PREFACE

The Report for the year ended 31 March 2010 has been prepared in three volumes viz. Compliance Audit Report, Performance Audit Report and a Report on 'Railways Finances' for submission to the President under Article 151 (1) of the Constitution of India.

This volume 'Compliance Audit Report' contains 46 audit observations arising out of test audit of financial transactions conducted during the year 2009-10 and five thematic studies.

The audit of Ministry of Railways and its subordinate offices was conducted under Article 149 and 151 of the Constitution of India read with Section 13 of the C&AG 's (Duties, Powers and Condition of Service) Act, 1971 and in accordance with C&AG's Regulations on Audit and Accounts.

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Overview

This report contains the audit findings of significant nature which arose from the compliance audit in Ministry of Railways (Railway Board) of the Union Government and its field offices. The report contains 7 chapters. Chapter 1 explains the audit planning, auditee profile, response of Ministry to provisional paragraphs issued, recoveries at the instance of Audit and Audit impact. Chapter 2 to 7 present detailed findings/observations arising out of the compliance audit in the Ministry of Railways and its filed offices.

Chapter 1 – Introduction - This chapter contains 10 paragraphs containing Auditee profile **(Para 1.2)**, Audit Planning **(Para 1.4),** response of the Ministry/Department to the provisional paragraphs **(Para 1.6),** the number of objections issued as a result of audit of Railway accounts and records, objections settled after Railways have taken corrective action and those outstanding for want of action by Railways **(Para 1.7),** recoveries effected or agreed to be effected at the instance of audit **(Para 1.8),** Remedial actions **(Para 1.10)** and follow up action taken by Ministry of Railways (Railway Board) on the paragraphs contained in previous reports **(Para 1.10)**

Chapter 2 – Traffic – Commercial and Operations - This chapter includes major audit findings on the issues of revenue collection, performance of incentive schemes and movement of rolling stock, infrastructural deficiency in sidings/goods shed leading to detention of stock or loss of freight, Issues on initiatives of new/special schemes, new services as well as suburban services and non-adherence/non-implementation of rules contained in Traffic Code, Commercial Manuals and other rules/orders issued by Indian Railway Conference Association and Railway Board are also covered. A brief description of paragraphs included in these categories is given below:

- The chapter includes the theme study conducted on container operations in Indian Railways. The audit of container operations in Indian Railways was carried out with the main objective of obtaining an assurance that the charges recoverable by the Railways for use of its assets such as tracks, stations and rolling stock were fixed and recovered correctly. It was also examined whether the haulage charges recovered by Railways were adequate to meet the cost of operations incurred. The main audit findings are loss due to fixation of haulage rates less than the base class **(Para 2.1.8.1)**, inconsistencies in fixation of haulage rates for CC commodities and impact on Railway revenue **(Para 2.1.8.2)**, incorrect fixation of haulage rates **(Para 2.1.8.6)**, non-recovery of haulage charges **(Paras 2.1.8.7 & 2.1.8.8)** etc.

- A thematic study on 'Tatkal and Advance Reservation System in Indian Railways' is also included in this chapter. Audit of functioning of the Tatkal and Advance reservation system revealed that genuine users, for which the scheme was intended, were not able to access the facility with ease as it was susceptible to manipulation. The main audit findings of this theme are irregularities in booking of tickets through PRS counters such as booking of tickets beyond business hours and booking of all Tatkal quota tickets within a few minutes of the opening of reservation, irregular booking by reservation clerks, connivance of railway agents and booking clerks that defeat the purpose of tatkal scheme, etc. **(Para 2.2.4.1)**. Other audit findings in respect of irregular bookings through internet **(Para 2.2.4.2)**, operation of special/new trains **(Para 2.2.4.4),** booking through authorized railway agents **(Para 2.2.4.5)** are also included in this theme.
- Besides the above themes, the chapter includes 19 paragraphs pointing out non-observance of rules, routing deficiencies, non-recovery of freight etc., which caused an overall loss to the tune of `272.02 crore. The irregularities in observing rules include non-implementation of rationalization orders **(Para 2.3)**, non-implementation of the Scheme of Leasing of Parcel Cargo Express Trains **(Para 2.4),** loss due to incorrect computation of distance **(Para 2.11)**, delay in implementing Railway Board's orders **(Para 2.14)**. The routing deficiencies such as loss due to non-rationalization of longer routes **(Paras 2.7, 2.12)**.

Chapter 3 - Engineering – Open Line and Construction – The chapter focuses on issues of deficiencies in contract management, avoidable/wasteful expenditure incurred on constructions works such as new lines, doubling, gauge conversion, railway electrification etc. In addition, this chapter includes issues of non-adherence/non-implementation of rules contained in the Indian Railway Code for Engineering Department, General Conditions of Contracts and other rules/orders issued by Railway Board. A brief description of paragraphs included in these categories is given below:

- This chapter includes a thematic study conducted on 'Construction of new lines on socio-economic development of areas'. Audit reviewed the progress of 50 new line projects sanctioned more than ten years ago to evaluate their present status and reasons for their non-completion. The main audit findings of this theme are delay in execution of planning **(Para 3.1.4.1)**, delay in preparation of detailed estimate and commencement of work **(Para 3.1.4.2)**, delay in land acquisition **(Para 3.1.4.3)**, irregular financial management of the projects **(Para 3.1.5)**, delay in finalization of tenders and awarding contracts without completing preliminary works **(Paras 3.1.6.1 & 3.1.6.2)**, improper contract management such as delay in completion of works within the stipulated period and incurrence of extra expenditure **(Para 3.1.7)**.

- Besides, this chapter also includes 16 paragraphs where investments were made on projects or works were sanctioned and executed without adequate planning, as a result of which there was abnormal delay in their completion, facilities created were not put to use and the delay has resulted in incurrence of extra expenditure. Railways have incurred avoidable/ unproductive/ infructuous expenditure of `242.92 crore on such instances. The chapter mainly consisting of paragraphs containing improper planning and execution of projects includes blockage of fund due to stoppage of work on a doubling project **(Para 3.2)**, stoppage of works due to planning lapses in Northern Railway **(Para 3.3)**, mis-handling of simple projects in North Western Railway **(Para 3.5)**. The chapter also includes the loss due to irregular payment under price variation clause **(Para 3.4)**. Improper contract management were also noticed such as delay in finalization of tender **(Para 3.6)**, closure of ROB due to poor quality of construction **(Para 3.8)**, wasteful expenditure on MG section **(Para 3.10)**.

Chapter 4 – Mechanical – Zonal Headquarters/Workshops/Production units - This chapter includes major audit findings dealing with issues of planning and procurement of rolling stock, maintenance and periodic overhauling, workshop modernization, issues of design/up-gradation of locos/coaches/ wagons. The above findings revealed that due to such issues/lapses, Railways sustained a loss of `228.82 crore. Issues regarding non-adherence/non-implementation of rules contained in Mechanical Code (Workshop), Track Manuals and other rules/orders issued by Railway Board are also covered. This chapter includes eight paragraphs indicating delay in maintenance of locomotives **(Para 4.1)**, non-stocking of critical spares required for maintenance of rolling stock **(Para 4.2)**, idling of diesel locos **(Para 4.3)**, improper management of hazardous waste **(Para 4.7)**.

Chapter 5 – Signal and Telecommunications – This chapter contains a paragraph regarding infructuous expenditure on mechanical signaling system in Bolpur-Ahmedpur section of Eastern Railway, which causes the loss of ` 1.11 crore to Railway **(Para 5.1)**.

Chapter 6 – Stores - This chapter contains two paragraphs on deficiencies in assessment and procurement policies/decision of stores such as undue benefit to private firm for non-availing the benefit of excise duty and inability to exercise option clause **(Para 6.1)**, injudicious exercise of option clause at the placing orders **(Para 6.2)**

Chapter 7 – Review of Public Sector Units of Indian Railways - This Chapter takes a look at the performance of RailTel Corporation of India Ltd., (a PSU) and Rail Vikas Nigam Ltd. (an SPV) under the Ministry of Railways.

- RVNL was established as a Special Purpose Vehicle with basic objectives to generate additional resources by leveraging market borrowings and quicken the pace for implementation of the projects. Audit observed that RVNL, even after seven years since its inception, continues to be largely dependent on the resources of the railways. The performance of RVNL on project execution and management was inefficient as they were plagued by delays and cost overruns **(Para 7.1)**.
- Review of the arrangement of the Railways with RCIL with regard to transfer of assets and payments regarding revenue sharing and recovery of railway dues revealed inadequate internal control within the Railways in respect of transactions with RCIL. The Railways are totally dependent on RCIL in terms of keeping records relating to transactions with it and payments made were accepted without verifying the accuracy of Railway dues. Further lack of coordination between Railway Board and Zonal Railways in implementation of policy guidelines and poor maintenance of record led to inadequacy of data and failure in protecting Railways' financial interests **(Para 7.2)**.

Chapter 1: Introduction

1.1 About this Report

This Report seeks to highlight matters arising out of compliance audit of the transactions incurred out of Railway Budget by the Railway Board and its Zonal offices pertaining to the year 2009-10. In addition, the Report also incorporates 10 cases pertaining to previous years that were not noticed by audit earlier.

Compliance audit refers to scrutiny of the transactions relating to expenditure, receipts, assets and liabilities of the audited entities to obtain an assurance that the provisions of the Constitution of India, the applicable laws, the subordinate legislations and other rules and regulations are being duly complied with. This also includes an examination of the adequacy, legality, transparency, etc of the relevant rules to ascertain whether these ensure effective control over public expenditure and safeguard against misuse, waste and loss.

This Report presents only such audit findings of significant materiality, having regard to the totality of nature, volume and size of public spending, requiring corrective actions in keeping with the widely accepted auditing standards. The primary purpose of this Report is to bring to the notice of the Parliament the key issues arising out of audit of the transactions of the Ministry of Railways including its various field formations and to enable the Executive to bring about improved governance and better financial management.

This chapter attempts to explain broadly, the basis of selection of units and issues for audit investigation and the reporting procedure leading to the inclusion of audit observations in the Audit Report and ends with a summary of the year-wise pendency of audit observations vis-à-vis response received from the Railway authorities as well as impact of audit in terms of recoveries effected and important remedial actions taken.

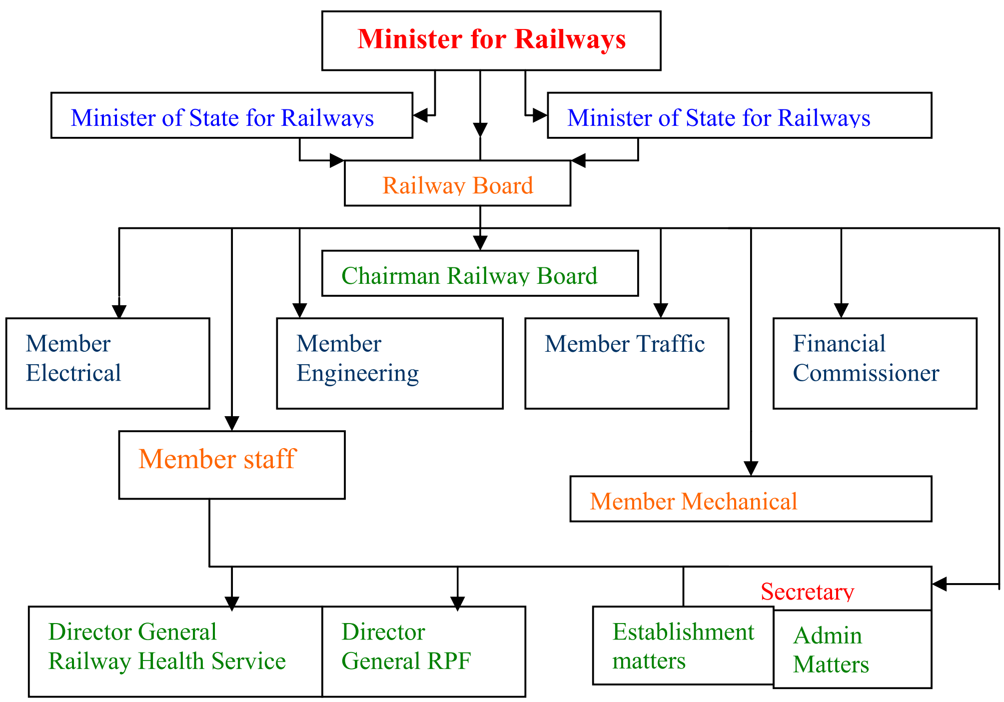
From this year on, the detailed audit findings on the Ministry of Railways are presented department-wise from Chapters 2 - 7 to enable better clarity in terms of accountability of the auditee, both the policy-arm at the Board level and the implementing agency at the field level.

1.2 Auditee Profile

The Indian Railway is one of the world's largest rail networks with 64,015 route kms as on 31.3.2010, comprising broad gauge (52,508 kms), meter gauge (8,473 kms) and narrow gauge 2,734 kms). As a major mass public and freight carrier, Indian Railways own a fleet of 2,16,073 wagons (units), 40,734 conventional coaches, 5877 EMU coaches and 8,562 number of locomotives and manage to run 18,518 trains daily including about 10,673 passenger trains. They carry more than a million tonne of freight traffic and about 19 million passengers covering 6,856 numbers of stations daily.

Organization Structure

The Railway Board comprising six Members (Electrical, Mechanical, Traffic, staff, Engineering and Finance Commissioner), headed by the Chairman reporting to the Minister of Railways, is responsible for laying down policies on all matters of operations, maintenance, finance and acquisition of assets and monitoring their implementation across zones. The Functional Directorates under each Member assist and aid in decision-making and its further monitoring.



At the field level, there are 16 Railway Zones, one research wing namely, Research & Development Organisation (RDSO) Lucknow, Central Organisation for Modernization of Workshops (COFMOW) for procurement of specialized machinery, two Diesel locomotive works at Varanasi and Chittaranjan, two coach factories at Kapurthala and Perambur, one wheel plant at Yelahanka and diesel modernization works at Patiala. The names of

Railway Zones with their headquarters and total route kilometers are given below:

Zones	Headquarters	Route kms.
Central	Mumbai	3,905
Eastern	Kolkata	2,414
East Central	Hajipur	3,557
East Coast	Bhubaneshwar	2,568
Northern	New Delhi	6,935
North Central	Allahabad	3,151
North Eastern	Gorakhpur	3,634
Northeast Frontier	Maligaon (Guwahati)	3,758
North Western	Jaipur	5,535
Southern	Chennai	5,145
South Central	Secunderabad	5,749
South Eastern	Kolkata	2,635
South East Central	Bilaspur	2,448
South Western	Hubli	3,107
Western	Mumbai	6,509
West Central	Jabalpur	2,965
Total		**64,015**

Each Zone is headed by a General Manager who is assisted by Principal Heads of Departments namely Civil Engineering, Electrical, Mechanical, Stores, Accounts and Railway Protection Force.

Railway Board frames policies on all related matters of finance, operations, maintenance and acquisition of assets. The policies framed by Railway Board are implemented by the Zonal Railways and other units.

Besides above, Indian Railways (IR) have 12 Public sector undertakings (PSUs) functioning under overall oversight of the Ministry of Railways. The operations of these PSUs cover a wide spectrum i.e from providing passenger and freight container services to lend-lease financing, tourism and catering.

1.3 Integrated Financial Advice and Control

A fully integrated financial advice and control system exists both at the Railway Board led by the Financial Commissioner and the Financial Advisers and Chief Accounts Officers at the Zonal level. The Financial Heads are responsible for rendering advice and scrutinizing all proposals involving expenditure from the pubic exchequer.

1.4 Audit Planning

Broadly, the selection of the units for audit of the Railways was planned on the basis of certain vital risk parameters such as level of budgets planned, resources allocated and deployed, extent of compliance with internal controls, scope of delegation of powers, sensitivity and criticality of function/activity, external environment factors, etc. Previous audit findings, PAC's recommendations, media reports, where relevant, were also considered.

Based on such risk assessment, test audit of 2,634 auditee units of the Railways out of a total of 13,887 units was carried out during 2009-10.

In addition, studies on the following themes were conducted having regard to their significance and sensitivity in relation to public policy and its implementation. Each study is accompanied by recommendations/suggestions on the basis of audit findings, so that the Executive may act upon to obtain better results in terms of the policy/scheme objectives.

(i) Container Operations by Private container operators including CONCOR

The theme explores the issues pertaining to freight policy on container traffic and its implications on railway's revenue.

(ii) Construction activities in new lines projects on socio economic considerations sanctioned more than 10 years ago.

The theme looks into the constraints and deficiencies in project planning and implementation of ongoing new line socially desirable projects left incomplete over decades.

(iii) Tatkal and Advance Reservation system

The study deals with the issues of transparency and the role of railway agents in the implementation of the scheme designed for passenger convenience.

(iv) Agreement of Indian Railways with RailTel corporation of India Limited

(v) Functioning of Rail Vikas Nigam Limited

The above two themes look into the functioning of the working arrangements provided in the Memorandum of Understanding between the Ministry of Railways and RailTel Corporation of India Ltd (RCIL) and Rail Vikas Nigam Limited (RVNL) regarding transfer of assets, revenue share, resource mobilization, etc.

1.5 Reporting

On conclusion of audit of vouchers & tenders in the Accounts Offices and inspection of the field units, Audit Notes/Inspection Reports (IRs)/Special letters containing audit findings were issued to the Associated Finance and

Head of the unit for obtaining their replies. Audit findings were either settled or further action for compliance was advised depending upon action taken. Important audit observations, not having been complied with, were followed up through draft paragraphs addressed to the General Managers of Zonal Railway with copies endorsed to the FA&CAOs and Heads of the Departments for reply within the prescribed period. Selected issues raised in these draft paragraphs were taken up as Provisional Paragraphs with the Ministry of Railway (Railway Board) for furnishing their reply within a period of six weeks (as prescribed by the Public Accounts Committee) before their inclusion in the Audit Report.

1.6 Response of the Ministry/Department to Provisional Paragraphs

A total of 52 Provisional paragraphs proposed for inclusion in this Report were forwarded to the Chairman Railway Board, Members concerned and the Financial Commissioner between August 2010 and October 2010. Ministry of Railways had given replies to 20 of these cases up to January 2011.

1.7 Audit objections issued, settled and outstanding

During the year 2009-10, based on the results of test audit, a total of 14,917 Audit objections were issued through Special letters, Part-I Audit Notes and Inspection Reports. Besides these, there was a carry forward of 31,316 audit objections pertaining to the previous years. A total of 16,144 Audit objections were settled during the year after the Railway Administration recovered/ agreed to recover the amounts involved or had initiated corrective/ remedial action. The balance 30,089 audit objections outstanding as on 31 March 2010 involved financial irregularities amounting to ₹17,962.65 crore.

1.8 Recoveries at the instance of audit

As a result of cases of undercharges in realization of freight and other earnings, overpayments to staff and other agencies, non-recovery of dues of the Railway etc. brought to the notice of the Railway Administration during the year 2009-10, an amount of ₹79.43crore was accepted for recovery (₹62.67 crore was recovered and ₹16.76 crore was agreed to be recovered). Four Zonal Railways accounted for recoveries exceeding `5 crore: East Central (₹20.07 crore), Northeast Frontier (₹11.54 crore), Northern (₹8.07 crore), North Eastern (₹6.42 crore). Out of the total amount of ₹79.43 crore accepted for recovery, an amount of ₹25.70 crore pertained to transactions that were checked by Accounts but the errors not detected. An amount of ₹0.93 crore pertained to recoveries made by Railway Administration, as a result of further review done by them, on the basis of audit objections.

1.9 Remedial actions

Apart from recoveries pointed out in para 1.8 above, Railway Board took remedial action during 2008-09 and 2009-10 in response to audit observations by way of appropriate changes in freight tariffs, classification of trains, inter-alia, as detailed below:

Para No. (Year)	Audit observations	Action Taken by Ministry
2.4.2 (No.8 of 2005)	Injudicious rationalization of parcel rates by Railway Board with effect from April 2003 resulted in loss of revenue of ₹9.05 crore at 22 stations reviewed with far greater financial implications for the entire Indian Railways.	Ministry of Railways after due consideration increased the parcel rates in Railway Budget 2004-05 with effect from 6 August 2004. Rates under Scale-P were increased by 33 per cent, Scale-E was abolished and the commodities charged under this scale were merged with Scale-S (100 per cent increase) and that of Scale-R by 7.14 per cent.
2.1.11 (No. 6 of 2006)	Incorrect feeding of distances in Railways fare system resulted in short-realization of fare to the extent of ₹0.96 crore in three years.	The distance discrepancy between trains and pairs of stations pointed out was rectified and Travelling Inspectors of Accounts and Commercial Inspectors were instructed to look into the distances fed into the system and verify the same with the available distance tables during their inspections.
2.1.2 (No.6 of 2007)	The introduction of a luxury train without proper traffic survey and without assessing the financial repercussions resulted in a loss of ₹4.89 crore during two years alone.	Railway reviewed the policy of sharing the cost of newly introduced luxury trains and decided that from April 2008 onwards Railways would recover haulage cost from the commencement of operations of luxury trains that would include a mark up by way of revenue share after three years.

3.3.5 (No.6 of 2008) & 3.2.5 (No.19 of 2008-09)	Contracts were awarded by Railways without finalizing and providing requisite plans and drawings before the award of contracts. Delay in approval of drawings and handing over the same to contractors led to disputes and resulted in termination/ short closure of contracts.	Railway Board reiterated the instructions and directed that Railway Administration should foresee all delays in preparation and approval of drawings to the extent possible and decide calling of tenders only when they were fully prepared to hand over the sites and supply the plans etc. Railway Board also directed Railway Administrations that there should be close coordination between various executing agencies for timely completion of the work as per sanctioned scope of work.
2.1.5 (No.8 of 2004)	Non-inclusion of trains in the category of 'superfast trains' in spite of their fulfilling the prescribed criteria, led to loss of revenue of ₹1.57 crore.	Three trains as pointed out by Audit (Train Nos.3015/3016, 3029/3030 and 3035/3036) were declared superfast by Railway Board vide letter No.2006/ CHG-II/30/I dated 27.04.2006 and accordingly the superfast surcharge was recovered.
4.3.6 (CA 6 of 2008)	Approval of prototype of CMS Obtuse Crossings by RDSO without sufficient trials and subsequent procurement and installation thereof resulted in cracks and premature replacement requiring extra expenditure.	Railway Board directed the RDSO to ensure that whenever new product was introduced on Indian Railways, they should conduct trials and product validation as per instructions in force.
Provisional Paragraph No. 6 of 2009-10	Improper monitoring of movement of trains resulted in over carriage of rake/wagon involving wasteful haulage cost and loss of earning capacity to the tune of ₹1.02 crore.	Railway Board admitted that over carriage of the wagons was caused by feeding incorrect code of the destination station. To avoid such mistakes, they issued instructions to all concerned for ascertaining the correct code of stations by physical checking of Card Labels of the goods train.

1.10 Paragraphs on which Action Taken Note received/pending

To ensure the accountability of the Executive on all issues dealt with in the Report of the Comptroller and Auditor General of India, the PAC had decided (1982) that the concerned Ministries/ Departments of the Government of India should furnish corrective/ remedial Action Taken Note (ATNs) on all paragraphs contained therein and had further desired in their Ninth Report (Eleventh Lok Sabha) presented to Parliament on 22 April 1997 that henceforth corrective/ remedial ATNs, duly vetted by Audit, on all paragraphs included in the Reports be furnished within four months after the Report was laid on the table of the Parliament.

The position of ATNs furnished by the Railway Board (January 2011) on the paragraphs included in the Reports of the Comptroller and Auditor General of India – Union Government (Railways) up to the year ended 31 March 2009 is given below:

Year	Total para	No. of para on which ATN Finalized	No. of Paragraphs on which ATNs are pending				
			Not received	ATN on which comments sent to Railway Board	ATNs finally vetted	ATN under verification by Audit	Total
1995-96	85	84	0	1	0	0	1
1996-97	95	94	0	0	0	1	1
1997-98	96	93	0	0	0	3	3
1998-99	106	100	1	0	1	4	6
1999-00	101	96	0	1	2	2	5
2000-01	101	97	0	0	0	4	4
2001-02	101	87	1	1	1	11	14
2002-03	110	93	0	0	4	13	17
2003-04	114	96	0	5	4	9	18
2004-05	105	80	0	2	7	16	25
2005-06	138	101	0	7	8	22	37
2006-07	165	71	0	21	16	57	94
2007-08	172	63	3	29	17	60	109
2008-09	104	15	4	17	5	63	89
Total	**1593**	**1170**	**9**	**84**	**65**	**265**	**423**

ATNs in respect of nine Paragraphs relating to the Report for the year 1998-99 to 2008-09 were not furnished till January 2011. Besides, 84 ATNs received for vetting by audit were returned with observations for lack of adequate remedial action. In 265 cases, the action stated to have been taken was under verification by Audit.

Chapter 2: Traffic - Commercial and Operations

The Traffic Department of IR has two distinct business processes- Operations and Commercial. The Commercial Branch is responsible for the sale of transportation provided by a Railway, for creating and developing traffic, both passenger and freight and maintaining a healthy customer interface with the traveling public and the trade. Its main functions are fixing of freight, passenger fares and other charges and their collection, accountal and remittance. The Operating Branch is responsible for the smooth transportation of freight and passengers. Mobilisation of the passenger/freight train services as per designated times and as per indents received is performed by this Branch. At Railway Board, the Department is headed by Member (Traffic). At the Zonal level, the Chief Commercial Manager is the head of the Commercial branch and Chief Operating Manager is the head of the Operating branch.

The total expenditure of the Traffic Department during the year 2009-10 was ₹3,414.35 crore. During the year, apart from regular audit of vouchers and tenders etc., 506 offices of the department including 421 stations were inspected.

This chapter includes two thematic studies on Container Operations in Indian Railways dealing with the implementation of freight container policy and its revenue implications for Railways and the operation of Tatkal scheme and the Advance Passenger Reservation System. Besides, major audit findings on the issues of revenue collection, performance of incentive schemes and movement of rolling stock, infrastructural deficiency in sidings/goods shed leading to detention of stock or loss of freight, issues on initiatives of new/special schemes, new services as well as suburban services and non-adherence/non-implementation of rules contained in Traffic Code, Commercial Manuals and other rules/orders issued by Indian Railway Conference Association and Railway Board are also featured.

2.1 Container operations in Indian Railways

Executive Summary

Prior to incorporation of Container Corporation of India Limited (CONCOR) in March 1988 under the Companies Act, Indian Railways were providing domestic container service on sixteen pairs of stations and ISO container service from seven Inland Container Depots (ICD). Till 2006, CONCOR was the sole container operator in Indian Railways but thereafter 15 other private operators had been permitted and licensed to enter the container rail business.

The audit of container traffic was taken up with the main objective of obtaining an assurance that the charges recoverable by the Indian Railways (IR) for use of their assets such as tracks, stations and rolling stock were fixed and recovered correctly and the haulage charges recovered by Railways were adequate to meet the cost of operations incurred. The primary objective of inducting CONCOR and other private operators was to capture the piecemeal traffic that Railway had lost due to its policy to carry only bulk traffic. Subsequently these container operators were allowed to carry bulk commodities as well, such as cement, food grains, fertilizer etc. The impact of this shift in policy was also examined..

It was noticed that the rates of haulage charges fixed by Railway were less than the base class rates, i.e. break even rates and a form of subsidy provided only to commodities which IR carried to meet its social obligation towards the nation. Audit observed that movement of container traffic per se under base class rates was unjustified and was putting Railways to a huge loss. The revision of rates was done by considering the escalation factor of the previous year instead of the current year and also by taking into account the electric traction cost alone. Though the haulage charges recoverable from container operators were fixed on the basis of per kilometer unit cost, the charges were not recovered by the actual distance of carriage resulting in non-recovery of even the operational cost incurred by Railway. Audit scrutiny revealed that though the volume of Forty Feet Equivalent Unit (FEU) was almost double that of Twenty Feet Equivalent Unit Container (TEU), the carrying capacity fixed for loading and charging 40' container was only 27 tonne as compared to 21.5 tonne for a 20' container. Though only one 40' container was loaded on a flat wagon as against two 20' containers, the haulage charges for a 40' container were recovered at 1.8 times of a 20' container causing huge loss.

40' container loaded on a flat wagon

Two 20' containers loaded on a flat wagon

Audit also noticed that the haulage charges for 20' container were fixed for three weight slabs but it was not specified to which slab the haulage charges of a 40' container were to be applied; as a result, most of the booking points were charging the 40' container at 1.8 times of the lowest weight slab of 20' container. The total revenue loss on various accounts was assessed in audit as ` 1,175 crore.

Summary of Recommendations

- The present policy of allowing container operators to participate in lifting of bulk traffic that conventionally belonged to IR need to be reviewed on priority including the sub-optimal tariffs charged as at present, as these would cause recurring losses to the railway while at the same time unjustly benefit the container operators. *(Para 2.1.8.1)*

- While Railways had achieved economy through rake load movement of freight, the policy of allowing CONCOR and other PCOs to lift bulk commodities had exposed the Railway to potential risk of diversion of regular rail traffic. Therefore, IR needs to shift its focus to a policy of aggregation of piecemeal traffic as originally envisaged. *(Para 2.1.8.2 & 2.1.8.3)*

- Keeping in view the fact that only one 40' container was carried on a flat wagon as against two 20' containers and also that the cargo weight actually being loaded in these containers was double than that loaded in 20' container, there was no justification to charge these containers at 1.8 times of a 20' container. Considering the actual cargo weight carried in 40' container, Railway should consider fixation of separate haulage rates for such containers. *(Para 2.1.8.5)*

- While fixing the haulage rates Railway Board should consider the fact that diesel being the dominant source of traction, due weightage of all tractions in use should be adequately provided in costing so that the rates arrived at approximate the costs actually incurred. *(Para 2.1.8.6)*

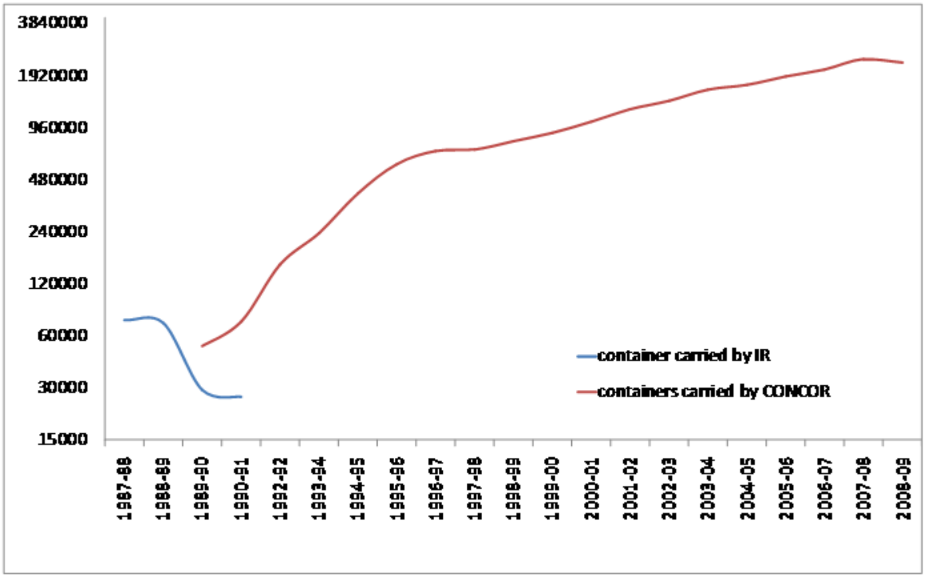
- Since the haulage charges fixed by Railway are calculated on per km unit cost basis, it is imperative that the charges were recovered by the actual route of carriage so that the full operational cost is recovered. *(Para 2.1.8.7)*

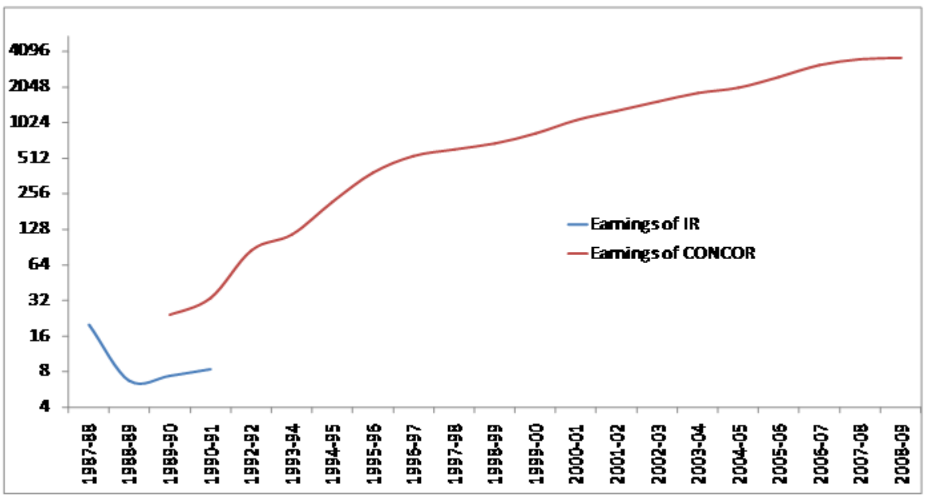
- The weight actually loaded by container operators in 20' container and 40' container exceeded the carrying capacity fixed by Railway Board. In order to check the overloading it must be ensured that each container train is weighed at the originating station by mandatory provision of weighbridges by the PCOs. *(Para 2.1.8.9)*

- In order to ensure that no container train moved without payment of haulage charges and the charges paid by PCOs, particularly by CONCOR were correct, (since the RRs of CONCOR traffic are not prepared by Railway staff) Railway Board should ensure that terminal summaries of movement of trains are sent by each terminal and station to Traffic Accounts Office for reconciliation. *(Para 2.1.8.10)*

2.1.1 Introduction

Prior to incorporation of Container Corporation of India Limited (CONCOR) in March 1988 under the Companies Act, Indian Railways were providing domestic container service at sixteen pairs of stations and ISO container service from seven Inland Container Depots (ICDs). CONCOR commenced operations from November 1989 when it took over the then existing Inland Container Depots (ICDs) from the Indian Railways. The main objective of setting up of CONCOR was to carry piecemeal traffic which the Indian Railway had lost due to its shift to carry bulk traffic in rake loads. CONCOR being an integral part of IR was to work as a multi-modal transport operator and was to undertake the marketing functions as well as market research for integrated logistics infrastructure for the country's trade, commerce and industry. The infrastructure to be developed by CONCOR was primarily to serve the rail traffic, especially high rated container oriented and sundry piecemeal traffic helping to increase the revenue for IR. The quantum of container traffic handled by IR and subsequently by CONCOR is depicted in graph below:





Till 2006, container services by rail were operated only by CONCOR. Subsequently, 15 other private container operators (PCOs) were permitted and licensed to enter the container rail business. The Indian Railway recovered only the haulage charges calculated on the basis of fully distributed cost of operations plus a margin of profit and had no arrangement for sharing the revenue earned by Private Container Operators.

The container traffic data was not maintained in terms of weight carried until 2007-08. From the data given in the table below, it was observed that

CONCOR was the dominant player contributing about 90 per cent of earnings from container traffic.

Year	Total traffic by IR (in million tonne)	Container traffic (in million tonne)	% of container traffic	Earnings from (` in crore)		
				CONCOR Traffic	Other PCOs	Total
2007-08	793.30	21.13	2.66	2290.95	-	**1474.14**
2008-09	833.39	30.34	3.64	2250.63	275.30	**2525.93**

Source-Table IV of Explanatory Memorandum – Railway Budget 2009-10 & 2010-11 & CONCOR's Profit & Loss account.

As per Memorandum of Guidelines between Indian Railways and CONCOR, the following arrangements were agreed to:

2.1.2 Operational aspects

- Facilities for transportation of container trains inside an ICD/CFS or outside for reception and dispatch of trains was to be provided by IR.
- Establishment of ICD/CFS for future requirement was to be the responsibility of CONCOR.
- Existing assets such as land, handling equipment, godowns, fixtures, sidings etc being used for container traffic by IR were to be transferred on mutually agreed cost/lease.
- Some goods sheds/sidings were also to be utilized without detriment to IRs normal operations.
- Design of the wagons for movement of containers was to be determined by IR in close conjunction with CONCOR and the procurement was to be made accordingly.

Initially Indian Railways had provided approximately 7,200 dedicated container wagons to CONCOR for moving containers. Between 1999 and 2001, Indian Railway sold 1,357 BFKI type of container flats to CONCOR. As on 31 March 2010, the CONCOR had their own fleet of approximately 8,374 wagons which constituted around 85 per cent of the total wagons in use on their network.

2.1.3 Commercial aspects

- IR was to operate point to point trains in coordination with CONCOR. However, with the passage of time, CONCOR was permitted to book container traffic from/to any ICD/Railway Station.

- A consolidated amount for a train, per flat or per wagon was to be quoted by IR and CONCOR was to determine its own pricing structure for consumers.
- Rail transport charges to be levied by IR on CONCOR were to be fixed on the basis of marginal cost and nominal profit. Initially, these charges were to be fixed for a period of two years but subsequently revised annually or six monthly basis as per requirement.
- All services such as marketing, documentation and terminal handling were to be provided by CONCOR.

2.1.4 Operations by other PCOs

- Operations of conventional trains were given preference over container trains.
- Depending upon requirement, Container Rail Terminals (CRTs) were to be notified on each Railway. All PCOs were to have access to CRTs.
- Storage facilities were not to be provided at CRTs and PCOs were to develop their own terminals.
- Custody, security and responsibility for the containers and cargo on ground awaiting removal, stuffing, de-stuffing unloading or loading would be with the PCOs.
- In addition to haulage charges at prescribed rates, the PCOs were to pay Terminal Access Charges, Detention Charges for containers/wagons detained beyond permissible free time, Ground Usage Charges etc.

2.1.5 Audit Objectives

In the past few years Audit had reported various irregularities in container operations by CONCOR that inter alia included losses arising on account of non-revision of haulage charges, under load running of trains, non-recovery of haulage charges in respect of empty containers, non-levy of charges by actual distance, etc. As a remedial measure, Railway Board prescribed the minimum number of wagons/containers chargeable and rates for empty movement. No action was taken to recover the haulage charges based on the actual distance carried. Considering the increasing containerization of cargo by rail, the audit was undertaken to review the basis of recovery of operational cost and towards this end, the following issues were examined:

- The basis of fixation of haulage charges and whether these were being recovered in respect of the actual distance of carriage.
- The rationale of charging haulage rates in respect of CC commodities, predominantly rail borne traffic, and its impact on railway's revenue share.
- The impact of reduction of haulage rates to 1.8 times of a TEU in respect of FEU whereas the volume of 'Forty Feet Equivalent Unit (FEU) was exactly double that of Twenty Feet Equivalent Unit (TEU).
- Utilisation of assets such as land and ICDs transferred to CONCOR for the purpose of rail traffic and recovery of lease charges thereof.

The above issues also covered other private operators who were licensed to commence operations and additional recovery of various charges as were made applicable under the licensing arrangements were looked into.

2.1.6 Methodology

The basis of fixation of haulage rates as fixed by Railway Board from time to time was reviewed with respect to orders issued for movement and charging of container traffic. The records relating to actual recovery of haulage charges were examined in the Traffic Accounts Offices of the Zonal Railways. An attempt was made to cross verify with the records of actual movement of traffic maintained at certain interchange points falling en-route.

2.1.7 Pricing of Container Traffic- Background

As per Memorandum of guidelines between Indian Railways (IR) and CONCOR, the IR was to quote a consolidated amount for a train, per flat or per wagon leaving CONCOR to determine its own pricing structure. Initially the rates as per IR tariff were collected by CONCOR and the entire amount so collected was deposited with the Zonal Railway. The Zonal Railway paid the CONCOR a service charge of ten per cent. From 1 November 1990, haulage rates calculated on the basis of per 20' container per kilometer were introduced for all commodities. In October 1994, Railway Board permitted CONCOR to carry commodities having carrying capacity (CC) as weight condition and stipulated that CONCOR recover the freight for such commodities at IR tariff rates. The entire freight was to be remitted to the Zonal Railway concerned and CONCOR was allowed to retain 18 per cent for services rendered. In January 1997, Railway Board allowed CONCOR to carry all except eleven bulk commodities by paying only haulage rates instead of IR tariff minus service charge. Subsequently from 1 November 2006, all commodities except Ores, Minerals, Coal and Coke carried in containers were charged at haulage rates. The haulage charges notified from time to time were applicable to all container operators including CONCOR.

2.1.8 Audit Findings

2.1.8.1 Loss due to fixation of haulage rates less than the base class

Indian Railway tariff charged freight from its customers by grouping various commodities into classes. The class 100 was considered the base class and the rates charged at this class were break even rates where there was no profit or loss. The rates of less than the base class were provided to only commodities in the nature of essential mass consumption in respect of which the differential was borne by IR as part of its social responsibilities. With CONCOR being progressively permitted to carry CC commodities (predominantly rail borne traffic) such as cement, food grains, fertilizer, sugar and iron & steel at less than base class rates, Audit had raised the issue of the huge loss suffered by IR (` 801 crore) vide Para 2.1.1 of Report No. CA 6 of 2008. Though a period of more than two years had lapsed, no remedial action had been taken so far.

Audit observed that allowing private operators including CONCOR to lift commodities such as cement, food grains, fertilizer, sugar and iron & steel at rates less than the base class rates had the unintended consequence of subsidizing the container operators as the latter were free to fix the tariff for their customers. Besides, such indiscriminate policy of tariff pricing of container traffic without regard to railway's own tariffs chargeable was bound to cut into Railway's share of bulk traffic by causing diversion. It was also observed that the existing haulage rates were 12 to 18 per cent below the base class rates as indicated in the table below:

Distance slab	Base class rate of IR (per tonne in rupees)	Total freight for a wagon with 61 T load	Haulage rates per TEU	Total haulage charges per wagon loaded with two TEU	Loss (difference between base class rate and haulage rates (Col. 3 – 5)	Percentage of haulage rates to IR base class rates
1	*2*	*3*	*4*	*5*	*6*	*7*
500 km	308.20	18801	8208	16416	2385	**87.31**
1000 km	591.90	36106	14851	29702	6404	**82.26**
1500 km	873.80	53302	21765	43530	9772	**81.66**
2000 km	**1096.40**	**66881**	**28820**	**57640**	**9241**	**86.18**

Since IR charged most of the CC commodities carried by them at above the base class rate, charging the same at sub-base levels tantamount to providing unjustified subsidy to container operators including CONCOR while the latter were free to charge higher tariffs from their consumers.

Recommendation

The extant policy of allowing container operators to participate in lifting of bulk traffic that conventionally belonged to IR need to be reviewed on priority including the sub-optimal tariffs charged, as these would cause recurring losses to the railway while at the same time unjustly benefit the container operators.

2.1.8.2 Inconsistencies in fixation of haulage rates for CC commodities and impact on Railway revenue

Audit observed that by allowing CONCOR to carry CC commodities such as Grains & Pulses, Fertilizer, Cement and Iron & Steel etc. (predominantly carried by Railways) and recovering only haulage charges, the Railways were losing substantial revenue as indicated below:

Commodity / Class	**Comparison of Freight recoverable as per IR Tariff minus 20% and Haulage rates actually recovered as well as rates charged by CONCOR from customers (Charges for two 20' Containers on a flat wagons of 61 T)**								
Pairs of stations	**JNPT –BRC= 475 Kms**			**TKD –JNPT=1364 Kms**			**DDL- MDCC/KDPL=1532 Kms**		
	IR rate	**CONCOR rates**	**Haulage rates**	**IR rate**	**CONCOR rates**	**Haulage rates**	**IR rate**	**CONCOR rate**	**Haulage rate**
Grain & Pulses/120	17392	24200	16416	47073	72500	40332	52670	67000	**44318**
Fertilizer - 120	17392	24200	16416	47073	72500	40332	52670	67000	**44318**
Cement-140	20291	24200	16416	54915	72500	40332	61449	67000	**44318**
Iron & Steel-180	**26089**	**24200**	**16416**	**70604**	**72500**	**40332**	**79003**	**67000**	**44318**

It was evident that haulage charges being recovered by Railways from CONCOR including private operators were much less than those recovered by CONCOR from its customers and were also less than those that would have been recovered as per arrangement existing prior to 1 November 2006.

Analysis of the haulage charges realized by Railway at the rates prescribed after 1 November 2006 and those that would have been realized as per IR Tariff minus 20 per cent for carriage of CC commodities indicated that the Zonal Railways suffered a revenue loss of ` 65.33 crore during the period 1 November 2006 and 31 March 2010 as indicated below:

- CC commodities loaded in 7,699 containers from six ICDs/ RCTs over Northern Railway resulted in loss of ` 10.59 crore during the period from 1 January 2010 to 31 March 2010.

- Containers traffic booked in 1,05,590 containers from three ICDs/ RCTs over South Central Railway and 2,123 containers booked from one RCT of South East Central Railway during 1 November 2006 to 31 March 2010 resulted in loss of ` 28.28 crore and ` 1.03 crore respectively.
- On South Western Railway, 7,630 containers booked from three RCTs during the period 1 April 2007 to 31 March 2010 resulted in loss of ` 22.80 crore.
- Similarly 3,127 containers, 1,215 containers, 3,000 containers and 1,060 containers booked from Central, North Western, Western and West Central Railways respectively during 1 April 2009 to 31 March 2010 accounted for loss of ` 2.82 crore. **(Annexure I)**

2.1.8.3 Diversion of rail traffic to PCO

As per Railway Board's instructions (July 2007) while notifying a rail station as Rail Container Terminal for granting access to private operators, it was to be ensured that container operations by PCOs should not lead to diversion of rail traffic. Audit observed that allowing the container operators to carry traffic without safeguarding Railway's own interest had resulted in diversion of regular steel traffic booked ex-Chalthan of Western Railway. After the commencement of operations by PCOs at this station, no steel consignment was booked by Railway and the entire traffic was captured by PCO. This had resulted in loss of ` 13.08 crore to Railway by way of difference of haulage charge received and the freight that could have been earned had if the traffic been booked by the Zonal Railway. (**Annexure II)**

Recommendation

While Railways had achieved economy through rake load movement of freight, the policy of allowing CONCOR and other PCOs to lift the bulk (CC commodities) had exposed the Railway to potential risk of diversion of regular rail traffic. Therefore, Indian Railway need to shift its focus to a policy of aggregation of piecemeal traffic as originally envisaged.

2.1.8.4 Inconsistency in charging haulage charges for a TEU and FEU

Prior to April 2006, the haulage rates recoverable for container traffic were fixed on the basis of per 20' container irrespective of weight loaded. From 1 April 2006, Railway Board introduced a slab system where by haulage rates were prescribed for fixed distance slab per container (i) loaded up to 20 tonne, (ii) containers loaded above 20 tonne and (iii) empty containers. Subsequently from 1 November 2006, another weight slab for loaded containers was introduced and the haulage rates were to be recovered as under:

- Twenty feet container loaded up to 20 tonne
- Twenty feet container loaded between 20 tonne and 26 tonne
- Twenty feet container loaded above 26 tonne

Though the haulage charges for 40’ container were to be recovered at two times of the rate of a 20’ container, it was not specific as to which of the above three weight slabs was to be taken into account for computing the haulage charges of 40’ containers.

Audit scrutiny of booking of container traffic by PCOs over Western Railway revealed that the 40’ containers booked from Chalthan over Western Railway were charged at 1.8 times the rate applicable to the category of 20’ containers loaded above 26 tonne. However, the 40’ containers booked from Mundra Port Cargo complex (though loaded up to or more than 54 tonne) were charged at 1.8 times the rate applicable to the category of 20’ container loaded up to 20 tonne. The ambiguity in instructions resulted in the same size containers being charged differently leading to loss of revenue of `7.67 crore for the year 2009-10 at one Rail Container Terminal (RCT) alone **(Annexure III)**

2.1.8.5 Impact of reduction in haulage charges recoverable for FEU

Prior to 1 January 2007, the haulage rates for 40’ containers were recovered at double the rate fixed for 20’ containers. From 1 January 2007 for reasons unknown, the rates for 40’ containers were reduced to 1.8 times that of 20’ container.

Audit observed that Zonal Railways recovered the cost of haulage on the basis of fully distributed cost of carrying one 20’ container per kilometer. While two 20’ containers were loaded on a flat wagon, only one 40’ container was loaded. Thus the cost of hauling one 40’ container is equivalent to two 20’ containers. By reducing the rate of haulage charges to be recovered in respect of 40’ container to 1.8 times of the 20’ container IR was not fully recovering the cost incurred for the carriage of such traffic by Rail. As a result Indian Railways suffered a huge loss of `63.07 crore during the period from 1 June 2007 to 31 March 2010. **(Annexure IV)**

Recommendation

Keeping in view the fact that only one 40' container is carried on a flat wagon as against two 20' containers and also that the cargo weight actually being loaded in these containers is double than that loaded in 20' container, there is no justification to charge these containers at 1.8 times of a 20' container. Considering the actual cargo weight carried in 40' container, Railway should consider fixation of separate haulage rates for such containers.

2.1.8.6 Incorrect fixation of haulage rates

Indian Railway charged haulage rates from CONCOR for movement of their traffic and these charges were worked out on the basis of fully distributed haulage cost plus a margin of 20 per cent as profit. Audit noticed that while fixing the haulage charges recoverable from CONCOR from 01-07-2009, the Railway Board had taken into account the escalation factor for 2008-09 (18.38 per cent) instead of 2009-10 (35.75 per cent). Thus the haulage charges fixed and notified were less by `72 per container to `3,174 per container depending on the distance slab for which the rates applied. These charges remained in force up to 31-12-2009. Further the haulage charges effective from 01-01-2010 were worked out by taking into account only electric traction ignoring the fact that container trains were hauled by using diesel traction also. This again led to fixation of lower haulage charges yielding a differential value of `154 per container over the distance slab of 501 - 550 and ` 1,575 per container at the highest distance slab of 3,451 - 3,500.

The impact of fixation of haulage rates on account of taking the escalation factor for 2008-09 instead of escalation factor of 2009-10 was reviewed at 78 ICD/RCT over Central (1), Eastern(1), Northern (10), North Central (4), North Eastern (1) North Western (6), Southern (6), South Central(3), South Eastern (10), South East Central (1), South Western (6), Western (19) and West Central (2) Railways from where the CONCOR containers were booked and it was observed that Railways suffered a loss of `35.99 crore during the six months period (1 July 2009 to 31 December 2009) alone **(Annexure V)**.

Similarly, review of the impact of fixation of haulage charges by taking into account only the electric traction instead of taking into account mixed traction i.e. Diesel and Electric (which were commonly in use) in respect of containers booked from 77 ICD/RCTs on the above mentioned Zonal Railways revealed that IR suffered a loss of `8.18 crore during the three months period from 1 January 2010 to 31 March 2010. **[Annexure V (A)]**

Further there was a loss of `4.52 crore in respect of container traffic booked by other PCOs operating over Eastern, North Eastern, Southern and South Western Railways during the period from 1 July 2007 to 31 March 2010. **(Annexure VI)**

Recommendation
While fixing the haulage rates Railway Board should consider the fact that the diesel being the dominant source of traction, the weightage of all tractions in use should be adequately provided in costing so that the rates arrived at approximate costs actually incurred.

2.1.8.7 Non-recovery of haulage charges by the route of actual carriage

Railway Board's orders issued from time to time stipulated that haulage charges for loaded containers of (CONCOR) should be charged from originating point to the destination point for the entire distance of actual haulage via the specified hub. The format of Inland Way Bill (IWB) approved by Railway Board also required that the route via which the CONCOR traffic was carried should be mentioned on the IWB.

The matter regarding non-recovery of haulage charges by the actual route of carriage of traffic was taken up vide Para 2.3.1 of the Report of Comptroller & Auditor General of India – Union Government (Railways) for year ended on March 2008. Though the Railway Board had accepted the contention of the Audit and issued instructions to General Manager, Western Railway for recovery of `27.65 crore from CONCOR, the amount had not been recovered so far. Moreover, in the absence of general instructions to all other zones, the traffic was being charged incorrectly by the shortest route causing further loss to the Zonal Railway. On review of different streams of CONCOR's traffic originating from Eastern, North Central, North Western, Southern, South Central, South Eastern, South Western, Western and West Central Railways, audit observed that haulage charges were recovered via the shortest route instead of charging the same via the actual carried routes or via hubs. This resulted in short recovery of `26.57 crore in addition to `27.65 crore pointed out earlier vide Para 2.3.1 of the Report for the year ended March 2008. **(Annexure VII)**

It was also observed that the route via which the traffic was to be carried was not being indicated on the IWB prepared by the CONCOR. In the absence of this information, the correctness of haulage charges being paid by CONCOR could not be ascertained, leaving the quality of monitoring by the Traffic Accounts Office in doubt.

Recommendation
Since the haulage charges fixed by Railway were calculated on per km unit cost basis, it is imperative that the charges are recovered by the actual route of carriage so that the full operational cost is recovered.

2.1.8.8 Non-recovery of haulage charges of IR owned brake vans attached to container trains

As per Railway Board's orders (October 2006) if IR owned brake vans were attached to container trains, they should be charged haulage charges equivalent to TEU. The haulage charges of IR owned brake vans attached to container trains were revised (from 1 October 2007) to haulage rates prescribed for 20' container (up to 20 MT) plus 10 per cent.

Audit scrutiny of records of Traffic Accounts of Eastern, East Coast, North Eastern and Western Railways revealed that the haulage charges for IR owned brake vans attached with container trains of CONCOR were either not recovered or were recovered less. This has resulted in non-recovery of ` 0.61 crore. **(Annexure VIII)**

During audit our scrutiny of IWBs received in the Traffic Accounts Office of NCR, it was observed that no indication was given on the Inland Way Bill (IWB) whether it was for brake van or otherwise. Similarly in North Western Railway, neither separate IW Bills were submitted nor was any return regarding container booking and brake vans being sent to the Traffic Accounts Office. In the absence of the relevant information about the brake vans from the booking stations, the correctness or recovery of haulage charges could not be verified.

2.1.8.9 Non-weighment of container trains

Railway Board issued instructions (October 2006) that all rakes loaded at each loading point for each stream were required to be weighed at Associated Weighbridge/Alternate Associated Weighbridge with the exception of rakes loaded with standard size bags of uniform size. Subsequently Railway Board reiterated (December 2009) these instructions for compliance including levy of penalty in case of overloading.

Audit noticed that the container trains originating from ICD/RCT over Central, Northern, Northeast Frontier, Southern, South Central, Western and West Central Railways were either not weighed or weighment results were not being communicated to Traffic Account Office for ensuring correctness of haulage charges.

