CHAPTER 2: EARNINGS

2.1 Incorrect application/ non-observance of rules

2.1.1 Eastern, Northern and Western Railways: Incorrect application of tariff rules

Incorrect application of tariff rules in the booking of para-military and military special trains resulted in undercharges of Rs.40.89 crore

Incorrect application of tariff rules in the booking of para military and military special trains resulted in undercharges of Rs.40.89 crore on three Railways as brought out below:

Eastern Railway

Review of transportation of consignments by Border Security Force through Special trains booked from two stations (viz. Krishnanagar and Kalyani) during June 1999 to March 2004 revealed that in eight out of twelve cases, charges were not recovered as per prevalent orders specifying the rates for transportation of consignments by special trains. In six cases, luggage rate instead of special rate prescribed for transportation of consignments for special trains was applied and in two cases though the specified rate for special train was applied, the number of wagons was not reckoned as a factor.

Thus, incorrect application of tariff in these cases resulted in undercharges amounting to Rs.27 crore.

The matter was brought to the notice of the Railway Administration and the Railway Board in May 2004 and September 2004 respectively and their reply has not been received (December 2004).

Northern and Western Railways

A military special train, as defined in Rule 602 of Military Tariff No.6 (Volume-I), is a train intended exclusively for use of military, which may be run as a passenger, goods or mixed train. Further, as per Rule 501 (i) of Military Tariff, military special trains that consist of 40 four-wheeled vehicles/ wagons or more are to be charged at 'vehicle kilometre rates'.

Incorrect application of rules regarding charging of military traffic in military special trains has become a chronic irregularity which has been pointed out in earlier Reports and has also been accepted by the Railway Board. Instructions issued by the Railway Board to field offices for correct charging of military traffic have been ineffective as the irregularity of undercharge continues to persist as observed from the audit findings on Northern and Western Railways involving an undercharges of Rs.13.89 crore as discussed below.

Northern Railway

Military traffic of barley, gram, suger etc. booked from seven stations (RSD siding Lucknow, Deoband, Khatauli, Laksar, Dhampur, Bijnor and Saharanpur) and inward military traffic of oil and fodder etc. received at five stations (Bari Brahman, Bharoli, RSD siding Lucknow, Chakki Bank and Pathankot) of Northern Railway during October 2001 to March 2004 in trainloads, to be treated as military special trains as per rule and the Railway Board's instructions of August 2003, was not charged at 'vehicle kilometre rates'. The short recovery of freight aggregated Rs.7.11 crore.

When the matter regarding continued non-observance of laid down norms and clarificatory instructions of the Railway Board was taken up (March 2004), the Railway Administration stated (July 2004) that in respect of the cases pointed out in the audit para, rule 301 and not 501 (i) of Military Tariff is applicable. Moreover, military special trains are run and charged for in the manner as provided for in rule 131 of Military Tariff No.6 Vol. I.

The contention of the Railway Administration is not tenable because the cases pointed out by Audit qualify as military special trains as defined in rule 501(i) and not rule 301 which applies only when the military traffic in wagon loads are hauled by normal goods trains. Again rule 131 is applicable where personal effects of a military officer are required to be conveyed in a full wagon by a goods train as also for reserved military vehicles/ wagons attached to a passenger, goods or a mixed train and the cases reviewed by Audit do not attract this provision.

The matter was brought to the notice of the Railway Board in August 2004 and their reply has not been received (December 2004).

Western Railway

Records for September 2003 of Sidhpur station on Ahmedabad Division of Western Railway revealed (November 2003) that Refined Oil traffic of Military Authorities was booked to various stations of Indian Railways in Military Special Trains but freight was charged at 'wagon kilometre rates' instead of 'vehicle kilometre rates'. When the matter regarding undercharge of freight was brought to the notice of Western Railway Traffic Accounts in November 2003, they stated (February 2004) that the reasons for charging this traffic at 'wagon kilometre rates' have been called for from the station and final reply will be intimated. Further review by Audit revealed several more cases of charging of 'Military Special Trains' at incorrect rate resulting in undercharge of freight of Rs.6.78 crore during May 1999 to March 2004.

The matter was brought to the notice of the Railway Administration and the Railway Board in March 2004 and August 2004 respectively and their reply has not been received (December 2004).

2.1.2 South Central Railway: Misclassification of goods

Failure to classify granite blocks/ boulders as 'dressed' resulted in levying lower freight charges and loss of earnings of Rs.9.11 crore

According to IRCA General Classification of Goods, granite blocks/ boulders in wagon loads are chargeable under Class rate 135 when offered as 'undressed' and at Class rate 200 when offered as 'dressed'.

Review of records by Audit revealed that granite blocks/ boulders were being offered at Ongole and Karimnagar stations for despatch to Madras Harbour/

Vishakapatnam Port duly sized, by cutting the projections to bring them to cuboid shape. However, on the basis of declaration of the commodity by the consignor as 'granite undressed', the Railway Administration was charging the same at Class 135, instead of Class 200. This resulted in loss of revenue of Rs.9.11 crore for the period September 2002 to December 2003.

When the matter was brought to the notice of Railway Board in September 2004, they contended (November 2004) that no processing, like polishing or dressing are being carried out and only projections/ protruded parts are cut manually to facilitate even loading/ transportation. The physical form of the commodity is rough, which has not undergone any final processing and not meant for any end use.

These contentions are not tenable. Granite blocks/ boulders can never be final products. Moreover, the Railway Administration has not furnished any documentary evidence in support of their argument to establish that the commodity should undergo processes like slicing, cutting to size, polishing in grinding units that are a pre-requisite to classify the commodity as 'dressed'.

Rule 126(3) of IRCA Goods Tariff and Para 1416 of Indian Railway Commercial Manual entrusts Railways with the responsibility of ensuring that there is no misdeclaration of goods by the consignors and they are charged correctly. Acceptance of the consignments as 'granite undressed' tantamounted to extending undue benefit and resulted in loss of revenue of Rs.9.11 crore for the period September 2002 to December 2003.

2.1.3 Eastern Railway: Incorrect allowance of concessional freight

Incorrect charging of traffic originating from Haldia to Durgapur Steel Exchange Yard (DSEY) at concessional rate for rebooked portion of Andal to DSEY resulted in loss of Rs.3.21 crore

Rule 199 B of the IRCA Goods Tariff Part I Vol. I provides that freight charges for movement of traffic from one siding to another siding in the same station area shall be at class 100 for the minimum distance in force. In October 1999, the Railway Board permitted booking of traffic from serving station to its siding and vice versa and directed that such traffic would also be charged as provided in Rule 199 B ibid. Separately, while notifying revised classification of certain commodities and changes in freight rates, the Railway Board had granted 25 per cent concession (from April 1999) in freight rates for all commodities carried for a distance of 50 kms and less. This provision was modified from 18 August 2000 and it was decided that this freight concession should not be applicable for traffic charged under Rule 199 B ibid. In April 2003 the Railway Board enhanced the concession in freight rates from 25 per cent to 50 per cent for all commodities carried for a distance upto 50 kms.

DSEY is served by Andal for traffic from Howrah direction as per IRCA Alphabetical list of Stations. Imported coal is regularly booked from Haldia to Andal via Dankuni (i.e. Howrah direction) and then rebooked from Andal to DSEY. Since DSEY is served by Andal, chargeable freight from Andal to DSEY should have been levied at class 100 without concession in freight rates as per above provisions. However, scrutiny of records revealed that in case of imported coal rebooked from Andal to DSEY, 25/ 50 per cent concession in freight rate was allowed in each case as the distance of the siding from the serving station was less than 50 kms.

