

## Chapter 2 Concessions to passengers in Indian Railways

### 2.1 Introduction

Ministry of Railways allows concessions to various categories of passengers travelling on the Indian Railways. There are 53 major types of concessions provided by IR to the general public (*Appendix A*). These concessions vary for different categories of persons, such as (i) Senior Citizens (ii) Physically challenged persons (iii) Patients suffering from cancer, thalassemia, heart, kidney, tuberculosis and other serious diseases (iv) Recipients of gallantry awards (v) Shram awardees (vi) Teachers honoured with National awards (vii) War widows (viii) National Sports awards (ix) Participants in National and State sports tournaments (x) Students (xi) Youths (xii) Kisans (xiii) Press correspondents (xiv) Film technicians, etc. Indian Railways also provides concessions to railway employees towards Privilege passes, Complimentary passes and Privilege Ticket Orders (PTO). The detailed rules, procedures, extent of concessions, entitlement, purposes, etc. for grant of concession are contained in IRCA Coaching Tariff No.26, Part I (Volume II). Indian Railways earned ₹ 88063.93 crore<sup>27</sup> revenue from 189.99 crore reserved passengers during 2015-16 to 2017-18 and allowed concession of ₹ 7418.44 crore (8.42 per cent) to 21.75 crore (11.45 per cent) reserved passengers during the same period.

### 2.2 Background

In Chapter 1 of the Audit Report No. 9 of 2005 (Railways) regarding Performance Audit on 'Passenger Revenue Management in Indian Railways', Audit had highlighted that recommendations of Railway Fare and Freight Committee (RFFC) required early implementation. These recommendations included restricting the amount of concession to 50 per cent, withdrawing concessions granted to delegates of various profit earning organisations, charging for children above the age of three years, charging of 75 per cent fare in respect of children provided with berth and getting the Department of Parliamentary Affairs to bear the expenditure on account of concession given to ex-MPs. In the Action Taken Note (June 2015), the Railway Board stated that the Railways grant concession to passengers in a very limited number of cases, depending upon the need and merits.

The Niti Aayog Committee of Bibek Debroy and Kishore Desai that reviewed the impact of Social Service Obligations by Indian Railways, however, concluded (September 2016) that Indian Railways ends up treating its goods business as a tool to more than make up for its passenger business losses to manage overall financial situation.

<sup>27</sup> As per Annual Statistical Statement of Ministry of Railways

In this background, the present audit was focused on assessment of the quantum of concession borne by the Indian Railways and effectiveness of the internal control mechanism to check misuse of concessions.

### 2.3 Audit Objectives

The present audit has been undertaken to -

1. Assess the impact of the concessions allowed to passengers on Railways earnings;
2. Assess whether Railways have taken effective steps to contain the amount of concessions over the years and adequate internal controls are in place to check misuse of concessions?

### 2.4 Audit scope and methodology

The audit scope included review of concessions given to reserved passengers during 2015-16 to 2017-18. This included review of concessions given to Senior Citizens, Patients suffering from specified illness, Persons with disabilities, Students, Sports persons, press correspondents, Privilege Pass/PTO holders etc. Ministry of Railways stated that Privilege Passes/PTOs are not concessions but statutory conditions of service. This may be a fact, but in view of their financial implication and cost involved, the matter assumes significance. It has, therefore, been included in the scope of this review. For scrutiny of concessions granted on medical grounds, vouchers for the month of July 2018 were test checked at selected Passenger Reservation System (PRS) counters across Zonal Railways. Exit Conference to discuss the audit findings was held on 30 April 2019 and response of the Ministry of Railways have been factored in.

Audit analysed concession related reports of 'Reserved Passengers Data Warehouse'<sup>28</sup> of Indian Railways' and also data provided by the Centre for Railway Information System (CRIS) in this regard. On analysis, audit observed difference in number of reserved passengers carried and revenue earned during 2015-16 to 2017-18 between data downloaded from the Data Warehouse maintained by the CRIS and Ministry of Railways Accounts Directorate. The total number of reserved passengers carried during 2015-16 to 2017-18 and the corresponding earnings as per Ministry of Railways data exceeded the related figures downloaded from the Data Warehouse by 16.68 crore (9.62 per cent) and ₹ 12903.14 crore (17.17 per cent) respectively as shown in the **Appendix B**.

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<sup>28</sup> *The Data Warehouse is maintained by the Centre for Railway Information Systems (CRIS), which stores all the data of Passenger Reservation System (PRS) of IR, analyses the data and generates reports for use by the Railways in decision making.*

The differences in the total number of reserved passengers carried and revenue earned during 2015-18 could not be reconciled from the records made available to audit. Audit, therefore, analysed and reviewed the system-generated data downloaded from the Data Warehouse to draw conclusion accordingly. During Exit Conference (April 2019), MoR stated that the mismatch between data downloaded from the Data Warehouse maintained by the CRIS and Ministry of Railways Accounts Directorate could be due to certain manual entries.

Audit also reviewed compliance of Railway Board's instructions/circulars issued from time to time and examined records related to various concessions at the Zonal Headquarters/ Divisions/ selected PRS counters.

### 2.5 Sample size

The following samples were selected:

**Table 2.1 – Criteria for Sample Size**

Sl.No.	Issue	Criteria	Sample Details
1.	For study of concessions allowed in new types of trains like Humsafar, Suvidha, Mahamana etc., introduced in the Zonal Railways during the review period	100 <i>per cent</i> of new type of trains - Humsafar, Suvidha etc., introduced in the Zonal Railways during 2015-18.	Total 86 trains were selected for test check <ul style="list-style-type: none"> <li>• 48 Suvidha Special Trains</li> <li>• Four Mahanama Express Trains</li> <li>• Two Tejas Express Trains</li> <li>• 32 Humsafar Trains</li> </ul>
2.	For study of implementation of the Senior citizen give up scheme and irregularities in concessional tickets issued against medical certificates	Five PRS counters of each Zonal Railway including one Yatri Seva Ticket Kendra (YTSK) / out agency	Total 69 PRS locations and 11 YTSKs were selected for test check

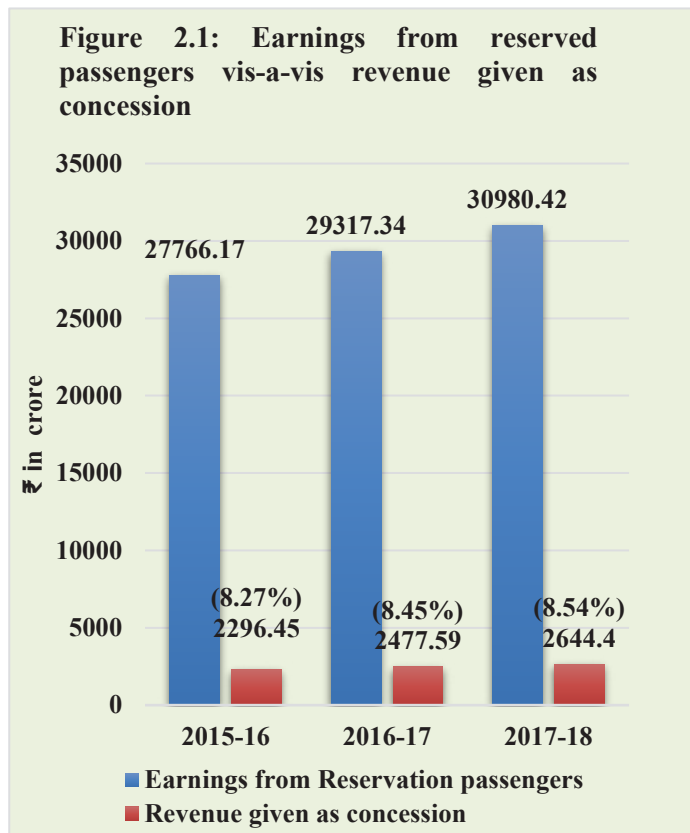
The details of the samples selected are given in *Appendix C*.

**2.6 Audit findings**

**Audit objective 1: To assess the impact of the concession allowed to passengers on Railways earnings.**

**2.6.1 Share of revenue given as concession to the earnings from reserved passengers**

The amount of concessions given to passengers was analysed to assess its burden on passenger earnings of Indian Railways. Audit observed that during the past three years, on an average 8.42 per cent of the reserved passenger earnings were allowed as concessions under various categories, as can be seen from *Figure 2.1*. In terms of number of passengers, the total number of passengers availing concession of any type, was almost 11.45 per cent (21.75 crore) of the total reserved passengers travelled during the past three years.



