Railways" (Report No. PA 8 of 2008), Theme Based Audit on "Commercial Utilization of Surplus Railway Land" (Report No. 32 of 2011-12), Theme Based Audit on "Management of vacant land in Indian Railways" (Report No.24 of 2015, Volume II, Chapter 4)

²⁴ In case of booking of goods by more than one party in a wagon

abolition of 'small and piecemeal booking of wagons' has not been addressed. Despite taking up the issue with the Railway Board by Audit in January 2016, no suitable guidelines have been framed by Ministry of Railways to address the issue.

Though share of earnings from commercial plots is smaller in magnitude, there is significant revenue earning potential which has largely remained untapped as adequate attention has not been given by the Zonal Railway administrations. Audit, in the present study, assessed the steps taken by the railways to maximise earnings from exploitation of commercial plots adjacent to railway stations and at other prime locations having huge potential for revenue generation.

Organizational structure

The responsibility of laying down the policy and framing the rules and regulations with regard to licensing of Railway land for commercial purpose, rests with the 'Land Management and Amenities Directorate' of the Railway Board functioning under the overall supervision of the Member Engineering. At the Zonal Railway level, the Chief Commercial Manager is the implementing and co-ordinating authority for various policies/orders issued by the Railway Board from time to time for the land under the control of Commercial Department. The implementation of instructions/directives at divisional level rests with the Senior Divisional Commercial Manager for the land within station areas and near sidings for advance stacking of goods. At the field level, management of land plots rests with the Commercial Inspectors/Station Managers.

Audit Objectives

The Thematic Audit was undertaken with a view to assess

1. The extent to which the Zonal Railway Administrations were complying with the laid down rules and provisions for management of commercial plots.
2. The adequacy and efficiency of the system of allotment of land/plots, documentation of commercial plots, execution of agreements, utilization of available commercial plots and realization of license fee. and
3. The effectiveness of the measures undertaken to prevent un-authorized occupation of commercial plots and settlement of cases under litigation.

Audit Criteria

The provisions made in the Railways Codes and Manuals, viz. Indian Railway Commercial Manual, Indian Railway Code for Accounts Department (Volume I), Indian Railway Code for Engineering Department and Indian Railway Works Manual and Railway Board' instructions issued from time to time were taken as the criteria for conducting this study.

Audit Scope, Methodology and Sample

A period of three years from 2014-15 to 2016-17 was covered under the study, including cases of previous periods contemporaneous in nature wherever

needed. The study covered examination of records at Zonal Railway Headquarters, Divisional offices and field offices of the seven Zonal Railways viz. SER, ECoR, NER, NFR, NR, SCR and CR²⁵, where 1,554 plots²⁶ covering area of 148.88 ha of land is under the control of the Commercial Department. Of this, 984 plots covering an area of 115 ha had been licensed to various licensees. Audit selected, 491 plots for detailed review across these seven Zonal Railways.

Two other Zonal Railways viz. ER and SR were also selected to study the licences of car parking. In all, 55 stations were selected to study the licences of commercial plots and car parking and 108 parking lots in nine Zonal Railways were reviewed in Audit. In the selected stations all licenses of plots, agreements, contracts for licensing of plots, cycle/motor cycle/scooter/car parking were reviewed. Joint Inspections by Audit along with Railway officials were also carried out to ascertain the actual land use in the field.

Annexure 2.5 a and 2.5 b

Audit findings

2.2.2 Standing Committees for licensing of railway land at Zonal and Divisional level

Railway Board reviewed the policy on commercial licensing of railway lands and issued detailed guidelines (August 1995). Railway Board further issued a Master Circular ²⁷ (February 2005) on commercial licensing of land incorporating all the earlier policy instructions. The salient features of the policy were as follows:

- Temporary licensing of railway land not connected with railway working was banned; however, existing licensees could be renewed from time to time so long the land was not required by railway for its own purposes.
- Licensing of ordinary commercial plots connected with railway working would be done with the personal approval of General Manager in consultation with Financial Adviser and Chief Accounts Officer (FA&CAO).
- License would be renewed by Divisional Railway Manager (DRM) on the recommendation of Committee of Divisional Heads of Engineering, Commercial and Finance Departments.

In case of fresh licensing, at Zonal level, a Standing Committee²⁸ consisting of Chief Engineer, Chief Commercial Manager and FA&CAO examines cases connected with railway working as indicated above except Shops/Retail Depots etc. The Committee submits recommendations to General Manager for approval. At Divisional level, the Committee consisting of Senior Divisional Engineer, Senior Divisional Commercial Manager and Senior Divisional Finance Manager reviews annually whether the traffic commitments by the licensees of

²⁵ After selection, it was seen that CR did not have any commercial plot in the selected stations. Thus, only parking lots were reviewed in CR.

²⁶ Includes 294 plots in BSB Division of NER, where area of land was not on record.

²⁷ Railway Board's letter No. 2005/LML/18/8 dated 10.02.2005

²⁸ Para 4 of Railway Board's Circular of 2005

the commercial plots have actually materialised and in case of any deviation, initiate suitable corrective action including de-licensing and vacation as necessary.

Audit observed that

- Standing Committee of three Head of Departments had not been set up in two Zonal Railways (NER and NFR). In SER, though the Committee was formed, the Committee was entrusted the work of only signing of pending agreements and not for reviewing the volume of traffic offered by plot holders. As such, the Committee's scope of work was limited.
- At Divisional level, the Standing Committee consisting of Divisional Heads of Engineering, Commercial and Finance was not set up in NER and ECoR. In NR, the Committee was set up in Ferozpur and Umbala Divisions only.
- Out of seven selected Zonal Railways, fresh licenses were given only in two Zonal Railways (NFR and SCR) during the review period. In all the selected Zonal Railways, commercial plots were given on short period license basis. However, these were not renewed in four selected Zonal Railways (SER, ECoR, NER and NEFR).

Thus, the mechanism of Standing Committee to examine fresh cases of licensing of commercial plots and monitoring them was not being used effectively in the selected Zonal Railways.

2.2.3 Maintenance of records at Divisional Commercial Office and Stations

Chapter VIII of the Indian Railway Works Manual includes detailed instructions/guidelines about the acquisition, management and disposal of land. For the land under the Commercial Department viz. station areas and sidings, the responsibility of allotment of land and realisation of license fee rests with the Commercial Department.

(a) Audit observed that

- At Zonal Headquarters as well as in the Divisional Commercial offices, the Railway Administration had no data base of the commercial plots in all the selected seven Zonal Railways.
- While the digitization of land records had been done to large extent in the plots managed by the Engineering Department, the same was yet to start in respect of plots managed by Commercial Departments in the selected Zonal Railways.
- There was no separate land management cell in Commercial Department both at Zonal Headquarter and Divisional Level in any of the selected Zonal Railways. The Land Management Cell at the Zonal and Divisional level which manages the plots of Engineering Department, did not monitor the plots of Commercial Departments and they also do not have any database/details of Commercial Plots in all selected seven Zonal Railways.

(b) Audit examined the maintenance of records of plots allotted by their Commercial Departments in the selected seven Zonal Railways. It was observed that:

- In ECoR, 144 plots covering 42,523 sqm in Cuttack under Khurda Road Division were allotted as commercial plots before independence. Records in respect of these plots were, however, not available with Commercial Department.
- In SER, details of initial allotment of plots in four²⁹ stations under Kharagpur Division were not available. In Kolaghat, there were 170 commercial plots, but the vital details such as area of plot, date of allotment, renewal of license agreement and license fee recovered were not available in respect of 32 plots.
- In NER, copies of license agreements were not available at five selected stations³⁰. Records of outstanding license fees were also not available in two selected stations³¹. In Lucknow Division, there were 102 commercial plots, but details of 32 plots such as the area of plot, date of allotment, renewal of license and license fee recovered were not available.

Thus, records related to licensing of land, fixation of license fee, renewal of license agreement and recovery of license fee etc. were not available with the Railways in respect of a significant number of stations to monitor timely collection of license fee from the licensees.

During Exit Conference (October 2017) SER Administration opined that a separate land cell needs to be set up by the Commercial Department for management of commercial plots and land records digitized for proper management. Whereas, NER and SCR Administrations contended that as Engineering Department is the custodian of land, records should be maintained by Engineering Department.

2.2.3.1 License Register

As per provisions³², a License Register should be maintained at all the stations. A separate page should be allotted for each plot and the index should be kept posted up-to-date to facilitate easy reference. Station Manager is personally responsible to ensure that the required particulars are correctly posted in the License Register in accordance with the information furnished by the Divisional Office. Station Managers (SMs) are responsible for realizing the licence fee and other charges due from licensees at their stations as stipulated in the agreement and for accounting the same. Any case of encroachment or subletting of the licensed land or violation of other stipulations of the agreement by the licensee should be reported to the Senior Divisional Commercial Manager (Sr.DCM). In addition, a monthly statement showing the particulars of recovery of licence fee

²⁹Andul, Kolaghat, Panskura and Balasore

³⁰Lucknow City, Basti, Colonelganj, Naugarh, Shahmatganj

³¹Lucknow City, Basti

³²Para 3014 of Indian Railway Commercial Manual (Volume II)

during the month should be submitted to the Sr.DCM and to the Traffic Accounts Office, along with the relevant balance sheet. In Railways, where the work is decentralized, this statement should be sent to Divisional Accounts Office instead of Traffic Accounts Office.

Audit observed that

- License Registers were not maintained in the Station Manager (SM) offices in NR and SCR. These were, however, maintained in all the selected stations in SER, one station each³³ in NER, NFR and ECoR.
- In SER, separate page for each plot was not allotted in the register of four stations³⁴. In ECoR and NER, detailed entries as per prescribed format were not made in the Register.
- In all selected Zonal Railways, monthly statement showing position of recovery of license fee and outstanding recovery was not regularly sent by SMs to divisional offices.
- In SER³⁵, license fee bills/demand notices were not issued to plot holders. License fee was collected by SM (Kolaghat and Panskura) as and when plot holders made payments. In respect of other stations of SER, the following were noticed:
 - In Balasore station, license fee was fixed at enhanced rate in the year 2006 in terms of Railway Board's order of 2005. The plot holders had made payment up to March 2011 at revised rate and thereafter no license fee had been paid due to litigation. At the end of March 2017, license fee amounting to ₹ 6 lakh remained unrealized from two plot holders.
 - In Andul station, all the plot holders (21 nos.) had stopped payment of license fee since December 1997. Reasons for the same were not available on record. License fee, at the end of March 2017, amounting to ₹ 3.24 crore remained unrealized from plot holders.
 - In Kuldiha station, one plot holder holding 55 plots had made payment up to 2003 and thereafter filed court case against eviction order issued by Railway Administration for not fulfilling the target of traffic. Thus, the license fee in respect of 55 plots was outstanding for recovery for the last 14 years.
 - In Manoharpur station, a bill was raised for license fee of ₹ 9.09 crore pertaining to period 2007-08 to 2014-15 on SAIL. However, no records in support of receipt of payment from SAIL, was available with the Railway. It was also noticed that license fee at normal rate for the year 1981, 1985 and 1991 from SAIL was also outstanding for recovery.
 - In Kolaghat station, one plot holder (Plot No.45) approached (December 2016) the railway administration to surrender the plot but railway did not take over the possession of the plot as the plot had a structure on it.

³³Colonelganj in NER, Jogighopa in NFR, Brahmapur in ECoR

³⁴Panskura, Balasore, Manoharpur and Kuldiha

³⁵Kharagpur division

Due to delay in takeover by the railway, this piece of land was susceptible to encroachment.

- In NER, in the records of Divisional office, Lucknow there were 21 commercial plots at Colonelganj station, whereas in the records of the concerned station, details of only 19 plots were available. Thus, there was lack of coordination between Divisional office and the concerned station.

Thus, the Station Managers did not ensure proper maintenance of records, timely realisation of rent and timely reporting of events to the divisional office in the stations test checked by Audit.

During Exit Conference (September/December 2017), NER and SCR Administration stated that as Engineering Department is the custodian of land and the plots are maintained by them, license registers should be maintained by the Engineering Department. ECoR Administration assured to take remedial action in this regard.

2.2.3.2 Licensing Agreements

Railway Board instructed³⁶ that in each case of licensing, proper agreement must be executed between the Zonal Railway Administration and the licensees before the licensee is given possession of the land/plot. This must be strictly followed and for any violation of these instructions, the official handing over land before the execution of agreement shall be held personally responsible by the Railway Administration. A copy of agreement will be provided to the Station Manager by the Divisional office to ensure that the conditions attached to license are correctly met by the licensee. At Divisional level, Sr. DCM, Sr. Divisional Engineer and Sr. Divisional Finance Manager shall be responsible for execution of various agreements for commercial licensing. In this regard, Audit observed that

- Agreements with none of the plot holders were executed in ECoR (177 plots) and NER (65 plots).
- Copies of agreements were not available in 212 plots of selected four³⁷ stations of Kharagpur Division of SER and three plots of two³⁸ stations in NFR.
- Although agreements were executed, these were not renewed in eight³⁹ plots in NR, two⁴⁰ plots in SER (Chakradharpur Division), nine⁴¹ plots in NFR and three⁴² plots in SCR.

³⁶Railway Board's letter No. 83/W2/LM/18/87 dated 29.08.1995 and 2005/LML/18/8 dated 10.02.2005

³⁷Andul, Kolaghat, Panskura and Balasore

³⁸Jogoghopa (JPZ) -1 plot, Jorhat Town (JTTN)-2 plots

³⁹Ambala-2 plots, Ferozpur- 6 plots

⁴⁰Manoharpur and Kuldiah

⁴¹Jogoghopa (2 plots), Shibsagar Town (3 plots), Jorhat Town (3 plots), New Bongaigaon (1 plot)

⁴²Ravikampadu, Rechni Road and Mandamarri

- In SER, copies of license agreements for commercial plots were available in Chakradharpur Divisional office, but the same were not available in two SM offices of Kuldiha and Manoharpur. In SER, the following was observed further:
 - From the register maintained at Manoharpur station (Chakradharpur Division), it was seen that between the years 1991 to 2017, the number of plot holders have reduced from 17 to 01 and the number of plots from 79 to 03. From the record, it was seen that only four plot holders had surrendered 21 plots in the year 1991. Thereafter, no records were maintained to show the number of plots surrendered/cancelled in subsequent years. In the absence of relevant information/records, possibility of unauthorized occupation of these plots cannot be ruled out. A cross check of records at the Sr.DCM's office at Chakradharpur, showed that there were 13 plots under four plot holders at Manoharpur station at the end of 2016-17. As such, the position at divisional office and concerned station was not reconciling. This indicated lack of co-ordination between Divisional office and concerned station.

During joint inspection, SM/Manoharpur could not explain the location of all the plots as appearing in the Divisional office records (13 plots under 4 plot holders). SM is the custodian and responsible for managing the Commercial plots and his unawareness about the details of the plots were indicative of possible unauthorised occupation of plots. In absence of complete details of plots and status of plots licensed, the possibility of non-recovery of licensing fee cannot be ruled out. Also, the railway administration is not aware whether there is any encroachment of railway land.
 - As per records of Chakradharpur Division, there were 73 plots (13,049 sqm) in Kuldiha station, out of which 55 plots (9,197 sqm) were allotted to a single licensee. The details of remaining 18 plots (3,852 sqm) were not made available.
- In NFR, two⁴³ commercial plots were allotted on the basis of temporary stacking order issued by Divisional office, but no agreement was executed.
- In SCR, in case of three plots⁴⁴ agreements were not renewed after 01 April 2017. A plot (26,610.10 sqm) at Ravikampadu station was licensed to M/s Maheswari Minerals. Though the period of contract expired on 30 June 2016; no renewal of agreement was done. Although there was demand of this plot for stacking of laterite ore, the plot was not allotted to anyone. Reasons for not licensing the plot (from 01 July 2016) were not on record. Railways lost an opportunity to earn a license fee of ₹ 5.84 lakh for the period 01 July 2016 to 31 March 2017.

⁴³Fakiragram (area-350 sqm) and Jogighopa (area-5,320.84 sqm)

⁴⁴Ravikampadu, Rechni Road and Mandamarri

Thus, railways needed to strengthen the land management by ensuring timely execution of agreements and their renewal when due and maintain a comprehensive database of land available under the jurisdiction of the Commercial Department.

2.2.4 Utilisation of land/plot by the licensees/plot holders

Under the provisions⁴⁵, railway land/plots/buildings and other structures within railway premises are licensed to outsiders for stacking rail-borne goods or for any other specified purpose such as operating a cycle stand etc. Copy of the license agreement, indicating the purpose for which the license granted, should be provided to the Station Manager by the Divisional Office to ensure that the conditions attached to license are correctly fulfilled by the licensee. The Station Manager and inspecting officials should ensure that plots have been properly demarcated and that there are no unauthorized infringements. On review of status of utilisation of railway plot/land in the Zonal Railways, Audit observed the following:

- Information about the present utilization of all the plots was not available with SM in a number of the cases. No survey was done by the railways to assess the present use of these plots allotted long time ago. In SER, where a survey of 18 plots was done by the railways, it was found that these were being used for residence, shops including wine shops, satta corner, electric goods, auto stand, etc. Joint inspections by Audit teams along with railway officials also revealed that presently the plots were being used for shops, offices, godowns, factory etc.
- Plots were illegally transferred from original allottee to sub-allottee and even by sub-allottees to other occupants through transferring on sale deed between the parties on low value non-judicial stamp paper in presence of witness and deed of donation and registered in the state government sub-registry office.
- Railway plots were given on temporary license basis. No plot holder was permitted to erect any permanent structure except with specific approval of the Railway Administration. It was, however, noticed that the plot holders had occupied the plots unauthorized and erected permanent structures.
- Instances were noticed wherein, commercial plots allotted to various government companies/corporations, were not vacated, though not being used by them.

Annexure 2.6

Thus, railway plots were being used for purposes other than the purpose for which it was allotted initially to the plot holders. Railways had not undertaken any survey to assess the present use of the plots and take action to cancel the land allotment.

⁴⁵Para 3013 of Indian Railway Commercial Manual (Volume II)

2.2.5 Sub-letting of plots by the original licensees

Commercial plots near the stations were given on temporary license for stacking and loading of goods. After introduction of block rake⁴⁶ booking, goods as 'Small' and 'Piecemeal Wagons' by railways was phased out by the end of 1980s and as such the purpose for which the plots were originally licensed were not relevant thereafter. However, no efforts were made by the Railway Administration to de-license and to get the land vacated by small traders occupying commercial plots. These plots still remained either in the hands of original licence holders in very few cases or handed over by them to others unauthorizedly in most of the cases. In June 1998, Railway Board⁴⁷ gave opportunity to the existing plot holders who were running their business on power of attorney on behalf of original licensees to get license of the plots in their name. Considering the problem and huge revenue loss to Railways, Railway Board in July 2004, further decided to permit as one time opportunity for change of name of allottee, regardless of whether they were legal heirs or not the original allottee. However, such permission of licensing would be for five years. After five years, all plots were to be auctioned afresh and allotted to highest bidder duly giving first right of refusal to the present occupant.