During the period 18 August 2000 to January 2004, 886 rakes containing 29,67,273 MT of imported coal were booked from Andal to DSEY and charged at concessional rate with class chargeable for imported coal. Thus, due to incorrect allowance of concessional freight, the Railway Administration suffered a loss of revenue of Rs.3.21 crore. The loss would continue till charging of freight is started under Rule 199 B.

The matter was brought to the notice of the Railway Administration in March 2004. In their reply they contended (May 2004) that Rule 199 B is applicable for traffic booked from one siding to another siding within the same station area. Since Andal and DSEY are independent stations as per Alphabetical list of Railway Stations, booking of traffic between them does not attract the provision of Rule 199 B.

The contention is not tenable. Since Andal is the serving station of DSEY for traffic to and from stations below Andal in the direction of Howrah, rebooking of traffic from Andal to DSEY attracts the provision of Rule 199B. The fact that the DSEY has also been notified as an independent booking point is, therefore, not relevant in so far as coal traffic moving from Haldia to DSEY via Andal is concerned. Further according to the instructions issued in August 2000, the freight concession cannot be made applicable in cases where traffic is charged under Rule 199B. Railway's action to allow concessional freight is, therefore, incorrect.

The matter was brought to the notice of the Railway Board in August 2004 and their reply has not been received (December 2004).

2.1.4 Northern Railway: Irregular grant of trainload class rates

Grant of inadmissible benefit of trainload class rates for two point rakes resulted in undercharge of Rs.1.03 crore

In August 1998, the Railway Board directed the Zonal Railways to extend the benefit of trainload class rates, as a special case, to trains originating from one point and terminating at two separate points/ Railway stations provided that the combination of points/ Railway stations was approved by the Railway Board and the normal trainload conditions were fulfilled by the parties. In September 1998, the Railway Board circulated a list of such combinations of two point destinations/ Railway stations to which booking of all commodities (except steel) could be done to avail of the benefit of trainload class rates. The benefit of trainload class rates was, however, not admissible for loading in BCN, BOXN and BRN rakes.

In August 2002, the Railway Board permitted loading of BCN rakes for authorised two point combinations for all commodities (except steel) for the benefit of trainload rates only during the slack season (from May to October).

Review by Audit of records (September 2002 to March 2004) of foodgrains traffic booked from 38 stations revealed that in seven cases, benefit of trainload class rates had been irregularly extended for some pairs of stations, which were not approved by the Railway Board as combinations of two point stations. In 54 cases, trainload benefit was extended for BCN rakes before August 2002 when the benefit of trainload class rates was not available. In 55 cases, benefit of trainload class rates was granted for BCN rakes booked during other than slack season (i.e. other than May to October) when the benefit was not admissible.

Grant of inadmissible benefit of trainload class rates in respect of above mentioned cases resulted in undercharge of Rs.1.03 crore during January 2000 to March 2004.

When the matter was taken up (April 2004), the Railway Administration in their reply (July 2004) admitted the audit contention and stated that after verification of undercharges, debits would be referred to concerned Railways.

The matter was brought to the notice of the Railway Board in August 2004 and their reply has not been received (December 2004).

2.1.5 Western Railway: Non-revision of MWC

Failure to enhance MWC of milk to 300 quintals resulted in underutilisation of wagons and loss of revenue amounting to Rs.0.96 crore

For the purpose of levying freight in wagon loads, the Railway Administration has prescribed MWC for each commodity. With a view to eliminating the possibility of underutilisation of space in a wagon, instructions (November 1984) were issued to the Zonal Railways to take immediate action for upward revision of MWC if it comes to their notice that a particular commodity can be loaded more than the prescribed MWC. MWC prescribed for milk is 75 quintals per four-wheeled wagon. Rule also provides that commodities, for which prescribed MWC is less than 180 quintals in four wheeled wagons, the charge will be double when loaded in eight wheeled wagons.

Audit scrutiny of records of Kankaria station of Ahmedabad Division in September 2001 revealed that out of 48 eight-wheeled wagons booked for carrying milk during October 2000 to July 2001, 42 wagons (87.5 per cent) were loaded with quantity of more than 300 quintals per wagon. This indicated that there was ample scope for revising the MWC of milk from the existing 150 quintals per eight-wheeled wagon to at least 300 quintals. Though the matter regarding loss of Rs.0.18 crore due to non-revision of MWC was taken up in September 2001, the Railway Administration took one year and referred the matter only in October 2002 to the Railway Board expressing the view that there was justification for upward revision of MWC of milk to 244 quintals. The Railway Board in February 2003 drew attention to their order of July 1994 and directed the Zonal Railway to exhaust the delegation available with them and approach them after comprehensive test weighments. Further review by Audit (October 2003) revealed that as the MWC had not been revised, the consignors who were earlier loading the wagons with weight of more than 300 quintals, started loading lesser weight ranging from 150 to 299 quintals.

When the matter was again taken up (March 2004), the Railway Administration stated (May 2004) that as per test weighment BCN wagons can be loaded only up to 244 quintals and as such the loss calculated by Audit is not correct. They further stated that Gujarat Cooperative Milk Marketing Federation Ltd. has also represented that loading beyond 244 quintals may cause damage to the product. This contention is not tenable because:

- Prior to this issue being raised by Audit, consignors were loading almost all wagons beyond 300 quintals and no case of damage to product came to notice of the Railway Administration.
- Against a total space of 88.76 cubic metres available in a wagon, only 27.44 cubic metres of space was proposed to be utilised after test weighments. As approximately 70 per cent of space was proposed to be left unutilised for fear of damage to the commodity, the existing packing condition needed revision. Packing condition in IRCA Goods Tariff provides that milk should be packed in milk cans with tight fitting lids. This was fixed when the plastic pouches for carriage of liquids were not in use. Since the Railway is accepting milk packed in plastic pouches, they should have revised the packing condition so that maximum space of the wagons could be put to use and possibility of damage to the commodity could also be avoided.

Thus, failure of the Railway Administration to take immediate positive action to enhance MWC of milk to 300 quintals resulted in underutilisation of space in wagons and loss of revenue to Rs.0.96 crore for the period April 2001 to Mach 2004. The loss will continue occurring till corrective action is taken.

The matter was brought to the notice of the Railway Board in August 2004 and their reply has not been received (December 2004).

2.2 Routing/ distances

2.2 Northern Railway: Non-rationalisation of longer routes

Failure to rationalise operationally convenient longer routes resulted in short realisation of freight of Rs.70.33 crore

Rules provide that unless there are specific instructions from the sender or his authorised agent to book and carry goods by a specified route, goods shall be despatched by routes, which are operationally feasible and freight charges levied by the shortest routes. Rules further provide that the Central Government, in exercise of powers under the Railways Act 1989, can issue orders whereby the goods can be carried and charged even by longer routes.

Non-rationalisation of operationally convenient and most often used longer routes in respect of cement and food grains traffic, resulted in short realisation of freight of Rs.70.33 crore on Northern Railway as brought out below:

There is a regular movement of cement/ clinker traffic from cement sidings at Jukehi, Maiher, Turki Road, Hinauta Ramban, Satna and Damoh in Jabalpur Division of West Central Railway (erstwhile Central Railway) to stations in Lucknow Division of Northern Railway. The route from these sidings to stations of Lucknow Division via Manikpur (MKP) - Juhi Marshalling Yard Kanpur (GMC) - Lucknow (LKO) is longer by 57 to 301 kms. than the shortest routes from these sidings via -Naini (NYN).

The above mentioned traffic was regularly moving over the longer route (via MKP-GMC) but freight was being collected for the shortest route (via NYN). This was resulting in a substantial loss to Railways. The issue of Railway Administration's failure to rationalise the regularly used longer route has been raised by Audit several times since 1991. The main reason given by the Railway Board for not rationalising the longer route was that charging freight by longer route could wean away the traffic to Road.