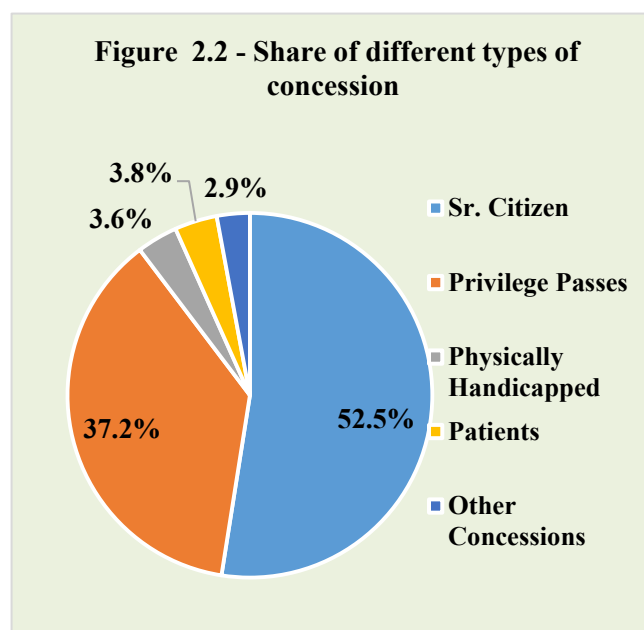
Source: Report No.98 of Data warehouse of IR

**Annexure 1 and Annexure 1.1**

*Thus, 11.45 per cent to the total reserved passengers availed of concession of one or the other type and Indian Railways had to forgo a significant share (8.42 per cent) of reserved passenger earnings towards providing concession to the travelling passengers in the past three years.*

### 2.6.2 Category-wise analysis of concession

The total amount of concession given under various categories during the past three years was ₹ 7418.44 crore. The category wise analysis of amount of concession



given during 2015-16 to 2017-18 showed that senior citizen concession accounted for the highest share (52.5 per cent) of concessions followed by concession allowed to privilege pass holders (37.2 per cent) as can be seen from **Figure 2.2**. Other concessions allowed for Divyang, patients, press correspondents etc. formed the remaining 10.3 per cent of the total concession. In terms of absolute amount, the amount of concession to

senior citizens was ₹ 3894.32 crore and towards privilege pass and PTOs to employees was ₹ 2759.25 crore during the past three years.

#### Annexure 1.1

***Thus, 89.7 per cent of the earnings forgone towards concessions was on account of senior citizen concession and concession to Privilege Pass/PTO holders.***

### 2.6.3 Rate of growth of concessions over the years

Analysis of rate of growth of the number of concessional passengers during 2015-16 to 2017-2018 revealed that the number of reserved passengers availing concession had grown at a rate of 6.3 per cent per year. In 2017-18, the category of Divyang passengers registered the highest increase of 10.6 per cent followed by 8.5 per cent for Senior Citizen passengers. Steady growth was registered in all major categories of concessions except the 'Other concessions' category, where sharp reduction in number of passengers was noticed as can be seen from **Figure 2.3(a) and 2.3 (b)** below.

Figure - 2.3. (a) - Rate of increase/decrease in number of passengers who availed concession

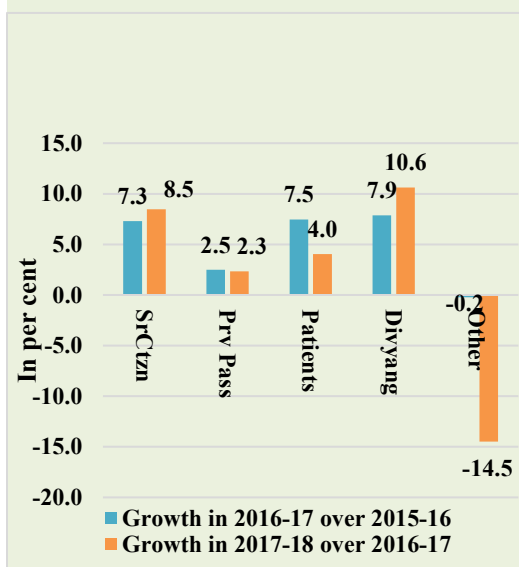
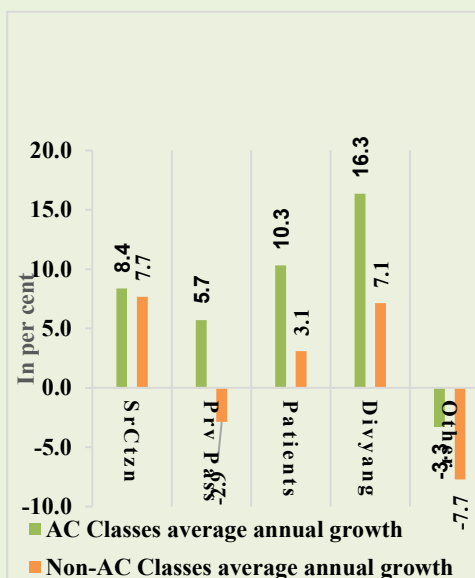


Figure 2.3 (b) - Average annual rate of increase/decrease in number of concessional passengers in AC and Non-AC Classes



Source: Report 71 (b) of CRIS Data warehouse

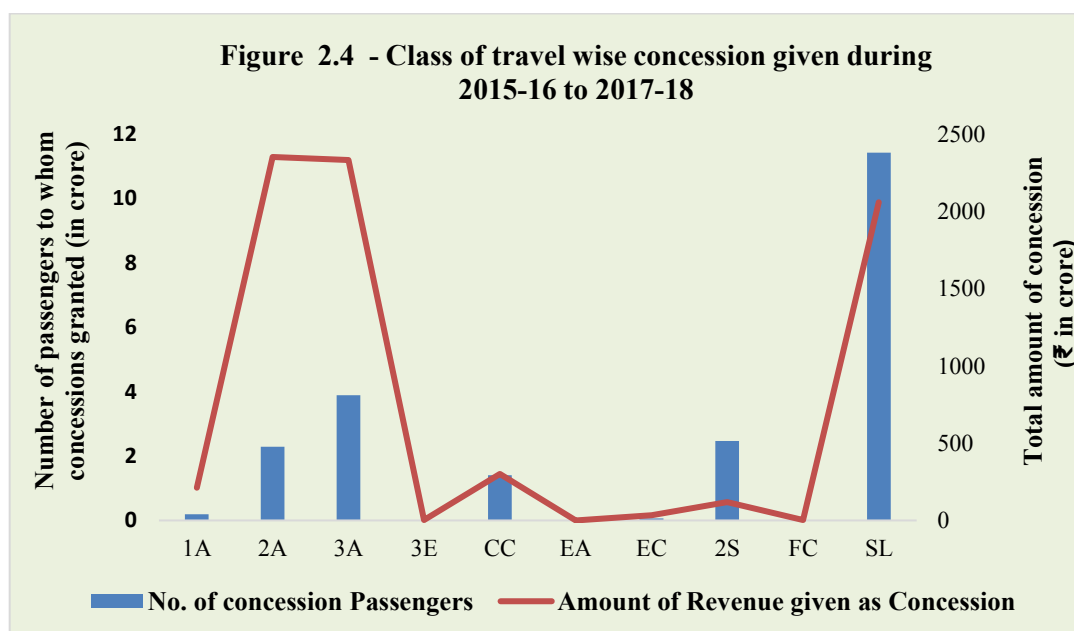
Also, the rate of growth of concession in AC Classes was higher than that of the non-AC Classes in all the categories of concessions. **Annexure 2**

*Thus, there is a steady growth in the number of passengers availing concessions in almost all categories except a few. The annual rate of growth in terms of number of passengers travelling in AC classes in all the categories of concession are higher than that of the non-AC classes. The present trend of growth rate will inevitably result in additional burden on the passenger earnings of Indian Railways in the years ahead.*

During Exit Conference (April 2019), MoR stated that Privilege Passes /PTOs are not ‘concession’ but statutory conditions of service as framed by the President while framing Railway Servant (Pass) Rules. However, the fact remains that IR had forgone average annual revenue of ₹ 919.75 crore during 2015-18.

#### 2.6.4 Analysis of class-wise concessions given to passengers

Class of travel-wise analysis of total number of passengers availing concession and total amount of revenue given as concessions during the period 2015-16 to 2017-18 revealed that the passengers travelling in 2AC had been benefited with maximum amount of concession whereas highest number of passengers travelling by Sleeper class availed concession as shown in the **Figure 2.4** below.



Data Source: Report 71 (b) of CRIS Data warehouse

From the above Figure, it is seen that during the period of review

- Number of passengers travelling on various concessions in all the AC classes was 7.85 crore (36.08 per cent). These 36.08 per cent passengers availed a concession of ₹ 5235.44 crore (70.57 per cent). On the other hand, in all Non-AC Classes, 13.91 crore passengers (63.92 per cent) availed concession of ₹ 2183 crore (29.43 per cent).
- Out of the Non-AC Classes, in Sleeper Class, 11.42 crore passengers had availed concession amount of ₹ 2059.89 crore whereas in 2AC and 3AC classes, total 6.18 crore passengers had availed of concession of ₹ 4685.06 crore.
- The per capita concession element availed by the concessional passengers of AC classes was ₹ 667 while that of Non-AC classes was ₹ 157. **Annexure 3**

*Thus, although the majority of the concessional passengers travelled in the Non-AC Class, the AC classes have the maximum impact on the reserved passenger earnings of IR. The share of the amount of concession in Non-AC Class passengers was far less than the concession availed by the AC passengers which is indicative of lack of equitable distribution of the element of concession.*