Recommendation

The weight actually loaded by container operators in 20' container and 40' container exceeded the carrying capacity fixed by Railway Board. In order to check the overloading it must be ensured that each container train is weighed at the originating station by mandatory provision of weighbridges by the PCOs.

2.1.8.10 Non-implementation/non-availability of mechanism for monitoring movement of containers

As per para (vii) of Railway Board's letter No.80/TC(M&S)/15/32/Mtg.II dated 17.6.1991, the Station Master of non-ICD station was required to send a return to Traffic Accounts Office containing details of all containers moved on CONCOR account indicating date of movement, IWB No. & date, container size and status whether loaded or empty and name of the destination. In order to improve monitoring of movement of container trains, Railway Board communicated (November 2004) to all Zonal Railways that henceforth CONCOR would provide, every fortnight, terminal wise summary of all trains dispatched giving details of wagons no., wagon ownership, container no., IW Bill No., distance, rate, container status (loaded or empty, ISO/DSO etc.), empty flats and the number of wagons by which the rake was under load to the Traffic Accounts Office.

Audit noticed that despite the above instructions, no return was ever sent by the Station Masters of non-ICD stations/CONCOR depots of Central, Eastern, Southern and South Central Railways to the Traffic Accounts Office. The Traffic Accounts Office of these Zonal Railways also did not bother to obtain the same for ensuring correctness of haulage charges paid by the CONCOR. Thus there was a total failure of following a system which was necessary to ensure that container trains were not moved without recovery of charges.

Recommendation

In order to ensure that no container train moved without payment of haulage charges and the charges were paid by PCOs, particularly by CONCOR are correct, (since the RRs of CONCOR traffic are not prepared by Railway staff) Railway Board should ensure that terminal summaries of movement of trains are sent by each terminal and station to Traffic Accounts Office for reconciliation.

2.1.8.11 Non-maintenance of proper records of land leased and recovery of licence fee

As per Railway Board's letter (March 1990), CONCOR was to pay licence fee of Railway land at the rate of 6 per cent per annum on the book value of the land. In August 2005, it was decided that land licensed to CONCOR for setting up new ICDs would be licenced at the rate of 6 per cent per annum of the market value of the land or at the rate of `200 per 20' container (up to 31March 2004), at the rate of `250 per 20' container (upto 31 March 2007), `350 per 20' container (from 1 April 2007 to 30 September 2007) and `500 per 20' container (beyond 30 September 2007). Audit review of records of the following Zonal Railways in respect of land leased/licensed to CONCOR revealed under-recoveries.

Central Railway

As per land lease agreement entered between CONCOR and Central Railway, lease charges were to be calculated on the basis of the number of TEU handled. Central Railway had leased land to CONCOR at Wadi Bunder, NGSM and Turbhe (23 September 2002), Chinchawad (26 November 2001), and Miraj (19 August 2004). It was observed that Central Railway had not been maintaining any records regarding the number of containers handled and were accepting the lease charges as paid by CONCOR. A joint inspection (May 2009) by Traffic Accounts Office and audit teams, of the CONCOR's depot at NGSM depot and CYM, Mulund revealed that CONCOR was maintaining records of only outward containers and paying lease charges ignoring the inward containers.

Audit also observed that CONCOR intimated the Central Railway in February 2008 that they had closed the Wadi Bunder depot in December 2003 and that no dues on account of lease charges were pending. Similarly no container traffic was handled at Miraj and Chinchawad. However, Railway had neither taken back the valuable land nor recovered the lease charges which worked out to `9.47 crore.

Northern Railway

Railway land measuring 72,184.21 square meter and 18,069.778 square meters was licensed to CONCOR at Phillaur and Sonepat stations in January 2005 and April 2006 respectively. Audit observed that while the total number of containers handled at Phillaur during April 2006 to September 2009 (as per records of Train Branch) was 96,755, the CONCOR had paid licence fee for only 28,381 containers resulting in short payment of `2.71 crore. The Zonal Traffic Accounts Office had accepted the payment without reconciling the same with the figures of actual containers handled. In respect of land licensed at Sonepat, no agreement was entered into and as such licence fee of `12.31 crore pertaining to the period from April 2006 to March 2010 was not realized.

Thus there was short realization/non-relisation of licence fee of `15.02 crore.

Northeast Frontier Railway

Short realization and unauthorized sub-leasing of Railway land

Audit noticed that as against 31,807 containers handled at ICD Amingaon (for which Railway had provided 66,458.36 square meters of land) during the period 1.4.2007 to 30.9.2009, licence fee was recovered in respect of only 29,611 containers resulting in less recovery of `0.09 crore.

Audit also noticed that in total disregard of agreement with IR, CONCOR had leased out 2,500 square meters of the total area of 66,458.36 square meters of Railway land to M/S George Williamson Ltd for a period of three years from April 2003. After expiry of the lease period, the same land was leased to M/S Mcleod Russel India Ltd. for a period of five years from April 2006. Thus the CONCOR had made unauthorized use of Railway land and gained a profit of `1.40 crore. Zonal Railway Administration had not taken any action against misuse of their land by CONCOR.

Western Railway

Non maintenance of records of 20' containers handled for the purpose of recovery of licence fee and other charges

The Traffic Accounts Office of Western Railway had not been maintaining records regarding the number of containers handled at the ICDs of CONCOR. In the absence of such information, the correctness of the licence fee paid by CONCOR could not be verified.

Similarly the charges for water, electricity etc. supplied to CONCOR were not being remitted by them.

2.1.8.12 Non realization of other outstanding dues

Northern Railway

Non recovery of excess amount deducted on account cost of two rakes of BLC wagons taken over by Railway

As per direction of the Railway Board, Jagadhari Workshop converted two rakes of BLC wagons of CONCOR to be used as auto carrier. The rakes were converted and put for traffic use in June and November 2008 without intimating the facts to CONCOR as well as to the Zonal Traffic Accounts Office (TAO) for making proper adjustment. Audit noticed that CONCOR unilaterally deducted (October 2008 and January 2009) a sum of `22.12 crore towards present day cost of two rakes. It was only in January 2010, that the Zonal TAO noticed that an amount of `7.53 crore was recoverable from CONCOR after adjusting the depreciated cost of the rakes. The amount was still not recovered.

Non-recovery of amount reported through Error Sheets

As per rules when a mistake involving apparent financial loss to the Railways was detected, the same should be debited to the authority concerned through Error Sheets. Audit noticed that though a debit of `26.49 crore was raised through 39 Error Sheets against the ICD, Tughlakabad during 1993 to 2009, the same had not been paid by CONCOR.

Similarly, Error Sheets amounting to `9.35 crore on account of penalty for overloading the containers during 1997 to 2002 were raised against CONCOR. However, in a joint discussion held (March 2005) between CONCOR and Northern Railway, the former had agreed to pay only 10 per cent of the overloading charges for the period from June 2001-02 and the claim of `3.20 crore pertaining to the period 1997 to May 2001 was referred to Railway Board for a decision. Though Railway Board had directed (September 2007) the Zonal Traffic Accounts Office to recover this amount at the earliest, the same had not been paid by CONCOR so far (May 2010).

Non levy of busy season surcharge

As per Para 2.2 of Directorate of Traffic Transportation/Railway Board's letter No. 2006/TT-III/73/12 dated 11 October 2006, the surcharges like busy season surcharge, busy route surcharge etc were leviable on all types of container traffic. These instructions were also reiterated at the time of subsequent six monthly revisions of haulage rates from 1 July 2008. 1 June 2009 and 1 January 2010. However, contrary to these instructions, the Directorate of Traffic Commercial vide their letter No. TCR/1078/2006/5 Pt 1 dated 26 October 2006 stipulated that container traffic would be exempted from the levy of busy season surcharge for the period from 1.11.2006 to 31.3.2007. These instructions were reiterated from time to time. It was also interesting to note that both the Directorates had issued these instructions with the concurrence of the Finance Directorate.

Audit observed that the issue of contrary instructions had resulted in non-levy of busy season surcharge of `59.73 crore on container traffic booked from Northern Railway alone.

Western Railway

Non recovery of shunting charges

As per MOU signed between Railways and CONCOR, charges for shunting operations arising from specific operational needs were payable by CONCOR as siding charges. Non-recovery of siding charges amounting to `1.22 crore pointed out by audit was accepted by Zonal Railway and debits were raised against CONCOR. However, instead of making payment of the charges, the CONCOR referred the matter to Railway Board in 2002. Railway Board had not taken any decision so far and the amount remained un-recovered.

Further scrutiny of records of Vadodara and Ratlam ICDs revealed that though shunting operations were carried out by Zonal Railway engines, no charges were being recovered from the CONCOR. The total charges on this account worked out by Audit amounted to `11.62 crore for the period from April 2007 to December 2009.

South Western Railway

Damage to bridge caused by movement of over dimensional containers

In April 2000, a container train of CONCOR booked from Gandhidham to Hubli loaded with containers having height of 9'- 6" had damaged the portal bracings of a bridge. On the matter having been taken up with the CONCOR, it was assured that in future no train with 9'-6" containers would be moved on Miraj –Londa section. However, on 14 January, 2005 again a train with containers of 9'-6'' was moved over bridge No. 184 damaging all the portal bracings. Though the enquiry Committee had held CONCOR responsible for the damages of `0.38 crore, the cost was not recovered.

2.1.8.13 Issues related to PCOs other than CONCOR

As per extant instructions, IR besides recovering haulage rates for the container traffic booked by POCs, also levied terminal excess charge, ground usage charges, terminal detention charges, shunting charges and cost of staff provided for documentation work at the RCTs. Audit of operations of container trains by PCOs revealed as under:

- Although eight PCOs had started operations for the last two to three years, agreements entered with them were not available and none of the PCOs except M/S Adani Logistics Ltd (ALIK) on North Western Railway had developed their own terminals/ICD. M/S Adani Logistics Ltd (ALIK) had constructed a private siding which was commissioned in January 2009. The agreement executed was not complete and the information such as details of plan, area of land leased, licence fee recoverable, and the cost of siding was not included. As a result, it was not ascertainable whether the party had paid the cost in full Land license fee of `0.06 crore, supervision charges of `0.33 crore, shunting charges of `0.15 crore and staff cost of `0.21 crore had not been recovered.
- Though as per Railway Board's instructions, the cost of Railway staff posted at terminals for documentation works, issue of RRs etc. was to be borne by the PCOs, the staff cost was not being recovered on Eastern, Northern, North Western and Western Railway. Staff cost of `0.74 crore , ` 0.21 crore and `0.19 crore as assessed by Eastern, North Central and Northern Railway Audit respectively for the period April 2007 to May

2010 was not recovered from PCO operating at Cossipur and Chitpur Goods sheds of Eastern Railway and Gari Harsaru of Northern Railway.

- Though an amount of `8.31 crore pertaining to the periods from 2007 to 2010 on account of stabling charges, siding charges, shunting charges haulage charges and terminal access charges were outstanding from various PCOs over Northern, North Central and South Eastern Railways, no action to invoke provision of the agreement for levying penalty had been taken for realization of their dues. **(Annexure IX)**
- Though siding charges for the trips of less than one hour were to be recovered on the basis of one hour, the Northern Railway Administration at Patli station had been recovering the siding charges on the basis of a trip of 49 minutes (`9,344) instead of hourly basis (`11440) from M/S Adani Logistics Pvt. Ltd. This resulted in short recovery of `0.06 crore during 24 September 2009 to 14 May 2010.
- Cases of incorrect recovery of haulage charges resulting in undercharges of `0.50 crore were noticed in respect of four RCT at Dhappar, Ahmadgarh, Mandi Govindgarh and Doraha of Northern Railway.
- Stabling/detention charges for private stock detained at the Railway premises due to party's inability to accept the placement had resulted in non-recovery of `0.83 crore (Malanpur and Orai stations of North Central Railway).
- Non-levy of ground usage charges for non-removal of the containers within the prescribed time resulted in non-recovery of `0.07 crore at Malanpur and Orai stations of North Central Railway.
- Haulage charges for booking of flat wagons loaded with empty containers were not levied by Satroad station of North Western Railway resulting in non-recovery of `0.20 crore.
- Haulage charges for empty flat wagons were calculated incorrectly by Sheodaspura Padampura station of North Western Railway resulting in less recovery of `0.02 crore.
- Haulage charges for loaded containers booked from Faridabad were recovered as for empty resulting in undercharges of `0.04 crore.
- Routing of PCO traffic booked from Noli and Patli RCTs over Northern Railway to Satellite Goods Terminal, Whitefield (SGWF) and vice versa

via longer route viz. Jolarpettai and recovering haulage charges via Dharmavaram-Gooty-Nagpur –Gwalior resulting in short recovery of `0.89 crore.

- Reduction of rates of 40' container to 1.8 times of a TEU had resulted in revenue loss of `0.04 crore.
- Loading of containers with the same commodity and charging the same in different weight slabs resulted in underutilization of wagon capacity and consequent loss of revenue of `1.01 crore on Western Railway.

2.1.9 Conclusion

The primary objective of promoting CONCOR and other private operators was to increase the rail share of traffic by focusing on sundry and piecemeal traffic which Railway had decided not to carry with the objective of improving its operational efficiency through rake load movement. However, in practice the container operators including CONCOR had been allowed to carry bulk commodities traditionally carried by Indian Railways in their wagons and the risk of possible loss/diversion of conventional traffic had remained unaddressed. Further the policy of allowing private operators including CONCOR to lift traffic at suboptimal tariffs was bound to cause continued loss to Indian Railways on account of operational cost not being recovered, with little incentive for private operators to invest in expansion of rail terminals.

The matter was brought to the notice of Railway Board (October 2010); the reply had not been received (January 2011).

2.2 Tatkal and Advance Reservation System in Indian Railways

Executive Summary

Advance reservation system was introduced in Indian Railways to facilitate Passengers to book their tickets in advance. At present, advance reservation period is 90 days. Indian Railway also introduced (December 1997) a scheme of Tatkal reservation facility for the passengers who planned their journey at short notice. This facility was provided on payment of premium charges. Trains/class wise quota was fixed for reservation under this scheme.

Audit of functioning of the Tatkal and Advance reservation system revealed that genuine users, for which the scheme was intended, were not able to access the facility with ease as it was susceptible to manipulation.

Audit conducted a study of the records including electronic data dump of PRS Delhi in particular and other PRS locations and found many instances of booking before and after business hours that could have been carried out only through manual intervention by Rail Traveler's Service Agents (RTSAs) in connivance with the booking clerks and single ticket issued for more than prescribed number of passengers (six). Physical inspection of the booking counters disclosed that the RTSAs/ touts had distributed their presence not only among earmarked counters but also those meant for general public.

The study also revealed other lapses in delivery of services such as delay in announcement of special/new trains, reservations with incomplete names of passengers etc. Railway Board, in their reply, had accepted certain audit recommendations and agreed to take corrective action.

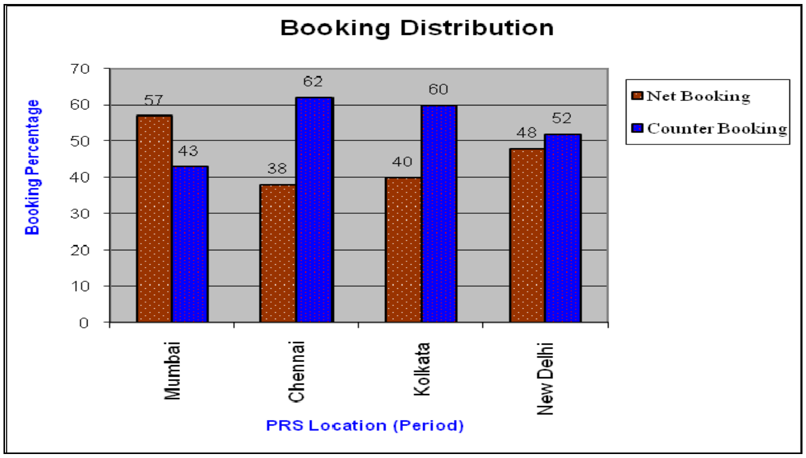
2.2.1 Introduction

For booking train tickets in advance, there is a system of advance booking in Indian Railways. Besides, for urgent booking at short notice, Tatkal Reservation system is in vogue

Computer Reservation of passenger journey tickets was introduced on Indian Railways on 15 November 1985 by implementing Passenger Reservation System (PRS) software. Through the use of single counter universal ticketing facility passengers could book the tickets from any location of the Indian Railway through five PRS (Delhi, Kolkata, Mumbai, Chennai and Secunderabad) located at 2,436 centres with 6210 counters. Tickets could also be reserved globally through internet. A reserved ticket could be booked 90 days in advance of the actual date of journey.

To meet the urgent/emergent travel requirement of passengers who planned their journey at short notice and did not have confirmed reservation, Indian Railways introduced the Tatkal reservation facility in December 1997. This facility was provided on payment of premium charges on 'first come first served' basis. Initially, a full coach was nominated as a Tatkal Coach. Later, class-wise tatkal quota was introduced (November 2004). Presently the Tatkal scheme was available for all classes except 1st class in all Mail/ Express trains including Rajdhani/ Shatabdi/ Jan-Shatabdi trains but excluding Duronto and Yuva express trains.

The Advance Reservation Period (ARP) fixed for Tatkal reservation (April 2006) was five days, excluding the date of journey. Effective 1 April 2009, the ARP was revised downwards to two days, excluding the date of journey. Tatkal and Advance Reservation tickets could be booked from any counter of PRS between 08:00 hours and 20:00 hours. On Sundays and Gazetted Holidays, the reservation timings were from 08:00 hours to 14:00 hours. Tickets could also be booked through Indian Railway Catering & Tourism Corporation (IRCTC) website/agents at 08:00 hrs on the opening day of booking and from 05:30 hrs to 23:30 hrs (00:30 hours to 23:30 hours with effect from 1 April 2010) on the subsequent days. Scrutiny of records for the year 2009 pertaining to different PRS locations at different periods revealed that tickets were booked through internet ranging between 38 to 57 per cent of the total booking. The booking distribution between PRS counters and internet at five PRS locations is exhibited below:



2.2.2 Audit Objectives

The major audit objective of review of operation of the scheme was to assess the extent to which genuine passengers were able to obtain reservations through the internet and the booking counters with ease and whether the system provided for transparency in procedures. The role of Railway appointed agents in promoting the scheme was also evaluated.

2.2.3 Scope and Methodology of Audit

The review involved analysis of electronic data relating to passenger reservations (both Tatkal and Advance) in respect of four PRS locations (Delhi, Mumbai, Kolkata, Chennai). Some popular/high demand trains were selected for study for specific periods while passenger data dump was analysed in detail in respect of PRS, Delhi from January to December 2009 to evaluate the integrity and transparency of the functioning of the Tatkal scheme. In addition, physical inspection of RTSAs on PRS counters was carried out and surprise checks conducted during late night and early morning hours at three locations (IRCA building, New Delhi, Faridabad and Sarojini Nagar, New Delhi).

2.2.4 Audit Findings

2.2.4.1 Irregularities in Booking of tickets through PRS counters

Booking on stipulated ARP day before 8 AM and beyond business hours

On the day of ARP, booking of tickets was scheduled to commence exactly at 08:00 hours onwards. However, on PRS, Delhi, 13 cases were noticed where booking against Tatkal quota was made before 08:00 hours on the day of ARP.

Clearly, the input controls in the PRS system were bypassed and/or not functioning as envisaged.

Tickets could be booked through PRS counters only during the prescribed business hours. An analysis of data of PRS, Delhi, however, revealed that tickets were booked through PRS Counters against taktal quota beyond the specified timings as was evident from the table below:

Month	Tatkal tickets booked before 08:00 hrs or beyond 22:00 hrs.	Remarks	Tatkal tickets booked beyond 14:00 hrs. on Sunday
January	-		**17**
February	16	Between 22:50 to 23:20 hours	**24**
March	2	Beyond 22:00 hours	**16**
April	-		**33**
May	2	Beyond 22:00 hours	**20**
June	-		**17**
July	-		**23**
August	-		**23**
September	-		**29**
October	-		**17**
May, Sept & Nov.	13	Before 08:00 hours	**26**
December	**-**		**21**

Further analysis of different PRS counters of Delhi revealed that reservations related transactions between 52 and 256 were processed on the terminals/nodes which were not authorized to book tickets beyond 20:00 hours **(Annexure X).**

Railway Board in their reply stated that checks in the PRS system were in place to ensure that no booking was done before 8 AM. As regards booking beyond business hours, they stated that it was possible in generation of new PNR in case of allotment of berths/seats from emergency quota with a view to allot compact accommodation in the same class or in lower/higher class. They admitted that blocking of accommodation was possible during opening hours but not after business hours and sought specific details for further examination.

Railway Board's contention that checks were in place was not convincing because tickets found issued before 8.00 AM indicated either lack of checks or some fraudulent access by booking clerks. Moreover, Railway Board, needed to ensure that bulk of the tickets were not grabbed by RTSA for sale through touts.

Booking of tatkal quota tickets beyond business hours indicated intentional bypassing of controls within the PRS by Railway officials.

Booking on stipulated ARP day at precisely 08:00 hours

It was noticed in Audit that a number of bookings were made through a single counter precisely at 0800 hours, which was only possible through manual intervention in the system.

It was observed physically that completion of processing of one reservation requisition for booking of six persons by an efficient Enquiry-cum-Reservation clerk (E&RC) took around one minute including printing of ticket and exchanging cash/payment. In case, the number of passengers was less, say 1 or 2, it was possible to process, at the most, two requisition forms by an E&RC.

Audit scrutiny of data of PRS, Delhi revealed that an unusual number of passenger tickets (1,50,111 PNRs and 3,63,700 passengers) were booked at precisely 08:00 hours on the day of ARP. Further irregularities were noticed as under:

- As per prescribed rules, maximum six passengers could be booked through one PNR. However, 189 PNRs (involving 1,922 passengers) having 8, 10 or 12 passengers were booked. Interestingly, all these bookings were made exactly at 08:00 hours on 23rd October 2009 which happened to be a day before Chhat, a prominent festival.
- In the case of 16,276 PNRs (representing 11 per cent of the total PNRs booked at precisely 08:00 hours of the ARP), a single Booking Clerk made 2 or more bookings at the same time (viz. 08:00 hours). **Of these 16,276 PNRs, 15,912 PNRs (95 per cent) were booked from PRS Counters and not internet.**
- Multiple PNRs were processed by 38 E&RCs on 30 or more days during 2009 at exactly 08:00 hours on the ARP date. Total number of PNRs booked by these 38 E&RCs during this spell between 60 and 316 involving number of passengers between 112 and 1,141

Railway Board in their reply stated that the number of tickets issued depended on the efficiency of the booking clerk as well as clientele and varied from counter to counter. Counters earmarked for RTSA processed a number of requests within a minute as they had ready information regarding trains, fare etc. ready before the request was tendered . Now a watch was being kept on locations where tickets were issued disproportionately through MIS. The cases of issue of single ticket for more than six persons would be investigated on receipt of details.

Audit had noticed the instances of higher/disproportionate transactions at counters other than those earmarked for RTSAs. Moreover, Railway Board needed to ensure that bulk of the tickets were not grabbed by RTSA for sale through touts.

All the above detailed tickets were booked from PRS Counters and not internet. Considering that the minimum time required to process an application including keying in the details of the passengers in the system, print the ticket and transact cash would be at least one minute, the fact that the Booking Clerks could process multiple PNRs at exactly 08:00 hours indicated that the tatkal booking scheme was being misused.

Booking at Reservation counters by E&RCs

Audit parties physically visited three different locations falling under PRS Delhi viz., Faridabad, Sarojini Nagar and IRCA, New Delhi and observed that E&RCs were violating the laid down guidelines and circumventing the tatkal system.

As per the extant orders, the E&RC could accept only one requisition form from a person at a time. However, if onward/return journey was involved, 2 or 3 forms could be accepted from the same passenger. Analysis of the tatkal data for the year 2009 revealed that a number of E&RCs were able to process more than one requisition form in one minute as detailed below:

Sl. No.	No. of instances where a single Clerk processed more than one reservation form in a minute between the following slabs					
	Month/ year	**7-12 people**	**13-18 people**	**19-24 people**	**25-46 people**	**Total**
1.	January 2009	287	3	0	0	**290**
2.	February 2009	199	1	0	0	**200**
3.	March 2009	286	1	0	0	**287**
4.	April 2009	320	0	0	0	**320**
5.	May 2009	1910	24	1	0	**1935**
6.	June 2009	1875	78	5	0	**1958**
7.	July 2009	513	7	0	0	**520**
8.	August 2009	377	3	0	0	**380**
9.	September 2009	313	0	0	0	**313**
10.	October 2009	**3051**	**89**	**18**	**2**	**3160***
11.	November 2009	1540	43	3	0	**1586**
12.	December 2009	2525	70	3	0	**2598**
	Total					**13587**

*Also contains duplicate records

E&RCs were misusing their position by giving undue benefits to Railway agents and touts and thereby depriving general public from the benefits of the Tatkal Scheme

During a visit to Windows No. 142 to 145 at PRS, IRCA New Delhi, meant for RTSAs between 08.00 hrs and 08.30 hrs on 2 July 2010, instances were noticed where the E&RCs accepted multiple slips from RTSA representatives in violation of the prescribed procedure (see the photograph given alongside from IRCA, New Delhi).

Further, the representatives of three different Agents booked multiple tickets by standing in different queues as shown in the table below:

Name of the RTSA	ID Number of the RTSA's representative	Window No. (number of requisition slips tendered by agents/ their representatives)				Total number of requisition slips tendered
		142	143	144	145	
Amalok Raj Travels	6454	6	-	3	-	09
	6455	2	-	4	-	06
	6456	4	-	3	-	07
V.K.Jain	6757	4	-	9	1	14
Safari Tours	6834	-	4	-	-	04
Rajdhani Travels	6848	-	4	1	-	05
	6849	-	7	-	-	07
B.M.Tours	6803	-	-	-	2	02
S.Z.Hashmi	6906	-	-	-	3	03
	6870	-	-	-	2	02

The RTSAs and Booking Clerks/E&RCs were apparently conniving to deprive the general public of the benefits envisaged under the tatkal scheme. The procedure required effective monitoring to avoid the misuse of reservation facilities extended to RTSAs

An analysis of the Delhi PRS servers down time vis-à-vis booking done on various terminals of the Delhi PRS revealed that when the Delhi PRS servers were reported down during the year 2009, reservation transactions involving 2,334 passengers **(Annexure XI)** were carried out in the system.

Railway Board's reply on processing of more than one requisition at a time was silent. However, regarding reservation having been done while the servers were down, they stated that it was possible that the backend server was not down and agreed to investigate the matter on receipt of specific details.

2.2.4.2 Net Bookings

Tatkal and Advance Reservation could also be booked through IRCTC's website between 00:30 hours and 23:30 hours (with effect from April 2010). However, on the day of ARP, the booking could be done only at 08:00 hours onwards. Scrutiny of records and discussions with IRCTC officials revealed that IRCTC had about 20,000 Website (Normal) Agents and 68 Master Agents of Web services. Apart from these, IRCTC had about 160 lakh other registered users.

- A review of the booking transactions on IRCTC website during May-June 2010 revealed that on an average, about 91 per cent of the total tatkal bookings during 16 May–15 June 2010 took place during 08:00–09:00 hours. Further analysis of transactions that took place on internet on 7 July 2010 disclosed that out of 23,035 tatkal transactions done by various Master Agents between 08:00–09:00 hours, one Master Agent was able to book/process up to 160 transactions in a minute, which was obviously impossible, unless the system permitted manual intervention. A further analysis of the tatkal data of the year 2009 revealed that a number of Net users were able to book more than six passengers in one minute **(Annexure XII)**.
- Further, test check of accessibility of IRCTC server revealed that during login of IRCTC's website exactly at 08:00 hours on the day of ARP either for Tatkal or General tickets, the system would hang. It generally took 4-5 minutes to login, by which Tatkal quota was sold out. One plausible explanation could be is that the server capacity of IRCTC website was limited in comparison to PRS servers and therefore insufficient to meet the growing requirements of net users who were now a sizable segment. As such, there would be a reasonable case for upgrading the server capacity to meet the demands of net users including website agents.

Railway Board in their reply stated that earlier the access to all users was available simultaneously at 8 AM. They added that from July 2010 onward access to IRCTC agents had been denied between 8 AM and 9 AM on the opening day of ARP for Tatkal and General quota. As regards login problems, Railway Board stated that steps were being taken to enhance the capacity of IRCTC server. Railway Board did not indicate whether they had been monitoring the actual impact of denial of the access to IRCTC agents.

2.2.4.3 Irregularities in generation of wait list tickets

- As per Circular No. 47 of 2005, wait listed tickets were to be issued under tatkal scheme to the extent of the quota earmarked. A test check of the data of PRS, Delhi revealed that the above instructions were not being followed. For example, in Train No. 4033 (Jammu Mail), 15 berths in 2AC and 21 berths in 3AC were earmarked under tatkal quota in December 2009. However, the tatkal wait lists of this train were operated up to 34 and 30 in 2AC and 3AC respectively on 30 December 2009.
- Scrutiny of records of PRS, Delhi revealed that wait lists were not operated in seriatim. For example, tatkal wait list for 3AC in Train No.2780 of 16 October 2009 for journey between HNZM to AGC started from serial number 3 and tatkal wait list for 3AC in the same train of 23 October 2009 from HNZM to Pune started from serial number 5. Similar irregularities were also noticed in PRS, Kolkata where tatkal or general wait list started from 3 and 2 (for train No.2381 and 3005 respectively).
- A sample check on PRS, Kolkata revealed that wait list ticket was generated for a station (Mughalsarai) for a particular class (2 AC) in a train (No.2303) despite the fact that the station was not given such facility for the particular class.

The system for generation of a fault –free wait list ticket needed attention.

2.2.4.4 Operation of Special Trains/New Trains

Railways introduced special trains every year on specified routes to cater to the heavy rush of passengers during festivals like Chhat, Diwali and Christmas and during summer vacations. Similarly, new trains announced during the budget were also required to be started by Railway Administration. Presently, the ARP allowed for booking of train tickets was90 days. It was noticed that the announcement of the dates of Special/New Trains during 2009-10 failed to provide sufficient advance notice; often the time-gap between announcing the special/new trains and actual date of appearance in the reservation system was two to four days. However, for common passengers, this short period of two to four days' intimation was insufficient to plan their journeys and get a confirmed reservation. Some instances of such delays are mentioned as under:

- Central Railway Administration declared 1530 special trains (up and down directions) through advertisement in leading daily newspapers on 10th March 2010. However, their booking started on 11th and 13th of March 2010 for trains starting from the first week of April 2010.
- All the 30 new trains introduced during 2009-10 by Eastern Railway Administration appeared in the system before 0 day to 13 days from their first run. Out of 36 special trains declared, 20 special trains appeared in the system 1 day to 9 days in advance from the respective scheduled departure dates.
- A test check in respect of special trains declared by Northern Railway Administration during January to June 2009 and 2010 revealed that announcement of special trains was done through Newspapers/Railway stations at a very short notice of 1 to 5 days. Data analysis further revealed that in 29 per cent of special trains announced, less than 10 passengers were booked against tatkal quota as exhibited below:

Month	Number of Spl. Trains in which Tatkal passengers were booked	Number of trains with less than 10 passengers booked against Tatkal quota	Percentage
Dec-09	846	226	27
Nov-09	803	184	23
Oct-09	1131	274	24
Sep-09	806	305	38
Aug-09	704	225	32
Jul-09	648	180	28
Month	**Number of Spl. Trains in which Tatkal passengers were booked**	**Number of trains with less than 10 passengers booked against Tatkal quota**	**Percentage**
Jun-09	697	117	17
May-09	969	187	19
Apr-09	847	269	32
Mar-09	675	242	36
Feb-09	539	230	43
Jan-09	570	235	41
Total	**9235**	**2673**	**29**

Railway Board stated (December 2010) that depending upon availability of rolling stock and other operational factors, running of special trains was announced with a notice of shorter duration. Announcement was stated to have been done through all possible means to ensure proper utilization and the same was monitored. The decision to run special trains was taken on the basis of occupancy rate during the same period of the last year. The reply was not convincing because of the fact that in 29 per cent of the special trains over Northern Railway, the booking against Tatkal quota was less than 10 passengers.

Delay in announcement of special trains deprived a large part of the general public an opportunity to plan their journey. This also resulted in loss of revenue to Railways due to less occupancy of such trains

2.2.4.5 Booking through Rail Traveler's Service Agents (RTSAs)

RTSAs booked tickets even through the counters not meant for them in connivance with booking clerks, which creates a lot of problems to general public

As a commercial policy, Railways appointed RTSAs in major cities and towns with authorization to purchase tickets and secure reservation on behalf of the passengers. RTSAs had been appointed initially for three years; later their licenses were renewed subject to satisfaction of the Local Railway Administration. The service charges payable by the passengers to the RTSAs are ` 25 per passenger for 1AC, 2AC, 3AC and AC Chair Car and ` 15 per passenger for Sleeper Class and Second Class. Appointment of RTSAs had been decentralized with effect from September 2002. The agents were required to use separate pre-printed reservation slips with agency details for making the reservations. There were separate counters at major stations for the agents for booking tickets. Though physical counters had been provided for RTSAs, the system design had no such provision. As a result, the data related to actual bookings made by the agents was not accessible as the identification code of the agents could not be captured by the system. Also, the lacuna enabled RTSAs to manipulate the booking process as evident below:

- During physical verification of PRS location at Kolkata, audit noticed that despite earmarked counters for the RTSAs, their representatives were jamming the queues at counters not meant for them. Similarly, at a PRS location (IRCA) of Delhi, it was noticed that although four windows had been provided for bookings by the RTSAs, they had not confined themselves to the specified windows, but had been booking tickets from the other counters also.

Railway Board in their reply stated that they had asked CRIS to make a provision in the PRS so that the identification of RTSA was captured and once the provision was made, it would be feasible to analyse the data related to booking by them. They also stated that regular drives were being conducted at reservation centres to check and apprehend unscrupulous agents who were involved in malpractices.

- On 2nd July 2010, E&RCs on duty at the windows reserved for RTSAs at IRCA, New Delhi booked even up to 51 transactions within 30 minutes of opening of the window for booking. Consequently, the agents got confirmed tickets while the others ended up in the waiting list. This suggested collusion with Railway officials.
- A check of records maintained by Delhi Division of NR revealed that there were 13 RTSAs who did not appear in the Divisional list even though they appeared in the Northern Railway's Time-Table **(Annexure XIII)**. As far as the general public was concerned, information given in the Railway time table was authentic. This suggested that all 13 RTSAs who figured in the Northern Railway's Time Table had been operating without authorization.
- A test check of ten cases in Delhi Division revealed that no inspections were carried out by CMI to verify the records of the RTSAs during the validity period of the license of the RTSAs. In the absence of any evidence relating to the monitoring of the activities of the RTSAs, transparency in the transactions by the RTSAs could not be vouched.

Railway Board agreed (December 2010) to reconcile the details of RTSAs with the records of Commercial department and Divisional authorities to ensure that only the names of authorized agents figured in the Time Table. They also noted for compliance that the inspection of RTSAs'/website agents' records/transactions would be done at regular intervals to ensure that the licenses of only those who complied with the prescribed procedures were renewed.

2.2.4.6 Miscellaneous irregularities

Non-exhibition of Passengers' identification

In order to establish the identity of a passenger as well as to avoid a passenger traveling on a proxy ticket, it was necessary that complete and accurate details of the passengers were captured at the time of booking.

Audit scrutiny of PRS, Delhi revealed that while reserving/booking seats, Users/E&RCs entered the name of the passenger in many cases as one character (A, B, C etc.) Instances of 2 character names, which were absolutely illogical, were also noticed. Further analysis revealed that in respect of 5 – 60 cases, same names of the passengers were repeated, from 1,000 – 3,132 times **(Annexure XIV),** while booking passengers in different trains and in 1 – 234 cases, same names were repeated up to 10 to 30 times, while booking passengers in each train.

It was evident that the validation controls in the system were either weak or were being by-passed. By booking on generic/incomplete names rather than specific names and addresses, without the mandatory requirement of proving the identity of the passengers, the tatkal facility was being misused by agents/touts to book tickets in advance and sell these to unsuspecting public at a premium.

Railway Board stated (December 2010) that instructions had already been issued to Zonal Railways that such instances where the booking was being made with incomplete name, should be taken up seriously. Remedial action taken by Railway Board was not sufficient as necessary modifications were required to be incorporated in the application software in the PRS to avoid such instances of abuse.

Issuing of Duplicate Tickets

As per rule, a duplicate ticket was to be issued in lieu of lost, misplaced/ torn/ mutilated Reserved/RAC tickets. Duplicate tickets issued before preparation of chart entailed a non-refundable clerkage charge of `20/- per passenger. No duplicate ticket is issued for lost RAC/WL ticket after chart preparation. Some irregularities noticed in issuing of duplicate tickets were as under:

- During the data analysis of PRS, Mumbai for the Tatkal reservation tickets, instances were noticed where duplicate tickets were issued to passengers who booked Tatkal tickets from remote locations on the opening day of Tatkal booking. In most of the cases, the tickets were booked from a far away location but the duplicate tickets were issued from the nearby location of the source of journey. In many cases, such duplicate tickets were issued on the same day of booking or on the very next day.
- On PRS, Kolkata, most of the duplicate tickets were issued against lost Tatkal tickets on the date of booking, date of journey or the day before journey.

- A sample check of data of PRS, Chennai revealed that out of 36 duplicate tickets issued against Tatkal tickets, 18 were booked from other locations.
- Data analysis of the records of PRS, Delhi revealed that four passengers who had 'WL' status at the time of booking, were issued duplicate tickets, but their final status was recorded in the data as "00".

It is evident that passengers booked the Tatkal ticket through agents or through other sources on the opening day of ARP from a remote location, where possibly there was less booking demand. These details were then forwarded to the passengers who got duplicate tickets by paying the stipulated nominal clerkage charge though there was no loss of the original ticket.

Railway Board stated (December 2010) that issues regarding misuse of provision of issuing duplicate tickets and proposals for increasing the clerkage charges for issuing duplicate tickets in Tatkal scheme were being examined.

Reservation on pre-bought tickets by Charting Section

Audit scrutiny on PRS, Delhi revealed that bookings had been done by IRC2, i.e. Charting Section, on pre-bought tickets, which it was not authorized to do. As this Section was not authorized to collect money, was not understood as to how the amount for these bookings was collected and accounted for.

Inaccuracy of financial data

An amount of `1.50 lakh was recoverable by the Railways from the passengers for tatkal reservation during 2009. Cancellation charges had not been collected from 236 passengers who had cancelled their tickets. Further, analysis of data showed ` 32.46 crore as collected in excess by the Railways and refundable to the passengers. Various charges (base fare, reservation charges etc.) shown to have been collected by Railways on the sale of tickets in the tatkal system did not add up to the total fare depicted in the system. As such, there were issues relating to data accuracy and completeness.

2.2.5 Conclusion

The main objective of introducing the Tatkal scheme was to provide the reservation facility to those passengers who could not plan their journey in advance. The objective of launching the tatkal scheme was fulfilled only to a limited extent. In practice, the system was susceptible to abuse by unscrupulous booking clerks, RTSAs and touts. The general and application controls in the PRS system as well as in the internet booking system relating to tatkal/advance bookings were inadequate leaving scope for manual intervention in the system. The procedure for reservation under the scheme lacked transparency as reservations were made before/beyond business hours on the day of ARP and also when server was reported to be down. Further, while the increase in the percentage of internet bookings was a welcome sign as the facility was available at the doorstep of the passengers, capacity of the server meant for internet booking was not sufficient as there were delays in login at 08:00 hours (i.e. opening of ARP). To ensure that the Tatkal scheme served its intended purposes, Railway needed to streamline system controls to eliminate manual intervention of the scheme by unauthorized persons.

Recommendations

- Railway need to take a comprehensive re-look at the Tatkal scheme in its entirety– scheme guidelines, its operation and monitoring, and devise a strategy to ensure that only genuine passengers, for whom the scheme is intended, were benefited from it.
- General and application controls of the PRS system, especially data input, validation and security, need to be tightened and violations/manual interventions should be logged, reviewed regularly at appropriate levels and swift action initiated against those violating the prescribed procedures. Rigorous validation controls should be built into the PRS system to ensure that only valid and reliable data was accepted by the system. This should also ensure transparent generation of passenger waitlist.
- Railway Administration should review User ID-wise reports, on an ongoing basis, for all tatkal bookings taking place during the first hour on the ARP day, especially where the quota is fully exhausted. These reports should be reviewed regularly and stringent action should be taken against the RTSAs/Agents/Clerks found guilty of malpractices depriving the envisaged benefit to the intended public.
- Accessibility of IRCTC Website from 08:00 to 09:00 hours need to be monitored closely for necessary corrective action. Further, in order to avoid instances of login delays at 08:00 hours faced by general public seeking reservations through internet, IRCTC should augment capacity of their servers to cater to the increased traffic/demand.

- There should be a digitized ID for RTSAs and website agents in the reservation system to identify the tickets booked by them. Besides, the system should be designed to capture full name and address of the passengers to ensure the genuineness of the bookings.
- Details of RTSAs should be reconciled with the records of Commercial department and Divisional Authorities to ensure that only the names of authorized agents figure in the Time Table. Inspection of RTSAs'/website agents' records/transactions should also be carried out at regular intervals to ensure that the licenses of only those who comply with the prescribed procedures are renewed.
- Bulk cancellation of wait list tickets by RTSAs purchased under tatkal/general reservation in respect of important trains may be monitored regularly to keep check on their activities.
- For minimizing the issue of duplicate tickets reserved against tatkal quota, the clerkage charges for issuing duplicate tickets may be increased substantially.

2.3 South Western Railway: Loss of earnings due to injudicious deletion of rationalization order

Injudicious deletion of already implemented rationalization order in respect of a route resulted in loss of freight to the extent of ₹ 81.35 crore

As a rule, goods were despatched by the route operationally feasible, unless there were specific instructions to the contrary from the consignors and freight was charged by the shortest route. The rules provided that Government by an order under section 7(1) (b) of Railway Act 1989 could charge freight by the route specified therein even if it was not the shortest route.

Ranjitpura (RNJP) near Bellary (BAY) was one of the prime iron ore loading stations. Iron ore was booked from this station to Panambur (PNMB) and Kudremukh Iron Ore Company (PNKI) siding located near Mangalore (MAQ). Subsequent to the opening of Hassan-Mangalore (HAS-MAQ) Broad Gauge line for goods traffic in May 2006, route via HAS became the shortest route (659 Kms) for the movement of iron ore from RNJP to PNMB/PNKI. However, due to operational requirements, Railway Board rationalized with effect from June 2006 the longer route (887 kms) via Madgaon (MAO) and notified the route for freight charge. The rationalization of this route was initially valid till June 2007.

Railway Board further extended (March 2007) the rationalization up to June 2008. However, even before the order came into force (April 2007), the route was deleted from the list of rationalized routes by the Railway Board (26 March 2007) at the request of Zonal Railway Administration. While justifying the deletion of the rationalized route, it was claimed that due to routing iron ore traffic via MAO, Railway was losing an incremental traffic of about 30 to 40 rakes per month and would benefit from incremental traffic, if the iron ore traffic to PNMB was routed via HAS, the shorter route. Railway Administration also assured to the Railway Board that all such traffic would be run via HAS, the shorter route. As a result of deletion of the rationalized route, (1.April 2007), Railway charged all the rakes booked from RNJP to PNMB/PNKI by the shorter route via HAS.

Subsequently, Railway Administration, quoting operational constraints like reversal of engine and brake van at BAY, longer block sections, permanent and caution orders and shortage of crews etc., decided to revert to the earlier position and proposed (September 2009) for re-rationalization of the longer route via MAO. Railway Board was yet to accede to the proposal.

A review of records in Audit revealed that during the period from April 2007 to December 2009, out of 981 rakes booked from RNJP to PNMB/PNKI, 902 rakes (92 per cent) moved by longer route (via MAO) and those rakes were charged by the shorter route via HAS. As such, the assurance given to the Railway Board was not fulfilled. Since more than 90 per cent of the rakes booked to PNMB/PNKI moved via Madgaon, the Railway had evidently no intention of capturing incremental traffic as justified during proposal for deletion. Loss of freight due to charging by the shorter route for the ore traffic carried by the longer route during the period April 2007 to December 2009 was to the extent of ` 81.35 crore.

When the matter was taken up (September 2010) with the Railway Board, they stated (January 2011) that after the deletion of rationalization order, the trains could not be run through shorter route (via HAS) due to capacity/operational constraints. As a result, Railway was compelled to run majority of trains through the longer route (via MAO). Railway Board had not accepted Railway's request to re-rationalize the longer route as it could have resulted in loss of iron ore traffic for export in view of already increased freight tariffs and impact of additional freight cost due to rationalization. The reply is not acceptable. Although the constraints involved in moving goods traffic through shorter route (via HAS) were known to the local Railway Administration, they approached the Railway Board for the withdrawal of rationalization order for moving and charging the traffic through the longer route (via MAO). The freight increase had been opted for as a deliberate policy and was consistent with actual movement of traffic. Thus non-charging of traffic via the longer route went against the Railway's financial interest.

2.4 Central Railway: Non implementation of the Scheme of Leasing of Parcel Cargo Express Trains

Railway Board had introduced a scheme for leasing of 'Millennium' Parcel Express in 2001 but the same had not succeeded. In order to improve the capacity utilization of Parcel Vans, the Railway Board issued a modified scheme of leasing Parcel Cargo Express trains to private operators. The new scheme was aimed to attract parcel traffic by providing value added door to door service to the Rail customers at competitive pricing and within the guaranteed transit time. The Parcel Express train was to be leased out for a period of three years which could be extended for a period of another two

Inordinate delay in establishing operational feasibility for leasing of Parcel Cargo trains and finalization of tenders coupled with injudicious fixation of higher reserve price not only deprived the Railway of additional revenue of ₹ 57.64 crore but also resulted in non-implementation of a new scheme introduced to attract new customers

years on mutual consent with 25 per cent increase in lump sum leased freight subject to satisfactory performance.

In response to Railway Board's new scheme three firms viz. M/S Videocon Industries, Aurangabad, M/S Western Carriers Kolkatta and M/S TCI Nagpur had expressed their interest in leasing of cargo express trains to be run on Nagothane/Kalamboli–Kashipur and Nagpur-Tinsukia routes from Central Railway to NER/NFR in the months of March 2007 to December 2007. Scrutiny of records of Chief Commercial Manager's (CCM) office in September 2009, revealed that Railway Administration took almost two years to complete the formalities such as obtaining 'No Objection Certificates' from the destination Railway and to make arrangements for examination of the Parcel Vans. The tenders for leasing of Parcel Cargo Express trains on all the routes were invited in February 2009. While there was no response from private operators for the Nagothane/Kalamboli-Kashipur route, for the Nagpur-Tinsukia route, two offers were received of which one was rejected on grounds of not meeting the eligibility criteria of minimum turnover and the second was rejected on the ground that the rates quoted were less than the reserve price. For the Jalgaon – New Guwahati route only one offer was received. As the tender was not finalized within the original validity period, the firm declined to extend the validity of their offer. In this connection the following observations are made:

- Railway Board in their guidelines had clearly stipulated that the reserve price for leasing of Parcel Express trains was to be worked out with a minimum composition of 15 parcel vans plus one brake van with two compartments of 4 tonne CC each. Reserve price for round trip for all origin/destination Railways for traffic booked other than from/to NFR was to be fixed at 1.25 times of the Scale 'P' rates and for NFR at 1.65 times of the Scale 'P' rates (for single journey freight). Audit observed that Central Railway, contrary to these guidelines, fixed the reserve price for Nagpur – Tinsukia route at ` 31,45,388 (i.e.2.25 times of scale 'P') instead of ` 23,06,618 (i.e. 1.65 times of scale 'P'). Though the round trip price of ` 28,52,000 offered by the party for this route was higher by ` 5,45,382 than the reserve price required to be fixed as per guidelines, the same was injudiciously rejected by the Tender Committee, thereby depriving the Railway of potential earnings of ` 41.07 crore in respect of the three year lease. Against this, the Central Railway earned only ` 9.07 crore from the total parcel traffic moved during 2007-08 to 2009-10.

- The offer price of ` 23,02,000 per round trip for Jalgaon – Guwahati route was also higher by ` 47,516 than the reserve price of ` 22,54,484. The Railway Administration failed to finalise the tender within the validity period of offer; as a result, the party backed out. Thus delay on the part of Railway deprived them of potential earnings of ` 16.57 crore for the three year lease period. Against this, the Railway's total parcel earnings on this route during the period 2007-08 to 2009-10 was only ` 7.59 crore.

When the matter was taken up with the Railway Administration (January 2010), they stated that the delay was unavoidable and occurred because the scheme being new, had to be studied in totality and operational feasibility as well as carriage and wagons maintenance facilities on these routes had to be finalized in consultation with other Railways. As regards fixation of reserve price on higher side in contravention of Railway Board's guidelines, it was stated that this was done keeping in view the traffic potentiality in the return direction to maximize the revenue. They also added that the Railway had not lost the parcel traffic on account of non-leasing of parcel trains as the available stock of parcel vans on the system was fully utilized.

The reply is not acceptable because the delay of two years for finalization of operational feasibility could not be considered as reasonable. However fixation of reserve price for Nagpur – Tinsukia route on higher side with a view to maximize the revenue had deprived the Railway of additional earnings of `41.07 crore. Similarly non-finalisation of tenders within the validity period of offers resulted a party backing out and causing loss of assured earnings of `16.57 crores. Railway's contention that the available VPs on the system were fully utilized for carrying the parcels was not supported by facts. The actual parcel earnings of ` 9.07 crore and ` 7.59 crore on the above mentioned routes during the three years was much less than the earning of ` 41.07 crore and ` 16.57 anticipated from leasing of the parcel trains.

Thus inordinate delay in establishing operational feasibility for leasing of Parcel Cargo trains and delayed finalization of tenders coupled with injudicious fixation of higher reserve price not only deprived the Railway of potential earnings of ` 57.64 crore but also resulted in non-implementation of a scheme introduced to attract new customers.

The matter was brought to the notice of Railway Board (September 2010); reply had not been received (January 2011).

2.5 South Eastern Railway: Blockage of capital due to non-utilisation of train rake

Failure of Railway Administration to utilize the dedicated rake for service of Garib Rath Express resulted in blockage of revenue earning assets

A bi-weekly Garib Rath Express train, Ranchi-New Delhi, via Gomoh was announced in the Railway Budget for 2008-09. Accordingly, Railway Board provided a rake, consisting of 16 WACCN and two WRRMDAC coaches, at a cost of ` 17.69 crore, which was received at Ranchi on 16 July 2008. Operating and commercial staff were arranged on receipt of approval of Railway Board for introduction of the train. Sanction of Commissioner for Railway safety (CRS) for running of this pair of train on the above route was obtained in August 12, 2008. The inaugural service of the train was, however, flagged off on 28 January 2009 as a special train from Ranchi followed by the commencement of normal service from 31 January 2009 respectively. Thus, failure of Railway Administration to press the rake dedicated for Garib Rath Express train into service within the least possible time led to blockage of capital of `17.69 crore for six months with revenue potential (traffic earnings) of ` 6.97 crore. In addition to above, Railway Administration had to pay dividend to the Govt. of India for the assets not utilized.

The matter was taken up with the Railway Board in (August 2010); they stated (February 2011) that Railway Budget (2008-09) had envisaged introduction of Garib Rath via Gomoh; later on it was decided that the train would run via Barkakana instead of Gomoh. The delay was due to announcement of Elections in Ranchi on 29 December 2008, enforcement of model code of conduct effective from 05 January 2009 and non-availability of CRS sanction for the revised route. The reply, however, did not bring out the reasons for diversion of the original proposed route for which the CRS sanction for operation of the train was obtained in August 2008. Moreover, the sanction of CRS for the revised route was received prior to enforcement of model code of conduct and hence the reply was not acceptable.

2.6 East Coast Railway: Non-realisation of compensation claim

Non-realisation of compensation claim of ₹ 18.86 crore by Railway on M/s. Essar Steel Ltd. towards freight for shortfall of guaranteed traffic as per agreement of Way Leave Permission for Iron Ore Slurry Pipe Line

Railway Board allowed (19 July 2005) Way Leave facility to Essar Steel Limited for laying their underground pipeline through railway land and across railway bridges at Duvvada, Visakhapatnam for transportation of iron slurry after executing necessary agreement with Railway Administration since the party had agreed to offer lumps for loading to Railway. The Railway Board also directed Railway Administration to ensure incorporation of a proper clause in the agreement regarding offering of lumps to be loaded by Railway as per the commitment given by the party. Accordingly, an agreement was entered into with Essar Steel Ltd. on 05 August 2005.

Scrutiny of records revealed that as per Clause 38 of the Agreement the permittee (Essar Steel Limited) should transport a minimum of 1.2 million tons of programmed traffic per annum for the first 2 years which was to be increased from 1.2 million tons to 2 million tons from the 3rd year. Thereafter it was to be increased to 2.5 million tons and then to 3 million tons per annum. In case of any shortfall of the annual guaranteed and committed traffic loading by the permittee to the permittor during any of the years, the permittee would indemnify and compensate the permittor without demur such shortfall of traffic loading which shall be quantified as loss of earnings to railways as per extant railway's tariff rate prevalent during such periods and on receipt of such demand from the permittor. For that the permittee would provide a corporate guarantee in the shape of Indemnity Bond.

Records revealed that Essar Steel Ltd. had agreed to indemnify as per Indemnity Bond executed on 05 August 2005 against any loss arising out of shortfall in the annual guaranteed traffic in accordance with the commitment made in the letter dated 01 August 2005 on demand without demur within 30 days of receipt of the claim from the Railways. It was, however, noticed that while as per clause 38 of the Agreement the party was to indemnify the Railway against any loss as a result of shortfall in annual guaranteed traffic, the letter dated 1 August 2005 stipulated that in case the traffic offered fell short of 80 per cent of the programmed traffic, the corporate guarantee to the extent of shortfall might be invoked. Therefore, the Indemnity Bond required modification in line with the provisions of Clause 38 of the Agreement. This issue was taken up with Essar Steel Ltd. (September 2005) who were requested to make necessary modifications in the Indemnity Bond. Not only did the Railway Administration not effectively pursue the matter until March

2009 upon the issue being raised by Audit in December 2008, but also no timely action was taken to raise bills in respect of the shortfall in traffic offered. In fact, the Railway Administration sent a revised Indemnity Bond for consent of the company only in November 2009 and the same was awaited.

Audit found that Essar Steel Ltd. had fulfilled their commitment of annual guaranteed traffic of 1.2 million tons for the first two years. However, they could offer only 10,43,751.3 tons during August 2007 to July 2008 and 11,08,367 tons during August 2008 to July 2009 resulting in a shortfall of 1,56,248.7 tons and 9,16,33 tons in 2007-08 and 2008-09 respectively from the minimum guaranteed traffic of 1.2 million tons whereas they had assured to increase the traffic from 1.2 million tons to 2 million tons in the 3rd year and 3 million tons thereafter.

