

CHAPTER 5: ESTABLISHMENT MATTERS

5.1 Overpayments

5.1.1 *Northern, North Eastern Railways: Overpayment of and Research, Designs and transport allowance Standards Organisation*

Failure of the Railway Board to issue necessary clarifications as also inaction on the part of the Railway Administration led to non-recovery of overpayment of transport allowance of Rs.7.79 crore made to the staff

Ministry of Railways (Railway Board) had categorised (July 1993) Lucknow, Ghaziabad, Faridabad and Gurgaon cities as 'A', 'B-2', 'B-2' and 'unclassified' respectively for the purposes of the payment of city compensatory allowance (CCA). However, the staff working in Ghaziabad and Faridabad were entitled for CCA at the rate applicable to Delhi ('A' class city).

Consequent upon the acceptance of the recommendations of Fifth Pay Commission, Ministry of Finance issued (October 1997) orders relating to the grant of CCA and house rent allowance (HRA), wherein Lucknow was re-categorised as 'B-1', Ghaziabad and Faridabad as 'B-2' and Gurgaon as 'unclassified'. It was also provided that cities now placed in lower classification, as compared to their existing classification, would continue to retain their existing classification for the purpose of grant of CCA and HRA. The orders were made effective from 1 August 1997. Railway Board also issued similar orders (October 1997), also specifically indicating the special dispensation for Lucknow, Ghaziabad and Faridabad. Hence, Railway employees posted at Faridabad, Ghaziabad and Lucknow continued to draw CCA as for 'A-1'/'A' class cities.

The Ministry of Finance in October 1997 granted transport allowance to the Central Government employees from 1 August 1997. These orders adopted the classification made for the purpose of CCA for categorizing cities as 'A' and 'A1'. The Railway Board also followed suit and granted (December 1997) transport allowance to the Railway employees from 1 August 1997.

The Ministry of Finance, in their order of February 2002, clarified that the special dispensation extended to CCA/ HRA in their October 1997 orders was not applicable to transport allowance. The Railway Board, however, took another 20 months, after the Ministry of Finance clarification, to issue suitable orders in this regard (October 2003) directing that recoveries be made wherever overpayment had occurred.

Audit scrutiny of records at Lucknow, Ghaziabad, Faridabad and Gurgaon revealed that employees were paid transport allowance from 1 August 1997 at the rates applicable to 'A-1'/'A' class cities, instead of the rates applicable to these cities, as categorised in October 1997 orders. Audit assessed the transport allowance overpaid to the Railway staff working at Lucknow, Ghaziabad, Faridabad and Gurgaon during August 1998 to March 2005 at Rs.6.71 crore. Railway Board's orders of October 2003 had been implemented only during November 2003 to June 2004 in various Railway

offices at Lucknow. The orders had not been implemented in the offices at Ghaziabad (except Signal and Telecommunication training Centre), Faridabad and Gurgaon.

The matter was taken up with the Northern Railway and Research, Design and Standards Organisation, Lucknow (RDSO) in March 2005.

Northern Railway Administration, in a meeting (15 June 2005) stated that directions had already been given to all concerned that the amount of excess transport allowance paid to the staff during the period August 1997 onwards should be recovered immediately. The recoveries are, however, yet to be made.

RDSO, Lucknow, however, maintained (15 June 2005) that the overpayment made to the staff during August 1997 to October 2003 had not yet been recovered because the Railway Board had not mentioned the effective date of implementation of their clarification and that a reference had been made in January 2004 to the Railway Board regarding this.

Considering the fact that there was no ambiguity in the order of the Railway Board of October 2003 and that the Northern Railway Administration has not sought any clarification, the seeking of clarification by RDSO, Lucknow did not appear necessary. In fact, it would only further delay recovery of the amount.

Similar review of 66 Bill Units of 3,673 employees of North Eastern Railway posted at Lucknow revealed that transport allowance at a higher rate, as applicable to 'A' class cities was irregularly paid, leading to overpayment to the tune of Rs.1.08 crore during the period 1 August 1997 to 31 December 2003.