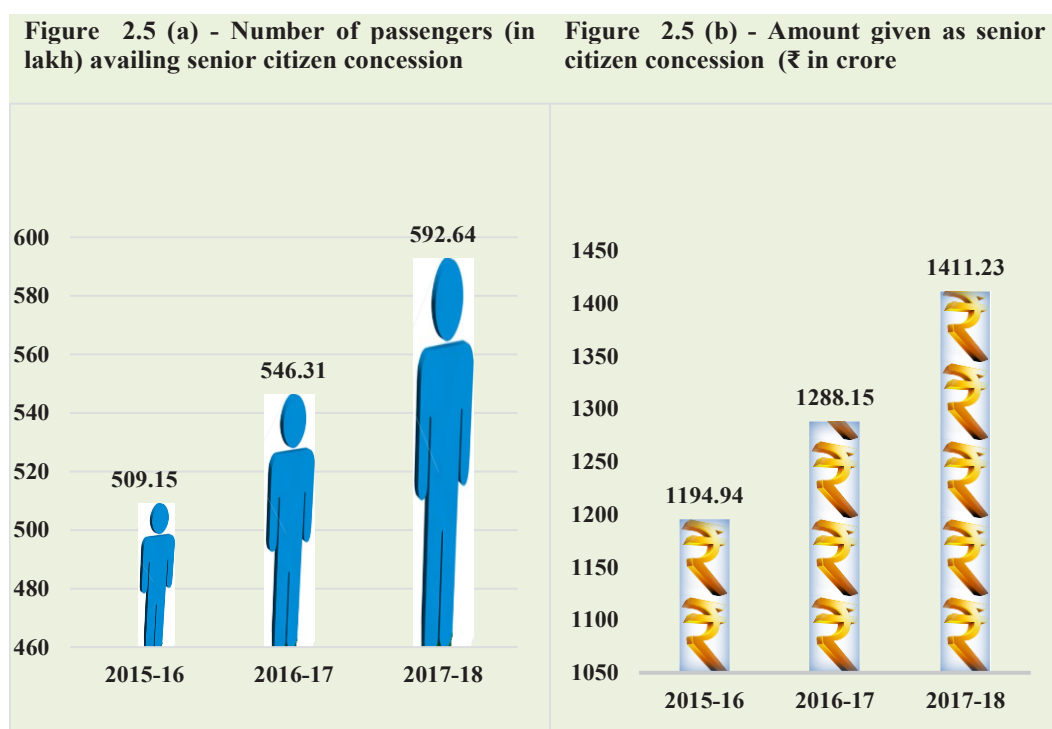
### 2.6.5 Analysis of concessions allowed by Indian Railways under various categories

Audit analysed the data from Report No. 71(b) of the Data warehouse of Indian Railways. Concession category specific audit analysis is given below:

### 2.6.5.1 Concessions to Senior Citizens

Women passengers who have completed 58 years of age are allowed 50 *per cent* concession in fare and 40 *per cent* concession for men who have completed 60 years of age in all classes of trains, except Garib Rath and certain other trains like Gatiman Express, Suvidha and Humsafar trains. In July 2017, a voluntary give-up scheme of 50 *per cent* or 100 *per cent* concession element was introduced for senior citizens.

During the review period from 2015-16 to 2017-18, a total ₹ 3894.32 crore was given as concession to 16.48 crore senior citizen passengers. The number of senior citizen passengers had grown from 5.09 crore in 2015-16 to 5.92 crore in 2017-18 with the corresponding increase in the amount of concession from ₹ 1194.94 crore to ₹ 1411.23 crore as shown below:



*Data Source: Report 71 (b) of Data warehouse*

Analysis of the concession extended to senior citizens, which accounts for the largest share of concession, was carried out for the period 2015-18 from the PRS Data Warehouse Report No.71 (b), Report No.52<sup>29</sup> and the Train Master Data obtained from Integrated Coaching Management System. Audit observed that:

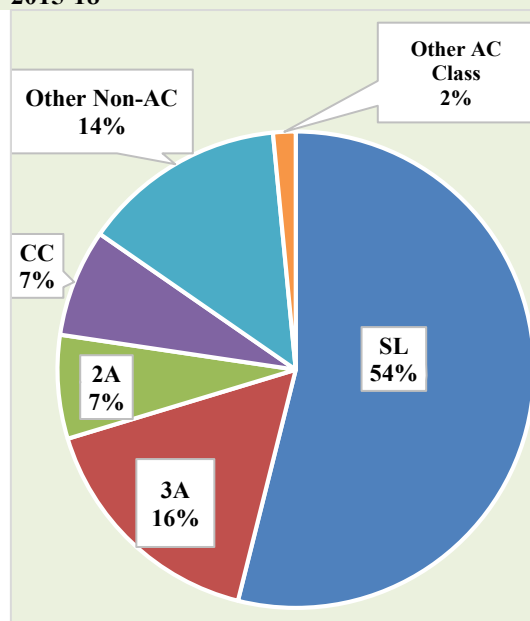
- I. The number of female senior citizen passengers availing concession had increased by 7.23 *per cent* (2016-17) and 8.40 *per cent* (2017-18) as compared to respective previous years.

<sup>29</sup> *Train-wise Class-wise Passengers Earning and Concession*

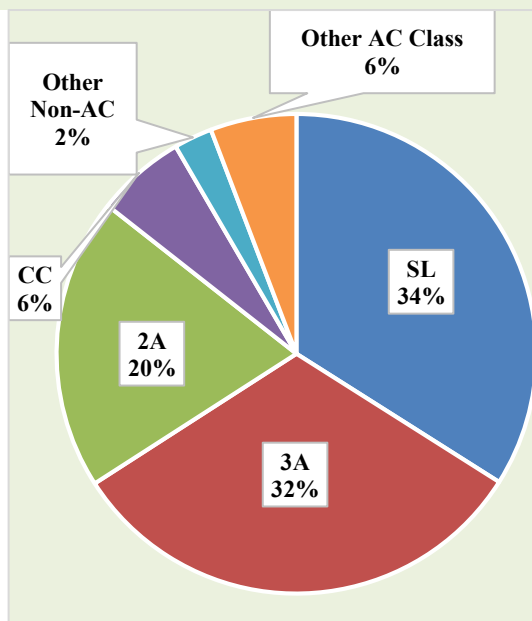


- II. The number of male senior citizen passengers also registered a growth of 7.35 per cent (2016-17) and 8.54 per cent (2017-18) as compared to respective previous years.
- III. The amount of revenue given as concession to female and male senior citizens registered a growth of 9.3 per cent and 9.8 per cent respectively in the year 2017-18 as compared to the previous year in terms of amounts allowed for concession.

**Figure 2.6 (a) Class-wise Percentage of Senior Citizen concession passengers during 2015-18**



**Figure 2.6 (b) Class of travel wise percentage of amount of Senior Citizen Concession**



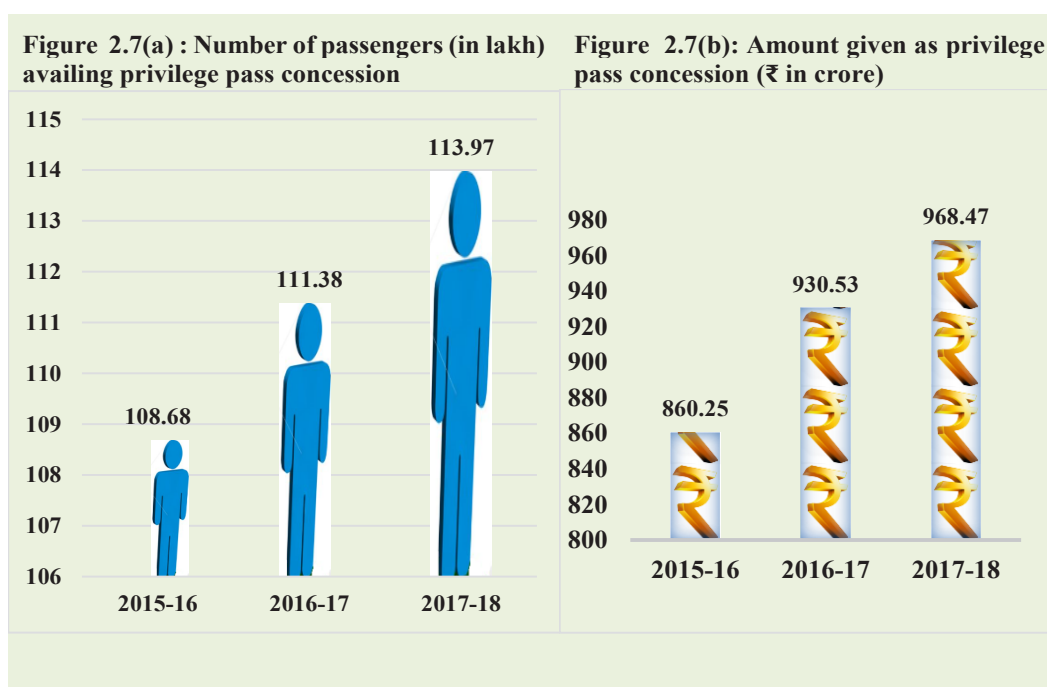
- IV. The majority of senior citizen passengers travelled in the Mail/Express trains (45.01 per cent) and Super-fast trains (42.95 per cent) during 2015-16 to 2017-18. 54 per cent senior citizen passengers travelled in Sleeper class were given concessional benefit of 34 per cent of the total amount of concession allowed to senior citizens as a whole, whereas 7 per cent passengers in 2AC availed 20 per cent of the total amount of concession. Similarly, in 3AC, 16 per cent of senior citizen passengers availed 32 per cent of the total amount of senior citizen concession as shown in the **Figure 2.6(a) and Figure 2.6(b)**