Since their reply was not tenable, the issue was raised again with the Railway Administration in April 2002. In their reply (September 2003), the Railway Administration stated that rationalisation of the operationally feasible longer route for cement traffic carried from Jabalpur Division to stations on Lucknow Division via MKP-GMC-LKO instead of via MKP-NYN had been recommended (September 1991) by them to the Railway Board, who did not accept (October 1993) the proposal. No such proposal was, therefore, sent to the Railway Board thereafter.

Audit examined the records of the six stations of LKO Division for the period April 2001 to December 2003 and found that cement/ clinker traffic booked from the above mentioned sidings was carried over the longer route (MKP-GMC-LKO) and freight charged by the shortest route (MKP-NYN). The loss of revenue of Rs.45.47 crore on this account was brought to the notice of the Railway Administration in May 2004.

The Railway Administration in their reply (August 2004) stated that the Railway Board's views on the subject are clear that in the competitive scenario, it is not desirable to rationalise the longer route.

This is not tenable because in October 1993, the Railway Board refused to rationalise longer route (MKP-GMC-LKO) and directed the Zonal Railway to move the said traffic via shorter route. The said streams of traffic, however, continued to be moved via longer route contrary to instructions of the Railway Board. Line capacity utilisation of the shorter route has reached 130 per cent. In view of over-saturation of the shorter route, the longer route has become practically convenient and feasible as compared to shorter route. Moreover, freight rates per tonne by rail from the above mentioned sidings to three stations viz. Faizabad, Raebareili and Shahganj over longer route are less than road freight per tonne for these stations from the sidings over the shorter route.

The matter was brought to the notice of the Railway Board in September 2004 and their reply has not been received (December 2004).

A comment was made about loss of revenue up to December 1999 due to non-rationalisation of longer route of Tughalakabad (TKD)–Mathura (MTJ) in para

3.2.1(b) of the Report of the Comptroller and Auditor General of India (Railways) for the period ended March 2000 (No.9 of 2001). The Railway Board in March 2000 had pointed out that foodgrains traffic of Food Corporation of India via longer route (TKD – MTJ) without charging by this route was being incorrectly done and that they should send a proposal for rationalisation of this route. No action was taken nor were any specific remarks given in their ATN (February 2003) regarding rationalisation of this route.

Non-rationalisation of this route and consequential loss of Rs.4.73 crore for a further period of January 2000 to March 2002 for foodgrains traffic booked from 24 stations of Northern Railway to stations of Western Railway was again taken up (May 2002). In their reply (January 2003), Northern Railway stated that rationalisation of longer route via TKD-MTJ, which was operationally more convenient, had been recommended by them to the Railway Board but the route is yet to be rationalised (March 2004).

Further review of the records of these 24 stations for a further period April 2002 to December 2003 revealed that out of 902 foodgrains rakes booked from these stations, 595 rakes (66 per cent) were carried via the longer route (TKD-MTJ) and freight collected over the shorter route via Rewari. The undercharge worked out to Rs.15.32 crore. Besides, review of records of outward foodgrains traffic booked from four other stations of Northern Railway to stations of Western Railway during January 2000 to December 2003 revealed that out of 272 rakes of foodgrains, 231 rakes (85 per cent) were carried over by the longer route via TKD-MTJ and charged for via shorter route leading to undercharge of Rs.4.81 crore.

Thus, failure of the Railway Administration to rationalise the longer route being used most often for booking of foodgrains traffic from stations over Northern Railway to stations over Western Railway resulted in loss of revenue of Rs.24.86 crore during January 2000 to December 2003. This loss is recurring in nature and will continue until the longer route is rationalised.

The matter was brought to the notice of the Railway Administration in March 2004 and the Railway Board in April 2004 (along with vetting remarks on ATN on para 3.2.1 of No.9 of 2001 on the issue) and September 2004. Their reply has not been received (December 2004).

2.3 Demurrage/ detention

2.3.1 Western Railway: Injudicious waiver of demurrage charges

Waiver of demurrage charges in violation of the Railway Board's directives resulted in loss of Rs.41.58 crore and unintended benefit to a middleman

Demurrage is a charge levied and recovered to compensate loss caused to Railway due to extra time taken by the party in loading/ unloading of goods resulting in detention to wagons. Discretionary powers have been delegated to officers at various levels for waiver of demurrage charges. Railway Fare and Freight Committee in their Report (December 1993) had recommended that waiver of demurrage should be an exception. It was also observed that routine waiver of demurrage charges, to some extent, conceals elements of favouritism and corruption. The Railway Board has been issuing instructions from time to time to curb the tendency to waive demurrage charges. In March 1995, the Railway Board stipulated that normally more than 25 per cent of the accrued amount should not be waived and reasons for waiver above ten per cent should be recorded.

Gujarat Electricity Board (GEB) receives coal and residual fuel oil in their five sidings at Ukai Songarh, Sevaliya, Dhuvaran, Gandhinagar Capital and Sikka. Audit scrutiny of records of Ukai Songarh in September 1995 revealed that above instructions of the Railway Board were not being followed. Moreover, in almost all cases, waiver was being allowed up to 95 per cent. In reply to an Audit Note of November 1995, the local Railway Administration had stated (February 1998) that all concerned had been advised to follow the Railway Board's directives while considering the request of GEB for waiver of demurrage charges.

Further scrutiny by Audit of all the five sidings of GEB in October 2003 revealed that:

- Reasons were mentioned in a casual and routine manner against each of the detention cases. They were neither based on facts nor were they valid for allowing waiver. Verification of cases of waiver allowed on grounds of bunching and simultaneous placement of rakes revealed that delivery lines were, in fact, available for placement in the sidings. Reasons furnished were, thus, not genuine. The reasons such as round the clock working by the Railway and delay in clearance of consignments by Excise Department were not valid because round the clock working was introduced with the consent of parties and non-clearance of consignments by Excise Department is a matter to be resolved by GEB.
- Waiver of demurrage charges of around 55 per cent in 1991-92 abruptly increased to 71 per cent in 1992-93. The increasing trend continued in subsequent years and was 89 per cent in 2001-02. The increase coincided with the appointment of a middleman by GEB (April 1992) for pursuing demurrage cases with the Railway. Remuneration of the middleman was directly linked with the amount of demurrage waived. The jump from 55 per cent to 89 per cent waiver in monetary terms amounted to Rs.22.50 crore, which could be directly attributed to the involvement of middleman. The unintended beneficiary of the Railways' excessive and unjustified use of discretionary powers of waiver was the middleman who received Rs.5.15 crore from GEB for his services in effecting a waiver of about Rs.61.96 crore during this period.
- Directives issued by the Railway Board from time to time have proved ineffective, reflecting a need to strengthen the system through better internal control like obtaining finance concurrence by the authorities before exercising discretionary powers for waiver of demurrage charges. The system of giving only broad reasons for waiver in respect of large sidings where demurrage is waived periodically also requires a review.

- Non-observance of directives issued by the Railway Board in March 1995 for not waiving the demurrage charges by more than 25 per cent resulted in extra waiver of Rs.41.58 crore in respect of five sidings of GEB alone for the period from 1995-96 to 2003-04.

When the matter was brought to the notice of Railway Administration in April 2004 they stated (September 2004) that:

- The engagement of middleman was an internal issue of GEB and Railway Administration was not aware and can not authenticate the details regarding appointment of middleman and payment of commission thereto.
- The waiver of demurrage charges has been done as per merit of each case keeping in view the instructions issued by Board.