(a) In four selected Zonal Railways (SER, NER, ECoR and SCR), out of 467 commercial plots, Audit observed that

- (i) only 129 plots (27.62 *per cent*) were occupied by the original allottees,
- (ii) only one plot (0.21 *per cent*) was formally transferred to licensee, but no agreement was executed,
- (iii) 31 plots (6.64 *per cent*) were occupied either by legal heir or others on power of attorney,
- (iv) 121 plots (25.91 *per cent*) were unauthorized occupied either by family members/relatives of the original allottees or outsiders,
- (v) Zonal Railway Administration did not have any information about the remaining 185 plots (39.61 *per cent*).

Annexure 2.7

(b) In SER, it was observed that though the Railway Administration claimed that in some cases plots were formally transferred 'on power of attorney' and recorded in the register of stations, the power of attorney was not made available to audit for verification. It could not be established whether the power of attorney was legally acceptable to the railways. Railway was accepting license fee in the names of the original allottees without verifying whether they were actually alive or from the present occupants without verifying the occupation of the commercial plot. In NER, four plots were unauthorized occupied by original allottees/heirs of original allottees/outside since 2000 in Naugarh station under Lucknow Division. Records were not available to ascertain whether any of the Zonal Railway Administrations had taken action to permit as one time

⁴⁶Booking of entire rake for carrying bulk goods/consignment such as coal, cement etc.

⁴⁷Railway Board's letter No. 97/LML/18/67 dated 25.6.1998

opportunity for change of name of allottees as per Railway Board's instruction of July 2004, regardless of whether they were legal heir or not of the original allottees. Besides, no action was also taken to auction afresh after five years and allotted to highest bidder duly giving first right of refusal to the present occupant.

Thus, information available with the Zonal Railway Administrations regarding the commercial plots licensed by them was incomplete. A significant number (33 per cent) of plots were occupied by persons other than the original allottee. Despite instructions of Railway Board, Zonal Railways neither took action to give one time opportunity for change of name of allottees nor auction the same.

2.2.6 Fixation and realisation of license fee

In August 1995 and February 2005⁴⁸, Railway Board formulated policy guidelines for licensing of railway land. As per these guidelines, licence fee was to be fixed at the prescribed percentage of land value for the specific purposes; the land was to be used. Market value of land of the surrounding areas as on 1 January 1985 was to be taken to serve as base value for fixing the licence fee. The land value was to be increased every year on the 1st of April, starting from 1 April 1986 at the rate of 10 *per cent* over the previous year's land value to arrive at the land value for the following year. From 1 April 2004 onwards, the land value was to be increased at the rate of seven *per cent* every year over the previous year's value. However, for fresh cases of licensing of plots, licence fee was to be fixed after obtaining the current value of land. The minimum licence fee of plots should be ₹ 1,000 per annum. Para 1025 of Indian Railway Code for Engineering Department stipulates that recovery of licence fee should be done in advance. In addition, payment of security deposit should also be made. In case of non-payment of advance occupation fee, liquidated damages at the rate of one *per cent* per month or part thereof to be charged.

2.2.6.1 Outstanding license fee

Audit observed that license fee of commercial plots were not fixed based on market value of land as instructed by the Railway Board⁴⁹. In five selected stations⁵⁰ in SER, two stations⁵¹ at NFR and one station⁵² each in ECoR and NER. The other irregularities noticed in fixing and realisation of license fee in the Zonal Railways were as under:

- (i) In Andul and Balasore stations of SER, plot holders were not paying license fee since 1997 and 2014 respectively. However, no effective action was taken by the Railway Administration. Even old license fee payable prior to implementation of 2005 order of Railway Board, amounting to ₹ 1.57 crore

⁴⁸Railway Board's letter No. 83/W2/LM/18/87 dated 29.08.1995 and 2005/LML/18/8 dated 10.02.2005

⁴⁹Railway Board's letter No. 2005/LML/18/8 dated 10.02.2005

⁵⁰Andul, Kolaghat, Panskura, Kuldiha and Manoharpur (3 plot holders out of 4)

⁵¹Sibsagar Town—One plot, Jorhat Town- four plots

⁵²Daitari in ECoR, Lucknow City in NER

in Kharagpur Division⁵³ and ₹ 0.03 crore in Chakradharpur Division⁵⁴ was outstanding from the plot holders in selected stations as on March 2017. Based on market value of land, audit assessed that license fee recoverable in five⁵⁵ selected stations was ₹ 43.04 crore in Kharagpur Division (SER) and ₹ 0.20 crore in Chakradharpur Division (SER). The plot holders were utilizing the plots for different purposes by paying very meagre license fee to the railways due to non-revision of the license fee. Instances of usage of the commercial plots and loss of revenue are given in **Annexure 2.8 a and 2.8 b**.

- (ii) At Jammu Tawi station in NR, the outstanding amount of license fee against three plot holders at the end of March 2017 was ₹ 5.31 crore.
- (iii) In NER, License fee of ₹ 8.17 crore, pertaining to the period April 1995 to March 2017, was pending for recovery as on 31 March 2017. Reason for non-payment of license fee was attributed to refusal of allottees to pay license fee at the revised rates and with retrospective date. Further, in Lucknow Division, the Railway Administration had circulated revised rate of license fee w.e.f. 1st April 1985 to 156 stations, but no recovery particulars of the license fee at the revised rates was made available by the Railway Administration to audit for necessary examination.
- (iv) At Sibsagar Town and Jorhat Town stations in NFR, license fee amounting to ₹ 29.33 lakh⁵⁶ was outstanding at the end of March 2017.

Thus, plot holders were not paying license fee in a number of cases and huge amount was outstanding in the selected Zonal Railways.

2.2.6.2 Procedure of billing of license fee

Para 1139 to 1141 of Indian Railway Code for Accounts Department (Volume I) include provisions for the maintenance of 'Register of Bills Recoverable' in the Accounts Office and duties of the Accounts Department in this regard. It stipulates that all dues recoverable from the parties for any purpose should be entered in the 'Register of Bills Recoverable', register should be reviewed monthly with a view to see that the bills have been correctly issued to all parties in time and necessary action is taken towards the realisation of the outstanding bills. The realisation of the bills should be vigorously pursued with the parties and cases of delay in payment should be promptly brought to the notice of the Executive Officer concerned for expeditious action to recover the outstanding dues or to discontinue the service etc. The Accounts Officer should report the position every quarter to the FA&CAO.

Audit observed that in all selected Zonal Railways except CR⁵⁷, license fee bills were prepared by Commercial Department. In SER, bills for license fee were not

⁵³Kolaghat, Andul, Panskura and Balasore

⁵⁴ In Chakradharpur Division two stations were selected. Due to non-availability of land value of Manoharpur station, only Kuldih station was taken both in railway's assessment and in audit assessment.

⁵⁵ Four stations in Kharagpur Division Kolaghat, Andul, Panskura and Balasore and one station in Chakradharpur Division-Kuldih, due to non-availability of market value of land, Manoharpur could not be assessed.

⁵⁶ Based on the Railway Board's instructions, the outstanding license fee worked out in audit at ₹ 30.58 lakh.

⁵⁷ No commercial plots in CR

prepared by Accounts/Commercial Department. Station Managers (SMs) were collecting license fee from plot holders with seven *per cent* increase in license fee over previous year, as and when plot holders approach SMs for making payment. It was further observed that

- In SER, there was mismatch of figures of outstanding license fee between Accounts and Commercial Department in Kharagpur division. At the end of March 2017, in the Bills Recoverable Register of Accounts, the outstanding amount from all the plot holders of Kharagpur Division was ₹ 1.84 crore whereas the outstanding amount was ₹ 2.19 crore as per records of Commercial Department. Further, in Chakradharpur Division, amount of bills was not entered in the Bills Recoverable Register maintained by the Accounts Department. The amount of outstanding license fee from all the plot holders in Chakradharpur Division at the end of March 2017 was ₹ 26.49 crore.
- In ECoR (Visakhapatnam Division) and NR (Delhi Division), amount of bills were not entered in the Bills Recoverable Register.
- In NER (Lucknow Division) licence fee bills of commercial plots were not prepared due to litigation. No proper data base of license fee accrued, recovered and outstanding was maintained at the stations, Divisional Commercial office and Accounts Department.
- In NER, SCR and NFR, license fee bill amounts were not entered in the Bills Recoverable Register in Accounts office.

Bills recoverable registers were not being maintained properly which impacted the monitoring and recovery of license fee from the plot holders.

2.2.6.3 Fixation of licence fee for Iron Ore stacking and its realisation

In view of unprecedented demand for construction of private sidings for loading of iron ore, the Railway Board issued policy guidelines vide Freight Marketing Circular No. 12 of 2008 (August 2008)⁵⁸. Licence fee of railway land for construction of siding and advance stacking of iron ore was fixed at six times of the normal licence fee. Further, Freight Marketing Circular No. 12 of 2008 was withdrawn by the Railway Board in November 2014⁵⁹ mentioning that there would be no separate policy for 'Iron Ore' sidings. All sidings would be covered under the purview of 'Liberalization of Siding Rules' circular.

Out of seven selected Zonal Railway, SER and ECoR were dealing with iron ore. It was observed that

- In SER, in two stations (Kuldiah and Manoharpur) over Chakradharpur Division, plots were allotted for the purpose of iron ore stacking. At Kuldiaha station, all plots (55 nos.) were allotted to a single party. Fixation of license fee as per extant rule was not done due to litigation. At Manoharpur station, out of 12 plots, three plots were allotted to SAIL. Bills for license fee of ₹

⁵⁸Railway Board's letter No. 155(G)/2008 dated 28.08.2008

⁵⁹ Railway Board's letter No. 99/TC(FM)/26/1 (Iron Ore)/Pt.-I dated 17.11.2014

9.09 crore for the period 2007-08 to 2014-15 preferred on SAIL remained outstanding. Divisional office Chakradharpur (May 2015) sought clarification from Zonal Headquarter regarding license fee to be fixed for the period starting from issue of circular (2008) on increase of license fee to six times till the date of withdrawal of the same (2014), but clarification was still awaited.

- In ECoR, one plot of area 18,000 sqm at Daitari station was allotted to Orissa Mining Corporation for Iron Ore stacking since 1981-82. The license fee was not enhanced/revised in terms of the Railway Board's order of 2008. License fee due at the revised rate for the period 2008-09 to 2014-15 worked out in audit was ₹ 1.08 crore, whereas only ₹ 0.17 crore was recovered by Railway Administration.

2.2.7 Licensing of land for Cycle/Motor Cycle/Scooter/Car parking

Facility of parking of private and public vehicle⁶⁰ in railway station premises is provided by the railways. The Railway Board issued policy guidelines at different times⁶¹. The primary objective of this policy is to extend parking facility to the passengers as an important amenity at all categories⁶² of stations i.e. A-I, A, B, C, D, E and F stations where such facilities are required. All endeavours should be made to realise maximum potential of earnings from this source. A team of nominated Engineering and Commercial officials shall finalize a plan for each station after conducting a survey of the proposed parking area with locations and dimensions clearly marked on the plan. Contracts are to be awarded on open tender basis for a period of three years. In case of lack of response, contracts can be awarded on quotation basis for a limited period of three months. Railway Board modified the policy in May 2015⁶³, and delinked the reserve price with the value of land and directed to assess the same on the basis of number of users, type of vehicles, parking charges prevailing at other locations in the area, last accepted rate etc. In each case of licensing, proper agreement was required to be executed⁶⁴ between the Railway Administration and the licensees before the licensee was given possession of the land/plot.

(a) Scrutiny of contracts and relevant records of cycle/motor cycle/scooter/car parking at selected stations showed that in a number of stations, there were disputes with contractors managing the parking lots and licensee fee was yet to be recovered. At Bhubaneswar Station, parking area of 2000 sqm was not under any contract for parking. At Howrah station, the period of licensing expired in July 2017 and the licensee has deposited fee beyond the period of contract and the tender process was going on as the time of audit. At Vishakhapatnam station, the license fee was not revised on 1 April 2016 @ 10 per cent, in respect of three parking lots of 5673 sqm, 1844 sqm and 1640 sqm respectively, which

⁶⁰Cycle, motorcycle, scooter, car, call taxi, radio taxi, passenger carrying commercial vehicles (PCCVs), autos, tempos, minibus, bus etc.

⁶¹Railway Board's letter No. 2004/TGIV/8/P dated 29.10.2004, 12.02.2014 and 14.05.2015

⁶²Categorised on the basis of earnings from passengers

⁶³Railway Board's letter No. 2004/TG-IV/8/P dated 14.05.2015

⁶⁴Para 2.4 of Railway Board's letter No. 83/W2/LM/18/87 dated 29.8.1995

led to short-recovery of the amount of ₹ 7.27 lakh. At Gorakhpur station, an amount of ₹ 17.33 lakh for September 2015 to June 2016 was outstanding from the contractor, who left the work without payment. At Katihar station, the contractor was allowed to manage the parking on quotation basis for one year and ₹ 1.67 lakh was outstanding against him. Two parking lots of area 1318.50 sqm and 2200 sqm were not licensed for collection of parking fee.

Annexure 2.9

(b) As per Railway Board's instructions⁶⁵, agreement should be executed within 30 days of issue of letter of Acceptance after deposition of Security Deposit and Performance Guarantee. It was noticed that out of 365 cases, in 71 cases, agreements were not executed before awarding of contracts. Advance payment was also not taken resulting in outstanding licence fee. The Railway Administration in some cases either could not finalise the contract agreement in time resulting in running the stand departmentally involving additional cost of staff or plot was lying vacant without earning any revenue.

(c) As per Railway Board's instructions of May 2015, the licensee should (i) have insurance for vehicles against loss, theft or damages etc. and submit receipt of such insurance to the Railway Administration for verification, (ii) pay the fair wages to the workers engaged by him, (iii) keep a proper record of such payments etc. and submit a certificate every month to the Railway Administration and (iv) display rate board at conspicuous place, staff should wear uniform and having identity card, issue computerized coupon for A1 and A category station.

During joint inspection, it was observed that insurance of vehicle was not made in any of the selected station of the selected Zonal Railways or submitted receipt to the Railway Administration for verification. Minimum wages were not paid in any of the selected station or submitted monthly return to the Railway Administration. The staff were not wearing uniform in SER (except Tatanagar), ECoR, NR and SCR. The staff were not having identity card in SER, ECoR (except Vishakhapatnam), and NR. Computerized coupons were not issued by the licensee at A1 and A category stations viz. Kharagpur, Tatanagar, Rourkela, Jharsuguda (SER), Cuttack, Bhubaneswar, Sambalpur, Vishakhapatnam (ECoR) and all the selected stations of SCR. During Exit Conference, SER Administration stated (October 2017) that presently, there was no mechanism to ensure enforcement of statutory obligations. ECoR Administration stated (December 2017) that they will pursue the matter with the contractor.

(d) During joint inspection in SER and ECoR, audit observed that

In SER,

(i) the station circulating area (Kharagpur-South) land measuring 500 sqm was found occupied by Taxi Association without any agreement with the Railway administration. No parking charges were collected from the occupants.

⁶⁵Railway Board's letter No.2004/TG-IV/8/P dated 14.5.2015

- (ii) Two plots of land 100 sqm each adjacent to cycle stand at Midnapore were being utilized unauthorized by the licensee of cycle stand.
- (iii) 500 sqm of land was lying vacant at Midnapore where several vehicles were parked.
- (iv) Auto-rickshaws were found parked in group in front of both Entry and Exit Points of Tatanagar station.
- (v) Unclaimed cycle and scooters at Rourkela were kept in cycle stand/parking plot occupying huge space. Though the report in this regard was sent to GRP (August 2016), no action was taken by GRP as yet.
- (vi) In front of Jharsuguda station (area about 1,500 sqm) number of Cycle/Motor cycle/Scooter/Auto rickshaw and cars were found parked. No parking charges, however, were collected for parking the vehicles by the Railway Administration.

In ECoR,

- (i) At Cuttack (cycle stand No. 02) against the allotment of 400 sqm, the licensee utilized an area of 534.61 sqm thereby encroaching extra plot of 134.61 sqm revenue loss assessed as ₹ 1.49 lakh per annum.
- (ii) At Bhubaneswar the licensee had been using an area of 4,628.35 sqm instead of 3,913 sqm allotted to him i.e. extra 715.35 sqm was unauthorized used. The potential revenue which railways could earn from this extra land was assessed as ₹ 5.90 lakh per annum. Date since when the present licensee occupied the above area unauthorized was not recorded.
- (iii) At Brahmapur (parking stand no. 03) an area of 476 sqm was licensed. The licensee occupied total area of 510 sqm. The licensee did not pay the license fee for the extra plot. The loss of license fee for the period from 09 Jan 2017 to 10 July 2017 as assessed in audit worked out to ₹ 6.12 lakh.

Thus, railways did not execute agreements for parking lots promptly in many cases and also did not enter into agreement in some places. The contractors were managing the parking lots in an un-professional manner and the railways were not able to ensure that they provide service as per the agreements and recover dues from contractors.

2.2.8 Prepaid Auto/Taxi Booth on Railway Land

Prepaid Auto/Taxi booths are generally managed by local police/Government Railway Police (GRP) in the space earmarked for Auto/Taxi stand. The charges are collected from the taxi operators by the State Authorities like local police/GRP etc. and the parking charges as applicable are collected by the Railways either directly or through parking contractor⁶⁶ at the rates decided by the Divisional authorities in consultation with Associated Finance and with the approval of DRM/ADRM⁶⁷. Audit observed that:

- In SER, Police Department, Government of West Bengal requested (January 2012) the Divisional Railway Manager (DRM)/ Kharagpur for permitting them

⁶⁶Commercial Circular No.4 of 2014 dated 12.2.2014

⁶⁷ Para 11 of Railway Board's letter No. 2004/TG-IV/8/P dated 12.02.2014 and 14.05.2015

to run a pre-paid taxi booth at Santragachi station in the interest of public service. Proposed area for the pre-paid taxi booth was developed in September 2016 by the Engineering Department at a cost of ₹ 13 lakh (approx). Howrah City Police started (January 2017) operation of the pre-paid taxi booth without taking permission of the Railway Administration and without finalizing the modalities of collection/sharing of parking charges. No parking charges were being recovered by the Railway Administration.

- In ECoR, one pre-paid Taxi stands 1,225 sqm are being operated at Cuttack station by Police Commissioner/Cuttack since the plot was handed over October 2011 by the Railway Administration. Railway Administration fixed the reserved price at ₹ 9.28 lakh per annum in March 2015 and intimated the Commissioner of Police to float a tender. However, the tender was not floated and methodology of revenue sharing was also not formulated. Police authorities were collecting charges from the taxi owners without sharing it with the Railway. Railway sustained a loss of ₹ 46.44 lakh towards parking charges from 2012-13 to 2016-17. State Police Commissioner operating one pre-paid auto booth at Bhubaneswar station and one pre-paid auto booth at Visakhapatnam station. No relevant records or agreements of these operations were available with the Divisional Commercial offices. No revenue was shared with the Railway Administration. During Exit Conference, ECoR Administration stated (December 2017) that as a measure of passenger amenities, the land has been handed over free to the State Police to operate pre-paid taxi booth and that they will look into the matter of revenue sharing.
- In NR, prepaid taxi booths are being operated at New Delhi and Ghaziabad stations. At Ghaziabad, position of recovery of parking charges could not be verified due to non-maintenance of records by the Railway Administration. In respect of New Delhi station, no parking charges were being recovered either directly or through Delhi traffic police.
- In CR, prepaid Taxi booth was operated at CSMT and LTT stations of Mumbai Division by entering into agreement in September and November 2011 respectively with the Regional Transport Office (RTO), Central Zone, Mumbai Central. In February 2015, the Railway Administration proposed to collect the parking charges from the passenger carrying vehicles by the agency appointed by the RTO at a rate of ₹ 10 per vehicle as per the revised policy issued⁶⁸. However, RTO did not agree and stated that taxi stands at railway stations were run by taxi drivers through their association/union for the benefit of taxi drivers and general public. In the year 2013-14, 49,560 pre-paid taxis were booked from these two stations. Taking into account, the parking charges @ ₹ 10 per vehicle, Railway Administration could have earned ₹ 4.96 lakh per annum.