**Annexure 2 and 4**

***Thus, the senior citizen passengers travelling in AC classes availed of the maximum concessional benefit as compared to the senior citizen passengers who travelled in non-AC classes.***

### 2.6.5.2 Analysis of Concession on Privilege Pass/PTO

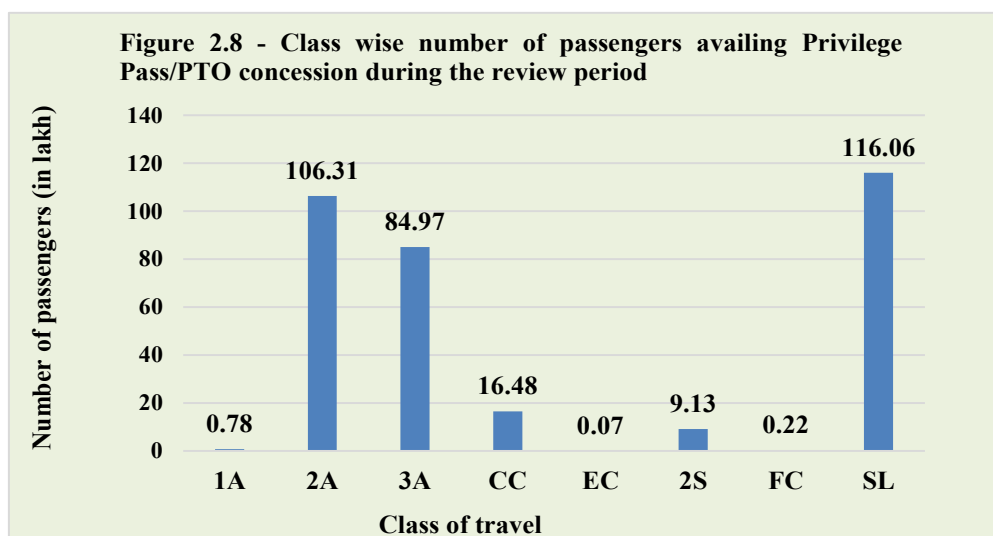
Privilege passes with 100 *per cent* concession<sup>30</sup> are allowed for travel by the employees and their eligible family members in the eligible class (once/thrice/six times in a year as per entitlement) as defined in the Pass Rules. Further, Privilege Ticket Orders (for eight journeys in a year) are also allowed with the benefit of 66.67 *per cent* concession. During 2015-18, 3.34 crore privilege pass/PTO holders had made reservations through PRS, cost of which was ₹ 2759.25 crore (**Annexure 2**). The number of passengers in 2017-18 had increased by 5.29 lakh as compared to 2015-16 and the corresponding amount of concession had also increased by ₹ 108.22 crore as shown in **Figure 2.7 (a) and Figure 2.7(b)**.



Data Source: Report 71 (b) of Data warehouse

Class wise analysis of the number of passengers revealed that 1.16 crore and 1.06 crore privilege pass/ PTO holders booked tickets during 2015-18 in Sleeper class and 2AC class respectively as shown in the **Figure 2.8**. These journeys had a financial implication of ₹ 2759.25 crore.

<sup>30</sup> Including Reservation charges and Supplementary charges for super-fast trains



Thus, total concession allowed to travelling passengers on account of using Privilege Pass/PTO was 37.2 per cent of the total reserved passenger earnings. Of the total railway employees who travelled on Privilege Passes/PTO, 62 per cent<sup>31</sup> availed these facilities in AC classes. In terms of amount of concession, these 62 per cent passengers availed 87 per cent of the total concession amount. The Privilege Pass/PTO facilities being provided to railways employees is a part of the establishment cost of the railways. However, this is not finally reflected in the establishment expenditure of the railways and to that extent the revenue expenditure of the railways is understated and would impact the revenue surplus of the railways for these years.

### 2.6.5.3 Persons with disabilities (Divyang)

Physically handicapped/Paraplegic persons, completely blind persons, mentally retarded persons and totally deaf and dumb persons for their travel with or without escort in all classes of all trains (except Garib Rath and Suvidha trains) are allowed concessions ranging from 25 per cent to 75 per cent of fare. The quantum of concession is also equally admissible for their escorts.

During 2015-18, total 76.83 lakh passengers<sup>32</sup> with disabilities (Divyang) had availed concession of ₹ 268.68 crore (**Annexure 2**). Year-wise trend of Divyang concession is shown below:

<sup>31</sup> 2.08 crore passengers in AC classes out of total 3.34 crore passengers

<sup>32</sup> Data Source: Report 71 (b) of CRIS Data warehouse or Physically Handicapped concession

Figure 2.9 (a): Number of Divyang passengers (in lakh) availing concession

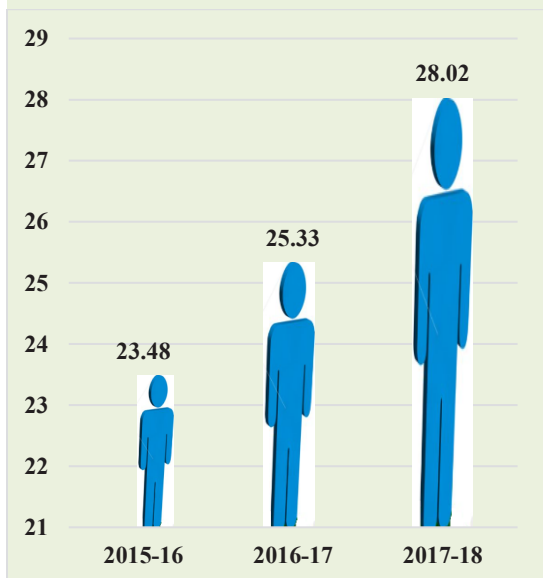
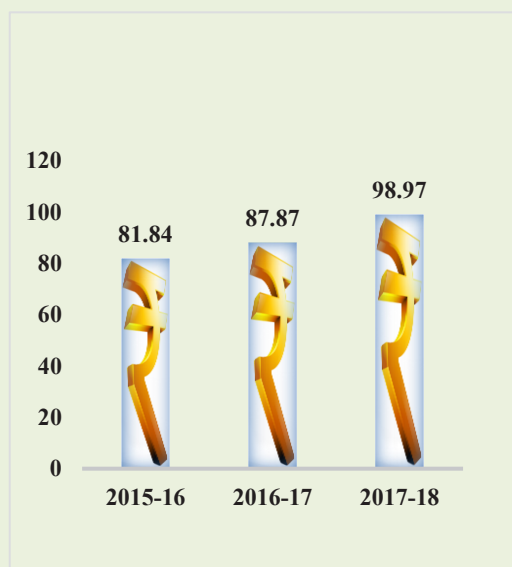


Figure 2.9 (b): Amount given as divyang concession (₹ in crore)



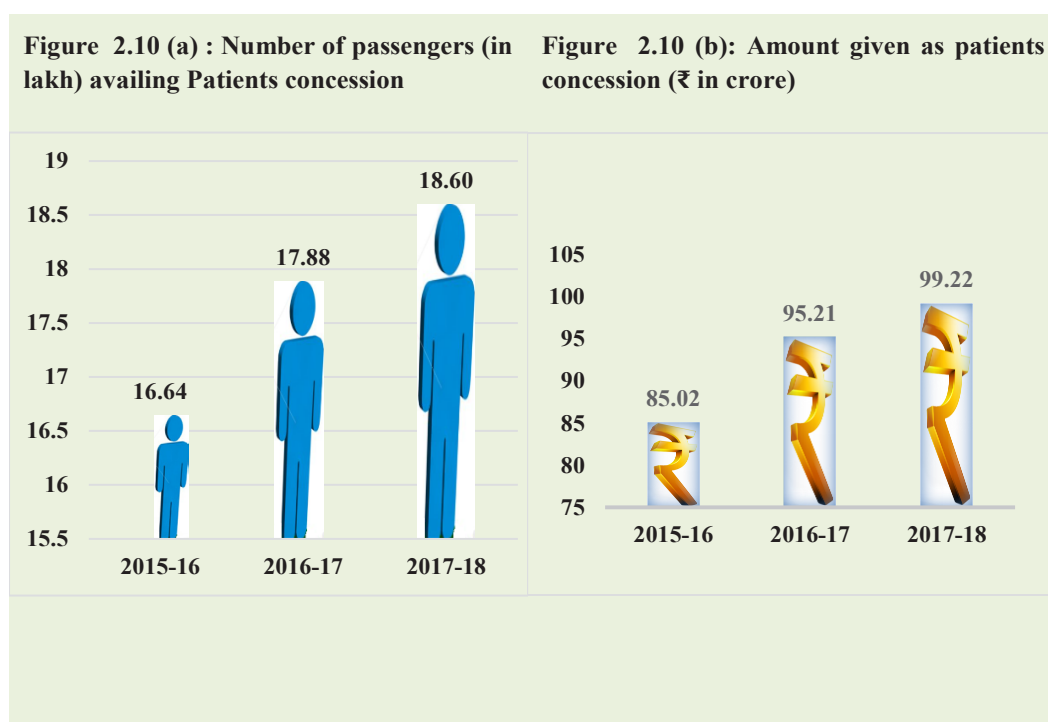
Data Source: Report 71 (b) of Data warehouse

*There has been an increase of 19.34 per cent in number of Divyang passengers in 2017-18 as compared to 2015-16 with the corresponding increase in the amount of concession by 20.93 per cent.*

#### 2.6.5.4 Patients suffering from specified illness

Patients suffering from illness such as cancer, TB, thalassemia, aplastic anaemia, kidney diseases and heart related diseases are allowed 50 per cent to 100 per cent concession in fare in all classes of Mail/Express/Super-fast trains. Same element of concession is admissible for escort also. 100 per cent concession is allowed to cancer patients when travelling in Sleeper class and 3AC. The patient is required to produce original certificate obtained from the respective hospital to avail of the concession.