When the matter was taken up (March 2005), the North Eastern Railway Administration stated (June 2005) that the clarification of the Railway Board in this respect was circulated through General Manager (P) letter of November 2003. On receipt of the clarification, further payment at higher rate was immediately stopped. It was also stated that the recovery will be carried out in instalments effective from the month of May 2005, after working out the actual amount of overpayment.

Thus, failure of the Railway Board to issue necessary clarifications and inaction on the part of the Railway Administrations led to overpayments of transport allowance, amounting to Rs.7.79 crore, which is yet to be recovered from the employees.

The matter was taken up with Railway Board in September 2005. Their reply has not been received so far (December 2005).

5.1.2 Metro Railway, Kolkata: Irregular payment of overtime allowance to supervisory staff

Metro Railway paid Senior Traffic Superintendents/ Traffic Superintendents overtime allowance amounting to Rs.1.25 crore in contravention of extant orders
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The Fifth Central Pay Commission had not found adequate justification for payment of overtime allowance (OT) in Central Government Offices and had recommended its discontinuance. The issue was considered by the Railway

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Board and it was directed (February 1998) that payment of OT be regulated strictly with a view to keeping its incidence to the barest minimum. It also emphasised that staff should not be booked on OT routinely and that approval at an appropriately high level should be obtained before booking staff on OT. It was also directed that periodic review of incidence of OT payment should be conducted at the level of Divisional Railway Manager, Heads of Department, Additional General Manager or General Manager with a view to arresting the tendency towards increases in payment of OT. In December 1996, the Railway Board also clarified that no OT was permissible to the staff declared as 'supervisory' and engaged in supervisory duties. No relaxation was to be made in this regard.

Audit scrutiny of records revealed that Senior Traffic Supervisors (STS) / Traffic Supervisors (TS), who are categorised as 'Supervisors', were being paid OT in contravention of the Railway Board orders of December 1996. During the period April 2002 to March 2005, OT amounting to Rs.1.04 crore had been paid to the Senior Traffic Supervisors/ Traffic Supervisors.

When the matter was taken up (April 2005), the Metro Railway stated (June 2005) that to restrict the payment of OT, two conditions (a) that the staff should be designated as 'supervisor' and (b) they should be discharging supervisory duties, were to be fulfilled. In this case condition (a) only was fulfilled as the Senior Traffic Supervisors/ Traffic Supervisors had to discharge specific duties which were not exclusively supervisory in nature. Their duties were such that in their absence, the entire station working and train operation would come to a standstill. Moreover, huge number of vacancies existed due to non-filling of regular posts. It was also argued that designations of Senior Traffic Supervisors/ Traffic Supervisors were not included in the list of 'supervisory' Railway servants.

These arguments are not acceptable. As per Railway Board's letter No.E (LL) 70 HER/16 dated 4 January 1972, the Dy. Station Superintendent/ Station Superintendent had been classified as 'supervisory' and the Dy. Chief Personnel Officer had clarified (August 1998) that the cadre of Station Master and TS were merged into a single cadre unit and designated as Traffic Supervisors. Similarly, Dy. Station Superintendent and STS were merged into a single cadre and designated as Senior Traffic Supervisors. Therefore, Senior Traffic Supervisors/ Traffic Supervisors should have been treated as 'supervisory' and hence not entitled for payment of OT. Moreover, even though the vacancy position during 2003-04 and 2004-05 was the same (58), the payment of OT, which was Rs.1.29 crore during 2003-04, dropped to Rs.0.89 crore in 2004-05, which proves that payment of OT was not significantly affected by the vacancy factor.

Similar review conducted on Western (Rs.0.04 crore), Eastern (Rs.0.14 crore) and Northern (Rs.0.03 crore) Railways revealed that supervisory staff had been paid OT amounting to Rs.0.21 crore during the period 2002-03 to 2004-05.

The matter was taken up with Railway Board in October 2005. Their reply has not been received so far (December 2005).

