

## CHAPTER 5: OTHER TOPICS

### 5.1 Non-recovery of Railway dues

#### **5.1.1 Central, Eastern, East Coast, Northern North Western, South Eastern, South Western, Western and West Central Railways** *Non-recovery of cost and maintenance charges on ROB/RUBs*

Failure of the Railways to execute agreements before commencement of the works of ROB/RUBs, non-preparation of completion reports, non-assessment of interim cost for raising the bills and non closure of the level crossing even after commissioning of the bridges has resulted in non-recovery of Rs.62.24 crore

As per Para 1818 of the Indian Railway Code for the Engineering Department, the maintenance and lighting of the roadway of a Road Over Bridge (ROB)/Road Under Bridge (RUB) and its approaches after its opening to public traffic is a charge against the Road Authority. The maintenance of the bridge structure is a charge against the Railway. Where, however, the cost of bridge structure is shared by the Railway and State Government/Road Authority, the maintenance charges shall be borne by the parties in proportion to their share of the cost. In case the Road Authority agrees, the capitalized value of the maintenance charges should be recovered. It has also been stipulated that before undertaking construction of any ROB/RUB, an agreement clearly spelling out the liabilities of the parties regarding bearing the initial cost as well as recurring maintenance and other costs be entered into. Rules also provide that the level crossing (LC), in lieu of which a ROB or RUB is provided, should be closed immediately and if Railway is restrained from closing the level crossing, the State Government/ Road Authority will reimburse the cost borne by Railway.

Taking serious view of various audit comments regarding non-execution of agreements, non-recovery of maintenance charges etc., Railway Board had issued instructions (November 2003) to all Zonal Railways for execution of agreements and drawal of completion reports for raising of bills. It was also stipulated that in case of delay in preparation of completion reports, bills for maintenance charges should be raised on interim cost subject to adjustment at later date. Recovery of maintenance charges was to be pursued vigorously.

Audit scrutiny of records of Central, West Central, Northern and South Western Railways revealed that -

- Out of a total of 777 ROB/RUBs, 225 have been constructed on cost sharing or deposit term basis. Agreements in respect of 164 ROB/RUBs were not available.

- Railways have not executed any agreement in 23 out of 66 ROB/RUBs which were commissioned after November 2003,. Railways have not maintained the records necessary for raising bills for maintenance charges and recovery thereof and as a result maintenance charges in most of the cases were not being recovered. Further scrutiny revealed that out of total amount of Rs.10.42 crore raised on account of maintenance charges Railway could recover only Rs.6.74 crore leaving a balance of Rs.3.68 crore. Though cost of three ROB/RUBs was available, bills of Rs.2.58 crore were not raised aggregating the amount recoverable to Rs.6.26 crore.
- A total of 268 ROB/RUBs were commissioned between 1961 and 2003. Despite Board's instructions Railways have not initiated any action to prepare the completion reports of these bridges. Though interim costs were available in 77 cases, bills in most of the cases were not raised. The Railways had raised bills of Rs.11.46 crore but actual amount recovered was only Rs.2.60 crore. Based on the cost particulars Audit has assessed the amount recoverable as Rs.20.93 crore.
- There were 31 ROB/RUBs which were constructed in lieu of level crossings. Though these bridges were commissioned between December 1975 and October 2006, the Railways neither closed the level crossings nor made concerted efforts to recover the cost as well as maintenance charges of Rs.24.73 crore. The reasons for non-closure furnished by Railways were agitations by public leading to court cases. Non-closure of the LC besides, entailing extra expenditure for their maintenance has also affected the safety of public and trains.

Thus, the failure of the Railways to execute agreements before commencement of the works of ROB/RUBs, non-preparation of completion reports, non-assessment of interim cost for raising the bills and non closure of the level crossing even after commissioning of the bridges has resulted in non-recovery of Rs.51.92 crore.

Apart from the above a few individual instances are mentioned below:

#### **East Coast Railway**

A Road Over Bridge (ROB) at Km 877/7 on Howrah-Waltair section, was constructed and opened (January 1997) to traffic in replacement of the existing level crossing gates at Km.877/7 and 877/10 to facilitate easy flow of road traffic and safe working of railway train services. Government of Andhra Pradesh had given an undertaking that the level crossings would be permanently closed after the completion of the ROB and had also agreed to reimburse the cost borne by the Railway, if the existing level crossings either could not be closed or had to be reopened/ restored for any reason.

LC has, however not been closed (June 2007) defeating the very purpose of investment of Rs.3.74 crore made by Railway and the potential hazards to safety of rail/road traffic continues. It was also seen in audit that Railway Administration has neither entered into an agreement nor recovered Rs.3.74

crore on account of their share of cost and maintenance charges of Rs.0.46 crore for the period from the date of opening till July 2007.

### **Eastern Railway**

The ROB between Baghajatin and Garia Station on Eastern Railway in lieu of an existing LC (No.9-A/E) was commissioned in June 2001 on cost sharing basis where the Railway's share was Rs.4.38 crore. The entire work was executed by the Kolkata Metropolitan Development Authority (KMDA) at their own cost, under Railway's supervision. Since after commissioning of the ROB, the KMDA did not close the LC. Railway informed them (June 2001 and March 2002) that the present ROB was treated as a Deposit Work and they had to deposit supervision and Departmental charges of Rs.4.74 crore.

Audit, however, noticed that neither was the LC closed even after 6 years of commissioning of the ROB, nor the Departmental Charges (including Plan and Estimate charges) and maintenance cost of the ROB for the period from July 2002 to March 2007 recovered. Thus a sum of Rs.4.74 crore remained to be recovered.

The matter was brought to the notice of the Railway Administration and Railway Board in April 2007 and September 2007 respectively; their reply has not been received (December 2007).

### **Western Railway**

On a request of Ahmedabad Municipal Corporation (AMC) a ROB was constructed at a cost of Rs.3.85 crore and opened to traffic in July 1994. Audit noticed that AMC had deposited only Rs.3.71 crore. Railway Administration had neither executed the necessary agreement nor recovered the balance cost of Rs.0.14 crore. Further though Railway has been maintaining the ROB for the last thirteen years, action to recover the maintenance charges of Rs.1.23 crore was initiated by Railway in November 2006 only after Audit brought the matter to their notice in May 2006. However, AMC has not paid the charges and a sum of Rs.1.37 crore remains to be recovered.

The matter was brought to the notice of the Railway Administration and Railway Board in March 2007 and September 2007 respectively; their reply has not been received (December 2007).

#### **5.1.2 Western Railway: Non-recovery of licence fee on land**

The failure of Divisional Authorities to execute proper agreements for licensing of land resulted in non recovery of Rs.1.39 crore

In terms of Railway Board's orders of March 1987, Licensing of Railway land to State Governments and Local Bodies for works of public utilities may be allowed by General Managers subject to adequate safeguards being taken in the interest of Railway. Proper agreements should be executed with the licencees fixing the licence fee for open plots of Railway land. The rates of licence fee for open plots notified in September 1985 were fixed at six per cent of market value of land as on 1 January 1985 to be increased by 10 per cent every year up to March 2004 and by seven per cent thereafter.