⁶⁸Commercial Circular No.4 of 2014 dated 12.2.2014

- NER, one pre-paid Auto/Taxi Booth is being operated at Gorakhpur station by GRP. However, Railway Administration could not furnish any record/agreement and details of license fee collected. In absence of records, it could not be ascertained whether any license fee collected by GRP was being shared with the Railway Administration.
- In NFR, one pre-paid taxi booth at New Jalpaiguri was being operated and managed by GRP authorities. No charges or revenue sharing was, however, being received by the Railway Administration for operation of pre-paid taxi both on the railway land.

All the pre-paid auto/taxi booths were being operated on railway land. As per Commercial Circular (February 2014), the State police or GRP may manage the pre-paid auto/taxi booth, but the parking charges to be collected by the Railways either directly or through parking contractor. In all the above cases, though the State police was running the pre-paid auto/taxi booths, Railway Administration did not take suitable action/pursue the matter with the authorities concerned for collection/sharing of parking charges for running of pre-paid booths.

2.2.9 Un-authorized occupation of Commercial Plots

Railway Board from time to time has issued instructions to the Zonal Railway Administrations for taking steps to prevent encroachments and remove existing encroachments on railway land. Joint Procedure Orders (JPOs) signed between Chief Security Commissioner, Chief Commercial Manager and Chief Engineer of the Zonal Railways entailed strict action against encroachers on the Railway land under Section 4 of the Railway Act, 1989. After phasing out of the 'small' and 'piecemeal wagon' booking of traffic, the purpose for which the plots were allotted was no longer valid and the Railway Administration should have taken back possession of the plots for fresh re-allotment. There were cases of encroachments (**Annexure 2.10**) of railway land, of which some of the significant cases are discussed below:

- In SER, audit had pointed out (September 2015) the unauthorized retention of plots by the unauthorized persons. Subsequently, Kharagpur Division issued (December 2015) a notification in local newspapers to vacate the plots (except the plots where the court has issued an interim order for not to vacate). West Bengal Police Authorities, after publication of the vacation notification, took up (December 2015) the matter with General Manager/SER as any *suomoto* action for forcible eviction may lead to serious Law and Order problems and other adverse consequences. It was also requested to sensitize the field authorities of Railways along with the Railway Protection Force (RPF) to abstain from any such action which may jeopardize the peace and law and order of the area and create embarrassing situation for the State. No records were made available by the Railway Administration to Audit in support of any action taken by them to take up the issue at a higher level with State Government or bringing the issue to the

notice of Railway Board. Senior Divisional Commercial Manager further advised (February 2017) the SMs to collect provisional occupation fee as per existing rate with instruction to include clause that 'any revised payment as per revision of Railway Board, should be paid by the licensees'. However, revised license fee bills were not raised and collected by the Railway Administration.

- In ECoR, a four wheeler parking stand at Cuttack Station (area 1106.70 sqm) was under encroachment of Taxi Owners Association for more than three decades. ECoR Administration allotted the said plot to Sri Mayadhar Biswal in March 2012 @ ₹ 63,600 for three months. Taxi Owners Association filed a case before the Additional Deputy Commissioner of Police-cum-Executive Magistrate/Cuttack under section 144(2) of the Code of Criminal Procedure and the contractor could not occupy the plot and run the parking business. The section was in force for two months, but no action was taken by Railway for licensing the plot after expiry of two months period. Railway's lost an opportunity to earn revenue of ₹ 15.52 lakh during 2012-13 to 2016-17.
- In ECoR, at Brahmapur station, one oil Installation of BPCL (covering an area of 6,253 sqm) was licensed before independence. The plot was used in connection with railway working i.e. supply of petroleum products through tank wagons and unloading it in the Depot. After stopping of POL traffic (from October 2014), the Railway served notice to BPCL authorities (February 2015) to stop operation, dismantle the assets and surrender the land due to safety reasons i.e. electrification of crossovers to Line No.5 at Visakhapatnam end of Brahmapur station. Also, the land allotted to BPCL was no longer used in connection with railway's working. BPCL remitted (April 2016) license fee of ₹ 6.91 lakh to Railway for 2016-17 but Zonal Headquarter instructed Divisional office not to receive cheque and evict BPCL from Brahmapur station under Public Premises (Eviction of Unauthorized Occupants), Act 1971. Though the Railway Administration terminated the license of BPCL in July 2016 and served seven days' notice in August 2016, said the plot was not vacated by BPCL as yet.
- In NR, the parking contractor at Ghaziabad station of Delhi Division had occupied the space in excess of allotment. However, the Station Manager did not convey the position of excess occupation of space by the parking contractor to Delhi Division.
- In NFR, one plot measuring 2.68 acres was licensed (in year 1960) to Oil and Natural Gas Corporation (ONGC) at Sibsagar Town of Tinsukia Division. From year 2001, ONGC authority refused to pay license fee (for 2.68 acres land) on the ground that they were possessing land measuring only 1.32 acres instead of 2.68 acres. They had also contended that Railway was occupying an area of 0.54 acre and 0.82 acre remained under unauthorized occupation. Even after 16 years, the issue has not been resolved as yet and ONGC was paying the license fee for 1.32 acres land. At New Jalpaiguri station, circulating area

and car parking area, total 264 nos. of cases of unauthorized encroachment measuring 1.0753 ha area came into notice against which notice has already been served in April 2017 by the Railway Administration. However, the encroachment has not been removed as yet.

Encroachments renders large areas of railway land unusable for any commercial exploitation/use by the railways and encourages misuse of railway land by encroachers.

2.2.10 Commercial plots under litigation

There were cases of litigations arising due to retrospective application of orders and fixation of licence fee at higher rate etc. In selected five Zonal Railways viz. SER, ECoR, NER, NR and SCR, there were 51 court cases involving commercial plots, cycle stand and parking space at the beginning of 2014-15. During review period (2014-15 to 2016-17), 14 more court cases (SER-12, NR-1, SR-1) were added. Out of two court cases (in SER) settled, one case was decided against the Railway (April 2016) in District Court, Howrah but the Railway Administration had not filed review petition at higher Court (till March 2017). 63 court cases were pending at the end of March 2017; the oldest being of 1986 pertaining to ECoR.

Annexure 2.11

Review of the records revealed that the Zonal Railway Administrations were not active in pursuing the Court cases, filing the cases at higher court against the decision of the lower court or early settlement of the court cases.

Due to non-settlement of the court cases, the plot holders were earning revenues/enjoying benefits from the plots without paying any license fee to the Railways.

2.2.11 Conclusion

While a large area of land in the railways falls under the jurisdiction of the Engineering Department, Commercial Department is responsible for managing the commercial plots and parking spaces near stations. Audit observed that there was no land management cell for commercial plots managed by Commercial Department at any level. The existing land management cell under the Engineering Department was not dealing with or having records of commercial plots. Land records were poorly maintained and not digitized. There was no database for land under the control of Commercial Department. Audit further observed that there were differences in opinion in management of data of commercial plots. While SER Administration opined that a separate land cell needs to be set up by the Commercial Department for management of commercial plots and land records digitized for proper management, NER and SCR Administrations contended that the plots are maintained by the Engineering Department, hence the data of land, land records, license registers etc. should be maintained by the Engineering Department. The mechanism of Standing Committee to examine fresh cases of licensing of commercial plots and monitoring them was not being used effectively in the selected Zonal Railways.

The records related to licensing of land, fixation of license fee, renewal of license agreement and recovery of license fee etc. were not available with the Railways in respect of a significant number of stations to monitor timely collection of license fee from the licensees. The Station Managers did not ensure proper maintenance of records, timely realisation of rent and timely reporting of events to the divisional office in the stations test checked by Audit. License agreements were not executed and renewed timely and information about the land available under the jurisdiction of the Commercial Department available with the railways was incomplete. License fee had not been revised based on market value of land.

Significant number (33 per cent) of plots were occupied by persons other than the original allottee. Large numbers of plots were unauthorised occupied by persons/firms. Commercial plots were illegally transferred by original allottees to others by way of sale, donation deed, power of attorney etc. During joint inspection, permanent structures were found built on commercial plots by the allottees/unauthorized persons. The unauthorized occupants were using plots for commercial/private purposes and also not paying license fee to the Railway Administration. Despite instructions of Railway Board, Zonal Railways neither took action to give one time opportunity for change of name of allottees nor auction the same. Railway plots were being used for purposes other than the purpose for which it was allotted initially to the plot holders. Railways had not undertaken any survey to assess the present use of the plots and take action to cancel the land allotment. The plot holders were also not paying license fee in a number of cases and huge amount was outstanding in the selected Zonal Railways.

As regards parking lots, railways did not execute agreements promptly in many cases and also did not enter into agreement in some places. The contractors were managing the parking lots in an un-professional manner and the railways were not able to ensure that they provide service as per the agreements and recover dues from contractors. In a number of stations, though the State police was running the pre-paid auto/taxi booths, Railway Administrations did not take suitable action/pursue the matter with the authorities concerned for collection/sharing of parking charges for running of pre-paid booths. Due to non-settlement of the court cases, the plot holders were earning revenues/enjoying benefits from the plots without paying any license fee to the Railways.

2.2.12 Recommendations

- 1. Railways may consider putting in place a mechanism for management of commercial plots, wherein comprehensive survey and demarcation of commercial plots, maintenance of records and data base of land records and their digitization, examination of cases of licensing and their monitoring is ensured. This may be done either by forming an exclusive Land Cell for management of commercial plots or the Land Cells which***

manage the plots under the jurisdiction of Engineering Department may be entrusted with the responsibility of managing them.

- 2. Railways may strengthen the monitoring mechanism for licensing of land, fixation of license fee, renewal of license agreement and recovery of license fee, settlement of the court cases, maintenance of records etc. at Divisional and Zonal levels.*
- 3. Zonal Railways may take action to get vacated and occupy the commercial plots which are not occupied by the original allottees and execute fresh agreements for recovery of license fee at rates prescribed by the Railway Board, within a fixed time frame as land is precious resource which Railway can ill-afford to use sub-optimally.*
- 4. Railway may strengthen the monitoring mechanism and ensure that parking lots are managed professionally following the terms and conditions of the agreements by the contractors. Railways may also take suitable action to take up matter with the authorities concerned for collection/sharing of parking charges for pre-paid booths being managed by State police or GRP.*

2.3 Southern, Northern, South Central, North Central and South Western Railways: Loss of revenue of ₹ 13.24 crore due to carrying of freight traffic through weaker sections

When traffic is booked via routes which involve two or more of different types of routes viz. CC+4, CC+6 and CC+8, the chargeable weight will be the permissible carrying capacity of the route for which permissible carrying capacity is the most restrictive i.e. rates applicable for normal, CC+4 or CC+6 route, as the case may be. Audit observed that on a number of routes, major portion of the route was upgraded, and a small portion was yet to be upgraded, as a result of which, the freight was being charged with rate applicable to the lower load. In this regard, SR Administration sent incomplete proposals to Railway Board by omitting part of sections, which were already fit for carrying higher loads. This led to charging of coal traffic carried on these routes at rates applicable for lower loads and led to loss of ₹ 7.81 crore during 2016-17. The loss would continue till such time the above sections are notified for CC+8 loading. Further, food grain traffic was booked from other Zonal Railways to SR, wherein small portion of the routes were yet to be upgraded to CC+6. By failing to take timely action to strengthen the weaker sections to CC+6 route, railways incurred a loss of ₹ 5.43 crore during 2013-14 to 2016-17. There is an urgent need to upgrade these weaker sections so that not only higher revenue is generated, the movement of goods also becomes faster.

Consequent to a pilot project (2006) to allow running of freight trains on CC+8 and CC+6 routes, Railway Board extended the validity of the project and notified (June 2007) certain routes of Indian Railways to transport commodities in goods

trains having wagons loaded up to four/six/eight tonnes⁶⁹ in excess of their marked carrying capacity (CC). Further, Railway Board instructed (June 2008) that in cases when traffic is booked via routes which involve two or more of different types of routes viz. CC+4, CC+6 and CC+8, the chargeable weight will be the permissible carrying capacity of the route for which permissible carrying capacity is the most restrictive i.e. rates applicable for normal, CC+4 or CC+6 route, as the case may be. In March 2015, Engineering Directorate of Railway Board forwarded a list of routes identified for CC+6 to CC+8 by the Traffic Directorate and instructed Zonal Railways to check the suitability of track of left over route for higher axle load and to forward the action plan for upgradation of routes suitable for higher axle load by 31 March 2015.

Audit reviewed the compliance of above instructions in SR and observed that in a number of routes, major portion of the route was upgraded, and a small portion was yet to be upgraded, as a result of which, the freight was being charged with rate applicable to the lower load. Audit analysis is detailed in the subsequent paragraphs.

A. Traffic booked and moved within Southern Railway (SR)

Large scale Coal traffic in BOBRN/BOXN wagons is booked from Karaikal Port Private Limited siding (KIKP) to four destinations⁷⁰ within SR, for a distance of 132.5 kms (Puduchattiram) and 339.56 kms (Mettur Dam). The route is predominantly CC+8 route, (70.67 per cent to 93.44 per cent) except for a short distance of 15 to 89 kms (comprising of 6.55 per cent to 29.32 per cent of total length of the route). As a result, despite most of the route being CC+8, due to a small distance being CC+6, the rate charged is being restricted to rate applicable to the CC+6. The details are given below:

Table 2.13 – Traffic booked and moved within SR		
Section	Length of section on which traffic is booked (in kms)	Route
Karaikal Port Pvt Ltd siding – Tamilnadu Power Ltd siding, Puduchattiram	Total length 133	
Karaikal Port Pvt Ltd siding – Thiruvarur	34	CC+8
Thiruvarur – Mayiladuturai	39	CC+6
Mayiladuturai - Tamilnadu Power Ltd siding, Puduchattiram	60	CC+8
Karaikal Port Pvt Ltd siding – Tamilnadu Newsprint and Papers Ltd siding, Pugalur	Total length 229	
Karaikal Port Pvt Ltd siding – Karur	214	CC+8
Karur – Tamilnadu Newsprint and Papers Ltd siding, Pugalur	15	CC+6
Karaikal Port Pvt Ltd siding – Chemplast Sanmar siding, Metturdam	Total length 340	
Karaikal Port Pvt Ltd siding – Karur	214	CC+8

⁶⁹ CC+4/CC+6/CC+8

⁷⁰ Tamilnadu Power Company Limited Siding, Puduchattiram (PUCS), JSW Steel Limited siding, Mechery Road (MCSI), Tamilnadu News Print Siding, Pugalur (PGRS) and Chemplast Sanmar Limited siding, Metturdam (MTDC)

Table 2.13 – Traffic booked and moved within SR

Section	Length of section on which traffic is booked (in kms)	Route
Karur – Magnesite junction	89	CC+6
Magnesite junction – Chemplast Sanmar siding, Metturdam	37	CC+8
Karaikal Port Pvt Ltd siding (KIKP) – JSW Steel siding, Mecheri Road (MCSI)	Total length 328	
Karaikal Port Pvt Ltd siding – Karur	214	CC+8
Karur – Magnesite junction	89	CC+6
Magnesite junction – JSW Steel siding, Mecheri Road	25	CC+8

During examination of records, Audit noticed that the above sections notified as CC+6 were already fit to carry CC+8 load. It was seen that

- (i) While sending the proposals to Railway Board (August 2015) SR had recommended only Tiruchchirappalli - Karur section (69.62 kms) instead of Tiruchchirappalli-Karur-Tamilnadu Newsprint and Papers Ltd siding, Pugalur - Erode section (143.94 kms) for running of CC+8 loads, despite the fact that whole Tiruchchirappalli - Erode section was fit for CC+8 load (as proposed by SR in February 2015 in response to the Railway Board's letter of January 2015). Because of the omission of Karur - Tamilnadu Newsprint and Papers Ltd siding, Pugalur section (15 kms) by SR, Railway Board notified (March 2016) only Tiruchchirappalli - Karur section for running CC+8 load.
- (ii) Karur - Magnesite junction section (88.53 kms), which forms part of Nagercoil - Magnesite section (458.25 km) was also already fit for running CC+8 load at the time, when SR forwarded the proposal to Railway Board (August 2015). A small portion of five kms between Dindigul-Madurai forming part of Nagercoil - Magnesite section did not meet the criteria for higher axle load and hence Railway Board did not notify the entire section for running CC+8 load. Instead of proposing the entire Nagercoil - Magnesite section which did not meet the condition for higher axle load for a smaller section of five kms between Dindigul-Madurai, SR should have proposed Karur - Magnesite junction (89 kms) section which was already fit for CC+8 load.
- (iii) Coal traffic from Karaikal Port Private Limited siding is carried via Thiruvarur - Mayiladuturai branch line to Tamilnadu Power Ltd siding, Puduchatiram which was also fit for running CC+8 load (March 2015). While sending the proposals to Railway Board (August 2015) SR failed to include Thiruvarur-Mayiladuturai (39 km) section.

Audit reviewed the traffic in the above sections for 12 months from April 2016 to March 2017 from Karaikal Port Private Limited siding to the four destinations on SR and found that traffic was charged with rates applicable for CC+6 load, despite the fact the traffic was carried through CC+8 load for major part of routes. As a result, SR lost the opportunity to earn revenue of ₹6.51 crore during the year 2016-17.

Another section, Vadalur-Uttangalmangalam (13 kms), dealing with coal traffic, was also fit for running CC+8 load. While sending proposals to Railway Board (August 2015), SR did not include this section for running CC+8 load, which resulted in the section being categorized as CC+6 route and SR lost the opportunity to earn revenue of ₹1.30 crore during the year 2016-17.

From the above, it can be seen that SR Administration sent incomplete proposals to Railway Board by omitting part of sections, which were already fit for carrying higher loads. This led to charging of freight carried on these routes at rates applicable for lower loads. As a result, SR incurred a loss of ₹ 7.81 crore (₹ 6.51 crore + ₹ 1.30 crore) during 2016-17 and loss would continue till such time the above sections are notified for CC+8 loading.

B. Traffic booked and received by SR from and to other Zonal Railways

Regularly food grain is transported from stations in Northern part of India to stations in Kerala and Tamil Nadu area and fertilizer traffic is moved from SR to stations on SWR. The inward traffic to SR was moved via CC+6 routes for major part of the distance except for a short distance in ten sections over NR, NCR, SCR and SWR where they are moved via CC+4 route ranging between 14.02 kms and 188.29 kms.