As assessed in Audit, Railways should be compensated at least the freight value of 1,56,248.7 + 91,633 = 24,7881.3 tons of iron ore which fell short of the minimum guaranteed traffic (1.2 Million tons) for the years 2007-08 and 2008-09 valuing ` 18.86 crore. The matter was taken up by audit in December 2008. In reply, it was stated (November 2009) that M/s Essar Steel was yet to submit modified indemnity bond though the Waltair (WAT) division had prepared the same and sent the same to M/s Essar Steel in November 2009 for signature and submission to Railway. They further stated that WAT division on the pursuance of Audit had already preferred the claim of ` 82.43 crore. The reply was not acceptable as Railway failed to effectively pursue the proposed modification of the Indemnity Bond with the company. Besides, no bill was raised in support of the claim until as late as 30 March 2009 and further claim for shortfall for the year 2008-09 was yet to be raised. As such, the prospects of realisation of the compensation claim were diminished.

The matter was brought to the notice of Railway Board (September 2010); reply had not been received (January 2011).

2.7 North Eastern and East Central Railways: Loss due to non-rationalisation of longer route

Non-rationalisation of longer route resulted in loss of ₹ 15.35 crore

As per rules [Para 125 of Goods Tariff, Pt.I (Vol.I)], for booking and charging of traffic carried by Railways, all goods traffic should be dispatched by the operationally feasible route and freight charges recovered by the shortest route. However, since some traffic had to be regularly carried by longer routes requiring incurrence of extra expenditure, Railways had been rationalizing such routes by issuing General Orders periodically under Section 71 (1) (b) of the Railway Act 1989 and freight was, thus, recovered by the rationalized routes instead of the shortest route. Further, to bring all routes, where traffic was regularly carried via longer routes, under the purview of General Orders, Railway Board had instructed the Zonal Railways (February 1976, April 1998 and November 1999) to send the details of such routes for taking necessary action.

North Eastern Railway

Audit scrutiny of records, revealed that movement of stone chips booked from Barharwa, Pakur and Sakarigali (Eastern Railway) and cement traffic from Tatanagar (South Eastern Railway) to Siwan station (North Eastern Railway) were regularly carried through the longer route i.e. via Mughalsarai Junction (MGS)– Varanasi (BSB) but was booked via shorter route i.e. Barauni Junction (BJU) and freight was collected accordingly. The Railways could not levy the actual freight via longer route due to non-rationalisation. This had resulted in short realisation of freight to the tune of ₹ 15.35 crore during the period April 2008 to July 2009.

When the matter was brought to the notice of Railway Administration in December 2009, they accepted (February 2010) that the traffic had been regularly moving over the longer route via MGS-BSB, but was booked via shorter route via BJU and freight was collected accordingly. They further stated that the carried route being faster and operationally more convenient than the booked route, the movement was allowed through the longer route. It was also stated that most of the traffic was railway materials (Ballast), timely supply of which was essential for track maintenance work. The Railway Administration's contention was not tenable since having accepted that the longer route was operationally more convenient and the traffic would continue to be carried by the longer route, it was in the Railways' interest to rationalize this route and recover freight accordingly. Further, scrutiny of records revealed that the traffic booked was not ballast (Railway traffic) but stone chips and cement traffic booked as public traffic as certified by the Goods Superintendent, Siwan.

Thus, failure of the Railway Administration to rationalize the longer route by which traffic was regularly carried resulted in short realisation of freight to the tune of ₹ 15.35 crore during the period April 2008 to July 2009.

The matter was brought to the notice of Railway Board (September 2010); reply had not been received (January 2011).

East Central Railway

Non-rationalization of regularly used longer route as per Railway Board's instructions led to short realization of freight and consequently loss of ₹ 6.13 crore to Railway

Scrutiny of records for the period April 2005 to September 2009 revealed that coal rakes were regularly carried from Dudhichua siding of Shaktinagar station to Thermal Plants at Paricha, Panipat and Suratgarh via Singrauli and New Katni (longer route), but the freight was charged via Chopan, Chunar and Allahabad (shorter route). During this period, 181 coal rakes were carried via longer route due to higher gradient in the shorter route (via Chopan, Chunar and Allahabad), entailing additional route kilometers of 42 Km, 178 Km and 169 Km respectively. The Railway Administration could not levy the actual freight via longer route due to non-rationalisation which led to short realization of freight to the tune of ₹ 6.13 crore during April 2005 to September 2009.

When the matter was taken up with the Railway Administration in April 2010, they stated (June 2010) that the freight had been charged via shorter route as per Rule 125 (1) of Goods Tariff, Pt.I (Vol.I). However, as per Rate Circular No.48 of 2009, proposal to rationalize the longer route for charging freight had been sent (June 2010) to Railway Board. The reply is not acceptable in view of the fact that the proposal for rationalization was sent belatedly (June 2010) despite the fact that Railway Board had issued instructions from time to time for rationalization of routes, the latest having been issued 10 months earlier (August 2009). Since the route via Singrauli and New Katni had been used regularly, Railway could have initiated action for rationalization of the same as envisaged in Section 71(1) (b) of the Railway Act and avoided the loss through short levy.

The matter was brought to the notice of Railway Board (October 2010); the reply had not been received (January 2011).

2.8 South Central: Railway — Injudicious declaration of a station as open for handling goods traffic

Railway's injudicious decision to open a station for booking with goods traffic in trainloads resulted in additional expenditure on extra haulage of trains (₹1.10 crore) besides loss of earning capacity of wagons (₹ 13.30 crore)

Sanatnagar Goods Complex (SNAG) was the main goods terminal/independent booking point in twin cities Hyderabad and Secunderabad for dealing with both inward and outward traffic. Consequent on closure of Kacheguda goods shed for handling traffic (November 2001) and based on the requests of the traders, Railway Administration declared (March 2002) Falaknuma (FM) station located within the municipal limits of Hyderabad as open for handling goods traffic in train loads.

Audit noticed that the opening of FM station for handling goods traffic in train loads was injudicious as-

- The infrastructure available at FM was deficient. There was only one single line for the purpose of loading and unloading of goods. There was no high level platform or a shed. Due to lack of facilities, unloading/loading undertaken directly from/ to trucks was not completed within the free time allowed for the purpose.
- Very often, loaded goods trains booked to FM were hauled further up to Timmapur (TMX) and Shadnagar (SHNR) stations that were away at a distance of 30 and 45 kms respectively. Many times the loaded rakes were split into two lots at Timmapur/ Shadnagar and each lot was brought separately to FM for unloading. This resulted in haulage of loaded trains for higher distances than the distance for which freight was levied. During the period from April 2007 to October 2009, whereas the additional expenditure incurred on extra haulage was to the extent of ` 1.10 crore, avoidable loss of earnings due to detention beyond free time worked out to ` 13.30 crore.
- Utilization of Sanatnagar Goods Complex (SNAG) has been far below its handling capacity (46 per cent to 71 per cent) during 2005-06 to 2009-10. The maximum utilization of FM was noticed during 2008-09 when traffic dealt there was 54 per cent of the handling capacity. Since the traffic dealt at FM was mostly inward traffic generating no additional revenue, the same could have easily been managed at SNAG.

When the matter was taken up (October 2010) with the Railway Board, they stated (December 2010) that opening of Falaknuma goods shed was a conscious decision in the larger public interest. Had it not been done, cement traffic generated on South Central Railway would have been lost. Further, non-availability of high level platform and availability of only a single line at Falaknuma for handling goods traffic was not a deficiency. Whenever any loaded rake was under release at Falaknuma, subsequent loaded rake was hauled further up to Timmapur and Shadnagar stations to avoid detention between Secunderabad and Falaknuma due to capacity constraints and frequent movement of Multi Modal Transport System (MMTS) trains. However, with the development of chord line and its electrification, this practice had been discontinued. Now the subsequent rake was regulated before Falaknuma.

Their contention was not acceptable. Falaknuma was opened as a station for handling goods traffic entertaining the requests of traders and loss of cement traffic was not at all under consideration. In spite of opening of Falaknuma, cement rakes continued to be booked to Sanatgarh Goods Complex which had not been utilized to its full capacity during previous years. Further, the deficiency in infrastructure at Falaknuma caused detention to wagons regularly as loading/unloading was not completed within the free time allowed. In fact, the detention to covered wagons could have been avoided if the traffic had been dealt at Sanatnagar Goods Complex instead of Falaknuma. It is significant that due to shortage of covered wagons CONCOR was lifting cement traffic against indents placed on Zonal Railway. Thus opening of Falaknuma shed, in the context of an existing under-utilized goods terminal, neither served any public purpose nor the financial interest of Railways. So far as discontinuance of the practice of hauling loaded rakes beyond Falaknuma was concerned, the wagons were still being detained during regulated movement of loaded rakes before Falaknuma.

2.9 South Central Railway: Under-utilisation of coaches due to non-movement in full rake form

> Movement of coaches in piecemeal instead of full rakes for and after Periodical Overhaul delayed the availability of coaches for transportation resulting in loss of earning capacity to the extent of ₹ 12.02 crore

Optimum utilization of existing coaching stock was required in view of large shortage of coaches on Indian Railways, particularly to meet the demand of newly introduced/ frequency extended trains. The Executive Summary on the Eleventh Five Year Plan (2007-12) presented by the Ministry of Railways noted a shortfall of approximately 1150 coaches per annum between the requirement and the production capacity over the plan period.

For effective utilization of coaching stock and reducing shunting for attachment and detachment of coaches, movement of coaches in the form of full rakes for sending to and after Periodical overhaul (POH) was required. Railway Board had stressed the need for expeditious movement of coaches in full rake form prior to and after POH. This was followed up by Railway Administration with the introduction of concept of 'rake in rake out' under a Joint Procedure Order and related guidelines for forming rakes right in the yards of Workshops after POH.

On South Central Railway, there were 13 coaching depots where coaches required for the trains emanating from the Zone were maintained. Coaching stock had been distributed among the coaching depots depending upon the requirement of rakes to run train services. POH of coaches was undertaken at an interval of one and half years at Mechanical Workshop, Lallaguda (LGDS) and Coaching Repair Shop, Tirupati (TPYS). Coaching depots pertaining to

Secunderabad, Hyderabad and Nanded divisions were tagged with LGDS while those of Vijayawada, Guntur and Guntakal divisions with TPYS.

Audit noticed that the concept of 'rake in rake out' was not being observed by the Railway. Movement of coaches for POH to LGDS and TPYS was being done in piecemeal. Moreover, coaches meant for POH at LGDS were routed through Coaching depot, Secunderabad before and after POH on the ground of shortage of sufficient space inside the shop yard for full rake formation. Further, whereas the return of coaches after POH at LGDS was always in piecemeal, coaches were pooled for formation of rakes in the yard of TPYS after POH. As a result, the coaches, after POH, were retuned to base depots after considerable delay of up to 231 days. This adversely affected the running of many Express trains with 24 coaches and newly introduced trains. As the coaches were not available for transportation, Railways were deprived of earning capacity to the extent of ` 12.02 crore during April 2007 to March 2010.

When the matter was taken up (October 2010) with the Railway Board, they stated (February 2011) that piecemeal feeding/clearance of coaches was done for making available POH due coaches to shops in time, to expedite the dispatch of coaches to depots after POH for augmentation of trains/running of special trains in view of urgent operating requirements. The reply was not acceptable. Piecemeal movement of coaches before and after POH was against Railway Board's orders and guideline issued by the Railway Administration. Further, verification by audit had revealed that before the receipt of POHed coaches in the depots, coaches were not utilized for forming seasonal special trains or to augment popular services. For such purpose, Zonal Railway had a surplus of 163 coaches after meeting the requirement for running scheduled trains as mentioned in Rake Link booklet in force from November 2009. It was also noticed that many special trains were run with rakes meant for non-daily trains. Had the receipt of POHed coaches in depots not been delayed, coaches would have been available for forming 24 coaches rakes and for running Express trains introduced but put on hold

2.10 South Central: Railway — Avoidable operational expenditure due to inadequate traffic facilities at take off station of a branch line

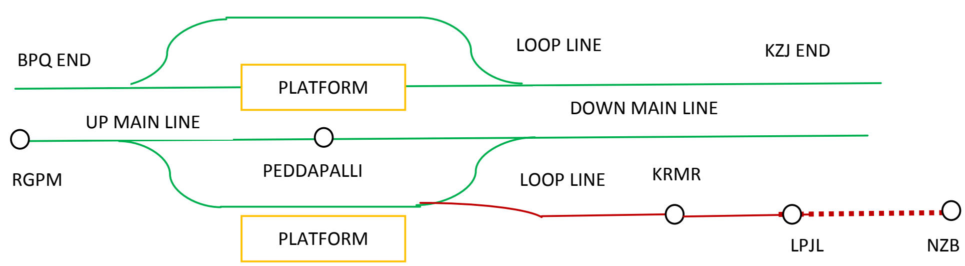
Balharshah (BPQ) - Kazipet (KZJ) section is situated on a highly congested electrified grand trunk route having heavy through traffic including South-

Railway's failure in providing necessary traffic facilities for dealing with the traffic of a branch line at take off station resulted in recurring avoidable operational expenditure to the extent of ₹ 11.71crore per annum

North bound super-fast trains. Peddapalli (PDPL) station was located on this section. This is a four line station where down loop is a passenger platform line. The line capacity available at the station was limited. Shunting operations at PDPL would involve use of main lines hampering the heavy traffic.

Railway Administration proposed (1993-94) construction of a branch line between PDPL and Nizamabad (NZB) via Karimnagar (KRMR) and Lingampet Jagityal (LPJL). In the initial justification for the branch line, the traffic projected was one goods train, three passenger trains and one departmental train per day in each direction. The to and fro traffic on BPQ-KZJ section on the main line was required to be dealt at PDPL, a take off station of branch line, for shunting operations for changing of locomotive/direction. Although shunting operations were not possible on main lines, the basic requirement of an additional loop line at PDPL was not recommended in the justification.

The branch line between PDPL and NZB was laid up to KRMR and opened for goods traffic in 2001. This branch line was extended up to LPJL and opened for goods traffic in 2007. The level of goods traffic on this non-electrified branch line ranged between 40 and 45 rakes per month. Around 85 per cent of the goods traffic from this branch line moved towards KZJ side.



Due to limited line capacity at PDPL and the need to change engines from diesel to electric and *vice versa,* goods trains, whether loaded or empty, from this branch line, bound for KZJ side or *vice versa* were hauled up to Raghavapuram (RGPM), at a distance of about 8 km from PDPL on BPQ end. The expenditure involved on haulage of trains to RGPM was to the extent of `11.71 crore per annum and could have been avoided with the provision of a bye-pass/ loop line.

Railway Administration, however, belatedly proposed (October 2009) a bye-pass line connecting the branch line with the main line near PDPL. The cost of bye-pass line including electrification was estimated at ` 28.82 crore including provision of ₹18 crore for acquisition of land alone. Railway Board had not sanctioned the work so far.

Had the basic requirement of a bye-pass line at PDPL been proposed in the initial justification for the branch line itself, the land required for the bye-pass line could have been acquired at a cost of ` 0.24 crore along with the land acquired for branch line. The bye-pass line could have been constructed earlier at a lesser cost, besides avoiding recurring operational expenditure to the extent of ` 11.71 crore per annum and detention of rolling stock.

When the matter was taken up (October 2010) with the Railway Board, they stated (January 2011) that at the time of justifying new line, the level of traffic projected did not warrant the requirement of additional loop line. The traffic increased from 2005 onwards. Railway Administration watched the traffic trend and after its stabilization, proposed for a bye-pass line. The reply was not acceptable as the line capacity available at PDPL station was already limited and opening of loop lines for direct entry/ exit from both ends being an operational necessity. Further, the justification for the estimates for the new line projected an increase in the traffic corresponded to the actual traffic achieved by 2005. As such, the initial justification should have anticipated the requirement and incorporated provision of a bye-pass line for avoiding unnecessary congestion and recurring haulage costs.

2.11 Northern Railway: Loss of revenue due to incorrect computation of distance

Failure to compute correct 'chargeable distance' resulted in loss of revenue of ₹ 5.59 crore

Rules provided that copies of invoices received from booking stations should be checked at the destination station to ensure that freight had been calculated and recovered correctly.

As per General Order No. 1 of 2000 (effective from 1 December 2000) issued by Railway Board, all the goods traffic from and via Varanasi to Lucknow, for which the shorter route was via Varanasi-Sultanpur, should be booked and charged via Janghai-Pratapgarh-Rae Bareli. The validity of this order was extended from time to time up to 31 October 2010.

Audit scrutiny of the records of inward coal traffic received at Ropar Thermal Power Plant siding (served by Roopnagar station of Northern Railway) from North Govindpur Colliery Siding and Barora Washery Colliery Siding (served by Katrasgarh station of East Central Railway) and Panem Coal Mines Ltd siding (served by Pakur station of Eastern Railway) revealed that the 'chargeable distance' for levying the freight in respect of this traffic was not computed correctly. The staff of destination station failed to detect this irregularity. This resulted in short recovery of freight amounting to ` 5.59 crore during May 2006 to August 2009.

When the matter was taken up (August 2010) with the Railway Board they admitted (September 2010) the mistake and stated that disciplinary actions were initiated against the concerned staff and efforts for recovery were underway. The recovery was still pending (October 2010).

Thus, Railway Administration's failure to compute correct 'chargeable distance' resulted in loss of revenue of ` 5.59 crore during May 2006 to August 2009.

2.12 South Eastern: Railway — Loss due to non-realisation of additional freight for traffic carried through longer route

Failure of Railway Administration to obtain prior consent of the sender for diversion of traffic through alternate route when traffic could not move through next shortest route resulted in loss of ₹ 4.05 crore

Rule125 of Goods Tariff (GT) No.41, Part-1 (Volume-1) stipulated that consignment should be charged and forwarded by other than the shortest route or the cheapest route only on the specific instructions in writing from the sender or his authorised agent. In the event of shortest route being closed, correct route for carriage of traffic shall be the next shortest open route at the charges by the next cheapest open route with the consent of the sender.

Due to heavy rainfall on 19/20 August 2007 causing enforced suspension of track between Sonakhan-Sagra-Garpose-Tongarmunda stations (SXN-SOGR-GPH-TGM) in Rourkela – Jharsuguda section, M/s Jindal Steel and Power Limited (JSPL) requested Railway Administration on 20 August 2007 to arrange movement of iron ore from Deojhar (DJHR) and Bursuan (BXF) for the steel plant at Kirodimal Nagar (KDTR) through alternative route on an emergency basis in view of disruption of traffic and agreed to pay additional freight for movement of iron ore rakes through longer route.

Approval of competent authority was communicated immediately to the concerned Divisional Officer of Commercial and Operating Departments. Accordingly, ten iron ore rakes booked from DJHR between 20 August 2007 and 23 August 2007 were dispatched to KDTR through the alternate route via KGP-BHC-KUR-PSA-VZM-TIG-R (*1,700* km) instead of normal shortest route via RKSM-ROU-JSG-RAIGARH (408 km). However, the consent of the consignee to the diverted longer route was not obtained. Similarly, four iron ore rakes booked from BXF on 21/22 August 2007 were also dispatched to KDJR through the same alternate route (1,766 km) instead of the normal route (260 km) without the consent of the consignee. The station authorities had issued paid Railway Receipts (RR) charging freight on shortest route. Subsequently, in December 2007, both DJHR and BXF stations preferred bills of undercharges of ` 3.95 crore (calculated on distance of 1460 km) and ` 2.27 crore (calculated on distance of 1766 km) respectively to M/s JSPL for 14 rakes carried via the alternate route on the order of the competent authority.

M/s JSPL declined to pay the total claim of ` 6.22 crore on the plea that the rakes were moved through a much longer route ignoring the possible alternative route DJHR-JRLI-KJR-CTC-TLHR-SBP-JSG-RAIGARH-KDTR consuming more time for which the very purpose of diversion of traffic was defeated (March 2008). However, JSPL paid ` 3.11 crore (50 per cent of the undercharges). Railway Administration had taken up with the firm for payment of balance amount of undercharges of ` 3.11 crore without any positive response so far.

As the Railway Administration failed to obtain prior consent of the sender for the exact route through which traffic would move as the shortest route was closed and the it was not possible to carry the traffic by the next possible shortest route, ambiguity prevailed in the charging of freight and senders refused to pay full freight resulting in loss to Railway Administration.

Further, the undercharges for ten rakes moved from DJHR via alternate route were erroneously calculated on the distance of 1,460 km instead of actual distance of 1,700 km resulting in short preferment of undercharges of ` 0.94 crore in the bill.

The matter was taken up with Railway Board in September 2010. In reply (January 2011), the Board admitted the audit contention and stated that having failed to recover all the Railway dues from the party, the Railway had denotified their newly constructed in plant siding at Deojhar. They further stated that M/s JSPL had moved High Court/ Cuttack against the denotification of the siding. Hon’ble High Court in their interim order directed Railway not to close the siding subject to the party depositing ` 2.00 crore with Railway. M/s JSPL had since deposited ` 2.00 crore with Railway as per Hon’ble Court’s order on an ad-hoc measure.

The failure of the Railway Administration to obtain prior consent of the consignee for movement of traffic through alternate longer route thus rendered the recovery of balance amount of ` 4.05 crore doubtful in the absence of a legally enforceable claim. Further, Railway Administration had denotified the siding of M/s JSPL for non-settlement of railway dues, major reason for which was enhanced license fee on revaluation of the land and non-payment of additional freight was a secondary issue.

2.13 North Western: Railway — Loss due to delayed commencement of services of Garib Rath Trains

> Delayed commencement of services and idling of Garib Rath trains on a popular route resulted in loss of earnings of ₹ 3.78 crore besides avoidable empty haulage costing ₹ 0.09 crore

A tri-weekly Garib Rath train between Mumbai Bandra Terminus - Jaipur (BDTS-JP) was announced in the Railway Budget of February 2007. Accordingly the route of the train was decided in April 2007 and the timings of the train were published in the time table (July 2007). The rake of the train was received at Jaipur on 5 December 2007 and was hauled in empty condition to BDTS on 20 January 2008. After two months of idling, the service was finally introduced from BDTS on 5 February 2008 upon receipt of necessary instructions (31 January 2008) from Railway Board. It was noticed that due to low fare structure, the train was very popular among the passengers and since its introduction, the occupancy was almost cent per cent. Thus, due to delayed introduction of the train, Railway Administration suffered loss of earnings of `1.69 crore besides avoidable empty haulage ex JP to BDTS for 1106 kms costing ` 0.06 crore.

In the interim Railway Budget (2009-10), another Garib Rath train from Ajmer to Bhagalpur via Delhi (bi-weekly) was proposed along with extension of the Garib Rath train between BDTS and JP up to Delhi. Accordingly, a rake of 21 coaches for Ajmer-Bhagalpur Garib Rath train was received on 2 July 2009 but was kept stabled at Phulera station for more than one month. Thereafter, the rake was handed over to Northern Railway for utilization in the extended services of BDTS-JP Garib Rath train which was finally introduced with effect from 5 September 2009. Thus, a rake allotted and received for Ajmer-Bhagalpur Garib Rath train was kept idle for a total period of 63 days before being finally utilised for another train resulting in loss of earning capacity to the tune of ` 2.09 crore besides avoidable empty haulage of ` 0.03 crore up to Delhi Sarai Rohilla. The decision to introduce Ajmer-Bhagalpur Garib Rath and its subsequent exclusion was indicative of inadequate ground work that resulted in forced idling of the rake over two months. Critical rolling stocks were dispatched without proper planning and without confirmation of the requirement for introduction of the service. Zonal Railway also did not pursue the matter at all.

When the matter was taken up with the Railway Board (August 2010), they stated (February 2011) that the Ajmer-Bhagalpur Garib Rath service was previously announced in the interim budget 2009-10 but the same was not included in the main budget presented on 3 July 2009. They further stated that since the Garib Rath coaches were special type of coaches with end-on-generation, special colour scheme and special berth arrangement, these coaches could not be utilized to run in any other link.

The reply is not acceptable because once it was decided not to introduce Ajmer-Bhagalpur Garib Rath train in the final budget (July 2009), the Railway Administration should have immediately utilised the available rake for the extended services (BDTS-JP up to DLI) as was done after two months to meet the demand requirements.

Thus, despite availability of substantial traffic, poor decision making and lack of promptness resulted in avoidable idling of critical rolling stock causing loss of ` 3.87 crore.

2.14 South Western: Railway — Loss of earnings due to delay in implementing Board's Orders

Delay on the part of Divisional Authorities in implementing Railway Board orders for the revision of rake size of BOXN wagon from 58 wagons to 59 wagons resulted in loss of earnings to the extent of ₹ 3.54 crore

Railway Board revised (May 2008) standard size of rakes for different types of wagons. In pursuance of these orders, Zonal Railway Administration notified (May 2008) the revised composition of rakes for different types of wagons. Standard size of BOXN rakes was revised to 59 wagons from the existing 58 wagons.

Railway started (May 2008) making available BOXN rakes with 59 wagons to Mormugao Harbour (MRH) for loading coal and limestone. Mormugao Port Trust (MPT) Authorities, however, continued to load 58 wagons only, pleading inability to load 59th wagon due to infrastructural constraints at the mechanical loading point. As such, one wagon was not loaded and left empty in each rake. Instead of prevailing upon the MPT authorities to load all the 59 wagons as per Railway Board orders, Hubli Division allowed loading of 58 wagons and charged accordingly.

The wagon hauled empty along with the loaded wagons from MRH was detached en-route at Kulem due to restriction imposed by Divisional Authorities for moving empty wagon along with loaded rakes on Kulem-Castlerock Ghat section due to operational reasons. The wagons so detached were formed as a separate rake and moved over to Carriage and Wagon maintenance depot, Hospet situated at a distance of 318 Kms for formation of fresh rakes.

Zonal Railway Administration intervened in the matter in January 2010 and instructed to correctly implement the Railway Board's orders. Accordingly, Divisional authorities intimated MPT authorities that the 59th wagon would be charged even if not loaded. As a result, MPT authorities started loading all the 59 wagons since February 2010.

A review of the records in audit pertaining to the period from October 2008 to January 2010 revealed that 891 wagons in as many rakes were not loaded at MRH resulting in loss of freight amounting to ` 2.54 crore besides incurring cost of haulage (` 0.33 crore) for hauling empties from Kulem to Hospet and a loss of earning capacity (` 0.67 crore) on account of their detention at Kulem pending formation of special rakes for movement to Hospet. As such, there was a total loss of earnings to the extent of ` 3.54 crore.

When the matter was taken up (August 2010) with the Railway Board, they stated (December 2010) that the non-loading of 59^{th} wagon was due to non-availability of the infrastructural facility which was developed later. It was unreasonable to expect the handling facilities to be augmented immediately on revision of the standard size of BOXN rake. Their contention was not acceptable. The infrastructural facility was developed in July 2010 whereas consequent to Railway's decision (January 2010) to charge 59^{th} wagon even if not loaded, MPT authorities had already started loading of 59^{th} wagon in February 2010. Clearly, there was undue delay of nearly two years on the part of Railway in implementing their own decision (May 2008) to run 59 wagon loaded rakes. Audit had assessed the loss of revenue with effect from October 2008 i.e. after making time allowance for necessary arrangements for loading additional 59^{th} wagon.

2.15 North Western Railway: Inefficient handling of a yard remodeling project

As per provisions of Operating Manual for Indian Railways, non-interlocked (NI) working of a station referred to temporary disconnection of points, signals, track circuits, axle counters and other signaling gadgets for any designated work. This kind of working was normally resorted to when important works such as yard remodeling, route relay interlocking (RRI) work etc. were to be carried out. NI was considered an unsafe system of track working and hence the period of NI works should be kept to a bare minimum. The planned work should be completed at the earliest under close supervision. All sanctions, clearances and preparatory works of Engineering and Signal & Telecommunication (S&T) Departments needed to be completed sufficiently in advance.

Poor management of yard remodeling work of Rewari caused protracted cancellation and diversion of trains, resulting in avoidable loss of ₹ 2.81 crore

Poor management of yard remodeling work of Rewari caused protracted cancellation and diversion of trains, resulting in avoidable loss of ₹ 2.81 crore

Rewari is an important junction of Jaipur Divison of North Western Railway with the traffic moving in and out of six directions. With the gauge conversion of the metre gauge (MG) section touching Rewari and doubling of Rewari-Delhi section, Railway Administration felt the need for the remodeling of the Rewari yard to ease the movement of high volume of freight and coaching traffic. Accordingly a Traffic Working Order (TWO) was framed by the Operating Department in May 2009 for carrying out pre NI, NI and post NI works in Rewari yard in a period of 15 days from 12 May 2009 to 26 May 2009 and essential staff of Operating, Signalling and Engineering Departments with equipments/ ancillary facilities were deployed to ensure timely completion of the work. Complete block of the yard was planned for one day on 17 May 2009. The Operating Department planned cancellation of 33 passenger trains, partial cancellation of 24 passenger trains and diversion of 13 passenger trains during the period and all goods trains were to be diverted.

Audit noticed that the Construction organization failed to carry out the stipulated works as planned in the TWO. The Engineering Department delayed the works of insertion of switches for points etc. Similarly, the Signal and Telecommunication department failed to provide the point machine connection on these points and crossings. The Operating Department also failed to co-ordinate with the Construction Organization to ensure timely execution of the TWO. As a result, the complete block planned for one day on 17 May 2009 had to be extended by three days due to incomplete and delayed works as all the lines were not interlocked and the yard was not ready for safe movement of the trains causing extended diversion and cancellation of train services. The essential manpower deployed at substantial cost thus remained unutilized as no train movement was allowed by the Operating Department.

Twenty seven passenger trains remained cancelled from three to eight days in excess of the planned period resulting in loss of earnings of `.1.20 crore. Besides this, as against diversion of 13 trains planned for a period from one to six days (maximum up to 19 May 2009), 53 trains were actually diverted via longer routes till 23 May 2009 resulting in excess cost of haulage worth `.0.27 crore. Further, the diversion of goods trains also resulted in excess cost of haulage to the tune of `.1.34 crore. Thus, the total expenditure on account of extended cancellation/ diversion of passenger and goods trains worked out to `.2.81 crore apart from inconvenience to the passengers.

When the matter was taken up with the Divisional Railway Authorities in November 2009/ April 2010, the Operating department accepted (April 2010) that delays were on account of lack of co-ordination between the Engineering and S&T Departments, which resulted in prolonged NI period causing detention to trains for a longer period.

Thus due to ineffective inter-departmental co-ordination, yard remodeling work of Rewari yard was delayed resulting in avoidable loss of `.2.81 crore.

The matter was brought to the notice of Railway Board (November 2010); the reply had not been received (January 2011).

2.16 South Central Railway — Avoidable expenditure on payment of Kilometrage Allowance due to irregular identification of a few sections as handicapped sections

Failure on the part of Railway in correctly interpreting the Railway Board's orders for identification of handicapped sections for payment of Kilometrage Allowance resulted in extra expenditure of ₹.2.07 crore

Running staff (drivers, guards etc.) working on through goods trains were eligible for Kilometrage Allowance for the actual distance covered. The existing system of payment, as a rule, of a minimum guaranteed kilometrage in all cases where the kilometrage earned in a day falls short of a prescribed level was discontinued with effect from 1 August 1981. However, each Railway was to identify such sections and circumstances that did not have the potential for enabling the running staff to earn adequate Kilometrage Allowance within the stipulated duty hours. For such identified sections and circumstances, the running staff was to be paid Kilometrage Allowance for

120 km for the full stipulated duty hours. The stipulated duty hours are 10, which could be extended up to 12.

In view of Railway Board's orders, Railway Administration identified 38 sections and called them 'handicapped sections'. They defined a handicapped section as 'a section where it is not possible for a running staff to come back to his home station within the stipulated duty hours, either due to non-availability of a return train or due to the distance not permitting such a return journey'. The identification of sections was not in order as difficulty in returning to home station within stipulated duty hours could not form the basis for this purpose, as there was no such provision in the Running Allowance Rules. Thus, irregular extra payment of Kilometrage Allowance for 120 km was made for shorter trips requiring less than full stipulated duty hours. Audit observed that during the period April 2006 to March 2010, avoidable expenditure to the extent of `2.07 crore was made in this regard in respect of 26 handicapped sections. In other handicapped sections, booking of running staff was infrequent.

When the matter was taken up (April 2010) with the Railway Administration, they stated (July 2010) that extra payment pointed out in Audit was hypothetical as the sections identified were strictly in conformity with the Railway Board's orders (July 1981). Clubbing return journey was advantageous as it ensured maximum utilization of crew within the stipulated duty hours. The reply was not acceptable as interpretation drawn by the Railway Administration for handicapped section was contrary to the scheme of the Running Allowance Rules as per which the allowance would be payable only in cases where stipulated duty hours were performed without eligible distance being covered. In fact, the implementation of the scheme by the South Central Railway resulted in under utilization of running staff as they worked for mere 74 hours (fortnightly) in a handicapped section against 104 hours prescribed.

The matter was brought to the notice of Railway Board (November 2010); the reply had not been received (January 2011).

2.17 East Central Railway: Incorrect fixation of siding charges

Incorrect fixation of siding charges of ACC siding from Sindri Marshalling Yard instead of Patherdih from where the locos were actually supplied resulted in loss of ₹2.01 crore

Indian Railway Code for Traffic Department (Commercial) (Para 1807) stipulated that in the case of sidings where locomotives had to be brought from stations, other than the stations serving a siding, the time taken for bringing the locomotive from the Depot station to the serving station and back should also be taken into account in arriving at the time required for performing the round trip to serve a siding for the purpose of working out the siding charges.

The serving station of ACC siding (SNFC) was changed from Patherdih (PEH) to Sindri Marshalling Yard (SNMY) in January 2005. Audit noticed that while working out siding charges from July 2005 onwards, trial and motion studies of locos were done from SNMY despite the fact that the locos were actually harnessed for working the siding from PEH. Thus, siding charges were incorrectly calculated based on the trial run of loco from SNMY to ACC (distance 7.0 Kms.) for 131 minutes (101 for the actual running time and 30 minutes for vaccum creation) instead of PEH to ACC (distance 11.48 Kms.). As such, the correct average time would get increased by approximately 1.64 times i.e. 196 minutes (166 for the actual running time and 30 minutes for vaccum creation) as the distance of siding from PEH (11.48 Kms.) where loco was actually supplied was 1.64 times that of SNMY (7.0 Kms.).

Thus, the fixation of siding charges from Sindri Marshalling Yard instead of Patherdih from where locos were actually supplied resulted in loss of ` 2.01 crore towards siding charges during the period from July 2005 to March 2010.

When the matter was taken up with Railway Board in October 2010, they stated (January 2011) that the serving station of ACC siding (SNFC) since July 2005 was Sindri Marshalling Yard (SNMY) and the rakes were moved from SNMY to SNFC by using the train engine. As no locos were brought from Patherdih station (PEH) for movement of rakes from SNMY to SNFC, the charging of siding charges from SNMY to SNFC was in order. The reply was not acceptable as audit scrutiny revealed that locos were actually brought from PEH during the period in question. As such, the fact of bringing locomotives from PEH should have been duly accounted for in the computation of siding charges.

2.18 South Central: Railway — Short levy of siding charges on military traffic

Failure on the part of Railway in levying siding charges applicable to public traffic in respect of their own wagons used for military traffic resulted in short levy of siding charges to the extent of ₹ 1.82 crore

In terms of Para 1807 of Indian Railway code for Traffic Department, in respect of sidings where freight was levied from and to the serving station, siding charges were levied by the Railway towards the cost of haulage of wagons between the serving station and the siding. Siding charges were fixed taking into account cost per engine hour and the average time for a round trip from the serving station to the siding and back for the placement or removal of wagons. Railway Board last revised the siding charges for military traffic with effect from 1 April 2001. Further, Railway Board during rationalization of rates for military traffic (April 2006) had ordered that siding charges in respect of Railway owned wagons would be levied as per extant instructions applicable to public traffic.

In the course of scrutiny of soldier tickets and military credit notes issued between April 2006 and January 2010 in respect of Trimulgery Millitary siding served by Secunderabad station on South Central Railway, Audit noticed that while levying siding charges, Railway Administration treated BOM/BWT wagons as military owned wagons. Each such wagon was equated with two four wheeled wagon units and siding charges fixed in April 2001 for military vehicle (` 251 per unit) were levied. Railway's action was not in order in view of the fact that BOM/BWT wagons were Railway owned wagons. Since siding charges in respect of Railway owned wagons were to be levied as per extant instructions applicable to public traffic, siding charges for BOM/BWT wagons should have been levied at the rates fixed for public traffic. Further, each such wagon should have been equated with 2 ½ units of a four wheeled wagons in terms of instructions contained in IRCA Goods Tariff Part-I (Volume I) and IRCA Conference Rules Part II. Railway's inappropriate action resulted in short levy of siding charges to the extent of `1.82 crore.

When the matter was taken up (April 2010) with the Railway Administration, they stated (September 2010) that though BOM/BWT wagons were Railway owned wagons, these were exclusively used for military traffic. Further, the maintenance charges for this stock were paid periodically by the Defence Department. In view of this, levy of siding charges at the rate fixed for military traffic in 2001 was correct. The reply was not tenable. The cost of BOM/BWT wagons had been borne by the Railway and these wagons were Railway owned wagons. Exclusive use of wagons for the Defence Department and payment of maintenance charges would not entitle Defence Department to treat the wagons as their own. Moreover, a further review of records in Audit had revealed that Railway had not even raised the maintenance charges. As such, non-levy of siding charges applicable to public traffic as per Railway Board's instructions of 2006 had resulted in short levy of siding charges to the extent of `1.82 crore.

The matter was brought to the notice of Railway Board (January 2010); reply had not been received (January 2011).

2.19 Eastern Railway: Avoidable expenditure to the tune of ` 1.64 crore due to unnecessary haulage of Permanent Way Materials

Avoidable extra expenditure of ₹ 1.64 crore on transportation charges due to inconvenient location of Central Track Depot at Asansol

The Central Track Depot (CTD), Assansol, was established in 1960 for centralized receipt, stocking and subsequent dispatch of Permanent Way Materials procured centrally by the Chief Track Engineer to Divisions in the erstwhile Eastern Railway against demands placed by them. Thus, the CTD mainly functioned as a Transit Depot for receiving and distributing Railway track materials.

After bifurcation of Eastern Railway in 2003, the location advantage of CTD, Asansol became less relevant with a majority of the firms supplying track materials based in and around Kolkata. Scrutiny of records (April 2007 to July 2009) revealed that out of 398 cases of supply of Permanent Way Materials, 293 (73.61 per cent) were made by firms based in and around Kolkata.

Review of records of CTD, Asansol, revealed that the process of dispatching material to the Central Track Depot first and thereafter to the Divisional Track Depots resulted in double handling and transportation of material, leading to incurrence of avoidable extra expenditure to Railway Administration. During the period from 2004-05 to 2009-10 (up to June 2009) an amount of ` 1.64 crore was incurred by the Railway Administration towards lorry/trailer hire charges for transporting materials from CTD, Asansol, to the four Divisional Track Depots. This could have been avoided had the track materials been dispatched directly to the Divisional Track Depots or the CTD shifted near Kolkata.

A case in point was the recommendation of a Work Study Report on Naihati Depot, which functioned as a Transit Stores Depot since 1969 (January 2008) in favour of closure of the Depot and direct dispatch of materials to the consignees, thus saving both time and money in transportation of materials.

When the matter was taken up with Railway Board (October 2010), they while accepting (January 2011) the Audit contention, also stated that the closure of CTD was under consideration.

2.20 Northeast Frontier Railway: Loss due to payment of excess road freight charges

Failure to impose maximum limit of corresponding rail freight as in the case of special cement towards reimbursement of road freight charges for procurement of Signalling and Telecommunication cables resulted in avoidable loss of ₹ 1.47 crore

In their circular of 1991 regarding transportation of material (special cement) by road, Ministry of Railways (Railway Board) had clarified that reimbursement of freight charges to the suppliers of materials be made either at the rate of prescribed rail freight charges or up to a reasonable limit of 120 per cent (subsequently raised to 150 per cent) of the corresponding rail freight when transport by rail was not found feasible and the materials were actually carried by road.

Test check of 42 purchase orders during the period September 2005 to June 2009 regarding procurement of 6,048.648 kms of Signalling and Telecommunication (S&T) cables from different private firms located at New Delhi, Noida, Faridabad, Jaipur, Vrindavan and Gorakhpur for various locations of Northeast Frontier Railway revealed that although all the consignor/ consignee points were well connected by rail network, yet the Railway Administration procured the S&T cables through road transport. It was also noticed that the Railway Administration had the option of subjecting road freight to a limiting clause as in the case of special cement but they failed to incorporate any such clause in the 'Instructions to the Tenderers'/ Purchase Orders, and paid exorbitant amount of ` 3.04 crore of road transport charges to the consignees. This had resulted in excess payment `1.47 crore as road freight charges to the consignees.

When the matter was brought to the notice of the Railway Administration in January 2010, they stated (June 2010) that S&T cables were generally not procured by the Railway Board. They were procured by Zonal Railways on the basis of their requirement from time to time and generally the quantity ordered was very small and could not form a full rake load as in the case of cement. They further stated that the signaling cable factories and the consignee places were not directly connected with rail heads. The contention of the Railway Administration was not acceptable. Audit did not object to the carriage of S&T cables by road but emphasised the need for framing a clear procedure for ensuring reasonableness of rates of road transport charges paid to the suppliers. Even though the Railway Administration was aware of the Railway Board's existing instructions regarding reimbursement of road freight charges of the corresponding rail freight charges to the suppliers for procurement of special cement and HTS wire, they could have made similar provisions in the "Instructions to the Tenderers" and Purchase Orders for procurement of S&T cables so that loss of ` 1.47 crore on account of excess payment made to the contractor could have been avoided. Further, the cables were procured from New Delhi, Faridabad, Jaipur, Vrindavan and Gorakhpur for delivery at New Jalpaiguri, New Coochbehar, Alipurduar, Katihar, Lumding, Silchar, Pandu and Guwahati and the entire consignor and consignee points were on rail heads.

The matter was brought to the notice of Railway Board (September 2010); the reply had not been received (January 2011).

Chapter 3 – Engineering – Open Line and Construction

The Engineering Department is headed by Member (Engineering) at Railway Board and has two distinct branches viz., Civil Engineering and Survey & Constructions. The Civil Engineering branch is headed by the Chief Engineer at zonal level. This department is responsible for the upkeep of the assets such as land, buildings and tracks with emphasis on passenger safety and reliability of assets. The Construction department is headed by the Chief Administrative Officer (Construction) and is responsible for construction works of new lines, doubling, gauge conversion, buildings and bridges.

The total expenditure of the Civil Engineering Department during the year 2009-10 was ₹16,646 crore. During the year, apart from regular audit of vouchers and tenders etc., 924 offices of Civil Engineering including Construction Organization of the Railway were inspected by Audit. A theme study carried out on new lines taken up on socio-economic grounds ten years ago and remaining incomplete examines the progress of the works since inception and the constraints thereof.

The chapter also focuses on issues of deficiencies in contract management, avoidable/wasteful expenditure incurred on constructions works such as new lines, doubling, gauge conversion, railway electrification etc. In addition, this chapter includes issues of non-adherence/non-implementation of rules contained in the Indian Railway Code for Engineering Department, General Conditions of Contracts and other rules/orders issued by Railway Board.

3.1 Construction of new lines on socio-economic considerations

Amravati – Narkher New Lines Project
(Sanctioned in 1993-94 – not yet completed)

Earthwork on Baramati-Lonand-Phaltan new project

Executive summary

Railways take up projects for construction of new lines at regular intervals on socio economic grounds to provide rail connectivity to backward and remote areas of the country. These socially desirable projects though financially unviable and involving a huge outlay of expenditure had been in a state of incompleteness since many decades. Audit had earlier reviewed the 'Project Management Practices in Gauge Conversion and New Line Projects' and reported on Railways taking up a large number of projects without any regard to availability of funds and prioritization resulting in their lying incomplete for a period of 5 to 20 years. The Public Accounts Committee in their Fourth Report presented to Parliament in December 2009 had emphasized the need to *overcome resource crunch through effective prioritization by the Ministry of Railways.*

The progress of 50 new line projects sanctioned more than ten years ago was reviewed to evaluate their present status and reasons for their non-completion. Audit noticed that in most of the projects, targets for completion were not envisaged and where targets were set, these were not achieved. The preliminary works required to be completed before commencement of works were delayed for years together. Delay in preparation of detailed estimates and sanction thereof and land acquisition were the problem areas in most of the projects. Investment schedules were not prepared leading to improper fund allotment. Inadequate coordination with State Government/Ministry of Environment for availability of site and clearance of forest land contributed to huge time and cost over runs. Besides, a number of contracts were terminated/ foreclosed due to insufficient planning on account of drawings not being made available, change in scope of works etc. Indian Railway committed resources of `8,549 crore on 50 incomplete new lines for an indefinite period with no certainty of the objectives being realized.

Summary of Recommendations

- *The availability of land for construction of a new line should be ensured before the approval of a new line project and the detailed estimates should be prepared immediately to facilitate the commencement and completion of works. There should be a clear cut date for completion of the project.* ***(Para 3.1.4.2 & 3.1.4.3)***
- *Railway Board should actively consider shelving of projects where the work is yet to commence or the physical progress is very low due to resource crunch. The projects lying in areas having good road infrastructure may be considered for shelving/lower priority so that funds are utilized on projects of higher priority.* ***(Para 3.1.4.4)***
- *Railways should prepare investment schedules of all ongoing projects consistent with project completion dates and commit resources accordingly. Thin spreading of scarce resources should be avoided and a proactive approach be adopted.* ***(Para 3.1.5.1 to 3.1.5.3)***
- *Once the works are undertaken, they should be completed within the shortest possible time to avoid cost and time over run. The construction of a new line should be commenced from the end that is linked with the existing line and completed in stretches so that train services are introduced on the completed part immediately to derive maximum benefit.* ***(Para 3.1.6.1 to 3.1.6.4)***

- *Though as per extant instructions Railways should not enter into any contract before completion of preliminary site investigation, approval of plans and drawings, etc., the same were not implemented. Railway Board should look into the reasons for the lapses/deviations that had caused hasty tendering without completion of preliminary formalities and tighten accountability.* ***(Para 3.1.7.1 & 3.1.7.2)***
- *Projects that were taken up at the instance of State Governments should be proactively pursued for commitment of participation in terms of funding or provision of land by the State Governments concerned.* ***(Para 3.1.8.1 to 3.1.8.3)***

3.1.1 Introduction

Indian Railway had remained, since its inception, the principal mode of public transportation for carriage of long distance passenger and freight traffic. Commencing its maiden journey on 16 April 1853 from Boribunder to Thane covering a short distance of 34 kms, the Railways had completed a rail network of 64015 route kilometers comprising 52,808 kms of Broad Gauge, 8,473 kms of Meter Gauge and 2,734 kms of Narrow Gauge as on 31 March 2009.

In order to meet the requirements of the growing economy, the Zonal Railways had expanded their carrying capacity of the network through various measures such as doubling of the lines, modernization of the signaling systems, strengthening the rail tracks and opening of new lines. While Railways undertook projects of expansion keeping in mind the financial viability and their operational requirements, socio economic development needs of the backward regions also played a major role from time to time in the initiation of a large number of new lines for providing rail connectivity, though these were non-viable. In the Vision 2020 document presented to Parliament, the Ministry of Railways (Railway Board) had stated that there was a huge shelf of 109 ongoing 'New Line Projects' covering a route length of 11,985 kms out of which only 12 were financially viable, 8 were national projects with assured funding, the remaining (97) being non-viable but sanctioned on socio-economic grounds.

3.1.2 Audit Objectives

The latest anticipated cost of these non-viable but socially desirable projects was ₹56,640 crore while the balance of funds required to complete them was ₹50,405 crore. According to the Vision 2020 Document, the Railways were unable to allocate more than ₹1500 crore per annum for these projects while the XI Five year Plan had envisaged a total allocation of ₹9000 crore at the rate of ₹1800 crore per annum during 2007-08 to 2012-13. Out of 97 financially non-viable but socially desirable projects, audit reviewed the progress of 50 projects, sanctioned more than ten years ago in the achievement of their underlying objectives. For this purpose, the following issues were examined in particular:

- Planning for execution of the project to achieve the stated goals.
- Scheduling of various activities and their implementation to complete the works.
- Funding pattern and actual utilization.

3.1.3 Audit Methodology

Audit reviewed those new lines that were sanctioned on considerations of socio-economic development more than ten years ago (excluding national projects) but were lying incomplete, to evaluate their progress and constraints in implementation. Audit studied budget documents including the Annual Works Programme of the Railway Board and the related construction records of 50 such new lines under implementation in Zonal Offices.

3.1.4 Audit findings

Audit examination of 50 ongoing works of new lines sanctioned on socio-economic development of backward regions revealed that five sanctioned more than 20 years ago, nine sanctioned between 15 and 20 years and 36 sanctioned between ten and 15 years ago were still lying incomplete as on 31 March 2010. The progress of works being very slow, eighteen of them were not expected to be completed within the next ten years. Railways have already incurred an expenditure of `8,549 crore on the 50 new lines projects and the balance funds required to complete these projects were of the order of ₹16,800 crore.

(Annexure XV & XVI)

3.1.4.1 Planning for execution

Decision to construct a new line is taken after a preliminary investigation to determine how the proposed line will fit in with the general scheme of future development of the Railways. After preliminary investigation, traffic survey is conducted to ascertain the financial viability of the project. Though as a set procedure, Railway take up the construction of new lines with anticipated yield of 14 per cent and above, they also undertake the construction of new lines on consideration of socio-economic development of backward or remote regions to provide rail connectivity. Sometimes the construction is also undertaken on public demand through its elected representatives to Parliament or Legislature.

Audit examination of the records pertaining to the new line projects sanctioned on consideration of socio-economic development of the backward regions revealed that the preliminary works required for successful execution of projects such as preparation/sanction of detailed estimates, acquisition of land etc were not commenced immediately and there were considerable delays as discussed in the ensuing paragraphs. In 36 projects, no target dates of completion had been set and in 14 projects where these were assigned, there were time overruns. With no revision of completion dates, these projects continue to remain in a state of in-definiteness and uncertainty.

3.1.4.2 Delay in preparation of detailed estimate and commencement of the works

After approval of the abstract estimate, the Railway Administration should undertake the final location survey, proceed with such preliminary arrangements such as land acquisition and ordering of stores etc. to the extent funds are allotted and undertake the preparation of detailed estimates or construction estimate. Construction of work should commence only after the detailed estimate is sanctioned. Our scrutiny of records of the offices responsible for execution of the new lines revealed that there was delay of 2 - 15 years in preparation of the detailed estimates in respect of 23 projects out of 50 which had been sanctioned more than ten years ago. The details of projects whose estimates were prepared and submitted after delay of 5 years are given below:

TABLE I

Railway	Name of project	Year of inclusion in budget	Date of submission of detailed estimate	Delay in terms of years
Northeast Frontier	Eklakhi – Balurghat & Gazole Itahar	1983-84	28.4.1995	**11 years**
Northeast Frontier	Dudhnoi – Mendhpathar (depa)	1992-93	28.12.2007	**14 years 9 months**
East Coast	Khurda Road - Bolangir	1994-95	1.4.2002	**7 years**
South Central	Macheria - Nalgonda	1997-98	19.9.2003	**5 years 6 months**
Southern	Angamali - Sabrimala	1997-98	9.3.2005	**7 years**
South Central	**Kakinada - Pithapuram**	**1999-2000**	**30.4.2006**	**6 years**

Audit noticed that Railway Board had taken one year to ten years for sanctioning the detailed estimates in respect of 14 projects. This showed clear lack of urgency/commitment on the part of the authorities to take up the works, though these were considered to be socially desirable projects.

3.1.4.3 Delay in initiation of action for land acquisition

It was noticed that the process for land acquisition was not commenced immediately and there was considerable delay running into years. In 34 projects, the land acquisition process had not been completed despite a lapse of more than ten years and as a result the construction activities on these stretches had not even commenced. The projects where the land acquired was less than 25 per cent are Macherla – Nalgonda (0 per cent), Kakinada – Pithapuram (0 per cent), Tirrunavaya – Guruvayoor (0 per cent), Hawrah – Amta-Bargachia-Champadanga-Tarkeshwar & Amta –Bagnan (0 percent in Amta – Bagnan section), Dudhnoi-Mendhpathar (Depa) (24.25 per cent), Khurda Road – Bolangir (21.70 per cent), Khagaria – Kusheshwarsthan (22.70 per cent), Hubli – Ankola (6.90 per cent), Munirabad – Mahboobnagar (10.86 per cent), Ramganjmandi – Bhopal (7.35 per cent), Angamali – Sabrimala (1.54 per cent) and Kotipalli – Narsapur (12.73 per cent).

The reasons for non acquisition of land were non-availability of land due to protests by land owners, non-clearances by the State Governments for handing over forest lands etc. **(Annexure XVII)**

Recommendation
The availability of land for construction of a new line should be ensured before the approval of a new line project and the detailed estimates should be prepared immediately to facilitate the commencement and completion of works. There should be a clear cut target date for completion of the project.

3.1.4.4 Non-shelving of projects with nil progress or little progress requiring huge throw forward

Public Accounts Committee (PAC) in its 61st Report presented in the 14th Lok Sabha on 1st December 2007, had recommended that the Working Group consisting of representatives of Ministry of Railways, Finance and Planning Commission should not only lay down the criteria for taking up various Railway projects but also review all the ongoing projects that were taken up on socio-economic considerations by the Railways and were pending for completion. It also recommended that as far as possible, only such projects which were substantially complete and had a reasonable throw forward should be continued and the rest of them may be shelved.

Ministry of Railways in their Action Taken Note (presented to Parliament by PAC on 17th December 2009) indicated that the above recommendations of the Committee were not accepted at the highest level on the ground that the new line projects were taken up based on the demands and aspirations of local people. Shelving such projects would have wider ramifications and invite public criticism.

The PAC in its Fourth Report presented to the15th Lok Sabha in December 2009 had observed that on the one hand, Railways were not prepared to shelve projects which were yet to take off while on the other, the State Governments were not prepared to share the cost. The Committee was, therefore, of the view that non-completion of projects taken up on socio-economic considerations within a definite time frame would have more adverse ramifications and certainly invite greater criticism. The Committee also observed that the very purpose of selecting socio-economic projects for connecting the backward, underdeveloped and remote areas got defeated when the Railways were unable to make available adequate resources and the concerned State Governments were reluctant to share the cost. The Committee, therefore, stressed upon the Railways to review all the new line projects taken up on socio-economic considerations but pending completion so that a fair assessment of continuing or shelving such projects was made.