Audit scrutiny of records of Ahmedabad Division of Western Railway revealed that in order to facilitate the construction of a Road Over Bridge (ROB) at Sabarmati, Ahmedabad Municipal Corporation (AMC) had asked Western Railway (March 1992) to allot a piece of land. This land was required for temporary diversion of road which was infringing the construction of ROB. In July 1992, General Manager accorded his sanction for licensing 6020 Sq.M land to AMC for a period 18 months. The licence fee was to be recovered at 10 per cent of the land value at the rate of Rs.1250 per Sq. M. The Divisional Railway Manager requested AMC (August 1992) to deposit licence fee of Rs.18.06 lakh and also to return a copy of agreement duly signed. AMC neither deposited the licence fee nor executed the agreement, however, the road was constructed in October 1992 on Railway land. The ROB opened to traffic in July 1994 but the AMC neither closed the road nor handed over the land to Railway. The Railway made no efforts after May 1995 either to take back the land or to recover the licence fee assessed by Audit at Rs.1.39 crore.

It was only after the matter regarding non-recovery of licence fee of land as well as taking back the land was taken up by Audit in May 2006 that the Divisional Railway Manager, Ahmedabad took up the issue with AMC in November 2006. However, the AMC had neither made any payment towards licence fee of land nor handed over the land that was licensed to them only for eighteen months.

Thus the failure of Divisional Authorities to execute proper agreements for licensing of land coupled with non-pursuance of the matter resulted in non recovery of Rs.2.76 crore.

The matter was brought to the notice of the Railway Administration and Railway Board in March 2007 and September 2007 respectively; their reply has not been received (December 2007).

### **5.1.3 Southern Railway: Short realisation in relinquishment of Railway land**

Railway handed over a land to a City Corporation at a reduced rate against the codal provisions resulting in short realisation of Rs.3.24 crore

Paragraph No 1003 and 1038 of Indian Railway Code for the Engineering Department prescribe that in case of transfer of Railway land to other department, the full market value on the date of transfer of land is to be charged.

Railway had a piece of prime land measuring 11204 square metres situated about half a kilometer away from the Tiruchchirappalli Junction Railway station near the Central Bus stand of the city. This area was near the land where residential accommodations for the Railway officers/staff exist.

Audit noticed that District Collector, Tiruchchirappalli requested (June 1994/ June 1996) for the transfer of this land/leasing a small portion but Railway had not agreed to relinquish/lease the land on the ground of future requirement of Railway for developmental works. However, in October 1998 Railway

decided that it will relinquish the land provided TCC agrees to pay the market value of the land on the date of transfer and incidental expenditure like construction of staff quarters and service buildings etc.

Later on, Honorable Minister of Railways (MR) decided (December 2003) that the Railway land could be relinquished on the condition that TCC pay full value of the land and Rs.0.50 crore for the buildings on the land. In view of this decision, TCC agreed (January 2004) to pay Rs.5.66 crore i.e. cost of land estimated in the year 1999 and Rs.0.50 crore towards the cost of Railway buildings. Railway Board, however, asked (March 2004) TCC to pay Rs.8.65 crore as present day cost of the land and buildings plus contingency charges applicable as per extant rules.

Contrary to insistence shown and decision taken earlier for charging the prevailing cost of land, Southern Railway Administration proposed (November and December 2004) to Railway Board to approve charging the land cost as per the valuation done in 1999 instead of present cost in view of the fact that the land would be used for the betterment of the common public including Railway passengers and improve the Bus infrastructure, ultimately enhancing the amenities to the Railway passengers besides obviating the possibility of encroachment.

Railway Board approved the proposal and TCC took possession of the land in June 2005 after making payment of Rs.5.66 crore. Thus, transfer of land having high potential for commercial exploitation at the 1999 prices was against the codal provisions and led to short realisation of Rs.3.24 crore.

On this being taken up by Audit (February 2007), Railway stated (June 2007) that land was required by the TCC for enhancing the infrastructure of the existing Bus stand which was cramped as a result of which Railway passengers were suffering. Railway's statement is not acceptable because creation of amenities at Bus stand would not benefit Railway passengers as it was about half a Kilometer away from the Railway station.

The matter was brought to the notice of Railway Board in October 2007; their reply has not been received (December 2007).

**5.1.4 Western Railway: *Non-recovery of licence fee and ground rent for space provided to banks for installation of Automatic Teller Machine***

<p>The failure of Western Railway to confirm whether the banks allowed to operate the ATMs were authorised to conduct Government business and take immediate steps for modification of the terms and conditions suitably in Railway's favour before commencement of the operations of ATMs resulted in non-recovery of Rs.2.43 crore</p>
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With a view to facilitate the passengers to withdraw cash through their credit or debit cards, Railway Board decided in January 2001 to permit installation of Automatic Teller Machines (ATMs) by banks at all Model stations. Railway Board also instructed the Zonal Railways that while giving permission to banks, care should be taken to obtain commitments from banks

for modification of ATMs for issue of reserved/unreserved tickets as and when the pilot project for the same becomes operational.

In August 2002, Railway Board informed the Zonal Railways that pilot project for issue of Monthly/Quarterly Season Tickets (MST/QST) through ATM has already been implemented successfully on Central Railway and asked them to extend this facility on their Zones also. It was also stipulated that this scheme may be extended only to the short listed banks viz. State Bank of India, HDFC Bank, ICICI Bank, UTI Bank, IDBI Bank, Punjab National Bank, Indian Bank, Indian Overseas Bank and Corporation Bank and an agreement as per format should be entered.

In pursuance of the above policy, Western Railway called for tenders (November 2002) for installation of 40 ATMs over Mumbai Division with facility to issue computerized Season Tickets. The tenders of UTI Bank, Corporation Bank and Punjab National Bank were accepted and these banks were asked in January 2003 to complete the installation of ATMs within 30 days and also to develop the interface software for issue of computerized Season Tickets. It was also stipulated in the acceptance letters that contract agreement in the prescribed format be signed within 15 days. The banks, however, installed and commenced operations of ATMs only in June/July 2003.

In the meantime, Railway Board reviewed (February 2003) the policy and decided that only banks which are authorised by Controller General of Accounts (CGA) to conduct Government business be allowed to issue Railway tickets through ATMs. Zonal Railways were also instructed to cancel the arrangements for issuing tickets, if any, made with banks not permitted by CGA to conduct Government business.

Audit scrutiny of the records of Western Railway revealed that Western Railway neither confirmed whether the banks who had installed the ATMs on their system were authorised to conduct Government business nor modified the acceptance letter suitably in the interest of the Railway. As these banks were not allowed to issue Railway tickets through ATM, the Punjab National Bank and Corporation Bank stopped payment of licence fee and ground rent to Railway citing reasons that they were not allowed to issue the tickets as per accepted terms and conditions of the tender document. The Punjab National Bank also filed arbitration award seeking compensation of Rs.2.50 crore for failure on the part of Railways to allow them issue of Railway tickets. The case is still pending with the arbitrator.

Thus, the failure of Western Railway to confirm whether the banks allowed by them to operate the ATMs were authorised to conduct Government business and take immediate steps for modification of the terms and conditions suitably in Railway's favour before commencement of the operations of ATMs resulted in non-recovery of Rs.2.43 crore.