Table 2.14 – Traffic booked and received by SR from and to other Zonal Railways

Section	Railway	Length of section on which traffic is booked (in kms)	Route
Bodhan - Angamali for Kaladi	SCR	Total length 1391	
Bodhan -Jankampet		21	CC+4
Jankampet - Angamali for Kaladi		1370	CC+6/CC+8
Guru Harsahai – Angamali for Kaladi	NR	Total length 3216	
Guru Harsahai – Firozpur City		36	CC+4
Firozpur City - Angamali for Kaladi		3180	CC+6/CC+8
Mainpuri – Coimbatore North	NCR	Total length 2533	
Mainpuri – Shikohabad		48	CC+4
Shikohabad - Coimbatore North		2485	CC+6/CC+8
Kota – Angamali for Kaladi	SWR	Total length 2526	
Kota – Miraj		1370	CC+6/CC+8
Miraj -Londa		188	CC+4
Londa - Angamali for Kaladi		968	CC+6/CC+8
Ladhuka – Mulagunnathukavu	NR	Total length 3173	
Ladhuka -Fazilka		15	CC+4
Fazilka - Mulagunnathukavu		3158	CC+6/CC+8
Faizabad – Palghat	NR	Total length 2644	
Faizabad – Chilbila		95	CC+4
Chilbila – Partapgarh		98	CC+8
Partapgarh – Allahabad		59	CC+4
Allahabad - Palghat		2392	CC+6/CC+8
Jalalabad – Palghat	NR	Total length 3111	
Jalalabad – Firozpur City		53	CC+4
Firozpur City – Palghat		3058	CC+6/CC+8
MCF Siding, Panamburu-Solapur	SWR	Total length 968	
MCF Siding, Panamburu – Vijayapura		858	CC+6/CC+8

Section	Railway	Length of section on which traffic is booked (in kms)	Route
Vijayapura – Hotgi		94	CC+4
Hotgi - Solapur		16	CC+8
MCF Siding, Panamburu – Shivamogga Town	SWR	Total length 414	
MCF Siding, Panamburu – Birur		351	CC+6/CC+8
Birur – Shivamogga Town		63	CC+4

From the above table, it can be seen that these routes are predominantly CC+6/CC+8 route, (85 per cent to 99.5 per cent) except for a short distance of 15 to 188 kms (comprising of 0.47 per cent to 15.22 per cent of total length of the route). As a result, despite most of the route being CC+6/CC+8, due to a small distance being CC+4, the rate charged is being restricted to rate applicable to the CC+4. As a result the entire traffic consisting of BCN wagons was carried and charged less by two tonnes per wagon resulting in loss of revenue to the tune of ₹ 5.43 crore to Railways for the years 2013-14 to 2016-17.

Action taken by the Railway Administration to upgrade these ten sections to CC+6 route was reviewed over three (NR, SCR & SWR) Railways and it was noticed that

- Three sections of NR viz., Guru Harsahai-Firozpur City, Ladhuka-Fazilka and Jalalabad-Firozpur City had already been upgraded during 2010-12 and made fit for running CC+6 loads, but were not included in CC+6 route for charging traffic.
- In two sections of NR viz., Faizabad-Chilbila and Partapgarh-Allahabad, no proposals for upgradation of the section to CC+6 route were mooted and friehgt trains were still being run carrying CC+4 loads. Further, constraints for not upgrading were not on record.
- In two sections of SWR, Miraj-Londa, Birur-Shimoga Town works for upgradation has been sanctioned, but not yet started and in case of Vijayapura-Hotgi section, proposal for upgradation is at divisional level only.
- In one section of SCR viz., Bodhan-Jankampet the upgradation works were sanctioned in 2015-16 and work is in progress.

From the above, it can be concluded that till such time the above sections are upgraded to CC+6 routes, the traffic will continue to be charged with lower loads and the loss of revenue would continue. By taking timely action to strengthen the weaker sections to CC+6 route, the loss of ₹ 5.43 crore could have been avoided. In reply, SR stated (February 2016) that as the weaker sections fall under their jurisdiction of SWR, action was required to be taken by SWR Administration only.

Thus, there is an urgent need to upgrade these weaker sections so that not only higher revenue is generated, the movement of goods also becomes faster.

The matter was brought to the notice of Railway Board (18 September 2017); their reply was awaited (28 February 2018).

2.4 North Central Railway (NCR): Incorrect entry of train timing of terminating trains in Integrated Coaching Management System (ICMS) led to compromise in data integrity

Railways entered the arrival timing of terminating trains at Allahabad station incorrectly in the ICMS. This led to compromise in data integrity. As the information fed into ICMS is reflected in National Train Enquiry System (NTES), the incorrect entries caused inconvenience to the passengers by showing wrong timings of arrival of trains in Allahabad station. Similar position i.e. incorrect data entry of arrival/ departure time of trains may also prevail at other stations. Railways Board may issue strict instructions to all the Zonal Railways to ensure correct entry of the arrival/departure timings in NTES, (either through direct entry in NTES or through entry in Control Office Application or through data loggers) so that the passengers get accurate information on arrival/departure of trains. There is a need for evolving a mechanism of supervisory checking of certain percentage of data entered in NTES with reference to the data in the Train Signalling Register/ Control Office Application/data loggers or through other means.

Data related to train/coach movement, their arrival/departure, etc. is captured in ICMS manually. ICMS also utilized data captured/updated from other applications (like Control Office Application, Coaching Operation Information System etc.) through manual processes/means. This data is finally reflected in National Train Enquiry System (NTES) where passengers can see arrival and departure timings of the trains in real time.

Audit analysed the data of arrival/departure of three trains (Allahabad Duroto Express-12276, Prayag Raj Express - 12418, Jaipur Allahabad Express - 12404) captured in ICMS and noticed incorrect data entry for arrival of these trains at Allahabad station. Audit examined the data from two tables⁷¹ of Punctuality Analysis Module (PAM) of ICMS in respect of the above three terminating trains at Allahabad Station and the last but one station (Fatehpur station) for the year 2016-17 for analysis.

During the year 2016-17, Train no. 12418, 12404, and 12276 ran 354, 343 and 144 days respectively. It was seen that during 2016-17, train No. 12418, 12404 and 12276 was late at last but the terminating station (Fatehpur) in excess of 15 minutes on 342, 325 and 128 days. Out of these, the trains were late by more than 15 minutes at terminating station (Allahabad) on 166, 281 and 75 times and on 176, 44 and 53 days respectively these trains reached at terminating station where delay was less than 15 minutes.

The distance between last but terminating station (Fatehpur) and terminating station (Allahabad Junction) is 116 kms and maximum permissible speed of the

⁷¹Table no. 1(Train Monitoring), 2 (Punctuality Performance)

train as per Working Time Table-2016 is 130 kmph. A minimum 53 minutes is required to cover this distance.

Analysis of data in case of 354, 343 and 164 days during 2016-17 were carried out by Audit for assessing the data integrity for correctness of entry of arrival time at the terminating station (Allahabad junction). The assessment was made against the criteria of minimum period of travel of 53 minutes between Fatehpur and Allahabad. It was noticed that

- The time taken to travel from Fatehpur (last but on terminating station) to Allahabad Junction (terminating station) was less than 53 minutes on 25, 29 and 31 days for train no. 12418, 12404 and 12276 respectively with minimum time being reflected at (-) 25 minutes on 10/4/2016 for 12404, 17 minutes on 15/03/2017 for train no.12418 and 17 minutes on 9/7/2016 for Train no. 12276. These trains took less than thirty minutes on 3, 3 and 7 days out of these 25, 29 and 31 days respectively. The potential reasons for covering the distance of 116 kms in less than the possible 53 minutes was erroneous data entry or over speeding.
- During cross check from data of running train in ICMS, it was found that
 - Train no.12418 (Prayag Raj Express) on 7/3/2017 reached Fatehpur at 06:12 hours, Subedarganj at 07:45 hours and Allahabad at 06:50 hours. On that day Punctuality Performance Table showed as RT (right time arrival at Allahabad).
 - Train no.12404 (Jaipur Allahabad Express) on 10/4/2017 reached Fatehpur at 05:56 hours and Allahabad at 05:31 hours. On that day, in Punctuality Performnce Table, it was shown as 36 minutes delay in arrival at Allahabad.
 - Train No. 12276 (Allahabad Durgam Express) on 09/7/2016 reached Fatehpur at 05:53 hours and Allahabad at 06:10 hours. On that day in Punctuality Performance Table, it was shown as RT (right time arrival at Allahabad). For a train to travel 116 kms in 17 minutes, the resultant speed would be 409 Kms/per hour.

The above analysis is an indication of incorrect data entry in ICMS. As the information fed in ICMS is also reflected in NTES, it leads to communication of wrong information to the passengers through NTES and inconvenience to railway passengers. In response to the audit observation, Allahabad division took action and issued directions for feeding of arrival/departure information into NTES at terminating stations. Audit test checked the correctness of arrival and departure timings at Kanpur and Allahabad stations in February 2018. In Allahabad station the data is correctly being entered in NTES and almost identical to data in Train Signalling Register at Allahabad station. Also, the timings of Kanpur Central station of Allahabad division were being entered into application system through data loggers and almost identical to data in Train Signalling Register at Kanpur Central station.

Similar position i.e. incorrect data entry of arrival/ departure time of trains may also prevail at other stations. Railways Board may issue strict instructions to all the Zonal Railways to ensure correct entry of the arrival/departure timings in NTES, (either through direct entry in NTES or through entry in Control Office Application or through data loggers) so that the passengers get accurate information on arrival/departure of trains. There is a need for evolving a mechanism of systemic and supervisory check of data entered in NTES with reference to the data in the Train Signalling Register/ Control Office Application/data loggers or through other means.

The matter was brought to the notice of Railway Board (22 November 2017); their reply was awaited (28 February 2018).

2.5 North Central Railway (NCR): Under-utilisation of 3rd line between Mathura and Palwal section of Agra Division

Agra Division of NCR has constructed a 3rd line between Mathura- Palwal for smooth operation of traffic over the section due to saturation of UP and Down Line. After incurring the expenditure of ₹412.65 crore (till June 2017), the newly created 3rd line could be utilised only to the extent of 52 per cent despite line capacity utilisation being in excess of 100 per cent on both UP and Down lines. Smooth operation through 3rd line required yard remodelling work which was not included in detailed estimate. Operational constraints such as connectivity with platforms of 3rd line at Mathura junction, Yard remodelling at Kosi Kalan station also remained to be addressed. Under-utilisation has led to loss of revenue potential of ₹ 32.76 crore between August 2015 and August 2017 with continuing loss of ₹16.38 crore per annum. The non-optimal utilisation of 3rd line adversely impacted train punctuality and has caused inconvenience to passengers.

Mathura - Palwal section is known as busiest trunk A route connecting the Chatrapati Shivaji Terminus Mumbai (CSTM) and New Delhi main route. This section deals with the freight traffic consisting of major commodities including Iron & Steel, food grains, fertilizer, cement, general goods etc. Due to existence of 3rd and 4th lines in section up to Palwal, trains going from New Delhi to Mathura and onward, suffer detention in beyond Palwal⁷².

Work of Mathura-Palwal 3rd line (84 kms) was completed in two part viz., Mathura-Bhuteshwar (3.48 kms) and Palwal – Bhuteshwar (81 kms).

Mathura-Bhuteshwar 3rd line work was sanctioned in October 1999 at a total cost of ₹ 4.24 crore which was completed in November 2001 and was opened for traffic in December 2001. The executing agency of Palwal -Bhuteshwar 3rd line was Rail Vikas Nigam Limited (RVNL). This work was sanctioned by Railway

⁷² Only third line is existing beyond Palwal to Mathura

Board during 2005-06⁷³. Audit noticed that original sanctioned (abstract) cost of project was ₹ 242.79⁷⁴ crore at the time of preliminary survey (July 2003).

But, during Final Location survey conducted by RVNL after more than two years of preliminary survey, the estimated cost increased to ₹ 347.90 crore. The target date for completion of this project was five years from the date of sanction of the project. This project was completed in November 2012. The section was opened for operation in parts between March 2011 and August 2015. Total expenditure incurred on this project (up to June 2017) was ₹ 412.65 crore. The cost of project increased by 25.31 per cent in comparison to sanctioned cost (July 2003) and by 18.61 per cent in comparison to estimated cost during final location survey.

Audit assessed the reasons for delay in opening of section for traffic and noticed that major deficiencies such as non-provision of relays, non-submission of drawings/documents, inconsistencies in the microlock system wiring at site and corresponding drawings etc. in signalling work in Palwal-Hodal and Bhuteshwar-Chhata were reported (April to Nov 2012) by Senior Divisional Signal and Telecommunication Engineer/Agra. Accordingly, the 3rd line could not be opened for passenger traffic.

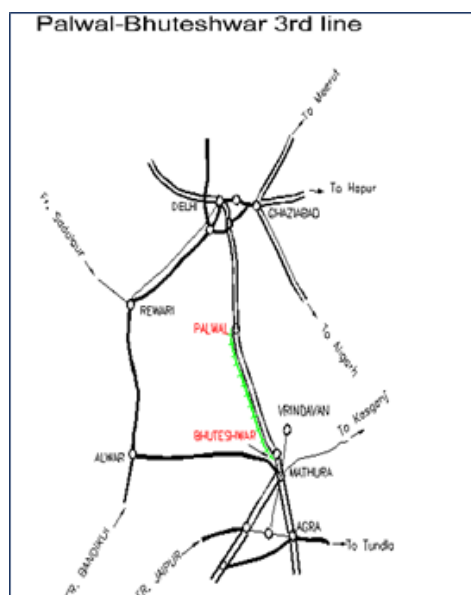


Figure 2.1: Map of Mathura-Palwal 3rd line

Audit further noticed that the 3rd line could not be utilised optimally, even after two years of opening the section for traffic. Audit reviewed the records of running of trains through different lines in Mathura - Palwal section of Agra division and noticed that during the year 2016-17, 19,821 trains were run, out of which, only 3,119 trains (15.73 per cent) were run through the 3rd line. Line wise details of running of trains during 2016-17 were as follows:

Table 2.15		
Total number of train runs in Palwal - Mathura Section - 19,821		
UP line: Palwal - Mathura	DN line: Mathura - Palwal	3rd line Mathura - Palwal
10,319	6,383	3,119
52.06 per cent	32.20 per cent	15.73 per cent

The line capacity utilisation of all the three lines for Mathura - Palwal section was 108 per cent during the period 2015-16 to 2016-17. Individual line wise

⁷³ Railway Works Programme 2005-06 (item no.13)

⁷⁴Cost of project shown in Preliminary Engineering cum traffic survey (PET) for 3rd line between Palwal and Bhuteshwar (July 2003)

utilisation of line capacity was not made available to Audit. Based on the above data, audit assessed the utilisation of the three lines at 168.48 per cent for UP line (Palwal-Mathura), 103.68 per cent for Down line (Mathura-Palwal) and 51.84 per cent for the third line. The operation of 3,119 trains on the 3rd line included 1,096 trains in the UP direction and 2023 trains in DN direction. Thus, 3rd line between Mathura-Palwal was not optimally utilised for running of trains. The load of movement of traffic was not evenly distributed amongst UP, DN and 3rd line and ranged from 51.84 per cent to 168.48 per cent with a mean value of 108 per cent.

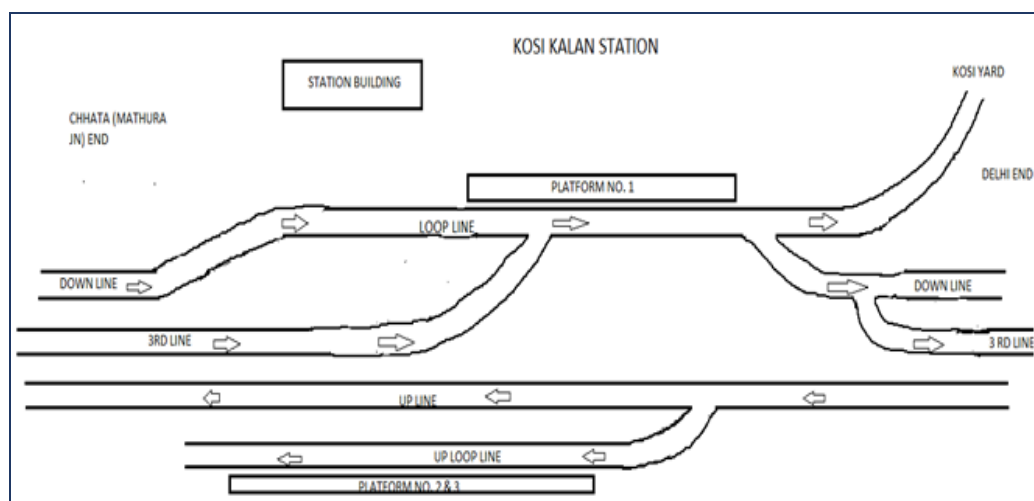


Figure 2.2: Map of Kosi Kalan station

Audit analysed the reasons including constraints for under-utilisation of the Mathur-Palwal 3rd line. Audit observed that these were within the control of railway administration and included the following:

- There is only one platform available at Kosi Kalan station⁷⁵ for handling down trains coming from Chhata station from Down main line and UP & Down trains from 3rd line.
- Loop line is not available for crossing / precedence of train on 3rd line in Kosi Kalan Yard.
- Goods yard of Kosi Kalan Yard is also connected from the down loop line, being utilized as 3rd line. This results in detention of train (both UP & Down) at outside station of Kosi Kalan due to deficient laying and connectivity of line at Kosi Kalan.
- After commissioning of 3rd line between Chhata-Kosi Kalan and Kosi Kalan-Hodal, Up and Down trains are being detained outside Kosi Kalan because of non-availability of 3rd line yard at Kosi Kalan station.

⁷⁵ Kosi Kalan station is located in Bhuteshwar-Palwal section between Chhata and Hodal stations

- Besides, Line Road Learning⁷⁶ of crew of 3rd line is also incomplete. At present, crew from Jhansi Division and crew from Northern Railway and West Central Railway have not completed LRD.
- In December 2012, General Manager/NCR raised the matter of commissioning of yard remodelling including 3rd line at Kosi Kalan. In response, RVNL clarified that this yard remodelling work involved construction of new station building, new panel etc., along with additional track and civil works. RVNL also stated that additional work of yard remodelling of Kosi Kalan yard was not covered under sanctioned scope of work of 3rd line and could not be executed through this estimate. Consequently, it was decided to execute the yard remodelling work with the fourth line work, as and when sanctioned.
- The work of 4th line between Mathura-Palwal section was sanctioned in 2015-16⁷⁷ under Extra Budgetary Resource (EBR). However, this work is at a very early⁷⁸ stage. Till completion of the 4th line, the problem of the detention of trains at Kosikalan and Hodal stations would continue.
- The 3rd line is connected to Mathura yard and not to any of the platforms. The 3rd line is adjacent to the down line, which is in the middle. Review of data of movement of 3119 trains on 3rd line where 1096 trains are in Up line direction 2023 trains are in Down line direction revealed that cross over of trains from Up line to 3rd line and *vice-versa* requires crossing over the down line, which coupled with absence of link of 3rd line to platform at Mathura restricts use of 3rd line for trains in upward direction as well as operation of passenger trains with halt at Mathura station.