Audit observed that no work had been taken up in five projects namely; Tirunnavaya – Guruvayoor in Southern, Bangalore-Satyamanglam in South Western and Macheria – Nalgonda, Kakinada – Pithapuram & Kotipalli – Narsapur in South Central Railways sanctioned in the year 1997-98 to 2000-01. As the Ministry had not committed any priority in taking up the works despite lapse of nine to 13 years, these works needed to be reviewed urgently for a final decision. Similarly, four projects where the overall physical progress was less than ten per cent, languishing for 14 to 22 years and requiring huge throw forward (approximately ₹3,600 crore) could be considered for shelving unless State Government concerned shared the cost and provided immediate funds.

Recommendation

Railway Board should actively consider shelving of projects where the work is yet to commence or the physical progress is very low due to resource crunch. The projects lying in areas having good road infrastructure may be considered for shelving/lower priority so that funds are utilized on projects of higher priority.

3.1.5 Financial Management

3.1.5.1 Non availability of project schedules

As per codal provisions, each investment proposal should be accompanied by a detailed plan showing scheduling of the project to match the traffic requirement and the financial outlay proposed for a year should be in accordance with the project schedule to enable the decision making authority to arrange funds for successful implementation of the programme. Audit, in almost all the new line projects that were reviewed, observed that project scheduling was not done. Funds were allotted thinly over a number of years without prioritization for completion of works resulting in projects lingering on for ten years to 35 years.

Railway Board had submitted (November 2007) to the Public Accounts Committee (PAC) that the system of allotment of funds to the various projects including new lines had been rationalized in March 2005 by prioritizing them into four categories. Accordingly new lines projects covered by the review were categorized as below –

Category I - Where the progress was more than 60 per cent and throw forward was less than `100 crore - 2 projects

Category II - Viable/ operationally required projects – Not covered within the scope of review

Category III - Projects in Assam & North Eastern Region (2) and Project identified for cost sharing with State Government (4)

Category IV – All other projects not covered in Category I, II and III (40 new line projects)

Though the Ministry had assured that the two projects in category I would be completed within the next 2/3 years, no time schedule for completion of Category III and IV projects was given. Therefore, PAC had recommended that the dates of completion in respect of projects placed in category III and IV should also be specified.

Audit, however, observed that –

- Two projects namely 'Eklakhi-Balurghat and Gazole-Itahar' over Northeast Frontier and 'Guna –Etawah' over North Central Railways which were placed in Category I and were to be completed within next 2-3 years were completed only partially and the physical progress was 76 and 71 per cent respectively. In the remaining portions viz. Gazole –Itahar (26 kms) and Bhind -Etawah even the land acquisition was not complete. While for Gazole –Itahar 162 hectare land was yet to be acquired, for

Bhind –Etawah section of Guna –Etawah project, 77.20 hectares land was still to be acquired. The broad reasons for non acquisition of land were delay in sending proposals/non-receipt of land estimate to/from state Government, non-availability of fund, non-clearance of forest land and public resistance.

- Out of six projects placed in category III, no target date of completion was fixed for two projects, three were to be completed fully by 31 March 2007 and one project namely Madarhill-Rampurhat via Dumka was to be completed partially by March 2007. Analysis by audit based on the funds allotment and progress achieved so far indicated that the Railway required another six months to complete the work of Deogarh – Dumka and fifteen years to complete the work of Mandarhill –Rampurhat.
- For the 40 new line projects placed in category IV, Railway Board had not specified (till March 2010) the target dates for 32 projects. Out of the remaining eight projects, four were targeted for completion in the 11th Five Year Plan and balance were to be completed on or before March 2007. However, no work had yet been taken up in Tirunnavaya-Guruvayoor line of Southern Railway and Kakinada –Pithapuram of South Central Railway. The progress of remaining two viz. Hasan – Bangalore and Howrah-Amta, Bargachia-Champadanga-Tarkeshwar & Amta-Bagnan was 30 per cent and 59 per cent respectively.**(Annexure XV & XVI)**

3.1.5.2 Allotment of Funds and utilization

As stipulated in Para 615 of the Indian Railway Code for the Engineering Department, the Railway Administration should make a realistic assessment of the amount required for each work in progress and necessary provision should be made in the Works Programme. In estimating the provision of funds for works during a year, a generous allowance should be made for those delays in execution which though unforeseen, were known from experience to be so liable to arise particularly during the initial stages of large projects.

Audit scrutiny of funds allotment for the 41 new line projects (excluding 9 projects of East Central Railway) revealed that while in 18 projects the budget provisions were increased at the time of final grant, the same were decreased in 16 projects. Audit also noticed that in respect of 15 projects the final grant was not utilized resulting in savings and surrender of funds. This indicated that Railways had not made a proper assessment of fund requirements; as a result, while some projects suffered for want of funds, the others had not utilized the funds alloted. The following instances: bring out failure on the part of Zonal

Railways in compliance with the cannons of financial propriety in the planning of fund deployment.

- In respect of Dallirajahara – Jadalpur project over South East Central Railway, funds of ₹13.00 crore were provided during 2007-08 but no work was commenced and the project was handed over to Rail Vikas Nigam Limited in March 2008. Despite this, funds of ₹34.59 (₹24.59 crore in 2008-09 and ₹10 crore in 2009-10) were again provided for this project but no work was undertaken and the funds remained unspent

- Similarly funds of ₹10.15 crore provided for Ahmednagar - Beed -Parli Vaijnath project during 2007-08 were not spent at all.

- Funds of ₹126.30 crore remained unspent in Munger-rail-cum-raod bridge on river Ganga over East Central Railway up to 2009-10.

- Funds of ₹37.20 crore in Deogarh –Dumka, and ₹10.83 crore in Tarakeshwar -Bishnupur over Eastern Railway, ₹17.86 in Dasua-Gangapur City over North Western and ₹12.36 crore in Ramganjandi – Bhopal over West Central Railways remained unspent up to the year 2009-10. **(Annexure XVIII)**

Audit study also revealed that in the following cases, the funds allotment in the initial stages of first five to fifteen years was not adequate and funds allotted were only 0.003 per cent to 39.90 per cent of the original estimated cost as indicated in Table II below:

TABLE -II

Railway	Name of the projects	Sanctioned Cost (` in crore)	Year of first allotment	Total funds up to 06-07	Actual Expenditure	% age of original cost	
						Funds	Expen-diture
NFR	Dudhnoi – Mendhpathar (Depa)	86.22	1992-93	2.11	0.50	2.45	**0.58**
ER	Deogarh-Sultanganj, Banka-Barahat and Banka-Bhitia Road	282.00	2000-01	77.12	44.57	27.34	**9.70**
ER	Tarkeshwar-Bishnupur extn up to Kumarkunda Bypass	260.00	2000-01	103.75	72.31	39.90	**27.81**
SECR	**Dallirajahara-**	**369.00**	**2005-06**	**0.01**	**0.004**	**0.003**	**0.001**

	Jadalpur						

3.1.5.3 Non-prioritization of projects for early completion

Railway had undertaken a large number of new line and gauge conversion projects without specifying the completion dates and ensuring availability of funds. The PAC in its 61st Report had observed that Ministry of Railways should distinctly enunciate the core objectives of the projects, frame clear project schedules at the initial stages to determine the completion dates, categorize all the pending projects and complete the same within a definite time line. Railway Board while noting the observations of the Committee had stated that they had requested the State Governments to share 50 per cent cost of such projects but the response was not encouraging. The Committee, in their Fourth Report (presented to Parliament in December 2009) had, therefore, impressed upon the Ministry to ensure that adequate funds were made available

Audit scrutiny of the records relating to 41 new line projects (excluding 9 projects of East Central Railway) revealed that project specific investment schedules had not been framed and pattern of fund allotment was not indicative of any clear targets for completion of the projects. Audit conducted an analysis of the funds provided and actual expenditure incurred during the years 2007-08 to 2009-10. The analysis revealed that based on the funds allotted and expenditure incurred during the last three years, Railways would be able to complete only four projects within the next one year and the time required for completion of the remaining projects would be more than one year to more than 25 years as indicated in Table III.

TABLE III

Sr. No.	Number of project likely to be completed	Time required for completion
1.	2	**Between 1 and 2 years**
2.	5	**Between 2 and 5 years**
3.	7	**Between 5 and 10 years**
4.	9	**Between 10 and 25 years**
5	**9**	**Above 25 years**

Note: The position in respect of nine projects over East Central Railway could not be ascertained as complete records were not available as these projects were sanctioned prior to formation of this Railway. Moreover, as indicated in Para 4.1.3 above the work in five projects had not even commenced.

Recommendation

Railways should prepare investment schedules of all ongoing projects consistent with project completion dates and commit resources accordingly and adopt a proactive policy for project completion and avoid spreading of scarce resources.

3.1.6 Execution

Execution of works included in the detailed estimate of a project should correspond to a logical project schedule as any imbalance in this regard affects the progress of the project besides non-achievement of contemplated objectives. In case the work is to be carried out through the agency of contracts, the tendering process should commence immediately and tender should be finalized within a period of three months from the date of opening.

3.1.6.1 Delay in commencement of works/finalization of tenders

Audit scrutiny of records of the authorities responsible for execution of the projects revealed that the works in the projects were not commenced immediately on sanction of detailed estimates. Tenders in 12 projects were called between one month and 10 years after the sanction of detailed estimates. Audit also noticed that apart from the delay in calling tenders for the works, 257 tenders were opened after delay of up to 257 days and 157 tender were not finalized within the prescribed period of three months. The broad reasons for delay in calling of tenders and their finalization/ were non-availability of site/funds, non-holding of tender committee meeting for one reason or the other respectively. **(Annexure XIX)**

3.1.6.2 Awarding of contracts without completing preliminary works

Taking note of audit paragraphs regarding award of contracts without completion of preliminary formalities such as acquisition of land for making available the site, approval of plans and drawings of the work, Railway Board had issued instructions in 1980 stating that no work should be awarded without ensuring that the clear site and approved plans and drawings were available for handing over to the contractor. These instructions were again reiterated by Railways Board in 2006.

Audit scrutiny revealed that in 21 new line projects, 198 contracts were awarded without availability of clear site and as a result, the sites were made over to the contractors after a delay of two months to 60 months. Similarly in 76 contracts of 20 projects, approved drawings were made available to contractors after abnormal delay between 3 months to 8 years. As a result, 32 contracts were terminated as the work could either not be commenced or the progress of the works was unsatisfactory. Apart from insufficient funding, the termination of contracts time and again was the major factor contributing to the delay in completion of the projects. **(Annexure XX)**

3.1.6.3 Huge increase in the project costs on account of time over run

As stipulated in the Indian Railway Code for Engineering Department, Railway should attempt to ensure project completion as per planned schedule to avoid time over runs. However, in a number of projects of new lines reviewed by Audit, it was observed.

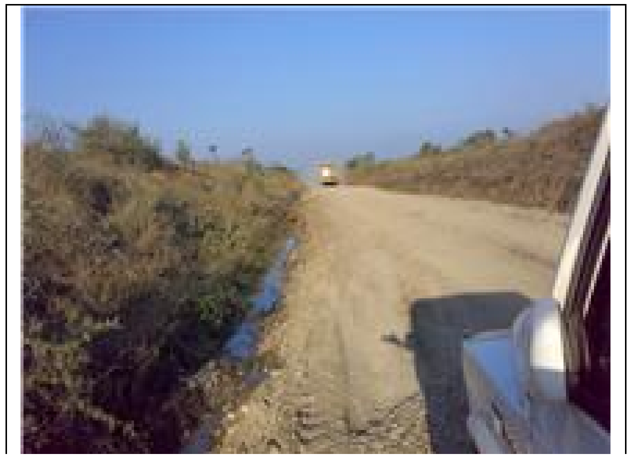
- That the works which commenced as far back in 1974-75 were yet to be completed. The progress of works in four projects (where work had been taken up) was ten percent or less. In seven projects, the progress was between 10 and 25 percent and in another seven, the progress was between 25 and 50 per cent. Only sixteen projects had reached the stage of more than 50 percent. (**Annexure XVI)**
- In most of these projects, there were problems such as non-availability of land requiring change in the original lay out, inadequate coordination with State Governments for land acquisition, non-clearance of forest land by the Environment Ministry and contracts being terminated time and again on this account. Audit observed that delay of 10 to 35 years in completion of these projects had led to increase in cost by more than double in most cases as compared with sanctioned estimate. The variation would be much more depending upon the expediency shown by the Railway Administration in completing these projects. (**Annexure XXI)**

3.1.6.4 Expenditure proving unproductive due to non-commission of partly completed sections of project

The work in a new line ideally should be so planned that the sections completed were made operational at the earliest and became remunerative. Audit scrutiny of the new line projects revealed as under:

- Though Railways had completed work in Amravati – Chandurbazar (44 kms) section of Amravati –Narkher new line of Cental Railway at a cost of ₹123. 07 crore in February 2006, train services were not introduced as originally planned. When the matter was taken up vide para 3.1.6 of the Report of Comptroller & Auditor General of India –Union Government Railways for the year ended March 2006, Railway Board in their Action

Taken Report furnished to Public Accounts Committee had stated that the entire line would be completed by December 2010 and train services commenced. It was observed that 26.92 hectare of land was still to be acquired and the overall progress was only 70 per cent as on 31 March 2010.



- The section between Hasan and Shravanabelgola (41.17 kms) of new line between Hasan - Bangalore was completed in January 2006 and train services were introduced in February 2006. However, due to non-posting of maintenance staff as required by Commissioner of Railway Safety, the train services were stopped in July 2006. Though the matter was taken up through Para 3.1.1 of the Report No. CA 19 of 2008-09 (Railways), no action had been taken thereafter to restore the train services; as a result, the investment of ₹140.00 crore was lying unproductive.

Till March 2010, Railway had incurred an expenditure of `8,549 crore on construction of 50 new lines taken up on socially desirable schemes. Till date, Railway had commissioned only seven partially completed sections on which expenditure of ₹ 945 crore was incurred. Thus the entire investment of ₹7,604 crore incurred in a span of 10 to 35 years was lying idle. This investment was likely to remain idle till all the works were completed and commissioned. Given the present rate of progress, majority of the projects may remain incomplete for many more years as brought out in the preceding paragraphs. **(Annexure XXII)**

Recommendation

Once the works are undertaken, they should be completed within the shortest possible time to avoid cost and time over run. The construction of a new line should be commenced from the end that is linked with existing line and completed in stretches so that train services are introduced on the completed part immediately to derive the maximum benefits.

3.1.7 Contract Management

The authority sanctioning the works may decide having regard to the economy and expediency whether the works of construction including new lines would be executed through departmental labour or the contractors. Almost all the works in Indian Railways were executed through contractors by following the due process of tendering. Active involvement of the user department from planning to commissioning of the project was essential to ensure its timely completion and acceptable quality standards in delivery to successful contract management. Scrutiny of relevant contracts in general revealed insufficient planning leading to contract failures as detailed below:

3.1.7.1 Delay in completion of works within the stipulated period

Audit reviewed the position of 1,399 contracts awarded in respect of 38 projects. The review revealed that as of 31 March 2010, only 109 contracts were completed within the stipulated period of completion. In 891 contracts, there was a delay between one month and 84 months. The reasons for delay in completion were non-availability of clear site (184 cases), non-availability of drawings (68 cases), change in scope of works (82 cases), non-availability of material (32 cases), slow progress by contractor (299 cases) and other reasons (213 cases). As a result of long delays/ slow progress, 60 contracts were foreclosed without any liability on either side. **(Annexure XXIII)**

3.1.7.2 Incurrence of extra expenditure

As per General Conditions of Contracts, if a contractor fails to complete the work in time or to the satisfaction of the Railway, his contract may be terminated and the Railway reserved the right to execute the balance work at the risk and cost of the defaulting contractor. Audit scrutiny of the contracts revealed that –

- 60 contracts were foreclosed by the Railways as they had not provided clear site or approved drawings in time and these were the main reasons for slow progress/non-completion of the works. Out of these, 51 contracts were re-awarded to other agencies resulting in extra expenditure of ₹75.67 crore.
- Though 114 contracts were terminated at the risk and cost of the defaulting contractors, risk and cost charges of ₹116.45 crore were not recovered as

the Railways failed to serve timely notices or pursue the matter effectively. **(Annexure XXIII)**

Recommendation

Though as per extant instructions Railways should not enter into any contract before completion of preliminary site investigation, approval of plans and drawings, etc., the same are not implemented. Railway Board should look into the reasons for the lapses/deviations that had caused hasty tendering without completion of preliminary formalities and tighten accountability.

3.1.8 Sharing of cost by State Government

Audit observed that in the case of the following projects, the respective State Governments had agreed to provide non-forest Government land free of cost, bear the cost of forestation of area equivalent of forest area to be given to Railway and bear the cost of earth work to some extent. However, subsequently neither the State Governments fulfilled their commitments nor Railways pursued these issues with them. Such cases are discussed below:

3.1.8.1 Khurda Road – Bolangir Rail link Project

During reappraisal survey in 1993, the then Chief Minister of Orissa had agreed to provide non-forest land and also to bear the cost of forestation of the land equivalent to the forest land required for construction of the line. The Government of Orissa had also agreed to bear the cost of earth work to the extent of ₹15 crore through deployment of labour in the Jawahar Rojgar Yojna. It was noticed that none of the commitments were fulfilled by the Government of Orissa and Railway had incurred a total of ₹12.50 crore (₹11.03 crore on earth work, ₹1.14 crore on cost of Government land and ₹0.33 crore for Cashew plantation on land in lieu of forest land). Railway did not pursue the matter with the State Government.

3.1.8.2 Hawrah-Amta including Bargachia – Champadanga

The construction of this line was sanctioned in 1974-75 in lieu of Howrah-Amta Light Railway as the Government of West Bengal had committed to provide land free of cost and a Memorandum of Understanding in this regard was signed between Railway and the State Government in 1973. The Howrah Amta section was completed by Railway in phases and commissioned between 1984 and 31 December 2004. As the Railway had taken 30 years to commence the work in the branch line from Bargachia to Champadanga (32 kms) and the cost of land had increased many fold, the State Government had expressed its inability to provide land free of cost. It was also observed that now Railway had agreed to bear 67 per cent of the total cost of land estimated at ₹100 crore. Thus delay in completion of the projects caused the State Government to back out from its commitment and as a result Railway had to incur additional liability of ₹ 67 crore.

3.1.8.3 Gadwal – Raichur new line

While sending the proposal for construction of this line (June 1998), the then Chief Minister of Andhara Pradesh had intimated to Railway Board that the land falling within the State would be provided free of cost and cost of earth work was also to be met by the State Government. Audit, however, noticed that Railway had not pursued this issue with the State Government and instead had deposited an amount of ₹ 5.43 crore for acquisition of the land.

Recommendation
Projects taken up at the instance of State Governments should be pro-actively pursued for commitment of participation in terms of funding or provision of land by State Governments concerned.

3.1.9 Conclusion

As part of its social responsibilities, Indian Railway had sought to provide rail connectivity to backward and remote regions of the country by taking up construction of a number of new lines. However, these efforts needed to be followed up with a clear commitment to ensure completion of the works at the earliest through clear goal enunciation and provision of requisite resources. Failure to prioritize the projects competing for scarce resources would entail greater costs in terms of objectives remaining unfulfilled with sunk investments.

The matter was brought to the notice of Railway Board (December 2010); their reply had not been received (January 2011).

3.2 North Eastern Railway: Irregular payment of ` 30.54 crore under Price Variation Clause

3.2.1 Introduction

Facilitation of fraudulent claim and irregular payment under Price Variation Clause in a Railway Board contract for supply of CI Sleeper Plates resulted in loss of ` 30.54 crore

(i) Governing Rules – Expenditure Control

In Railways, control over expenditure was achieved by ensuring that no authority would incur expenditure or liability on a work without or in excess of the sanctioned estimate (currency maximum 5 years) and allotment of the funds to the work. As regards expenditure control this was to be ensured at every stage of procurement including indenting, finalizing contracts, variations in contract conditions, paying bills and booking of expenditure. In lieu of exchequer control based on drawing limit imposed on drawing bank in favor of each disbursing officer, exchequer control was ensured in Railways by the system of cash authorization issued based on cash element of sanctioned grant to disbursing officers and watching the disbursement against it. Further all sanctions and orders involving financial considerations should be accorded by competent authorities specified for the purpose and with the expressed concurrence of Associated Finance. All such sanctions and orders should be accepted and acted upon by Associated Accounts after satisfying the authenticity, regularity and propriety of the same. Similarly a cent per cent pre check was envisaged under the Rules for passing every claim pertaining to purchases. As per Stores Code Provision, the power to effect variation in contract affecting the price etc. rested with the authority that approved the original contract.

(ii) Price Variation clauses in contracts for track items procured by Railway Board.

Procurement of track items including Cast Iron (CI) Sleeper Plates was centralized in the Railway Board. Contract Agreements for manufacture and supply of Cast Iron (CI) Sleeper Plates finalized by Railway Board contained price variation clauses (PVC) which inter alia provided for payment of escalation on increase in the cost of input materials like Pig Iron, Hard Coke and Steam Coal on the basis of announcements made by Joint Plant Committee (JPC) up to January 1992 and thereafter as per the notification of individual Steel Plants, Ministry of Energy (Department of Coal) and M/s Bharat Coking Coal Ltd (Price Announcing Authorities-PAA) during the currency of the contract. The price variation (PV) was applicable only to those

CI Sleeper plates inspected after 15 days from the date the revised price of pig iron came into effect. PV claims for Pig Iron should be admitted only on proof of purchase of prescribed quantity from steel plants after January 1992. Terms and conditions of contract regulated calculation of admissible payments including price variation. Railway Board from time to time calculated the price increase payable to suppliers including the Central Sales Tax (CST) based on change in price announced by PAA and circulated the details (PVC Notification) to Zonal Railways for compliance. These notifications, as a rule, were issued at the level of Deputy Director and with the concurrence of the Finance Directorate with provision of acknowledgement and endorsements to various authorities concerned including Railway Board Finance Branch.

3.2.2 Tender for supply of Cast Iron Sleepers required for the year 1987-88 and contract placed on M/s. Calcutta Iron and Engineering Co. Ltd., Kolkata (In this case, Price variation claims were paid up to August 2008)

(i) Value and quantity

Based on a Tender accepted by Minister of State (Railways) for the manufacture and supply of Cast Iron (CI) Sleeper Plates required by Indian Railways for the year 1987-88 in respect of works related to New Lines, Doubling, Track Renewals etc, Railway Board awarded a contract in February 1988 to M/s. Calcutta Iron and Engineering Co. Ltd., Kolkata for supply of 26100 MT of Cast Iron (CI) Sleeper plates for a total value of `8.79 crore in six Railway Zones (open line as well as construction units (43 consignees). The quantity was later (May 1989) increased to 33930 MT and the contract value revised to `.10.53 crore.

(ii) *Rate, delivery period and paying authority*

The rate accepted (as per amendment dated 25.04.1988) was on the basis that fifty percent of the raw material (Pig Iron) required for manufacturing the item would be supplied free of cost by Railways in the form of CI Scrap. Though the responsibility for arranging the raw material solely rested with the supplier, Railways would issue the essentiality certificate to the appropriate authority enabling the firm to obtain stipulated quantity of pig iron. As per the Delivery Period stipulated, the supply of entire ordered quantity was to be completed by October 1989. Financial Advisor and Chief Accounts Officer (FA&CAO) of respective consignee units were the nominated paying authorities.

(iii) Extensions granted with PVC and without PVC

Due to scarcity of pig iron, change in consignee and quantity etc. several amendments were issued by the Railway Board extending the delivery period up to 04.04.1990 without denial clause (eligible for PVC) and thereafter up to 31.05.1991 with denial clause (not eligible for PVC). The final extension was granted on the basis that the firm dispatched the entire quantity prior to March 1991.

(iv) Completion of supply and payment

As per the verification report submitted by Zonal Railways, the firm supplied 33,590.512 MT of C.I. Sleeper Plates by March 1991 out of the total ordered quantity of 33,930 MT and the bills claimed by the firm including PVC were also paid by the respective Railways. The entire supply as per contract thus stood completed by March 1991.

3.2.3 Fraudulent claims under PVC

(i) *Genesis*

Audit observed that the firm in June 1995 (4 years after completion of supply) approached Railway Board (Deputy Director/Track) to settle their claim on price escalation for the entire quantity supplied against the contract and requested for centralized payment through Construction Organization of North Eastern Railway (FA&CAO (C) NER), whereas as per the original completed contract, FA&CAOs of the respective consignees were responsible for arranging payments.

(ii) Claims based on non applicable PVC notifications

The claim was based on 13 PVC Notifications issued by Railway Board between June 1990 and April 1995 but effective from dates ranging between March 1990 and July 1994. These Notifications were issued after expiry of considerable period of more than two month when the price increase became effective. None of these circulars were applicable to the subject contract as the supplies were completed well before the price increase became effective barring one circular of June 1990 on which PVC had already been claimed.

(iii) Irregular issue of authorization letter of Price Variation by a Desk Officer of Railway Board

Railway Board (Desk Officer/Track-I) on 28 June 1995 issued a letter (authorization letter) addressed to all concerned Zonal Railways and

FA&CAOs without indicating finance concurrence, copy endorsing to Railway Board finance branch and the provision of acknowledgment, directing FA&CAO(C) NER to arrange necessary PVC payments to the firm in respect of 13 Railway Board Notifications mentioned ibid if such payments were due and had not been already paid by Zonal Railways earlier. As per relevant records made available to Audit there was no indication that these orders were issued after ensuring the availability of expenditure sanction and budget allotment. Further there was no indication that this letter was issued under authorization of the competent authority and after obtaining concurrence from Finance Directorate. Thus this letter was prima facie irregular.

(iv) Error in authorization letter and its revision

As there was error in indicating the name of the firm in the order, a revised letter correcting the name was issued on 20 July 1995 by the same Desk Officer.

(v) Further revision of the letter incorporating unusual condition linking PVC with allotment letter of pig iron overriding original condition of contract.

A revised order superseding the earlier one was issued on 31July 1995 by the same Desk Officer whereby the price variation was linked to the receipt of pig iron by the firm against Railway Board's allocation. This direction overrode the contract condition of linking PVC payment with date of inspection and also overrode the extension granted with the denial clause. These variations/over rides of contract conditions required the approval of the accepting authority of contract i.e. Minister of State (Railways). However, neither justification for such over ride nor the level at which the decision was taken, was available in the related records made available to audit.

(vi) Pig iron allotted

Subsequently, the same desk officer in September 1995 intimated FA&CAO (C) NER that 20,280 MT of Pig Iron were allocated to the firm without specifying dates of allocation. Audit observed that the pig iron requirement as per tender stipulation was 19,188.172 MT whereas a total quantity of 19,545 MT pig iron was obtained by the firm by September 1990 on the basis of Railway Board's allotment letters and 50 MT in April 1991 i.e. after the dispatch of supply as per records made available to Audit. Considering these facts as well as the fact that the responsibility of obtaining pig iron vested with the firm as per contract conditions, there was no justification for linking receipt of pig iron by the firm against Railway Board's allocation letter with PVC eligibility.

(vii) Receipt of first irregular authorization letter from Desk Officer at FA&CAO(C) NER office (new centralized paying authority)

The first irregular authorization letter regarding PVC payments issued by the Desk Officer on 28.06.1995 was received in the office of FA&CAO(C) NER. However, the office failed to point out the irregularities in the letter to Railway Board.

(viii) Claim of PV four years after obtaining authorization letter and Failure of Railway Board in re-examining the matter

On being approached by the firm with copies of Railway Board's authorization letters dated 31.07.1995 etc. (four years after the issue of authorization letter) FA&CAO(C) NER approached Railway Board in May 1999 and obtained copies which were not received by them till then. At this point, Railway Board failed to re-examine the matter, by taking into account the abnormal delay in claiming the PV by the firm and detect the irregularities involved.

(ix) Failure in exercising prescribed checks before accepting the irregular revised authorization letter for payment and reporting the matter to Railway Board

Before accepting the letter for action FA&CAO (C) again failed to detect the irregularities involved in the letters and take up the matter with Railway Board.

(x) Action taken to verify the quantity supplied and payment made earlier

The FA&CAO(C) accepted this irregular letter as an authorization letter for payment of PVC and obtained confirmation for the supply and payment position of the contract furnished by the firm from the related Zonal Railways between the periods from December 1999 and April 2002.

3.2.4 Modus operandi of fraudulent claim of PV

(i) Claims based on 13 circulars

The firm started submitting PV claim bills from December 1999 and continued up to August 2008 (101 bills, one bill missing). The modus operandi adopted was preferring PV claims pertaining to a few consignees (from different Zonal Railways) at a time for full quantity supplied based on a few Railway Board's PVC Notifications, in disregard to the effective date of PV and date of supply and claiming another similar bill after considerable time covering other consignees. Thus PVC was claimed over the same quantity repeatedly on the basis of various PVC authorization letters not relevant to the supply at all. The firm claimed bills aggregating to more than ` 19.22 crore under this category.

(ii) Other irregular claims valuing more than `. 11.32 crore

In addition to 13 authorized circulars, a few other PVC circulars issued by Railway Board were also used for claiming price variation in some bills (` 0.84 crore). There were also instances where claims were repeated over the years (`2.34 crore) and other instances such as claiming PVC rate applicable to supply where cost of raw material was entirely to be borne by the supplier instead of fifty percent of raw material supplied free of cost by Railways in this instance (` 5.40 crore), claiming CST again though PVC rate prescribed by Railway Board was inclusive of CST (`0.33 crore) applicable and in respect of downward revision of prices of raw materials (` 0.08 crore) and other misc items (`2.33crore)

3.2.5 Limited selective checks of claims by FA&CAO (C) and critical omissions

(i) Selective checks

These bills were passed and paid by FA&CAO (C), NER office at the level of Junior Scale Officers on the basis of cursory checks with relation to quantity supplied as certified by Zonal Railways and rates indicated in PVC Notifications.

(ii) Critical omissions at FA&CAO (C)

FA & CAO (C), NER passed payments in all these cases without linking the effective date of circulars with actual date of supplies/ date of release order of pig iron or insisting proof of purchase of pig iron from Steel Plants or detecting other irregular claims made. Further the availability of fund and sanction for expenditure with relation to works involved and inclusion of these expenses in the scope of authorization of disbursement etc. were not taken into account. The payments thus made overlooking vital facts were irregular, injudicious and against the basic canons of financial propriety. Further the irregular payments of such fraudulent claims over a prolonged period (more than eight years) strongly indicated the complicity of the concerned staff of FA&CAO(C), NER in the perpetration of the fraud.

(iii) Failure of supervisory control

The control system failed to detect such irregular payments as these escaped the notice of Senior Supervisory Officers during a period of over eight years. This was indicative of complete laxity of supervisory control over the activities of staff engaged for passing and paying Government money.

3.2.6 Non detection of irregularity by other Zonal Railways

The records of acceptance of debit by other related Zonal Railways in the initial period of payment indicated that while accepting debits they also failed to detect and raise the issue of financial and budgetary implications of such payments.

3.2.7 Total payment against fraudulent claim

Thus ` 30.54 crore (three times more than the original value of the contract) was irregularly paid to the firm by August 2008 against the fraudulent claims made by them through 101 bills submitted in a span of more than 8 years. (Last payment made 19 years after the completion of supply).

Breach of established Internal Controls that facilitated and sustained these fraudulent transactions lay in the following:

- Inordinate delay in issuing PVC notification letters from Railway Board during 1993-1995
- Lax supervision in Railway Board Office enabling a desk officer to issue three irregular letters (involving financial implications and change of vital contract conditions) to various Zonal Railways during June-July 1995. Failure of concerned Railways to detect the flaws in the amendment letters.
- Failure of Railway Board to reexamine the issue when the matter was brought to their notice again by FA&CAO(C) NER in May 1999.
- Authorizing a centralized paying authority in arranging payments that were earlier done by respective FA&CAOs.
- Failure to ensure the availability of work sanctions and budget allotments in the processing for payments and booking of expenditure(1999-2008)
- The failure of exchequer control system in detecting the irregular payments (1999-2008).

- Complete failure of internal controls governing matters of admission of orders involving financial implication, passing and paying claims against these orders in the office of FA&CAO (C), NER office including a complete failure of supervisory controls by the Senior Supervisory Officers of FA&CAO (C) NER during 1999-2008.

The matter of irregular payment was detected by Audit and reported to General Manager, North Eastern Railway in April 2009. The Railway Administration consequently referred the matter to Departmental Vigilance. In reply (August 2010), they stated that the Vigilance Department had completed the investigation and fixation of responsibility and initiation of disciplinary action was in progress. Subsequently the matter was taken up (December 2010) with Railway Board; in their reply (February 2011) they admitted the facts and lapses as detailed above. Citing a different case involving the staff of Northeast Frontier Railway, they stated that a case was registered against four defaulting firms including this firm by Central Bureau of Investigations (CBI) whereby the concerned records were seized in 1999 and a case was subsequently filed in CBI Court, Guwahati. The reply was not acceptable as necessary remedial action to tighten the internal controls governing contractual payments and monitoring compliance thereof should have been initiated without delay when the matter came to notice. Moreover, despite the CBI's actions involving another Zonal Railway officials, the fraudulent payments in this case continued for a decade which could have been prevented had Railway Board initiated prompt investigation to fix responsibility and to streamline controls at all levels. The reply also did not indicate any corrective measures proposed to avoid recurrence of such lapses in future.

3.3 Central Railway: Blockage of funds due to stoppage of work on a doubling project

Railway's failure to enter into project specific agreement with CIDCO not only resulted in blockage of funds of ₹56.92 crore due to stoppage of Belapur-Seawood Uran Double Line Project but also non-achievement of the main objective of providing rail connectivity to public

Central Railway, Government of Maharashtra (GOM) and City and Industrial Development Corporation (CIDCO) entered into a 'Tripartite Agreement' (March 1992) to take up construction of Mankhurd – Belapur Railway Project to expedite the development of New Bombay Area and facilitate operation of Train Services in the area. It was also decided that in principle costs would be shared by State Government, through CIDCO with the Railways in the ratio of 2:1 as agreed to in the case of Mankhurd-Belapur Railway project (March 1992). Cost of the land in New Bombay would be borne by CIDCO.

Belapur-Nerul/Seawoods-Uran Railway Line was one of the important projects identified for giving suburban railway connectivity to the public of Uran-Jawaharlal Nehru Port Trust (JNPT) area to Mumbai and Thane region. The major works envisaged were laying and linking of double BG line, construction of one important bridge of 754 meter length, tunnel of 100 meter length, four major bridges, 73 minor bridges, three ROBs and 12 RUBs.

Railway Board sanctioned this project (July 1997) at an estimated cost of ₹495.44 crore (Civil Engineering ₹299.61crore, Electrical Engineering ₹165.12 crore and Signal & Telecommunication ₹30.71 crore). The completion period of the project was four years (2002). The Central Railway's share of the total cost worked out to `163.49 crore and CIDCO's share at `331.95 crore.

Scrutiny of records (February 2009) revealed that the work of the project commenced in 1997-98 and despite incurring a total expenditure of `133.39 crore (`56.92 crore by Railway and `76.46 by CIDCO) the physical progress of the work was only 12 per cent till the end of March 2010. While the work of one major bridge, five RUBs and one ROB was in progress, the work on two major bridges, forty minor bridges, six RUBs and two ROBs had not been taken up at all. The land required for 2.71 kms section which was to be acquired by CIDCO had not been acquired and handed over to the Railway. The slow progress of the work was attributable to financial constraints of CIDCO who requested Railway in August 2001 to go slow and the construction activities were suspended from October 2005 to July 2008 due to stay orders of Mumbai High Court. Audit also noticed that CIDCO once again requested the Railway (August 2008), not to undertake any further new works on the ground of slow progress of the work, changes in the specifications and problems of land acquisition due to which the project cost had escalated from `.495.44 crore to `1300 crore. CIDCO also conveyed that due to Central Railway's unwillingness to share the additional cost, they were exploring the possibility of alternative funding arrangements.

In this connection the following audit observations were made:

- Railway had not signed any Project specific Agreement with CIDCO laying down investment schedule linked with work progress and safeguard provisions in case of failure to perform. This had not only resulted in blockage of huge funds of `56.92 crore spent by Railway but also put at risk the completion of project for an unspecified period.

- Against their share of `44.02 crore, Railway had spent `56.92 crore, an excess of `12.90 crore whereas CIDCO has spent only `76.46 crore against their share of `89.37 crore. This indicated that the funds had not been provided by CIDCO as originally envisaged.

- The work remained suspended from October 2005 to August 2008 as the Mumbai High Court had ordered not to take up any work within 50 meters of the mangrove areas. Though CIDCO had communicated this to Railway in December 2005 and as per Section 11 of The Railways Act, 1989 Railway Administration did not require any clearances from Environmental or Forest agencies for any Railway Projects, Railway took eight months to initiate action for vacation of the stay order. The case was also not pursued properly and ultimately there was delay of more than two years.

- Despite lapse of more than 12 years the main objective of providing suburban railway connectivity to the public of Uran-Jawaharlal Nehru Port Trust (JNPT) area to Mumbai and Thane region was not achieved.

When the matter was taken up with Railway Administration (March 2009), they stated (March 2009 and June 2009) that the delay was due to financial and other specific problems of CIDCO and not due to delay in execution of the project by Railways. The reply was not acceptable because Railways were also partly responsible for the delays in execution of the works as despite availability of specific safeguard in Railway Act, they took an unduly long time to get the stay vacated from the High Court. Moreover, failure on the part of Railway to enter into a legally binding agreement for timely completion of the project had resulted in the absence of a legal remedy vis-à-vis an erratic and unwilling partner, with no surety of its completion in the foreseeable future.

The matter was brought to the notice of Railway Board (September 2010); their reply had not been received (January 2011).

3.4 Northern Railway: Stoppage of work due to planning lapse

Commencement of a bridge work(for replacing existing Yamuna Bridge) passing through a portion of historical Salimgarh Fort without obtaining required permission and land from Archaeological Survey of India resulted in stoppage of work and unproductive expenditure (₹33.92 crore) since March 2007 besides retention of outlived bridge

Ancient Monuments and Archaeological Sites and Remains Rules 1959 prohibit construction activities within protected area except in accordance with permission granted by the Central Government. Railway Board's instruction stipulated that contracts for works should not be awarded unless the site plans had been completed and all hitches in handing over clear site to the contractor were removed.

The Railway Board sanctioned (August 1998) the construction of a new bridge in replacement of the outlived Road cum Railway Bridge(No.249) in August 1998 at a cost of ` 66.96 crore with targeted date of completion by June 2005. For connecting the proposed new bridge with the existing track towards the Delhi station, land measuring about 1,000 sqm within the premises of Salimgarh Fort adjacent to Red Fort, a centrally protected monument, was required to be acquired from Archaeological Survey of India (ASI) for laying Railway track.

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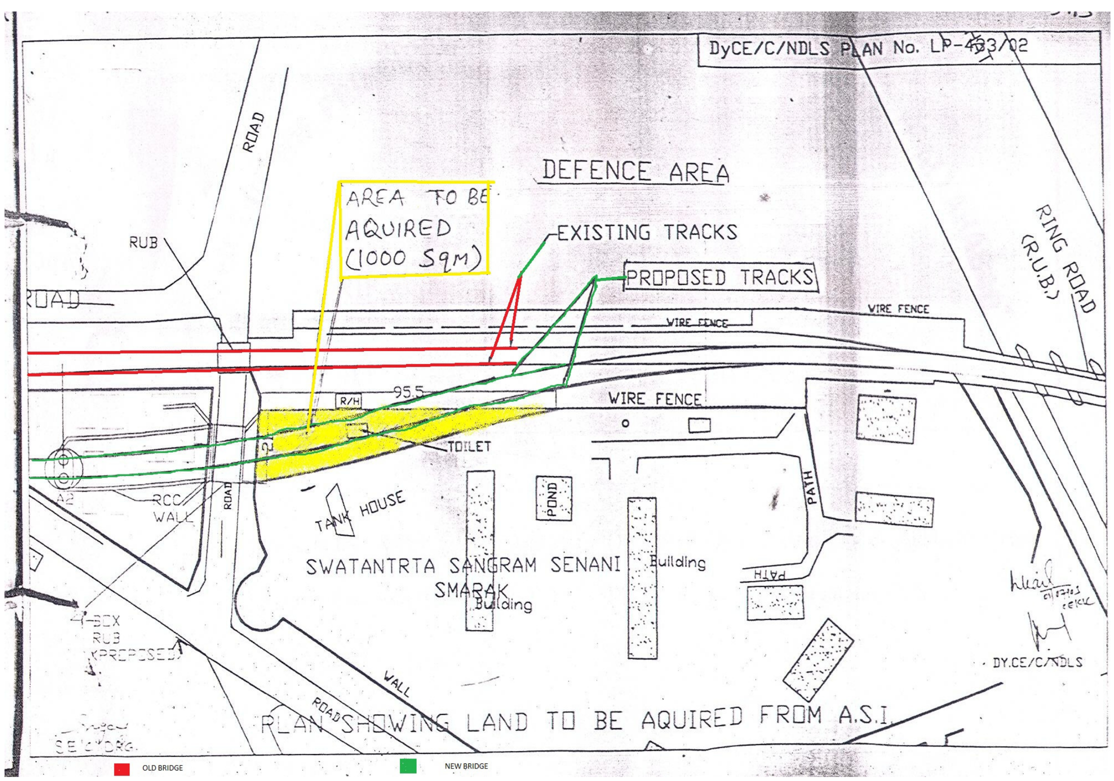


Northern Railway Construction Organization (NRCO) approached ASI with their plan, need of land and permission for the work within the premises of the monument in June 1997. However, the matter was not pursued in a time bound manner at the appropriate level resulting in ASI (Director ASI) intimating NRCO (January 2003) that Salimgarh Fort being a centrally protected monument the question of handing over the land to Railways did not arise. Subsequently, the matter was dealt between Director General, ASI and Chief Administrative Officer (Construction) and it was decided (May 2003) to refer the matter at Ministerial level as the permission and transfer of land was beyond the competency of DG, ASI. The matter was taken up for the first time at Ministerial level (September 2003) and in pursuance thereof, during a meeting between Railways and ASI (March 2004) ASI informally agreed to hand over the land to Railways in exchange of the adjacent Railway land to ASI. However, during process of finalization of formal agreement for transfer of land, ASI realized that Railway's proposal included dismantling of a portion of historic wall which would cause irreversible damage to the protected monument and they intimated to Railway Administration in May 2006 that permission for laying the Railway track in the premises could not be granted. Thereafter, a proposal for raising the rail level for avoiding the dismantling of Fort wall was considered (June 2007) by Railways involving substantial modification of existing structures which was not pursued further. The matters of getting permission and land from ASI remained unresolved though taken up at various levels. At last, a consultant was engaged(May 2010) to evaluate the impact of the proposed realignment in Salimgarh Fort and Red Fort as mutually agreed between Railways and ASI. The report was still awaited (September 2010).

Meanwhile, before obtaining permission under the relevant Act from the competent authority and possession of the land, NRCO, awarded (June 2003) the contract for the construction of the sub-structure of the new bridge to M/s L&T at a cost of ` 33.36 crore and the work of fabrication of steel girders costing ` 24.04 crore required for the bridge was entrusted to Railway Work Shop at Manmad (Central Railway) in November 2005. The work on new bridge was progressed up to March 2007 and NRCO had incurred an expenditure of ` 33.92 crore on it till then. The contract work given for the sub structure in June 2003 was terminated in June 2007(converted into short closure in March 2009) and the work had not recommenced (September 2010) mainly for want of permission and land from ASI.

Considering the high sensitivity of the issue affecting passenger safety, on the one hand and the historical heritage of the monument on the other, Railway Administration should have anticipated the initial difficulties and initiated dialogue at the highest level when the work of replacement of the old bridge was planned to facilitate better appreciation of the issues involved. On the contrary, Railway Administration displayed indifference when the work was commenced without permission and land from ASI. Failure in timely appreciation of the scope of the work involving the dismantling of part of the historic wall of the monument and evaluation of feasible alternatives at the planning stage resulted in stoppage of the work on which an expenditure of ` 33.92 crore had been incurred upto April 2007. At the same time the prolonged stoppage entailed retention of an outlived bridge for operations endangering passenger safety.

The matter was taken up with Railway Administration in May 2010; in reply, (September 2010) they contended that after resumption of this work, the expenditure incurred should be considered a saving vis-à-vis project cost at a future date. NRCO's reply was not acceptable because the expenditure incurred (` 33.92 crore) remained unproductive since March 2007 and the fate of the bridge and exact scope of work involved remained uncertain till date (September 2010).

The matter was brought to the notice of Railway Board (November 2010); their reply had not been received (January 2011).

3.5 North Western: Railway — Loss due to mis-handling of a simple project

Due to non-achievement of anticipated savings, Railway Administration suffered proportionate loss of ₹ 19.44 crore

According to the compendium of instructions issued by Railway Board (Works Directorate), the duration of the traffic block should be the barest minimum for a conversion work and if any section was likely to be blocked for more than 30 days, Board must be approached for prior approval with full justification.

The work of doubling of over saturated Jaipur-Phulera section (54.75 kms.) by converting the existing Metre Gauge (MG) line was sanctioned in the year 2004-05 and the project was expected to be completed in three years (2007-08). While justifying the project, the Railway Administration assessed the rate of return (ROR) at 38.38 per cent with the anticipated savings of ` 25.93 crore per annum on account of reduction in abnormal detention to freight trains. It was, therefore, incumbent on the Railway Administration to ensure timely completion of the project.

The project was started in September 2005 and while the work was under progress, the General Manager (GM) in June 2007 proposed the postponement of the target of the project by one year i.e. up to 2008-09 on account of isolation of Phulera MG loco shed and the upcoming route of Rewari-Ringus-Phulera for goods traffic. In less than a month's time, the GM in July 2007 again came up with a new idea for providing gauntleted track on the section quoting the same reasons. As no response to these proposals was received from Railway Board, it was decided in September 2007 to go ahead with the execution of the work as originally sanctioned i.e. normal doubling by gauge conversion.

It was noticed that frequent extensions were granted to contractors on Railway's account ignoring the targeted period of completion of the project. The preparation of plans and drawings was also delayed, which adversely affected the completion of bridge works and ultimately the project as a whole got delayed by nine months. Further, despite inadequate progress, the Railway Administration abruptly blocked the section in March 2008 for Gauge conversion and the unauthorized block continued for more than eight months without Railway Board's approval. Moreover, despite the CRS authorization for opening of the section in November 2008, the section could be opened only in January 2009 due to delayed completion of interlocking work.

Thus, due to non-achievement of anticipated savings as planned, Railway Administration suffered proportionate loss of ` 19.44 crore due to belated start of a project.

When the matter was taken up with the Railway Board (September 2010) they stated (December 2010) that the extension to contractors were granted on merit keeping in view the difficulties in execution due to proximity of work sites to a running line and such delays were unavoidable. They also stated that the section Jaipur – Phulera was automatically blocked with the blocking of Ajmer – Phulera section for RRI works being executed by RVNL.

The reply was not acceptable because the General Manager, Zonal Railway had requested for the postponement of the target for completion by one year stating that MG loco shed providing locos to MG network would be isolated. He had also proposed a provision for gauntleted track so that the gauge conversion of this section was de-linked from other projects. However, as Railway Board had not responded to these proposals, the work was executed as per the original plan and was completed in November 2008 after a delay of eight months. Further, Railway Board had not objected to the section remaining blocked for more than 30 days. Thus, delay in completion and opening of section had deprived the Railway of the anticipated savings of ` 19.44 crore.

3.6 Eastern Railway: Delay in finalization of tender

The work of construction of a new Railway Bridge in replacement of the existing Jubilee Bridge over Hooghly River in Bandel-Naihati Section was sanctioned by the Railway Board in 1999-2000 on safety account, the bridge being a distressed one. Trains were allowed to run on the bridge with a speed restriction 10 kmph. The design of the bridge for both the sub-structure and super-structure and their estimates were prepared by RITES who were engaged as consultant. The substructure of the work of the bridge costing ` 39.02 crore was completed by January 2008.

Inconsistent criteria adopted for selecting a qualified contractor led to avoidable delays of about 4 years in finalizing the tender related to the replacement work of a distressed bridge. This resulted in extra expenditure of ₹17.35 crore on escalation factor alone while the expenditure of ₹.39.02 crore incurred on substructure remained idle for more than two years

Railway Administration in December 2005 invited pre-qualification bid for the work of superstructure of the bridge consisting of three steel girders having a span length ranging from 135 -150 m. The qualifying criteria incorporated in the tender, among other things, included the condition that the tenderer should have executed at least one work of fabrication, assembly and launching of steel girder having a span length of 75 m for a Rail Bridge etc in the preceding 15 years. Six contractors participated in the tender. Three contractors including M/s Tantia Construction Co. Ltd. were technically qualified for the work based on the criteria prescribed. The tender was, however, discharged on the ground that the participants were not of national repute (April 2006). Consequently, a fresh pre-qualifying tender was invited in July 2006 by making the eligibility criteria more stringent by enhancing the span length of girders from 75 m to 135m. None of the three firms adjudged qualified in the first bid was qualifying the new criteria prescribed. In the second round, three firms participated out of which two were qualified. Commercial bids were thereafter invited from these firms in May 2007. The lowest offer was received from M/s Larsen & Toubro Limited. The Tender Committee after negotiations recommended the acceptance of the revised offer of `129.40 crore (` 65.56 crore higher than the estimated cost) as they were satisfied that the rates were reasonable having regard to the quality of the launching scheme proposed by the firm, which they considered as superior vis-à-vis that of RITES. Since the value of the contract exceeded the delegated powers of the Zonal Railway, the tender was referred to Railway Board in September 2007. Railway Board presumably due to the substantial difference between the estimated cost and negotiated rate received from the post qualified tenderer, directed Zonal Railway in December 2007 to discharge the tender and re-invite fresh tender in two-packet system based on realistic cost estimates after finalising the design and launching scheme. The tenderers were permitted to offer their own launching scheme.

The estimated cost of work was thereafter revised to `115.88 crore and tender in two packet system was invited afresh in August 2008. This time Railway Administration withdrew the stringent eligibility criteria incorporated in the second tender and reinstated the original criteria in respect of fabrication, assembly and launching of steel girder. Five firms participated in the tender out of which three firms including M/s Tantia Construction were found qualified for the work and the lowest offer received from M/s Tantia Construction with their own launching scheme at a cost of `140.24 crore was accepted (August 2009). The work was under execution.

The following observations were made:-

In the second pre qualification bid, the pre qualification criteria in respect of the fabrication, assembly and launching of steel girder had been revised and made stringent blocking participation of three original contractors otherwise adjudged qualified in the first tender. However, in the final tender, the original criteria were reinstated and one of the original contractors was again adjudged as qualified. Moreover, the launching scheme offered by the M/s Tantia Construction Co. Ltd. was accepted for execution. Thus, no gainful purpose was served in discharging the first tender with the criteria as originally envisaged being retained. The inconsistent criteria followed by the Railway Administration for selecting a qualified contractor for the work resulted in delay of about four years in finalizing the tender in a safety related work without achieving any fruitful improvement either in the qualification of the contractor or in reduction in rates. This resulted in extra expenditure of ` 17.35 crore on escalation factor alone (escalation plus overhead charges) while the expenditure of ` 39.02 crore incurred on substructure remained idle for more than two years. The loss on account of continued speed restriction imposed on the distressed bridge would be extra.

The matter was taken up (January 2010) with the Railway Administration; in reply (April 2010) they stated that M/s Tantia Construction Co. Ltd. had successfully satisfied the prescribed eligibility criteria both in initial as well as the last tender and there was no error in the entire process for selecting a reputed firm for executing superstructure of the bridge. The reply was not acceptable. The inconsistent criteria adopted for selecting a qualified contractor for the work resulted in avoidable delays of about four years in finalising the tender related to the replacement work of a distressed bridge endangering safety.

The matter was brought to the notice of Railway Board (October 2010); their reply had not been received (January 2011).

3.7 North Western Railway: Loss due to damage to track

> Poor planning for movement of the loaded rakes according to the topography of the sections caused severe damage to the track, hampered train movement and endangered safety resulting in consequential loss of ₹ 14.15 crore

As per Station Working Rules (SWR), steep gradients warrant special precautions in train operations and these were subject to revision every five years.

In response to an earlier Audit Para No.2.1.3 of Report No.CA 11 of 2009-10 (Railways), the Ministry of Railways in their Action Taken Note had stated that most sections over North Western Railway were not yet fit for CC+8+2t operations. It was noticed that there was abnormal rise in the cases of premature/ casual renewal of rails as the track was damaged in certain stretches with steep gradients on Ajmer Division. Severe damage to rails was caused due to stalling/wheel burns/scabbing by excessive tractive effort applied by the locomotives to negotiate such gradients. Once loaded freight trains stalled at locations having steep gradients and attempted to move by applying excessive tractive effort with the existing powering arrangement, wheel burns occurred. The stalled trains had to be rolled back and only by providing additional locomotive, the gradient could be negotiated for onward journey. The process took substantial time on every occasion hampering train operations on the over saturated route. The instances of stalling/wheel burns/scabbing on the gradients showed a rising trend during the period

2007-08 to 2009-10 (up to December 2009) and as many as 1686 cases were noticed. This resulted in a loss of `14.15 crore (`10.02 crore incurred on cost of renewal/ replacement of rails and ` 4.13 crore due to loss of earning)

When the matter was taken up with Railway Board (September 2010), they stated (January 2011) that damages to track occurred in the transition period from the conventional system of haulage by double/ multiple locomotives to a more cost effective system of haulage by technologically advanced single locomotive of higher horsepower. Now with these locomotives the incidences of damage to track had been eliminated.

The reply was not acceptable because though the JPO was issued after two years of the repeated incurrence of the cases of track damages, yet the cases of damages to track and wheel burns continued to occur.

Thus, failure to properly plan the movement of the loaded rakes resulted in damage to track and consequential loss of ` 14.15 crore.

3.8 North Central Railway: Closure of a Road Over Bridge due to poor quality of construction

> Poor quality of construction of Railway portion of a ROB resulted in the closure of the ROB created at an estimated cost of ₹12.26 crore within eight months of its opening to road traffic

Executive Engineer in charge of a work was responsible for the proper execution of that work irrespective of the executing agency. Assistant Engineer and Sectional Engineer should ensure that works were carried out according to the plans and specifications while maintaining quality through their frequent checks.