The matter was brought to the notice of the Railway Administration and Railway Board in February 2007 and August 2007 respectively; their reply has not been received (December 2007).

**5.1.5 East Central Railway: Non-recovery of Railway dues**

Railway's failure in entering into an agreement/raising bills in time resulted in non-recovery of their dues amounting to Rs.4.03 crore

Consequent upon gauge conversion of main line in 1980, the MG siding of Bharat Wagon and Engineering Company Limited (BWEL) was also converted (1983) into BG siding on deposit terms. Though an agreement stipulating recovery of maintenance charges from July 1983 was entered (January 1990) between Railway and M/s. BWEL, Railway raised bills only in August 2002 after the matter was taken up by Audit in May 2002.

Review of records also revealed that apart from unauthorised occupation of Railway land measuring 3993.21 Sq. Meters, the siding owners were also using Railway lines occupying land measuring 1230.45 Square meters for their operations like movement of incoming/outgoing wagons and stacking of materials without any specific approval and payment.

The Railway preferred (August 2002) a bill of Rs.2.31 crore on account of maintenance charges of the siding and licence fee for un-authorised occupation of Railway land for the period July 1983 to March 2002. As the efforts by the Division to realize their dues did not yield any fruitful results they approached Railway Board in December 2003 to recover the amount from the dues payable to M/s BWEL towards cost of wagons being supplied to Railways.

Audit also observed that bills for the maintenance of siding from April 2002 onwards have also not been raised. Audit has assessed that an amount of Rs.4.03 crore has become due on account of maintenance charges and licence fee for the period from April 2002 to March 2007.

Thus, Railway's failure in entering into an agreement and raising bills in time resulted in non-recovery of Railway dues amounting to Rs.4.03 crore.

The matter was brought to the notice of the Railway Administration and Railway Board in February 2007 and October 2007 respectively; their reply has not been received (December 2007).

**5.1.6 North Western and: Non-realisation of maintenance  
Northern Railways charges and cost of staff for level  
crossings from State Government**

Railways failure to execute agreements with State Government for the manning and maintenance of level crossings resulted in non-recovery of Rs.20.55 crore

Indian Railway Code for the Engineering Department provides that in respect of a level crossing provided by Railway at the request of the State Government/Local body, Railway should execute an agreement incorporating the terms and conditions for manning and maintenance of the Level Crossing (LC) before the commencement of work. Railway Board had further ordered (July 1999) to execute fresh agreements in all those cases where agreements were either not executed or were not traceable.

A review of records by Audit on North Western Railway (Ajmer, Bikaner and Jodhpur Division) revealed that despite Railway Board's Orders of July 1999, agreements were not executed by Railway with the State in respect of 35 out of total 37 LCs. Though Bikaner Division regularly raised the bills in respect of 26 LCs, State Government paid the bills only up to March 2000. On Jodhpur Division, State Government refused to pay the bills in respect of four LCs after December 1989/ December 2003 due to non-execution of agreements. A sum of Rs.6.16 crore was lying as unrealised towards the manning/maintenance of 37 LCs for the years 2000-01 to 2006-07 (Seven years).

On Northern Railway (Ambala and Firozpur Division), agreements were either not executed/available in respect of 115 out of total 117 level crossings and a sum of Rs.14.39 crore was lying unrealized towards manning and maintenance of these from the State for the years 2000-01 to 2006-07.

Thus Railway's failure to execute the agreements with the State/Local body for manning and maintenance of the LC resulted in non-recovery of Rs.20.55 crore on account of manning and maintenance charges.

The matter was brought to the notice of Railway Board in October 2007; their reply has not been received (December 2007).

#### **5.1.7 Northern Railway: Loss due to non-recovery of Railway dues**

Due to lackadaisical approach of Railway Administration in taking prompt and firm action to recover its dues or get the land evicted from the defaulting licencees, an amount of Rs.1.31crore could not be realised

Rules provide that Railway land may be licensed to private parties for purposes directly connected with Railway's working after execution of proper agreements stipulating terms and conditions for recovery of licence fee at the rates fixed from time to time. The parties are required to pay the dues within 30 days after the demand is made.

Scrutiny of records of Ambala Division revealed that a piece of land measuring 19,425 Sq.ft. (1805.3 Sqm.) was licensed to an Oil Mill at Ahmedgarh station for storing materials received and dispatched through Railways. Railway executed (November 1978) an agreement to this effect with the oil mill. Consequent upon general revision in the rates of licence fee, Railway Administration enhanced (November 1990) the licence fees of the above piece of land from Rs.6776 per annum to Rs.12,645 per annum. As the licensee did not pay the licence fee at revised rates, Divisional Authorities terminated (March 1992) the agreement and asked the licensee to clear the outstanding dues and also to vacate the land. The licensee, however, neither paid the outstanding dues nor vacated the land.

The Divisional Authorities issued (May 1996) a notice to the licensee and initiated (June 1996) eviction proceedings under the Public Premises Eviction (PPE) Act against the Mill. The Estate Officer, pursuing the matter, ordered (October 1997) the licensee to evict the land and pay the damages to the



Railways at the rate of Rs.4,81,500/- per annum for the period from 25 March 1992 to the actual date of vacation of the land.

The licensee filed (November 1997) an appeal in the District Court against the above decision, which was dismissed on October 2002. Railway Administration issued (January 2004) a show cause notice to the defaulting licensee for vacation of land and paying the dues. In the mean time the licensee requested the Divisional Authorities to revoke the termination of agreement and accept licence fees at normal rates.

Divisional Authorities, instead of implementing the Court's order, proposed (April 2004) to the Zonal Administration to consider the licensees' request for renewal of the licence agreement on the plea that if the said land was got vacated it would get encroached. The Zonal Authorities directed (April 2004) the Divisional Authorities to send a complete proposal duly vetted by Finance. Accordingly, the Divisional Authorities submitted (July 2004) a proposal which was not agreed to. The Railway Administration has not taken any action thereafter (March 2007).

Thus, Railway's inaction and indecisiveness besides non-vacation of its land has resulted in non-realisation of its dues amounting to Rs.1.31 crore (i.e. Rs.0.72 crore due from 25 March 1992 to March 2007 as per court's order and Rs.0.59 crore interest thereon).

The matter was brought to the notice of the Railway Administration and Railway Board in January 2007 and October 2007 respectively; their reply has not been received (December 2007).

**5.1.8 South Western Railway: *Non-realisation of Railway dues on execution of deposit works***

Railways inefficiency while preparing estimates, drafting the agreements and pursuing the claims with the proper Authorities resulted in non-realisation of Rs.1.19 core
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As per codal provisions, Railway maintains all assets created by the Railway in Railway premises for other parties on deposit account. For this, Railway recovers maintenance charges from the sponsoring parties either as a fixed percentage or actual expenditure, as decided by the Railway. Railway also provides way leave facilities on Railway land to parties where occasional or limited use of the Railway land for some specified purposes like passages, canal crossings, culverts etc. is involved. Railway Board has ordered (November 2001) that way leave charges may be recovered in advance for a block of ten years.