Audit observed that ₹ 279.45 crore was given as concession to 53.12 lakh of such patients during 2015-18 (**Annexure 2**). The number of passengers availing of concession in 2017-18 had increased by 1.96 lakh as compared to 2015-16 and the corresponding amount of concession had also increased by ₹ 14.20 crore as shown below:



Data Source: Report 71 (b) of CRIS Data warehouse

#### 2.6.5.5 Other Concessions<sup>33</sup>

Students in second and sleeper class are allowed 50 per cent to 75 per cent concession in fare to travel from their place of residence to the place of educational institution, for educational tour in groups and to participate in sports tournaments. In addition to the above category, concessions ranging from 10 per cent to 75 per cent of fare are allowed to other categories of passengers like Sports persons, various specified award winners, doctors, teachers, Kisans, press correspondents etc. Railway Board also authorises Special concessions to specific organisations from time to time. During 2015-18, Indian Railways allowed concession of ₹ 216.75 crore to 63.35 lakh passengers for the above categories of passengers.

**Annexure 2**

<sup>33</sup> Includes Students, Sports persons, award winners, doctors, teachers, press correspondents, Indrail Passes, Special Concessions etc.

Figure 2.11 (a) Number of passengers (in lakh) availing other categories of concession

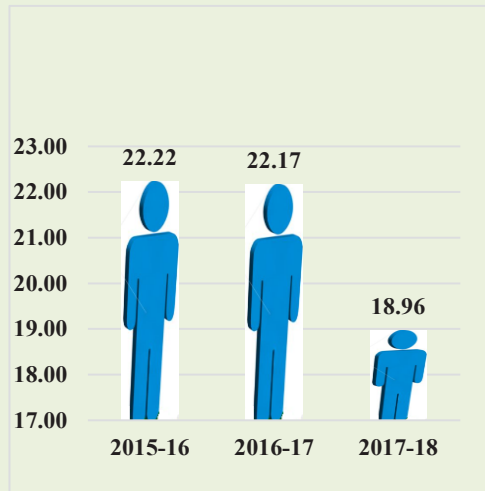
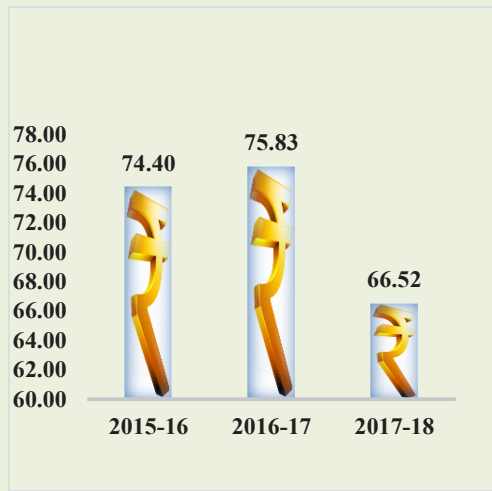


Figure 2.11 (b): Amount given as other concession (₹ in crore)



Data Source: Report 71 (b) of CRIS Data warehouse

*Audit observed that the number of passengers in 2017-18 had decreased by 3.26 lakh as compared to 2015-16 and the corresponding amount of concession also decreased by ₹ 7.88 crore.*

**Audit Objective 2: Whether Railways have taken effective steps to contain the amount of concessions over the years and adequate internal controls are in place to check misuse of concessions?**

### 2.6.6 Steps taken by Indian Railways to contain the amount of concessions

RFFC had recommended various measures for containing the amount of concession given to passengers by the Railways under various categories. These included restricting the amount of concession to 50 per cent, withdrawing concessions granted to delegates of various profit earning organisations, charging for children above the age of three years, charging of 75 per cent fare in respect of children provided with berth and getting the Department of Parliamentary Affairs to bear the expenditure on account of concession given to MPs/ex-MPs.

Audit observed the following changes made by the railways pursuant to the above mentioned recommendations:

- a) Earlier, rules<sup>34</sup> provided that in case of children of age five years and under 12 years, half of the adult fare was charged. This rule has, however, been modified with effect from 10.04.2016 and a system of getting option for the berth was

<sup>34</sup> Rule 211 of IRCA Coaching Tariff Part I (Volume I)

introduced. If berth is opted, full adult fare is charged and if berth is not opted, only half of the applicable adult fare is being charged.

- b) The expenditure on account of concession given to MPs/ex-MPs is being reimbursed by the Department of Parliamentary Affairs.

Audit further observed that the amount of concession has not been restricted to 50 *per cent* and continues to be up to 75 *per cent* under many categories such as Orthopaedically Handicapped, Thalassaemia, Haemophilia patients etc. in 3AC, AC Chair Car, First Class, SL and Cancer patients and TB Patients in 2nd Class and SL Class.

Railways have however, introduced 'Give-up scheme' for senior citizens to contain concessions given to senior citizens with effect from July 2017. In addition, in newly introduced Suvidha trains, Railways did not allow any of the concessions initially. However, gradually, the concessions under certain categories were allowed in Suvidha trains as well. These are discussed in the paragraphs that follow.

#### **2.6.6.1 Senior Citizen's 'Give Up Scheme'**

In July 2017<sup>35</sup>, Indian Railways introduced a 'Give Up scheme' for Senior Citizens passengers. Under this scheme, Senior Citizens can opt to give up 50 *per cent* or 100 *per cent* element of concession amount of reserved tickets. CRIS and IRCTC were accordingly instructed to make necessary changes in software. For the tickets through the PRS counters, Railway Board issued instructions<sup>36</sup> to all the Zonal Railways to modify the reservation form to include a column where senior citizens can exercise option of giving up 50 *per cent* or 100 *per cent* of the concession element.

Analysis<sup>37</sup> of the impact of the scheme in reduction of the liability of Indian railways on senior citizen concession in respect of passengers booked during the period 15 July 2017 to 31 March 2018 revealed the following:

- Out of total 4.41 crore Senior Citizen passengers, 7.53 lakh (1.7 *per cent*) passengers opted to give up 50 *per cent* concession and 10.9 lakh (2.47 *per cent*) passengers gave up 100 *per cent* concession.

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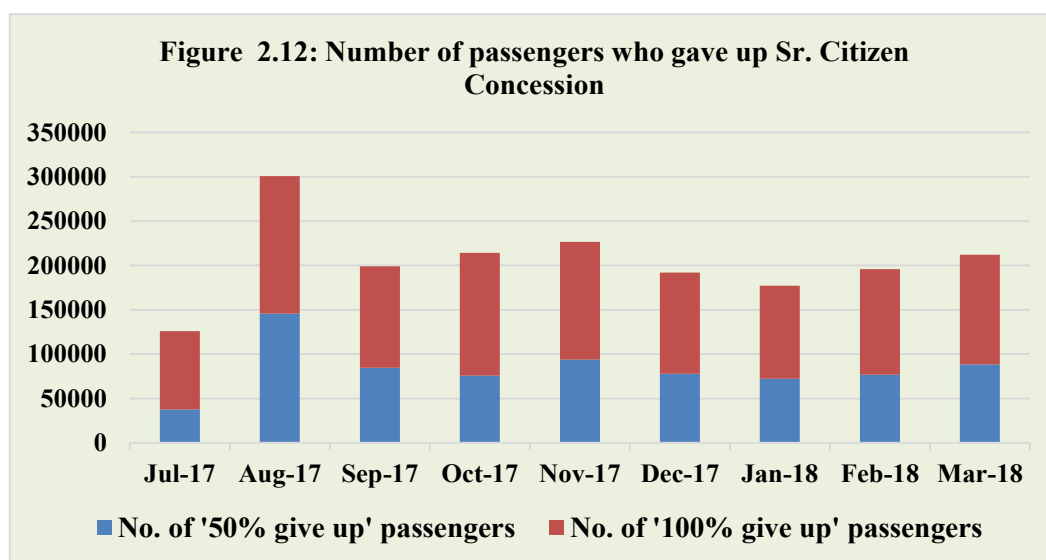
<sup>35</sup> Effective from 15 July 2017 as per Commercial Circular No.51 of 2017 dated 11.07.2017

<sup>36</sup> Commercial circular No.59 of 2017 dated 09.08.2017

<sup>37</sup> For this analysis, Zone-wise, month-wise number of passengers who opted to give up 50 *per cent* concession (Concession codes PSRCTN and PSRCTW) was taken from Report No. 71b of the data warehouse. Since the number passengers who gave up 100 *per cent* concession is not available in Report No. 71b, Month-wise No. of passenger booked under 100 *per cent* give up scheme was obtained from CRIS for concession code 'NOCONC'.