The contention of the Railway Administration is not tenable because:

- While the Railway Administration may not be aware of the exact terms and conditions of engagement of middleman by GEB, they were seized of the mater and had even expressed their views to State Government that it was an unhealthy arrangement prone to promote unethical practices. In view of this there was a great need for Railways to observe strictly the directives of Railway Board regarding waiver of demurrage.
- Audit has pointed out several cases where the waiver was not justified and done in a routine manner far beyond the limits prescribed by Railway Board.

The matter was brought to the notice of Railway Board in September 2004 and their reply has not been received (December 2004).

2.3.2 Central, Western and: Eastern Railways — Loss of earning capacity of wagons due to heavy detention

Failure of Central Railway Administration to arrange for despatch of POH due wagons to the workshop and of Western and Eastern Railway Administrations to load/ unload wagons placed in workshop within stipulated free time resulted in heavy detention and consequential loss of earning capacity of Rs.8.68 crore

Performance of the Railways depends, among other things, on the optimal utilisation of its rolling stock. Detention to wagons before dispatch to workshop for POH and at loading/ unloading points means underutilisation of the same and consequential loss of earnings. Detentions to wagons due to the reasons mentioned above resulted in loss of their earning capacity of Rs.8.68 crore on three Railways as discussed below:

Central Railway

Wagons due for POH should be immediately segregated and sent to the nominated workshops for repair and making them fit for traffic use. During audit scrutiny of records of Kalamboli station (February 2004), it was noticed that one rake consisting of 56 empty wagons (52 tank wagons and four dummy wagons) booked by Trombay to Uran City was stabled in the sick line of Kalamboli yard for want of 'Engine power' and also because there was no place to receive them at BPCL/ Uran City. Of these, 43 wagons were due for POH. Though the detention of these wagons was regularly reported by Chief Yard Master, Kalamboli to the Chief Controller and Senior Divisional Operating Manager, Mumbai, no action to despatch POH due wagons to Workshop was taken. The wagons remained in the sick line for 266 days from 21 November 2002 to 15 August 2003 before despatch to Kalyan Yard. From Kalyan, 48 out of 56 wagons were sent to Jamnagar workshop in August 2003. Remaining eight wagons are still (June 2004) lying in Kalyan yard. Thus, detention of 52 tank wagons for 266 days at Kalamboli yard and of eight wagons for a further period of 306 days at Kalyan resulted in loss of earning capacity of Rs.2.92 crore.

When the matter was taken up (April 2004), the Railway Administration stated (July 2004) that:

- POH of under-frames of tank wagons is done only in Kota Workshop where arising of wagons for POH was more than the capacity of workshop.
- POH of barrels is done by oil companies and these wagons were detained for want of acceptance by them.
- As per existing orders of the Railway Board and safety norms, POH due wagons are not permitted to run; hence not utilised. Thus, loss pointed out by Audit is notional and not accepted.

The reply is not tenable because it is evident that there is lack of sufficient planning and coordination amongst the concerned departments of the Railway and oil companies resulting in avoidable detention. Proper planning and timely POH would have enabled the Railway to put these wagons to traffic use for earning revenue.

The matter was brought to the notice of the Railway Board in August 2004 and their reply has not been received (December 2004).

Western and Eastern Railways

Carriage Workshop, Lower Parel receives/ despatches material such as axles, wheels and other steel items from/ to various other stations. Wagons meant for workshop are first received by Senior Section Engineer (Yard), who arranges for their placement at various locations in the workshop. Normal time permitted for loading/ unloading of wagons is five hours.

Audit scrutiny of records of Lower Parel workshop (December 2003) revealed that wagons placed in the workshop were regularly detained. It was noticed that out of 81 wagons received by workshop during 2001-02 to 2003-04, 73 wagons (90 per cent) were detained beyond permissible free time. Total detention worked out to 4351 wagon days resulting in loss of earning capacity of Rs.1.02 crore.

When the matter was taken up (March 2004) the Railway Administration during discussion (July 2004) admitted detention and contended that wagons containing material can be unloaded only at appropriate place. It was also stated that most of the detentions took place in the yard before placement in and withdrawal from the workshop premises by traffic department. The contention of the Railway Administration is not tenable as it shows lack of coordination between various departments of the Railway.

Similar review in Liluah Workshop of Eastern Railway revealed that 301 wagons carrying material from and to the workshop were detained beyond permissible free time. Total detention works out to 19,046 days resulting in loss of earning capacity of Rs.4.74 crore.

The matter was brought to the notice of the Railway Board in August 2004. They stated in December 2004 that the detention of wagons was mainly due to operational difficulties such as crossing of busy main lines, non-availability of space for placement, non-availability of cranes for unloading and the priority given to POH activities. It has also been stated that efforts have been made to improve the position and detention has been brought down from 18.9 days per wagon in 2001-02 to 3.18 days per wagon in 2003-04. As regards the loss of earning capacity it has been contended that the loss worked out by Audit is notional as the earning capacity of a wagon is related to its demand and after introduction of rake load concept the demand for piecemeal loading is not much. The reply is not tenable because excessive detention as brought out in the para on account of operational and capacity constraints indicate poor management. The plea that there is hardly any demand for piece meal wagons is also not tenable because these wagons could have been added to rakes running short of standard size. The loss is thus not notional.

2.3.3 Central Railway: Unnecessary movement and detention of wagons

Unnecessary detention/ movement of ten wagons containing scrap material resulted in loss of earning capacity of Rs.1.64 crore

Ten wagons loaded with scrap material were waiting/ moving unnecessarily for different periods during 21 December 2001 to 31 January 2004 as detailed in the following table:

Sl. No.	Wagon No.	Arrival of wagons on/ at		Unloaded on/ at		Total detention in days
		Date	Place	Date	Place	
1	*2*	*3*	*4*	*5*	*6*	*7*
1.	SC26012BCX	20.8. 02	Parel	30.6.03	Parel	315
2.	NR65503BCX	20.8.02	Parel	30.6.03	Parel	315
3.	NR2637BCX	16.2.02	Kurla Yard	15.7.03	Parel	517
4.	SR39504BCX	16.2.02	Kurla Yard	15.7.03	Parel	517
5.	WR77581BCX	16.2.02	Kurla Yard	15.7.03	Parel	517
6.	WR75024BCX	24.2.02	Kurla Yard	22.7.03	Parel	514
7.	NR81972BOX	9.5.02	Matunga	*31.1.04		633
8.	ER25907BOX	20.5.02	Matunga	*31.1.04		622
9.	WR59288BRH	21.12.01	Kurla Yard	2.8.03	Matunga	588
10.	25136BCX	16.8.03	Kurla Yard	*31.1.04		169
Total						**4704**

* These wagons were waiting in unloaded condition at Solapur Yard as on 31 January 2004.

Audit scrutiny of records revealed that four wagons viz Sl. Nos.1 and 2, originally booked to Parel and Sl. Nos.7 and 8 originally booked to Matunga were redirected by them to Haji Bunder. As the Railway line from BPT connecting Hajibunder had already been closed in July 2001, these wagons were detained at Kurla Yard and remained there along with six other wagons till 12 June 2003. Out of the ten wagons detained in Kurla Yard, nine were sent to Parel depot, where six were unloaded in June/ July 2003. Remaining three wagons were sent by Parel to Matunga, where one was unloaded and the other two were sent to Solapur. Thus, three wagons (two at Solapur and one at Kurla) were still waiting for unloading as on 31 January 2004.

Unnecessary detention/ movement of ten wagons for 4,704 days resulted in loss of earning capacity of Rs.1.64 crore during the period from 21 December 2001 to 31 January 2004, besides expenditure incurred for unnecessary hauling of these wagons from one place to another that could not be worked out for want of details regarding their movements.