Mysore Division executed (2001-2002) three works for providing RCC Slab Bridge as deposit works at the request of Karnataka Urban Water Supply & Drainage Board (KUWS&DB). Asian Development Bank (ADB) financed these works and the nodal agency was Karnataka Urban Infrastructure Development & Finance Corporation (KUID&FC). Although KUWS&DB deposited (1999) maintenance charges for five years in advance in respect of two works at the prevailing rate of 4.5 per cent of the cost of works,

maintenance charges in respect of third work were not deposited. Issue was disputed by them saying that the rate of maintenance charges should be 2.5 per cent instead of 4.5 per cent. Divisional Authorities referred the matter to the Zonal Administration but went ahead and executed all the three works without resolving the issue.

Agreements executed stipulated recovery of maintenance charges at 4.5 per cent for two works, at 2.5 per cent for the third work and way leave charges as fixed by the Railway subject to minimum of Rs.20 per annum or part thereof.

Accordingly, Railway preferred (February 2003) a claim of Rs.1.19 crore towards maintenance charges of one work (Rs.0.24 crore) and advance way leave charges for ten years in respect of all the three works (Rs.0.95 crore). However, the parties (KUIDFC, KUWS&DB and Mysore Municipal Corporation) refused to make the payment on the plea that since the works were executed with the assistance of ADB, the amount should have been included at the time of estimate itself. As these works were funded by the ADB, the funds were work specific. Railway should have included the maintenance/way leave charges in the financial estimates itself and advised the sponsoring Authorities accordingly.

Thus, incorrect preparation of financial estimates and drafting of the agreements and delay in pursuing the claims with the Authorities resulted in non-realisation of Rs.1.19 crore by the Railways.

The matter was brought to the notice of the Railway Administration and Railway Board in April 2007 and October 2007 respectively; their reply has not been received (December 2007).

**5.1.9 East Central, Western: Non-recovery of dues from State  
West Central and Governments in respect of un-  
Northeast Frontier authorised occupation of railway  
Railways quarters by Government Railway  
Police**

<p>Unauthorised occupation of railway quarters/buildings by Government Railway Police staff and failure of Railway Administration to adjust the damaged rent, electricity and water charges against the amount payable to the State Governments, resulted in non-recovery of Rs.6.27 crore</p>
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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 of records of Sonapur Division revealed that 16 railway buildings/quarters and eight railway waiting rooms/ rest rooms were under unauthorised occupation of GRP staff for periods ranging from 12 to 29 years. It was observed that though the quarters had been under unauthorised occupation for long periods, Railway Administration had neither claimed damaged 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 amount payable to the State Government. This resulted in accumulation of damaged rent aggregating to Rs.1.02 crore and charges on account of electricity and water worth Rs.0.07 crore during the period January 1979 to March 2007. Apart from this, the bonafide passengers were denied the facilities of waiting hall/rest houses.

As Railway quarters meant for the use of its staff are under unauthorised occupation of the GRP, Railway has incurred avoidable expenditure of Rs.0.05 crore on account of payment of house rent allowance to employees who were expected to legitimately occupy these quarters during the period January 1996 to March 2007.

Similar position was also noticed on Western, West Central and Northeast Frontier Railways. The details of non-recovery of damaged rent were as under:

Railways	Division	Outstanding damaged rent	Period
Western	Bassein Road	Rs.0.01 crore	September 2006 to June 2007
West Central	Kota	Rs.0.40 crore	April 1984 to March 2007
	Jabalpur	Rs.0.40 crore	January 1980 to February 2007
	Bhopal	Rs.3.25 crore	April 1987 to March 2007
Northeast Frontier	Katihar	Rs.0.82 crore	April 1989 to March 2007
	Lumding	Rs.0.25 crore	January 1983 to March 2007

The matter was brought to the notice of the Railway Administration and Railway Board in January 2007 and October 2007 respectively; their reply has not been received (December 2007).

**5.1.10 East Central Railway: *Non-recovery of cost of damage to wagons during tipping operations***

Railway Administration's failure in raising the bills toward cost of damaged wagon during tipping operations resulted in a loss of Rs.0.81 crore
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In January 1992, the Railway Board issued orders that siding owners are responsible for safe and smooth operation of their tippers and are required to pay compensation to railway for all damages taking place in their siding. The Zonal Railways were instructed to keep watch on the tippers in their jurisdiction. Subsequently to resolve the issue of wagon damages caused during tipping, fly shunting without retarder and difficulty in assessing/ recovery of cost of damages from sidings, the Railway Board issued

(November 2002) further instructions for incorporating them in the commercial agreements being executed with the siding owners to avoid damages to wagons and to facilitate recovery of damages/deficiency charges from the siding owners.

Audit scrutiny of records revealed that 8795 BOXN wagons were damaged in tipping operations at Patratu Thermal Power Station (PTPS) siding during November 1997 to January 2007. Though Divisional Authorities had received instructions for recovery of damages in June 2002, no action was initiated to recover the charges on account of damaged wagons till April 2005. Though unilateral inspection of tipplers commenced from April 2005, rules prescribed joint inspection.

Billing was started from April 2005 and bills of Rs.0.04 crore in respect of 940 wagons damaged in tipping operations during April 2005 to January 2007 were raised. PTPS authority however, refused to pay these charges on the ground that they were unloading coal wagons through tipplers for more than 35 years and no such claim was made in the past. Agreement required to be executed was also not found on record.

It was also noticed that the Section Engineer(C&W) had prepared bills of Rs.0.77 crore in respect of 6095 damaged wagons during the period 1991 to 2006 in respect of Obra Thermal Power Station (OTPS) and submitted them to Divisional Authorities. However, the bills were not raised on OTPS authority for payment.

Thus, the failure of the Railway Administration in implementing the instructions issued by Railway Board resulted in non-raising of the bills and as a result an amount of Rs.0.81 crore toward cost of damaged wagons remained unrealised.

The matter was brought to the notice of the Railway Administration and Railway Board in June 2007 and October 2007 respectively; their reply has not been received (December 2007).

#### ***5.1.11 Northern Railway: Non-recovery of Railway dues and unproductive expenditure on deployment of chowkidars***

Injudicious decision to deploy chowkidars to safeguard the dismantled material at site besides incurrence of avoidable expenditure of Rs.0.51 crore has also resulted in non recovery of Rs.0.28 crore on account of interest, maintenance charges and dismantling charges

A siding for the 220 KV Beas Project, Khera was constructed by the Railway Administration under an agreement in July 1975. Clause 11(a) of the agreement stipulated that in the event of the Project authority wishing to abandon the use of the siding, the agreement would be terminated by giving a 30 days notice. The Railway Administration would then be at liberty to remove from the siding the permanent way, girder work, machinery and materials of all kinds provided by the Railway Administration and the cost of such removal would be paid by the Beas Project.

In June 1994, the Beas Project communicated their decision to abandon the siding. The Railway Administration, however, took two years to notify the closing of the siding and requested (February 1997) the Project authority to deposit a sum of Rs.0.07 crore towards the estimated cost of dismantling the siding. The Project authority has, however, not paid this amount (May 2007).

Audit scrutiny of the records of the Ambala Division revealed that the Sr. Section Engineer (Permanent Way), Jagadhari had dismantled a portion of the siding (for a track length of 1.5 km.) even before formal closure of the siding and, instead of bringing the retrieved material to the store, posted two chowkidars, later increased to four, for safeguarding the material lying at the site. An amount of Rs.0.51 crore has been spent on deployment of chowkidars during May 1996 to 31 December 2006. The remaining portion of the siding containing material costing Rs.1.26 crore (estimated present day cost) has not been dismantled so far (May 2007).