As such, due to non-provision of additional cross over in existing loop line and non-availability of 3rd line yard at Kosi Kalan station, the placement and removal of rakes at Kosi Kalan and Hodal station takes almost one and half hour. This hampers smooth movement of trains through this section. Further, despite identification of defects in planning relating to Kosi Kalan yard remodelling as early as December 2012, impacting utilisation of the 3rd line, no action for addressing the deficiency has been taken. These identified constraints should have been taken up as a Material Modification under Para 1110 of the Indian Railway code for the Engineering Department. On the contrary, Railway is going ahead for construction of 4th line in the section.

Audit assessed the financial impact on under-utilisation of newly created 3rd line in Mathura-Palwal section. Assuming the optimal utilisation of 80 *per cent* and considering the expected earnings for first year as ₹ 58.50 crore (as per sanctioned detailed estimate, April 2006), Audit assessed that during the two years period between August 2015 and August 2017, Railways sustained loss of

⁷⁶ The Crew who has not worked in the section are required to undertake Line Road Learning to acquaint themselves about the section

⁷⁷ Work Programme 2015-16 (item no.14)

⁷⁸ The contracts for execution of 4th line of Mathura-Palwal section was awarded during April 2016 to April 2017

revenue potential of ₹ 32.76 crore⁷⁹. Further till, optimum utilisation, Railways will continue to lose potential revenue of ₹ 16.38 crore annually.

Railways need to take up the work of Kosi Kalan yard remodeling on priority basis for smooth movement of traffic in this section and optimal utilisation of newly created 3rd line between Mathura-Palwal.

The matter was brought to the notice of Railway Board (20 December 2017); their reply was awaited (28 February 2018).

2.6 Central, North Central, Eastern, South East Central, Northern and North Eastern Railways: Loss due to Non/short-realization of Way Leave Charges (WLC) from parties/firms

Way leave facilities/easement rights on Railway land involve occasional or limited use of land by a party for specified purpose like passage etc. without conferring upon the party any right of possession or occupation of the land and without any way affecting the Railway's title, possession, control and use of land. Permission for way leave should be granted in genuine and un-avoidable cases after execution of proper agreements. Thirteen railway divisions under six Zonal Railway Administrations did not comply with the guidelines laid down by the Railway Board with regard to granting of way leave facilities/easement rights. This resulted in loss due to non/short realization of way leave charges of ₹ 65.20 crore from 954 parties/firms for the period from year 1998 to March 2017. These Railway Divisions also failed to execute/ renew agreements in a number of cases with the parties/firms for allowing them to avail the way leave facilities/easement rights.

As per rules⁸⁰ way leave facilities/easement rights on Railway land involve occasional or limited use of land by a party for specified purpose like passage etc. without conferring upon the party any right of possession or occupation of the land and without any way affecting the Railway's title, possession, control and use of land. Permission for way leave should be granted in genuine and un-avoidable cases after execution of proper agreements.

Railway Board issued (November 2001) comprehensive instructions⁸¹ on way leave facilities/easement rights on railway land. According to these instructions, Way Leave Charges (WLC), in majority of cases like, pipe line crossings, cable crossings passage/roads for vehicles etc., are to be recovered in advance for a block of ten years after which the next instalment of these charges becomes due. While calculating the advance equivalent to 10 years annual charges, annual increase of 10 *per cent* in land value would be assumed. At the time of calculation of WLC for the next ten years, prevailing land rates have to be obtained from the Revenue authorities and suitable adjustments made. Therefore, it is imperative that the renewal of way leave agreements is taken up

⁷⁹ (80 per cent -52 per cent) x ₹58.5 crore X 2 years (between August 2015 to August 2017)

⁸⁰ Para 1033 of Indian Railway Code for Engineering Department

⁸¹ Railway Board's letter No. 97/LML/24/3 dated 27/11/2001

well in advance. WLC was to be revised after ten years at the time of renewal of agreement as per the revised rates of license fee, if any.

Audit review of records of thirteen railway divisions under six Railway Zones conducted during the period April 2015 to May 2017 revealed that an amount of ₹ 65.20 crore was outstanding as on 31 March 2017 against 954 parties/firms towards WLC who were granted way leave facilities during the period from the year 1998 onwards (**Annexure 2.12**). Scrutiny further revealed that in a number of cases, the Railway Administrations failed either to get the agreements executed or renewed with the parties/firms in time as was required in the policy guidelines of Railway Board issued in November 2001. Zonal Railway wise audit observations are given below.

Central Railway (CR) - During the review (May 2017) of records relating to realization of way leave charges in Central Railway, Audit observed that

- In Mumbai and Bhusawal Divisions, an amount of ₹ 95.58 lakh⁸² was outstanding as on 31 March 2017 towards way leave charges against 408 parties/firms which was yet to be realized.
- In Nagpur Division, an amount of ₹ 2.53 crore was outstanding against 26 parties/firms.
- In Pune Division, though way leave charges were recovered from all 63 parties for the facilities provided to them for first 10 years period i.e. from 2001 onwards, for the next 10 years i.e. from 2011 onwards, bills for way leave charges were not preferred by the railway division, resulting in non-recovery of way leave charges to the tune of ₹ 3.06 crore from 63 parties/firms.
- Agreements which were required to be renewed before the expiry of the initial agreement period were also not renewed as of date.

In reply, CR Administration stated (May 2017) that the proposals for revisions of way leave charges in respect of 17 cases under Nagpur division were received from Engineering Department and were under scrutiny. However, the Railway Administration was yet to renew the agreements and recover the outstanding amount of way leave charges to the tune of ₹ 2.53 crore from the parties as of date. Thus, CR Administration failed to realize way leave charges of ₹ 6.55 crore from 497 parties/firms in four divisions.

North Central Railway (NCR) - Review of records of three Divisions viz. Allahabad, Jhansi and Agra Divisions under NCR revealed that 119 parties/firms were granted way leave facilities and the agreements executed with them from time to time. Out of 119 parties/firms, initial agreements in respect of three firms in Jhansi Division were not executed and in one case at Allahabad Division, the party had renewed the agreement. Further, the copy of renewal agreements, in 116 cases were not found in the records and in remaining two

⁸² ₹ 44.18 lakh and ₹ 51.40 lakh for Mumbai and Bhusawal Divisions respectively

cases, the information about renewal of agreements could not be ascertained as the relevant records were not provided to audit.

Audit further noticed that all the three divisions under NCR issued revised WLC bills of ₹ 15.91 crore (₹ 12.00 crore, ₹ 1.78 crore and ₹ 2.13 crore for Allahabad, Jhansi and Agra Divisions respectively) against 119 parties/firms and realized an amount of ₹ 2.25 crore from 15 parties/firms. Recovery of an amount of ₹ 0.67 crore was not feasible from five parties/firms as these firms under Agra Division were not found at their registered address during spot verification conducted by the concerned Railway Administration. Thus an amount of ₹ 12.91 crore (₹ 10.05 crore, ₹ 1.77 crore and ₹ 1.09 crore for Allahabad, Jhansi and Agra Divisions respectively) was outstanding from 97 parties/firms as of March 2017. Audit also noticed that Railway Administration did not take action for termination/discontinuation of the way leave facilities provided to these parties/firms.

Eastern Railway (ER) - Review of records in ER showed that the Howrah division failed to realize outstanding amount of ₹ 1.03 crore⁸³ from two firms till date. In respect of Asansol Division, an amount of ₹ 87 lakh towards way leave charges was outstanding against 41 parties/firms who continued to avail the way leave facilities. Audit further noticed that in two cases of Asansol Division, the agreement was not executed with the parties/firms.

In reply, ER stated (August 2017) that in case of Howrah Division, demand notice had been served to M/s WBSEDCL in September 2011 and December 2016. A demand notice had also been served to M/s Durgapur Project Ltd. in May 2008 followed by a legal notice in April 2009. However, the outstanding amount of ₹ 1.03 crore was yet to be recovered by March 2017. As regards Asansol Division, Railway Administration stated that an amount of ₹ 81 lakh out of ₹ 87 lakh have been recovered and efforts were being made for recovery of remaining outstanding way leave charges of ₹ 6 lakh.

South East Central Railway (SECR) - Review of records in SECR showed that that Nagpur division failed to realize the way leave charges amounting to ₹ 1.04 crore from 16 parties/firms which became due from 2002-03 onwards. Non-realization of WLC was due to non-revision of agreements and also non-raising of revised bills after the expiry of 10 years of initial agreement period. Audit also observed that the Railway Administration preferred incorrect bills of WLC in 71 cases in Nagpur division which resulted into short realization of ₹ 6.99 lakh that became due from 2013-14 onwards.

Northern Railway (NR) - Review of records in Varanasi in NR showed that that Cantonment Board (CB) Varanasi was utilizing railway land for various purposes at five different locations for the past many years. The exact date of occupation of land by the CB, Varanasi was not found available in the record of the railways. The Railway Administration neither entered into an agreement with the CB,

⁸³ ₹ 96 lakh from M/s Durgapur Project Ltd and ₹ 7 lakh from M/s WBSEDCL

Varanasi nor realized way leave charges as required under instructions issued by Railway Board in November 2001 for the facilities provided to the CB. Audit noticed that the bills were raised for the period from 2013-14 to 2022-23 in October 2013 and a copy of the agreement was also sent for signature. However, the CB Varanasi did not pay the way leave charges or returned the agreement duly signed to the railway administration. The total amount of way leave charges of ₹ 9.70 crore was due against CB, Varanasi for the period 1998-99 onward for availing way leave facilities at five locations which was unrecovered till March 2017.

Audit further noticed that apart from CB Varanasi, an amount of ₹ 14.11 crore was also outstanding against 174 parties/firms in Lucknow division towards way leave charges for the period from 1998-99 to 2008-09. Further, out of 174 parties/firms, agreements in the case of 55 parties/firms were yet to be executed by the NR Administration and in 119 cases, the renewal of agreements was not done.

In Delhi Division, audit observed that 28 parties/firms were utilizing railway land without paying the requisite charges to the Railway Administration. These parties/firms were served the notices for payment of way leave charges. However, way leave charges of ₹ 14.22 crore was outstanding against 28 parties/firms till March 2017. Only six agreements were renewed out of total 28 parties/firms who were utilizing the railway land for various purposes.

Thus, NR not only failed to realize the total outstanding amount of way leave charges of ₹ 38.03 crore from 207 parties/firms in Lucknow and Delhi divisions, but also failed to execute/renew the agreements with the parties/firms.

North Eastern Railway (NER) - Audit examination (February 2016) of records of Lucknow division disclosed that M/s Indian Potash Limited (Sugar Division) Bahraich was utilizing land for road and open drains/sewage purposes since July 2010. However, no agreement was executed by the North Eastern Railway administration with the company for charging way leave facilities. Despite the request of the company, Railway Administration did not execute the agreement with them for charging the way leave facilities provided. This led to non-recovery of way leave charges amounting to ₹ 5.51 crore for the period from 2010-11 to 2016-17.

In reply, NER stated (August 2017) that though M/s Indian Potash Ltd had requested to railway administration in December 2010, year 2012 and year 2013 for way leave facilities, the process could not be completed due to non-receipt of the area of land and survey report from the firm and the bill could not be raised. They stated that the action was being taken by the division as per the Railway Board instructions of November 2001 and way leave charges of ₹ 60 lakh duly updated on the basis of circle rate of revenue department had been worked out and a proposal was sent for recovery.

However, NER Administration has not been able to execute the agreement with M/s Indian Potash Ltd even after a lapse of more than seven years and has failed to recover way leave charges of ₹ 5.51 crore from the company.

Thus, thirteen Railway Divisions under six Zonal Railways failed to realize ₹ 65.20 crore towards way leave charges from 954 parties/firms for the period from the year 1998 till March 2017. These parties/firms were granted way leave facilities/easement rights for various purposes without recovering the requisite charges as required under Railway Board instructions issued in November 2001. In a number of cases, these divisions also did not comply with the rules/instructions issued by the Railway Board for execution/renewal of agreements with the parties/firms, thereby resulting in non-realization of way leave charges in advance for a block of ten years.

The matter was brought to the notice of Railway Board (12 December 2017); their reply was awaited (28 February 2018).

2.7 All Railways: Unfruitful expenditure of ₹ 62.15 crore due to procurement of microprocessor based LED destination boards

Minister of Railways announced installation of microprocessor controlled LED destination display boards in the Budget speech 2008-09. Thereafter, Railway Board made frequent revisions in specifications for LED based destination boards. These necessitated instructions to Zonal Railways not to initiate bulk purchase. LED destination boards procured in the meantime by the Zonal Railways at a cost of ₹98.26 crore could not be used fully due to failure of Zonal Railways to update the train data base in the Coach Control Unit and to ensure provision of remote control unit at the time of their procurement. As a result, LED destination boards worth ₹62.15 crore remained unutilised.

For optimizing the utilization of coaches many trains have been integrated in rake links. This necessitates frequent changes in the train description depicted on the destination boards of the trains and consequent change of destination boards at platforms and stabling lines. For this, a need for programmable LED based destination boards on coaches arose. These boards show the name of the originating and terminating stations with train number and name and are fitted on both sides of coaches for easy identification by passengers.

Minister of Railways announced installation of microprocessor controlled LED destination display boards in the Budget speech 2008-09. The pilot project on installation of LED based destination boards with local specifications without Global Positioning System (GPS) in about 750 coaches at a cost of ₹ 40,000 each was conducted by South Central Railway (SCR). Based on the trials in SCR, RDSO finalized (April 2008) the specifications⁸⁴ of the same. Subsequently, Railway Board accorded sanction (September 2008) for the provision of microprocessor controlled LED based destination boards on 500 coaches in five⁸⁵ Zonal Railways.

⁸⁴ Specification no. RDSO/2008/CG-02

⁸⁵ ER, NFR, NWR, SCR and SR

In August 2009 and April 2010, Railway Board further sanctioned provision of these destination boards in 5000 and 10000 coaches respectively in all Zonal Railways at a cost of ₹ 1.25 lakh each. This cost was not a firm cost as it was based on abstract cost and was stated to be only indicative cost for the guidance of the Railways as expressed (September 2011) by Director Mechanical Engineering (Coaching) Railway Board.

As per the Railway Board's directives of December 2008, all the main line coaches to be manufactured in the Production Units from 2009-10 were to be fitted with remote controlled programmable LED destination boards⁸⁶. Railway Board also instructed (October 2009) all Zonal Railways to procure LED boards, strictly as per the RDSO specification, as these boards were aimed towards uniform application over entire Indian Railways and to ensure interchangeability of coaches over various Coaching Depots/Railways.

With a view to upgrade the functionality of this microprocessor controlled system and use the same for monitoring the coach related parameters in addition to operating LED destination boards, Railway Board reversed (October 2009) its stand and instructed all Zonal Railways to defer bulk procurement till the existing specification was refined. Subsequently, RDSO revised (February 2010) the specification⁸⁷ and issued amendment in May 2010. Railway Board instructed (April 2010) all Zonal Railways to procure LED destination boards Based as per the revised specification. Accordingly, Zonal Railways invited offers from the RDSO approved sources and contracts were entered into for 'Supply, installation, commissioning and maintenance of microprocessor based destination board display system'. Railway Board again decided to go in for new specification and instructed (September 2011) Zonal Railways and Production Units to stop the procurement of LED boards immediately. However, by that time orders had been placed by Zonal Railways as per the revised specifications and LED destination boards were delivered till 2013-14.

Audit further observed that in 2012, RDSO attempted product development in this regard, which did not materialize. In April 2015, RDSO again issued a new specification and approached Railway Board for approval. Audit noticed that in July 2016, WR raised issue of duplication of electronic modules used in LED Board and Passenger Information System (PIS) issued by two different directorates of RDSO (PS & EMU and Carriage directorates). Consequently, in November 2016, Railway Board decided to prepare a common specification for PIS and LED based indications, which was still under preparation (March 2017).

Audit reviewed the records pertaining to the decisions taken and fitment of LED based destination boards in passenger coaches during the period during 2008-09 to 2013-14. It was observed that

- As against the planned procurement of LED destination boards for 15500 coaches, various Zonal Railways had procured and fitted LED based

⁸⁶ as per the RDSO's specification of April 2008

⁸⁷ Specification no. RDSO/2009/CG-1(Revision no.1)

destination boards in 6399 coaches at a total value of ₹ 98.26 crore till 2013-14. Further, frequent alteration of specifications by Railway Board for the stated objective of upgrading the functionality of the system and reversal of instructions to initiate bulk purchase resulted in haphazard execution of this important passenger amenity work. Even after conducting pilot study three years back, Railway Board failed to standardize the specifications and revision in the specification was made a number of times, which resulted in procurement of LED boards for 6399 coaches with the earlier approved specifications.

Annexure 2.13

- The status of usage of procured LED destination boards over Zonal Railways was also reviewed in audit. It was observed that
 - Out of the total procurement of LED destination boards for 6399 coaches procured by 15 Zonal Railways, 5132 coaches⁸⁸ fitted with LED boards worth ₹ 62.15 crore were not functional.
 - South Central Railway reported (December 2013) Railway Board that after completion of maintenance period by OEM, LED destination Boards were going out of order very frequently and sought clarification whether Railway can enter into contract for repair and maintenance of LED boards procured with old specifications.
 - Western Railway reported (January 2014) Railway Board that coaches received from ICF were without LED boards. They informed that though RCF and BEML coaches were received with LED boards, these were without remote control units which was essential for operating them. BEML coaches with LED boards were also received by ECR (21) SECR (11) and WCR (39) without remote units. As such the procured LED destination boards, received without remote control units were lying unutilized and were not functional.
 - Further, Zonal Railways had not uploaded the database of train routes in the coach control unit and remote control unit. Whenever the coaches fitted with LED destination boards underwent the mandatory periodic overhauling, Railways could neither change the train number on coach control unit nor edit the data using remote unit, either by wireless or wired mode. As the coaches after POH were not received at the designated base depot, the train number and the name and the relevant details could not be changed resulting in non-functioning of the LED boards defeating the purpose of introduction of programmable LED destination boards.

In reply, SER Administration accepted the audit observations and stated (January 2017) that rake integrity of LED fitted coaches could not be maintained and coaches were sent to other Divisions/ Depots. As a result, the LED destination boards became non-functional. In reply, SR Administration also stated (February and March 2014) that return of coaches back to base depot was not possible, as

⁸⁸(CR-42, ER-311, ECR-21, NCR-150, NER-400, NFR-750, NR-389, NWR-942, SCR-866, SER-322, SECR-230, SR-175, SWR-128, WR-367 and WCR-39)

it may result in unproductive cross movement of coaches. As it is not practical to send back coaches to base depot, remote control unit was essential to change the destination in the LED boards for its optimum functioning. However, without remote control units, these boards could not be used.