When the matter was taken up (March 2004), the Railway Administration admitted (September 2004) that these wagons were wrongly redirected to Haji Bunder, though the line connecting Haji Bunder had already been closed. It was also stated that instructions had been issued to avoid recurrence of such cases. The reply is not tenable because in view of heavy detention, responsibility for unnecessary movement/ detention is required to be fixed.

The matter was brought to the notice of the Railway Board in October 2004 and their reply has not been received (December 2004).

2.4 Miscellaneous

2.4.1 Western and East: Central Railways — *Loss of penal freight and other charges on unweighed wagons*

Failure of Western Railway to follow procedure laid down for weighment of wagons and delay in sending weighment advices and of East Central Railway to install a weighbridge over the route of washed coal traffic from West Bokaro Colliery to Adityapur resulted in loss of penal freight of Rs.12.46 crore and non-recovery of other charges of Rs.6.90 crore

Rules provide for correct computation of distance and actual measurement (either volumetric or in weight) of the goods/ consignments. All loose, bulky goods are to be weighed cent per cent either at originating station or at any en-route point or at the destination station. In view of this a weighbridge at any of these points is required to weigh loose traffic. The Railway Administration allows parties to install their weighbridge by giving them suitable rebate in freight. Due to non-weighment of salt, loose and in bags (Western Railway) and washed coal (East Central Railway) resulted in loss of penal freight of Rs.12.46 crore and non-recovery of other charges of Rs.6.90 crore as discussed below:

Western Railway

Salt, loose and in bags, is booked by various stations to destinations on other Railways. Since many of the booking stations do not have weighbridge to weigh the wagon/ train load consignments, the same are weighed enroute at Viramgam station. Audit scrutiny of weighment statements for the period 2001 to 2004, received in the Traffic Accounts Office, Kishanganj from Viramgam in respect of seven stations revealed that out of 1,882 rakes of salt traffic weighed, 1,770 rakes (94 per cent) contained a large number of overloaded wagons. It was noticed that debits of Rs.3.03 crore on account of excess weight allowed in overloaded wagons were raised against destination stations. The destination stations, however, expressed inability to recover the amounts as advice was received after delivery of consignments to the parties, whose whereabouts were not known.

Further scrutiny of the records of the seven originating stations and Viramgam revealed that financial implication of non-weighment of all wagons and non-recovery of penal freight in respect of excess weight found was far more than the debits raised by Traffic Accounts Office as detailed below:

- Out of 1,70,108 four-wheeled wagons booked by seven stations during January 2002 to December 2003, 47,300 wagons were not weighed as a result of which excess weight loaded in them could not be detected. Though the actual financial impact of non-weighment of these wagons could not be assessed, Audit worked out a loss of Rs.1.03 crore on the basis of penal freight recoverable in respect of wagons weighed and found overloaded during the same period.
- Penal freight amounting to Rs.2.53 crore in respect of excess weight off loaded at Viramgam could not be recovered by destination stations as the results of weighment were neither recorded on wagon labels and invoices nor communicated telegraphically.
- Besides penal freight, detention and handling charges amounting to Rs.7.05 crore were also recoverable. During 2001-02 to 2003-04, the Railway Administration was able to realise only Rs.0.15 crore through sale of off loaded stock by auction causing net loss of Rs.6.90 crore.

Thus, failure of the Railway Administration to follow the procedure laid down for weighment of wagons and where observed, non-recording of weighment particulars on the wagon labels and invoices and delay in sending weighment advice has resulted in non-recovery of Rs.13.49 crore.

The matter was brought to the notice of the Railway Administration and the Railway Board in April 2004 and September 2004 respectively and their reply has not been received (December 2004).

East Central Railway

Washed coal is booked for Tata Iron and Steel Company (TISCO) from West Bokaro Colliery, Chainpur (East Central Railway) to Adityapur (South Eastern Railway).

A 90-tonne mechanical weighbridge owned and installed by TISCO at the originating station for weighment of loaded rakes became inoperative in February 1988. Later, TISCO installed a ‘weigh-to-meter system’ weighbridge but the Railway Administration did not give recognition to this system of measurement on the plea that there was no such system in the Railways to check accuracy. Consequently, rakes have been moving unweighed since February 1988 and invoices are being issued on the basis of MWC i.e. Carrying Capacity (CC) + 2 tonnes. There being no weighbridge either enroute or at the destination point, these are not being weighed anywhere on the entire route.

Test check by the Railway Administration of ten rakes (three rakes in February 2001, four rakes in September 2001 and three rakes in October 2001), out of 915 rakes booked during 2001, by actual weighment at a weighbridge owned and managed by Central Coal Fields Limited at Bhadaridah (a station 55.84 kms. away in opposite direction of Chainpur–Adityapur route) revealed that there was an excess loading of 439.8 MTs. of coal in these rakes. For this over loading, penal freight of Rs.2.50 lakh was collected as per rules. Similarly, during two more test checks of three rakes booked [February 2002 (two rakes) and April 2002 (one rake)], out of 925 rakes booked, 314 MTs. of coal was found overloaded and penal freight of Rs.1.67 lakh for this overloaded weight was collected.

By extrapolating the results of test weighments of 13 rakes to the remaining 1,827 rakes loaded during 2001 and 2002, Audit assessed an overloading of 1,19,457.70 MTs. that would have gone unnoticed and would have otherwise attracted a penal freight of Rs.5.87 crore.

In this connection, the following audit comments arise:

- Washed coal (loose goods) is being booked unweighed since 1988 in contravention of explicit codal provisions for 100 per cent weighment of loose traffic.
- Despite noticing overloading in 100 per cent of the rakes test checked, the Railway Administration has been booking rakes on the basis of MWC (i.e. CC + 2 tonnes), thereby losing penal freight, besides risking safety and incurring damage to rolling stock.
- An electronic weighbridge normally costs Rs.17 lakh to Rs.20 lakh. A one time capital expenditure of about Rs.20 lakh on installation of one electronic weigh bridge at originating, en-route or at destination point can prevent a recurring loss of about Rs.2.94 crore per annum.

The matter was brought to the notice of the Railway Administration and the Railway Board in April 2004 and September 2004 respectively and their reply has not been received (December 2004).

2.4.2 North Eastern, Western, North: Western Railways and Railway Board — Loss of revenue due to revision of parcel rates

Injudicious rationalization of parcel rates by Railway Board with effect from April 2003 resulted in loss of revenue of Rs.9.05 crore in just 22 stations with far greater financial implications for the entire Indian Railways

Railway Board introduced rationalized rate structure for parcels w.e.f April 1, 2003 in which all types of commodities including luggage would be charged uniformly under four scales depending upon the type of services. The revised rates (except Rajdhani Express trains) were lower than the existing rates ranging from 8 to 84 per cent.

Review in Audit of the rationalised rate structure and its impact on earnings revealed the following:

The rationalisation of parcel rates is based on the recommendations of the Railway Fare and Freight Committee (RFFC) made in December 1993. While recommending delinking the parcel rates from the type of commodity and basing it on the type of service, the Committee also suggested the rate differential that should be maintained between the types of services. They anticipated that if the recommendations were implemented there would be increase in parcel earnings that would work towards reducing the overall loss incurred in "other coaching traffic".

Except parcel rates of Rajdhani Express trains, the revised parcel rates were significantly lower than the rates recommended by RFFC, and the existing rates. The implication is especially serious in the case of congested mail/express trains where the rates were lower by 23 to 62 per cent than the existing rate. The Railways actually ended up increasing the volume of traffic on these congested mail/express trains with no corresponding gains. The reduction in rates were such that even with 100 per cent utilization of available space in these congested mail/ express trains the Railways stood to earn less revenue than the previous year.