- Amount of concession given up by the ‘50 per cent give up’ passengers was ₹ 7.21 crore. However, the amount given up in respect of 100 per cent give up cases was not made available to audit.
- Month-wise analysis showed that the number of senior citizens who gave up concession has declined since August 2017.
- 752586 passengers (99.94 per cent) of the passengers who gave up 50 per cent concession were of the internet booking category and only 482 passengers (0.06 per cent) had given up concession while booking tickets at Passenger Reservation Counters.

**Annexure 5**



A test check of the status of implementation of Give up scheme at 69 PRS locations and 11 YTSKs<sup>38</sup> (Yatri Ticket Seva Kendras) in 16 Zonal Railways revealed the following:

- The revised reservation forms with provision for 50 per cent and 100 per cent give up by senior citizen passengers were introduced in three Zonal Railways<sup>39</sup> only.
- In six Zonal Railways<sup>40</sup>, these were not followed at all PRS/YTSK locations. Out of the 26 PRS and 4 YTSKs test checked, revised forms were being used in 15 PRS and one YTSK.
- The revised reservation forms having provision for 50 per cent and 100 per cent give up by senior citizen passengers were not introduced in the remaining seven Zonal Railways<sup>41</sup>.

<sup>38</sup> Yatri Ticket Seva Kendra is an outsourcing scheme of the Indian Railways. It allows entrepreneurs to set up ticket sale counters near railway stations and sell reserved and unreserved railway tickets.

<sup>39</sup> ECR, SECR and SR

<sup>40</sup> CR, ECoR, ER, SWR, WCR and WR

<sup>41</sup> NCR, NER, NFR, NR, NWR, SCR and SER



- Except in two PRS offices (Bhagalpur of ER and Guwahati of NEFR), prominent notices on give up scheme were not displayed in other PRS/YTSKs to create public awareness.

*Thus, the response to ‘Give Up’ scheme from the senior citizen passengers was not encouraging. Most of the passengers who opted for this scheme had booked tickets online. The number of passengers opting for the scheme was negligible, where tickets were booked from the PRS/YTSK counters. Railway Board instructions to modify passenger reservation forms have not been implemented effectively.*

During Exit Conference (April 2019), MoR admitted the audit contentions. They further stated that the instances of non-revision of forms in some Zonal Railways was due to use of old reservation forms already available in their stock.

#### 2.6.6.2 Restriction in Grant of Concession in newly introduced premium trains

During 2015-18, Indian Railways introduced five new types of trains like Humsafar, Antyodaya, etc. The details of concessions allowed/not allowed in these trains is detailed in the following table.

Sl. No.	Type of train	Classes	Date of introduction	Concession allowed	Concessions not allowed
1	Suvidha	AC and mixed	June 2015	Privilege/PTO/Duty pass (at par with Rajdhani / Shatabdi) w.e.f July 2017	All other types of concessions
2	Mahamana Express	Mixed	January 2016	All Privilege passes/PTO/Complimentary passes, warrants, rail travel coupons, concessions	NIL
3	Humsafar	Fully 3AC	December 2016	Privilege pass/PTO/Duty Pass at par with Rajdhani	All other concessions
4	Antyodaya	Fully II seat unreserved	February 2017	Nil	Concessional tickets, free complimentary passes, Privilege/PTO
5	Tejas	Fully AC Chair Car/ Executive class	May 2017	Privilege/PTO/Duty pass (at par with Shatabdi)	Nil

Audit observed that while initially concessions were not allowed in Suvidha Trains, these were allowed subsequently from July 2017. In Mahanama Express, Humsafar and Tejas trains, certain types of concessions were allowed by the railways from the date of introduction of these trains. Audit test checked these newly introduced trains and found that in 52 number<sup>42</sup> of Suvidha trains, two pairs of Mahamana Express<sup>43</sup> trains, 32 number<sup>44</sup> of Humsafar trains and one pair of Tejas Express train, railways allowed concession of ₹ 4.06<sup>45</sup> crore till March 2018.

#### Annexure 6

*Introduction of new category of trains provides an opportunity to Indian Railways to curtail concessions in such trains. Indian Railways, however, allowed certain categories of concessions even in new type of trains introduced.*

### 2.6.7 Internal controls to check misuse of concessions

#### 2.6.7.1 Trend of concessions to Freedom Fighter

Freedom fighters and their widows are issued with Complimentary Card Passes on lifetime basis free rail travel in First Class and 2AC along with one companion in the same class by any trains over all Indian Railways except Metro Railway, Kolkata.

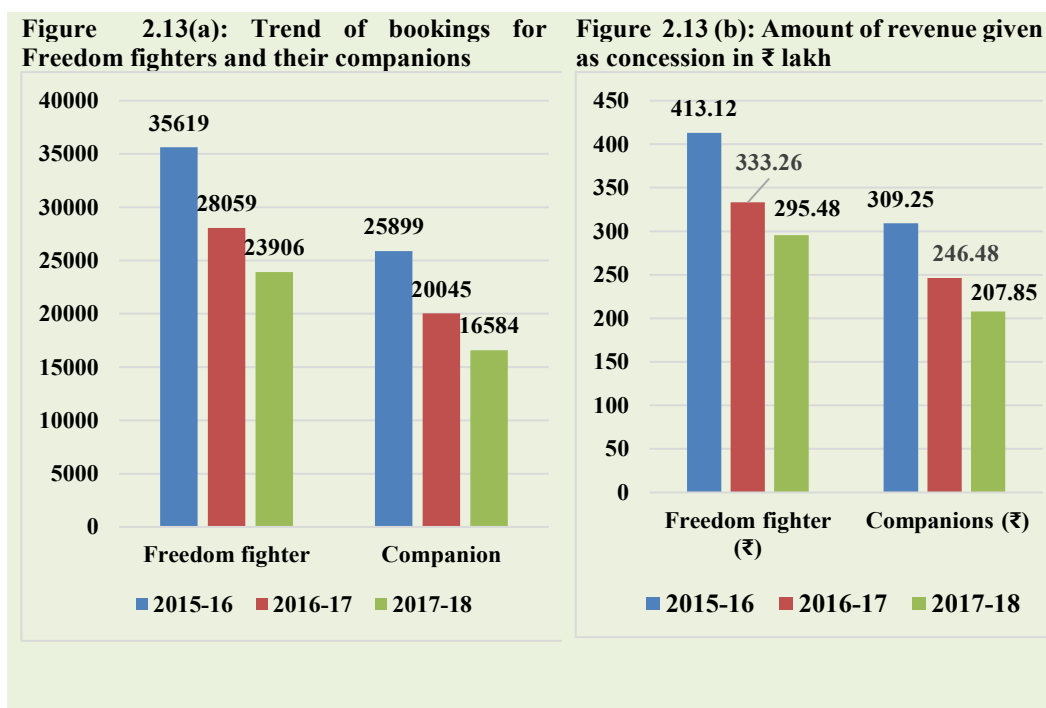
Audit analysed the number of tickets booked on freedom fighter concessions in Indian Railways from the PRS Data Warehouse Report No.52. Audit observed that 87,584 number of passengers had made reservation as freedom fighter (concession code “FREEDM”) availing a concession of ₹ 1041.86 crore and 62,528 passengers travelled as their companions (concession code “FRECOM”) availing a concession of ₹ 763.58 crore during 2015-18 as can be seen from the *Figure s 2.13 (a) and 2.13 (b)* below:

<sup>42</sup> ECoR- 17, ECR-4 SR-21 and SER- 10 trains

<sup>43</sup> WCR-2 Trains and WR- 2 Trains

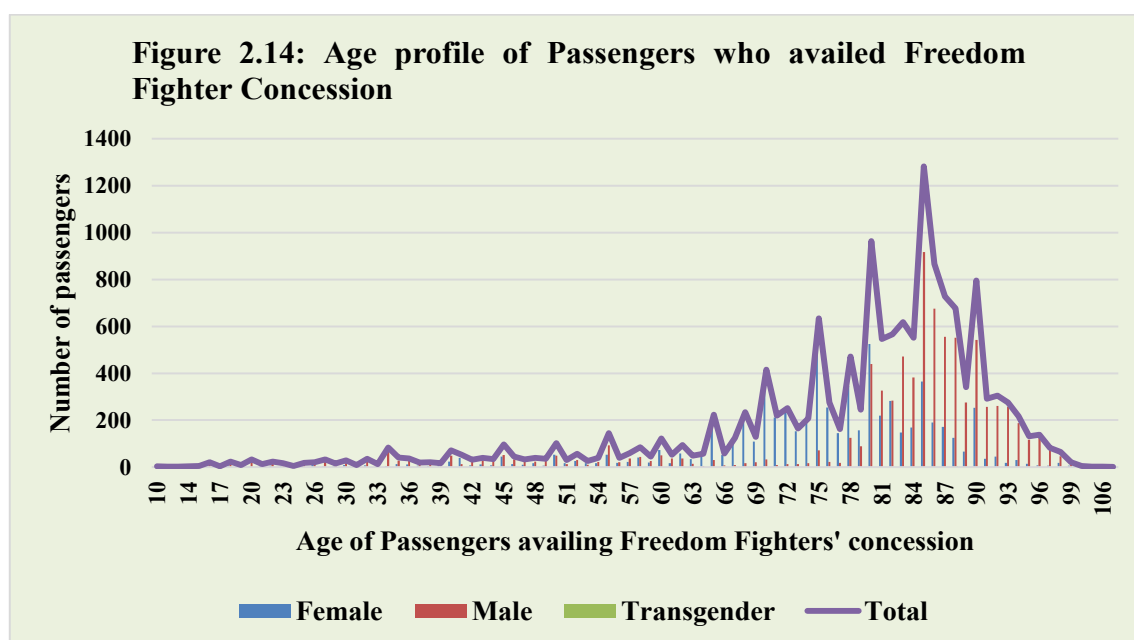
<sup>44</sup> ECoR-2, NER-4, NFR-2, NWR-8, SCR-2, SECR-2, SER-2, SWR-6 and WR-4 trains

<sup>45</sup> Suvidha trains - ₹11.19 lakh, Mahanama Express - ₹ 45.55 lakh, Humsafar Trains - ₹1.82 crore and Tejas Express - ₹1.67 crore



Data Source: Report 52 of CRIS Data warehouse

The age profile of 15,298 passengers (excluding 2529 cancelled passengers) availed of Freedom fighter concessions during the period 15 July 2017 to 31 March 2018 was analysed in Audit:



Audit observed that:

- 21 per cent of the total freedom fighter concessional passengers were aged less than 70 years, which indicates that the freedom fighter concession was extended to persons who were born after 1947.