Thus, frequent alteration of specifications by Railway Board and reversal of instructions to Zonal railways to initiate bulk purchase resulted in haphazard execution of this important passenger amenity work. LED destination boards procured by the Zonal Railways at a cost of ₹ 98.26 crore could not be used fully due to failure of Zonal Railways to update the train data base in the Coach Control Unit and to ensure provision of remote control unit at the time of their procurement and LED destination boards worth ₹ 62.15 crore remained unutilised. The specifications for LED destination board was yet to be finalised by the Ministry (March 2017).

The matter was brought to the notice of Railway Board (18 September 2017); their reply was awaited (28 February 2018).

2.8 East Central Railway (ECR): Failure to appoint halt contractor at newly opened halt stations led to inconvenience to passengers and leakage of revenue

Railways have failed to appoint a halt contractor authorizing him for sale of tickets from four halt stations viz. Nekpur, Sarsoo, Mohammadpur and Hisua. This has resulted in leakage of revenue on account of ticket less travel from these halts. Railways have also incurred a cost of ₹ 21.03 crore on operating these halt stations up to March 2017.

As per the codal provision⁸⁹, while opening new halts, Railway Administration must be satisfied that the provision of halt will not involve the Railway in leakage of revenue on account of ticket less travel. The working of halts should ordinarily be entrusted to reliable contractors permanently living in the locality. An agreement in the prescribed form should be executed by the contractor with the Railway Administration.

In regard to opening of halt stations, Railway Board issued⁹⁰ (May 1999) comprehensive guidelines, which *inter-alia*, include:

- A halt stations can be opened under General Manager's power without referring such a case to Railway Board for approval when:
 - i) There is a financial justification for opening a halt-station.
 - ii) In the non-suburban area, the site of the proposed halt is at least 5 km from the stations/halts on either side.
 - iii) When the proposal is feasible both from Operating and Engineering points of view.

⁸⁹ Para 1905 and 1906 of Indian Railway Code for Traffic (Commercial) Department

⁹⁰ RB's letter No. 99/TG IV/Halts/Policy dated 17.05.1999 [Circular No. 12 (Commercial Department)]

- If the conditions under which the General Manager can open halt stations are non-fulfilled, a halt may be opened as a passenger amenity, if the Zonal Railway is satisfied that there is justification for opening the halts on the grounds of volume of passenger traffic after getting approval of the Railway Board.
- While determining the feasibility of opening of a halt station, the Zonal Railways *inter-alia* should take into account the financial implication i.e. cost of stoppages of trains at the proposed halt for providing this facility.

These guidelines continues to remain operational till date.

During the review of records of Danapur Division of ECR, Audit observed that newly constructed Rajgir – Tilaiya New line, covering a distance of 46.08 kms, was opened for traffic on 29 June 2010. This single branch line section has three stations (Natesar, Jethian and Oro) and four halt stations (Nekpur, Sarsoo, Mohammadpur and Hisua). ECR Administration issued (June 2010) notification for commercial extension of a pair of passenger train⁹¹ from Danapur to Rajgir up to Tilaiya with effect from 30 June 2010 with stoppage at all stations and halts over Rajgir – Tilaiya section. Subsequently with effect from 20 December 2010 a notification was also issued by ECR Administration for operation of new pair of DEMU Passenger train⁹² between Bakhtiyarpur and Gaya via Rajgir – Tilaiya section with stoppage of all stations and halts over the section. The above notifications were endorsed to all concerned including Danapur Division, where the Rajgir – Tilaiya section falls.

Audit scrutiny of records revealed that these two pairs of passenger trains were regularly having stoppage at all the halt stations of Rajgir – Tilaiya section for more than six years. However, it was seen that no arrangements were made by Danapur Division for sale of ticket on these four halt stations and halt contractor was not appointed.

Audit further revealed (February 2017) that Divisional Authority, Danapur was even not aware of opening of these halts over this section despite the fact that

- Notification issued in June 2010 and December 2010 were also endorsed to Danapur Division.
- In the working Time Tables of Danapur Division of each year effective from July 2010 to October 2016, stoppages of these trains at halts had been notified.
- Tickets were also being sold for traveling to these four halt stations as noticed by Audit during test check of records of Rajgir station in May 2017.

Audit noticed that Railways have incurred a cost of ₹ 21.03 crore on operating these halt stations for stoppage of two pair of passengers trains from the date of opening of halt station to March 2017. The cost has been assessed on the basis

⁹¹ Train No. 544/545 later re- numbered as 53232/53231

⁹² Train No. 555/556 later re- numbered as 53225/53226

of minimum cost of stoppage of train, notified by Railway Board in June 2005 and December 2015.

Failure to appoint a halt contractor authorizing him for sale of tickets from four halt stations viz. Nekpur, Sarsoo, Mohammadpur and Hisua has resulted in leakage of revenue on account of ticket less travel from these halts. This also creates inconvenience to the passengers and compel them to travel ticketless from these halt stations.

The matter was brought to the notice of Railway Board (18 September 2017); their reply was awaited (28 February 2018).

2.9 South Eastern Railway (SER): Pre-departure detention of goods trains due to delay in arrival of crew and guard and consequent loss of opportunity of earnings of ₹ 58.30 crore

Two crew booking lobbies are run at Kharagpur, one adjacent to Kharagpur railway station and other at Nimpura Through Yard, which is located 11 km away. The crew from other divisions sign in and sign off at Nimpura Crew Booking Lobby, whereas the crew and guards of Kharagpur division sign in and sign off at the Combined Crew Booking Lobby at Kharagpur and then report to the Chief Controller/ Nimpura Through Yard for taking over charge of the goods train. Transportation of crew and guards is managed by providing hired vehicles. Due to late arrival of crew and guards at Nimpura Through Yard there have been regular pre-departure detentions of goods trains. The pre-departure detentions during the period 2014-15 to 2016-17 led to consequent loss of opportunity to earn ₹ 58.30 crore.

The Lobby System is aimed towards arranging train crew and guards for movement of Goods trains⁹³. A Lobby is like Control Office in the field. It is established with the twin aim of reducing engine detention and crew detention in a Yard or a Crew or engine changing station by realistic ordering of trains and Crew/ Guard Booking. It is advantageous to have a combined crew and guard booking lobby so that both are available simultaneously. Pre-departure detention to the crew, crew hours balancing, rescheduling of locos and yard detentions to locos can be thoroughly monitored by the Lobby. Therefore, any pre-departure detention i.e. time gap between issue of Train Order and delay in actual departure of train indicates mis-management in the arrangement of train crew and guards for movement of trains.

There are two Crew Booking Lobbies at Kharagpur, one adjacent to Kharagpur Railway station and other at Nimpura Through Yard 11 km away. The crew from other divisions sign in and sign off at Nimpura Crew Booking Lobby, whereas the crew of Kharagpur division sign in and sign off at the Combined Crew Booking Lobby at Kharagpur and then report to the Chief Controller/ Nimpura Through Yard for taking over charge of the goods train. Transportation of Crew and

⁹³ Para IV (f) of Chapter Freight Operation of Indian Railways Operating Manual

Guards from Combined Crew Booking Lobby/ Kharagpur to Nimpura Through Yard and back is managed by providing hired vehicles.

As per the existing system, goods trains are ordered from Nimpura Through Yard for different directions where crew is booked and Train Order served at Kharagpur Combined Crew Booking Lobby. There have been regular pre-departure detentions of goods trains at Nimpura Through Yard due to late arrival of crew and guards at Nimpura Through Yard. Audit observed that the main reason for pre-departure detentions was non-availability of crew and guard vehicles on time according to Train Order and less carrying capacity of vehicles. It was seen that on an average 45 minutes were lost due to travel time from Kharagpur to Nimpura Through Yard resulting in reduction of effective crew hours by 90 minutes.

Further analysis revealed that to minimise the pre-departure detention of goods trains at Nimpura Through Yard and loss of railway revenue thereof, a proposal for commissioning of a new Combined Crew and Guard lobby with full infrastructure such as approach road, street light, extra office space for opening crew controller office, quarters for Loco pilots/Assistant loco pilots etc., and signing in and signing off facility at Nimpura Through Yard was initiated by the Senior Divisional Operating Manager, Kharagpur in September 2015. Though the proposal for commissioning of crew base at Nimpura Through Yard was agreed by Sr. Divisional Mechanical Engineer and Divisional Electrical Engineer (Operation) of Kharagpur division, no action was taken to open the combined crew base at Nimpura Through Yard.

Subsequently, the Divisional Railway Manager/Kharagpur made an exercise of re-pinpointing of guards and 29 goods guards were transferred to Nimpura Through Yard (November 2015 and March 2016). Though transfer orders were issued in November 2015 and March 2016 respectively, the concerned guards continued to sign in and sign off at the Combined Crew Booking Lobby/ Kharagpur due to non-opening of combined crew base at Nimpura Through Yard (August 2017).

Review of records of the Senior Divisional Operations Manager/ Kharagpur, showed that 13911, 13770 and 14121 goods train were ordered from Nimpura Through Yard during 2014-15, 2015-16 and 2016-17 respectively (i.e. average daily 38 trains). Out of these trains ordered 2350 trains (17 per cent) in 2014-15, 2866 trains (21 per cent) in 2015-16 and 2509 trains (18 per cent) in 2016-17 departed late due to late arrival of loco pilots (crew) and Guards at Nimpura Through Yard. The average pre-departure detention of rolling stock and locomotives was 41, 37 and 39 minutes per train in 2014-15, 2015-16 and 2016-17 respectively. Due to these detentions, SER lost an opportunity to earn revenue of ₹ 58.30 crore⁹⁴ during the past three years.

⁹⁴ ₹ 17.55 crore in 2014-15, ₹ 21.26 crore in 2015-16 and ₹ 19.50 crore in 2016-17, on the basis of loss of earning capacity of rolling stock calculated by multiplying total hours lost due to detention and goods train earning per km

Thus, delay in opening of combined crew and guard lobby at Nimpura Through Yard by SER Administration and failure in addressing the issue of pre-departure detention of trains by providing a suitable accommodation for crew and guards at Nimpura, resulted in loss of opportunity to earn ₹ 58.30 crore during the period 2014-15 to 2016-17.

In reply, SER Administration stated (August 2017) that the work for new combined Crew and Guards base at Nimpura Through Yard is in progress. They further stated that representations from crew and guards posted to Nimpura are being received, as staff quarters for them are not available for them in Nimpura. Earlier in June 2015, they had stated that the crew was temporarily utilised at Kharagpur, till final posting order issued and with the opening of new base at Nimpura Through Yard they should be posted at Nimpura. But, till date they are working from combined crew lobby at Kharagpur. SER Administration need to take measures to provide necessary infrastructure to the crew and guards at Nimpura so as to avoid pre-departure detention.

The matter was brought to the notice of Railway Board (24 October 2017); their reply was awaited (28 February 2018).

2.10 Northeast Frontier Railway (NFR): Inadmissible allowance of concession of ₹ 11.08 crore on restricted commodity under 'Freight Incentive Scheme'

As per the 'Incentive scheme for Traditional Empty Flow Direction (TEFD), concession on freight was available to a consignor from the next consignment on which they achieve a 'benchmark' Net Ton Kilometers (NTKM). There was a stipulation that all 'Ores and Minerals' would be a restricted commodity if carried in open wagon and thus would not qualify for concession under the scheme. However, concession under 'Freight Incentive Scheme' was allowed on carriage of Dolomite in open wagons, which did not qualify for incentive. This led to inadmissible allowance of concession of ₹ 11.08 crore to the consignor.

Railway Board introduced four different freight incentive schemes in November 2009 which were implemented with effect from January 2010. The main objective of the scheme were to achieve improved utilisation of rolling stock and generate additional traffic from sidings and goods sheds, across which traffic movement traditionally predominantly comprised of empty wagons.

Out of the said four schemes, one was 'Incentive scheme for Traditional Empty Flow Direction (TEFD)'. As per guidelines of this scheme, concession on freight was available to a consignor from the next consignment on which they achieve a 'benchmark' Net Ton Kilometers (NTKM) fixed on the basis of average month wise NTKM performance for the two previous years for the same commodity from the same terminal. There was, however, a stipulation that all 'Ores and Minerals' would be a restricted commodity if carried in open wagon and thus would not qualify for concession under the scheme.

In Alipurduar Division, Dolomite was being carried in both Open and Covered Wagons to different parts of the country and for the purpose of calculation of 'benchmark', NTKM earned from both Covered and Open Wagons were being considered by the Railway Administration. Dolomite, being categorised as 'Ores and Minerals' in IRCA Goods Tariff, is a restricted commodity for availing the concession under Incentive Scheme when carried in Open Wagons. Thus, the NTKM earned on carrying it on rakes comprising of Open Wagons does not qualify for consideration for concession under the scheme.

A consignor, M/s Bhiringhee Commercial Private Ltd. (BCPL) Durgapur, sent Dolomite in Open as well as covered wagons regularly. For, achieving the month-wise 'benchmark' NTKM, they were allowed weightage on NTKM earned by them on the consignments sent in Open Wagons too, which was inadmissible.

The matter was taken up with Railway Board on 11 October 2017. In reply, Railway Board stated (7 December 2017) that for determining Benchmark the examples of customer having loaded commodities in BCN and BOXN rakes (covered wagons) was taken for working out NTKMs. Hence, Alipurduar Division having taken previous loading in open wagon and covered wagon for the purpose of determining NTKM Benchmark, the NTKM in the case of particular consignee was determined as per extant guidelines. Further, the types of wagons indicated in the Special Letter are covered type wagon which was used for loading.

However, as per the illustrative calculation given in the Rate Circular No. 62 of 2009, calculation of NTKM was made for transportation of 'cement', which does not fall under the category of 'Ores and Minerals' and hence not a restricted commodity. As such, both BCN and BOXN rakes were cited. Further, NFR Administration allowed concession on rakes of covered wagons after allowing the consignor to achieve Benchmark NTKM inclusive of NTKMs earned on Open wagons without considering the 'restricted commodity' clause specifically mentioned against the instant policy.

Railway Administration continued to allow the inadmissible advantage to the consignor till the validity of the scheme (August 2015), thereby allowing an undue privilege worth ₹ 11.08 crore.

2.11 East Coast Railway (ECoR): Improper planning and short closure of traffic facility works resulted in loss of earning capacity

The Nayagarh railway siding caters to 87 customers for loading of iron ore. On an average 340 wagons are loaded every day and railway earns a freight revenue of ₹ 676 crore per year from this siding. Construction Organisation of ECoR awarded a contract for traffic facility work in the siding for enhancing the efficiency in loading/unloading operations of iron ore traffic. Though clear site was an essential pre-requisite to ensure timely execution of the work, Railway Administration allowed iron ore heaps to accumulate in the work site and did not

remove the same to handover a clear site to the contractor. Thus, the benefits of the sanctioned traffic facility works worth ₹ 4.23 crore, viz., development of circulating area and concrete pavement between R/3 and R/4 did not materialize. Railways also had to make an avoidable payment of ₹ 1.15 crore to the contractors towards price variation.

A contract was awarded by the Construction Organization of ECoR for the work comprising '(i) Development of circulating area and loading/unloading surface between Route-3 (R/3) and Route-4 (R/4) with concreting surface for smooth handling of iron ore traffic and (ii) construction of additional loop line adjacent to R/4 with loading/unloading surface at Nayagarh Station over Jakharpura-Bansapani section of ECoR' in February 2010. The agreement value of the work was ₹ 12.83 crore and it was targeted for completion within eight months, i.e. by October 2010.

Audit noticed that the work was commenced in March 2010, but the physical progress achieved by the target date of completion (TDC) was only 7.7 per cent. The contractor informed the Construction wing on 23 March 2011 that the site between R/3 and R/4 was not handed over to him. The site was covered with huge deposit of iron ore and it hampered taking up the work of concreting of the surface between R/3 and R/4. Construction wing took up the matter with the Operating Department in May 2011 for clearance of the iron ore deposit and handing over the site for execution of the traffic facility work. However, till November 2013, the iron ore deposits could not be cleared. Extensions of TDC without penalty were granted mainly on this account.

Initially Nayagarh was a four lined⁹⁵ station. An additional loop line (R/5) with a loading/unloading platform was proposed on account of heavy demand for loading/ unloading of iron ore/ coal and accumulation of more than 150 pending indents at Nayagarh. While the work of additional loop line (R/5) was in progress, one more loop line was included in the ongoing contract through 1st variation on 10 February 2011 with enhancement of overall agreement value to ₹ 13.45 crore. The R/5 line was renamed as R/6 and the loop line proposed later was named as R/5.

Meanwhile, the Operating Department intimated the Construction Organisation (6 December 2013) that the execution of sanctioned work for development of circulating area, loading/unloading surface between R/3 and R/4 was not required considering various activities to be undertaken at Nayagarh station in future. They however, did not specify any details of the future activities. Consequently, the contract was foreclosed by Construction organisation on 11 December 2013. By that time, 70 per cent of work worth ₹ 9.74 crore (viz., provision of two additional loop lines R/5 and R/6 with a new loading platform) had been executed leaving the works for development of circulating area and concrete pavement between R/3 and R/4.

⁹⁵ R/1 - loop line having RL platform, R/2 - Main line, R/3 & R/4 - loop lines having a common platform for unloading/loading

Audit observed that the contract was awarded without ensuring availability of site. The work which was planned to be completed within eight months i.e. by October 2010, lingered for more than four years with eight extensions and eventually foreclosed on Railway's account in December 2013. This led to avoidable payment of ₹ 1.15 crore to the contractors towards price variation besides the benefits of the sanctioned traffic facility works worth ₹ 4.23 crore, viz., development of circulating area and concrete pavement between R/3 and R/4 did not materialize. The loading/unloading surface provided for the line R/6 served only one line and was not developed as a common loading platform to enhance loading/unloading facilities.

When the matter was taken up with the Railway Administration through Special letter in November 2016, Railway Administration replied (January 2017) that

- (i) At the time of tendering process, all plans and site were available. However, after the award of contract, heaps of iron ore got deposited in the loading area between R/3 and R/4 and the site could not be handed over for work execution. The Operating Department decided (December 2013) that various activities for enhancing loading and unloading facilities at Nayagarh station were under active consideration and finalisation; in view of that the work of development of circulating area, loading/unloading surface between R/3 and R/4 was not required to be executed and accordingly informed the Construction wing.
- (ii) R-6 along with loading platform was in completion stage when R-5 was sanctioned. Hence, R-5 had to be constructed in between R-4 and R-6. This additional loop line (R-5) was required as an engine reversal line.

The reasons given by the Railway Administration for foreclosing the work cannot be justified due to the following:

- (i) The concreting work between R/3 and R/4 was proposed citing several ditches in the platform causing discontentment among customers in plying trucks. But, the sanctioned work could not be executed due to presence of iron ore deposits on the site. The Railway Administration was aware that a contract for traffic facility work was already awarded and clear site was an essential pre-requisite to ensure timely execution of the work. Railway Administration allowed iron ore heaps to accumulate in the work site and did not remove the same to handover a clear site to the contractor. This led to abnormal delay in execution and ultimate foreclosure of the contract with a payment of ₹ 1.15 crore. Though it was stated that the Operating Department proposed that the works were not required considering various activities to be undertaken at Nayagarh station in future, no such activities were undertaken at Nayagarh subsequently.
- (ii) Though Railway Administration stated that R/5 was required as an engine reversal line, it was seen that there was no such mention in the justification of the estimate. Creation of lines (R/5 and R/6) on both the sides of the newly laid platform would have enhanced its utility in traffic handling.