A test check to assess the impact of the revised rates on traffic and earnings was undertaken in three zonal railways. It was observed that even though the Railways achieved growth in the volume of parcel traffic in all the stations test checked by audit, this growth did not translate into higher earnings as discussed below:

- At eight stations test checked on Western Railway, there was a marginal increase in weight by 3 per cent, while the earnings declined by 35 per cent (Rs.6.94 crore) in 2003-04 as compared to 2002-03.
- North Eastern Railway earned Rs.1.07 crore less revenue than the previous year (2002-03) despite an increase in traffic by 15.63 per cent in six stations of Lucknow and Izatnagar divisions.
- At eight stations test checked on North Western Railway, there was a marginal increase in weight by 5.33 per cent, but the earnings declined by 31.04 per cent. The loss of earnings at these eight stations was Rs.1.04 crore.

Thus in just 22 stations there was loss of revenue to the tune of Rs.9.05 crore and the loss would be much more if the position across all stations on the Indian Railways is taken into account. As the figure for parcel earnings for the year 2003-04 is not separately available, the loss can only be inferred by looking into the 'other coaching traffic' figures of which parcel earnings constitute more than 50 per cent. The Budget Estimate figure for 2003-04 for 'other coaching traffic' was fixed at Rs.1020 crore but was brought down to Rs.930 crore in the Revised Estimate stage, which is not only Rs.90 crore less than the Budget Estimates, but also Rs.57.95 crore less than the actual revenue of Rs.987.95 crore in 2002-03. The actual figures stood at Rs.922.28 crore which was lower than all estimations. This reduction in revenue of Rs.65.67 crore is largely attributable to the introduction of revised parcel rates.

The injudicious fixation of rates thus completely undermined the very objective of rationalization and resulted in further increasing Railways' loss on handling parcel traffic instead of contributing to reduction in loss on 'other coaching traffic' as anticipated by the RFFC.

The matter was taken up with the North Eastern (December 2003), Western and North Western Railways (February 2004). The Zonal Railways (May 2004 and August 2004) stated that the decrease in revenue was due to lower rates as per extant policy of the Railway Board.

The matter was brought to the notice of Railway Board in October 2004 and their reply has not been received (December 2004).

2.4.3 South Western: Railway — Incorrect notification of a siding for charging freight on through distance basis

Incorrect notification of a siding for charging freight on through distance basis led to non-recovery of siding charges amounting to Rs.2.55 crore, besides loss of earning capacity of Rs.3.31 crore linked to detention of wagons

Rules provide for levy of siding charges for round trips performed by the Railway engines from a serving station to the siding and back for placement/ removal of wagons. However, in cases where a siding has been provided with complete facilities for direct reception and despatch of trains and trains are not required to be dealt with at the serving station, freight can be charged on through distance basis.

Sankaval station of Hubli Division is provided with two lines viz., Road Nos.1 and 2. Adjoining Road Nos.3 and 4 form part of M/s. Zuari Industries Ltd. siding, which was on MG alignment and was converted into BG on deposit terms as a private siding and loading commenced from March 1998. Siding owner had provided loading machinery equipment on the island platform between Road Nos.3 and 4 capable of dealing 35 BCN/ BCNA wagons.

Consequent upon the Railway Board's orders revising MWC for trainload classification for BCN/ BCNA rakes from 35 to 38 (with effect from July 1997) and to 40 (with effect from August 1998), rakes indented for by this siding and made available by the Railway for loading invariably consisted of 38/ 40 BCN/ BCNA wagons. Limitation of the loading equipment to handle only 35 wagons and a sharp curve in Road No.4 necessitated dealing of goods trains in the Road Nos.1 and 2 of Sankaval station.

In this connection, the following audit observations arise:

- The Railway engines were being utilised for placement and removal of wagons from the serving station to the siding and back. However, the Railway Administration failed to realise siding charges amounting to Rs.1.90 crore for the period March 1998 to 10 March 2002 for utilisation of the Railway engines.

- In spite of the constraints prevailing in the siding, the Railway Administration nominated the siding for charging freight on through distance basis with effect from 11 March 2002 and stopped preferring bills for siding charges thereafter. The amount of siding charges due for the period 11 March 2002 to March 2004 worked out to Rs.0.65 crore.
- In the meanwhile, for want of adequate facilities to handle a rake of 40 BCN wagons, there was considerable detention to rakes. Loss of earning due to unnecessary detention to wagons during 2002-03 to 2003-04 worked out to Rs.3.31 crore. The Railways were able to recover only a portion of the demurrage charges for detention as is evident from the routine waival of 60 per cent to 80 per cent of the charges, when the siding owner cited inadequacy in loading facilities.

When the matter was taken up (May 2004), the Railway Administration argued (August 2004) that nomination of this siding for charging freight on through distance basis was in conformity to the Railway Board's circular of April 1999 and all instructions in making such notification had been followed.

These arguments are not tenable because in terms of the Railway Board's instructions of December 1986 and March 1987, sidings can be nominated for charging freight on through distance basis only in cases where freight trains enter into and exit from the sidings, without being dealt with at the serving station. But, in the instant case, due to inadequacies in the siding, the rake is being handled in the station lines and, therefore, nomination of the siding for charging freight on through distance basis was not in order.

The matter was brought to the notice of the Railway Board in September 2004 and their reply has not been received (December 2004).

2.4.4 Central Railway: Loss of revenue due to non-supply of standard size rakes

Failure of the Railway Administration to supply standard size rakes of tank wagons and charging freight at trainload rates resulted in unintended benefit of Rs.2.33 crore to the party and loss of revenue of Rs.2.19 crore to Railways

In terms of the Railway Board's order of August 1998/ October 2000, standard size tank wagon rake was to be of 70 four-wheeled/ 32 eight-wheeled wagons respectively and parties were required to load a minimum of 65 four-wheeled/ 30 eight-wheeled wagons respectively to get the benefit of trainload rates. In case, the Railways were unable to supply wagons as per indents, they were to record reasons and allow benefit of trainload rates to consignors.

Audit scrutiny of records of BPCL siding, Uran revealed that as against party's indents for standard size rakes, the number of wagons supplied by the Railway ranged from 48 to 61 four-wheeled and 19 to 32 eight-wheeled wagons. It was also noticed that wagons ranging from two to 15 four-wheeled and one to 12 eight-wheeled were rejected by the party as they were not fit for loading. The reasons 'non-availability of more wagons' were recorded in a routine manner and the party was given the benefit of trainload rates. This resulted in unintended benefit of Rs.2.33 crore to the party for the period April 2001 to

March 2004. Short supply of wagons also resulted in loss of Rs.2.19 crore during the same period.

When the matter was taken up (April 2004), the Railway Administration stated (June 2004) that as additional wagons were not available to complete the rake, it was decided to run these trains underload rather than detaining them for adding more wagons, which would have resulted in heavy detention. They also stated that defects of leakage in Master Valve and Barrel can not be detected during examination and rejection due to these defects, which is below two per cent is normal.

The reply is not tenable. Scrutiny of records revealed that the Tank Wagon Coordinator of Oil Companies has been regularly pointing out that whereabouts of approximately 35 per cent of the total stock of jointly owned and Oil companies owned tank wagons, were not known to the Railway. It was also noticed that a large number of wagons due for POH/ Routine overhaul were stabled in various yards for long periods. These facts indicate that despite availability of wagons, the Railways were not monitoring them for proper utilisation. Moreover, instances of rejection of 15 wagons out of a rake of 60 four-wheeled wagons and 12 out of a rake of 27 eight-wheeled wagons can not be treated as normal.