It was also observed that interest and maintenance charges of Rs.0.21 crore for the period April 1987 to January 1993 (when the Project authority took over maintenance of the siding) had also not been recovered.

Thus, injudicious decision of the Railway to deploy chowkidars for safeguarding the dismantled material at site led to avoidable expenditure of Rs.0.51 crore and also resulted in non recovery Rs.0.28 crore on account of interest, maintenance charges and dismantling charges. Moreover, material worth Rs.1.26 crore has not been dismantled 11 years after the siding was notified for closure.

The matter was brought to the notice of the Railway Administration and Railway Board in February 2007 and August 2007 respectively; their reply has not been received (December 2007).

## **5.2 Avoidable/ Extra expenditure**

### **5.2.1 *East Central, Northern, Central, North Eastern, Western, South Central, East Coast, North Central and West Central Railways* Avoidable expenditure due to non-abolition of Box Porter System**

Failure of Zonal Railway's to abolish the system of using Box Porter led to avoidable expenditure of Rs.29.77 crore

With a view to eliminate the undignified method of carrying driver's box on the head of Box Porters, to avoid late starts and other related problems in train operations, the Railway Board directed (January 2003) all Zonal Railways to abolish the system of using Box Porters. Substantial savings in expenditure on account of surrender of the posts of Box Porters was to be achieved.

Review of the records of three Divisions over East Central Railway revealed that the Railway Administration failed to abolish the above system and 23 Box porters (thirteen in Mughalsarai division, two in Sonpur Division and eight in Dhanbad Division) are still on the job of carrying driver's boxes resulting in

avoidable expenditure of Rs.0.77 crore on pay and allowances during the period February 2003 to February 2007.

Similar review over other Zonal Railways revealed that the Board's orders for abolition of Box Porter's posts were not implemented and a large number of posts were still being operated involving heavy expenditure as under:

Name of Railway	Name of Divisions	No. of posts of Box Porters operated as on March 2007	Expenditure incurred from February 2003 to June 2007 (Rs. In crore)
(1)	(2)	(3)	(4)
Northern	Ambala, Delhi, Lucknow and Moradabad	294	7.64
Central	Mumbai, Nagpur, Bhusaval, Solapur and Pune	237	7.20
North Eastern	Izatnagar	System abolished w.e.f 1 July 2005	0.24
	Lucknow	System abolished w.e.f 1 April 2005	0.31
	Varanasi	25	1.01
Western	Mumbai, Vadodara, Ratlam, Ahmedabad and Rajkot	76	2.35
South Central	Secunderabad	63	1.21
	Guntakal	Posts of Box boys abolished by outsourcing the work to contractors thereby defeating the purpose.	0.45
East Coast	Waltair and Khurda Road	117	2.47
West Central	Kota	70	1.38
North Central	Jhansi	49	1.04
	Allahabad	124	3.70

Thus, failure of Zonal Railways to abolish the system of using Box Porter led to avoidable expenditure of Rs.29.77 crore.

The matter was taken up (February 2007) with the Railway Administration of East Central Railway and Railway Board in September 2007, reply to which has not been received (December 2007).

### 5.2.2 *Northeast Frontier: Undue payment of sales tax to the Railway contractors on inter-state sale of goods*

Erroneous calling of rates inclusive of AGST and failure to deduct the same resulted in excess payment of Rs.7.50 crore to the contractors

As per Section 7, Clause 4 (iii) of Assam General Sales Tax (AGST) Act, 1993, no sales tax is leviable on sale of goods in the course of inter-state trade. Sales tax is leviable only under Section 6, Clause 1A of Central Sales Tax (CST) Act, 1956.

Construction Organisation of Northeast Frontier Railway awarded ten contracts (four in December 2002 and six in April 2004) for quarrying and

supplying man size boulders. The river queries of Arunachal Pradesh were identified as the possible source of supply. The tender conditions stipulated quotation of rates inclusive of all taxes as leviable under Central, State or Local Bodies Act.

Scrutiny of paid bills revealed that initially the Railway Administration started deducting amount equal to the amount of AGST (as it was included in the rates) from the running bills of the contractors but subsequently stopped the recovery as directed by the Gauhati High Court on the ground that AGST was not leviable in the course of inter-state trade. The Court also directed the Railway to refund the tax already deducted from the bills of the petitioners. In this connection Audit observed that though the Railway was aware that AGST was neither leviable nor can be recovered legally, they failed to call for the rates excluding the AGST to avoid future complications. Thus calling of rates inclusive of AGST and failure to deduct the same resulted in excess payment of Rs.7.50 crore.

When the matter was brought to the notice of Railway Board in August 2007, they stated (November 2007) that the rates were inclusive of all taxes. Contractors were neither required to give details of tax element nor they gave any break-ups. Since the source of supply could be both in Arunachal Pradesh and Assam, the all inclusive rate was adopted in the Contract Agreement (CA). It was not possible to give different rates for supply from Arunachal Pradesh or Assam and therefore, contract was correctly processed. However, Railway initially deducted AGST from supplies from Arunachal Pradesh and that on being found not applicable for supplies from Arunachal Pradesh, was stopped and refunded as per Court's orders.

The contention of the Railway Administration is not acceptable because at the tendering stage itself, the Railway Administration had identified the river queries of Arunachal Pradesh as the possible source of supply and almost all the boulders were collected from the river bed in the foothill of Arunachal Pradesh. Since in the instant cases, AGST was not leviable, the Railway Administration's decision to accept the element of AGST in the all inclusive quoted rates was injudicious and then had to refund the same following the verdict of Gauhati High Court. The rates per cum were inflated to the extent of AGST component which were not to be leviable in the case of inter-state transactions of boulders. This inherent lacuna in the CA resulted in avoidable loss of Rs.7.50 crore to the Railways.

### 5.2.3 *Western and Eastern: Avoidable payment of demand charges for exceeding contract demand*

The failure of Railway Administration to assess the electricity demand correctly coupled with delay in applying for enhancement in contract demand resulted in avoidable payment of Rs.2.13 crore

Payment of electricity charges consumed by the Railways is governed by the Tariffs of respective State Electricity Board. An agreement is entered into by the Railway Administration for every supply point, specifying the terms and conditions for supply of electricity and the quantum of demand called Contract

Demand (CD). The CD is fixed by the Railways taking into account the current requirement of load as well as the anticipated increase in load in the near future and can be revised as and when need arises.

### **Western Railway**

To meet the traction power requirements of Virar - Sabarmati and Udhna-Jalgaon sections, Western Railway obtains electricity from Gujarat Electricity Board (GEB) through three Traction Sub Stations (TSS) namely Bhestan, Madhi and Navapur. The electricity supply is covered under agreements executed between Railway and Gujarat State Electricity Board in October 1969 (Bhestan) and May 2003 (Madhi and Navapur). As per GEB's tariff, the demand charges are billed at normal rate for supply up to contract demand and at penal rates for supply in excess of the contract demand. However, in case of permitted load transfer by GEB, the excess demand over the contract demand is also charged at normal tariff rates.