Construction of a Road over Bridge (ROB), over railway track at Etawah, linking Etawah - Farrukhbad link Road was sanctioned in May 2006 in lieu of the level crossing No. 27 special on the request of the State Government, taking into account the heavy traffic density. The estimated cost of the work `12.26 crore was to be shared between Government of Uttar Pradesh State (`6.96 crore) and the Railways (`5.30 crore). The contract for construction of Railway portion of ROB was awarded to Firm 'A' at a cost of `1.45 crore in June 2006. The work included construction and placing of Pre Stressed Concrete (PSC) Box girder of one span with a length of 46.30 meters. The ROB was opened for traffic in April 2008 without the safety certificate prescribed by the Commissioner of Railway Safety (CRS) and the level crossing was closed in the same month.

On finding wide cracks and a hole on the road surface of the bridge, the local administration closed the ROB for public traffic in December 2008.

Consequently the level crossing was reopened in January 2009. Railway Administration engaged(March 2009) Indian Institute of Technology (IIT), Kanpur at a cost of `0.12 crore for providing the technical opinion for rehabilitation of the damaged bridge.

IIT Kanpur, in its report (April/2009) concluded that the concrete present in the deck slab of the PSC Box girder did not meet the design requirements with likely adverse implications for its load carrying capacity and the long term durability of the structure due to its poor quality and integrity. Therefore, any rehabilitation scheme should consider either replacing it or remedying its flaws along with suitable strengthening measures to upgrade it to the original design requirement.

The Technical Report for rehabilitation work of ROB, submitted by IIT, was approved by Railway Administration in July 2009 and the contractor was asked to carry out the rehabilitation work. The work had been carried out by the contractor at his expense and the ROB was opened for traffic in May 2010 after inspection by Engineer-Incharge. Meanwhile ` 0.08 crore for manning the level crossing and `0.29 crore on supervision for rehabilitation work had been incurred up to April 2010.

The deficiencies in the deck slab of the PSC Box girder pointed out by IIT Kanpur evidently indicated that the Railway Administration had accepted and commissioned the same without ensuring necessary checks and supervision during execution.

Thus poor quality of construction by Railway and their failure to detect and rectify the defects during execution and its opening to traffic without the safety certificate prescribed by CRS, had led to closure of the ROB created at an estimated cost of `12.26 crore with State Government's participation for about one and half year causing inconvenience to the public. Moreover, an avoidable expenditure of ` 0.49 crore was incurred on the reopening and maintenance of level crossing, engagement of consultant etc.

The matter was taken up (September 2010) with the Railway Board; in reply (November 2010), they stated that the concerned officers and staff had been served major penalty charge sheets in August and September 2010. The reply, however, failed to indicate the action taken by the authorities to review the system failure and initiate corrective action for prevention of such lapses.

3.9 South Central Railway: Extra liability due to delay in execution of repair work of damaged bridge

The Zonal Railway noticed (1999) that Bridge No.04 DN (West) located on a very busy section (category A) between Vijayawada and Krishna Canal stations, erected in 1929, had outlived its life (60 years) and needed replacement of girders. Estimate for its repair at a cost of ` 1.08 crore was sanctioned in January 2000.

The Engineering Department placed (January 2001) an order for the fabrication of girders on Engineering Workshop, Lallaguda (Workshop). The Stores Authorities intimated the Workshop Administration in August 2001 that the required material Grade B was neither available in the market nor manufactured by the Steel Plants, who in turn communicated the position (June/December 2001) to Engineering Authorities of Headquarters office and advised them to explore the feasibility of using Grade 'A' material instead of Grade 'B' material through modification in the drawings.

> Delayed decision to modify the drawings of bridge girders to suit the material available for fabrication of girders resulted in delay in completion of repair works of an old bridge besides extra liability to the extent of ₹ 3.78 crore

Till October 2003, no action was taken either to modify the drawings or workout an alternative action plan despite the safety of the bridge being at stake. It was only in November 2003 that Chief Bridge Engineer (CBE) decided to get the fabrication of girders done by an outside agency approved by the RDSO without any modification of drawings. The agency for the execution of the work could not be decided for another 26 months despite invitation of open tenders thrice as either the participation of tenderers was poor or the rates quoted were considered high.

CBE eventually decided (February 2006) to get the fabrication work done by the Workshop duly revising the drawings suitable for material available in the market. The repair work was estimated to cost ` 6.14 crore. The revised drawings were made available to the Workshop in June 2006. In the mean time, in view of the delay in re-girdering of the bridge, Railway awarded a contract (May 2006) for the temporary repair of the bridge which was, however, not carried out. The Workshop supplied the girders in March 2008. Railway Administration thereupon fixed the agency to assemble the fabricated girders in June 2009. The work was expected to be completed by March 2010.

Thus, though a safety work on a category 'A' route was involved, Railway Administration took more than a decade to complete the same due to delay particularly in change/modification of drawings despite availability of funds. Although the Engineering Authorities were advised in June/December 2001 to explore the feasibility of using Grade 'A' material by modifying the drawings, the required modification in the drawings was carried out only in June 2006. The avoidable liability due to cost overrun in respect of this bridge worked out to ` 3.78 crore, excluding the impact of extra items added in the revised estimate.

When the matter was taken up (September 2010) with the Railway Board, they stated (December 2010) that since the bridge was a very critical component of the track, it was not considered desirable to change the specification of the material without making adequate efforts. Need based minor repairs to the bridge were carried out departmentally and safety was never compromised. Their contention was not acceptable. The Workshop Authorities were prepared to undertake the work but only awaited modification in drawings. It had never been specified by the Railway Administration that specifications conforming to the use of Grade 'B' material were only required. Even for outsourcing the work, modification of drawings was required in view of non-availability of Grade 'B' material in the market. Further, while need-based minor repairs were carried out on the bridges departmentally, these girders eventually needed to be replaced.

3.10 North Western Railway: Wasteful expenditure on M.G. Sections

Non compliance of extant orders on execution of MG track renewal works through casual renewal resulted in wasteful expenditure of ₹ 3.71 crore

The General Manager (GM), North Western Railway in September 2007 decided that all Metre Gauge (MG) sections except Marwar Junction – Mavli Junction – Bari Sadri and Ratangarh West – Sardarshahar would be converted into Broad Gauge (BG) in a time bound manner and hence the track renewal works on all other sections stood frozen. However, wherever condition of track warranted, casual renewal of the rails and sleepers could be carried out so that the track could be maintained in a safe condition.

Review in Audit of track renewal works in two MG sections over Bikaner Division revealed that contrary to the above instructions, the Complete Track Renewal (Secondary) [CTR(S)] for 9.27 kms. on Sriganganagar – Hanumangarh MG section was taken up in December 2007 i.e. subsequent to issue of GM's instructions and was closed in September 2008 after completion of CTR work for 7.97 kms. after incurring an expenditure of ` 2.46 crore. Similarly, in respect of Hanumangarh – Sadulpur MG section, CTR (S) for 22.07 kms., started in February 2007 was continued for 15 kms. despite GM's instructions. The work was closed belatedly in October 2008 entailing additional expenditure of ` 2.41 crore. Thus, the total expenditure on both the CTR works carried out on account of works not being frozen worked out to ` 4.87 crore. Audit analysis revealed that average cost of casual renewal per km came to `6.43 lakhs as against ` 29.88 lakhs for CTR work. In view of the planned conversion to BG, the Railway Administration, instead of incurring huge expenditure of ` 4.87 crore on CTR works, should have stopped the works forthwith and opted for casual renewal for maintenance of the track in safe condition that would have cost ` 1.16 crore.

The Divisional authorities confirmed (October 2009) the facts and stated that except these track renewal works, all other MG track works were frozen over Bikaner division after the issue of GM's order of September 2007 and only casual renewal works were carried out as per requirement.

When the matter was taken up with Railway Board (August 2010), they stated (December 2010) that the instructions of the GM were not meant to compromise the safety to save expenditure. They added the condition of track in sections was such that running of trains safely was not possible without carrying out complete track renewal. They, therefore, continued with the works in part of the sections.

The reply was not acceptable because the instructions to freeze the CTR works clearly stipulated that if the track conditions were not warranting safe running of trains, the casual renewal works be got sanctioned on 'out of turn' basis. However, the North Western Railway, instead of getting the sanction for 'casual renewal works', continued the CTR works that resulted in wasteful expenditure.

Thus, inability of the Railway Administration to timely implement the GM's instructions resulted in wasteful expenditure of ` 3.71 crore.

3.11 South Western: Railway — Extra liability due to injudicious discharge of a tender

Railway's decision to discharge a tender for work on injudicious grounds resulted in extra liability to the extent of ₹ 2.55 crore

Construction Organization of South Western Railway (Organisation) invited tenders (December 2007) for the construction of a Major Bridge and two Road Over Bridges as part of doubling work between Dharwad and Kambarganvi. In response, two offers were received. The lowest offer received was for `.9.09 crore.

The Tender committee (TC) conducted two rounds of negotiations with the lowest tenderer (L1) for obtaining reduction in rates. However, L1 expressed his inability to reduce the offered rates in view of increasing trend of market prices of various commodities like Petroleum and Steel. Notwithstanding the refusal of L1 to reduce the rates, Railway Administration issued Letter of Acceptance (LA) including, inter alia, counter-offer in respect of certain items, rates of which the Finance Member of TC considered high. Taking into consideration the counter offer, the overall value of the tender would have been ` 8.65 crore i.e. ` 0.44 crore (4.84 per cent) less than the value offered by L1. The L1 did not accept the counter offer.

After the non-acceptance of the counter-offer by the L1, the technical and the third member of the TC recommended the acceptance of the offer of L1 on the plea that discharging of tender and re-tendering thereafter would only result in substantial increase in the cost of work. However, the Finance Member of the TC advocated discharge of tender stating that the rates quoted for certain items were high. The tender accepting authority (TAA) while concurring with the views of the technical and the third member decided to accept the recommendations of the Finance Member and ordered discharge of tender. The tender was discharged (June 2008).

During fresh tendering (July 2008/August 2008), Organization split the work into two segments viz., (i) Construction of a Major Bridge and (ii) Construction of two ROBs and floated two tenders. After the finalization of these tenders, contracts for both the works were awarded (October 2008/November 2008) at a total cost of ` 10.77 crore to the same contractor whose offer was lowest against the earlier discharged tender. There were certain minor additions and deletions in the items of tender schedules in comparison to the previous combined tender. An analysis in audit of the schedules in respect of discharged tender and the accepted tenders, however, revealed that the Organization had to incur an extra liability of ` 2.55 crore in respect of common items of schedules of works in discharged single tender and the accepted double tenders.

When the matter was taken up (September 2010) with the Railway Board, they stated (February 2011) that the decision of the TAA to discharge the tender was taken in the context of erratic behavior of market prices of cement and steel. The work was split into two segments to obtain competitive rates. As the scope of the work was changed, the extra expenditure pointed out by audit was hypothetical. Their reply was not acceptable. When the decision to discharge the tender was taken by the TAA, the behavior of market prices of steel and cement showed an uptrend. In fact, in respect of steel, the main contract commodity under consideration by the TC, there was a continuous increase in the market prices after the floating of tender in December 2007. The purpose of re-tendering for segmented works was thus defeated as both the contracts were awarded at much higher rates to the same firm whose offer was not accepted against the discharged tender. Changes made in the items of tender schedule with reference to the discharged tender could also not be termed as change in the scope of the work as the value of items added and deleted was ` 0.46 crore (4.28 percent) and ` 0.14 crore (1.30 per cent) respectively only. Such minor additions/deletions of items of work were possible during the normal course of execution also.

3.12 Northeast Frontier Railway: Excess payment to the contractor for over-break in tunnel construction works

Faulty measurement towards inclusion of overbreak area in the measurement for payments in construction of tunnel resulted in excess payment of ₹ 2.39 crore to the contractor

For construction of 912 metres long single line Broad Gauge (BG) tunnel between chainage 87.390 km. and 88.302 km of Jirania – Teliamura section of Kumarghat – Agartala new line project, a contract was awarded at a cost of ` 19.39 crore in August 2003. The work was to be completed by May 2005. During execution of the work (October 2003), the ONGC authorities objected to the tunnel alignment due to its proximity to their gas well. Accordingly, the Railway Administration decided (November 2003) to shift the alignment by 100 metres from gas well which resulted in increase of tunnel length with attendant costs by 46.13 per cent. Due to increase in the length of the tunnel from 912 metres to 1110 metres and in the quantity of materials, Railway Administration entered into a new contract in January 2005 and another subsidiary contract in September 2006 with the same contractor.

As per drawing of the tunnel and clauses 4.7.1 to 4.7.7 of the special conditions of contract, the minimum excavation line was fixed as 3.150 metres and pay line was fixed as 3.300 metres from the centre line on both arch and vertical sections. Any enlargement beyond the pay line considered necessary by the contractor for the convenience of his work could be done by him with the prior approval of the Engineer-in-charge. All works carried out for such enlargement including the backfill would be purely at the contractor's cost. Any excavation carried out including through inadvertence beyond the pay line was to be deemed to be an over-break and no over-break beyond pay line would be measured for payment.

It was, however, noticed in audit that the Railway Administration had made payment to the contractor on the basis of the pay line measured up to 3.600 metres instead of 3.300 metres. This had resulted in overpayment of `2.39 crore to the contractor for executing 12,971.14 cum of work beyond the pay line of 3.300 metres during the period February 2004 and April 2009.

When the matter was taken up with the Railway Administration (April 2010), they claimed (July 2010) that the area required for inserting the concrete pipe on top of RCC lagging was minimum 300 mm and as such, minimum excavation line had been provided as 3,450 mm (i.e. 3.450 m). Further, in terms of Clause 4.8.1 of CA, minimum excavation line could be drawn/ established by Engineer-in-charge as per requirement. They also justified the variation in quantities on the ground of unavoidable Geological Over-break in certain sections with formation of dome at the top.

The contention of the Railway Administration was not acceptable on the following grounds:

- The Engineer-in-charge did not approve the enhancement of minimum excavation line up to 3.450 m during the execution because the Deputy Chief Engineer concerned had stated (November, 2004) that excess excavation was done because of inadequate equipment and hence the same could not be considered for payment. A lot of over breakage was taking place during execution in absence of proper equipment and skilled labourers. The Railway Engineer-in-charge concerned further emphasized that all payments were to be restricted up to the pay line as per Special Condition of the Contract.
- The tunnel construction work was actually executed considering 3.150 m as minimum excavation line in terms of contractual condition. In no case 3.450 m had been approved as minimum excavation line as noticed from the basic field records maintained during the execution of the tunnel work.
- Clause 4.7.10 of Special Conditions of Contract specifically stipulated that the contractor shall use every precaution to avoid excavation beyond the payment lines marked on the drawings. All drilling and blasting shall be carefully and skillfully performed so that the materials beyond the required lines were not shattered.

Thus, erroneous inclusion of over-break area in the measurement for payments in the construction of tunnel No.3 in Jirania-Teliamura section of Kumarghat-Agartala new line construction project resulted in excess payment of `2.39 crore to the contractor.

The matter was brought to the notice of Railway Board (September 2010); their reply had not been received (January 2011).

3.13 Central Railway: Non-recovery of departmental charges and maintenance charges of ROBs/RUBs

The failure of the Railway Administration to prepare Completion Reports, execute agreements and raise bills for the maintenance has resulted in non recovery of their legitimate dues of ₹1.83 crore

In terms of Para 1137 of Indian Railway code for Engineering Department (E), when Engineering Department of a Railway executes a work for outside parties including other Railways, government department, public bodies etc., Railway Administration should levy 12.5 percent departmental charges to cover the cost of tools, plant and of establishment supervision on the total cost of the work. Para 1851(E) stipulate that all deposit works in railway premises should be maintained by the Railway Administration at the cost of the parties who applied for them and before a Deposit work was undertaken or commenced, the capitalized value of the maintenance charges should be recovered in full and a formal Agreement should also be executed between the parties concerned. The Accounts Officer was responsible for the correct recovery of maintenance charges pertaining to all Deposit Works and should ensure that bills were promptly raised and payments were received.

The matter regarding non-execution of agreements, non-preparation of Completion Reports and non-recovery of departmental charges as well as maintenance charges in respect of the following ROBs/RUBs commissioned between March 1990 and December 2006 was taken up with the Railway Administration in May 2006:

Sl. No	Name of ROB/RUB	Financing pattern	Date of handing over to Open Line
1	ROB at Shahabad at km 592/9	Cost sharing with PWD, Government of Karnataka	13.03.1990
2	ROB at Akurdi at km 174/4-5	100% by Municipal Authority	15.12.1997
3	ROB at Akurdi at km 172/11-12	100% by Municipal Authority	12.09.2001
4	RUB at Dapodi at km 183/11-12	100% by Municipal Authority	20.08.2005
5	ROB Chinchwad at km 175/12-13	100% by Municipal Authority	18.12.2006

In reply, the Railway Administration had stated (July 2006) that the matter regarding signing of agreements was being pursued and that the maintenance charges could only be raised after drawal of completion reports and signing of agreements. As regards preparation of Completion Reports (CRs) it was stated that drawal of CRs in respect of two ROBs constructed at Akurdi and one at Sahabad was in process and the action for drawal of CR in respect of other ROB/RUB would be taken on completion of approach works.

Scrutiny of records of Engineering Department of Pune and Solapur Divisions of Central Railway (January 2010), however, revealed that despite lapse of a considerable period extending up to 20 years, Railway Administration had neither drawn the CRs nor signed the agreements. As a result, neither the departmental charges of `0.38 crore been recovered nor bills for maintenance charges of `1.61 crore (as assessed by Audit) had been raised. The net outstanding after deducting the excess amount deposited by the parties is `1.83 crore.

The matter was again taken up with the Railway Administration (April 2010) but their reply had not been received (August 2010). However, the fact of absence of a legally binding Agreement had been confirmed by the Sr. Divisional Engineer (Co-ordination) Pune (February 2010) due to which the realization of Railway dues was fraught with uncertainty.

The failure of the Railway Administration to prepare Completion Reports, execute agreements and raise bills for the maintenance had resulted in non recovery of their legitimate dues of `1.83 crore.

The matter was brought to the notice of Railway Board (September 2010); their reply had not been received (January 2011).

3.14 Northeast Frontier Railway: Avoidable extra expenditure on track lifting activities during mega block period

Irregular payments to the contractors for avoidable track lifting activities during the mega-block period resulted in extra expenditure of ₹ 1.22 crore

In May 2005, Ministry of Railways (Railway Board) issued necessary instructions/ guidelines that stipulated that wherever possible, various works related to gauge conversion should be completed in a mega block period of not more than 60 days although 30 days would be ideal.

In connection with gauge conversion of Katihar-Jogbani section, Railway Administration entered into five contracts during March 2007 to September 2007 for pre-mega block and mega block activities. The works under mega block period were executed during 1 January 2008 and continued till 4 June 2008 (more than five months) and the section was finally commissioned on 5 June 2008. As per terms and conditions of the contact, activities such as lifting of Metre Gauge (MG) track of wooden/ metal sleepers by 75 mm by providing ballast under running traffic condition, removing of ballast, etc. were scheduled to be carried out during the pre-mega block period.

Scrutiny of entries in the Record Measurement Book revealed that the Railway Administration executed the pre-mega block activities during the mega block period and made payment of ` 1.22 crore to the contractors for avoidable track lifting activities during the mega block period. Had these activities been executed during the pre-mega block period, it would not only have facilitated the smooth running of the MG trains but also resulted in reduction in the mega block period from more than five months to about one/ two months as per instructions/ guidelines of Railway Board.

Further, Ministry of Railways (Railway Board) had conveyed approval for cancellation/ termination of certain train services in connection with the gauge conversion of Katihar–Jogbani section and directed that the mega block should be for three months and that the gauge conversion should be completed within the stipulated time. Irrespective of these instructions, Railway Administration carried out the pre-mega block period activities during the subsequent mega block period and made irregular payment to the contractors.

When the matter was brought to the notice of the Railway Administration in April 2010, they stated (August 2010) that the entry in the Record Measurement Book had been done on 5 January 2008 (pre-mega block period) as per log book reference and the payment against lifting had been released in the first week of January 2008 which clearly showed that the works were executed during the pre-mega block period.

The contention of Railway Administration was not acceptable because Para 1322 of the Indian Railway Code for the Engineering Department clearly stipulated that the entries in the Record Measurement Book should be recorded simultaneous to the execution of work at the work site. The simultaneous execution of entries in the Record Measurement Book was essential for their validation as any entry subsequent to the date of execution or actual execution date was subject to manipulation/ fraud. Therefore, the entries in the Record Measurement Book being the primary record should be treated as authentic for making payment to the contractors and not the log book entries which were susceptible to manipulation. Further, the Railway Administration's claim that the bills were passed in the first week of January 2008 and the works were executed during the pre-mega block period was also not acceptable because for CC bill Nos. III to VI, the dates of measurement were between February 2008 and July 2008 and the bills were passed between February 2008 and October 2008.

Thus, by making irregular payments to the contractors for avoidable track lifting activities during the mega block period of the gauge conversion of Ktihar-Jogbani section, the Railway Administration incurred extra expenditure of ` 1.22 crore.

The matter was brought to the notice of Railway Board (October 2010); their reply had not been received (January 2011).

3.15 Southern Railway: Extra expenditure due to adoption of incorrect type of girder in the initial stage of construction of a bridge

Failure on the part of Railway in adopting appropriate type of girder for a bridge at the initial stage resulted in extra expenditure to the extent of ₹ 1.16 crore

Railway Board reiterated instructions (August 1980) issued from time to time that no contract for a work should be awarded unless soil tests/ site investigations had been completed and all plans/drawings and estimates approved/sanctioned by the competent authority.

During the doubling of track between Cheppad and Kanyakulam (2005), construction of Bridge No EAK-263 at KM 96/700-800 opposite to the existing bridge on single line was to be undertaken by the construction organization of Southern Railway (Organisation). The existing bridge was constructed with RCC slab and steel girder. The construction unit required to execute the work proposed (2005) to construct the new bridge on the second line with PSC slab and steel girder maintaining almost the same level at bridge location in view of the proximity of level crossing No.146 at Km.96/509. However, the Organization Headquarters decided to construct the bridge with PSC slab and PSC Box girder without site conditions being investigated. The tender was floated in November 2005 without General Arrangement drawing (GAD) for the work being finalized.

It was only after the award of contract (April 2006) that construction authorities inspected the site of work (June & July 2006) and discovered that the use of PSC slab and PSC BOX girder would result in a level difference of 1.615 m between the existing and proposed rail levels. To bring both the locations on par, the lifting of the existing Level Crossing by 1.23 m and re-grading of the existing track involving land acquisition or lowering of bed block/ bottom of girder would be required. In view of this, Organization Headquarters was requested (July 2006) to revise the GAD in favour of steel girder which was made available (semi-through steel) to the contractor in January 2007. In the mean time, no work was commenced by the contractor for want of approved GAD. On receipt of revised GAD, the contractor objected (January 2007) on the ground that the revised GAD was not within the scope of the original contract. The contractor sought the foreclosure of the contract (June 2007) without liabilities on either side on the grounds that (i) the GAD issued was not within the scope of the work, (ii) there was indecisiveness in the finalization of centre span (girder portion) and (iii) there was increase in the price of cement. The contract was, thus, foreclosed (July 2007).

Subsequently, the revised GAD was further changed to PSC slab and PSC 'U' type girder by the construction unit on the realization that there were restrictions on use of steel girders with rivets. The revised proposal (August 2007) was accepted and fresh tender for the construction of bridge with PSC slab and PSC 'U' type girder was floated (October 2007). As there was no response, construction authorities re-tendered four times between December 2007 and May 2008 with no result. The contract was eventually awarded in October 2008 after receipt of three offers during sixth tendering in July 2008.

Thus, avoidable cost overrun to the extent of `1.16 crore, based on the rates accepted for the foreclosed contract and present contract for the items of work other than centre span (girder portion) involving change in the scope of work was incurred owing to Railway's inability to finalize appropriate bridge design during planning stage before the first tender was floated.

When the matter was taken up (October 2010) with the Railway Board, they accepted (January 2011) the fact that the initial adoption of PSC box girder was not suitable in respect of this bridge. They stated that the PSC 'U' type girders were not in vogue for longer spans of Railway bridges at the time of first tender. As such, their adoption at initial stage could not be expected. The reply was not acceptable. In fact, Zonal Railway failed to acknowledge the prevailing peculiar site conditions through site investigations prior to tendering and incorrectly adopted PSC box type girder. Further, PSC 'U' type girder was not an innovation on Southern Railway as M/s. RVNL had adopted PSC 'U' type girder in their Inland Terminal work at Vallarpadam (February 2007). Had the Railway Administration carried out proper site inspections at the initial stage, it would have been possible to avoid delay in the selection of appropriate type of girder.

3.16 Eastern Railway: Extra expenditure due to avoidable discharge of two tenders

Rejection of offers of two tenderers by the Railway on unsubstantial grounds and subsequently awarding the contracts at a higher cost to the same tenderers resulted in avoidable expenditure of ₹ 1.05 crore

As per the Railway Board guidelines, a contractor because eligible for the award of a contract on fulfilling eligibility criteria laid down in the tender. The guidelines also stipulate that eligibility criteria may be modified on a case-to-case basis in respect of urgent Project/Works and specialized nature of work with the concurrence of Associate Finance and personal approval of General Manager.

A. Tender for earthwork in embankment, blanketing and construction of major/minor bridges, etc, in connection with doubling between Hotor and Magrahat Stations was invited by the Zonal Railway in December 2006. Against this, tender offers were received from three contractors (M/s NAP Construction Pvt. Ltd., M/s S.S. Civil Construction Pvt. Ltd. and M/s Bindu Sai JV). The Tender Committee in its meeting opined that none of the tenderers had satisfied the eligibility criteria since the list of works submitted by the firms as credentials did not constitute relevant work experience in a similar nature of work. Accordingly, the tender was discharged in July 2007. A fresh tender for the same work was called in August 2007, i.e. eight months after the original tender. This time offers were received from two firms including M/s. S.S. Civil Construction Pvt. Ltd., one of the earlier tenderers. After negotiations, the Railway accepted the offer of the lowest tenderer, viz. M/s S.S. Civil Construction Pvt. Ltd. Audit found that M/s S.S. Civil Construction had submitted the same list of works as of in the earlier tender (December 2006), wherein the firm was considered as lacking in work experience. The only difference was that this time the firm had submitted details of works undertaken when Railway requested for the same. The contract was thus awarded (January 2008) to M/s S.S. Construction at a value of ` 7.89 crore which was ` 0.61 crore higher than the earlier offered value (` 7.28 crore) of the firm.

B. Similarly, a tender for earthwork in embankment, blanketing and construction of minor bridges, etc. in connection with doubling between

Karea-Kadambagachi and Sondalia Stations was invited in October 2007. The Railway received only one offer against this tender from M/s A. K. Mukherjee and Co. The firm had submitted a list of works, executed under different tenders by way of work experience. The Tender Committee opined (December 2007) that among the listed works, only the works covered under Tender No.22 of 2003-04 and Tender No.LN/2 of 2005-06 satisfied the eligibility criteria. But the value of the works portion of Tender No.22 of 2003-04 was less than the required value for eligibility criteria. Regarding Tender No.LN/2 of 2005-06, they observed that although these works were completed, they were not yet commissioned and hence could not be considered. But the accepting authority observed that the different items of work covered under Tender No.LN/2 of 2005-06, although not commissioned, were being utilized by passengers and hence, it would be unjust to ignore the value of such items of work completed and put to use. Accordingly, the Tender Committee considered the portion of only completed works in use towards fulfillment of eligibility criteria. The Committee found that the tenderer had not completed any work of similar nature, for a minimum value of 35 per cent of the advertised tender value of work in the last three years. Therefore, it was considered that the tenderer did not fulfill the financial limit condition of the eligibility criteria. The tender was finally discharged in January 2008.

A fresh tender for the same work was called in March 2008. This time also the only offer received was from M/s. A. K. Mukherjee and Co. This time, the Tender Committee opined that M/s. A.K. Mukherjee and Co. were capable of taking up the work since they were the working contractors in the district and were executing works of similar nature. After negotiations, the Tender Committee accepted the offer of M/s A. K. Mukherjee & Co. on the basis of the same work credentials that had earlier been considered as not fulfilling the eligibility criteria. The contract was awarded to M/s A. K. Mukherjee & Co. (May 2008) at a negotiated value of ` 3.28 crore which was ` 0.44 crore higher than the earlier offered value (` 2.84 crore) of the firm.

Thus, rejection of offers of two tenderers by the Railway on unsubstantial grounds and subsequently awarding the contracts at a much higher cost to the same tenderers resulted in avoidable expenditure of ` 1.05 crore (` 0.61 crore +` 0.44 crore).

The cases were brought to the notice of the Railway Board (October 2010); in reply (January 2011) they stated that fresh tender in the first case was called against previous discharged tender with revised criteria. In the second case, the Railway Administration was of the view that the sole tenderer had failed to fulfill the requirement of completion of any work of similar nature for a minimum value of 35 percent of tender value in the last three financial years. The reply was not acceptable for the following reasons:-

- In the first case, there was no change in the eligibility criteria between the first and second tendering. The firm simply furnished the details of works executed in support of their work experience.
- In the second case, the tenderer had submitted the same documents as their credentials, which were furnished in the first instance. However, the Committee, in the first instance segregated the tender No.22 of 2003-04 to reject the same while in the second attempt; they justified its acceptance on the ground that the single tenderer was the working contractor in the district and had completed various items of work in Tender No.LN/2 of 2005-06 satisfactorily. However, the Tender Committee in the same case had earlier opined that these works although completed were not yet commissioned and therefore need not be considered.

3.17 Northeast Frontier Railway: Wasteful expenditure due to non-provision of dual gauge (MG/BG) standard sleepers

Unjustified provision of MG new steel channel sleepers instead of originally sanctioned dual gauge (MG/BG) sleepers resulted in wasteful expenditure of ₹1.63 crore

Consequent upon the sanction (2000-01) for gauge conversion of Jogbani (JBN)-Katihar (KIR) – Barsoi (BOE) – Radhikapur (RDP) section, the Metre Gauge (MG) section of Alubari (AUB) – Siliguri Junction (SGUJ) and Katihar (KIR)–Tejnarayanpur (TNPR) were likely to be gauge locked. Accordingly, the Railway Administration decided (May 2002) to convert AUB-SGUJ MG section into Broad Gauge (BG) which was sanctioned in 2006-07. Later, gauge conversion of KIR-TNPR was sanctioned as material modification in 2007-08. Meanwhile, in the Final Works Programme (2005-06) the Railway Administration decided to strengthen the wooden MG bridge sleepers with new Broad Gauge (BG) steel channel sleepers in selected bridges of BOE-AUB-SGUJ and KIR-TNPR sections with the justification that these new BG standard steel channel sleepers could be utilized during gauge conversion.

Accordingly, in the detailed estimate (November 2005) the Railway Administration had made for provision of steel channel BG sleepers for BOE-AUB-SGUJ and KIR-TNPR, MG sections. However, it was noticed in Audit that for BOE-AUB-SGUJ section, the Railway Administration wrongly provided and executed 2,079 MG standard steel channel sleepers. It was further noticed that the train services in the AUB-SGUJ section were under suspension since 16 August 2009, while the gauge conversion was in progress. Thus, 2,079 MG standard steel channel sleepers laid on the bridges in the BOE-AUB-SGUJ section had been prematurely rendered scrap. This had resulted in infructuous expenditure of `1.63 crore towards the cost of procurement, transportation and lying of MG standard steel channel sleepers.

When the matter was brought to the notice of Railway Administration (January 2010), they stated (June 2010) that the work of provision of MG standard sleepers in the selected bridges in BOE-AUB-SGUJ was executed as the condition of wooden sleepers was very bad and unserviceable. Considering the safety of railway track, the work was executed. The contention of the Railway Administration was not acceptable because the Divisional authorities had themselves justified the use of BG standard steel channel sleepers for both BOE-AUB-SGUJ and KIR-TNPR, MG sections. Had the Railway Administration executed the strengthening work as per original sanction, the use of BG standard steel channel sleepers would have not only ensured safe running of trains but also the sleepers could have been utilized in the on-going gauge conversion work of the said section. Moreover, the gauge conversion of AUB-SGUJ section was under active consideration since May 2002 and hence the strengthening work for BOE-AUB-SGUJ section by MG standard steel channel sleepers was improper and unjustified.

Thus, unjustified provision of MG steel channel sleepers instead of originally sanctioned BG steel channel sleepers resulted in infructuous expenditure of `1.63 crore (even after taking into account the scrap value of these MG steel channel sleepers).

The matter was brought to the notice of Railway Board (October 2010); their reply had not been received (January 2011).

Chapter 4 – Mechanical – Zonal Hqrs/Workshops/ Production units

The Mechanical Department is headed by Member (Mechanical) at Railway Board and by Chief Mechanical Engineer at the Zonal level. The department is responsible for the supply and maintenance of adequate numbers of safe and reliable rolling stock for ensuring passenger comfort and safety. For manufacturing and periodic overhauling of rolling stock, six production units and 45 workshops were established in the different Railway Zones. Various 'running sheds', sick lines and train examination stations were conveniently established on the lines, where different types of rolling stock were examined and kept in readiness for immediate use.

The total expenditure of the Mechanical Department during the year 2009-10 was ₹19,754.55 crore. During the year, apart from regular audit of vouchers and tenders etc., 536 offices of Mechanical Department were inspected.

This chapter includes major audit findings dealing with issues of planning and procurement of rolling stock, maintenance and periodic overhauling, workshop modernization, issues of design/ up-gradation of locos/ coaches/wagons. Issues regarding non-adherence/non-implementation of rules contained in Mechanical Code (Workshop), Track Manuals and other rules/orders issued by Railway Board are also covered.

4.1 North Western Railway: Excessive delays in maintenance of locomotives

Failure of the Railway Administration to carry out the maintenance schedules of diesel locomotives within the prescribed time led to excess detention and consequential loss of earning capacity to the tune of ₹ 92.89 crore

Locomotives were a valuable revenue-earning asset of the Railways, being responsible for haulage of train services. To ensure maximum availability and optimum utilization of the loco fleet, scheduled preventive maintenance was carried out at specified intervals. Any excess time taken, directly affects the availability of locomotives for rail services.

The maintenance of Diesel locos (Broad Gauge) of North Western Railway was carried out by the Diesel Sheds located at Abu Road (ABR) and Bhagat Ki Kothi (BGKT). Review of records of scheduled maintenance carried out by these sheds during the period 2008-09 to 2009-10 (November 2008 to October 2009) revealed that the ABR Diesel shed carried out 2260 maintenance schedules, out of which 2240 maintenance schedules (99 per cent) were not carried out within the prescribed time. The excess time taken in all the schedules resulted in loss of earning capacity of `43.74 crore. Similarly, BGKT Diesel Shed carried out 3022 maintenance schedules, out of which 2676 maintenance schedules (89 per cent) were not carried out within the prescribed time. The excess time taken in all the schedules resulted in loss of earning capacity of `49.15 crore.

When the matter was brought to the notice of Railway Board (September 2010), they admitted (December 2010) that there was scope of improvement in detention of locos through avoidance of bunching of locos, over utilization of locos etc. However, they contended that extra time was taken when locomotives required additional repairs and major sub-assemblies were required to be arranged from Diesel Locomotives Works (DLW) and Diesel Maintenance Works (DMW). They further stated that the outage of locomotives was a better indicator of the shed's performance as regards the maintenance of locomotives was increased.

The reply was not acceptable for the reason that better outage as claimed by the Railways evidently was achieved at the cost of less than prescribed maintenance schedules. Over utilization of the locos resulted in major repairs entailing large detentions owing to lack of availability of critical components which should have been provided for.

Had the Railway Administration properly planned and carried out the diesel loco maintenance schedules within the prescribed time, the loss of

`92.89 crore (`43.74 crore + `49.15 crore) on account of detention to locomotives could have been avoided.

4.2 North Western Railway: Loss due to non stocking of critical spares

Non stocking of critical spares resulted in derating/ detention of locomotives causing under utilization of loco capacity and consequential loss of ₹ 85.81 crore

During the review of field performance of ABB/ Napier turbo charges fitted on 3100 H.P. diesel engines, Research, Design and Standards Organization (RDSO) had decided in favour of fitment of high capacity high efficiency turbo super chargers (TSCs) in WDM2 locos. This was to increase engine horse power of locos from 2600 bhp to 3100 bhp for making them capable of hauling a trailing load of 4400 tonnes on a mean gradient of 1 in 200 as against 3250 tonnes for WDM2 loco. Further, as per provisions of Indian Railway Maintenance Manual for Diesel Locos, the system of preventive maintenance envisaged a schedule for maintenance attention at regular intervals and replacement of components before they actually failed in service due to ageing, wear and tear etc. to obtain maximum life possible. The system also aimed at synchronization of attention to all related components so that the manpower and engine-days lost on account of the examination were kept to the minimum. The loco sheds homing up to 100 locos were required to keep four TSCs and one Diesel engine power pack complete with generator as exchange spares.

The diesel sheds at Abu Road and Bhagat-Ki-Kothi homing around 100 locos each were supposed to keep all the required TSCs and other essential machines as spares. Review in Audit of these two diesel sheds revealed that WDM3A/ WDG3A locomotives were derated to WDM2 due to failure of the TSCs which could not be replaced due to their non-availability as exchange spares in the respective Diesel sheds. Audit observed that during the 2006-07 to 2009-10 (October 2010), 50 locos were de-rated for a period of 15 days and 725 days. Further, due to derating of the locos, Railway Administration had to provide one additional locomotive (double headed) to haul loaded BCN rakes, which under normal circumstances would have been hauled by a single WDG3A/ WDM3A locomotive. The excess fuel consumed on provision of extra loco worked out to `.8.63 crore and the consequential loss on provision of one extra locomotive for 8,019 days worked out to `73.52 crore. Similarly, locomotives, having residual life of 18 years, that were received for repair due to damaged Crankshaft/ engine block were detained for periods of 32 days to

121 days due to non availability of the required spares. During the period 2006-07 to 2009-10, 13 locomotives were detained for a total of 383 days resulting in loss of earning capacity of `3.66 crore.

Due to non availability of TSCs, Crankshaft and Power Pack and derating/ detention to locos for unduly long periods, Railway Administration had to suffer a loss of `.85.81 crore [`.8.63 crore (+)` 73.52 crore (+)`3.66 crore] which could have been avoided had these critical spares been stocked.

When the matter was brought to the notice of Railway Administration (March 2010), they stated (June 2010) that power pack did not play any role in derating of locomotives and 720 type TSCs were already available with the sheds. They further stated that the double heading operation of a locomotive was done by the Traffic Department according to their requirements and all the 50 derated locos were used in freight/ passenger services having lesser load and as such, there was no loss on this account. It was also stated that the WDM2 locomotives could not be converted to WDG3A locomotives.

The remarks were not acceptable. Derating of locos happened due to failure of high capacity TSCs. As regards stocking of 720 type TSCs in the sheds, the facts were that high capacity, high efficiency TSCs required to keep the locos in rated condition were not available in the sheds in the first place causing derating of locos and sufficient number of freight trains could not move for want of locos, as also confirmed by the Railway Administration. This resulted in suboptimal utilization of loco capacity causing avoidable use of tow locos for hauling heavier loads which otherwise would have been hauled by a single rated loco. Further, the Traffic Department was dependent upon the Mechanical Department for locos and accordingly planned the operation of freight/ passenger services as per the availability of suitable locomotives. The argument of conversion of WDM2 locos to WDG3A locos was misplaced as the point of contention was that after fitment of high horse power TSCs the engine horse power would increase from 2600 bhp to 3100 bhp and the engine would be capable of hauling heavier loads.

Thus, failure of the Railway Administration to stock important critical spares resulted in derating/ detention to locos for unduly long period causing loss of `85.81 crore.

The matter was brought to the notice of Railway Board (October 2010); their reply had not received (January 2011).

4.3 South Western Railway: Idling of diesel locomotives for want of Wheel Discs

Detention of WDG-4 locomotives in the shed exclusively for want of wheel discs for replacement resulted in loss of locomotive earnings to the extent of ₹20.47 crore

Locomotives management was critical to efficient operation of freight and passenger transportation. Optimal utilization of the locomotives to meet the ever increasing demands of passenger and freight services depended upon effective maintenance of this core asset.

Electro Motive Division (EMD) shed, Hubli was set up exclusively for the maintenance of WDG-4 locomotives. Primary maintenance, repairs and replacement of defective parts of these locomotives were undertaken in this shed. Change of wheel discs was one of the major activities undertaken in the shed. Wheel discs of WDG-4 locomotives were different from other locomotives. Initially, requirement of wheel discs was met through imports alone. Subsequently, the Administration started obtaining the wheel discs from Durgapur Steel Plant (DSP) as well. The requirement of wheel discs was put to Diesel Locomotive Works (DLW), Varanasi and Railway Board through Non Stock Indents. Railway Board solely controlled the procurement process.

A review of the records of EMD shed for the period April 2007 to October 2009 revealed that there were heavy detentions to locomotives arriving at the shed for wheel change due to paucity of wheel discs. Even after allowing a reasonable time of 15 days for wheel change operation and other allied activities, the time taken was much more and had resulted in a total detention of 2060 days to 38 locomotives causing loss of `20.47.

When the matter was taken up with the Railway Administration (April 2010), they stated (June 2010) that the introduction of WDG-4 locomotives in the ghat section increased the requirement of wheel discs. Wheels supplied by DSP were no match for imported ones. Further, the wheel demand projections were made taking into account the increase in the loco holdings. Since wheel discs were very highly capital intensive, stocking of the item in anticipation of their working in ghat section would have resulted in holding high inventory.

When the matter was taken up with Railway Board (August 2010), they reiterated the above and stated that wheel requirement closely matched the indents placed and supply received. There was no lapse on the part of the administration in planning the procurement of wheels. EMD Shed met the outage targets and there had never been a natural shortage of locomotives for traffic, despite shortage of wheel discs.

Their reply was not acceptable for the reason that adequate provision for working of the ghat section should have been planned keeping in view higher wear and tear of the wheel discs and the inferior quality of wheels supplied by DSP. While the shed had been meeting the outage targets, the detention of the locomotives for unduly long periods for want of wheel discs could have been avoided through better inventory planning.

4.4 West Central Railway: Non recovery of empty haulage and stabling charges of tank wagons sent for POH without degassing

Failure of the administration to levy empty haulage as well as stabling charges on tank wagons received for periodical overhauling without degassing besides non-recovery of ₹ 0.81 crore resulted in loss of earning potential of ₹18.71 crore on account of avoidable detention of 49791 days

Maintenance manual for Liquefied Petroleum Gas tank wagons (GT) provided that no person shall be allowed to enter the tank barrel for internal examination/repairs till it was ensured that the barrel was free from Liquefied Petroleum Gas (LPG) fumes and necessary facilities of light and fresh air were provided. The manual further provided that it was the duty of the oil companies to send barrels free from LPG (after proper degassing) for Periodical overhauling (POH).

Kota Workshop was nominated for POH of gas tank wagons. Consequent upon an accident in January 2002 involving Gas tank wagon, it was recommended that the practice of ascertaining the degassing certificate and physically checking the wagons for presence of LPG with the help of explosive meter from sampling valve in the open area should be continued. In compliance with the above provisions and directions, 1885 GT wagons were received for POH during the period 2005-06 to 2009-10 (up to September 2009),. Of these 221 wagons (8 and 4 wheeler) were sent back to oil companies as they were either not accompanied by a de-gassing certificate or were found with gas contents. These wagons were, therefore, returned to Bajwa (Vadodara) of Western Railway for de-gassing. However, the empty haulage charges and stabling charges of ` 0.81 crore for the avoidable movement/stabling of these wagons in the Railway premises were not recovered.

Audit also noticed that, the wagons received for POH without proper de-gassing remained out of traffic service for a total period of 49791 wagon days resulting in loss of earning potential of ` 18.71 crore during the period 2005-06 to 2009-10.

When the matter was taken up with the Railway Board (September 2010), they admitted (April 2010) the receipt of wagons without degassing certificate or without proper de-gassing They, however, stated that the assessment of loss of earnings was not correct as the eight wheel wagons were fully owned by the oil companies and four wheel wagons were jointly owned by Railway and oil companies. They also stated that oil companies were responsible only for payment of empty haulage of only 14 wagons for which Divisional Authorities had been instructed to recover the amount. As per their reply the remaining wagons were returned for want of degassing certificate for which Railway officials of the originating yards were responsible as they had not ensured the receipt of proper certificate. They added that instructions had been issued to all concerned to ensure that tank wagons were received with degassing certificate and checked for the same.

The contention of the Railway Board that the assessment of loss of earnings was not correct as the eight wheel wagons were fully owned by the oil companies on account of the fact that the wagons procured under 'Own Your Wagon Scheme' or 'Wagon Investment Scheme' were required to be merged and operated in the general pool of Indian Railways. Since these wagons were returned by the Workshop for completion of de-gassing or for want of requisite certificate and involved avoidable empty movement as well as unnecessary detention, they remained out of traffic service and caused loss of potential earnings on account of failure of the Railway to ensure that the wagons were properly degassed before dispatch for POH.

4.5 Northeast Frontier Railway: Avoidable loss due to replenishment of missing fittings on inward tank rakes

Due to non-compliance with Railway Board's instructions regarding release of inward tank rakes at unloading terminals Railway Administration suffered an avoidable loss of ₹.3.35 crore on account of replenishment of missing fittings during the period April 2006 to December 2009

BTPN wagons/ rakes were critical railway assets for freight earnings for transportation of POL products over Indian Railways. In view of the potential of high volume of petroleum and other liquid (POL) traffic to be offered by M/s. Numaligarh Refinery Limited (NRL), Railway Board decided (August 1997) to develop a centralized tank wagon maintenance facility at New Jalpaiguri (NJP) as a mother depot to cater to the maintenance needs of all the loading points of Northeast Frontier Railway. Accordingly, the infrastructural facilities were developed in 2001 at NJP to provide maintenance attention to BTPN rakes prior to release for loading at NRL.

Railway Board had issued instructions (April 2004/ June 2005 and July 2008) to the Commercial and Operating staff stipulating that release memo from the consignees should not be accepted if the tank wagon rakes were handed over by the Oil Industry/ Consumers with deficiencies. Audit, however, noticed that during the period April 2006 to December 2009, an expenditure of `3.35 crore was booked on replenishment of missing fittings on inward tank rakes received from the consignee points.

When the matter was brought to the notice of Railway Board (September 2010), they admitted (February 2011) that in view of the existing cost implications, RDSO had been advised to find an alternative scheme for sealing of discharge outlets. However, they contended that the items were consumable in nature and were required to be replaced to ensure safe running of trains.

The reply was not acceptable. The oil companies were required to return empty wagons with complete fittings. Railway Board also from time to time had issued instructions to the Zonal Railways not to accept defective wagons from the oil companies and in case these were received with deficient fittings the cost of the same was to be borne by the oil companies. Moreover, consumable stores were meant for replacing those items which became unserviceable during normal operations and not for those which were found missing from the wagons due to mishandling or theft.

Had the Railway Administration taken due cognizance of the serious concern expressed by Railway Board regarding the occurrence and implications of frequent incidents of missing fittings, expenditure of `3.35 crore incurred on replenishment of missing fittings on inward tank rakes could have been avoided.

4.6 Northeast Frontier Railway: Avoidable loss due to inadequate infrastructure and inefficient maintenance facility in C&W yard

Railway Administration suffered loss of ₹.3.33 crore due to avoidable detention of BTPN rakes in C&W yard and unnecessary empty haulage of unfit tank wagons during the period January 2006 to December 2009

Keeping in view the high volume of POL traffic to be offered by M/s. Numaligarh Refinery Limited (NRL), Railway Board in August 1997 decided to develop the centralized tank wagon maintenance facilities at New Jalpaiguri (NJP) as a mother depot to cater to the maintenance needs of all the BTPN rakes. The facilities were to be developed in such a way that the examination as well as repairing could be done within three hours. As per policy decision the rakes were to be examined at NJP before loading and there was no further examination after loading.

Accordingly, the infrastructural facilities were developed in a centralized manner on nominated lines in C&W yard at NJP in 2001. The expenditure on creation of these facilities was to be shared by NRL and Railway Administration. M/s. NRL was required to bear the expenditure on steam cleaning activities including shallow pit, gantry and track. As per the joint procedure issued (January 2001), the rakes were to be intensively examined and Brake Power Certificate (BPC) issued for running of 4500 kms. (revised to 7500 kms. in February 2009) for rakes exclusively used in closed circuit and for running of 3500 kms for other BTPN rakes so that the rakes on their arrival at Numaligarh refinery gantries could be directly loaded without any further C&W attention.

Scrutiny of records of Carriage and Wagon (C&W) yard at NJP, however, revealed that the Railway Administration created all other maintenance facilities except gantry which was a pre-requisite for complete examination. Due to inadequate maintenance infrastructure at NJP, supplementary maintenance had to be provided by the Railway's mechanical staff posted at NRL loading point. The mechanical staff in C&W yard at NJP was consuming 4 hours 02 minutes to 07 hours 51 minutes per day for each rake in addition to 02 hours 03 minutes to 02 hours 08 minutes taken in further maintenance attention at NRL gantries as against the projected time of 03 hours for the same.

Consequently, 2,259 BTPN rakes suffered detention for 491 wagon days during April 2006 to December 2009, leading to loss of earning capacity of `2.00 crore. Further, due to inefficient maintenance by the mechanical staff in C&W yard at NJP, even unfit wagons were being embedded in the BTPN rakes dispatched to NRL under BPC. These anomalies resulted in rejection of 590 unfit wagons of 455 rakes during the period from January 2006 to November 2009 that were unnecessarily hauled empty for 14.10 lakh kms. to various destinations over Indian Railways resulting in avoidable empty haulage of wagons amounting to `1.33 crore.

Thus, due to avoidable detention of BTPN rakes in C&W yard at NJP and NRL loading point and unnecessary empty haulage of unfit tank wagons, Railway Administration suffered a loss of `3.33 crore during the period from January 2006 to December 2009.

When the matter was taken up with the Railway Administration (February 2010); they stated (June 2010) that the provision of gantry was a pre-requisite at the loading point and not for the BTPN rake maintenance in the yard. For provision of Gantry, there was also space limitation in the yard. Regarding supplementary maintenance at NRL, it was stated that the deployment of C&W maintenance staff at loading point was a vital part of the system and different types of examination/ work had to be carried out at loading/ unloading point irrespective of whether gantry facility was available or not. They further stated that BPC was issued only for fit running wagons while their loadability could be examined at the point of loading. In order to maintain the integrity of the rake, wagons fit for run but unfit for loading were carried with the other loaded wagons under special circumstances.

The contention of the Railway Administration was not tenable. The provision of Gantry at NJP was made as per contract awarded for construction of the BTPN yard at NJP and accordingly a portion of gantry was constructed. But in August 2001, DME/ NJP decided to drop the proposed construction of gantry and dismantle the portion of gantry already constructed. This clearly indicated that there was no space limitation in the yard. As regards supplementary maintenance at NRL and unfit rake for loading, Joint Mechanical and Operating Circular No.1/2001, clearly indicated that the maintenance facilities for BTPN rakes were developed in a centralized manner at NJP so that rakes on arrival at Numaligarh refinery could be directly loaded without any further C&W attention. The Railway Board had clearly anticipated such an arrangement even earlier (1989).

The matter was brought to the notice of Railway Board (October 2010); their reply had not received (January 2011).

4.7 North Central Railway: Improper management of hazardous waste

Improper management of waste and failure of compliance with provisions of environmental regulations resulted in accumulation of more than 1600 MT of hazardous waste over period of 18 years in the work shop premises endangering human environment, besides the closure of the workshop for about 3 months entailing significant production loss of 14000 finished springs valuing ₹ 2.28 crore

Providing rail service at the least pollution of the environment was the stated objective of Railways from the beginning. In terms of various environment Rules such as Environment (Protection) Act 1986 and in terms of Environment Hazards Wastes (Management and Handling Rules) 1989 etc. the generator of hazardous wastes shall be responsible for the proper collection, reception, treatment, storage and disposal of them without causing any adverse effects to the environment. Further such parties should obtain authorization from Pollution Control Boards for carrying out such operations.

Rail Spring Karkhana-Sithouli, Gwalior started manufacturing coil springs for Indian Railways in 1989. During the manufacturing of springs a lot of end grinding sludge (about120MT per Annum was produced which contained hazardous elements such as hexavalent chromium, nickel and chromium. The wastes were allowed to accumulate over the years (1600 MT by November 2007) in the Workshop premises. In 2002, at the behest of Madhya Pradesh Pollution Control Board (MPPCB) Railway Administration sent samples of sludge to authorized testing laboratories for ascertaining whether these contained any hazardous elements or not. The test results (August 2002) confirmed the presence of hazardous substances mentioned above in the sludge. However, no concrete action was initiated by the workshop for the disposal of the waste. As such MPPCB, while granting their authorization (May 2004) for the continued production of springs, stipulated that the accumulated hazardous sludge along with other hazardous items like waste oil and containers should be disposed of within 30 days. No definite action plan for the disposal of the waste was submitted to MPPCB despite further notices, warnings and show cause notice issued from time to time. As a result, MPPCB notified (July 2007) the closure of the workshop and the workshop was closed on 20.08.2007. Subsequently, the workshop submitted a time bound action plan for arrangement of disposal of the waste based on which MPPCB gave their permission to restart production (November 2007). The accumulated hazardous waste was finally disposed of by January 2008.

Due to the enforced closure of the workshop (20.08.2007 to 14.11.2007) there was a production loss of 14000 finished springs valuing `2.28 crore vis-à-vis annual production target fixed by Railway Board for the year 2007-08.

The matter was taken up (September 2010) with the Railway Board; in reply (December 2010), they stated that MPPCB had been giving regular authorization for continued production of springs till 2002. It was only in 2002, MPPCB asked the workshop to get the sludge tested and based on the positive result, they recommended disposal of waste in May 2004. And due to procedural delays the disposal of the hazardous waste was prolonged. Taking into account the target proposed by the workshop, the production loss was only 9000 springs but this was offset since the staffs was, utilized for coiling work and maintenance of machines and plants etc during the period when the workshop remained closed.

The reply was not acceptable. It was observed that the environment statement submitted to MPPCB by workshop till 2002 claimed that the sludge generated was not hazardous without any tests having been conducted in any laboratory. Thus, the statement in this respect was misleading. Further, the accumulation of sludge in the premises was also not reported to MPPCB. Railways, as a public utility had a duty to discharge its environmental responsibilities in accordance with the relevant statutory regulations and the continued accumulation of the hazardous wastes over prolonged periods was in violation of Railway's own corporate objectives. Further, the enforced closure of the workshop resulted in shortfall of 14000 springs vis-à-vis annual target during the year 2007-08.