The matter was brought to the notice of the Railway Board in September 2004 and their reply has not been received (December 2004).

2.4.5 North Eastern: Railway — Injudicious decision to allow booking of trainload traffic at Lalkuan station

Injudicious decision to allow benefit of booking of goods at trainload class rates at a loading point having only half a rake handling facility instead of at a close by station, having a full rake handling facility led to unnecessary allowance of extra free time and loss of earning capacity of Rs.3.90 crore

Stations at Haldi Road and Lalkuan are situated at a distance of seven kilometres on Rampur – Lalkuan – Kathgodam BG Section. A full rake handling facility was created at Haldi Road and declared open for BG goods traffic in June 1994. In the lists of stations notified in 1998 and 2000 for goods traffic, Haldi Road station did not, however, figure. In August 1997, Lalkuan, having only half a rake handling facility, was opened for booking of goods at trainload class rates.

The Railway Administration took an injudicious decision to allow benefit of trainload class rates at Lalkuan, when they were well aware that a full rake handling facility existed at Haldi Road, a station only seven kilometres away from Lalkuan as can be seen from below:

Audit scrutiny (November 2003) revealed that full rake consignments were being loaded in two placements at Lalkuan. Free time being allowed was twice the normal free time allowed at a full rake handling facility. Due to this arrangement, wagons were being detained and the Railways were suffering loss by way of loss of earning capacity of wagons detained. During 1997-98 to 2003-04, 208 rakes consisting of 20,382 four-wheeled wagons were handled at Lalkuan and free time of 259.53 days (25,813 wagon days) in excess of normally admissible free time was allowed. The loss of earning capacity resulting therefrom amounted to Rs.3.90 crore.

When the matter was taken up (March 2004), the Railway Administration in their reply (June 2004) and during discussion (August 2004) stated that:

- Haldi Road, being a new centre, labour and transport facilities are not fully developed. Lalkuan station, which has all the facilities and is a traditional loading centre, is generally preferred by traders.
- Inward rakes released from Century Paper Mill at Lalkuan are used in back loading, which saves empty movement of wagons.

The arguments of Railway Administration are not tenable because:

- DRM (Commercial), Izatnagar had admitted in November 2001 that it would be convenient for consignors to bring consignments at Haldi Road. Moreover, Haldi Road is only seven kilometres away from Lalkuan. The Railway Administration's argument that there are no developed facilities at Haldi Road is, therefore, not convincing.
- The Century Paper Mill is a private siding. Released wagons have to be withdrawn from this siding and placed in the Railway siding by a locomotive, which could be at Lalkuan or at Haldi Road. As Haldi Road station has full rake handling capacity, wagons could be placed more conveniently. Moreover, with half a rake handling facility available at Lalkuan, movement of locomotive is needed twice to bring out empties from Century Paper Mill siding. In case the Haldi Road loading point is used, movement of locomotive would be curtailed to once.

The matter was brought to the notice of the Railway Board in September 2004 and their reply has not been received (December 2004).

2.4.6 North Central Railway: Supply of unfit tank wagons

Failure to supply fit tank wagons for loading of POL traffic resulted in loss of freight of Rs.3.32 crore, besides avoidable cost of Rs.0.53 crore on account of empty haulage of unfit tank wagons.

For loading of POL at IOC siding at Panki, empty rakes are supplied from Juhi Marshalling Yard (GMC), Kanpur. Audit scrutiny of records of this siding revealed that unfit tank wagons were supplied by GMC, which were rejected by the siding and despatched empty with loaded rakes. This practice was resulting in loss to the Railway Administration by way of freight due to non-loading of unfit tank wagons and avoidable cost on their empty haulage with loaded rakes.

Audit scrutiny (April 2004) revealed that during April 2000 to February 2004, 21,800 tank wagons in 294 rakes were placed by GMC in the IOC siding for loading. Of these, 1,760 tank wagons were rejected by the siding authorities on various grounds. It was also observed that 326 unfit tank wagons were repeatedly sent to the siding without being repaired at GMC.

The Railway Administration's failure to ensure supply of fit tank wagons to the IOC siding, Panki resulted in loss of freight of Rs.3.32 crore that these unfit tank wagons would have otherwise earned during April 2000 to February 2004. In addition, the cost of avoidable empty haulage of these unfit tank wagons worked out to Rs.0.53 crore.

When the matter was taken up (March 2004), the Railway Administration stated (June 2004) that track worthiness of wagons alone was being examined at GMC and TXR examination regarding loadability was being done after placement of the rakes in the IOC siding. They further stated that the stray unusable tank wagons were being despatched empty with the loaded rakes to avoid holding up of loaded rakes.

This contention is not tenable because out of 294 rakes, in 86 rakes the number of unfit wagons per rake ranged from six to ten and in 52 rakes the number of unfit tank wagons per rake ranged from 11 to 33. In one rake, out of 61 wagons supplied, 25 wagons were found unfit. As such, they cannot be considered 'stray' unusable tank wagons.

Later, during a meeting (14 June 2004), the Chief Operations Manager accepted the audit contention and stated that necessary action would be taken to avoid such empty haulage.

The matter was brought to the notice of the Railway Board in August 2004 and their reply has not been received (December 2004).

2.4.7 South Central Railway: Non-recovery of cost of shunting by a Railway engine inside the siding

Failure to prefer bills for utilisation of the Railway engine for shunting activity inside a siding, resulted in non-recovery of Rs.1.59 crore

Rules stipulate that every consignment of goods, when handed over to the Railway for despatch must be accompanied by a Forwarding Note (FN) and must contain a declaration of the weight of the goods consigned.

New Sasti Colliery Siding (NSS) is served by New Pandhar Pavani station. Agreement with siding authorities provides that wagons will be hauled by the Railway Administration up to and from the interchange point. Clause 14 (b) of standard siding agreement further provides for levy of shunting charges for shunting of wagons done by the Railway locomotive inside siding premises.

Review of records of NSS revealed that the Railway engines were being utilised to haul the load for weighment on the in-motion weighbridge of the colliery authorities installed towards the buffer end of the siding i.e. in the opposite direction, involving shunting operation for more than an hour per rake. However, the Railway Administration preferred no bills for the expenditure involved in this regard, resulting in non-recovery of Rs.1.59 crore for the period 2001-02 to 2003-04.

When the matter was brought to the notice of Railway Board in September 2004, it was argued (December 2004) that the placement of empties for loading purpose in the siding is not by a shunt movement and engines are not deployed inside the siding premises for the purpose of attaching, detaching or transfer of wagons. As such, levy of shunting charges is inappropriate in these cases. The Railway Board, however, stated that a decision to relocate the weighbridge at strategic location in the direction of forward movement for weighment has been taken which will be implemented within six months period.

These arguments are not tenable. As per Clause 14 (a) of the Standard Siding Agreement, the Administration's liability ends with hauling the wagons to the pre-determined point. Thereafter, it is the applicant, who undertakes to shunt the wagons from such point to his premises and back. Any activity conducted by Railway beyond the pre-determined point should, therefore, be construed as a benefit derived by applicant and necessary charges recovered. Moreover, the decision to relocate the weighbridge vindicates the Audit stand.

2.4.8 Eastern Railway: Short billing for Shunting Charges

Failure to levy shunting charges correctly resulted in short billing for shunting charges to the tune of Rs.1.39 crore

Rules provide that for performing shunting operations related to placement and removal of wagons in the private portion of sidings by electric engine, shunting charges are to be levied from the time the engine enters the private portion of the siding till its return. The orders also emphasise that the engine should not be detained for long.