Audit scrutiny of bills paid by Western Railway in respect above three TSS revealed that Railway had paid a sum of Rs.1.59 crore for exceeding the contract demand during June 2003 to May 2006. In this connection the following comments arise:

- Though the actual demand at Bhestan TSS had exceeded the contract demand in June 2003, September 2003 and November 2003 onward, Western Railway took almost eleven months to approach GEB for enhancement of contract demand up to 16000 KVA (May 2004). Though the actual demand recorded in June and July 2004 had touched the mark of 17561 KVA and 17906 KVA respectively, Western Railway later requested (July 2004) GEB to enhance the contract demand to 16000 KVA only asked for earlier instead of 16500 KVA. GEB agreed to the enhancement in January 2005. Thus, delay in taking corrective action and incorrect assessment of demand resulted in avoidable payment of Rs.0.53 crore.
- Madhi TSS was commissioned in June/July 2003 with agreed contract demand of 4000 KVA. Though the actual demand recorded in the very first bill (August 2003) was far in excess of contract and ranged between 5125 KVA in August 2003 to 10319 KVA in October 2004, Western Railway, however, applied for enhancement from 4000 KVA to 8000 KVA in September 2003 and for reduction from 8000 KVA to 7000 KVA in July 2005. The enhancement and reduction in contract demand was permitted by GEB from December 2003 and September 2005. Thus incorrect assessment of demand at the time of commissioning of TSS and thereafter not assessing the demand correctly resulted in avoidable payment of Rs.0.47 crore for exceeding the demand as well as calling for payment of minimum charges.
- TSS at Navapur was commissioned in February 2004 with a contract demand of 4000 KVA. It was noticed that though the actual demand recorded had exceeded the contract demand by almost 34 per cent in March 2004 itself, Railway Administration approached the GEB to



enhance the contract demand to 6000 KVA in June 2004. However, actual enhancement was allowed from February 2005 and by this time the actual demand had already touched the mark of 6840 KVA. Further enhancement was asked for in May 2005 and the same was allowed from October 2005. Thus incorrect assessment of demand for electricity in beginning and delay in taking suitable action for increasing the same resulted in avoidable payment of Rs.0.59 crore.

When the matter was taken up with the Railway Administration in March 2007 they stated in June 2007 that electricity demand was assessed and revised cautiously because once upward revision is made it can be reduced only after two years. It was also added that due to delay in commissioning of Navapur TSS, the section between Chalthan and Madhi was fed from diversion of load from Bhestan causing increase in actual demand which led to payment of higher demand charges. The reply is not tenable because, as per provisions of GEB's tariff if transfer of load is done with their permission, the excess demand is also charged at normal rates. However, while transferring the load of Bhestan TSS no action was taken to obtain permission from GEB. Moreover, the contract demand in respect of Madhi and Navapur was not assessed properly as is indicative from the fact that the same was exceeding by around 28 and 34 per cent respectively from the very first month of commissioning.

Thus, the failure of Railway Administration to assess the electricity demand correctly coupled with delay in applying the enhancement has resulted in avoidable payment of Rs.1.59 crore.

The matter was brought to the notice of Railway Board in October 2007; their reply has not been received (December 2007).

### **Eastern Railway**

Scrutiny of records revealed that an amount of Rs.0.54 crore had been paid in respect of following two sub-stations towards penal demand charges due to Railway's failure in timely revision of CD.

#### **(i) Sub-station at Belmuri**

With the commissioning of 3<sup>rd</sup> line in Gurap-Saktigarh section the actual demand shoot up from June 2001. Railway Administration approached (June 2001) the West Bengal State Electricity Board (WBSEB), for increasing the CD to 15,000 KVA for the year 2001-02 and 15,500 KVA thereafter. However, the case was not processed further till May 2004 when the Railway Administration sent a formal proposal for revision of the CD to 14,500 KVA. WBSEB enhanced the CD from 28 March 2006. The delay on the part of Railway Administration in send a proposal and pursue the matter resulted in avoidable payment of Rs.0.29 crore during the period from 2001-02 to 2005-06 towards penal demand charges.

#### **(ii) Sub-station at Sonarpur**

The actual demand had started exceeding the CD of 12600 KVA from July 2002. The Railway Administration, however, approached the WBSEB for

enhancement of CD to 14000 KVA only in February 2003. Since enhancement of CD required augmentation of transformation capacity, WBSEB asked (September 2003) for payment of Rs.3.23 crore and sign an agreement. The Railway Administration, however, asked for and got revalidated WBSEB's offer five times as they failed to decide the point of receipt of enhanced power. Finally in March 2007 Railway Administration requested WBSEB for supply of enhanced power at Sonarpur. However, enhancement has not been made effective so far. Thus, the lackadaisical approach of Railway Administration in processing the case led to avoidable payment of Rs.0.25 crore during the period 2003-04 to 2006-07 towards penal demand charges.

When the matter was taken up with the Railway Administration in February 2007 and they stated (May 2007) that all efforts were made to get the CD revised. It was accepted that an additional amount of Rs.0.25 crore had to be paid due to delay in revising the CD in respect of sub-station at Belmuri. In respect of sub-station at Sonarpur, they contended that the validity of budgetary offer given by WBSEB was only for 60 days during which decision could not be taken by them.

The reply is not acceptable. The amount of penalty in respect of Belmuri works out to Rs.0.29 crore during the period 2001-02 to 2005-06 which could have been avoided, had the Railways pursued the matter vigorously. As regards Sonarpur, the Railway Administration more than four years to decide about the point at which the supply was to be taken. This led to increase of Rs.0.94 crore in the cost of transformers and also resulted in payment of penal rates for exceeding the demand.

The matter was brought to the notice of Railway Board in September 2007; their reply has not been received (December 2007).

### **5.3 Miscellaneous irregularities**

#### **5.3.1 *South East Central: Non-achievement of targets against the Railway augmented Periodical Overhauling (POH) capacity***

Though the POH capacity was augmented at an expenditure of Rs.8.30 crore, the increased target could not be achieved

As per Railway Board's target fixed in October 1998, the installed capacity for POH of wagons at Wagon Repair Shop, Raipur (WRS) was to be increased from the existing 800 to 1100 wagons and Rehabilitation (Rebuilding) of 120 wagons per month by the year 2002. Accordingly, a detailed estimate for Rs.8.25 crore was sanctioned (December 1999) for augmentation of POH capacity. Subsequently, the targets were reduced to POH of 1000 wagons in the Pink Books of 2000-01 onwards. In March 2003, the Railway Board instructed the Workshop Authorities to quickly finalise the requirement of manpower for augmenting outturn capacity from 800 to 1000 wagons.

Scrutiny of records revealed that despite reduction in proposed augmentation of capacity for POH, no proportionate reduction was made in detailed estimate. The work was executed as per sanctioned estimate and an expenditure of Rs.8.30 crore was incurred till December 2006. It was seen that out of the total expenditure of Rs.8.30 crore, an amount of Rs.3.11 crore was for construction of Railway quarters and provision of vacuum dewatering machine not directly linked with the increase of outturn capacity of the workshop. The expenditure on augmentation of POH capacity, thus, works out to Rs.5.19 crore. Though the works which had direct impact on augmentation of POH capacity were completed by March 2003, manpower (130 posts) of artisan staff were sanctioned in May 2005.