- 1302 male passengers and 1898 female<sup>46</sup> passengers who were born after 1947 had been allowed free travel under Freedom fighters' concession. Of these, age of 1096 male and 580 female passengers was less than even senior citizen category.
- The youngest person who was issued freedom fighter ticket under concession code "FREEDM" was 10 years old.
- In 15 instances, Freedom fighter concession tickets were issued with Freedom Fighter pass Number shown as "0".

***Thus, the Passenger Reservation System does not have appropriate input control to validate age of freedom fighters and allow booking tickets with freedom fighter concession duly linked with freedom fighter pass numbers.***

#### **2.6.7.2 Misuse of lost metal/duty card passes**

In June 2005, Railway Board issued instructions<sup>47</sup> to all Zonal Railways that in case of loss of metal/card passes, the details should be entered in the Passenger Reservation System (PRS) to prevent reservation against lost metal/card passes. As various Zonal Railways were not properly following these, Railway Board reiterated the instructions in May 2012<sup>48</sup>.

Scrutiny of records relating to the details of metal/card passes revealed that 354 metal passes and 397 duty card passes were reported lost during the past three years. Audit observed that while circulating the list of lost passes to all concerned, Zonal Railway Administrations did not ensure blocking of the lost pass numbers in the PRS. Audit observed that 768 passengers booked their tickets which involved money value of ₹ 4.75 lakh against 15 metal passes<sup>49</sup> of 11 Zonal Railways and six duty card passes<sup>50</sup> of four Zonal Railways after the passes had been reported lost. In 303 cases, names of the passengers for whom tickets were booked were same as the person from whose custody the passes were reported lost. In 457 cases, tickets were booked in the name of persons other than the officials who had lost the passes. In the remaining eight passengers booked on two lost passes<sup>51</sup>, names of the official who had lost the passes were not made available to Audit. A few instances (**Annexure 7**) of booking on lost passes are discussed below:

<sup>46</sup> *Some of them would be widows of freedom fighters and their count could not be ascertained from the information provided to audit in absence of any separate concession code for the widows of Freedom Fighters.*

<sup>47</sup> *Commercial Circular No.25 of 2005 dated 24.06.2005*

<sup>48</sup> *Commercial Circular No.30 of 2012 dated 07.05.2012.*

<sup>49</sup> *CR-1, ECoR-1, ECR-1, NCR-1, NER-3, NFR-1, NR-1, SECR-1, SR-1, SWR-2 and WR-2*

<sup>50</sup> *ER-1, NR-1, NWR-3 and SECR-1*

<sup>51</sup> *CR-BR Pass No. 1209 and SECR- BR Pass No. 263*

- In Eastern Railway, a First Class Duty Card Pass bearing number 58328 issued to Sri P.K. Dey was circulated as lost vide ER Quarterly Gazette dated 31 December 2016. This duty pass was used for booking of 284 passengers on 145 tickets in favour of Sri P.K. Dey along with a companion from Ranaghat to Sealdah and back during January 2016 to March 2018.
- In Northern Railway, one Bronze Metal Pass bearing number 962 was reported lost on 15 February 2015. Between 15 February 2015 and 31 March 2018, the pass was used for booking of tickets for 363 passengers in name other than the persons in favour of whom the pass was issued.
- In East Coast Railway, a Bronze Metal Pass bearing number 141 was reported lost vide ECoR Commercial Circular of April 2015<sup>52</sup>. However, three tickets were booked in the month of May and June-2015 against that lost pass in the name of the officer to whom the pass was issued.
- In Central Railway, Metal Pass bearing number 1209 was lost on 28 May 2015 and found again on 03 December 2015. During the intervening period, five tickets were booked against this metal pass.

***Thus, the failure of Zonal Railway Administration in adhering to the instructions of the Railway Board to feed details of the lost metal/ card passes in the Passenger Reservation System and block booking of tickets on them led to misuse of duty passes given to employees.***

### **2.6.7.3 Irregular grant of concessions not applicable for specific category of trains**

As per Railway Board instructions<sup>53</sup>, no concessions are applicable on Suvidha trains. Similarly, Senior Citizen concession is not allowed in Garib Rath Express Trains<sup>54</sup>. Subsequently, in July 2017<sup>55</sup>, Railway Board allowed Privilege/PTO /Duty/Post retirement complimentary passes in the Suvidha trains.

Audit scrutiny of bookings in the Suvidha Express trains for the period 2015-16 to 2017-18, showed that Senior Citizen concession was allowed in 12 Suvidha trains<sup>56</sup> for 27 passengers in six Zonal Railways<sup>57</sup>. Similarly, Senior Citizen concession

<sup>52</sup> No. 28(C)/2014 dated. 16.04.2015

<sup>53</sup> Railway Board's Commercial Circular No.33 of 2015 dated 02 June 2015

<sup>54</sup> Railway Board's Commercial Circular No 77 of 2006

<sup>55</sup> RBE No. 68/2017 dated. 12.07.2017

<sup>56</sup> Train Nos. ECoR (82831 and 82853), ECR (82355 and 82356), ER (82301 and 82302), SER (02863), SR (82601, 82613, 82635 and 82802), SWR (82651)

<sup>57</sup> ECoR-04 (₹ 1435), ECR-10 (₹ 3800), ER-5 (₹ 3830), SER-01 (₹ 250), SR-6 (₹ 1695), SWR-01 (₹ 630)

was irregularly allowed in Garib Rath Express to 11 passengers in Northern Railway during 2017-18.

#### Annexure 8

*The above indicates that adequate controls have not been put in place in the PRS for dis-allowing concessions not applicable for specific category of trains. The possibility of manual intervention to manipulate grant of concession cannot be ruled out. These needs to be examined on urgent basis and strict disciplinary action may be taken where ever required.*

#### 2.6.7.4 Irregularities in concessional tickets issued on medical certificates

The concessions for patients are to be allowed based on valid medical certificates and the certificates should bear the patient's name and signature, validity period of the medical certificate, etc., issued under the signature of authorised medical officer with registration number.

<b>Nature of Disability</b>	<b>Age of the passenger</b>	<b>Validity of medical certificate from the date of issue</b>
<b>Temporary</b>	Any Age	5 Years
<b>Permanent</b>	Up to 25 Years	5 Years
	26 to 35 Years	10 Years
	Above 35 Years	Life time

In case of handicapped passengers, the validity of the medical concession certificate is based on the age of the physically handicapped persons.

Railways introduced a system<sup>58</sup> of issue of Photo ID card by the respective divisional commercial offices to enable those persons to book tickets online. The ID card is initially valid for five years and subject to periodical renewal. However, the system of getting Photo ID card has not been made mandatory.

A test check of concessions extended to physically handicapped and different patients in the month of July 2018 at selected 69 PRS locations was done in Audit. A few instances of discrepancies/irregularities in allowing concessions are given below:

- Concession was granted on 65 concession certificates<sup>59</sup> where Signature/Registration Number/Seal of the doctor or Name/Seal of the Hospital was either missing or illegible.
- In 23 cases<sup>60</sup>, the status of disability was not mentioned by the Medical Authority.

<sup>58</sup> Railway Board Commercial Circular No.18 of 2015

<sup>59</sup> ECoR-5, CR-7, NCR-6, NWR-12, SR-2, SWR-2 and WCR-31

<sup>60</sup> CR-5, ER-4, NER-1 and WCR-13

- Concession ticket was issued against 48 invalid/expired certificates<sup>61</sup>.
- Date of booking of two tickets<sup>62</sup> was prior to the date of issue of the concession certificate.
- In 30 concession certificates<sup>63</sup>, date of issue of the certificate was left blank.
- In nine cases<sup>64</sup>, alterations in certificates were found.
- In 16 medical concession cases<sup>65</sup>, different signatures were noticed for the same doctor.
- In the absence of explicit mention of the authority to certify specific disabilities, Mental Patient certificate was issued by Gynecologists and Gastroenterologists. Similarly, physically handicapped certificate to adults was issued by Pediatrician (ECoR) and cancer certificates issued by Eye Specialist (WCR).