IOC siding served by Rajbandh Station (RBH) was opened in 1967 for booking of POL traffic and consists of three loading lines with capacity to hold 20, 20 and ten eight-wheeler wagons (BTPN) or 30, 30 and 20 four-wheeler wagons (Tank). Therefore, standard rake consisting of 48 BTPN wagons/ 80 tank wagons is being split in three parts and placed on these lines for loading. After loading, the wagons are grouped together to form a single rake before handing over to the Railways for despatch. Thus, the engine used for shunting has to move three times for both for supply and drawal of wagons of a full rake and is, therefore, being detained exclusively for use in this siding from the time of first placement/ removal to the last placement/ removal.

Review of records in audit revealed that there was considerable time interval between each of the three placements/ removal of wagons during which period the engine was retained in the siding. Shunting charges were being levied only for the actual time taken by the engine for placement/ removal of wagons.

It was found that the Railway Administration levied shunting charges only for an amount of Rs.0.44 crore during the period 1 October 2001 to March 2004, as against shunting charges of Rs.1.83 crore leviable for total time the engine was retained inside the siding, resulting in short billing of Rs.1.39 crore.

The matter was brought to the notice of the Railway Administration and the Railway Board in May 2004 and August 2004 respectively and their reply has not been received (December 2004).

2.4.9 South Central Railway: Non-billing of cost of journeys by High Government Officials

Failure of the Railway Administration to streamline the procedure for billing in respect of reservations made by High Officials on telephone resulted in non-realisation of Railway dues amounting to Rs.1.15 crore

Reservation of accommodation in trains made on telephonic requests for High Government Officials like Ministers, Governors of States, Members of Parliament (MPs) etc. are required to be confirmed by them in writing before actual commencement of journey. They have to furnish to the Station Master (SM) of the starting station a requisition, the outer foil of which is to be duly signed and stamped by the SM, thereby constituting an authority for travel by the High Government Officials and the inner portion retained by the SM to be treated as a voucher for raising bill for the journey.

Charges due for rail journeys undertaken by MPs, their spouses and companions are credited to the Railways by Lok Sabha and Rajya Sabha Secretariats centrally by Northern Railway. Even in cases where reservations made on telephone are not confirmed by requisition in writing, bills are raised. In respect of Ministers of State Governments etc., the concerned Zonal Railway raises bills against Legislative Assembly Secretariats of the concerned States. In order to ensure realisation of the amounts involved, each journey undertaken by the officials should be properly accounted for in the books of the Railways.

Review by Audit of the records maintained by the Reservation Office at Secunderabad and the Traffic Accounts of South Central Railway revealed that there was no correlation between the reservations made by the Reservation Office and the bills raised by the Accounts Office against the Secretariat of Andhra Pradesh. High Officials were not submitting requisitions prior to commencement of journeys in many cases and, therefore, charges due to Railways were not being realised. This resulted in bills for Rs.1.15 crore for April 2002 to February 2004 not being raised.

When the matter of non-realisation of Railway dues from the High Officials was taken up (May 2004), the Railway Administration issued a Joint Procedure Office Order (JPOO) in July 2004 for streamlining the system of recovery of amounts due, in respect of journeys performed by High Government Officials. It was agreed in the meeting held on 30 July 2004 that the Railway Administration is required to take up this issue with the State Government afresh and implement JPOO to streamline realisation of the dues to Railways. It was, however, argued in the meeting and their reply of July 2004 that:

- There cannot be correlation between the reservation made by reservation staff based on telephonic requests and bills raised by Traffic Accounts. Bills are raised purely based on the journeys performed. A check by the Railway Administration revealed that journeys were not undertaken to the extent of 38 per cent of the journeys reserved.

- Charges due as contended by Audit represent value of the reservations made and not journeys performed. Amounts billed represent journeys performed for which Rs.71.50 lakhs has been realised.

These arguments are not tenable because:

- The Railway Administration's own verification, albeit after issue of draft paragraph, revealed that out of 1,065 cases of reservations made on telephone requests, no bills were raised in respect of 759 cases. Out of these 759, in respect of 471 cases, journeys had been performed. If the Accounts Office had correlated the billing with amended charts, these cases would have not escaped billing. Further, rules provide that even in respect of journeys not undertaken for which reservations were made and not cancelled, 50 per cent of the fare should be retained by the Railways. Therefore, the Railway Administration should have billed for the journeys reserved, but not cancelled. It is also pertinent that in respect of MPs, all journeys reserved but not cancelled, were fully billed by the Railways.
- Audit has made several allowances and excluded 22 per cent of the cases on various counts, while working out loss viz., reservations made on more than one train for the same day, journeys reserved on different high official requisitions (HORs) for the same High Government Official, journeys reserved for different dates on one HOR. This more than offsets the 50 per cent amount, which is refundable in respect of cases, where journeys were not made. In fact, the assessment is on the lower side due to extreme caution exercised by Audit to the point of reckoning one journey against one HOR though records revealed in some cases, more than five journeys were actually performed against one HOR.

The matter was brought to the notice of the Railway Board in September 2004 and their reply has not been received (December 2004).

2.4.10 North Western Railway: Irregular booking under 'Tatkal Scheme for Reservation'

Delay in stopping irregular reservation under 'Tatkal Scheme for Reservation' from stations not authorised resulted in loss of revenue of about Rs.0.99 crore during the period August 1998 to October 2003

Encouraged by public response in buying tickets under 'Tatkal Scheme for Reservation' (TSR) introduced on some Shatabadi and Rajdhani Express trains, the Railway Board decided (March 1998) to extend the same to passengers travelling in 'Sleeper' class in 15 other trains. While extending the scheme the reservation which earlier could be done only from end to end i.e. from originating to destination stations, was permitted from intermediate stations as also to stations falling short of destination if the traffic at originating station or to destination station was not adequate. This was to be done by the Zonal Railways on selective basis after studying the demand pattern. Accordingly, Western Railway notified some trains where reservation under TSR was permitted from and to certain intermediate stations.

Audit scrutiny of records of Computerised Passenger Reservation System (CPRS) at Alwar and Jaipur over North Western Railway conducted in July 2001 and October 2001 respectively revealed that reservation under TSR in Train No.2956 running between Jaipur and Mumbai Central, Train No.9708/ 9008 running between Jaipur and Bandra Terminus and Train No. 2916 running between Delhi and Ahmedabad was being allowed from and to stations not permitted by special relaxation. As reservations were allowed one day in advance, passengers wanting to travel from originating station to destination station were unable to get reserved tickets from originating to destination station. This irregular practice, besides under-utilisation of capacity, was also resulting in loss of revenue to the Railway. The matter was brought to the notice of local Railway Administration in December 2001. Instructions were issued (November 2003) to the intermediate stations not to issue tickets. The loophole, which permitted issue of tickets from unauthorised intermediate stations, however, remained unattended. Test check of reservation made, during three days in October 2003, in each of the trains revealed that 234 berths in sleeper class were reserved from and to intermediate stations involving loss of revenue of Rs.22,397. As the information for the entire period from introduction of the TSR was not available, Audit assessed the loss as Rs.0.99 crore for the period August 1998 to October 2003 based on three days reservation data.

When the matter was taken up (April 2004), in the tripartite meeting held in August 2004, the Railway Administration admitted short realisation of revenue but attributed the same to system deficiencies in software of the CPRS. It was also stated that though the staff has been instructed not to make irregular reservation, North Western Railway was not in a position to take up the matter with Northern Railway, under whose control the CPRS is functioning, for rectification of system deficiencies. The reply is not tenable. Reluctance of the Railway Administration to correct the system would result in further loss of revenue to the Railway.

The matter was brought to the notice of the Railway Board in September 2004 and their reply has not been received (December 2004).