Records revealed that Workshop Authorities had failed to achieve the enhanced targeted POH as planned by the Railway Board. During the years from 2001-02 to 2005-06, the actual out turn was well below the original capacity of 800 wagons per month i.e. 9600 wagons per year. Only during the year 2006-07, it exceeded by 270 wagons but was still below (32.58 per cent) the augmented capacity of 14640 wagons (1100 + 120 wagons per month). It was even less (17.75 per cent) than the reduced capacity of 12000 wagons (1000 wagons per month).

When the matter was taken up (May 2007) with the Railway Administration, they contended (June 2007) that planning was not defective. There was steady increase in out turn during successive years and out turn surpassed the targeted out turn during 2005-06 and onward. The above contention is not acceptable. There was no significant increase in out turn which has remained below the original capacity of 9600 wagons per year upto 2005-06. Even the reduced target of 1000 wagons per month could not be achieved till 2006-07. Thus, even after incurring an expenditure of Rs.8.30 crore, the Workshop Authorities had failed to achieve the targeted POH of wagons as planned by Railway Board. Even the reduced target could not be achieved till 2006-07.

The matter was brought to the notice of Railway Board in October 2007; their reply has not been received (December 2007).

### ***5.3.2 South Central Railway: Loss due to faulty Group Incentive scheme***

Railway incurred loss of Rs.3.58 crore on Incentive bonus due to low output achieved with reference to the yardsticks fixed besides loss of earning capacity as a result of detention of wagons in the Workshop beyond permissible limit

Based on the study report of RITES, Railway Board introduced (May 2002) a group type incentive scheme in Wagon Repair Shop, Rayanapadu. The scheme was designed with an incentive earning of 20 per cent and the workshop was to achieve the target of 5287.7 equated BOXN wagons per annum with the existing staff strength of 2795. Railway Board had also ordered (January 2003) that for the continuance of the scheme, a monthly average output of 1000 four wheeler units should be achieved. In order to avoid unnecessary detention of wagons in shop and to improve the availability of the wagons, a

maximum period of 90 days was permitted for detaining wagons in the Workshop. However, Chief Workshop Engineer was empowered to extend the detention limit on merit on wagon-to-wagon basis.

Review in Audit revealed that the minimum target fixed for the continuance of the scheme was not achieved in any of the years from 2004-05 to 2006-07 and extension in permissible detention of wagons was granted by the competent Authority as a routine. As such, Railway lost earning capacity of Rs.18.13 crore on account of detention to wagons beyond 90 days during these three years. Further, undue expenditure of Rs.3.58 crore was incurred on payment of incentive bonus to the staff during the years 2004-05 to 2006-07 as output was lower than the yardsticks fixed.

When the matter was taken up by Audit (April 2007) with the Railway, they stated (August 2007) that the loss pointed out by Audit was notional as the Workshop has actually turned out 54228 Four Wheel Units against the receipt of 53740 units and also saved Rs.3.78 crore on account of 397 shortage of staff in comparison to authorised manpower. The reply is not tenable because a comparison of the actual out turn with that required to be achieved for earning the stipulated bonus revealed that the out turn was always less than the target set for the existing manpower thereby causing excess payment of incentive bonus to the tune of Rs.3.50 crore.

The matter was brought to the notice of Railway Board in October 2007; their reply has not been received (December 2007).

### 5.3.3 South East Central Railway: Excess operation of trolley men

Railway Administration's failure to undertake cadre review/man power planning for trolley men on the basis of actual requirement led to avoidable expenditure of Rs.1.58 crore

Engineering Department is responsible for maintenance and safety of Railway Track. For this purpose, Assistant Engineer/Assistant Divisional Engineer (AEN/ ADEN) and Sr. Section Engineer/ Section Engineer (Permanent Way) [SSE/ SE (P.Way)] conduct periodical inspection of Railway track. While there is specific provision in the Indian Railway Permanent Way Manual (IRPWM) for use of trolleys by the AENs and SSE/SE (P.Way), no specific provision exists for inspection of track by officers of the rank of Divisional Engineers and above. As per yardstick in force, four trolley men should be provided with each push and for motor trolley when it moves without block protection.

Review in Audit revealed that there are 335 sanctioned posts of trolley men in Nagpur Division of South East Central Railway. However, 43 trolley men were being utilised by the trolley holders in other miscellaneous works like valve operator, khalasi, dak runner, chain man, etc. due to vacancies in these cadres. Out of these 33 trolley men were attached with officers not performing works related with upkeep or maintenance of tracks. Seven men were attached to Divisional Officers who did not have any trolley at all. Although, remaining three trolley men were attached to the officers having

trolleys but records revealed no movement or negligible movement of these trolleys during the period April 2001 to December 2006.

Thus, 43 trolley men are not being utilised for trolley purposes and as such their posts can safely be declared as surplus. The irregular utilisation of these posts involved an avoidable expenditure of Rs.1.58 crore during the period from April 2001 to December 2006.

In reply to Audit observation Railway Administration accepted (October 2004 and September 2005) that trolley men were also being used in other miscellaneous work of the officers to whom they were attached. They further stated that there was no excess cadre sanctioned/operated for officers. Instead there was shortage of posts of trolley men sanctioned for Engineering Department. The contention of the Railway Administration is not acceptable. As per yardstick only four men per trolley have been allowed. Moreover, the deployment of trolley men against other miscellaneous works of the officers indicates the existence of surplus trolley men.

Thus, Railway Administration's failure in undertaking cadre review/man power planning of trolley men on the basis of actual requirement led to avoidable expenditure of Rs.1.58 crore during the period April 2001 to December 2006.

The matter was brought to the notice of Railway Administration and Railway Board in April 2007 and October 2007 respectively; their reply has not been received (December 2007).

#### ***5.3.4 Chittaranjan Locomotive: Delay in clearing of Works inefficient debit balance***

Failure of CLW to clear the debit balance of Rs.2.29 crore under WMS Account by raising appropriate debit led to a liability of dividend of Rs.1.65 crore during the period 1996-97 to 2006-07

As per extant rules, the balance under the Workshop Manufacturing Suspense (WMS) Account should be reviewed monthly to see that there are no inefficient balances in the Account and the results of the review should be put up to the FA&CAO at least once a year.

During the review of WMS Account of CLW, it was observed that an inefficient debit balance of Rs.2.29 crore has been lying since 1995-96. Examination of available records revealed that manufacture of four MAK diesel engines was programmed by CLW during 1995-96. These engines were to be supplied to Central, Western, Eastern and South Eastern Railways as per approved Rolling Stock Programme. The manufacture of these engines could not, however, be completed due to non-availability of materials. A total expenditure of Rs.2.91 crore was booked to this work. Subsequently Rs.0.62 crore were credited to this work (details not available) leaving a debit balance of Rs.2.29 crore.

In reply to audit observation, the CME (Mfg) stated (February 2007) that three MAK engines were lying in incomplete condition in shop. This, however, is in contradiction to his note (September 2002) which indicates that incomplete engines were delivered (during November 1995 to July 1997) to Northern and

Eastern Railways. No records of issue of these engines could, however, be produced to Audit.