Nayagarh railway siding caters to 87 customers for loading of iron ore. On an average 340 wagons are loaded every day and railway earns a freight revenue of ₹ 676 crore per year (during 2016-17) from this siding. Though provision of two additional loop lines R/5 and R/6 with a new loading platform was executed, the works for development of circulating area and concrete pavement between R/3 and R/4 were not executed. The concreting work between R/3 and R/4 was proposed citing several ditches in the platform causing discontentment among customers in plying trucks. This work continued for more than four years with eight extensions due to lack of coordination between, Construction and Operating Departments and non-availability of site on account of accumulation of iron ore and eventually foreclosed on Railway's account in December 2013 with avoidable payment of ₹ 1.15 crore to the contractors towards price variation. Thus, the benefits of the sanctioned traffic facility works worth ₹ 4.23 crore, for development of circulating area and concrete pavement between R/3 and R/4 did not materialize.

In reply, ECoR Administration stated (September 2017) that although the work was awarded and the agency was available for execution, the Operating department might not have agreed to stop loading/ unloading activities in peak period anticipating huge revenue loss. However, the work was justified as necessary and included in the contract and the site should have been made available to execute the work.

Audit is of the view that a closer look is required to be taken at the works for development of circulating area and concrete pavement between R/3 and R/4 and view should taken on its need.

The matter was brought to the notice of Railway Board (30 October 2017); their reply was awaited (28 February 2018).

2.12 South Western Railway (SWR): Incorporation of ambiguous clause in the agreement leading to refusal of payment of wagon hire charges by Mormugao Port Trust

Due to incorporation of an ambiguous clause in the agreement for a suitable incentive in the waiver of Wagon Hire Charges for any reduction in free time, Mormugao Port Trust (MPT) did not reckon accumulated credit hours and refused to pay bills of ₹ 15.05 crore raised by SWR.

Mormugao Port Trust (MPT), Goa is one of the major Ports serving SWR. Major commodities being handled at the Port are Coal, Iron Ore and general cargo items. Due to the proximity of the Port with various mining regions in Goa, the Port became a premier Iron Ore exporting port of the country. Coal requirement from various steel industries and power generating units has made it an attractive and cost effective destination for coal imports and steel exports.

As per Clause 5.1 (a) of the Working Agreement, executed in August 2004 (effective from October 2004), between MPT and SWR, a *free time* of 15 hours was fixed with suitable incentive in the waiver of Wagon Hire Charges for any

reduction in *free time*, which would be calculated and adjusted once in six months.

The clause was found to be ambiguous and in the absence of clarity in granting incentive for early release of rakes under this Clause, neither MPT nor SWR could arrive at a common understanding for the past 15 years. While SWR continued to raise bills on MPT on a monthly basis towards detention to Railway rakes beyond the allotted *free time*, MPT consistently refused to pay bills so raised, insisting on resolving the issue of suitable incentive as per Clause 5.1(a). Though SWR raised a total bill for ₹ 16.43 crore (from February 2012 to December 2016), MPT agreed to pay ₹ 1.38 crore only, duly considering the waiver of up to 50 per cent of Wagon Hire Charges till January 2012 and for the remaining period, by straightaway deducting the total credit hours from the total debit hours.

Thus, an ambiguous clause for adjusting credit hours accumulated resulted in a deadlock of over 15 years in recovery of legitimate dues from MPT towards Wagon Hire Charges.

The matter was brought to the notice of Railway Board (18 September 2017); their reply was awaited (28 February 2018).

2.13 South East Central Railway (SECR): Loss due to non realization of engine hire charges from the siding owner

Despite detention of Railway's Engine in the siding beyond permissible period under Terminal Incentive cum Engine on Load Scheme (TIELS) and clear instructions of Railway Board on realization of engine hire charges on this account, Railway Administration did not realize the Engine Hire Charges of ₹28.23 crore from the siding owner.

In order to improve the utilization of the rolling stock, and help customers in prompt clearance of freight trains from their terminals, the Engine-on-Load (EOL) Scheme⁹⁶ was introduced by the Railway Board in July 2004. Under the said scheme the train engine would remain available during loading/unloading operation in the siding and wait on Railway's account so as to work the train immediately after loading/unloading operation is completed. The EOL scheme was superseded (March 2006) by a new 'Terminal Incentive cum Engine on Load Scheme (TIELS)' effective from 1st April 2006⁹⁷. It was stipulated in the said order that implementation of the scheme should be through mechanism of EOL Benefit/ Terminal incentive benefit. Some of the important features of TIELS Scheme are:

- For the purpose of reduction of detention of Rolling stock in the terminals, loading / unloading free time⁹⁸ of block rake, under the scheme, was reduced.

⁹⁶ Rates Circular No. 21 of 2004 dated 12.7.2004

⁹⁷ Railway Board's Freight Marketing Circular No. 9 of 2006 issued under No. 2005/TC/(FM)/1/8 dated 6.3.2006

⁹⁸ Prescribed time schedule for loading / unloading of rakes in a siding beyond which demurrage charges are leviable

For example, unloading time of Open rake (BOXN etc.) was reduced to five hours against nine hours applicable to normal sidings.

- A financial incentive in the form of freight rebate of specified percentage for a period of ten years was allowed to customer who helps to reduce the terminal detention by taking certain measure like, increase in number of pay loaders /tippler, introduce round the clock working etc. (for old existing customers only).
- The scheme was applicable to existing sidings only, which have been notified for charging of freight on through distance basis.
- All future sidings were to come up with EOL concept and reduced loading/unloading time for TIELS would be applicable without any financial benefit (freight rebate).
- As a direct benefit under the scheme, freight customers were allowed for utilization of Railway's Locomotives during free time of loading/unloading, without paying engine hire charges.

During audit (February 2014) of records of M/s Sanjay Gandhi Thermal Power Station Siding (SGTPS) served by Birshinghpur Station of South East Central Railway (SECR) it was noticed that a new unloading point (Track Hopper No. 2) was opened in the siding under SECR's Rate Circular⁹⁹ of April 2008 in addition to their two existing unloading points (Tippler Siding and CHP Siding). It was stipulated in the SECR's Rate Circular that the coal rakes would be placed for unloading in any of the three unloading points including the new one and the freight would be charged for the farthest distance of 10.83 kms for all three unloading points. It was further indicated that TIELS would be applicable to the new unloading point without financial benefit¹⁰⁰ and free time for unloading would be the free time notified for TIELS¹⁰¹. The existing two unloading points would be treated as normal siding (without TIELS) and normal free time¹⁰² would be applicable and demurrage would be calculated beyond free time for detention of wagons. For detention of Engines beyond free time in these two old unloading points, shunting charges on the basis of All India Engine Hour Cost would be charged from the time of placement of rakes to till completion of unloading, as the Rail Engine would remain attached to the rakes till completion of unloading as a result of applicability of TIELS in 3rd unloading point.

Audit noticed that in Track Hopper No.2 (the new unloading point) of SGTPS siding, though SECR authority was levying and realizing the demurrage charges for detention of wagons beyond free time of five hours, Engine hire charges for detention of Railway's Engine beyond free time of five hours as prescribed in Rule of TIELS¹⁰³ were not levied and realised from the siding owner. This led to

⁹⁹ Rates Circular No. 51(G)/2008 dated 21.4.2008 of Chief Commercial Manager, SECR, Bilaspur

¹⁰⁰ Freight rebate of specified percentage in TIELS vide Freight Marketing Circular No. 9 of 2006 dated 6.3.2006 (Para 10).

¹⁰¹ Five hours unloading time in this case vide Para 6 of Freight Marketing Circular No. 9 of 2006 dated 6.3.2006

¹⁰² Nine hours in this case

¹⁰³ vide Para 5 of FM circular No. 9 dated 6.3.2006

non-levy and non-realisation of ₹ 28.23 crore¹⁰⁴ towards Engine Hire Charges from the Siding owner during the period from January 2009 to March 2017 towards detention of 6968 Engines for 12582 hours. The loss would continue till remedial action is taken.

Annexure 2.14

The matter was brought to the notice of Railway Administration in July 2017, while replying (September 2017) Railway Administration accepted the Audit contention and stated that they have now decided to impose engine hire charges beyond free time for use of railway engine in Track Hopper No. 2. However, no details on date of billing, amount billed and realization thereof etc. were furnished to Audit. In addition, formal bills for realization of Engine Hire Charges were yet to be raised by SECR. Moreover, As per Para 21(iii) of Railway Board's Freight Marketing Circular No. 9 of 2006, Division will sign an agreement with the terminal owners stipulating the streams of traffic that will be covered under TIELS working, as also the date from which it will come into force. However, neither any reply in this regard nor the copy of the agreement was furnished by Railway Administration to Audit so far.

Thus, detention of Railway's Engine in the siding beyond permissible period under TIELS resulted in non-realisation of Engine Hire Charges of ₹ 28.23 crore from the siding owner during the period January 2009 to March 2017.

The matter was brought to the notice of Railway Board (13 October 2017); their reply was awaited (28 February 2018).

2.14 East Coast Railway (ECoR): Non-weighment of loaded rakes of Food Corporation of India (FCI)

FCI has eight sidings for loading of consignments in Sambalpur division. As per the instructions laid down by the Railway Board, for rakes loaded with bagged consignments, weighment of at least 5 per cent rakes is required to be done before loading, to keep a check on overloading. Audit observed that in four out of eight loading points viz. Hirakud, Bargarh Road, Khariar Road and Mahasamund, ECoR Administration did not ensure weighment of at least 5 per cent rakes before loading, though there were instances of overloading in the past at these loading points. The weighbridges at these four locations have become non-functional during 2015 to 2017. The rakes are not being weighed any more. Non-weighment of rakes encourages overloading malpractices which lead to loss of revenue and damage to rolling stock and tracks and detection of overloading and levy of punitive charges thereon is also not possible.

Section 73, of The Railways Act, 1989 prescribes levy of punitive charges for overloading of goods in a wagon beyond its permissible carrying capacity at the prescribed rate circulated by Railway Board from time to time. As per Ministry of Railways instructions¹⁰⁵ (June 2007), in cases of dispute regarding punitive

¹⁰⁴ ₹ 27.34 towards non-realisation of Engine Hire Charges from the Siding owner and non payment of service tax amounting to ₹ 0.89 crore accrued on Engine Hire Charges.

¹⁰⁵ Rates Circular No.61 of 2007

charges for overloading in respect of consignments loaded in standard sized bags, the number of bags in the wagons detected to be overloaded may be counted and the average weight of a bag determined by weighing a few bags in random basis at the destination point in the presences of the representatives of the consignor/ consignee and two gazetted Railway officers. Further, Ministry of Railways (September 2011) further issued instructions¹⁰⁶, decided that in case of consignment loaded in standard uniform bags; at least 5 *per cent* of rakes should be subjected to weighment. Where the commodities are over-loaded in Railway wagons, the Railway Administration shall recover punitive charges¹⁰⁷ from the consignor, the consignee or the endorsee as the case may be.

Audit scrutiny (January 2015 and August 2016) of records on Station Outstanding in the Office of the Senior Divisional Commercial Manager/ Sambalpur revealed accumulation of outstanding punitive charges of ₹ 4.59 crore levied against the Food Corporation of India (FCI) for overloading detected in their bagged consignments of food grains loaded at eight Goods Siding/Stations viz. Hirakud, Bargarh Road, Kantabanji, Khariar Road, Mahasamund, Bagbahra, Balangir and Kesinga of Sambalpur Division from November 2012 to August 2016.

FCI authorities disputed the levy of punitive charges since 2012-13 and stated that no overloading was done as all the consignments were being loaded by FCI on 100 *per cent* weighment basis on the computerised weigh bridge after taking both gross weight and tare weight of the trucks. They stated that there might be some error in the in-motion weigh bridge for which it was showing excess weight after loading. They further contested that their rakes were loaded with standard bags of uniform size and only 5 *per cent* of it should have been subjected to weighment at in-motion weighbridges. Railway Board directed (April 2016) ECoR Administration to settle the issue locally by mutual discussions and did not give a firm decision to settle the long outstanding dispute and to realize outstanding punitive charges.

Audit reviewed the position of weighment of FCI rakes after August 2016, and noticed that there was no case of weighment/ overloading of FCI consignments in respect of all the loading stations except only one case in Mahasamund loading station. Further review showed that out of the eight loading points (Hirakud, Bargarh Road, Kantabanji, Khariar Road, Mahasamund, Bagbahra, Balangir and Kesinga) of FCI consignments in Sambalpur division, in four loading points viz. Kantabanji, Bagbahra, Balangir and Kesinga, no rake was loaded during 2016-17 and 2017-18 (up to September 2017). In respect of the remaining four loading points viz. Hirakud, Bargarh Road, Khariar Road and Mahasamund, FCI's consignments were loaded but the weighment of at least 5 *per cent* rakes as per the provision of Railway Board's orders was not followed. Further, these weighbridges were out of order since 2015. This clearly indicates

¹⁰⁶ Rates Circular No.32 of 2011

¹⁰⁷ Punitive charges on overloading are calculated by Railway authorities as per Ministry of Railways Rates circular No.19/2012

that the consignments are being allowed to move without any weighment since 2016-17. As rakes are not being weighed any more, possible detection of overloading and levy of punitive charges thereon is not possible.

The matter was brought to the notice of Railway Board in November 2017. Railway Board stated (December 2017) that rakes of FCI have been weighed in the railway in-motion weighbridges duly certified by legal metrology department and the punitive charges have been levied as per rule. The in motion weighbridge at Hirkud turned defective and become non-functional since 8 May 2015 due to system software failure and it was condemned on 30 March 2016. The in motion weighbridge at Titlagarh was condemned on 8 May 2016 and weighment discontinued from 11 February 2017. Hence, the rake of FCI could not be weighed in at Hirkud and *enroute* weighbridge at Titlagarh for FCI's rakes originating from Sambalpur Division. New electronic in motion weighbridge have been planned in place of Hirkund and Titlagarh at Latanga and Kandel Road station respectively to ensure weighment of rakes originating from Sambalpur Division. The new weighbridge will be commissioned shortly.

The reply of Railway Board substantiates the audit observation that weighment of FCI rakes could not be done until the new weighbridges are commissioned. Non-weighment of rakes encourages overloading malpractices which lead to loss of revenue and damage to rolling stock and tracks. Railway Board must ensure that their instructions of weighment of consignments are followed scrupulously and recovery of penalty, if needed is done from the defaulting consignor/ consignee.

2.15 Central, Eastern, Northeast Frontier, North Eastern, North Western and Western Railway (CR, ER, NFR, NER, NWR and WR): Undue advantage taken by Jansadharan Ticket Booking Sewaks (JTBSs) by depositing de-monetised specified bank notes with the Railways post-demonetization

132 Jansadharan Ticket Booking Sewaks in six Zonal Railways took undue advantage of the facility provided by the Government of India to allow transactions at railway ticketing counters and deposited specified bank notes with the Railways post demonetisation instead of depositing the cash in the banks.

Ministry of Railways, with a view to improve dispensation of unreserved tickets in city areas, conceptualized a scheme of Jan Sadharan Ticket Booking Sewak (JTBS) in June 2006. The scheme was initially introduced in Northern Railway as a pilot project and implemented in the other Zonal Railways in January 2008. The procedure for implementing the scheme was laid down¹⁰⁸ by Railway Board in June 2006. Vide Para 11 (iii) of the letter, Railway Board clarified that the JTBS would have to make advance deposit and tickets could be issued till the amount

¹⁰⁸ No. 2006/TG-I/20/JTBS dated 28 June 2006

against the deposit was available. In November 2009, Railway Board further clarified that lower financial limit of ₹ 10,000 up to which JTBS can issue tickets have to be provided in system universally for all JTBS so that tickets by JTBS cannot be issued if the amount deposited by them is less than ₹ 10,000¹⁰⁹. No upper financial cash limit for issue of tickets by the JTBS was fixed by the Railway Board.

As per Gazette Notification¹¹⁰ dated 08 November 2016, currency notes of denomination of five hundred rupees and one thousand rupees (i.e. specified bank notes) were demonetised and these notes ceased to be legal tender on and from 09 November 2016. Railway Board, vide its letter¹¹¹ dated 09 November 2016, clarified that the specified bank notes would not cease to be legal tender with effect from 09 November 2016 until 11 November 2016 to the extent of transactions at railway ticketing counters, ticket counters of Government or Public Sector Undertakings buses and airline ticketing counters at airports for purchase of tickets and communicated the same to all Zonal Railways. It was also stated that a complete account of record should be maintained for transactions which were made with the specified bank notes during the above period. Instructions were given to the officials involved in the Railway ticketing operations and eventual deposit of the cash received in the Railway's Deposit Account. It was observed that no specific directives/instructions were issued by the Railway Board in respect of cash deposited by the JTBSs in Railway's Deposit Accounts essential for issue/sale of unreserved tickets through computerised Unreserved Ticketing System.

Audit test checked the transactions carried out by 132 JTBSs during 07 November 2016 to 11 November 2016 on 59 stations¹¹² of six Zonal Railways¹¹³. A comparison of deposits made by the JTBSs for five days of pre and post demonetisation revealed that post demonetization, total cash deposited by these 132 JTBSs exceeded their normal pre-demonetization cash deposit by significant amounts as tabulated below:

Zonal Railway	Total number of JTBS in the Zonal Railways	Number of JTBS where significant variation in cash deposit was noticed	Amount deposited by JTBS (₹ in lakh)				
			Pre-demonetisation		Post demonetisation		
			07.11.2016	08.11.2016	09.11.2016	10.11.2016	11.11.2016
CR	210	33	14.51	12.24	61.39	32.95	18.24
NEFR	16	08	0.10	0.82	3.89	2.02	1.29

¹⁰⁹Made effective from 1 January 2010

¹¹⁰ S.O. 3407(E) and S.O. 3408(E) dated 08 Nov 2016

¹¹¹ Letter No.RBA 2016/ACII/9/3 dated 9 Nov 2016

¹¹²CR-08 stations (Kurla, Ghatkopar, Thane, Kalyan, Panvel, Pune, Parasia, Bhusawal), NFR-05 stations (Sumsi, Ladha, Jogbani, Katihar, Barsoi), NWR-14 stations (Alwar, BandiKui, Nimkathana, Sikar, Jaipur, Phulera, Bhilwara, Ajmer, Bhiwani, Laharu, Churu, Hisar, Degana, Makrana), NER-08 stations (Farrukhabad, Gorakhpur, Mau, Siwan, Kashipur, Lucknow, Chhapra, Kashipur, Ajamgarh), WR-09 stations (Ahmedabad, Viramgam, PTN, Kandivili, Virar, BhauruchJn, Kosamba Jn, Indore, Ujjain), ER-15 stations (Bardhaman, Howrah, Katwa Jn., Tarkeshwar, Ashoknagar Road, Behrampore Court, Chakdaha, Canning, Dattakupur, Kanchrapara, Krishnapur, Sealdah, Sodpur, Sonarpur, Taldi)

¹¹³ Central, Northeast Frontier, North Western, North Eastern, Eastern, Western Railways

Zonal Railway	Total number of JTBS in the Zonal Railways	Number of JTBS where significant variation in cash deposit was noticed	Amount deposited by JTBS (₹ in lakh)				
			Pre-demonetisation		Post demonetisation		
			07.11.2016	08.11.2016	09.11.2016	10.11.2016	11.11.2016
NWR	91	18	3.11	12.12	12.39	4.53	5.10
WR	49	12	3.88	11.44	15.35	6.32	4.43
ER	131	32	7.35	9.57	34.50	19.86	13.33
NER	148	29	6.63	21.65	31.55	16.29	14.49

In seven out of 13 cases at Kurla station, where the JTBSs had deposited the demonetized notes disproportionate to their ticket sales, the Central Railway Administration had issued show cause notices (28 and 30 November 2016) endorsing copies to Income Tax Department. The JTBSs, in their explanations to show cause notice, stated that these cash were for their personal use, emergency needs, loan payment, to avoid rush in the banks etc. Reasons for not taking action against the remaining six JTBSs at Kurla Station by the Central Railway Administration were not on record. On the matter taken up by Audit, the Central Railway Administration referred the matter to Income Tax Authorities on 23 August 2017, 07 September and 11 September 2017 in Mumbai, Pune, Nagpur and Bhusawal Divisions respectively.