*Thus, the lack of adequate internal control, clarity in the extant provisions for allowing concession and proper monitoring mechanism had led to misuse of concessions allowed on medical certificates.*

#### **2.6.7.5 Misuse of Privilege passes**

Privilege passes are issued to Railway employees for their journey along with their family members to specific destinations as per their choice with multiple break journey facilities in a specified route. It is the duty<sup>66</sup> of the reservation clerk to endorse on the face of the pass, the train number and date for which reservation has been made and also for cancellation or modification of tickets by the pass holders. As per Annexure 'A' to Schedule II of the Railway Servants Pass rules, the pass holder must enter the date of commencement of outward journey and date of commencement of return journey in INK before commencing journey. Ticket collectors and Train Ticket Examiners must see the compliance of the provision and collect prescribed fine on detection of non-compliance by the pass holder.

Audit analysis of the Zonal Railway-wise Railway Pass Enquiry Report (Report No. 66e) of the Data warehouse of Indian Railways for the year 2017-18 revealed that 1.14 crore passengers had made reservation under Privilege Pass concession. Audit test checked the details of bookings made under Privilege pass for 23.43 lakh (20.6 per cent) passengers of sixteen Zonal Railways. Audit observed that despite explicit provisions/instructions to prevent misuse of passes, irregularities such as

<sup>61</sup> ECoR-2,ER-7,NR-6,NWR-7,SER-3,SR-6 and WCR-17

<sup>62</sup> NCR-1 and SER-1

<sup>63</sup> CR-1,SER-4,SWR-1 and WCR-24

<sup>64</sup> CR-8, NER-1

<sup>65</sup> CR-4,NER-1,NR-1,WCR-10

<sup>66</sup> Rule 638 of Indian Railways Commercial Manual Volume-I

multiple reservations on the same privilege pass, reservations against an invalid pass etc. were noticed. These are discussed below:

**(a) Multiple reservations through PRS on privilege passes**

Audit test checked the details of the passengers travelled on Privilege Passes/PTOs from the data available in Data Warehouse. Audit observed that:

- 3016 passes were misused for booking of tickets multiple times for same pair of stations/same route. 30,567 passengers were provided reservation on these passes out of which, bookings of 11,552 passengers was irregular since they had already booked tickets earlier on their passes for same stretch of journey.
- Out of the irregular bookings of 11,552 passengers, 487 passengers had made reservation in more than one trains for the same destination on the same day.
- 136 passengers had made reservation in the same train on same day in different classes for the same pair of station.

Audit further observed the following instances of major irregularities in booking of tickets done on Privilege Passes/PTOs:

- In ECR, one First Class Pass Number 685113 was used for booking of 120 passengers in the name of three persons<sup>67</sup> in March 2018 out of which 108 bookings were irregular. Reservations from Itarsi to Jhansi were made for journey on 10 March 2018 in five different trains in 2AC/3AC classes, on 11 March 2018 in one train and in seven different trains on 16 March 2018. Similarly, From Jhansi to Itarsi bookings were made in five different trains. The same pass was also used for booking from Howrah to Puri/Khurda Road and back in 13 trains which included booking of tickets on 2AC and 3AC classes of the same trains on same date. Irregular multiple bookings from Kanpur to Patna and Patna to Howrah were also made on the same pass.
- Another instance of irregular booking in ECR on First Class Privilege Pass Number 678580, on which 130 passengers were booked irregularly from Danapur/Patna to Itarsi and back. Similarly, on Pass Number 670729, tickets had been booked between Muzaffarpur to Delhi and back in eight different trains. In another instance, tickets had been booked from Danapur to Secunderabad and back on nine different dates on Pass Number 672396.
- In Northern Railway, Pass No. 654967 was used for booking of two passengers in Shatabdi trains from New Delhi to Ambala Cant 15 times and back to New Delhi 13 times during 2017-18.
- In South Central Railway, First Class Privilege Pass Number 124937 was used for booking of three passengers from Sainagar Sirdi to Secunderabad on four different dates.

**Annexure 9**

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<sup>67</sup> *Abhishek K Singh and two others*



Multiple reservations on the same pass is possible when the Booking Clerks while making the reservation on the passes either would not have endorsed the booking details on the pass, which went undetected by the TTEs during journey or subsequent bookings were made on used passes.

**(b) Reservation made in the PRS through invalid pass numbers**

Passes are supplied to various pass issuing offices under different Zonal Railways from the respective designated Railway printing presses. Audit compared the serial numbers of passes supplied by the Railway Printing Presses to the pass issuing authorities with those available in the Zone-wise Railway Pass Enquiry Report (Report No. 66e) of data warehouse of Indian Railways. Audit observed that tickets for 3315 passengers had been booked against 1012 invalid pass numbers which were of seven to nine digits instead of maximum six digits. In case of 21<sup>68</sup> out of 3315 passengers, reservations were allowed against privilege pass number shown as “0”.

**Annexure 10**

The instances of multiple bookings on the same pass and in the same route indicated complete disregard to the rules and provisions and widespread misuse of Privilege Pass/PTO facilities. This was due to lack of input data validation in the Passenger Reservation System which could prevent misuse of free pass facility extended to eligible employees. The PRS should allow booking of a second ticket on the same pass number for the same pair of stations only if the first ticket booked has been cancelled. Such a control does not exist in the PRS.

***Thus, there is no input validation control in the Passenger Reservation System for pass numbers to prevent misuse of privilege pass.***

During Exit Conference (April 2019), MoR stated that the Zonal Railways had been instructed to examine the irregularities, if any, on case to case basis and furnish the detailed position.

Railway Board must analyse all instances of misuse of Pass/PTO. The lacunae in the system, which had permitted such manipulation, should be rectified immediately. In view of the seriousness of the matter, strict disciplinary action may be taken against the officials, who had committed such irregularities.

**2.7 Conclusion**

During the past three years, 11.45 *per cent* of the reserved passengers travelling by railways have availed various types of concessions. Indian Railways had forgone about 8.42 *per cent* of reserved passenger earnings towards various concession. The amount of concession pertaining to senior citizens and Privilege Pass/PTO holder was 37.2 *per cent* and 52.5 *per cent* respectively.

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<sup>68</sup> NWR-16 and WR-5

The rate of growth in the number of passengers availing concessions was on increasing trend in almost all categories, particularly in AC Class. Majority of the concessional passengers travelled in the Non-AC Class. The share of the amount of concession availed by AC passengers was, however, significantly higher than the Non-AC Class passengers. The senior citizen concession, which accounts for highest share of concession provided by the Indian Railways, had benefitted mainly the AC class passengers. Audit observed that 23 *per cent* of senior citizen passengers who travelled in 2AC and 3AC availed 52 *per cent* of the total amount of senior citizen concession. Voluntary Concession give-up scheme for Senior citizen did not evoke significant response. This was due to lack of adequate publicity at the PRS counters to create passenger awareness and non-introduction of modified reservation forms in some Zonal Railways.

Indian Railways did not take adequate steps to contain the burden of concession on its exchequer. Introduction of new category of trains provides an opportunity to Indian Railways to curtail concessions in such trains. Indian Railways, however, allowed certain categories of concessions even in new type of trains introduced. In trains where it was initially not allowed, concessions were allowed subsequently. Passenger Reservation System does not have required input validation control to prevent misuse of concession benefit by the ineligible persons. The system does not have appropriate input control to validate age of freedom fighters. The system was also deficient in validating booking tickets with freedom fighter concession duly linked with freedom fighter pass numbers. Further, there was lack of adequate internal control, clarity in the extant provisions for allowing concession allowed on medical grounds. These lacunae leave the system vulnerable for misuse by various passengers while availing concessions.

The Zonal Railway Administration failed in adhering to the instructions of the Railway Board to feed details of the lost metal/card passes in the PRS. This had led to misuse of metal and card passes. Lack of input validation control resulted in several instances of multiple bookings on the same privilege pass and in the same route.

## 2.8 Recommendations

1. ***Indian Railways needs to take specific measures to contain the burden of concession on railway passenger earnings.***
2. ***Railways needs to rationalize concessions as per the requirements and needs of the traveling passengers. Accordingly, Indian Railways may consider restricting concession.***
3. ***Indian Railways needs to evolve effective internal control mechanism to ensure correctness of the medical certificates for allowing concessional benefit on medical grounds.***

4. *Indian Railways may ensure proper input validation controls so as to allow booking of tickets on duty and privilege passes as per provisions and prevent their misuse.*
5. *Indian Railways needs to provide required validation controls in the PRS to ensure grant of concessional benefit to eligible beneficiaries only.*
6. *In view of the fact that Indian Railways have to meet their revenue expenditure completely out of their own resources generated through their business activities, Indian Railways may rationalize the Privilege Pass/PTO facilities provided to their employees.*
7. *Indian Railways may appropriately reflect the cost of Privilege Pass/PTO facilities in their accounts to correctly depict their revenue expenditure.*

New Delhi

Dated: 8th August 2019



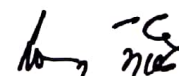
(ROY MATHRANI)

Deputy Comptroller and Auditor General

Countersigned

New Delhi

Dated: 9th August 2019



(RAJIV MEHRISHI)

Comptroller and Auditor General of India