Thus improper management of waste and failure of compliance with environmental regulations resulted in accumulation of more than 1600 MT of hazardous waste over a period of 18 years in the work shop premises endangering human environment. Further, the closure of the workshop for about 3 months entailed a production loss of 14000 finished springs valuing `2.28 crore.

4.8 North Eastern Railway: Non-commissioning of a machine

Poor planning and lack of effective coordinated efforts had resulted in non commissioning of a machine valuing ₹2.96 crore for more than two years depriving Railways the net saving of ₹1.17 crore expected from its commissioning

In order to augment the maintenance facilities at the new Coaching Depot at Lucknow, a proposal for sanction for an Under Floor Wheel Lathe on additional account was sent to Railway Board by the Zonal Railway Administration. The proposal did not include the cost of required essential facilities for its installation such as covered shed, track and electrical works. Railway Board sanctioned the procurement of the machine in May 2005. Under Floor Wheel Lathe was used for turning defective wheels without removing them from the coaches. This would reduce the ineffective time of coaches which in turn resulted in increase in earnings. The procurement of the machine was justified on the expected net annual saving of ` 0.61 crore.

Subsequently the lathe machine was procured through COFMOW at a cost of `2.96 crore without creating the required facility for its installation. The Machine was received in Coaching Depot in May 2008. However the required facilities were got sanctioned from Railway Board belatedly in December 2008 as a material modification. Thereafter, the contract valuing ` 0.82 crore for carrying out the work was awarded in January 2010. The work was still in progress (July 2010). As such the machine procured remained idle for want of non-commissioning resulting in non- realization of saving of ` 1.17 crore till March 2010. The loss would further mount.

When the matter was taken up with Railway Administration (February 2010), they stated (July 2010) that efforts were made to get the work sanctioned before the arrival of machine, but the same could not materialize. Further there were some delays in awarding the contract. The reply was not acceptable because Railway Administration failed to include the facilities in the initial sanction and thereafter took more than three years in obtaining sanction for material modification. With better planning and effective co-ordination the delay could have been avoided.

Thus poor planning and lack of effective co-ordination efforts had resulted in non-commissioning of a machine valuing `2.96 crore for more than two years since its receipt depriving Railways the net saving of ` 1.17 crore expected from its commissioning.

The matter was brought to the notice of Railway Board (October 2010); their reply had not been received (January 2011).

Chapter 5 – Signal and Telecommunication

The Signal and Telecommunication (S&T) department is headed by Member (Electrical) at Railway Board and by Chief S&T Engineer at the Zonal level. This department is responsible for efficient maintenance/ upgradation and installation of all signalling and telecommunication equipment over the Railways.

The total expenditure of the Department during the year 2009-10 was ₹1639.31 crore. During the year apart from regular audit of vouchers and tenders etc., 132 offices of Signal & Telecommunication Department were inspected. This chapter incorporates one major audit observation highlighting inadequate planning in upgrading signaling systems.

5.1 Eastern Railway: Infructuous expenditure on mechanical signaling system in Bolpur –Ahmedpur Section

Awarding of contract for Mechanical Signaling work without approval and subsequently converting the same to Multi Aspect Coloured Light Signaling (MACLS) with Panel Interlocking by dismantling the earlier arrangement cost the Railway Administration an avoidable expenditure of ₹ 1.11 crore

The doubling work of Bolpur-Ahmedpur Section was sanctioned in 2000-01 as a part of the Khana-Sainthia Doubling work. Based on the existing signaling system in adjacent sections, a detailed estimate for the doubling work, framed on Semaphore Signaling (Mechanical Signaling), amounting to ` 51.88 crore was sent (February 2001) to the Railway Board for approval. The Railway Board desired (May 2001) that the Railway Administration should re-submit the proposal keeping in view the signaling system proposed on the adjoining section from the point of view of uniformity. Accordingly, the Railway Board was informed (June 2001) that signaling with MACLS had been proposed because provision of MACLS in an adjoining section was already planned. In view of the Railway's explanation, the Railway Board sanctioned (October 2001) the detailed estimate for doubling of Bolpur-Ahmedpur section at a cost of `54.80 crore including sub-estimate for signaling work at a cost of `7.04 crore.

The Railway Administration awarded a contract to M/s Perfecto Electrical in January 2003 for Mechanical Signaling work in Bolpur-Ahmedpur section at a cost of `1.28 crore followed by another contract for the work of Panel Interlocking to M/s Param Enterprises at a cost of `3.49 crore (August 2003) in connection with the doubling work of the same section. The doubling work with Mechanical Interlocking at different stations in Bolpur-Ahmedpur section was commissioned during the period from March 2004 to June 2004 while the Panel Interlocking was commissioned from March 2005 to May 2005.

The Railway Administration incurred an expenditure of `1.09 crore for Mechanical Signaling work and then incurred a further expenditure of `3.34 crore for replacement with Panel Interlocking work in the same section. If the doubling work had been commenced with Panel Interlocking as sanctioned by the Railway Board, the infructuous expenditure of `1.09 crore could have been avoided. The Railway Administration further incurred an expenditure of `0.02 crore for dismantling the Mechanical Interlocking arrangement. Thus, awarding of contract for Mechanical Signaling work without approval and subsequently, converting the same to MACLS with Panel Interlocking by dismantling the earlier arrangement, resulted in the Railway Administration incurring infructuous expenditure of `1.11 crore (`1.09 crore + `0.02 crore)

The matter was taken up with the Railway Board (August 2010). They accepted (February 2011) that the processing of Panel Interlocking tender was delayed. If the Panel Interlocking tender had been done a few months in advance, non-availability of critical Civil Engineering items. i.e. Points and Crossing and Panel Building would have more than offset the saving of ` 1.11 crore and the earnings of ` 2.48 crore, which was realized from early commissioning of doubling work, would not have accrued. The reply was not acceptable. Instead of awarding the contract for Panel Interlocking within a reasonable time after receipt of approval (October 2001), the Railway awarded (January 2003) the contract for Mechanical Interlocking after more than one year followed by Panel Interlocking, six months thereafter. If the contract of Panel Interlocking had been awarded in due time, the signaling work with Panel Interlocking could have been completed within the target date of commissioning (31 March 2004) with attendant benefits and Railway could have saved the expenditure of `1.11 crore.

Chapter 6 – Stores

The Stores department is headed by Member (Mechanical) at Railway Board level and by Controller of Stores at the Zonal level. The department is responsible for ascertaining the needs of the Zonal Railways in the matter of materials & stores and of arranging for the supply of such materials & stores in the most efficient, economical and expeditious manner possible. It is also responsible for their receipt, inspection and distribution to the various stores depots. The Controller of Stores of a Railway was in-charge of inventory control.

The total expenditure of the Stores Department during the year 2009-10 was ₹ 10,458.47 crore. During the year, apart from regular audit of vouchers and tenders etc., 184 offices of the Stores Department were inspected.

This chapter includes major audit findings dealing with issues of assessment, procurement policies/decision and utilization of stores. Issues regarding non-adherence/non-implementation of rules contained in the Codes for Stores Department and other rules/orders issued by Railway Board are also covered.

6.1 Railway Board: Manufacture and supply of "L" type composition brake blocks- Undue benefits to M/s Escorts Limited of ₹1.66 crore and loss of ₹ 1.23 crore due to inability to exercise option clause

Failure of the Railway Board to insist that the "composition brake blocks" supplier passes on the benefit of excise duty concession resulted in extending undue benefit of `1.66 crore to M/s Escorts. Further, in the absence of a standard clause in the contract to reduce the ordered quantity by 30 per cent, the Railways could not exercise the minus option clause in a falling market and avail financial benefit of ` 1.06 crore

A. Railway Board floated (December 2006) a tender for procurement of Composition Brake Blocks (CBBs) for freight and coaching stock required for the period 2007-08. During the technical evaluation of the 13 offers by RDSO, 5 offers (main Part 1 suppliers) were considered as eligible for bulk orders. All 5 suppliers quoted the same all inclusive (basic + ED+ ST) rate of ₹ 488.73 per CBB leading to suspicion of cartel formation. The Tender Committee recommended for placing the order by splitting the quantity equally among the five suppliers at their lowest negotiated bids. On subsequent negotiations, all firms accepted Railways' counter offered rate of ₹ 420 per CBB and orders were issued to M/s Rane Brake, M/s Pioneer Friction, M/s Escorts Ltd., M/s Allied Nippon and M/s Industrial Laminates for supply of 1,50,817 CBBs each and development order on M/s BIC Auto and M/s Bony Polymers for supply of 66,537 CBBs each.

M/s Escorts in their offer had quoted an all inclusive rate to be supplied from their Faridabad /Rudrapur Plants. The Executive Director, Finance (Stores) in his proposal had recommended that in the case of supply from the Rudrapur Plant in Uttarakhand State which was exempted from payment of excise duty, the benefit should be passed on to the Railways. M/s Escorts however, did not agree to pass on the duty / tax benefits for the Rurdapur plant to the Railways. However, it was noticed that the counter offer was issued to M/s Escorts with the place of manufacture as Faridabad only. Subsequently, M/s Escorts represented that during their discussion with Officer on Special Duty/ Minister of Railways it was agreed that the firm would be allowed to supply CBBs from both the plants at the same landed cost. The contract was finally placed on M/s. Escorts for supply from both the Plants. As no negotiation was held with any of the suppliers at this stage, it was not clear how M/s Escorts was allowed to discuss the tender issue with OSD/ MR which violated the CVC guidelines on tender finalisation and therefore needed to be investigated.

A review by Audit revealed that M/s Escorts had supplied 1,96,057 CBBs at a basic rate of ₹ 420 from its Rudrapur plant, which had been exempted from payment of excise duty. As the firm had not paid any excise duty on these supplies, there was no justification in allowing the duty element in the all inclusive rate of ₹ 420 per CBB. The undue benefit thus passed on to M/s Escorts in this contract amounted to ₹ 1,02,89,071.

Against a subsequent tender for 2008-09 (2007/RS (I)/951/1/TC), a similar contract was placed at the same all inclusive rate of ₹ 420 per CBB for Part I suppliers including M/s Escorts and ₹ 350 per CBB for Part II (developmental) suppliers. Against this contract also, M/s Escorts supplied 1,19,905 CBBs from its Rudrapur Plant which did not attract any excise duty. Similar undue benefit was passed on to M/s Escorts on these supplies amounting to ₹.62,92,614.

Thus the failure of the Railway Board to insist that the supplier pass on the benefit of excise duty concession resulted in extending an undue benefit of ₹ 1,65,84,467 to M/s Escorts.

B. The standard quantity variation clause in Railway contracts for procurement of stores entitled the Zonal Railways to increase or decrease the ordered quantity by 30 per cent of the tendered quantity during the currency of contracts. However, the quantity variation clause in the above two contracts for brake blocks referred above contained provision only for increasing the quantity by 30 per cent and not for reduction. No recorded reasons were given for deviating from the standard clause.

In the tender no. 2008/RS(I)/951/1(TC) floated for 2009-10 for CBBs opened on 20 April 2009, the rate obtained was ₹ 396.24 and ₹ 298 per CBB for Part 1 supplier and Part II suppliers respectively which was reduced to ₹342 and ₹288 per CBB during negotiation. In the absence of a clause to reduce the quantity by 30 per cent in a falling market, the Railways could not exercise the minus option clause and avail financial benefit of ₹ 1,05,67,450 on 127238 CBBs remaining to be supplied as at the end of May 2009(limited to 30 per cent of the order quantity).

The matter was taken up with the Ministry of Railways in October 2010 who stated in their reply that the tender had already been finalized with the approval of the tender accepting authority (Minister of Railways) on 10 September 2007 and counter offer issued to the firm on 14 September 2007. M/s Escorts in their letter dated 29 October 2007 claim to the alleged meeting as having held on 29 October 2007 and hence CVC guidelines were not violated. It was also stated that M/s Escorts had quoted all inclusive rate Ex-Rudrapur/ Faridabad, after taking into consideration the duty benefits available at Rudrapur and hence not offered differential rates. The condition of supply from Faridabad was made by Railway in their counter offer which the firm was free to accept or reject.

The contention of the Ministry of Railway's was not tenable in view of the following:

The counter offer of the Railways was accepted by the firms only during October 2007 and the contract was finalized on 22 November 2007. According to the CVC guidelines on tendering process, counter offer was tantamount to negotiations and should be treated at par with negotiation. The acceptance of the counter offer by the bidders should have been unconditional. However, M/s Escorts was allowed to have further meetings regarding supply from both the plants and this was tantamount to post tender negotiations thereby violating the CVC guidelines. The final proposal was approved by only two members of the Tender Committee and also not approved by the tender acceptance authority. Further, the counter offer was made to the firms at an all inclusive (Basic+ED+ST/VAT) rate of ₹420, hence M/s Escorts was not eligible to claim the ED component which was never paid by it on the supplies from the Rudrapur Plant. This conferred unintended benefits to M/s Escorts when compared to the other suppliers on whom orders were placed at the same rate. Further, absence of a minus option clause led to financial loss of ₹1.06 crore.

6.2 Railway Board : Loss of ₹ 2.47 crore due to injudicious exercise of Option Clause at the time of placement of original purchase order

> Railway Board exercised the plus 30 per cent option clause while placing the purchase order for finished BOX-N wagon axles enhancing the ordered quantity from 8000 to 10400 axles. With a decline in price the Railways lost the opportunity of reducing the quantity to 5600 axles while exercising the minus 30 per cent option clause resulting in loss of ₹2.47 crore

The quantity variation clause in Railway contracts for procurement of stores entitled the Railways to increase or decrease the ordered quantity by 30 per cent of the tendered quantity during the currency of contracts.

The Railway Board floated (March 2008) a global tender no. WTA-441 for supply of 8000 finished BOX-N wagon axles. The tender was opened in May 2008 and evaluated by the Tender Committee (TC) in January 2009 eight months after opening of the tender. As the lowest offer was found to be technically unsuitable, the TC recommended negotiations with the second lowest tenderer, M/s. Jinan Railway Vehicle Equipment Co. Ltd, China whose offer (US $1010 per axle) was higher than the last purchase rate by 31.51 per cent. After two rounds of negotiations, the firm reduced the price to US $950 per axle which was found to be reasonable by the TC and recommended for acceptance (June 2009). The TC further recommended that the 30 per cent option clause for increasing the tendered quantity may also be exercised at the time of placement of the Purchase Order thereby increasing the quantity to 10,400 axles. The recommendations were accepted by the Railway Board and a purchase order was issued in July 2009 to the above firm for 10,400 axles at the rate of US $950 per axle.

Railway Board in November 2009 observed that the price of this axle had come down substantially and in Global Tender No. WTA–453 opened in August 2009, the lowest rate received was US $740 which was lower than the existing contract rate by US $210 per axle. Therefore it was decided to exercise the minus option clause available in the contract. However, the firm offered to supply the quantity at the lower rate of US $740 which was accepted by Railway Board. Thus, the Railways procured 8000 axles at the rate of US $950 per axle between September 2009 and January 2010 and 2400 axles at the rate of US $740 per axle during March 2010. In this connection Audit observed the following:

(i). The TC while evaluating the offers received, observed in January 2009 that the shortfall of 8000 axles was calculated on the basis of a wagon production target of 20,000 during 2008-09, whereas the actual wagon production was much lower, hence 8000 axles would not be required in 2008-09. However, they recommended increasing in the quantity ordered from 8000 to 10400 Nos. by exercising the plus 30 per cent option clause at the time of placement of orders which was unwarranted.

(ii). While recommending second round of negotiation of rates, the TC observed (March 2009) that the prices of raw materials since opening of the tender in May 2008 had shown a substantial decline in subsequent months. The international steel prices had started falling since July 2008 and by May 2009 were 55 per cent lower than the prevailing price of July 2008. Considering the fact that the new tender had already been floated, the Railway Board could have even discharged the tender and expedited the finalization of the new tender to avail the financial benefit of reduction in price.

(iii). Had the option clause not been exercised at the time of issue of the purchase order, the Railway Board would have had the option of reducing the quantity ordered from 8,000 to 5,600 axles, instead of from 10,400 to 8,000 axles. Thus, the Zonal Railways incurred a loss of ₹2.47

crore due to injudicious exercise of option clause at the time of issue of the purchase order.

The matter was taken up with the Ministry of Railways in August 2010 who stated in their reply that the plus 30 per cent option was exercised at the time of placement of purchase order to meet the immediate requirement of 14000 axles by Rail Wheel Factory (RWF). It was also stated that on receipt of lower rate of US $ 740 per axle in the next tender, the lower rate was applied to the 30 per cent option quantity of 2400 axles.

The contention of the Ministry of Railways was not tenable in view of the following:

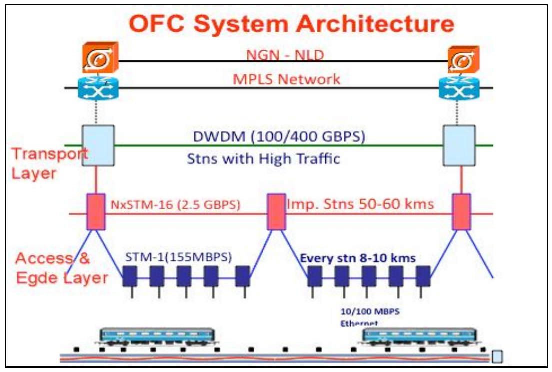
Urgency of requirement of axles as the reason for exercising the option clause at the initial stage was questionable as the TC met for the first time after eight months of opening the tender and the purchase order was finally issued in July 2009, thirteen months after the tender was opened. It was further noticed that out of 14,000 axles requested by the RWF in May 2009, only 4,311 axles pertained to this tender and the rest was to be sourced against two other existing contracts. This indicated that there was no urgency for placement of order for additional 30 per cent axles. Much before the opening of the next tender, the TC itself was aware (March 2009) of the declining trend in the price of raw materials. It was, therefore, not prudent to order the increased quantity at the time of placing the purchase order. By ordering the quantity of 10400 axles instead of 8000, the Railways lost the opportunity of reducing the quantity to 5600 axles and procuring the balance 4800 at US $740 per axle. Though the Railways purchased 2400 axles at the rate of US $740 per axle, they could not avoid the loss of ₹2.47 crore.

Chapter 7 –Public Sector Units of Indian Railways

The Ministry of Railways had set up 12 PSUs with a total investment of Rs.7559 crore as on 31 March 2010 with varied and specific objectives of raising finance for its rolling stock, manufacture of wagons and locos, developing specialization in construction projects, developing containerization of rail traffic and rail infrastructure

This Chapter takes a look at the functioning of the working arrangements as per the Memorandum of Understandings signed between the Ministry of Railways and the two PSUs namely RailTel Corporation of India Limited (RCIL) and Rail Vikas Nigam Limited (RVNL) involving inter-alia, transfer of assets, revenue sharing and resource mobilisation.

7.1 Agreement of Indian Railways with RailTel Corporation of India Limited



Executive summary

- *The Railways formed RailTel Corporation of India Limited (RCIL) in September 2000 as a Public Sector Undertaking (PSU) under the Companies Act 1956. The objective was to build a nation-wide telecom and multimedia network on the already laid OFC network of the Railways and to provide a modern communication system to improve Railway's Train Control, Operation and Safety Systems. This would also bring in additional revenue by marketing surplus communication network capacity. The Ministry of Railways entered into a Memorandum of Understanding (MOU) with RCIL detailing the working arrangements between the Railways and RCIL, assets to be transferred to RCIL by Railways, facilities to be provided by Railways for the functioning of RCIL on Railways, the services to be provided by RCIL to the Railways etc.*
- *The arrangements of the Indian Railways with RCIL regarding transfer of assets and payments of revenue sharing by RCIL were reviewed in audit.*
- *Audit highlighted the following:-*
- *The lack of system to verify the revenue share received by the Railways, inadequate record keeping and lack of proper coordination led to short receipt of ₹28.88 crore towards the revenue share receivable from RCIL.*
- *Clear demarcation of assets and proper licensing agreement were not made before licensing the assets to RCIL. Railways were neither able to assess the dues recoverable from RCIL nor resolve disputes on land licensed to it. Even in the known cases of licensing an amount of ₹10.23 crore is outstanding for the period upto 2009-10. In the absence of proper*

records of assets licensed, Audit could not assess the actual dues recoverable from RCIL.

- *Railways could not transfer data circuits to their own OFC network and had to pay an amount of Rs 11.09 crore in 12 zones on hired BSNL circuits.*

Gist of recommendations

- *The Railways need to strictly observe the provisions in the agreement and update their records to ensure that revenue share is received correctly.*
- *The Railways need to keep proper records of assets licensed to RCIL. Agreements indicating the license fee payable by RCIL should also be entered into in all cases of licensing.*
- *The Railways need to maintain proper records of assets licensed to RCIL. All licensing requirements should clearly stipulate licence fee payable, for the specific use and the area of land demarcation for the purpose.*

7.1.1 Introduction

7.1.1.1 RailTel Corporation of India Limited

The Railways formed RailTel Corporation of India Limited (RCIL) in September 2000 as a Public Sector Undertaking (PSU) under the Companies Act 1956 with an authorized capital of ₹1000 crore and a paid up share capital of ₹320.94 crore as on March 2009. The entire paid up share capital was contributed by the Railways. RCIL paid interim dividend of ₹5 crore, ₹8 crore and ₹15 crore for the years 2007-08, 2008-09 and 2009-10 respectively to the Railways.

7.1.1.2 Objective of RCIL

- To build a nation-wide telecom and multimedia network on the already laid OFC network of the Railways
- To extend laying of OFC along the Railway track utilizing the Railways' Right of Way (ROW)
- To provide a modern communication system to improve Railway's Train Control, Operation and Safety Systems
- To bring in additional revenue by marketing surplus communication network capacity

7.1.1.3 Memorandum of Understanding

The Ministry of Railways entered into a Memorandum of Understanding (MOU) with RCIL on December 07, 2001 detailing the terms and conditions of the working arrangements between the Railways and RCIL, assets to be transferred to RCIL by Railways, facilities to be provided by Railways for the functioning of RCIL on Railways, the services to be provided by RCIL to the Railways etc. and also to draw an agreement between RCIL and Railways.

7.1.1.4 Agreement between Ministry of Railways and RCIL

In pursuance of the MOU an agreement was entered into between the Ministry of Railways and RCIL on 30.07.2003. This was subsequently revised in September 2006. The salient features of the agreements were as follows:

Railways agreed to -

- Grant to RCIL the Railways' right of way to lay the cables on Railway land and along the track for operating the OFC network.
- Transfer the Railways' existing OFC assets to RCIL in lieu of equity share to the value of assets transferred.
- Take ownership and pay RCIL the proportionate cost of four fibres (two pairs) from the 24 fibre (or more) OFC assets of RCIL on which RCIL had incurred capital expenditure.
- Pay RCIL the proportional maintenance charges for maintenance of four fibres or two fibres, as the case may be, retained/taken back/taken by Railways.
- Pay RCIL lease charges as arrived at mutually for recovery of principal and interest and maintenance charges for creating the STM-4[1] network.
- License the required Railway land and buildings to RCIL for installing OFC and power supply equipments for network operation centre, data centres, access nodes, transport nodes, backbone nodes and long haul equipment and towers on payment of licence fee charges.

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[1] STM-4 (Synchronous Transport Module) is a SDH-ITU-T (Synchronous Digital Hierarchy-International Telecommunication Union-Transmission) fibre optic network transmission standard.

- Allow RCIL to commercially exploit the surplus capacity of the OFC network for which revenue share was payable by RCIL to the Railways.

RCIL agreed to -

- Share with Railways 5 per cent of the gross revenue from 30 July 2003 till such time that STM-4 network was set up and 7 per cent of gross revenue thereafter. Gross revenue included revenue from the use of MW towers, space in S&T and other buildings, MW bandwidth surplus capacity on Railways' short haul and long haul systems etc.
- The payment of Railways' share of revenue by RCIL was agreed to be deferred for five years, i.e. till July 30, 2008 and was to be paid on yearly basis thereafter. The deferred payment was to be paid from 6^{th} year onwards with schedule of payment to be decided mutually by Railways and RCIL.

7.1.2 Audit objectives

The objective of the review was to assess the efficiency of the arrangements of the Indian Railways with RCIL with regard to transfer of assets, and the payments regarding revenue sharing and recovery of railway dues. The review covered the following aspects in particular:

- Railway's share on account of revenue sharing and license fee on various assets.
- Hiring of BSNL circuits in spite of having sufficient OFC network capacity provided by RCIL.
- Recovery of cost of electricity and other utilities from RCIL in connection with the execution of their works and later for operation and maintenance of the network.
- Recovery of dues towards Railway staff deputed to RCIL.

7.1.3 Audit Methodology

Audit review involved scrutiny of the documents of Telecom Directorate of Railway Board and the records available with the Telecommunication Department, Accounts Department and Personnel Departments of Zonal Railways and also the records and statistics provided by RCIL.

7.1.4 Audit findings

7.1.4.1 Revenue Sharing

(i) As per clause 3.2.1 of the agreement of July 2003, RCIL was to pay to the Railways a grant fee of ₹11.34 crore per annum for the use of Railways' right of way. However as per clause 3.1.13 of the revised agreement of September 2006, the Railways agreed not to charge RCIL the grant fee. Instead, RCIL agreed to pay to Railways 5 per cent of its gross revenue from 30.07.2003 till such time that STM-4 network was set up and 7 per cent thereafter.

(ii) The payment of revenue share to the Railways was deferred for 5 years up to 30.07.2008 and was payable on yearly basis thereafter. The deferred payment of revenue share for the 5 year period was to become payable from 6th year onwards with the schedule of payment to be decided with mutual consent.

Facts as per RCIL records	Audit findings
RCIL earned a total income of ₹813.15 crore during the period 2003-04 to 2008-09. However the net income sharable with the Railways during this period had been assessed by RCIL as ₹543.21 crore.	As per agreement, RCIL was to pay the revenue share of 5 per cent of the gross revenue till the STM-4 net work was set up and 7 per cent thereafter. There was no provision in the agreement for any deductions from the gross revenue sharable with the Railways. The Ministry of Railways stated (February 2011) that as per the definition in the agreement gross revenue meant "the total revenue earned from sale of Telecom capacity by RAILTEL excluding income from Railways after deducting mandatory license fees. "They added that the expenditure incurred by RailTel for hiring of fibre

	from other organizations i.e. PGCIL, KRCL, TELCOS etc. had been deducted from gross income to arrive at gross revenue (sharable income). Audit, however, observed that while calculating the shareable income, the MOR had deducted income earned from premium services provided to the railways. The deduction of income earned from Railways was not justified as this income has been earned from utilization of Right of Way of the Railways. Thus the definition of gross revenue in the agreement needed to be modified to include all income earned from utilization of railway's Right of Way.
Amount of ₹27.16 crore was assessed by RCIL as 5 per cent revenue share payable for the period 2003-04 to 2008-09, out of which ₹11.00 crore was paid in March 2010	As the STM-4 network of 22,438 RKM[2] was handed over to the Railways on 1st April 2004 (5409 RKM) and 1st April 2005 (17029 RKM) the revenue share should have been increased to 7 per cent from 1st April 2005. Hence a total of ₹56.04 crore was payable towards 5 per cent revenue share for the period 2003-04 to 2004-05 and 7 per cent for the period 2005-06 to 2008-09. The Ministry of Railways stated that revenue share payable by RailTel had been reworked after confirmation of payment for STM-4 bandwidth. Against the amount of ₹56.04 crore pointed out by Audit MOR had worked out ₹60.81 crore as share for the period 2003-04 to 2008-09. It was, however, seen that the income from

[2] RKM-Route kilometre

	premium services to railways had been deducted which was not in order. The share of railway therefore needed to be reworked. Thus RCIL had short assessed revenue share of ₹28.88 crore on the gross income for the period 2003-04 to 2008-09. Ministry of Railways stated that it was not correct to say that railway received short payment of ₹28.88 crore due to inadequate records keeping and lack of coordination. Audit, however, observed that the Railways had recalculated their share after being pointed out by Audit.
One of the main objectives of formation of RCIL was to commercially exploit the surplus telecom network capacity of the Indian Railways in order to generate additional revenue for the Indian Railways through the revenue sharing arrangements detailed in the agreement. RCIL was marketing the surplus telecom network capacity of Indian Railways to other telecom vendors and five/seven percent of the net sharable revenue earned by them was passed on to the Railways.	The Railways had not set up any mechanism to verify the revenue share received from RCIL. Even ten years since its inception, lack of proper coordination and inadequate record keeping prevented the Railways from obtaining a true and fair assessment of the functioning of RCIL. MOR stated that business was monitored and billing was done from regional offices. Procedure would be set up involving zonal railways for verification of RCIL accounts and to work out correct revenue share. It was also stated that RailTel would be advised to expeditiously implement computerization of accounting system to make verification smooth.

Thus lack of system to verify the revenue share received by the Railways, inadequate record keeping and lack of proper coordination led to short receipt of ₹28.88 crore towards the revenue share receivable from RCIL.

Recommendation
The Railways need to strictly observe the provisions in the agreement and update their records to ensure that revenue share was received correctly.

Non-realisation of share of revenue for Cyber Cafés

The Railway Board proposed to provide Cyber Café facility at stations on Indian Railways through RCIL and policy guidelines in this regard were framed in February 2004. In December 2005, Railway Board identified 301 stations over Indian Railways for provision of Cyber Cafés in two Phases. Twenty five per cent of the gross revenue earned by RCIL from cyber café was sharable with the

In 14 zones information on revenue share towards cyber café was not made available. In respect of two zones where records were available Audit observed the following:

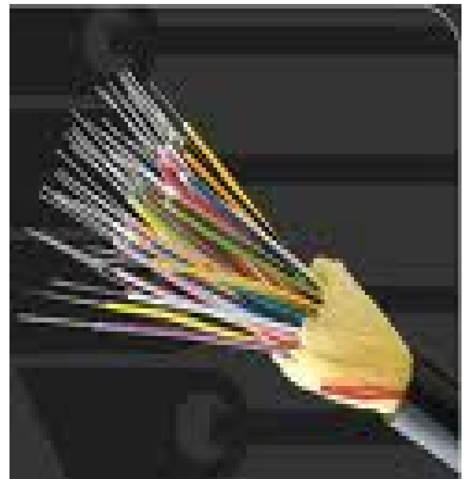
- In Southern Railway three cyber cafes were in operation at Ernakulam, Coimbatore and Chennai Central since 2006, 2007 and 2008 respectively. However the Railway's share of revenue amounting to ₹8.53 lakh had not been received from RCIL (April 2010).
- In NWR, though two cyber cafés were in operation at Jaipur (since November 2006) and Ajmer (since December 2007), an amount of ₹18 lakh due on them as revenue share had not been received (April 2010).

The Ministry of Railways stated in their reply that RailTel was in the process of reconciling the income and would settle the dues payable to IR before March 2011.

7.1.4.2 Transfer of additional OFC assets

As per agreement of September 2006, optical fiber cable assets created by the Railways were to be transferred to RCIL in lieu of issue of equity equal to the value of such assets till Railways' equity reached 51 per cent.

In 13 out of 16 zones, proper records of transfer of assets were not made available to audit. In three zones where records were available, the following observations were made:



Optical Fibre Cable

- A total of 1842 RKM of OFC assets were transferred to RCIL in WR and SR. However, no equity had yet been allotted to the Railways towards the value of the same which was assessed at ₹35.37crore.
- In South Eastern Railway (SER) 584 KM OFC was not taken over by RCIL. Hence the value of this OFC was not included in equity. Further, SER had not transferred back 937 km of excess fibre pair taken from RCIL for which a cost of ₹20800 per KM per pair was payable as lease charges. The total avoidable payment on this account was assessed as ₹1.95 crore.

Ministry of Railways stated that they would ensure that every asset of railways transferred to RailTel was accounted for and converted into equity after due adjustments as per agreement.

7.1.4.3 Licensing Assets

Railway Board issued guidelines in November 2004 for granting right of way and sparing land/building to RCIL. In terms of these guidelines, the S&T Department in the Divisions was to coordinate with other departments for obtaining Divisional Railway Manager's approval regarding use of land/building/towers. The guidelines stipulated that an agreement should be executed between RCIL and S&T Department of the Division, for every allotment of assets. Clause 3.1.7 of the revised agreement also provided for licensing of land/building required for installing OFC and other equipments and towers to RCIL on payment of licence fee charges at the prevalent standard rates. At stations, wherever RCIL had provided equipment which were used for Railway's critical applications, no licence fee was chargeable.

It was noticed that complete records of licensing of Railway assets were not maintained in any of the 16 zones. In five[3] out of 16 zones the records in respect of licensing of assets to RCIL were not made available and in two[4] zones records of a few divisions only were made available by the Railway Administration. Accepting the audit contention Ministry of Railways stated that locations which were created exclusively for use of RailTel customers were being reconciled with railways and license fee as due would be paid by RailTel to railways by March 2011.

Scrutiny of available records in the zones revealed the following:-

Recovery of Licence Fee

Porta Cabin

Agreements for licensing the assets were not made in any of the 16 zones before handing over the assets to RCIL.

- Licence fee of ₹69.97 lakh was outstanding in five zones[5]. While no licence fee was being recovered for OFC huts and Porta cabins constructed in North Central Railway (NCR) and North Western Railway (NWR), in South Western Railway (SWR) ₹23.13 lakh was outstanding towards rent for office building and licence fee for the area allotted for running Cyber Café.

- Ministry of Railways stated that in SWR part of the office space houses equipments of Railways and only ₹20,27,653 was due which has been received. There was no comment for NCR and NWR.
- In South Eastern Railway (SER), though an area of 72.32 sq. metre was in occupation of RCIL, no licence fee was being recovered from them.
- In Southern Railway (SR) and South East Central Railway (SECR) though a large number of assets had been licensed, no records regarding market value of assets, licence fee recovered etc. were available with the Railways. In NFR though 3 rooms and 49 towers were licensed to RCIL

[3] NFR, NER, NR, NCR, ECoR
[4] SCR, CR
[5] SWR-₹23.13 lakh, ER-₹ 13.28 lakh, WCR-₹ 1.07 lakh, CR-₹ 14.08 lakh, NWR-₹ 18.41 lakh.

the records in connection with the licensing were not made available to Audit.

Disputed cases of recovery of licence fee

In the following cases there were disputes in the area of land occupied by RCIL, as a result Railways were not able to recover the licence fee due.

- In Western Railway near Mahalaxmi station 6456 Sq. ft. of land was leased to RCIL in December 2005 for an annual licence fee of ₹61.98 lakh. Scrutiny of records revealed that RCIL had occupied an area of 10986.39 sq.ft. of railway land for which the annual licence fee worked out to ₹1.05 crore. RCIL had neither signed any agreement for this additional land nor paid any lease charges for the entire area occupied by them citing Clause 3.1.7 of the agreement of September 2006 which stipulated that the licence fee was not payable at stations where RCIL would be providing equipments which were used for Railways critical applications. Audit observed that the clause exempted only stations from the licence fee, whereas this land was located away from the station and was being utilized by RCIL for their business with non-Railway customers. Hence RCIL was liable to pay licence fee on this land. The total unrealized licence fee for the period from 2006-07 to 2009-10 worked out to ₹4.22 crore. Ministry of Railways stated that the matter was under reconciliation between Western Railway and RailTel.

RCIL structure at Mahalaxmi, Mumbai

Proper licensing agreement and clear demarcation of assets were not made before handing over the same to RCIL. Railways were neither able to assess the dues recoverable from RCIL nor resolve disputes on land licensed to it. Even in the known cases of licensing, an amount of ₹10.23 crore was outstanding for the period up to 2009-10. In the absence of proper records of assets licensed, Audit could not assess the actual dues recoverable from RCIL. While accepting audit comments, Ministry of Railways stated that RailTel had already been advised to resolve all disputed cases quickly and make due payment to IR as applicable in terms of agreement and that efforts would be made to settle the disputed cases by March 2011.

Recommendations

The Railways need to maintain proper records of assets licensed to RCIL. All licensing requirements should clearly stipulate licence fee payable, for the specific use and the area of land demarcation for the purpose.

7.1.4.4 Delay in/non surrender of hired BSNL circuits

The Railway Board in August 2005 instructed the Zonal Railways that since RCIL had been formed for expeditiously modernizing Railways Train Control, Operation and Safety Systems with more than 23000 RKMs of OFC already commissioned, the communication network rented from BSNL needed to be switched over to Railway's OFC network for improving reliability, response and savings.

- A review in Audit revealed that though many of the BSNL lines were identified for surrender by the Zonal Railways with the commissioning of Railway's own OFC network, they were still continuing or there were persistent delays in surrendering resulting in avoidable payment of rental charges to BSNL. The total avoidable expenditure towards rental charges due to delay in/non surrender of identified BSNL lines was ₹1.12 crore for the period up to 2009-10 in four zones[6].

- Further, the Railways should have transferred all their data circuits to their own OFC network as the same was now available in all areas of operation. No such action had however been taken by the Railways. Hiring charges paid by the Railways on such circuits was to the tune of ₹10.16 crore in twelve zones[7] for the two year period 2008-10. In other zones the information could not be obtained for want of relevant records.

Reasons for non-surrender of BSNL lines as stated by the Zonal Railways were that PRS, UTS and FOIS circuits were retained in view of redundancy required due to technical reasons and unhindered services considering the highly sensitive nature of service. The reasons for retention of BSNL circuits

[6] SR-₹12.07 lakh, SWR-₹48.72 lakh, ECR-₹5.42 lakh, SECR-₹45.59 lakh.

[7] SR-₹1.57 crore (for 2009-10), SWR-₹2.59 crore, ER-₹0.04 crore, NCR-₹0.98 crore, SER-₹0.67 crore, WCR-₹1.23 crore, NER-₹0.60 crore (for 2008-09), SCR-₹0.34 crore, SECR-₹0.48 crore, NR-₹0.49 crore, CR-₹0.74 crore, ECR-₹0.43 crore.

were not tenable as the Railways failed to surrender even some of the lines identified as redundant. Further the Board's instructions to switch over to their own OFC network, the retention of BSNL network were not implemented by the Railways in spite of lapse of five years; thus continuing dependence on BSNL network resulted in under-exploitation of own OFC network of Railways created on huge investment. Ministry of Railways stated that zonal railways have hired links from BSNL in line with Railway Board guidelines and they have been advised to review the necessity of BSNL hired links on regular basis and surrender wherever possible.

Recommendation

Railways need to take time bound action to switch over to their own OFC network and curtail the avoidable payment of hire charges to BSNL.

7.1.4.5 Recovery of Electricity charges

In terms of clause 6.1.6 of the revised agreement of September 2006, RCIL was to bear the cost of electricity provided by Railways for the execution of the works and for operation and maintenance of the network. At stations, wherever RCIL would provide equipments for Railways' use, electricity was to be provided without any charges as far as feasible.

In six[8] out of sixteen zones proper records of recovery of electricity charges from RCIL were not maintained, whereas in ECoR the charges due were recovered. In the remaining eight zones[9] it was observed that an amount of ₹84.83 lakh was outstanding as of 2009-10 Ministry of Railways stated that railways have been advised to maintain proper accountal of recovery of electricity charges.

[8] CR, WR, NR, ECR, NFR, SER.

[9] SR-₹26.98 lakh, SWR-₹0.56 lakh, ER-₹2.73 lakh, WCR-₹19.63 lakh, NER-₹16.98 lakh, NWR-₹9.59 lakh, NCR-₹1.38 lakh, SCR-₹4.95 lakh, SECR-₹2.03 lakh.

7.1.4.6 Recovery of Foreign Service Contribution

In respect of Railway staff/officers who were on deputation with RCIL, a Government of India Undertaking, Foreign Service Contribution (FSC) comprising of leave salary contribution at 11 percent of Pay drawn and pension contribution based on pay and length/class of service, was recoverable.

In five out of 16 zones records relating to FSC charges were not made available/maintained. In seven[10] zones an amount of ₹33.92 lakh was outstanding as of 2009-10. In three zones (SR, NER and ECR) the dues were not claimed (March 2010) and in one the records were not made available. Ministry of Railways stated that FSC contribution towards employees was being paid by RCIL to the railway regularly. It was also stated that this would be further reconciled with railways and required FSC paid.

Recommendation
Railways need to update their records on staff deputed to RCIL and recover the outstanding dues towards foreign service contributions and other charges for these employees.

7.1.4.7 Other Points

Payment of advance to RCIL

In terms of Railway Board's instructions, advance payment of 15 percent of the estimated cost of a work was to be made to RCIL towards the cost of survey, preparation and execution of plans and tender process.

Review of records in SCR revealed that in respect of six works an advance payment of ₹6.07 crore was made to RCIL while the actual expenditure incurred towards survey and award of contract was only ₹16.85 lakh. The loss to SCR by way of interest at 12 per cent worked out to ₹73.00 lakh per annum on the advance payment of ₹6.07 crore. It was further noticed that RCIL was levying 14 percent interest on advance payments made to its contractors, whereas Railways were releasing the advance to RCIL without any interest thereby allowing RCIL to make profit out of interest free advance.

[10] SR-₹5.77 lakh, SWR-₹0.41 lakh, NWR-₹0.61 lakh, NER-₹16.18 lakh, WCR-₹3.32 lakh, SER-₹3.84 lakh, SECR-₹3.79 lakh.

Ministry of Railways stated that payments against railway projects were made in stages. Five per cent of the estimated cost of work was paid for survey and preparation of execution plan and 10 per cent after award of contract. It was also stated that RailTel was not charging 14 per cent interest from contractors since mobilization advance had not been availed by its contractors so far.

The contention was not acceptable since in this case 15 per cent advance payment in respect of six works was made in lump sum and railway suffered loss of interest.

Excess payment of maintenance charges on STM-1 equipment of Railways

STM-1 equipments at stations in SCR were taken over by the Railway and an MOU was entered into with RCIL in November 2008 for maintenance of these equipments at 186 stations for the period January 2008 to March 2009. In terms of the MOU, annual maintenance charges at 10 percent of the cost of STM-1 equipment, racks for housing these equipment and single room prefabricated structure were paid by Railway. Since the maintenance was to be carried out only on STM-1 equipments, payment of maintenance charges on the cost of racks and pre-fabricated structure, which only housed the equipment and did not require any intensive technical maintenance, was irregular. The Railway Administration paid an amount of ₹77.93 lakh as against the actual maintenance charge on equipment which worked out to ₹29.30 lakh resulting in excess payment of ₹48.63 lakh. While stating that equipments and rack constitute the whole unit Ministry of Railways stated that RailTel and Zonal Railways would be advised to verify actual expenditure incurred for maintenance of equipment/infrastructure other than electronic equipment and RailTel would be advised to pay back excess AMC charges.

7.1.5 Conclusion

Audit review of the arrangements of the Railways with RCIL with regard to transfer of assets, revenue sharing and recovery of railway dues revealed that there were inadequate internal controls within the Railways in respect of transactions with RCIL. The Railways were totally dependent on RCIL records in respect of all arrangements entered into and payments were accepted without verifying the accuracy of Railway dues. There was lack of coordination between Railway Board and Zonal Railways in implementation of policy guidelines. The total loss to the Railways could not be assessed in Audit due to non availability of proper records.

In their reply Ministry of Railways stated that Zonal Railways and RailTel would be advised to reconcile the accounts and RailTel would be asked to settle all balance dues by March 2011. It was stated that to ensure compliance with the provisions of agreement, a procedure would be set up involving Zonal Railways for verification of RCIL accounts as well as revenue shares to railways. Further, RailTel would be advised to expeditiously implement computerization of the accounting system for the purpose. Ministry also assured to ensure that every asset of Railways transferred to RailTel was accounted for and converted into equity after due adjustments as per the agreement.

7.2 Functioning of Rail Vikas Nigam Limited

Executive summary

Rail Vikas Nigam Limited (RVNL), a Special Purpose Vehicle (SPV) was constituted in January 2003 under the Companies Act, 1956. Memorandum of Understanding (MoU) was entered into between the Ministry of Railways and RVNL on 16 October 2003, which laid down the roles and responsibilities of both RVNL and Ministry of Railways. The main objective of floating RVNL was to undertake project development, resource mobilisation and execution of projects *relating to strengthening of Golden Quadrilateral and its diagonals, port/hinterland rail connectivity and other such bankable projects covered under National Rail Vikas Yojna (NRVY).*

The areas studied were planning of handing over of the projects to RVNL as well as the execution of projects by RVNL besides the mode of project financing.

Study revealed that Ministry of Railways deviated from the mandate envisaged while setting up of RVNL by transferring projects not covered under NRVY to RVNL. It was also observed that the planning process in the Ministry of Railways was adhoc as the basket of projects with RVNL was continuously being modified since its inception. Further, Ministry of Railways continued to transfer additional projects to RVNL without adequate assessment of their financial viability and RVNL's capabilities.

The project management practices followed by RVNL for executing the projects were not efficient enough as many of the Project suffered delays and cost overrun thereby defeating the basic objective of assigning projects to RVNL for fast track implementation.

The decision of the Ministry of Railways allowing RVNL to borrow from IRFC narrowed the scope of raising market borrowings. Further, RVNL could mobilise resources from the investors in respect of only those projects where the investors had strategic interest in the projects. RVNL had so far been able to form only five SPVs and could mobilise Rs.718 crore through the strategic partners of these SPVs, which constituted just nine per cent of the total resources mobilised as of March 2010. This indicated that RVNL was largely ineffective in performing one of its core functions i.e generating additional resources.

Despite the existence of RVNL since 2003, Ministry of Railways had yet to finalise the modalities for effecting transfer of completed projects from RVNL for incorporating the same in the Block Account of Railways.

Gist of recommendations

- *The planning process in the Ministry of Railways need to be aligned with the mandate of RVNL and should take into account their capacity for timely project implementation.*
- *Ministry of Railways need to evolve an effective system of monitoring the progress of projects and ensure better coordination with RVNL to initiate*

necessary remedial measures for completing the projects timely, economically and efficiently.

- *Ministry of Railways should impress upon RVNL to make constructive efforts to explore the avenues for generating funds through sources such as multilateral/ bilateral funds, domestic borrowing etc which incidentally was one of the core functions of RVNL as .per the MoU between Indian Railways and RVNL*
- *Ministry of Railways should finalise on priority the modalities for effecting transfer of completed projects from RVNL and for incorporating the same in the Block Account of Railways.*

7.2.1 Introduction

Rail Vikas Nigam Limited (RVNL), a Special Purpose Vehicle (SPV) was constituted in January 2003 under the Companies Act, 1956 with an authorised equity capital of ₹1,000 crore. The capital was fully contributed by the Railways. Over the years with the increase in RVNL's activities, the authorised capital was raised to ₹ 3000 crore. As of March 2009, the paid up share capital of the company stood at ₹ 2085.02 crore. During 2008-09, the company earned a profit of Rs 40.83 crore and declared a dividend of Rs 8 crore. A Memorandum of Understanding (MoU) was entered into between the Ministry of Railways and RVNL on 16 October 2003, which laid down the respective roles and responsibilities of RVNL and Ministry of Railways.

The main objective of floating RVNL was to undertake project development, resource mobilisation and execution of projects relating to strengthening of Golden Quadrilateral and its diagonals, port/hinterland rail connectivity and other such bankable projects covered under National Rail Vikas Yojna (NRVY).

National Railway Vikas Yojana (NRVY) was conceived ***as a non-budgetary investment initiative*** for creation and augmentation of capacity of rail infrastructure including the strengthening of rail connectivity to ports and development of multi modal corridors to hinterland and construction of mega bridges. NRVY was formally launched on 26 December 2002 at an investment of ` 15000 crore over a period of five years. The NRVY comprised, among others, the following investment components.

- *Strengthening of the Golden Quadrilateral and its Diagonals connecting the 4 metro cities i.e. Delhi, Mumbai, Chennai and Kolkata (estimated cost ₹ 8000 Crore)*
- *Providing Rail based port-connectivity and development of corridors to hinterland including multi-modal corridors for movement of containers (estimated cost ₹ 3000 Crore)*

7.2.2 Audit objectives

The purpose of audit was to examine whether the basic objectives for which RVNL was created were fulfilled. Accordingly, a review of the arrangement between the Ministry of Railways and RVNL was carried out with a view to assess the following:

- There was a well defined and structured planning process for transfer of projects to RVNL in consonance with the government policies as well as the mandate of RVNL
- Management of projects transferred to RVNL was efficient and focussed on the objective of faster delivery of projects in a cost effective manner.
- The objective of resource mobilisation for financing projects through non budgetary investment initiatives was adequately pursued.

7.2.3 Audit Approach and Methodology

- Audit approach was designed taking into account the identified risks and controls on the basis of their significance to the achievement of key objectives. Besides interaction with the key officials of the Ministry of Railways and RVNL the methodology comprised review and analysis of records of the Railway Board and of the Zonal Railways relating to policies and guidelines of the Railway Board for implementation of railway projects.

7.2.4 Audit findings

RVNL was primarily constituted to develop and implement various projects to quicken the augmentation of infrastructure on the Golden Quadrilateral and its diagonals and to leverage non budgetary resources and market borrowings. As per the terms of the MoU, RVNL was, *inter- alia*, responsible for the following:

- Prepare feasibility studies of projects /cluster of projects for obtaining approval of Ministry of Railways;

- Financial closure, execution, monitoring satisfactory completion and commissioning of the project assigned and for coordination with all the concerned agencies;
- Use a mix of funding sources such as multilateral / bilateral funds, domestic borrowing etc;
- Undertake projects directly or through BOT route or create project specific SPVs or any other financial structure considered suitable for a particular project; and
- Entrust to the respective Zonal Railway the execution of rail projects on deposit terms and on completion transfer the projects to the concerned Zonal Railway for operation and maintenance.

Ministry of Railways was responsible for making available requisite funds, facilities, services, land and other resources required for executing projects assigned to RVNL, operation and maintenance of project facilities to enable RVNL to perform all its obligations.

A review of the progress of implementation of NRVY and the performance of RVNL was conducted across all zones. The detailed Audit findings are given in the following sections.

- Planning process
- Project management
- Project financing
- Other deficiencies

7.2.5 Planning Process

Initially, Ministry of Railways had entrusted 53 projects pertaining to strengthening of the golden quadrilateral and its diagonals and port connectivity works to RVNL. These projects were primarily in the nature of laying of additional lines by way of doubling, third line and fourth line, etc., and electrification of missing links.

One of the primary objectives in setting up RVNL was to generate additional resources through market /external borrowings for project financing to overcome the Indian Railway's bottleneck of budgetary constraints in meeting the demand of the huge throw-forward of projects. Only projects considered bankable and therefore amenable to market funding were to be transferred to RVNL. A review of the planning process disclosed the following:

7.2.5.1 Of the initial 53 projects transferred, 16 had already progressed substantially. In respect of these 16 projects, the concerned Zonal Railways were to continue to execute and complete them, while the projects were to be formally transferred to RVNL and funds routed through it. The reasons for transferring these projects to RVNL were uncertain as these were already being implemented adequately by the various Zonal Railways. Further, these projects were funded through Railway's Budgetary Support through RVNL.

7.2.5.2 On the premise that the project management practices of RVNL would be better and funds from external sources could be leveraged, Ministry of Railways consistently transferred additional works to RVNL. The financial viability of projects was not properly assessed. RVNL suggested transfer of 13 projects back to the Indian Railways as these were considered financially unviable on the basis of bankability studies. Even though NRVY was conceived for implementation of projects within a period of five years (2003-2008) and projects to be undertaken under NRVY were also identified, the process of transferring projects to RVNL continued as an ongoing exercise. Up to March 2010, 13 projects initially entrusted to RVNL were taken back due to their non-bankability, while 19 additional projects were transferred to RVNL. As of March 2010, RVNL was entrusted with 59 projects. Such frequent changes in the basket of projects with RVNL rendered the planning process very adhoc and adversely affected the pace of implementation.

7.2.5.3 Though RVNL was established with a clear mandate from the Cabinet to undertake projects of NRVY, as many as 19 projects transferred did not form part of the NRVY and were thus beyond the mandate of RVNL. These projects comprised 15 port connectivity and four golden quadrilateral projects. Further, out of 15 port connectivity projects, three works pertained to Kolkata Metro Railway Projects which were in no way related to port connectivity.

7.2.5.4 Despite being aware of the slow progress of works already assigned to RVNL, Ministry of Railways consistently transferred additional projects without adequate assessment of these financial liability and RVNL's capabilities. Subsequently, in one of its Board meetings in November 2008, the Railway Board expressed concern over the poor pace of progress of works. Railway Board, in January 2009 even considered withdrawing some projects from RVNL but decided against it in the interest of not causing a mid course disruption. (Para- 7.2.6).

Ministry of Railways thus deviated from the mandate envisaged while setting up of RVNL by transferring projects not covered under NRVY to RVNL

Recommendation

The planning process in the Ministry of Railways need to be aligned with the mandate of RVNL and should take into account their capacity for timely project implementation.

7.2.6 Project management

Apart from resource mobilisation, a major objective of entrusting RVNL with bankable projects under NRVY was to quicken the pace of augmentation of railway infrastructure and execution of projects in a timely and cost effective manner with its superior project management practices.

The projects to be transferred to RVNL were classified into four categories as follows:

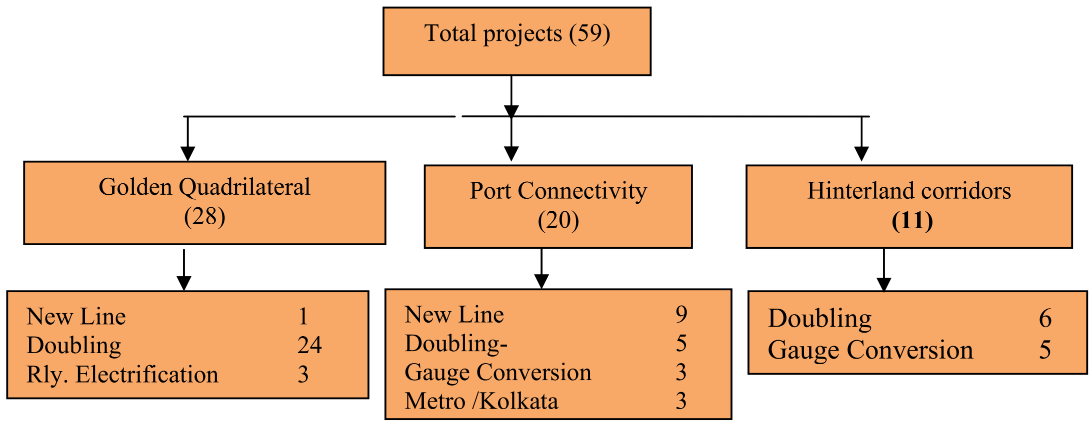
- Works, which had progressed substantially in the Zones
- Projects to be funded by Asian Development Bank
- Projects that were sanctioned by Railways but had either not begun or had progressed very little
- Unsanctioned projects required to be taken up afresh

A review of the projects indicated that RVNL was largely entrusting projects (32 out of the 59 projects) to the various Zonal Railways for execution. During the initial transfer of 53 projects to RVNL only 16, which had progressed substantially were retained with the Zones for execution, with only paper transfer to RVNL for routing of funds. By continuously entrusting additional projects to the Zones for execution, RVNL was largely utilising the wherewithal of railways rather than leveraging external resources to quicken the pace of augmentation of infrastructure.