It was further observed that the percentage of tickets sold by these JTBSs were significantly low in comparison to cash deposited by them during post demonetization period as shown in the Table below:

Zonal Railway	Pre-demonetisation		Post demonetisation		
	07.11.2016	08.11.2016	09.11.2016	10.11.2016	11.11.2016
CR	93	89	15	24	42
NEFR	157	79	14	19	29
NWR	90	22	12	31	28
WR	91	25	13	32	44
ER	105	85	20	26	45
NER	120	45	28	38	42

Thus, in the absence of specific directives/instructions from Railway Board to fix an upper limit for cash deposits by JTBSs, the JTBSs took undue advantage and deposited large amounts of cash with the railways in de-notified denominations, instead of depositing the same in the banks. The Gazette Notification issued by the Central Government on 08 November 2016 allowed the old denomination notes to be used for the purpose of buying railway tickets at railway ticket counters and sale of tickets by JTBS was not included in the same.

The matter was brought to the notice of Railway Board (5 January 2018); their reply was awaited (28 February 2018).

2.16 South East Central railway (SECR): Loss due to short realization of demurrage charges

As per Railway Board directives permissible free time for loading/unloading of rakes has been prescribed for various types of wagons in private steel sidings. The agreement with Jindal Steel and Power Limited clearly stipulated that the instruction regarding Terminal Incentive cum Engine on Load Scheme contained in Railway Board directives shall be followed for the siding. SECR however, allowed excess free time to this siding which resulted in short-levy of demurrage charges of ₹ 10.56 crore.

Railway Board vide its Rate Circular No.74 of 2005 dated 19 December 2005 has clearly bifurcated free time for loading and unloading of different types of wagons and allowances (if any) at goods sheds and sidings.

In order to improve the utilization of the rolling stock and help customers in prompt clearance of freight trains from their terminals, Railway Board introduced (March 2006) 'Terminal Incentive cum Engine on Load Scheme (TIELS)' effective from 1st April 2006¹¹⁴. The scheme stipulates that all future sidings are to come up with (Engine on Load) EOL concept and loading/unloading time for TIELS would be applicable for all such future terminals without any financial benefits being admissible. Permissible free time for loading/ unloading of various types of block rakes with TIELS working is prescribed as:

Type of wagon	Loading (hrs)	Unloading (hrs)
Open Rake (BOXN etc.)	3:00	5:00
Hopper Rake (BOBR etc.)	3:00	2:00
Covered Rake (BCN etc.)	6:00	6:00
Tank Rake (BTPN etc.)	5:00	5:00

In SECR, there are two sidings of Jindal Steel and Power Limited (JSPL), Kirodimalnagar viz. JSLK siding and Rail & Universal Beam Mill (R&UBM) siding. JSLK siding is the old siding with normal free time applicable for steel plants as per Para 2.4 of the Rate Circular No.74 of 2005. R&UBM siding is a new siding notified¹¹⁵ as independent booking point for handling full rake by SECR Administration in November 2007 with TIELS free time, wherein it was also mentioned that for calculation of demurrage charges, the free time prescribed in TILES shall be applicable. During test check of records of grant of free time and realization of Demurrage Charges in these sidings, the following irregularities were noticed:

(i) In contravention to the permissible free time for loading under TIELS/EOL concept, Railway Administration allowed normal free time applicable for steel plants as per Para 2.4 of RC-74/2005. As a result, 17 hours (12 hours + 5 hours) free time (including block rake allowance of five hours) was allowed instead of

¹¹⁴ Railway Board's Freight Marketing (FM) Circular No. 9 of 2006 dated 06.03.2006

¹¹⁵ CCM/SECR/BSP's Circular No. 183 (G)/2007 dated 26.11.2007

three hours for loading of open wagons rakes and demurrage charges were levied and realized accordingly. This led to short levy of demurrage charges to the tune of ₹ 6.38 crore for the period during April 2012 to March 2017 in respect of 1018 rakes in R&UBM Siding as assessed in Audit.

(ii) Railway Board further clarified¹¹⁶ (May 2015) that permissible EOL free time for loading of Flat Rake (BRN/BFN, CONCORD) shall be six hours. However, the said instruction was also not adhered to and 17 hours (including Block Rake Allowance of five hours) free time was allowed instead of six hours for loading of Flat and CONCORD rakes. Consequently, demurrage charges in respect of Flat/CONCORD (BRN+BFN+BOST) rakes was also short collected to the tune of ₹ 4.18 crore for the period from May 2015 to March 2017 in respect of 809 rakes in R&UBM Siding as assessed in Audit.

In reply, SECR Administration in March 2016, they stated (May 2016) that R&UBM siding was constructed in the existing plant area under expansion programme and notified in November 2007. It was further stated that only new siding can be brought under EOL and for the existing sidings TIELS will be applicable, only when, the siding opts to come under TIELS/EOL. No separate agreement was executed for R&UBM to work under TIELS.

However, the fact remains that the agreement was executed (November 2007) between JSPL & Railway Administration for newly constructed R&UBM siding and Clause 13(c) of the agreement clearly stipulated that instruction regarding TIELS contained in FM-09/2006 shall be followed for the siding.

Thus, non-adherence to Railway Board's orders and allowing excess free time for loading of rakes in R&UBM siding resulted in short-levy of demurrage charges of ₹ 10.56 crore¹¹⁷ by SECR. Further, the very purpose of improving the utilization of rolling stock and prompt clearance of freight trains from siding for which the TIELS/EOL free time scheme was introduced was also defeated.

The matter was brought to the notice of Railway Board (21 September 2017); their reply was awaited (28 February 2018).

2.17 Central Railway (CR): Deficiencies in remittance of cash by the Ticket Booking Staff and Ticket Examiners

There was accumulation of admitted debits in various divisions of CR, as codal provisions for clearance of admitted debits were not implemented by Railway Administration. Staff misappropriated cash and did not remit cash in full. System of recovery of outstanding amount, in convenient monthly installments, also encouraged continuance of the practice of short remittance of cash by the staff. Railway Administration failed to take disciplinary action against the employees who were habitual defaulters. All Zonal Railway Administrations need to issue JPO expeditiously so as to put in place a mechanism for streamlining the system of remittance of cash by staff and minimizing the cases of misappropriation of station earnings. Railways also need to take

¹¹⁶ Railway Board's Rate Circular No. 18 of 2015 dated 14.05.2015

¹¹⁷ ₹ 6.38 crore for the period April 2012 to March 2017 and ₹ 4.18 crore for the period May 2015 to March 2017

stringent action against defaulters which will act as a deterrence against such practices. Considering the number of ticket booking and ticket checking staff across Indian Railways, the risk of mis-appropriation and continued practice of short remittance of cash would be manifold.

As per Para 2430 of Indian Railway Commercial Manual (Volume II), any railway servant who receives money on account of Railway and with intent to defraud, omits to enter it in the cash book or other prescribed record or who collects unauthorized charges from the public, is liable to be prosecuted. Severe action would be taken against the staff at fault, if it is found that the money realized has not been remitted.

Admitted Debits represent the debits raised against the station and accepted by the staff as due from them. Every debit or disallowance against the station by the Traffic Accounts Office or Cash Office arising from errors in charging fare or freight, short remittance of cash, base coins or other causes, is payable by the concerned staff. Rules¹¹⁸ provide that admitted debits should be made good immediately by the staff concerned in cash. In case of heavy debits, Divisional Commercial Manager (DCM) may permit the recoveries from salary bills in monthly installments. Rules¹¹⁹ also provide that if the admitted debits are not made good in cash by the staff concerned before the date of preparation of salary bill, the Station Master should prepare a statement of recoveries to be made from the staff on account of debits and send the same to the Divisional Accounts Office along with relevant pay bill.

As per existing instructions¹²⁰ issued to Travelling Inspector of Station Accounts (TIA) and Traffic Inspection Section, the TIA should pursue the pending admitted debits and see that they are cleared quickly by advising DCM for recovery through pay sheet. Details of the persons who are frequently in the habit of making short remittances should be brought to the notice of DCM and Chief Commercial Manager (CCM) for further action. Commercial staff against whom debits are raised repeatedly and where the debits are heavy should not ordinarily be allowed¹²¹ to continue in posts involving cash handling in order to prevent recurrence of such cash embezzlement.

Review of the position of clearance of admitted debits by the Ticket booking staff and Ticket checking staff in Central Railway revealed the following irregularities:

Admitted Debits of Ticket booking staff

In various Divisions of Central railway, outstanding balance under Admitted Debits was ₹ 56.27 lakh¹²² at the end of March 2017. Though half yearly reviews

¹¹⁸Paras 2720 and 2723 of Indian Railway Commercial Manual (Volume II)

¹¹⁹Para 2721 of Indian Railway Commercial Manual (Volume II)

¹²⁰Paras 266 (3) and 924 (2) of Central Railway's Manual of Instructions issued by Financial Adviser and Chief Accounts Officer (FA&CAO)

¹²¹Para 1002 (iii and vi) of Indian Railway Code for Traffic (Commercial) Department

¹²²Mumbai Division (₹ 20.59 lakh), Pune Division (₹ 6.63 lakh), Bhusawal Division (₹ 25.09 lakh), Nagpur Division (₹ 3.50 lakh), Solapur Division (₹ 0.47 lakh)

were conducted by CR Administration and results reported to Railway Board, no concrete efforts were made either by the Commercial or the Traffic Accounts Department to initiate necessary action to recover the old outstanding amounts as per codal provisions. In Mumbai Division, it was observed that

- During April 2014 to December 2016, eight Booking Clerks were regularly making short remittances of cash, but the Railway Administration failed to take disciplinary action against them. The provisions of disallowing the staff to continue in the posts involving cash handling were also not being followed.
- Admitted debits amounting to ₹ 3.05 lakh were not recovered from 14 Booking clerks for reasons such as long absence, transfer and TIA credit awaited etc.

In six other cases (Mumbai, Pune and Bhusawal Divisions), the Admitted Debts were outstanding for a considerable period 09 months to 33 months.

Admitted Debts of Ticket checking staff

- In Bhusawal, cash amounting to ₹ 24.72 lakh collected by one TTE (Sri.S.S. Wanale) through issue of Excess Fare Tickets (EFTs) to the passengers during 29 December 2013 to 01 October 2014 was not remitted. TTE's returns in respect of these EFT books were also not submitted by him. The said TTE had quoted fake Money Receipt numbers in proof of depositing cash with railways and also affixed stamp of Bhusawal booking office on reverse side of the last EFT used. Debit of ₹24.72 lakh was raised (November 2014) against Shri S.S. Wanale/TTE and recovery was being made @ ₹10,000 per month with effect from February 2016. A sum of ₹ 21.92 lakh was outstanding for recovery at the end of December 2017. Audit observed that the irregularity of misappropriation/non-remittance of cash by the said TTE (Shri Wanale) was not pointed out in any of the nine TIA Reports for the period 2012-13 to 2014-15, which indicated a weak internal check by the Traffic Branch of the Accounts Department.
- In Mumbai Division, review of records of DCTI/Mumbai revealed (March 2017) that the ticket checking staff were habitual in making short remittance of railway cash. Debts aggregating ₹11.32 lakh were raised against the erring staff. Thus, railway's revenue/cash was retained by the erring staff and used by them for personal use, which tantamount to misappropriation of Railway revenue. On the pointed out by Audit, the Railway Administration stated (June 2016) that the ₹ 10.80 lakh had been recovered from 14 employees and only ₹ 0.52 lakh was outstanding from two staff.

Outstandings from retired/expired/transferred/long absent staff

Audit observed that, in respect of 31 Ticket booking staff of Mumbai Division who had either retired, expired or removed from service, Railway Administration did not recover the outstanding dues amounting to ₹ 7.16 lakh as on December 2016. An amount of ₹ 2.51 lakh was outstanding for recovery from

the ticket checking staff of DCTI/CSTM who had either retired, transferred, expired or were long absent.

Issuing of EFT books and returning by TTEs

Detailed procedure for maintaining the stock book of money value books (Blank Paper Ticket Books)/EFT books are laid down¹²³ in railway manuals. Railway Board's Commercial Circular No.53 of 2012, describe the procedure for depositing earnings of Ticket Collectors (TCs) and TTEs in the booking office, issue of Money Receipt by the station staff receiving the cash and preparation of excess fare returns by the TTEs for its submission to the Traffic Accounts Office by the Chief Ticket Inspector (CTI) concerned. Checks to be carried out by the TIAs on the initial records of accounts (viz. excess fare receipts etc.) maintained at stations and periodicity of inspections, procedure to be adopted in utilization and preparation of various returns of EFT by station staff viz. TTEs and TCs and in case of loss of an EFT book are laid down¹²⁴.

During audit, instances of delay in returning/non-returning of EFT books, delay in submission of EFT returns, loss of EFT books by the TCs/TEs/TTEs were also noticed which have been summarized below:

i. Delay in returning/non-return of used EFT books

As per existing instructions, used EFT books are to be returned by the TCs/TEs/TTEs immediately after exhausting all the foils of the book before requisitioning a new book. It was observed that

- In Chhatrapati Shivaji Maharaj Terminus (CSTM), in 32 cases, there were delays of two and 182 days in returning the EFT books issued to TCs/TEs/TTEs during the period January 2016 to January 2017.
- In Bhusawal, out of 150 used EFT books (pertaining to the period January 2016 to March 2017); there were delays in 97 cases in returning the used EFT books. The delays ranged between seven and 144 days.
- In two cases, two EFT books issued (on 13-7-2012 and 2-4-2013) to the staff (one TTE and one Head TTE) were not returned by them. Cash amounting to ₹ 0.50 lakh collected by them was outstanding. The TTE was absent since October 2012.

ii. Delay in submission of EFT returns

During April 2016 to March 2017, 11 staff of DCTI/Bhusawal did not submit the EFT returns in time. The delay ranged between 17 and 31 days.

iii. Loss of EFT books

In seven cases, EFT books issued to TTEs were not returned by them till March 2017 and reported as lost resulting in non-remittance of railway cash of ₹ 2.02 lakh.

¹²³Para 228 (b), Para 554 and Para 728 of Indian Railway Commercial Manual (Volume I)

¹²⁴Paras 3301, 3302 and 3307 of Indian Railway Code for Accounts Department (Volume II), Chapters 2, 5, 7, 13 and Paras 228 (b), 554 and 728 of Indian Railway Commercial Manual (Volume I), Railway Board's Commercial Circular No.53 of 2012 and Commercial Circular No.8/2007

iv. Issue of Joint Procedural Order

Railway Board vide Commercial Circular No. 53 of 2012 dated 11.9.2012 issued detailed guidelines for the remittances of Travelling Ticket Examiner (TTE)'s cash. As per Railway Board's instructions (September 2012), the TTE shall deposit the amount realized through EFTs issued immediately at the station where duty schedule terminates. The Booking clerk, on receipt of the cash from TTE, shall generate Unreserved Ticket System (UTS) Money receipt duly feeding break-up of remittances and hand over the same to the TTE. TTE shall mention the UTS Money receipt number and date under clear signature/stamp on the back side of last record foil of EFT used.

Railway Board directed Centre for Railway Information System (CRIS) (August/September 2012) to make necessary provisions in Unreserved Ticketing System (UTS) by including a mandatory field of Provident Fund (PF) Number so that, money receipts are issued from the UTS with PF number. A Report (on daily/periodical/monthly basis) was to be designed by CRIS showing the TTE wise remittances made at various stations either within the same zone or other Zonal Railways. This was to be done to facilitate easy reconciliation of TTE returns submitted by them. The zone wise and TTE's Headquarter wise report was to be generated for all the Zonal Railways. This report was crucial for reconciliation, checks and subsequent transfer of earnings due to other railways. The date of effect of the above software change was to be informed to Zonal Railways under intimation to Railway Board for implementing the above revised scheme. Railway Board had directed the Chief Commercial Managers (CCMs) and FA&CAOs of all the Zonal Railways to issue a detailed JPO covering all the aspects mentioned above and to ensure smooth implementation of the revised procedure.

Audit observed that JPO on the above lines was not issued by the Central Railway Administration (23 January 2018). Review of status of issue of JPO in the other Zonal Railways showed that no JPO was issued in nine Zonal Railways (NCR, NER, NEFR, NR, SWR, SER, SECR, WCR and WR). Only NWR and ECR had issued the JPO in compliance of Railway Board's instructions dated 11 September 2012. In three Zonal Railways (SR, SCR and ECoR), necessary instructions based on Railway Board's Commercial Circular No. 53 of 2012 were issued, no JPO as required in the Commercial Circular *ibid* was issued by the Zonal Railway Administration. Status of issue of JPO was not made available to audit by ER Administration. Audit noticed that in SR, instructions issued based on commercial circular *ibid* are being followed. However, there is no provision in UTS for generating report on TTE-wise/location-wise/zone-wise remittances and there is no automatic system generated reconciliation.

Thus, there was accumulation of admitted debits in various divisions of CR, as codal provisions for clearance of admitted debits were not implemented by Railway Administration. Staff misappropriated cash and did not remit cash in full. System of recovery of outstanding amount, in convenient monthly installments, also encouraged continuance of the practice of short remittance of

cash by the staff. Non-deposit of cash collection amounts to temporary embezzlement. Railway Administration failed to take disciplinary action against the employees who were habitual defaulters. The audit observations are a result of test check in one Zonal Railway (Central Railway). ***Considering the number of ticket booking and ticket checking staff across Indian Railways, the risk of misappropriation and continued practice of short remittance of cash would be manifold. All the Zonal Railway Administrations need to issue JPO expeditiously so as to put in place a mechanism for streamlining the system of remittance of cash by staff and minimizing the cases of misappropriation of station earnings. Railways also need to take stringent action against defaulters which will act as a deterrence against such practices.***

The matter was brought to the notice of Railway Board (02 February 2017); their reply was awaited (28 February 2018).