5.2 Non-recovery of rent

5.2.1 Eastern Railway: Unauthorised occupation of railway quarters

Failure of Railway Administration to implement the Railway Board's order for allotment and retention of railway quarters and take necessary steps for recovery of damaged rent/eviction of the premises resulted in loss of Rs.15.19 crore for the period 1 April 2000 to 31 March 2005 alone

As per rules for allotment of railway quarters and retention thereof on transfer, death, dismissal, removal from service, etc. Railway servants are permitted to retain the accommodations allotted to them for periods ranging from one month to eight months on payment of normal/ special licence fee. On expiry of the permissible period the allotment of quarter is deemed to have been terminated and occupation thereafter is to be treated as unauthorised. During the period of unauthorised occupation, the employee should pay damage rent as prescribed from time to time. The recovery of damage rent should not be pended on any ground. In case the unauthorised occupation is regularised later, the damage rent should be refunded. Rules also provide that whole amount of retirement/ death gratuity or special contribution to Provident Fund may be withheld if an employee on retirement, resignation or dismissal from service does not vacate the accommodation and the withheld amount should be reimbursed only on vacation after adjusting all the dues on account of rent/ damage rent.

Audit scrutiny of records of four Divisions and three Workshops of Eastern Railway revealed that 1,698 quarters remained in unauthorised occupation of Railway employees/ outsiders for periods ranging from three months to 23 years. In 482 cases, the date of unauthorised occupation could not be traced as the records indicate 'occupied since long'. Though the damage rent recoverable in these cases will be much more if the full period is taken into account, Audit worked out an amount of Rs.15.19 crore as damage rent for the period 1 April 2000 to 31 March 2005 recoverable from the serving employees as well as families of retired/ deceased railway employees occupying 990 quarters. The damage rent for the past period could not be worked out for want of sufficient details in the records. The category wise position of unauthorised occupation is given below:

- 580 quarters were in unauthorised occupation by other than Railway employees. Details as to how these quarters were occupied by them were not available. Railway Administration has initiated eviction proceedings only in three cases and three quarters have been vacated.
- 197 quarters were in unauthorised occupation of families of retired/ deceased Railway employees. Though Railway Administration had withheld an amount of Rs.0.16 crore from their gratuity etc., this was not sufficient to adjust the damage rent and an amount of Rs.0.88 crore was still recoverable from them. No action for eviction of the premises had been taken in 60 cases.

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- 921 quarters were in unauthorised occupation of serving Railway employees. Out of these, Railway Administration recovered damage rent only in 128 cases. In 793 cases, no action had been taken either to recover damage rent or initiate eviction proceedings as a result of which an amount of Rs.14.31 crore had become due. Inaction on the part of Railway Administration was indicative of a systematic disregard of rules.

Thus the failure of Railway Administration to implement the Railway Board's order for allotment and retention of Railway Quarters and take necessary steps for recovery of damage rent/ eviction of the premises resulted in non-realisation of Rs.15.19 crore towards damage rent from serving as well as families of retired/ deceased railway employees for the period 1 April 2000 to 31 March 2005 alone.

The matter was taken up with Railway Board in October 2005. Their reply has not been received so far (December 2005).

5.2.2 Northern and North: Non-recovery of dues from State Central Railways Governments in respect of unauthorised occupation of railway quarters by Government Railway Police

Unauthorised occupation of railway quarters by Government Railway Police staff and failure of Railway Administration to adjust the damage rent, electricity and water charges against the amount payable to the State Governments, resulted in non-recovery of Rs.5 crore

Law and order is a State subject and the problems of law and order arising on the Railways are dealt with by the State Governments through Government Railway Police (GRP). The cost of GRP is shared between the State Government and Railways on 50:50 basis. The Railways are not obliged to provide residential accommodation to the GRP staff, though Railways may lease their land to the State Governments for construction of quarters for GRP.

The occupation of any public premises by any person, without authority for such occupation, is termed as 'unauthorised occupation' under the Public Premises (Eviction of Unauthorised Occupants) Act 1971. Ministry of Railways (Railway Board) fixes damage rent for unauthorised occupation of railway accommodation of different types.