Of the 27 (59-32) projects being handled by RVNL, 19 were being executed by RVNL itself and the remaining eight projects were being implemented in Public Private Partnership (PPP) mode by creation of project specific SPVs. An analysis of the progress of the projects revealed the following:

7.2.6.1 Project Execution on Golden Quadrilateral and Port Connectivity Projects

As of March 2010, a total of 59 Projects were transferred to RVNL which are indicated category-wise in the chart below:



Review of progress of projects as of March 2010 revealed the following:-

Particulars	Projects executed by RVNL		Projects executed by Railways for RVNL		Total
	Golden Quadrilateral works	Port /Hinterland connectivity	Golden Quadrilateral works	Port /Hinterland connectivity	
1	**2**	**3**	**4**	**5**	**6**
Number of projects	16	11	12	20	**59***
Completed	2	1	7	9	**19**
In Progress	**14**	**10**	**5**	**11**	**40**

Includes 40 projects transferred to RVNL in May/June 2003

From the table above, it was observed that out of 59 Golden Quadrilateral and Port /Hinterland Connectivity projects, 40 projects were transferred to RVNL in May /June 2003 and of these, only 19 projects (47.5 per cent) were completed as on date. The remaining 21 projects were still in progress. Despite poor progress of projects, Ministry of Railways transferred 19 more projects to RVNL between January 2006 and March 2010 leaving 40 projects yet to be completed.

Review of the progress of 40 ongoing projects revealed that as of March 2010, 24 projects were in the preliminary stage pending finalisation of location survey, preparation of cost estimates, acquisition of land etc. The physical progress in respect of seven out of balance 16 projects was less than 50 per cent.

Bulk of the projects suffered from inordinate internal delays in the tendering process, finalisation of drawings for the bridges etc., which were avoidable. Further, RVNL itself admitted in its Annual Report 2008-09 that a few projects did not progress satisfactorily as they were lacking in coordinating arrangements with the Railways for movement of material and assistance while integrating the projects with the existing railway system. Poor performance of the contractors had also adversely affected the execution of the projects and the project management practices of RVNL were inefficient, though RVNL was expected to bring in superior project management practices. Ministry of Railways occasionally reviewed the performance of RVNL and expressed dissatisfaction over the progress of ongoing projects. Despite this, remedial systemic improvements were not put in place to prevent or alternatively minimise delays in project execution. The delays not only defeated the basic objective of fast tracking the augmentation of infrastructure but also had substantial financial implications in terms of cost overruns.

Considering the revised cost of the projects, the cost escalation had already been estimated at ₹ 5580.48 crore and the same was bound to rise further at the current pace of progress. To convey a perspective of the overall financial implication of the delays in respect of completed and ongoing projects executed by RVNL, the position as of March 2010 is indicated below.

(₹ in crore)

Particulars	Original estimated cost	Revised Estimated cost	Cost over run as of March 2010
Completed works ** (10 PC projects)	1699.72	2886.45*	**1186.73**
Completed works ** (9 GQ projects)	983.77	1309.04*	**325.27**
Total cost of completed projects	**2683.49**	**4195.49**	**1512.00**
Ongoing /Incomplete works (19 GQ projects)**	4631.88	7770.28	**3138.40**
Ongoing /Incomplete works (21 PC projects)**	7372.95	9815.03	**2442.08**
Total estimated cost of ongoing projects	**12004.83**	**17585.31**	**5580.48**

**** Figures indicate actual expenditure***

For project execution, RVNL was entitled to 1 per cent of the expenditure on Ministry of Railways' projects which were being directly implemented by the RVNL. It was observed that till March 2009, RVNL charged ₹35.39 crores for the projects worth ₹ 3539 crore executed as deposit works for Ministry of

Railways. Linking RVNL's earnings to the total cost of Projects provides adverse incentives towards increase in the expenditure. IR may consider capping the entitlements of RVNL with a view to preserve adequate incentives in favour of containing expenditure.

7.2.6.2 Execution of Projects through SPVs

The MoU allowed RVNL to create project specific SPVs or any other financial structure considered suitable for a particular project. The SPV envisaged equity participation of RVNL and strategic partners. The funds required for the projects were to be raised through market borrowings.

Out of eight projects planned to be implemented by creating SPVs, five SPVs relating to port connectivity works had since been formed. The equity structure planned and the status of formation of SPVs is indicated below:

(₹ in crore)

Name of Project	Estimated cost	Total equity	RVNL's equity	Equity from other partners	Handed over to RVNL in	SPV formed in
1	*2*	*3*	*4*	*5*	*6*	*7*
Gandhidham - Palanpur (313 Km)	482.53	200.00	100.00	100.00	May. 2003	Jan. 2004
Haridaspur – Paradeep (82 Km)	791.18	275.00	133.20	141.80	May. 2003	Oct. 06
Obulavaripalla – Krishnapattanam (114 Km)	732.81	270.00	81.00	189.00	May. 2003	Oct. 06
Bharuch - Samni - Dahej (62 Km)	200.80	85.00	25.00	60.00	Mar. 2006	Aug. 08
Angul Sukinda (99 Km)	638.50	421.00	210.50	210.50	Feb. 2006	Feb. 09
Total	**2845.82**	**1251.00**	**549.70**	**701.30**		

From the table, it was observed that the equity contribution of RVNL constituted 44 *per cent* (₹549.70 crore) out of the total authorised equity of ₹ 1251 crore. As of March 2009 the total paid up share capital of SPV was only ₹ 635.52 crore that included ₹ 295.87 crore (47 *per cent*) equity contribution of RVNL. The poor response from investors had resulted in considerable delay in formation of SPVs.

An analysis of the reasons attributable to the delays revealed the following:

- In respect of Obulavaripalla – Krishnapatnam, Ministry of Railways took about two years in finalising the ruling gradient of the track leading to delay in formation of the SPV. Only Phase I of the project could be completed by November 2009 as against the targeted completion of the project by October 2008.

- In New Line project –Angul – Sukinda, the formation of SPV was delayed by three years due to delay in deciding the model of sharing of revenue between the SPV and the Railways. Consequently, the project was badly delayed and as of March 2010, there was no physical progress.
- The gauge conversion of Gandhidham – Palanpur was the only SPV project completed so far. Though the project was approved in January 2000, the SPV was formed in January 2004. The reasons for the delay, however, could not be ascertained from the records made available to audit.

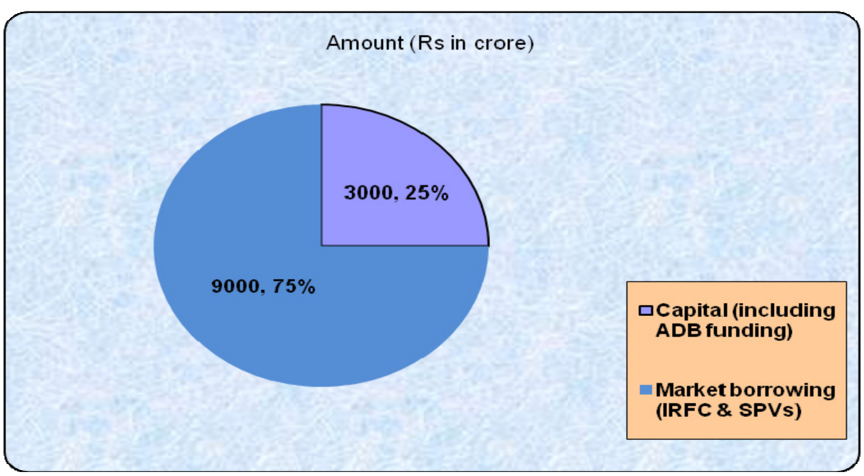
Thus, inadequate planning and poor monitoring led to delays and cost overrun thereby defeating the basic objective of assigning projects to RVNL for fast track implementation.

Recommendation

Ministry of Railways need to evolve an effective system of monitoring the progress of projects and ensure better coordination with RVNL to initiate necessary remedial measures for completing the projects timely, economically and efficiently.

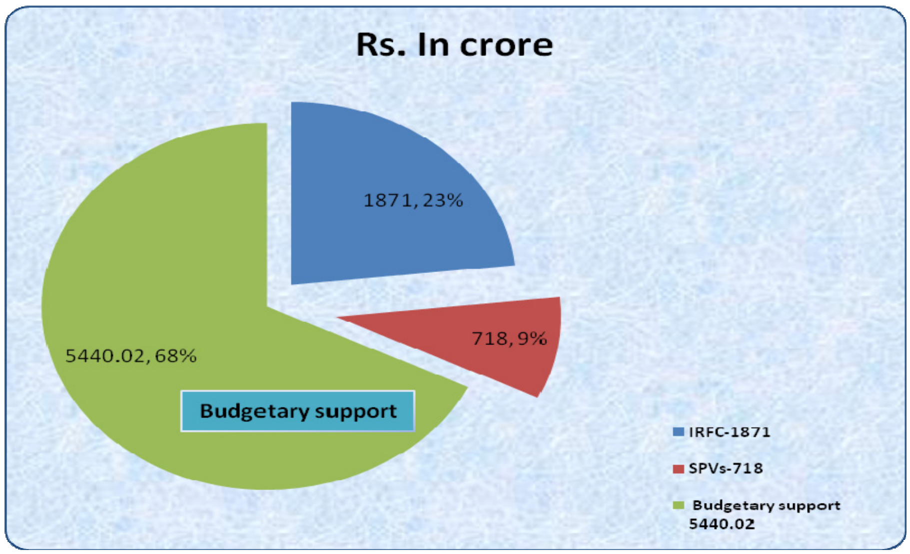
7.2.7 Project Financing

The financing plan of the projects initially transferred to RVNL in May/ June 2003 is indicated below:



The Ministry of Railways, therefore, envisaged a budgetary support of only 25 per cent or ₹ 3000 crore (including ₹ 1500 crore loan from ADB) in the initial funding plan itself and the balance was planned to be raised by borrowing from the market and through public private partnership. For this purpose, eight projects were planned to be implemented by creating SPVs through equity participation with strategic investors.

Audit of records disclosed that the funding of projects was initially met from the funds released by the Ministry of Railways in the form of paid up capital (equity). Subsequently, funds were released from the Capital Fund and also as a project advance from the years 2006-07 and 2008-09 onwards respectively. Details of fund released to RVNL till March 2010 are shown below:



Analysis of funds released to RVNL vis-à-vis financial plan envisaged initially revealed that the MOR released ₹ 5440.02 crore as budgetary support (which included paid up capital - ₹ 2085.02 crore and Project Advance –₹ 3355 crore) till March 2010 as against the budgetary support of ₹ 3000 crore planned ab-initio in 2003. Budgetary Support by Ministry of Railways thus formed 68 per cent of the total project cost of RVNL against the 25 per cent planned initially. Further, total paid up share capital of SPVs (as referred in para 6.2) was only ₹ 635.52 crore which included ₹ 295.87 crore (47 *per cent*) equity contribution of RVNL itself indicating that the scope of generation of external resources was limited. RVNL could mobilise resources in respect of only those projects where the investors had strategic interest in the projects.

It was also observed that the MoU entered into between Indian Railways and RVNL does not contain any provision for release of funds to RVNL as "Project Advance". Till 31 March 2010, an amount of ₹ 3355 crore stands released to RVNL as "Project Advance" without any interest liability on RVNL's part.

Records also revealed that subsequent to the formation of RVNL, a number of changes in the financial structure, mandate and scope were made by the Ministry of Railways which were against the original objectives of formation of RVNL for creating railway infrastructure with innovative financing and private participation. In August 2004, Ministry of Railways permitted borrowings only through IRFC and decided to bear full responsibility for the repayment of the principal and cost of borrowing on the funds borrowed from IRFC. RVNL had borrowed funds aggregating to ₹ 1871 crore from IRFC as on March 2010.

The decision of the Ministry of Railways allowing RVNL to borrow from IRFC narrowed the scope of raising market borrowings. Till 31 March 2010, IRFC had extended a loan of ₹ 1871 crore to RVNL. RVNL is liable to pay IRFC, the amount borrowed and interest thereon. Review of records in Railway Board revealed that Indian Railways is releasing funds to RVNL to meet its repayment liability towards funds borrowed from IRFC. The total liability against a loan amount of ₹ 968 crore extended by IRFC (to RVNL) in 2005-06 and 2006-07 was assessed at ₹ 1245 crore which includes the interest accrued at rates varying between 7.97 and 9.72 per cent per annum. Till June 2010, Indian Railways have released a sum of ₹ 106.15 crore (including ₹ 50.88 crore towards interest) to RVNL for repayment of loan from IRFC. Thus, if Railways are servicing the loan borrowed by RVNL from IRFC, allowing RVNL to borrow from IRFC was not based on sound commercial logic.

Consequently, bulk (68 *per cent)* of the funding of RVNL projects was through equity provided to RVNL either by Ministry of Railways out of its internally generated resources or through Gross Budgetary Support, which defeated the very objective of creation of RVNL. The projects transferred to RVNL were, in fact, effectively competing with other railway projects for allocation of Railway funds. This was in spite of RVNL being allocated projects considered *bankable*. RVNL has so far been able to form only five SPVs and could mobilise ₹718 crore through the strategic partners of these SPVs, which constituted just nine *per cent* of the total resources mobilised as of March 2010. This indicated that RVNL was largely ineffective in performing one of its core functions i.e generating additional resources.

Recommendation

Ministry of Railways should impress upon RVNL to make constructive efforts to explore the avenues for generating funds through sources such as multilateral /bilateral funds, domestic borrowing etc which incidentally was one of the core functions of RVNL as per the MoU between Indian Railways and RVNL.

7.2.8 Handing over of completed projects

In terms of Para 2.6 of MoU between RVNL and Ministry of Railways, projects on completion would be transferred to the concerned Zonal Railways for operational maintenance under a mutually agreed arrangement which would inter, alia provide, a suitable mechanism towards debt servicing cost and overheads of RVNL. In April 2006, Ministry of Railways decided that after physical completion of a project by RVNL, the assets should be straightway transferred to the concerned Zonal Railway at the value of the capital assets in their Block Account. Thereafter, the Zonal Railway concerned would own the assets and provide for these maintenance, depreciation etc in the case of assets created by Railways themselves.

The decision (April 2006) of the Ministry of Railways to transfer projects to Railways immediately after completion was not in line with the original concept of Build, Operate and Transfer (BOT) under which RVNL was to own the projects until these were transferred back to Railways on mutually agreed terms.

Records revealed that though 19 projects had been completed and commissioned, the formal transfer of projects to the concerned Zonal Railways was yet to take place as it would involved reduction of the capital base of RVNL (The completed projects hadmainly been financed through the equity of RVNL). Pending finalisation of the methodology for accounting of the completed projects in the Accounts of RVNL, the value of capital assets of projects commissioned and physically transferred to Zonal Railways was yet to be included in the Block Account of Railways and wasbeing reflected as work in progress in the Balance Sheet of RVNL.

Despite the existence of RVNL since 2003, Ministry of Railways is yet to finalise the modalities for effecting transfer of completed projects from RVNL.

Recommendation

Ministry of Railways should finalise on priority the modalities for effecting transfer of completed projects from RVNL and for incorporating the same in the Block Account of Railways.

7.2.9 Other deficiencies

An analysis of the arrangement of Ministry of Railways with RVNL indicated the following deficiencies.

7.2.9.1 Non realisation of inspection charges

As per Railway Board's letter of September 1992, inspection charges at the rate of two *per cent* of the total cost of sleepers including cost of inserts was to be levied on the concrete sleeper manufacturers towards inspection charges. The inspection charges were to be recovered from the sleeper manufacturers by RVNL and paid to the Ministry of Railways.

In North Western Railway, RVNL had deposited only a sum of ₹ 0.21 crore in May 2007 against a demand of ₹ 1.56 crore by the **Zone**. The remaining ₹1.35 crore was yet to be realised.

7.2.9.2 Non remittance of cost of tamping

The Railway Administration carried out tamping work costing ₹ 1.72 crore and ₹0.54 crore in the SMR-BLDI and FL-GLTA section respectively. Although the Railway Administration had raised the debit in March 2010, RVNL had not yet remitted the aforementioned dues of ₹ 2.25 crore to the Railway Administration.

7.2.9.3 Charges recoverable from Staff occupying railway quarters

While reviewing the records of staff on deputation to RVNL and in occupation of railway quarters, it was noticed that rent, House Rent Allowance and electricity charges were not recovered as per rules, and paid to Railways resulting in these short realization. On NWR and WCR alone, an amount of ₹0.06 crore remained to be realised from RVNL during the period 2008-09. On SCR and SECR, the monitoring mechanism was weak as the requisite details for recovering these costs in respect of the staff on deputation to RVNL were not being maintained properly in these Zones.

7.2.9.4 Non recovery of Foreign Service Contribution

During the review of records, it was observed that Foreign Service Contributions (Pension Contribution and Leave Salary Contribution) were not recovered in respect of the railway employees on deputation to RVNL. In NWR, a sum of ₹0.18 crore worked out as Foreign Service Contribution dues were not recovered from RVNL. On WCR, an amount of Rs 0.08 crore wasoutstanding for recovery (up to March 2010) towards pension and leave salary contribution in respect of staff posted on deputation in RVNL. Records pertaining to the Foreign Service Contribution in respect of the staff posted on deputation to RVNL were not maintained properly in SCR and SECR.

7.2.10 Conclusion

RVNL was established as a Special Purpose Vehicle primarily to expedite the augmentation of rail infrastructure envisaged in the NRVY, which was conceived as a non budgetary investment initiative. The basic objectives of setting up RVNL were to generate additional resources by leveraging market borrowings and to quicken the pace of augmentation by adopting various models for implementation of the projects including formation of project specific Special Purpose Vehicles. Audit observed that RVNL, even after seven years since its inception, continued to be largely dependent on the resources of the Railways. Failure of RVNL in generating resources necessitated the diversion of Railway's scarce resources to projects assigned to RVNL at the cost of other important projects of Indian Railways. The resource mobilisation from external sources was inadequate. The performance of RVNL on project execution and management was inefficient as it was plagued by delays and cost overruns. The core objective of fast tracking the augmentation of rail infrastructure had, therefore, not been achieved.

The matter was brought to the notice of Railway Board (September 2010); their reply had not received (January 2011).

(ARVIND K. AWASTHI)

New Delhi **Deputy Comptroller and Auditor General**

Dated:

Countersigned

(VINOD RAI)

New Delhi **Comptroller and Auditor General of India**

Dated:

ANNEXURES

- *Container Operations in Indian Railways*
- *Tatkal and Advance Reservation System in Indian Railways*
- *Construction of new lines on socio-economic development of areas*

Annexure I

(Para 2.1.8.2)

Statement showing loss of revenue by charing haulage rates instead of IR Tariff rates in respect of CC Commodities

Railway	Period	Name of originating ICD/RCT	Name of terminating ICD/RCT	No. of containers	Amount recovered	Amount shour be recovered (i.e.IRCA GT rates - 10 or 20%)	Loss
1	*2*	*3*	*4*	*7*	*8*	*9*	*10*
Central	2009-10	Turbhe	TKD	3127	62863390	72028175	9164785
Eastern							0
East Central							0
East Coast							0
Northern	1.1.10 to 31.3.10	DDL, TKD,OKHLA,PHR,DHAPPAR,GHH	VARIOUS STATIONS	7699	200280113	306161653	105881540
North Central							0
North Eastern							0
Northeast Frontier	0	0	0	0	0	0	0
North Western	April 2009 to March 2010	ALIK,RE, BNS	MDPT,GIM, JNPT	1215	20340750	23731424	3390674
Southern							0
South Central	2006-07 to 2009-10	SNF,AWB, GNT and Private cement sidings	Mumbai area Ports, TKD, Chennai, Belapur, Mangalore, Shalimar, Vasco-da-gama, Nasik,Phillaur etc.	105590	1095206000	1377987849	282781849
South Eastern							0
South East Central	1.11.2006 to 28.2.2010	Raipur	DHPR,PHR,SHM, TAPG,TKD	2123	35920280	46252638	10332358
South Western	1.4.2007 to 31.3.2010	Bellary, Chitradurga and Kalem	To various stations	7630	225378431	453434086	228055655
Western	2009-10	BRC,RTM	JNPT	3000	27521560	36891400	9369840
West Central	1.4.2009 to 31.3.2010	Mandideep COD	JNPT	1060	12723098	19023717	6300619
Total				**131444**	**1680233622**	**2335510942**	**655277320**

Annexure II
(Para 2.1.8.3)
Steel traffic booked by PCO -Ex Chalthan (WR) Originally carried by Railway but lost due to containtainerisation

Sr. No.	R.R NO.	Date	Station To	Dist-ance Kms	Comm-odity	Weight in Tonnes	Total Haulage charges received by Rly.	Class	Rate per tonne Rs.	Total Freight due if booked by Rly. wagons in Rs.	Difference of Freight i.e. if booked by Rly. wagons in Rs. (Col. 12 - Col. 9)
1	*2*	*3*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*
1	286389	06.7.09	PDLL	1068	Steel P	2352	1234046	180	1078.7	2634885	1400839
2	286390	14.7.09	PDLL	1068	Steel P	2673	1382579	180	1078.7	2994493	1611914
3	286391	22.7.09	SHM	1842	Steel P	2659	2247508	180	1875.8	5193868	2946360
4	286393	17.8.09	MLPKM	1466	Steel P	2429	1859089	180	1547.6	3931463	2072374
5	286394	29.8.09	SHM	1842	Steel P	2532	2247509	180	1875.8	4945796	2698287
6	286395	07.7.09	PDLL	1068	Steel P	2368	1234046	180	1078.7	2700169	1466123
7	286397	16.9.09	PDLL	1068	Steel P	2721	1382579	180	1078.7	3038266	1655687
8	286398	24.9.09	SHM	1842	Steel P	2311	2247509	180	1875.8	4514114	2266605
9	286399	28.9.09	PDLL	1068	Steel P	2371	1234046	180	1078.7	2656170	1422124
10	286400	04.10.09	NGC	2469	Steel P	2030	2332236	180	2229.3	5020308	2688072
11	286401	07.10.09	PDLL	1068	Steel P	2616	1367670	180	1078.7	3132119	1764449
12	286402	28.10.09	PDLL	1068	Steel P	2625	1452000	180	1078.7	3142895	1690895
13	286403	29.10.09	SHM	1842	Steel P	1719	1516570	180	1875.8	3587980	2071410
14	286404	15.11.09	SHM	1842	Steel P	2434	2247509	180	1875.8	5080362	2832853
15	286405	21.11.09	PDLL	1068	Steel P	2629	1382579	180	1078.7	3147684	1765105
16	286406	28.11.09	PDLL	1068	Steel P	2651	1382579	180	1078.7	3174025	1791446
17	78451	10.12.09	PDLL	1068	Steel P	2478	1348579	180	1142.1	3088797	1740218
18	78457	03.01.10	SHM	1895	Steel P	2614	2325443	180	1908.7	5497648	3172205
19	78459	17.01.10	SNL	1394	Steel P	2347	1510920	180	1472	3772158	2261238
20	78463	23.01.10	PDLL	1068	Steel P	2198	1200960	180	1142.1	2739780	1538820
21	78458	11.01.10	PDLL	1068	Steel P	2640	1498024	180	1142.1	3290728	1792704
22	78460	20.01.10	PDLL	1068	Steel P	2328	1332988	180	1142.1	2903070	1570082
23	78462	21.01.10	AHH	1352	Steel P	2468	1935656	180	1446.8	3948024	2012368
24	78464	30.01.10	PDLL	1068	Steel P	2166	1332988	180	1142.1	2699893	1366905
25	78452	14.12.09	PDLL	1068	Steel P	2491	1497111	180	1142.1	3106248	1609137
26	78465	06.2.10	AHH	1352	Steel P	2472	1748788	180	1446.8	3954420	2205632
27	78466	07.2.10	PDLL	1068	Steel P	2481	1498024	180	1142.1	3092537	1594513
28	78467	07.2.10	PDLL	1068	Steel P	2465	1349492	180	1142.1	3072593	1723101
29	78468	09.2.10	PDLL	1068	Steel P	2164	1332988	180	1142.1	2697400	1364412
30	78469	14.2.10	PDLL	1068	Steel P	2461	1349492	180	1142.1	3068853	1719361
31	78470	15.2.10	SHM	1895	Steel P	2485	2336048	180	1908.7	5228444	2892396
32	78471	16.2.10	PDLL	1068	Steel P	2203	1332988	180	1142.1	2746013	1413025
33	78472	18.2.10	AHH	1352	Steel P	2480	1935656	180	1446.8	3965613	2029957
34	78473	21.2.10	PDLL	1068	Steel P	2416	1349492	180	1142.1	3011514	1662022
35	78474	22.2.10	PDLL	1068	Steel P	2484	1349492	180	1142.1	3096276	1746784
36	78475	24.2.10	PDLL	1068	Steel P	2168	1332988	180	1142.1	2702386	1369398
37	78476	28.2.10	AHH	1352	Steel P	2479	1935656	180	1446.8	3964014	2028358
38	78477	28.2.10	PDLL	1068	Steel P	2406	1349492	180	1142.1	2999050	1649558
39	78478	7.3.10	PDLL	1068	Steel P	2413	1349492	180	1142.1	3007775	1658283
40	78479	10.3.10	AHH	1352	Steel P	2472	1748788	180	1446.8	3952821	2204033
41	78480	12.3.10	Shamli	1231	Steel P	2502	1572158	180	1320.1	3656275	2084117
42	78481	16.3.10	SHM	1895	Steel P	2398	2336048	180	1908.7	5043366	2707318
43	78482	16.3.10	PDLL	1068	Steel P	2443	1349492	180	1142.1	3046417	1696925
44	78483	19.3.10	PDLL	1068	Steel P	2397	1349492	180	1142.1	2989078	1639586

Sr. No.	R.R NO.	Date	Station To	Dist-ance Kms	Comm-odity	Weight in Tonnes	Total Haulage charges received by Rly.	Class	Rate per tonne Rs.	Total Freight due if booked by Rly. wagons in Rs.	Difference of Freight i.e. if booked by Rly. wagons in Rs. (Col. 12 - Col. 9)
1	*2*	*3*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*
45	78484	23.3.10	AHH	1352	Steel P	2455	1935696	180	1446.8	3927236	1991540
46	78485	25.3.10	KRMR	1013	Steel P	2525	1344997	180	1091	3056611	1711614
47	78486	26.3.10	PDLL	1068	Steel P	2419	1349492	180	1142.1	3015254	1665762
48	78487	28.3.10	PDLL	1068	Steel P	2204	1200960	180	1142.1	2748506	1547546
49	78488	31.3.10	PDLL	1068	Steel P	2406	1349492	180	1142.1	2999050	1649558
50	78489	5.4.10	PDLL	1068	Steel P	2458	1349492	180	1142.1	3063867	1714375
51	78490	9.4.10	AHH	1352	Steel P	2190	1561920	180	1446.8	3503491	1941571
52	78491	10.4.10	SHM	1895	Steel P	2122	2084535	180	1908.7	4464998	2380463
53	78492	21.4.10	Rourkela	1484	Steel P	2247	1666488	180	1572.8	3903773	2237285
54	78493	23.4.10	PDLL	1068	Steel P	2414	1349492	180	1142.1	3009022	1659530
55	78494	26.4.10	SHM	1895	Steel P	2403	2336048	180	1908.7	5055985	2719937
56	78495	7.5.10	PDLL	1068	Steel P	2174	1332988	180	1142.1	2711111	1378123
57	78496	10.5.10	SHM	1895	Steel P	2462	2587561	180	1908.7	5177968	2590407
58	78497	13.5.10	PDLL	1068	Steel P	2419	1349492	180	1142.1	3015254	1665762
59	78500	15.5.10	PDLL	1068	Steel P	2720	1349492	180	1142.1	3390447	2040955
60	430352	25.5.10	PDLL	1068	Steel P	2448	1200960	180	1142.1	2677456	1476496
61	430353	28.5.10	PDLL	1068	Steel P	2678	1336261	180	1142.1	3338095	2001834
62	430354	30.5.10	PDLL	1068	Steel P	2450	1349492	180	1142.1	3053895	1704403
63	430355	01.6.10	PDLL	1068	Steel P	2400	1200960	180	1142.1	2991571	1790611
64	430356	06.6.10	SHM	1895	Steel P	2462	2336048	180	1908.7	5177968	2841920
65	430357	06.6.10	PDLL	1068	Steel P	2652	1349492	180	1142.1	3305686	1956194
66	430358	09.6.10	PDLL	1068	Steel P	2414	1349492	180	1142.1	3010268	1660776
67	430360	21.6.10	PDLL	1068	Steel P	2644	1336261	180	1142.1	3296961	1960700
68	430362	17.7.10	PDLL	1068	Steel P	2633	1336261	180	1142.1	3282003	1945742
Total							**107582161**			**238412264**	**130830103**

Anneuxre III

(Para 2.1.8.3)

Statement showing the details of the weight loaded in TEUs and FEUs and freighjt realised thereof

Sr. No.	R. R No.	Date	Station From	Station to	Distance in KMs	type of Wagons & CC weight in MTs	Total weight loaded in MTs	No. of TEU Containers loaded (>26 MT)	No. of FEU Containers loaded	Haulage Charges PER TEU (>26 MT)	Haulage Charges per Flat wagon on the basis of per TEU i.e.	Haulage Charges per FEU I.e. per wagon I.e. rate per TEU	Difference of Haulage charges I.e col 13-col 14	Total Loss (col. 11 x col. 15)
1	*2*	*3*	*4*	*5*	*6*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*	*16*
1	237868	1.11.09	MDCC	PATLI	1055	45 BLCA 2745 MT	1662	10	40	16180	32360	26201	6159	246360
2	237870	3.11.09	MDCC	AHH	1341	45 BLCA 2745 MT	2087	57	5	19501	39002	22988	16014	80070
3	237871	3.11.09	MDCC	PATLI	1056	45 BLCA 2745 MT	1537	2	44	16180	32360	26201	6159	270996
4	237872	3.11.09	MDCC	NOLI	1143	45 BLCA 2745 MT	2333	70	10	16844	33688	27263	6425	64250
5	237878	5.11.09	MDCC	NOLI	1143	45 BLCA 2745 MT	1481	16	10	16844	33688	27263	6425	64250
6	237879	5.11.09	MDCC	PATLI	1056	45 BLCA 2745 MT	1568	2	44	16180	32360	26201	6159	270996
7	237880	6.11.09	MDCC	NOLI	1143	45 BLCA 2745 MT	1942	41	15	16844	33688	27263	6425	96375
8	237884	7.11.09	MDCC	PATLI	1056	45 BLCA 2745 MT	1828	19	35	16180	32360	26201	6159	215565
9	237885	8.11.09	MDCC	PATLI	1056	45 BLCA 2745 MT	1925	20	26	16180	32360	26201	6159	160134
10	237886	9.11.09	MDCC	NOLI	1143	45 BLCA 2745 MT	2256	70	8	16844	33688	27263	6425	51400
11	237887	10.11.09	MDCC	PATLI	1056	45 BLCA 2745 MT	1921	31	29	16180	32360	26201	6159	178611
12	23788	11.11.09	MDCC	AHH	1342	45 BLCA 2745 MT	1386	30	22	19501	39002	31515	7487	164714
13	237889	12.11.09	MDCC	PATLI	1055	45 BLCA 2745 MT	1658	13	38	16180	32360	26201	6159	234042
14	237890	12.11.09	MDCC	NOLI	1143	45 BLCA 2745 MT	1266	1	44	16844	33688	27263	6425	282700
15	237891& 92	13.11.09	MDCC	SNL	1379	45 BLCA 2745 MT	1406	15	28	20166	40332	32578	7754	217112
16	237893	13.11.09	MDCC	NOLI	1143	45 BLCA 2745 MT	1639	18	27	16844	33688	27263	6425	173475
17	237899	16.11.09	MDCC	NOLI	1143	45 BLCA 2745 MT	1521	42	19	16844	33688	27263	6425	122075
18	237900& 901	16.11.09	MDCC	PATLI	1055	45 BLCA 2745 MT	1855	13	28	16180	32360	26201	6159	172452
19	237903& 904	17.11.09	MDCC	SNL	1379	45 BLCA 2745 MT	1369	12	38	20166	40332	32578	7754	294652
20	237905	18.11.09	MDCC	AHH	1335	45 BLCA 2745 MT	1795	30	13	19501	39002	31515	7487	97331
21	237906	18.11.09	MDCC	NOLI	1143	45 BLCA 2745 MT	2234	64	9	16844	33688	27263	6425	57825
22	237908	19.11.09	MDCC	PATLI	1056	45 BLCA 2745 MT	1582	2	44	16180	32360	26201	6159	270996
23	237909	20.11.09	MDCC	PATLI	1056	45 BLCA 2745 MT	1782	16	37	16180	32360	26201	6159	227883

Sr. No.	R. R No.	Date	Station From	Station to	Distance in KMs	type of Wagons & CC weight in MTs	Total weight loaded in MTs	No. of TEU Containers loaded (>26 MT)	No. of FEU Containers loaded	Haulage Charges PER TEU (>26 MT)	Haulage Charges per Flat wagon on the basis of per TEU i.e.	Haulage Charges per FEU I.e. per wagon I.e. rate per TEU	Differ-ence of Haulage charges I.e col 13-col 14	Total Loss (col. 11 x col. 15)
1	*2*	*3*	*4*	*5*	*6*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*	*16*
24	237910	20.11.09	MDCC	NOLI	1143	45 BLCA 2745 MT	1510	18	36	16844	33688	27263	6425	231300
25	237911	21.11.09	MDCC	NOLI	1143	45 BLCA 2745 MT	1468	15	35	16844	33688	27263	6425	224875
26	237912	22.11.09	MDCC	NOLI	1143	45 BLCA 2745 MT	1429	19	29	16844	33688	27263	6425	186325
27	237913	22.11.09	MDCC	PATLI	1056	45 BLCA 2745 MT	1707	10	37	16180	32360	26201	6159	227883
28	237915	22.11.09	MDCC	SNL	1379	45 BLCA 2745 MT	853	6	25	20166	40332	32578	7754	193850
29	237916	23.11.09	MDCC	NOLI	1143	45 BLCA 2745 MT	1358	22	28	16844	33688	27263	6425	179900
30	237918	24.11.09	MDCC	PATLI	1056	45 BLCA 2745 MT	1899	23	33	16180	32360	26201	6159	203247
31	237919	24.11.09	MDCC	AHH	1342	45 BLCA 2745 MT	2263	66	9	19501	39002	31515	7487	67383
32	237924	27.11.09	MDCC	AHH	1342	45 BLCA 2745 MT	1908	50	12	19501	39002	31515	7487	89844
33	237925	27.11.09	MDCC	Kishan Garh	767	45 BLCA 2745 MT	1846	23	33	12194	24388	14055	10333	340989
34	237926	28.11.09	MDCC	SNL	1379	45 BLCA 2745 MT	2247	70	3	20166	40332	32578	7754	23262
35	237927	28.11.09	MDCC	NOLI	1143	45 BLCA 2745 MT	1602	3	25	16844	33688	27263	6425	160625
36	237928	29.11.09	MDCC	PATLI	1056	45 BLCA 2745 MT	1672	10	40	16180	32360	26201	6159	246360
Total														**6390123**

Calculation of loss for the period from April 2009 to March 2010 i. e. for one year ; -
Loss for one month= Rs. 6390123
Loss for twelve month = Rs. 6390123 x 12 months = Rs. 7,66,81,476
Or say Rs. 7.67 crore

Annexure IV
(Para 2.1.8.5)

Statement showing loss of revenue by reducing the haulage rates of FEU

Railway	Period	Name of originating ICD/RCT	No. of FEU containers (Loaded and empty)	Amount recovered @ 1.8 times of TEU	Amount shoud be recovered @2 times of TEU	Loss
1	*2*	*3*	*4*	*5*	*6*	*7*
Central	2009-10	Turbhe	155	11499852	12777613	1277761
Eastern	1.6.2007 to 31.3.2010	Kantapukur	2583	28815212	32019256	3204044
East Central	1.7.2009 to 31.3.2010	Raxaul	1943	17359856	19390928	2031072
East Coast	1.6.2007 to Nov. 2009	CFCV		2319837	2579480	259643
Northern	1.4.2009 TO 31.3.2010	TKD, DHPR, BHV,DDL.MBD,GDGH. MQF	64839	1582237972	1758042192	175804220
North Central	April 2008 to March .2010	Kanpur, Dadri, Malanpur and Yamuna Bridge	133228	3179858948	3533338074	353479126
North Eastern	1.7.2009 to 31.3.2010	0	415	11427576	12697306	1269730
Northeast Frontier	June 2007 to March 2010	ICD/AMJ	4123	76347953	84831062	8483109
North Western	July 2007 to December 2009	KKU, DOZ,RE, BGKT,ALIK & SAS	13931	237519278	263910310	26391032
Southern	1.6.2007 to 31.3.2010	CHTS,HOM, SAMT, TNPM	27086	232333351	258156555	25823204
South Central	2009-10	Sanathnagar & Aurangabad (Daulatabad)	4372	47330770	52589942	5259172
South Eastern	7.6.09	SHM	34	786226	875323	89097
South East Central	3/2008 to 8/2008	Raipur	10	198770	220856	22086
South Western	1.6.2007 to 31.3.2010	SGWF	35778	135106123	150117914	15011791
Western	June 2007 to March 2010	RTM & BRC	13568	102329490	110927349	8597859
West Central	June 2007 to March 2010	Mandideep	2338	33276015	36973350	3697335
Total			**304403**	**5698747229**	**6329447510**	**630700281**

Annexure V					
(Para 2.1.8.6)					
Statement showing loss due to incorrect fixation of haulage rates from 1.7.2009 to 31.12.2009					
Railway	**No. of ICD/RCT**	**No. of containers**	**Amount recovered**	**Amount should be recovered**	**Loss**
1	***2***	***3***	***4***	***5***	***6***
Central	1	2637	62666368	65613423	2947055
Eastern	1	4687	51252486	54016132	2763646
East Central	1	7064	39896691	43111802	3215111
East Coast	1	2674	26040088	26933346	893258
Northern	10	167113	2145809188	2305135228	159326040
North Central	4	35793	669266512	725366545	56100033
North Eastern	1	624	9665321	10726683	1061362
Northeast Frontier	3	4523	24363939	25042422	678483
North Western	6	29034	521016352	554374304	33357952
Southern	6	14305	289428113	308256558	18828445
South Central	3	8728	154689674	162980412	8290738
South Eastern	10	9160	184432222	193847486	9415264
South East Central	1	2177	40589842	41808263	1218421
South Western	9	8410	203181323	213294231	10112908
Western	19	99776	915579906	966227088	50647182
West Central	2	5010	68975864	69972665	996801
Total	**78**	**401715**	**5406853889**	**5766706588**	**359852699**

Annexure V (A)

(Para 2.1.8.6)

Statement showing loss due to incorrect fixation of haulage rates from 1.1.2010 to 31.3.2010

Railway	No. of ICD/RCT	No. of containers	Amount recovered	Amount should be recovered	Loss
1	*2*	*3*	*4*	*5*	*6*
Central	1	2061	48946018	50513398	1567380
Eastern	1	2232	18463601	18988591	524990
East Central	1	5161	29455279	30870840	1415561
East Coast	1	1687	26010140	26682077	671937
Northern	10	80166	1073835884	1104179371	30343487
North Central	4	12068	289842161	298098311	8256150
North Eastern	1	231	4747891	4911684	163793
Northeast Frontier	3	1150	56043589	60038793	3995204
North Western	6	14423	265696607	275218902	9522295
Southern	6	7625	175884682	181340269	5455587
South Central	3	7559	117641973	120158998	2517025
South Eastern	9	3973	87721926	90865313	3143387
South East Central	1	1012	16451103	16903811	452708
South Western	9	4369	101848660	105544839	3696179
Western	19	29702	417209052	426534940	9325888
West Central	2	3349	45968478	46735943	767465
Total	**77**	**176768**	**2775767044**	**2857586080**	**81819036**

Annexure VI

(Para 2.1.8.6)

Statement showing loss due to incorrect fixation of haulage rates from 1.7.2009 to 31.3.2010 (PCOs other than CONCOR)

Railway	No. of ICD/RCT	No. of containers	Amount recovered	Amount should be recovered	Loss
1	*2*	*3*	*4*	*5*	*6*
Central					
Eastern					12411843
East Central					
East Coast					0
Northern					
North Central					
North Eastern		868	14413212	15638367	1225155
Northeast Frontier					
North Western	7				18422667
Southern		6403	122475214	130700801	8225587
South Central					
South Eastern					
South East Central					
South Western		1800	45243098	48397683	3154585
Western					
West Central	4	8359	114944342	116708608	1764266
Total					**45204103**

Annexure VII									
(Para 2.1.8.7)									
Statement showing loss due to non-recovery of haulage charges via actual carried route									
Railway	**Period**	**Name of originating ICDRCT**	**Name of terminating ICD/RCT**	**Route by which traffic was carried**	**Route by which traffic was charged**	**No. of containers**	**Amount recovered**	**Amount shour be recovered**	**Loss**
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
Central									0
Eastern	1.4.2009 to 31.3.2010	Kantakupur	TKD, Dapper,TATA, Jharsuguda	MGS-JEP-CAR-MZP-COI-NYN-ALD	MGS-VYN-BSB-ALY-ALD	5198	76569313	79318579	2749266
East Central									0
East Coast									0
Northern									0
North Central	01/2009 to 12/2009	Kanpur	JNPT /Mumbai	Tundla - Yamuna Bridge & GZB-PWL	Jhansi, TDL-JAB	3674	64567261	72995002	8427741
North Eastern									0
Northeast Frontier	0	0	0	0	0	0	0	0	0
North Western	2007-08 to 2008-09	MDPT & PPSP	Dadri	JP-BKI-JAB-TDLand ADI-BRC-JAB-TDL	JP-AWR-RE	30387	331387125	367538442	36151317
Southern	2008-09 to 2009-10	Tondiarpet	Khodiyar	Gudur	Renigunta, Wadi and Vasai Road	1146	12708482	13764809	1056327
	2008-09	Tondiarpet	TATA, Shalimar	Balasore & Shalimar Hubs		221	3397247	3494945	97698
South Central	2005-06 to 2009-10	Sanathnagar	Mumbai arear Ports	Kazipet-Nagpur - Bhusaval	Wadi - Pune	9678	115849120	178221522	62372402
	2009-10	Mumbai area Ports	Sanathnagar	Kazipet-Nagpur - Bhusaval	Wadi - Pune	1760	38765760	59638310	20872550
South Eastern	2008-09	SHM	TNPM	Direct	via hub (Tata)	67	1372055	1689922	317867
South East Central									0
South Western	2007-08 to 2009-10	SGWF	TKD	Renigunta and Tondiarpet	Dharmavaram, Gooty, Nagpur and Gwalior	9371	266814521	280179646	13365125
Western	2008-09 to 2009-10	Pipavav & Mundra Ports	TKD & DDL	Godhara - Nagda-Mathura	Palanpur-Phulera-Rewari	62100	759348540	879717240	120368700
West Central	2008-09 to 2009-10	Ravtha Road	JNPT, MDCC	0	0	0	0	0	0
Total						**123602**	**1670779424**	**1936558417**	**265778993**

Annexure VIII

(Para 2.1.8.8)

Statement showing non-recovery of haulage charges for IR owned brake vans attached to container trains

Railway	Period	Total brake vans attached	Barke vans for which charges were recovered	Brake vans for which charges were not recovered	Amount of non-recovery
1	*2*	*3*	*4*	*5*	*6*
Central					
Eastern	October 2006 to March 2010	623	267	356	3481324
East Central					
East Coast	18.10.2006 to 31.6.2007	96	0	96	1906243
Northern					
North Central					
North Eastern *	1.7.2009 to 31.3.2010	9	9		17614
Northeast Frontier					
North Western	0	0	0	0	0
Southern					
South Central					
South Eastern					
South East Central					
South Western					
Western	1.4.2007 to 31.12.2009	993	838	155	739622
West Central					
Total		**1721**	**1114**	**607**	**6144803**

* undercharges

Annexure IX

(Para 2.1.8.13)

Statement showing outstanding due from PCOs

Railway	Name of the Operator	Period for which dues are pending	Amount due on account of										Total
			Stabling charges	Period for which dues are pending	Siding charges	Period for which dues are pending	Shunting charges	Period for which dues are pending	Haulage charges	Period for which dues are pending	Terminal access charges	Period for which dues are pending	
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*
Northern	Gateway Rail Freight Ltd/Garhi Harsaru	11/2008 to April 2010	5112571		0		0		0		0		**5112571**
	Central Warehousing Corporation/Noli	08/2008 to 4/2010	18528000	01/2007 to 10/2009	28403100	01/2007 to 5/2010	13061700						**59992800**
	ACTL/Asaoti	09/2008 to 4/2010	999000		0		0	10/2008 to 4/2009	12000				**1011000**
	Gateway Rail Freight Ltd/Sanehwal		0	12/2008 to 3/2010	6757575	12/2008 to 3/2010	7306065						**14063640**
	GRFL/Sanehwal	April to Dec. 2009	564600					15.10.2009	207000				**771600**
	Boxtrans/Sanehwal	11/2009 to 2009	532718										**532718**
	Innovative B2B Logistics	Jul-09	69000					12.7.2009	291612				**360612**
South Eastern	Boxtrans Logistics Services									11/2007 to 11/2009	782000		**782000**
	Trans Rail Logistics										102000		**102000**
	Innovative B2B Logistics										170000		**170000**
	Arashiya Rail Infrastructure										68000		**68000**
	Gateway Rail Freight Ltd										68000		**68000**
North Central	ETA Engineering PVT ltd.									10.4.2008	34000		**34000**
Total			**25805889**		**35160675**		**20367765**		**510612**		**1224000**		**83068941**

Annexure X

(Para 2.2.4.1)

Booking of passengers noticed on PRS, Delhi between 20:00 hours and 22:00 hours

Sl. No.	Month/Year	Number of passengers booked beyond 20:00 hours & upto 22:00 hours
1	*2*	*3*
1	January/2009	195
2.	February/2009	256
3.	March/2009	162
4.	April/2009	145
5.	May/2009	199
6.	June/2009	Location code was not available in the data furnished to Audit
7.	July/2009	-do-
8.	August/2009	-do-
9.	September/2009	71
10.	October/2009	74
11.	November/2009	52
12.	December/2009	70

Annexure XI
(Para 2.2.4.1)
Statement showing bookings when the servers (PRS, Delhi) were reported down during 2009

Sl. no.	Date & time of down time	Number of passengers reserved/cancelled from Delhi PRS when the system was down	Remarks as per Failure report
1	*2*	*3*	*4*
1.	1st May , 2009 between 17:20 hrs. & 17:50 hrs.	151	All systems were down- No service was available on all the nodes.
2.	3rd June 2009 between 12:00 hours 12:50 hrs. 9th June 2009 between 10:30 hrs. & 11:00 hrs.	1686	All systems were down. 275 counters recoveries were done due to counters coming in "Local". One hub in modem room was not connected properly
3.	2nd August 2009 between 15:20 hrs. & 16:00 hrs. 3rd August 2009 between 09:50 hrs. & 10:10 hrs.	497	All systems were down. All reservation & charting stopped due to JASMIN server crashed. All reservation stopped due to JASMIN system hanged.
	Total	**2334**	

Annexure XII
(Para 2.2.4.2)
Statement showing number of instances noticed on PRS, Delhi when a net user booked more than six passengers in one minute during 2009

Sl. No.	Month	No. of instances			
		No. of passengers booked on Internet by a single user between slabs			
		7-9	10-12	13-16	Total Instances
1	*2*	*3*	*4*	*5*	*6*
1	January	51	8	0	59
2.	February	35	20	0	55
3.	March	57	2	0	59
4.	April	66	7	0	73
5.	May	557	66	0	623
6.	June	533	110	2	645
7.	July	331	57	4	392
8.	August	206	26	0	232
9.	September	233	11	0	244
10.	October	1054	384	1	1439
11.	November	451	44	0	781
12.	December	702	78	1	495
	Total				**5097**

Annexure XIII

(Para 2.2.4.5)

Names of RTSAs appearing in the NR Time Table (Nov/09) but not appearing in the list of DRM/Delhi.

S.No.	Name and Address of RTSA (as per time table)
1.	President Travels, 811, Arunachal Building, 19, Bara Khamba Road, New Delhi-23731884
2.	Anjunm Travel Agency, 36, 1st Floor, Railway Road, Bazaria, Ghaziabad.
3.	Kochar Travels Pvt. Ltd., 147-B, 1st Floor, Gautam Nagar, New Delhi.-26859850
4.	Krishna Tours & Travels, UGF-204, Radha Palace, Gurdwara Road, Gurgaon.-122001
5.	Uttam Travel Service, 14/1, Tiraha Kinari Bazar, Chandni Chowk, Delhi-Ph. – 23277282
6.#	Laxmi Travel & Tours, Opp. Railway Malgodam, Shamli-250577.
7.	O.P.Chandna, 463, Rishi Nagar, Rani Bagh, Delhi.-34, Ph. 27031889
8.#	Kanishka Tour & Travels, D-435, Main Vikas Marg Laxmi Nagar, New Delhi-22527426.
9.#	Anjum Travel Agency, 36, 1st Floor, Railway Road, Ghaziabad-2780389.
10.	Alka Travels, 82, Amrit Kaur Market, Pahar Ganj, New Delhi-23589947.
11.	Shailender Singh, 64, Pocket A Kuter Singh Road, Delhi-25449465.
12.	Kusum Devi, C-33, Acharya Niketan, Mayur Vihar, Delhi-22750346.
13.	S.G.Travels,137-138, Amrit Kaur Market, New Delhi-23584585.

#These names do not appear in NR Time Table of July 2010.