Thus, due to non-adherence of rules and inordinate delay in clearing the debit, CLW had to incur dividend liability of Rs.1.65 crore on the inefficient debit balance of Rs.2.29 crore in WMS Account during 1995-96 to 2006-07.

When the matter was brought to the notice of CLW in May 2007, they stated (August 2007) that it was only a stray case arisen at the verge of closure of Diesel Engine shop. Therefore, risk of recurrence of such event has least possibility in the regular Production Management. However, the debits have been raised against the Railway Board to clear the WMS balance.

The reply is not tenable. Non-clearance of suspense balance for more than ten years indicates system failure which besides unproductive expenditure of Rs.2.91 crore on incomplete engines also resulted in incurrence of avoidable liability of Rs.1.65 crore.

The matter was brought to the notice of Railway Board in November 2007; their reply has not been received (December 2007).

### **5.3.5 East Coast Railway: *Non-achievement of saving due to non-withdrawal of staff***

Non-completion of Supervisory Remote Control Data Acquisition System even after six years of its stipulated date of completion led to non-achievement of savings of Rs.0.81 crore on account of non-withdrawal of staff

Supervisory Remote Control and Data Acquisition (SCADA) system is widely used in electric generation, control and distribution as well as in water and gas control and distribution etc. The basic objective of system was to exercise control over Switching Stations (SSs) through Remote Control Centre (RCC) and to eliminate manual operation.

A contract was awarded (November 1999) for “Design, Supply, Erection, Testing and Commissioning of SCADA equipment at 41 SSs in Bhadrak-Palasa, Cuttack-Paradeep, Kapilas Road-Talcher and Barang- Rajatgarh Sections. The system was to be provided on turnkey basis are completed within 18 months from the date of issue of letter of acceptance i.e. by 23 May 2001. The contractor commenced supply of the SCADA equipment in October 2000. However, erection work was started in July 2001 i.e. two months after the scheduled date of completion. The progress of commissioning of the SSs was very slow right from the beginning and only 34 SSs were commissioned up to March 2007. The reasons for delay were un-preparedness of the Railway in ensuring availability of SSs. The SCADA system has not yet become fully operational.

Audit observed that though Provisional Acceptance Certificates of successful commissioning in respect of 28 SSs were issued and a proposal for withdrawing of the staff from these SSs was mooted (December 2002), yet some of SSs were being operated manually and staff was not withdrawn even after commissioning of the system. This led to avoidable expenditure and non-achievement of saving of Rs.0.81 crore. Expenditure in respect of the six SSs

out of 34 that have been commissioned could not be assessed as bills for manning of the SSs were not made available to audit.

When the matter was taken up (May 2007) with Railway Administration, they stated (July 2007) that in developing a new system such type of problems are unavoidable in initial stages. Hence manning at SSs having SCADA system is being done to ensure safety and reliability of train operation. Railway Administration's contention is not acceptable. Non-stabilization of SCADA system within a reasonable period is indicative of poor management and resulted in non-achievement of savings of Rs.0.81 crore in not withdrawing staff.

The matter was brought to the notice of Railway Board in September 2007; their reply has not been received (December 2007).

**5.3.6 North Western:      *Avoidable payment to idle labour of defunct Railway Shops of a Railway Workshop***

Railway Workshop Authorities failed to surrender/redeploy the surplus staff of defunct shops resulting in avoidable payment of Rs.8.72 crore on account of pay and allowances

Carriage and Wagon Workshop, Bikaner was established for the maintenance of rolling stock (Locomotives, Wagons and Coaches) pertaining to Meter Gauge (MG) Railway lines.

Consequent upon phasing out of Steam Locomotives on Indian Railways, the activities related to periodical overhauling (POH) of Steam Locomotives were stopped (April 1994) in the Workshop. As a result, four Shops viz. Erection Shop, Boiler Shop, Tin & Copper Shop and Loco Fitting Shop had become non-functional.

A review of Workshop records in Audit revealed that although the activities related to the POH of Steam Locomotives were stopped in the Workshop 13 years back, these four Shops had not been closed (April 2007). During the years 2002-03 to 2006-07, sanctioned strength of staff for these four Shops ranged between 89 and 112 against which 91 to 107 workers were on roll. Workshop Administration could not surrender/redeploy suitably the idle staff belonging to these defunct Shops even after a considerable period of 13 years.

Audit observed that payment to the extent of Rs.5.91 crore was made to such staff during these five years.

It was also observed that though the POH activities of MG wagons were discontinued (August 2005) and two more Shops viz. Foundry Shop and Wagon Shop have become non-functional, the staff was not surrendered or redeployed leading to avoidable payment of Rs.2.81 crore during the period September 2005 to March 2007.

When the matter was taken up with Workshop authorities (March 2007) they stated (April 2007) that the redeployment of the idle staff could not be planned due to non-availability of clear policy guidelines and future load planning. The reply is not acceptable in view of the fact that a considerable period has lapsed and sincere efforts have not been made to surrender/deploy the idle labour that led to avoidable payment of Rs.8.72 crore.

The matter was brought to the notice of Railway Board in October 2007; their reply has not been received (December 2007).

**5.3.7 North Western Railway: Avoidable excess payment of Incentive Bonus**

Despite non-availability of required work load, Incentive Bonus Scheme was continued in a Workshop resulting in avoidable excess payment of Rs1.36 crore

As per provisions contained in Paragraph No.431 of Indian Railway Code for Mechanical Department (Workshops), incentive bonus is paid to a direct worker for the time saved by him in completing a work against the time allowed. Payment of incentive bonus is justified if a direct worker completes a work in 200 man hours against the allowed time of 267 man hours. Workshop Administration is supposed to ensure that adequate workload at the rate of 267 man hours per direct worker per month exists in the Workshop so as to meet the increased capacity generated as a result of introduction of the scheme. In Carriage and Wagon Workshop, Bikaner, Incentive scheme under these provisions was introduced in the year 1963.

A review of records maintained by the Workshop for the booking of direct workers under the scheme and the payments of incentive bonus made revealed that against the prescribed 267 man hours per direct worker per month, the effective man hours were 145, 157 and 185 only during the years 2002-03, 2003-04 and 2004-05 respectively. In this connection, Zonal Railway Administration (CME) observed (February 2004) that load lifted per direct worker under the scheme was miserably low i.e. around 160 to 170 man hours per month and viewed that with such a low productivity, there was no justification for continuing the scheme specially when over 200 staff were surplus in the Workshop. Railway Board also noticed (November 2006) that there had been loss on account of Incentive Bonus in the Workshop. Despite these accepted facts no action was taken to discontinue the scheme.

Thus, the continuation of Scheme without justification led to excess payment of Incentive Bonus of Rs.1.36 crore during the years 2002-03 to 2006-07.

The matter was taken up by Audit (February 2006) with the Workshop Administration who accepted the Audit contention but showed their inability in discontinuing the scheme in view of industrial relations with the workers. Railway's reply is not acceptable as the scheme is to be regulated as per the codal provisions and incentive in the shape of Bonus was to be paid to workers for achieving better productivity.

The matter was brought to the notice of the Railway Administration in September 2007; their reply has not been received (December 2007).