Audit scrutiny revealed that on Northern and North Central Railways, 263 railway quarters (194 quarters on Northern Railway and 69 quarters on North Central Railway) were under unauthorised occupation by GRP staff for periods ranging between 1 to 30 years. It was observed that as many as 188 quarters (125 on Northern Railway and 63 on North Central Railway) were under unauthorised occupation for more than ten years. Date of unauthorised occupation in respect of 15 quarters on Northern Railway could not be ascertained from the records.

It was observed that though the quarters had been under unauthorised occupation for long periods, Railway Administration had neither claimed damage rent from the State Governments nor initiated action under the Public

Premises (Eviction of Unauthorised Occupants) Act, 1971, to get the quarters vacated. It was also observed that no recovery had been effected on account of electricity and water charges in respect of these quarters. The Railway Administration had also failed to adjust the Railway dues on this account against the amounts payable to the State Governments, in spite of discussion at various levels with the police authorities of the respective State Governments. This resulted in accumulation of Railway dues of Rs.5.00 crore in respect of unauthorised occupation of quarters on Northern Railway (Rs.2.98 crore for the period January 2000 to December 2004) and North Central Railway (Rs.2.02 crore for the period June 1995 to April 2005). The dues for the earlier periods could not be assessed by Audit due to non-availability of records.

In addition to the above, due to unauthorised occupation of railway quarters by the GRP staff, the Railway Administrations had to pay house rent allowance to the staff who could have been allotted these quarters. The unnecessary expenditure in this regard amounted to Rs.1.02 crore on Northern Railway (Rs.0.82 crore for the period January 2000 to December 2004) and North Central Railway (Rs.0.20 crore for the period October 1997 to April 2005).

The matter was taken up with the Northern Railway Administration in April 2005. The Railway Administration stated (June 2005) that necessary action would be taken to adjust the Railway dues from the cost of the GRP staff payable by the Railways. However, no action in this regard has been taken so far (August 2005).

The matter was taken up with the North Central Railway Administration in April 2005 who accepted (July 2005) that efforts to get these quarters vacated and effect the recoveries from GRP staff had not yielded the desired result and action had been initiated to adjust the amount from the Railway share of the cost of GRP staff and get these quarters vacated. It was also accepted that due to unauthorised occupation of these quarters by GRP staff, the quarters were not available to bonafide Railway staff. However, no action in this regard has been taken so far (August 2005).

The matter was taken up with Railway Board in September 2005. Their reply has not been received so far (December 2005).

5.2.3 Eastern Railway: Unauthorised occupation of leased accommodation

Failure of the Railway Administration to terminate the lease agreement of property, not required for their bonafide use, and non-recovery of damage rent for unauthorised occupation, has resulted in loss of Rs.0.45 crore

Railway Board may permit Railways to lease private houses for allotment to gazetted officers for residence where Railway quarters of an entitled type are not available. Railway Board issued instructions in May 1992, to provide a suitable clause in the lease agreement so that lease can be terminated on transfer of officers by giving stipulated notice.

Audit scrutiny of records of Eastern Railway revealed that two private houses at Kolkata taken on lease by Eastern Railway were allotted to two officers of the South Eastern Railway with effect from 13 March 1967 and 24 November 1998 respectively. While one of the officers retired from service on 30 June

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1984, the other was transferred to Central Railway from 10 December 1998. However, the Railway Administration did not take action to terminate the lease and these officers continued to occupy the leased accommodation till 31 October 2002 and 31 July 2003 respectively. Eastern Railway Administration did not recover damage rent amounting to Rs.0.43 crore from the officers concerned and also paid Rs.0.02 crore on account of lease charges during the overstay of these retired/transferred officials.

Thus the failure of the Railway Administration to terminate the lease agreement of the property not required for their bonafide use and non-recovery of damaged rent for unauthorised occupation has resulted in loss of Rs.0.45 crore.

The matter was brought to the notice of Railway Board in October 2005. Their reply has not been received so far (December 2005).