

OVERVIEW

Chapter I - Project Management Practices in Gauge Conversion and New Line Projects

This chapter contains the results of performance audit of practices adopted by Indian Railways in planning and execution of gauge conversion and new line projects. Audit noted that although Indian Railways have fixed norms for undertaking projects, 107 out of 133 projects were undertaken in spite of being financially unviable (**Para 1.7.2**). Railways have a large shelf of pending projects and available resources are thinly spread. At the present rate of funding the Railways would require another 15 years to complete the pending gauge conversion projects and 38 years to complete the pending new line projects (**Para 1.7**). A detailed review of project management practices in selected projects revealed that decisions were taken without keeping in mind the original objectives; this contributed to non-achievement of core objectives of the projects (**Para 1.8.2**). Inadequate funding had an adverse impact on project planning in selected projects and resulted in non-delivery/delay in delivery of the expected benefits (**Para 1.8.3**). Delays in preparation of detailed estimates, lack of proper coordination with State Governments for acquisition of land, changes in scope of works and poor management of stores and works contracts etc., led to cost and time overruns (**Para 1.9**).

Chapter II - Introduction of New Services through Supplementary Demands for Grants

This chapter contains the results of performance audit of introduction of New Services through Supplementary Demands for Grants by Indian Railways. Audit reviewed 172 works introduced outside the regular budget on out of turn basis and noticed that 77 works had not yet commenced one to five years after their approval by the Parliament (**Para 2.7**). Only 29 works had been completed upto March 2005. The work on 54 out of 116 works sanctioned on safety considerations had not commenced even after one to five years of their approval while 35 works were still in progress one to six years after approval (**Para 2.8**). Audit reviewed 65 out of 84 works relating to provision of staff amenities, construction of new lines, gauge conversion and electrification sanctioned outside the regular budget cycle. It was seen that 23 works were yet to commence and work in 25 cases was in progress (**Para 2.9**). Three works of provision of Mobile Radio Communication system sanctioned in December 1999 on out of turn basis for ensuring security of passengers were incomplete as Railways took about five years to finalise the system design. Out of 67 works for provision of road over/ under bridges sanctioned on safety consideration, work was yet to commence in 50 cases. Out of 23 works sanctioned by drawing advances from Contingency Fund of India, work in six cases was yet to commence even though one to three years had elapsed after approval (**Para 2.10**).

Chapter III - Planning, execution and operation of Mass Rapid Transit System, Chennai

This chapter contains the results of performance audit of planning, execution and operation of Mass Rapid Transit System, Chennai. Audit noted that the project was sanctioned despite an assessed rate of return of only 6.37 per cent as against the norm of ten per cent. Even this rate of return was worked out without taking into account the State Government's share of capital expenditure. The rate of return worked out to only (-) 1.68 per cent after taking the State's share into account. Thus the project was financially unviable right from the beginning (**Para 3.7.1**). The route of the Mass Rapid Transit System was aligned through marshy land, slum clusters and unhygienic approaches to stations. This affected the utilisation of the system, and full value for money invested could not be realised (**Paras 3.7.2 and 3.10**). Though five large station buildings constructed at a cost of Rs.42.83 crore in Phase I were already lying without possibility of adequate commercial exploitation for the last eight years, no lessons appeared to have been learnt as the project administration took up further construction of nine large station buildings in Phase II of the project at a cost of Rs.129.86 crore (**Para 3.7.3**). Decision to shift the alignment of the Mass Rapid Transit System route into marshy areas without conducting fresh soil tests resulted in infructuous expenditure of Rs.12.19 crore besides non-utilisation of assets worth Rs.12.57 crore (**Para 3.8.1**). Deficiencies were noticed in estimation of quantities of material (**Para 3.9.1**), by way of delay in provision of site plans and drawings leading to escalation in costs amounting to Rs.0.71 crore (**Para 3.9.2**) and poor contract management leading to loss of Rs.1.34 crore (**Para 3.9.3**). Non-provision of anti-corrosive treatment to steel used in structures affected their longevity (**Para 3.9.4**) and non-provision of pile liners for full depth of pile, as required by codal provisions, may lead to early deterioration of the concrete structures (**Para 3.9.5**). Procurement of track material costing Rs.12.31 crore for conventional track even while the specification had been changed to ballast-less track led to the material lying unutilised for the past four years (**Para 3.7.4**).

Chapter IV - Performance appraisal of Medical and Health Services

This chapter contains the results of performance audit of Medical and Health Services over four zonal railways viz., North Eastern, Northeast Frontier, Southeast Central and East Coast Railways. Audit observed that the Medical and Health Department of Indian Railways had not adopted a health policy after issue of the National Health Policy in 2002. The Medical and Health Department had also not devised parameters/ health indicators to evaluate its services (**Para 4.7.2**). Audit also noted that data/ documentation used for planning purposes was unreliable (**Para 4.7.3**), and there was no system for obtaining feed back from patients in some of the hospitals/ health units reviewed (**Para 4.7.4**). Deficiencies in ensuring provision of quality medicines and deficient assessment of requirement of medicines were noticed (**Para 4.8.1**). There were several instances of requisite medical equipment either not provided or not being operated for want of repairs/ non-availability of operators were observed (**Para 4.8.2**). Audit also noted that the zonal

railways were inadequately prepared for attending to accidents etc., (**Para 4.8.5**). Standards for supply of drinking water and food products were not maintained as was seen from sample testing carried out at the nominated railway laboratories. Corrective action was inadequate (**Paras 4.9.3 and 4.9.4**). The system of disposal of biomedical waste was not in consonance with the requirement of Environment Protection Act and in most of the cases, pit burial/ open air burning method was adopted for disposal of hazardous waste (**Para 4.9.5**).

Chapter V - Decentralisation of procurement of stores in Indian Railways

This chapter contains the results of performance audit of decentralisation of procurement of stores in Indian Railways. The Railway Board had relied upon the soundness of their vendor management systems for the success of the decentralisation undertaken in 2001-02. Audit noted that items were selected for decentralisation without obtaining views from the field offices and assessing the requirements of different units (**Para 5.7**). The objective of reducing time taken for procurement of indented items under the centralised procurement system was not fully achieved as the zonal railways took a long time in consolidating the requirements of their field units (**Para 5.8.1**). Long extensions of delivery periods were granted by the zonal railways and in some cases suppliers were allowed to be made deliveries even upto three years after the initial delivery period. Thus, while the processing of tenders by the zonal railways consumed less time than was the case in the pre-decentralisation period, the benefits of the time gained in this activity were eroded due to delays in consolidating users indents and long extensions of delivery periods. As the Railways were not sure of timely supply of materials by the suppliers they were maintaining high levels of buffer stock (**Para 5.8.2**). Audit also noted that the incidence of cartel formation increased post-decentralisation (**Para 5.8.4**). Also, the railways were unable to control vendor behaviour; the and systems and structures created for this purpose were not fulfilling this requirement (**Paras 5.8.5 and 5.9**). There was also wide variation ranging from 97 per cent to 171 per cent in the rates of items purchased by various zonal railways/ railway production units (**Para 5.10**).