Annexure XIV

(Para 2.2.4.6)

Statement showing the number of passengers repeated during a month noticed on PRS, Delhi

Name of the month	Number of times (Range) a name repeated during a month in different trains	Number of passenger names repeated
1	*2*	*3*
December/2009	>1000<=3132	60
November 2009	>1000<=2650	46
October 2009	>1000<=3066	62
September 2009	>1000<=1503	8
August 2009	>1000<=1667	14
July 2009	>1000<=1582	11
June 2009	>1000<=2487	34
May 2009	>1000<=2649	56
April 2009	>1000<=1880	25
March 2009	>1000<=1903	23
Feb 2009	>1000<=1548	10
Jan 2009	>1000<=1337	5

Annexure XVI
(Paras 3.1.4, 3.1.5.1 & 3.1.6.3)
Statement showing the balance funds required to complete the work and the anticipated period for completion

Sl. No.	Rly	Year of inclusion in Budget	Name of the project(s)	Length in Kms	Latest anticipated cost	Actual expend-iture till 31.3.10	Balance funds required	Number of years since work sanctioned	Physical Progress	Total of three years 2007-08 to 2009-10		Number of years required to complete
										FG	AE	
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*
1	NR	1997-98	Abohar-Fazilka	42.72	209.57	192.48	17.09	13	95.00	**164**	**158.14**	**0.3**
2	ER	1998-99	Deogarh-Dumka	72.25	320.33	311.28	9.05	12	75.00	**56.00**	**55.85**	**0.5**
3	SCR	1998-99	Gadwal-Raichur	58.80	228.09	147.53	80.56	12	80.00	**103.2**	**103.98**	**0.3**
4	NR	1997-98	Chandigarh-Ludhiana	112.00	710.19	639.83	70.36	13	57.00	**366.66**	**363.99**	**0.6**
5	NCR	1999-00	Agra-Etawah via Fatehabad and Bah	114.00	214.09	171.28	42.81	11	68.00	**70.02**	**90.95**	**1.4**
6	CR	1993-94	Amravati-Narkher	138.00	365.27	270.15	95.12	17	70.00	**115.72**	**128.21**	**2.2**
7	NCR	1997-98	Etawah-Mainpuri	57.50	142.48	110.70	31.78	13	66.00	**56.71**	**57.32**	**1.7**
8	NWR	2000-01	Ajmer-Pushkar	25.70	106.20	65.29	40.91	10	68.00	**59.91**	**56.32**	**2.2**
9	ECoR	1993-94	Lanjigarh Road-Junagarh	56.00	170.00	109.31	60.69	17	63.00	**73.4**	**72.66**	**2.5**
10	SR	1996-97	Karur-Salem	85.00	712.00	337.51	374.49	14	60.00	**228.34**	**229.63**	**4.9**
11	SWR	1996-97	Hassan-Bangalore	166.00	670.00	395.51	274.49	14	30.00	**173.21**	**172.72**	**4.8**
12	NR	1997-98	Tarantaran-Goindwal	21.50	101.34	45.23	56.11	13	79.00	**29.83**	**32.63**	**5.2**
13	SCR	1993-94	Peddapally-Karimnagar-Nizamabad	178.37	617.62	340.92	276.70	17	53.46	**127.70**	**128.39**	**6.5**
14	NR	1981-82	Nangal Dam-Talwara & Taking over siding of Mukerian Talwara		730.00	241.45	488.55	29.00		**90.84**	**90.40**	**5.7**
15	SR	1997-98	Angamali-Sabarimala	146.00	550.00	62.34	487.66	13	12.00	**54.11**	**55.11**	**27.0**
16	NCR	1985-86	Guna-Etawah	344.00	356.85	294.24	62.61	25	70.93	**97.95**	**99.48**	**1.9**
17	NCR	1997-98	Lalitpur-Satna, Rewa-Singrauli & Mahoba-Khajuraho	541.00	799.10	309.56	489.54	13	70.00	**270.52**	**278.74**	**5.3**
18	NFR	1992-93	Dudhnoi- Mendhpathar (Depa)	19.75	86.22	24.82	61.40	18	13.56	**24.33**	**24.32**	**7.6**
19	SCR	1997-98	Gulbarga-Bidar	106.60	369.70	124.56	245.14	13	38.50	**72.06**	**72.46**	**10.1**
20	ER	2000-01	Deogarh-Sultanganj, Banka-Barahat and Banka-Bhitiah Road	151.28	607.09	187.67	419.42	10	30.00	**70.00**	**123.10**	**10.2**
21	NFR	1983-84	Eklakhi-Balurghat & Gazole-Itahar	113.11	285.93	232.10	53.83	28	75.93	**13.35**	**13.39**	**12.1**
22	CR	1998-99	Baramati-Lonad	54.00	138.48	40.17	98.31	12	18.00	**22.52**	**23.69**	**12.4**
23	ER	2000-01	Tarakeshwar-Bishnupur with Ext up to Kumarkundu Bypass	85.00	840.00	222.92	617.08	10	20.00	**130.00**	**150.61**	**12.3**
24	NWR	1996-97	Dausa-Gangapur City	92.67	410.08	110.90	299.18	14	25.00	**82.39**	**66.37**	**13.5**
25	ER	1995-96	Mandarhill-Rampurhat via Dumka	130.00	873.33	300.98	572.35	15	40.00	**57.00**	**113.83**	**15.1**
26	SWR	1996-97	Kadur-Chickmagalur-Sakleshpur	93.00	334.63	102.28	232.35	14	10.00	**47.56**	**48.02**	**14.5**
27	NFR	1996-97	Harmuti-Itanagar	33.00	531.81	81.67	450.14	14	30.49	**81.57**	**81.66**	**16.5**
28	CR	1995-96	Ahmednagar -Beed-Parli Vajinath	261.25	462.67	45.53	417.14	15	3.00	**60.08**	**49.78**	**25.1**
29	SER	1974-75	Howrah-Amta, Bargachia-Champadanga-Tarkeshwar & Amta-Bagnan	99.00	407.93	106.92	301.01	36	59.00	**23.84**	**23.95**	**37.7**
30	SWR	1996-97	Hubli-Ankola	167.00	285.24	78.76	206.48	14	15.00	**14.99**	**14.99**	**41.3**

Sl. No.	Rly	Year of inclusion in Budget	Name of the project(s)	Length in Kms	Latest anticipated cost	Actual expend-iture till 31.3.10	Balance funds required	Number of years since work sanctioned	Physical Progress	Total of three years 2007-08 to 2009-10		Number of years required to complete
										FG	AE	
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*
31	SCR	1997-98	Munirabad-Mahbubanagar	246.00	497.47	66.82	430.65	13	25.00	**30.01**	**31.31**	**41.3**
32	WCR	2000-01	Ramganjmandi-Bhopal	270.00	1225.90	135.73	1090.17	10	35.00	**79.64**	**68.27**	**47.9**
33	ECoR	1994-95	Khurda Road-Bolangir	289.00	700.00	105.80	594.20	16	45.00	**24.2**	**29.21**	**61.0**
34	SECR	1995-96	Dallirajahara-Jadalpur (**PPP**)	235.00	1296.09	48.61	1247.48	15	6.50	**47.59**	**47.59**	**78.6**
35	WR	1989-90	Dahod-Indore via Sardarpur, Jhabao & Dhar	236.00	1644.12	61.34	1582.78	22	8.00	**64.29**	**61.34**	**77.4**
36	SR	1999-00	Tirunnavaya-Guruvayoor	50.23	137.71	9.19	128.52	11	0.00	**1.61**	**1.61**	**239.5**
37	NER	1995-96	Rampur-Lalkuan-Kathgodam ROB on NH	0.00	30.51	0.11	30.40	15	NA			
38	ECR	1996-97	Khagaria-Kusheshwarsthan	42.30	162.87	68.02	94.85	14				
39	ECR	1996-97	Sakri-Hasanpur	76.00	175.68	128.92	46.76	14				
40	SWR	1996-97	Bangalore-Satyamanglam	260.00	226.00	0.29	225.71	14	0.00	**0**	**0**	
41	ECR	1997-98	Gaya-Daltonganj via Rafijganj	136.88	445.25	54.20	391.05	13				
42	ECR	1997-98	Giridih-Koderma	102.50	371.36	258.00	113.36	13				
43	ECR	1997-98	Munger-rail-cum-road bridge on river Ganga	19.80	981.00	309.58	671.42	13				
44	ECR	1997-98	Muzaffarpur-Sitamarhi	64.50	322.30	272.30	50.00	13				
45	ECR	1997-98	Patna -Ganga bridge with linking bet. Patna & Hajipur	19.00	1389.00	583.62	805.38	13				
46	SCR	1997-98	Macherla-Nalgonda	81.60	363.26	0.27	362.99	13	0.00	**0.00**	**0.00**	
47	ECR	1998-99	Fatuha-Ishlampur Restoration and Sheikhpura to Neora	171.50	406.92	230.18	176.74	12		**0**	**0**	
48	ECR	1998-99	Koderma-Ranchi	202.00	1157.80	502.78	655.02	12				
49	SCR	1999-00	Kakinada-Pithapuram	21.50	125.68	0.04	125.64	11	0.00	**0.00**	**0.00**	
50	SCR	2000-01	Kotipalli-Narsapur	57.21	1053.87	9.42	1044.45	10	0.00	**0.00**	**0.00**	
Total					**25349.03**	**8549.11**	**16799.92**					

Annexure XVII

(Para 3.1.4.3)

NEW LINES PROJECTS ON SOCIO-ECONOMIC CONSIDERATIONS-TIME TAKEN IN PREPARATION OF DETAILED ESTIMATE, SANCTION THEREOF AND LAND ACQUISITION

Sl. No.	Rly	Year of inclusion in Budget	Name of the project(s)	Date on which detailed estimate were submitted	Delay in submission	Date of sanction of detailed estimates	Time taken from submission to sanction (in months)	Date of commencement of works/land acquisition process (in months)	Time taken to start land acquisition	Total land to be acquired (in hectares)/(*) Acres	Land actually aquired	Shorfall	% of land acuired	Remarks
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*
1	SER	1974-75	Howrah-Amta, Bargachia-Champadanga-Tarkeshwar & Amta-Bagnan	1979-80	48 months	02.02.1984	61 months	NA	NA	214.48	0.00	214.48	0.00	
2	NR	1981-82	Nangal Dam-Talwara & Taking over siding of Mukerian Talwara											
3	NFR	1983-84	Eklakhi-Balurghat & Gazole-Itahar	28.04.1995	133 months	05.09.1995	4 months	March. 1984	No delay	732.03	570.03	162.00	77.87	
4	NCR	1985-86	Guna-Etawah (GWL-ETW)	N/A	NA	26.2.1992	NA	1992	1992	294.93	217.73	77.20	73.82	Guna to Gwalior completed and commissioned
5	WR	1989-90	Dahod-Indore via Sardarpur, Jhabao & Dhar	18.05.2008	NA	3.09.2008	4 months	3.09.2009	No	119.73	115.91	3.82	96.81	The new line project Godhra-Indore-Dewar-Maksi was commenced in 91-92 and shelved in March 1994. After the issue of incurrence of unproductive expenditure was taken up by Audit, the work between Dewas -Maksi (36 kms) was completed in November 2002 and the remaining work was frozen. The work has been revived in 2007-08 after approval of CCEA.
6	NFR	1992-93	Dudhnoi- Mendhpathar (Depa)	28.12.2007	177 months	06.05.2008	5 months	22.5.2007	169 months	109.65	26.59	83.06	24.25	
7	CR	1993-94	Amravati-Narkher	24.11.1994	7 months	22.12.95	13 months	Jan. 1996		821.63	794.71	26.92	96.72	
8	ECoR	1993-94	Lanjigarh Road-Junagarh	27.5.2004		1.6.05	15 months	Dec. 1999		1022.72	828.52	194.20	81.01	
9	SCR	1993-94	Peddapally-Karimnagar-Nizamabad	I-13.9.94 II.12.7.01 III.24.5.02	18 month	I. 7.12.94 II.29.5.02 III.5.9.02	3 month 10 months 3 months		Jul-94	1066.00	571.00	495.00	53.56	
10	ECoR	1994-95	Khurda Road-Bolangir (*)	1.4.02	84 months	6.6.02	2 months			5021.93	1089.76	3932.17	21.70	
11	CR	1995-96	Ahmednagar -Beed-Parli Vajinath	3.7.98	27 months	1.1.99	6 months	March, 02		57.57	57.57	0.00	100.00	
12	ER	1995-96	Mandarhill-Rampurhat via Dumka	15.01.1998	36 months	31.03.1999 23.7.2002	14 months	Nov. 1999	4 years 7 months	2685.03	2648.04	36.99	98.62	
13	NER	1995-96	Rampur-Lalkuan-Kathgodam ROB on NH	1.7.04	NA	17.11.06	28.5 months					0.00		
14	SECR	1995-96	Dallirajahara-Jadalpur (**PPP**)	22.09.1998	36 months	16.12.98	3 montbs	3.12.2004	6 years	696.50	351.26	345.24	50.43	
15	ECR	1996-97	Khagaria-Kusheshwarsthan *	NA	NA	13.11.01 &17.4.02	NA	4.6.1998	NA	971.51	220.57	750.94	22.70	

Sl. No.	Rly	Year of inclusion in Budget	Name of the project(s)	Date on which detailed estimate were submitted	Delay in submission	Date of sanction of detailed estimates	Time taken from submission to sanction (in months)	Date of commencement of works/land acquisition process (in months)	Time taken to start land acquisition	Total land to be acquired (in hectares)/(*) Acres	Land actually aquired	Shorfall	% of land acuired	Remarks
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*
16	ECR	1996-97	Sakri-Hasanpur	14.10.96	nil	8.5.97	9 months	1998.00		480.00	1058.91	-578.91	220.61	Land acquired include Giridih - Koderma also
17	NFR	1996-97	Harmuti-Itanagar	28.08.1997	5 months	31.01.2008	125 months	April, 2008	132 months	150.00	93.61	56.39	62.41	
18	NWR	1996-97	Dausa-Gangapur City	4.07.2001	51 months	31.05.2002	11 months	13.6.1996	24 months	475.29	451.61	23.68	95.02	
19	SR	1996-97	Karur-Salem	31.08.1999	28 months	20.10.2000	13 month	March. 98	12 month	392.76	366.13	26.63	93.22	
20	SWR	1996-97	Bangalore-Satyamanglam	Not Applicable since works not taken up yet										
21	SWR	1996-97	Hassan-Bangalore	16.07.1997	3 months	27.08.1997	1 month	04.1997/ 05.1997	5 months	1041.25	818.25	223.00	78.58	
22	SWR	1996-97	Hubli-Ankola	04.08.1998	16 months	01.01.1999	5 months	19.09.1997/ 14.09.1998	29 months	1160	80	1080.00	6.90	
23	SWR	1996-97	Kadur-Chickmagalur-Sakleshpur	17.11.1997	7 months	07.06.1999	18 months	30.01.1997/ 05.1997	5 months	471.15	250.06	221.09	53.07	
24	ECR	1997-98	Gaya-Daltonganj via Rafijganj		NA		NA					0.00		
25	ECR	1997-98	Giridih-Koderma		NA		NA					0.00		
26	ECR	1997-98	Munger-rail-cum-road bridge on river Ganga	20.10.02, 11.10.03, 17.8.04 & 27.3.08 (in four parts)	NA	11.11.02, 10.4.04, 5.11.2006 &11.4.08	NA	20.11.03	18 days	363.719	293.453	70.27	80.68	
27	ECR	1997-98	Muzaffarpur-Sitamarhi	NA	NA	15.11.02	NA					0.00		
28	ECR	1997-98	Patna -Ganga bridge with linking bet. Patna & Hajipur	11.7.01	NA	1.7.02	NA	29.11.01	1 month	190.647	190.647	0.00	100.00	
29	NCR	1997-98	Etawah-Mainpuri	12.7.02	51 months	19.9.02	2 months	28.8.02	65 months	246.909	243.962	2.95	98.81	
30	NCR	1997-98	Lalitpur-Satna, Rewa-Singrauli & Mahoba-Khajuraho	10.11.2000	30 months	2.3.01	3 months	Jan.2000		99.75	99.75	0.00	100.00	LAR-UDAIPURA
		1999-00		16.4.02	48 months	27.12.02	8 months	Jan.2000		140.65	140.65	0.00	100.00	UDAIPURA -KURJ
				4.7.01	39 months	14.2.02	7 months	Oct. 2001		337.927	337.927	0.00	100.00	MBA-KURJ
31	NR	1997-98	Abohar-Fazilka	Oct.2002	54 months	Jan. 2003	3 months	Sept.2001	--	474.24	474.24	0.00	100.00	
32	NR	1997-98	Chandigarh-Ludhiana	Sept. 2000	29 months	Feb.2001	4 months	Oct.2000	--	1158.73	1158.73	0.00	100.00	
33	NR	1997-98	Tarantaran-Goindwal	Oct. 2001	42 months	Sept. 2002	11 months	June.2001	--	134.49	134.49	0.00	100.00	
34	SCR	1997-98	Gulbarga-Bidar	12.07.2002	51 months	13.06.2003	11 months	March.2003	March.2003	668	380.28	287.72	56.93	
35	SCR	1997-98	Macherla-Nalgonda	19.09.2003	66 months	**Not yet sanctioned**	82 months	work not be commenced	work not be commenced	332	0	332.00	0.00	
36	SCR	1997-98	Munirabad-Mahbubanagar	20.12.2002	57 months	16.10.2003	10 months	May.1999	May.1999	265	28.77	236.23	10.86	
37	SR	1997-98	Angamali-Sabarimala	9.03.2005	84 months	17.5.2006	12 months	Nov.2002	43 month	516.42	7.9652	508.45	1.54	
38	CR	1998-99	Baramati-Lonad	23.4.02	37 months	29.11.02	6 months	March,03	6	161.8	117.4	44.40	72.56	

Sl. No.	Rly	Year of inclusion in Budget	Name of the project(s)	Date on which detailed estimate were submitted	Delay in submission	Date of sanction of detailed estimates	Time taken from submission to sanction (in months)	Date of commencement of works/land acquisition process (in months)	Time taken to start land acquisition	Total land to be acquired (in hectares)/(*) Acres	Land actually aquired	Shorfall	% of land acuired	Remarks
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*
39	ECR	1998-99	Fatuha-Ishlampur Restoration and Sheikhpura to Neora	6.3.02, 19.10.01, 19.10.01 & 6.3.02	NA	2.8.02, 18.2.02, 7.5.02 &2.8.02	2 to 4 months	July 02 and September 2003		1409	921.5	487.50	65.40	
40	ECR	1998-99	Koderma-Ranchi	NA	NA							0.00		
41	ER	1998-99	Deogarh-Dumka	21.09.2000 & 10.11.2009	30 months	17.08.01(Pt)	11 months	March. 2001	3 years	1868.73	1868.73	0.00	100.00	
42	SCR	1998-99	Gadwal-Raichur	12.06.2001	27 months	13.11.2001	5 months	April.2002/ Aug.2002	Aug.2002/ 8 months	270	187	83.00	69.26	
43	NCR	1999-00	Agra-Etawah via Fatehabad and Bah	11.9.01	7 months	24.10.02	13 months	18.3.02/ 24.12.99	24.12.99	451	458.176	-7.18	101.59	
44	SCR	1999-00	Kakinada-Pithapuram	30.4.2006	73 months	**Not yet sanctioned**	51 months	work not be commenced	work not be commenced	170.5	0	170.50	0.00	
45	SR	1999-00	Tirunnavaya-Guruvayoor	31.01.2004	46 months	**Not yet sanctioned**	NA	Nov.2002	31 months	131	0	131.00	0.00	
46	ER	2000-01	Deogarh-Sultanganj, Banka-Barahat and Banka-Bhitiah Road	15.02.2001 & 31.01.2007	11 months	22.06.2001 & 9.07.2008	3 months	16.02.2001	10 months	1943.28	905.95	1037.33	46.62	
47	ER	2000-01	Tarakeshwar-Bishnupur with Ext up to Kumarkundu Bypass	01.06.2000 & 31.03.2007	3 months	21.08.2000 & 20.11.2008	3 months	16.02.2001	10 months	969	643.29	325.71	66.39	
48	NWR	2000-01	Ajmer-Pushkar	13.11.2002	19 months	5.09.2003	9 months	21.06.2001	9	129.57	129.57	0.00	100.00	
49	WCR	2000-01	Ramganjmandi-Bhopal	04.10.2004	42 months	10.09.2004 03.02.2010		June.2002	14 months	1790.9	131.631	1659.27	7.35	
50	SCR	2000-01	Kotipalli-Narsapur	.5.01.2004	33 months	**Not yet sanctioned**	77 months	work not be commenced	Feb.2002	113.516	14.447	99.07	12.73	

Annexure XVIII

(Para 3.1.5.2)

Status of provision of funds and actual expenditure since commencement/sanction of the projects

Sl. No.	Rly	Year of inclusion in Budget	Name of the project(s)	Year from which fund allottment commenced	Provision of funds and utilisation from the year of commencement to 2006-07			Year wise fund allotment and actual expenditure during the last three years									Total from the date of sanction to 2009-10			Variation -Excess or +Savings	
					Budget Grant	Final Grant	Actual expenditure	2007-08			2008-09			2009-10			Budget Grant	Final Grant	Actual expenditure	between BG & FG	between FG & Actual Expenditure
								Budget Grant	Final Grant	Actual expenditure	Budget Grant	Final Grant	Actual expenditure	Budget Grant	Final Grant	Actual expenditure					
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*	*16*	*17*	*18*	*19*	*20*	*21*	*22*
1	CR	1995-96	Ahmednagar -Beed-Parli Vajinath	1996-97	79.76	14.37	14.76	10.00	10.15	0.00	10.00	26.77	27.05	20.57	23.16	22.73	120.33	74.45	64.54	45.88	9.91
2	CR	1993-94	Amravati-Narkher	1994-95	95.42	160.45	172.08	7.00	7.17	7.21	20.17	30.00	30.23	56.08	78.55	90.77	178.67	276.17	300.29	-97.50	-24.12
3	CR	1998-99	Baramati-Lonad	1997-98	31.91	16.30	17.41	5.00	4.25	4.36	5.00	7.70	8.41	5.00	10.57	10.92	46.91	38.82	41.10	8.09	-2.28
4	ECoR	1994-95	Khurda Road-Bolangir	1994-95	106.38	67.00	67.89	20.00	6.34	6.34	32.43	3.50	3.51	28.07	14.36	19.36	186.88	91.20	97.10	95.68	-5.90
5	ECoR	1993-94	Lanjigarh Road-Junagarh	1993-94	56.72	43.07	39.08	12.00	12.82	14.05	35.00	31.75	32.24	30.00	28.83	26.37	133.72	116.47	111.74	17.25	4.73
6	ECR	1998-99	Fatuha-Ishlampur Restoration and Sheikhpura to Neora	NA	191.20	191.17	191.17	10.00	9.99	9.99	4.96	0.97	0.97	15.00	15.03	15.03	221.16	217.16	217.16	4.00	0.00
7	ECR	1997-98	Gaya-Daltonganj via Rafijganj											1.00			1.00	0.00	0.00	1.00	0.00
8	ECR	1997-98	Giridih-Koderma	1997-98	82.51	47.22	131.85	20.00	24.85	25.05	20.00	20.06	50.72	10.00	40.10	50.38	132.51	132.23	258.00	0.28	-125.77
9	ECR	1996-97	Khagaria-Kusheshwarsthan			15.90	3.83	5.00	3.50	2.14	1.00	15.00	15.05	5.00	40.90	25.74	11.00	75.30	46.76	-64.30	28.54
10	ECR	1998-99	Koderma-Ranchi					50.00			35.00			68.00			153.00	0.00	0.00	153.00	0.00
11	ECR	1997-98	Munger-rail-cum-road bridge on river Ganga (BG & Exp include Depost by party)	2002-03	120.00	120.00	52.96	240.00	120.00	22.88	65.00	25.00	31.11	40.00	40.00	71.75	465.00	305.00	178.70	160.00	126.30
12	ECR	1997-98	Muzaffarpur-Sitamarhi	NA				40.00			44.00			45.00			129.00	0.00	0.00	129.00	0.00
13	ECR	1997-98	Patna -Ganga bridge with linking bet. Patna & Hajipur	2001-02	340.00	340.00	302.21	100.00	100.00	60.35	50.00	50.00	102.69	100.00	100.00	141.10	590.00	590.00	606.35	0.00	-16.35
14	ECR	1996-97	Sakri-Hasanpur	1996-97	65.00	65.00	72.32	20.00	20.00	34.29	5.00	5.00	21.46	5.00	5.00	8.93	95.00	95.00	137.00	0.00	-42.00
15	ER	1998-99	Deogarh-Dumka	1998-99		76.48	51.91		10.00	24.53		25.00	14.82		21.00	16.50	0.00	132.48	107.76	-132.48	24.72
16						90.00	119.75		58.00	33.54		39.00	29.24		29.00	20.99	0.00	216.00	203.52	-216.00	12.48
	ER	2000-01	Deogarh-Sultanganj, Banka-Barahat and Banka-Bhitiah Road	2000-01		77.12	44.57		15.00	13.08		35.00	48.18		20.00	81.84	0.00	147.12	187.67	-147.12	-40.55
17	ER	1995-96	Mandarhill-Rampurhat via Dumka	1995-96		84.49	90.67		17.00	25.64		10.00	39.94		30.00	48.25	0.00	141.49	204.50	-141.49	-63.01
18	ER	2000-01	Tarakeshwar-Bishnupur with Ext up to Kumarkundu	2000-01		103.75	72.31		15.00	25.80		30.00	30.33		85.00	94.48	0.00	233.75	222.92	-233.75	10.83
19	NCR	1999-2000	Agra-Etawah via Fatehabad and Bah	1999-2000			80.33	10.00	10.78	13.77	10.00	13.84	15.00	45.40	45.40	62.18	65.40	70.02	171.28	-4.62	-101.26
20	NCR	1997-98	Etawah-Mainpuri	2002-2003	48.60	56.08	53.39	13.00	11.21	11.95	20.00	14.60	14.50	20.00	30.90	30.87	101.60	112.79	110.71	-11.19	2.08
21	NCR	1985-86	Guna-Etawah	1992-93			194.76	30.00	1.13	1.59	40.00	17.24	18.67	50.00	79.58	79.22	120.00	97.95	294.24	22.05	-196.29
22	NCR	1997-98	Lalitpur-Satna, Rewa-Singrauli & Mahoba-Khajuraho	1999-2000	156.15	168.67	181.95	50.00	87.73	92.08	60.00	63.79	67.77	58.26	119.00	118.89	324.41	439.19	460.69	-114.78	-21.50

23	NER	1995-96	Rampur-Lalkuan-Kathgodam ROB on NH	1995-96	0.11	0.11	0.11	0.50	0.00	0.00	0.01	0.01	0.01	5.29	0.00	0.00	5.91	0.12	0.12	5.79	0.00
24	NFR	1992-93	Dudhnoi- Mendhpathar (Depa)	1992.93	2.03	2.11	0.50	0.02	0.02	0.01	0.02	3.56	3.59	5.00	20.75	20.72	7.07	26.44	24.82	-19.37	1.62
25	NFR	1983-84	Eklakhi-Balurghat & Gazole-Itahar	1993-84	154.00	210.02	218.71	2.00	0.65	0.62	10.00	3.00	3.08	25.00	9.70	9.69	191.00	223.37	232.10	-32.37	-8.73
26	NFR	1996-97	Harmuti-Itanagar	1996-97	6.02	0.01	0.01	5.00	4.00	4.03	29.97	29.97	29.97	35.00	47.70	47.66	75.99	81.68	81.67	-5.69	0.01
27	NR	1997-98	Abohar-Fazilka	1997-98	11.51	23.45	23.73	10.00	28.50	28.51	24.99	62.50	60.78	7.70	73.00	68.85	54.20	187.45	181.87	-133.25	5.58
28	NR	1997-98	Chandigarh-Ludhiana	1997-98	85.40	266.64	272.85	30.00	157.16	157.18	30.00	144.50	140.90	30.00	65.00	65.91	175.40	633.30	636.84	-457.90	-3.54
29	NR	1981-82	Nangal Dam-Talwara & Taking over siding of Mukerian Talwara	1981-82	124.56	124.56	125.62	35.10	35.67	35.67	30.00	30.17	30.17	25.00	25.00	24.56	214.66	215.40	216.02	-0.74	-0.62
30	NR	1997-98	Tarantaran-Goindwal	1997-98	12.00	12.28	12.53	5.00	5.00	4.81	7.00	14.45	14.61	40.00	10.38	13.21	64.00	42.11	45.16	21.89	-3.05
31	NWR	2000-01	Ajmer-Pushkar	2000-01	40.00	34.09	32.96	10.00	13.07	9.48	19.00	15.00	14.93	20.00	31.84	31.91	89.00	94.00	89.28	-5.00	4.72
32	NWR	1996-97	Dausa-Gangapur City	2002-03	45.00	30.41	28.57	5.00	11.77	5.56	14.00	40.62	40.54	20.00	30.00	20.27	84.00	112.80	94.94	-28.80	17.86
33	SCR	1998-99	Gadwal-Raichur	2002-03	45.50	42.74	43.36	18.00	19.00	18.80	24.10	35.00	35.52	15.00	49.20	49.66	102.60	145.94	147.34	-43.34	-1.40
34	SCR	1997-98	Gulbarga-Bidar	1999-00	61.56	51.01	52.15	20.00	32.06	32.06	18.50	21.00	21.33	20.00	19.00	19.07	120.06	123.07	124.61	-3.01	-1.54
35	SCR	1999-2000	Kakinada-Pithapuram	1999-00		0.04	0.04	5.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	5.02	0.04	0.04	4.98	0.00
36	SCR	2000-2001	Kotipalli-Narsapur	2000-01	23.00	9.29	9.42	2.00	0.00	0.00	0.01	0.00	0.00	0.01	0.00	0.00	25.02	9.29	9.42	15.73	-0.13
37	SCR	1997-98	Macherla-Nalgonda	1999-00	5.22	0.41	0.27	5.00	0.00	0.00	2.00	0.00	0.00	0.10	0.00	0.00	12.32	0.41	0.27	11.91	0.14
38	SCR	1997-98	Munirabad-Mahbubanagar	1999-00	57.51	35.06	35.60	5.00	5.00	5.24	5.00	5.52	6.58	20.00	19.49	19.49	87.51	65.07	66.91	22.44	-1.84
39	SCR	1993-94	Peddapally-Karimnagar-Nizamabad	1993-94	168.46	203.94	211.74	33.52	40.95	40.32	14.85	44.00	44.83	13.10	42.75	43.24	229.93	331.64	340.13	-101.71	-8.49
40	SECR	1995-96	Dallirajahara-Jadalpur	2005-06	0.01	0.01	0.00	13.00	13.00	0.00	24.59	24.59	0.00	10.00	10.00	0.00	47.60	47.60	0.00	0.00	47.60
41	SER	1974-75	Howrah-Amta	1974-75			82.97	5.00	1.00	1.11	2.98	0.60	0.60	40.00	22.24	22.24	47.98	23.84	106.92	24.14	-83.08
42	SR	1997-98	Angamali-Sabarimala	1998-99	24.20	6.68	6.71	10.00	10.15	10.29	10.00	26.75	27.61	15.00	17.21	17.21	59.20	60.80	61.85	-1.60	-1.05
43	SR	1996-97	Karur-Salem	1996-97	122.76	110.90	107.88	20.00	42.71	44.19	42.97	75.74	75.11	65.98	109.89	110.33	251.71	339.24	337.51	-87.53	1.73
44	SR	1999-2000	Tirunnavaya-Guruvayoor	2003-04	9.01	0.90	0.85	2.77	0.68	0.68	2.00	0.49	0.49	26.74	0.44	0.44	40.52	2.53	2.47	37.99	0.06
45	SWR	1996-97	Bangalore-Satyamanglam	Work Not taken up yet													0.00	0.00	0.00	0.00	0.00
46	SWR	1996-97	Hassan-Bangalore	1996-97	163.01	225.66	222.79	21.00	28.49	28.42	55.00	60.03	59.52	65.00	84.69	84.78	304.01	398.87	395.51	-94.86	3.36
47	SWR	1996-97	Hubli-Ankola	1996-97	108.47	63.23	63.77	5.00	9.05	9.05	10.00	1.24	1.24	5.00	4.70	4.70	128.47	78.22	78.76	50.25	-0.54
48	SWR	1996-97	Kadur-Chickmagalur-Sakleshpur	1996-97	78.90	55.11	54.26	10.00	10.79	10.79	10.00	6.74	6.74	5.00	30.03	30.49	103.90	102.67	102.28	1.23	0.39
49	WCR	2000-01	Ramganjmandi-Bhopal	2000-01	113.00	68.45	67.46	30.00	10.23	4.24	30.00	20.00	19.60	20.00	49.41	44.43	193.00	148.09	135.73	44.91	12.36
50	WR	1989-90	Dahod-Indore via Sardarpur, Jhabao & Dhar	2007-08	0.00	0.00	0.00	6.00	0.08	0.08	20.00	44.14	41.35	40.00	20.07	19.91	66.00	64.29	61.34	1.71	2.95
Total					**2834.89**	**3314.18**	**3630.06**	**955.92**	**1023.95**	**879.78**	**894.56**	**1173.84**	**1280.99**	**1176.30**	**1648.87**	**1805.07**	**5861.67**	**7160.84**	**7595.91**	**-1299.17**	**-435.06**

Annexure XIX
(Para 3.1.6.1)
NEW LINES PROJECTS ON SOCIO-ECONOMIC CONSIDERATIONS-TIME TAKEN FOR COMMENCEMENT OF WORKS/FINALISATION OF TENDERS

Sl. No.	Rly	Year of inclusion in Budget	Name of the project(s)	Date of sanction of detailed estimate	Date of calling tenders	Date of opening	Date of finalisation	Delay in days in calling of tenders(from sanction of detailed estimate)	Delay in finalisation of tenders(after 3 months from DOO)	Total tenders where there was delay in		Period of delay (from ___days to ____days)	
										Opening	Finalisatin	Opening	Finalisation
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*
1	SER	1974-75	Howrah-Amta, Bargachia-Champadanga-Tarkeshwar & Amta-Bagnan	02.02.1984	NA	NA	NA	NA	NA	--	--	--	--
2	NR	1981-82	Nangal Dam-Talwara & Taking over siding of Mukerian Talwara										
3	NFR	1983-84	Eklakhi-Balurghat & Gazole-Itahar	**09.05.1995**	**04.12.1998 to 17.01.2004**	05.01.1999 to 17.02.2004	07.04.1999 to 03.03.2004	3 years 3months	Nil	Nil	Nil	Nil	Nil
4	NCR	1985-86	Guna-Etawah	26.02.1992	2.5.1991 to 6.10.2009	11.6.91 to 17.11.09	7.11.1991 to 30.01.2010	0.00	2 months	Nil	9	Nil	15 days to 97 days
5	WR	1989-90	Dahod-Indore via Sardarpur, Jhabao & Dhar	03.09.2008	07.08.2008 to 09.01.2009	17.09.2008 to 20.02.2009	24.2.2009 to 15.12.2009	0	0	10	8	7 to 257 days	31 to 112 days
6	NFR	1992-93	Dudhnoi- Mendhpathar (Depa)	05.06.2008	07.06.2008 to 30.09.2008	07.07.2008 to 31.10.2008	19.08.2008 to 26.11.2008	one month	Nil	Nil	Nil	Nil	Nil
7	CR	1993-94	Amravati-Narkher	**22.12.95**	**Aug-08**			NA					
8	ECoR	1993-94	Lanjigarh Road-Junagarh	1.6.05	1.08.03	2.9.03	30.1.2004	0.00	1 month	0	1	0	30
9	SCR	1993-94	Peddapally-Karimnagar-Nizamabad	7.12.1994/ 29.05.2002/ 05.09.2002	13.10.94 to 05.03.2010	7.11.94 to 6.04.2010	4.10.95 to 24.6.2010	Nil	Nil	Nil	Nil	Nil	Nil
10	ECoR	1994-95	Khurda Road-Bolangir	6.6.02	9.2.04 to 21.3.05	16.3.04 to 29.4.05	28.7.04 to 16.8.05	0.00	1 month	1	4	60	150
11	CR	1995-96	Ahmednagar -Beed-Parli Vajinath	Jan.1999	Jun-09								
12	ER	1995-96	Mandarhill-Rampurhat via Dumka	31.03.1999									
13	NER	1995-96	Rampur-Lalkuan-Kathgodam ROB on NH	17.11.06	16.4.08								
14	SECR	1995-96	Dallirajahara-Jadalpur (PPP)	16.12.1998	30.06.2008 to 21.09.2009	12.08.2008 to 01.12.2009	23.09.2008 to 28.07.2010	10 years	1 to 5 months	3	2	12 to 63 days	35 to 150 days
15	ECR	1996-97	Khagaria-Kusheshwarsthan	I-13.11.01 II 17.4.02	19.602 onward	30.7.02 onward	16.1.03 onward						
16	ECR	1996-97	Sakri-Hasanpur										
17	NFR	1996-97	Harmuti-Itanagar	31.01.2008	26.05.2008 to 25.06.2009	27.06.2008 to 26.06.2009	25.09.2008 to 27.08.2009	4 months	Nil	Nil	Nil	Nil	Nil
18	NWR	1996-97	Dausa-Gangapur City	31.05.2002	27.11.2002	31.12.2002	26.06.2003	6 months	3 months	0	3	0	2 to 87
19	SR	1996-97	Karur-Salem	20.10.2000	26.03.1997 to 29.07.2009	11.4.97 yo 29.7.09	20.05.1997 to 5.10.2009	Up to 8 years 10 months	1 to 6 months	--	24	--	7 to 196
20	SWR	1996-97	Bangalore-Satyamanglam	Not applicable									
21	SWR	1996-97	Hassan-Bangalore	27.08.1997	21.04.1997	30.05.1997	18.09.1997	0.00	one month	120	53	1 to 115	1 to 179
22	SWR	1996-97	Hubli-Ankola	01.01.1999	25.07.1997	19.8.1997	19.09.1997	0.00	0	32	21	1 to 22 days	2 to 72 days
23	SWR	1996-97	Kadur-Chickmagalur-Sakleshpur	07.06.1999	19.09.1996	04.1.1997	30.01.1997	0.00	0	37	10	1 to 77 days	1 to 328 days
24	ECR	1997-98	Gaya-Daltonganj via Rafijganj										
25	ECR	1997-98	Giridih-Koderma	10.10.2000	10.1.05 onward	2.3.05 onward	31.5.05 onward				5		2 to 5 months

Sl. No.	Rly	Year of inclusion in Budget	Name of the project(s)	Date of sanction of detailed estimate	Date of calling tenders	Date of opening	Date of finalisation	Delay in days in calling of tenders(from sanction of detailed estimate)	Delay in finalisation of tenders(after 3 months from DOO)	Total tenders where there was delay in		Period of delay (from ___days to ____days)	
										Opening	Finalisatin	Opening	Finalisation
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*
26	ECR	1997-98	Munger-rail-cum-road bridge on river Ganga										
27	ECR	1997-98	Muzaffarpur-Sitamarhi										
28	ECR	1997-98	Patna -Ganga bridge with linking bet. Patna & Hajipur	1.7.02	19.11.01 onward	13.12.01 onward	24.5.02 onward						
29	NCR	1997-98	Etawah-Mainpuri	19.09.2002	26.10.02 to 28.03.2007	3.12.2002 to 18.05.07	28.02.3 to 11.09.07	one month	Nil	Nil	Nil	Nil	Nil
30	NCR	1997-98	Lalitpur-Satna, Rewa-Singrauli & Mahoba-Khajuraho	14.02.2002	17.04.02 to 29.12.2009	15.05.02 to 11.02.2010	14.08.02 to 6.05.10	2 months	0	Nil	20	Nil	3 days to 118 days
31	NR	1997-98	Abohar-Fazilka	Jan.2003									
32	NR	1997-98	Chandigarh-Ludhiana	Feb.2001									
33	NR	1997-98	Tarantaran-Goindwal	Sept.2002									
34	SCR	1997-98	Gulbarga-Bidar	13.06.2003	14.08.2003 to 17.07.2009	30.09.2003 to 24.08.2009	21.12.2003 to 24.10.2009	Nil	Nil	Nil	Nil	Nil	Nil
35	SCR	1997-98	Macherla-Nalgonda	Not yet sanctioned	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
36	SCR	1997-98	Munirabad-Mahbubanagar	16.10.2003	19.11.2003 to 19.02.2010	31.12.2003 to March 2010	25.02.2004 to 29.07.2010	Nil	Nil	Nil	Nil	Nil	Nil
37	SR	1997-98	Angamali-Sabarimala	**17.05.2006**	**5.11.2007-2.06.2009**	12.12.07/ 7.07.2009	12.05.2008/ 26.05.2010	18 months	Nil	Nil	Nil	Nil	Nil
38	CR	1998-99	Baramati-Lonad	**29.11.02**	**Jun-08**								
39	ECR	1998-99	Fatuha-Ishlampur Restoration and Sheikhpura to Neora										
40	ECR	1998-99	Koderma-Ranchi										
41	ER	1998-99	Deogarh-Dumka	17.08.01(Pt)									
42	SCR	1998-99	Gadwal-Raichur	**13.11.2001**	**09.09.2002 to 12.04.2010**	5.11.2002 to May. 2010	4.12.2002 to 21.06.2010	9 months	Nil	54	Nil	nil	Nil
43	NCR	1999-00	Agra-Etawah via Fatehabad and Bah	10.11.2000 24.10.2002	31.10.2001 to 23.03.2010	22.11.01 to 30.4.2010	16.03.02 to 1.07.2010	11 months	one month	Nil	Nil	Nil	Nil
44	SCR	1999-00	Kakinada-Pithapuram	Not yet									
45	SR	1999-00	Tirunnavaya-Guruvayoor	Not Sanctioned									
46	ER	2000-01	Deogarh-Sultanganj, Banka-Barahat and Banka-Bhitiah Road	22.06.2001 &09.07.2008									
47	ER	2000-01	Tarakeshwar-Bishnupur with Ext up to Kumarkundu Bypass	21.08.2000 & 20.11.2008									
48	NWR	2000-01	Ajmer-Pushkar	05.09.2003	12.12.2003	15.01.04	5.03.2004	3 months	0	0	6	0	6 to 76
49	WCR	2000-01	Ramganjmandi-Bhopal	10.9.2004 03.2.2010				NA	Nil	Nil	Nil	Nil	Nil
50	SCR	2000-01	Kotipalli-Narsapur	Not yet sanctioned	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
										257	**166**		

Annexure XX

(Para 3.1.6.2)

Statement showing award of contracts without competing preliminary formailities

Sl. No.	Rly	Year of inclusion in Budget	Name of the project(s)	No. of total contracts entered	No. of total contracts awarded without completion of preliminary formalities		Extent of delay in		No. of contracts terminated on account of non-progress of works due to delay	
					Non-availability of clear site	Non-availability of approved drawings	Handing over site	handing over drawings	delay in handing over clear site	Delay in handing over approved drawings
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*
1	CR	1995-96	Ahmednagar -Beed-Parli Vajinath	6	2	2	6 to 30 months	12 to 18 months	1	Nil
2	CR	1993-94	Amravati-Narkher	28	Nil	Nil	Nil	Nil	Nil	Nil
3	CR	1998-99	Baramati-Lonad	6	3	2	16 to 38 monhts	16 to 30 months	Nil	Nil
4	ECoR	1994-95	Khurda Road-Bolangir	5	1	1	24 months	27 months	1	1
5	ECoR	1993-94	Lanjigarh Road-Junagarh	7	0	3	0	3yrs to 8 yrs	0	3
6	ECR	1998-99	Fatuha-Ishlampur Restoration and Sheikhpura to Neora	21	14	0	14	0	14	0
7	ECR	1997-98	Gaya-Daltonganj via Rafijganj							
8	ECR	1997-98	Giridih-Koderma	23	3	0	13 to 46 months	0	0	0
9	ECR	1996-97	Khagaria-Kusheshwarsthan	8						
10	ECR	1998-99	Koderma-Ranchi							
11	ECR	1997-98	Munger-rail-cum-road bridge on river Ganga							
12	ECR	1997-98	Muzaffarpur-Sitamarhi							
13	ECR	1997-98	Patna -Ganga bridge with linking bet. Patna & Hajipur	75						
14	ECR	1996-97	Sakri-Hasanpur	30						
15	ER	1998-99	Deogarh-Dumka							
16	ER	2000-01	Deogarh-Sultanganj, Banka-Barahat and Banka-Bhitiah Road							
17	ER	1995-96	Mandarhill-Rampurhat via Dumka							
18	ER	2000-01	Tarakeshwar-Bishnupur with Ext up to Kumarkundu Bypass							
19	NCR	1999-2000	Agra-Etawah via Fatehabad and Bah	31	11	Nil	06 to 60 months	Nil	4	Nil
20	NCR	1997-98	Etawah-Mainpuri	21	Nil	Nil	No	No	No	No

Sl. No.	Rly	Year of inclusion in Budget	Name of the project(s)	No. of total contracts entered	No. of total contracts awarded without completion of preliminary formalities		Extent of delay in		No. of contracts terminated on account of non-progress of works due to delay	
					Non-availability of clear site	Non-availability of approved drawings	Handing over site	handing over drawings	delay in handing over clear site	Delay in handing over approved drawings
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*
21	NCR	1985-86	Guna-Etawah	190	14	5	3 months to 24 months	3 months to 24 months	Nil	Nil
22	NCR	1997-98	Lalitpur-Satna, Rewa-Singrauli & Mahoba-Khajuraho	113	15	1	2 months to 23 months	12 months	Nil	Nil
23	NER	1995-96	Rampur-Lalkuan-Kathgodam ROB on NH							
24	NFR	1992-93	Dudhnoi- Mendhpathar (Depa)	2	Nil	Nil	Nil	Nil	Nil	Nil
25	NFR	1984-85	Eklakhi-Balurghat & Gazole-Itahar	86	7	3	3 to 10 months	12 to 22 months	Nil	Nil
26	NFR	1996-97	Harmuti-Itanagar	2	Nil	Nil	Nil	Nil	Nil	Nil
27	NR	1997-98	Abohar-Fazilka	13	4	2	-	-	-	-
28	NR	1997-98	Chandigarh-Ludhiana	31	18	4	-	-	2	2
29	NR	1981-82	Nangal Dam-Talwara & Taking over siding of Mukerian Talwara							
30	NR	1997-98	Tarantaran-Goindwal	6	2	1	-	-	-	-
31	NWR	2000-01	Ajmer-Pushkar	17	4	1	12	10	2	0
32	NWR	1996-97	Dausa-Gangapur City	14	5	8	60	4	0	1
33	SCR	1998-99	Gadwal-Raichur	54	1	4	6 month	43 months	Nil	Nil
34	SCR	1997-98	Gulbarga-Bidar	42	7	Nil	8 to 27 months	Nil	3	Nil
35	SCR	1999-2000	Kakinada-Pithapuram	Nil	Nil	Nil	Nil	Nil	Nil	Nil
36	SCR	2000-2001	Kotipalli-Narsapur	Nil	Nil	Nil	Nil	Nil	Nil	Nil
37	SCR	1997-98	Macherla-Nalgonda	Nil	Nil	Nil	Nil	Nil	Nil	Nil
38	SCR	1997-98	Munirabad-Mahbubanagar	16	1	Nil	12 months	Nil	2	Nil
39	SCR	1993-94	Peddapally-Karimnagar-Nizamabad	156	7	5	13 months	22 months	2	Nil
40	SECR	1995-96	Dallirajahara-Jadalpur	2	Nil	Nil	Nil	Nil	Nil	Nil
41	SER	1974-75	Howrah-Amta	NA	NA	NA	NA	NA	NA	NA
42	SR	1997-98	Angamali-Sabarimala	2	Nil	Nil	Nil	Nil	Nil	Nil
43	SR	1996-97	Karur-Salem	79	3	1	18 months	11 months	--	--
44	SR	1999-2000	Tirunnavaya-Guruvayoor	NA	NA	NA	NA	NA	NA	NA

Sl. No.	Rly	Year of inclusion in Budget	Name of the project(s)	No. of total contracts entered	No. of total contracts awarded without completion of preliminary formalities		Extent of delay in		No. of contracts terminated on account of non-progress of works due to delay	
					Non-availability of clear site	Non-availability of approved drawings	Handing over site	handing over drawings	delay in handing over clear site	Delay in handing over approved drawings
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*
45	SWR	1996-97	Bangalore-Satyamanglam	Not applicable since works not taken up yet						
46	SWR	1996-97	Hassan-Bangalore	164	47	11	1 month to 50 months	11 to 68 months	1	Nil
47	SWR	1996-97	Hubli-Ankola	37	13	1	3 to 34 months	3 months	Nil	Nil
48	SWR	1996-97	Kadur-Chickmagalur-Sakleshpur	43	7	13	3 to 36 months	4 to 36 months	Nil	2
49	WCR	2000-01	Ramganjmandi-Bhopal	12	Nil	3	Nil	24 months	Nil	3
50	WR	2007-08	Dahod-Indore via Sardarpur, Jhabao & Dhar	15	9	5	7-17 months	8-13 months	Nil	Nil
Total				**1357**	**198**	**76**			**32**	**12**

Annexure XXI

(Para 3.1.6.3)

NEW LINES PROJECTS ON SOCIO-ECONOMIC CONSIDERATIONS- INCREASE IN COST DUE TO NON-COMPLETION

					Rupees in crores						
Sl. No.	**Rly**	**Year of inclusion in Budget**	**Name of the project(s)**	**Length in Kms**	**Original cost**	**Cost as per detailed estimate**	**Revised cost or last anticipated cost**	**Difference in cost**		**variation %**	
								between original cost and last anticipated cost	**between sanctioned estimate cost and last anticipated cost**	**between original cost and last anticipated cost**	**between sanctioned estimate cost and last anticipated cost**
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*13*
1	SER	1974-75	Howrah-Amta, Bargachia-Champadanga-Tarkeshwar & Amta-Bagnan	99.00							
			Howrah-Amta, Bargachia-Champadanga	75.00	10.72	31.43	266.00	255.28	234.57	24.81	8.46
			Champadanga-Tarkeshwar & Amta-Bagnan	24.00	141.93	141.93	141.93	0.00	0.00	1.00	1.00
2	NR	1981-82	Nangal Dam-Talwara & Taking over siding of Mukerian Talwara	83.74			730.00	730.00	730.00		
3	NFR	1983-84	Eklakhi-Balurghat & Gazole-Itahar	113.11	47.00	285.93	285.93	238.93	0.00	6.08	1.00
4	NCR	1985-86	Guna-Etawah	344.00				0.00	0.00		
		1992-93	GWL-BIX	81.93		92.54	356.85	356.85	264.31		3.86
			BIX-ETW	36.39				0.00	0.00		
5	WR	1989-90	Dahod-Indore via Sardarpur, Jhabao & Dhar								
		2007-08	Dahod - Indore	200.97	678.56	137.66	1644.12	965.56	1506.46	2.42	11.94
6	NFR	1992-93	Dudhnoi- Mendhpathar (Depa)	19.75	75.58	86.22	86.22	10.64	0.00	1.14	1.00
7	CR	1993-94	Amravati-Narkher	138.00	120.90	150.66	365.27	244.37	214.61	3.02	2.42
8	ECoR	1993-94	Lanjigarh Road-Junagarh	56.00	80.24	142.98	170.00	89.76	27.02	2.12	1.19
9	SCR	1993-94	Peddapally-Karimnagar-Nizamabad	178.37	124.43	361.10	617.62	493.19	256.52	4.96	1.71
10	ECoR	1994-95	Khurda Road-Bolangir	289.00	353.38	497.44	700.00	346.62	202.56	1.98	1.41
11	CR	1995-96	Ahmednagar -Beed-Parli Vajinath	261.25	353.00	462.67	462.67	109.67	0.00	1.31	1.00
12	ER	1995-96	Mandarhill-Rampurhat via Dumka	130.00	170.47	259.34	873.33	702.86	613.99	5.12	3.37
13	NER	1995-96	Rampur-Lalkuan-Kathgodam ROB on NH	0.00	5.30	16.00	30.51	25.21	14.51	5.76	1.91
14	SECR	1995-96	Dallirajahara-Jadalpur (**PPP**)	235.00	369.00	968.60	1296.09	927.09	327.49	3.51	1.34
15	ECR	1996-97	Khagaria-Kusheshwarsthan	42.30			162.87	162.87	162.87		
16	ECR	1996-97	Sakri-Hasanpur	76.00	89.70	89.70	175.68	85.98	85.98	1.96	1.96
17	NFR	1996-97	Harmuti-Itanagar	33.00	156.33	160.48	531.81	375.48	371.33	3.40	3.31
18	NWR	1996-97	Dausa-Gangapur City	92.67	208.83	208.83	410.08	201.25	201.25	1.96	1.96
19	SR	1996-97	Karur-Salem	85.00	155.00	229.88	712.00	557.00	482.12	4.59	3.10
20	SWR	1996-97	Bangalore-Satyamanglam	260.00			226.00	226.00	226.00		
21	SWR	1996-97	Hassan-Bangalore	166.00	295.77	412.91	670.00	374.23	257.09	2.27	1.62
22	SWR	1996-97	Hubli-Ankola	167.00	138.15	103.73	285.24	147.09	181.51	2.06	2.75
23	SWR	1996-97	Kadur-Chickmagalur-Sakleshpur	93.00	157.00	262.82	334.63	177.63	71.81	2.13	1.27
24	ECR	1997-98	Gaya-Daltonganj via Rafijganj	136.88			445.25	445.25	445.25	0.00	0.00
25	ECR	1997-98	Giridih-Koderma	102.50	143.01	371.36	452.35	309.34	80.99	3.16	1.22

Sl. No.	Rly	Year of inclusion in Budget	Name of the project(s)	Length in Kms	Original cost	Cost as per detailed estimate	Revised cost or last anticipated cost	Difference in cost		variation %	
								between original cost and last anticipated cost	between sanctioned estimate cost and last anticipated cost	between original cost and last anticipated cost	between sanctioned estimate cost and last anticipated cost
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*13*
26	ECR	1997-98	Munger-rail-cum-road bridge on river Ganga	19.80		815.44	981.00	981.00	165.56	0.00	1.20
27	ECR	1997-98	Muzaffarpur-Sitamarhi	64.50			322.30	322.30	322.30	0.00	0.00
28	ECR	1997-98	Patna -Ganga bridge with linking bet. Patna & Hajipur	19.00	610.00	624.47	2963.00	2353.00	2338.53	4.86	4.74
29	NCR	1997-98	Etawah-Mainpuri	60/57.5	120.00	129.70	142.48	22.48	12.78	1.19	1.10
30	NCR	1997-98	Lalitpur-Satna, Rewa-Singrauli & Mahoba-Khajuraho	541.00			925.00	925.00	925.00		
			LAR-UDAIPURA	32.68	61.26	61.05	106.05	44.79	45.00	1.73	1.74
			UDAIPURA-KURJ	134.82	252.77	325.76	470.90	218.13	145.14	1.86	1.45
			MBA-KURJ	65.15	84.26	139.90	222.15	137.89	82.25	2.64	1.59
31	NR	1997-98	Abohar-Fazilka	42.72	73.09	86.44	209.57	136.48	123.13	2.87	2.42
32	NR	1997-98	Chandigarh-Ludhiana	112.00	150.30	224.45	1103.47	953.17	879.02	7.34	4.92
33	NR	1997-98	Tarantaran-Goindwal	21.50	22.96	37.51	101.34	78.38	63.83	4.41	2.70
34	SCR	1997-98	Gulbarga-Bidar	106.60	194.58	369.70	369.70	175.12	0.00	1.90	1.00
35	SCR	1997-98	Macherla-Nalgonda	81.60	125.09	NA	363.26	238.17		2.90	
36	SCR	1997-98	Munirabad-Mahbubanagar	246.00	337.32	449.59	497.47	160.15	47.88	1.47	1.11
37	SR	1997-98	Angamali-Sabarimala	146.00	550.00	517.70	550.00	0.00	32.30	1.00	1.06
38	CR	1998-99	Baramati-Lonad	54.00	75.00	138.48	138.48	63.48	0.00	1.85	1.00
39	ECR	1998-99	Fatuha-Ishlampur Restoration and Sheikhpura to Neora	171.50	455.13	420.16	406.92	-48.21	-13.24	0.89	0.97
40	ECR	1998-99	Koderma-Ranchi	202.00			1157.80	1157.80	1157.80		
41	ER	1998-99	Deogarh-Dumka	72.25	180.00	180.82	320.66	140.66	139.84	1.78	1.77
42	SCR	1998-99	Gadwal-Raichur	58.80	73.42	108.91	228.09	154.67	119.18	3.11	2.09
43	NCR	1999-00	Agra-Etawah via Fatehabad and Bah	114.00	108.00	214.09		-108.00	-214.09	0.00	0.00
44	SCR	1999-00	Kakinada-Pithapuram	21.50	41.66		125.68	84.02		3.02	
45	SR	1999-00	Tirunnavaya-Guruvayoor	50.23	137.71	117.34	137.71	0.00	20.37	1.00	1.17
46	ER	2000-01	Deogarh-Sultanganj, Banka-Barahat and Banka-Bhitiah Road	151.28	282.00	519.67	607.09	325.09	87.42	2.15	1.17
47	ER	2000-01	Tarakeshwar-Bishnupur with Ext up to Kumarkundu Bypass	85.00	260.00	479.20	840.00	580.00	360.80	3.23	1.75
48	NWR	2000-01	Ajmer-Pushkar	25.70	88.40	88.40	106.20	17.80	17.80	1.20	1.20
49	WCR	2000-01	Ramganjmandi-Bhopal	270.00	425.00			-425.00	0.00	0.00	
50	SCR	2000-01	Kotipalli-Narsapur	57.21	329.05		1053.87	724.82		3.20	
Total					**8911.30**	**11522.99**	**26882.64**			**3.02**	**2.33**

Annexure XXII

(Para 3.1.6.4)

NEW LINES PROJECTS ON SOCIO-ECONOMIC CONSIDERATIONS- ANTICIPATED COST, ACTUAL EXPENDITURE AND FUNDS REQUIRED

Rupees in crores

Sl. No.	Rly	Year of inclusion in Budget	Name of the project(s)	Length in Kms	Latest anticipated cost	Actual expenditure till 31.3.10	Balance funds required	Part section if completed	Wether the either end of completed section is linked to existing line	Expenditure on the completed section	Whether train service commenced? If so date from which commenced
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*
1	SER	1974-75	Howrah-Amta, Bargachia-Champadanga-Tarkeshwar & Amta-Bagnan	99.00	407.93	106.92	301.01	Santragachi - Amta (43 kms)	Yes	NA	HWH -Bargachia -1984 Bargachia - Mahendra Lal - 29.7.2000 & Mahendra Lal Nagar to Amta on 31.12.04. Though initially the State Government had committed for providing free land, they have shown thereinability to do so in respect of Bargachia - Champadanga (32 kms) partly because Railway approached the State Government only in DEcember 2003 and by then the cost had increased many fold to approximately 100 crore. Now Railway has to bear two-third cost which amounts to Rs.67 crore.
			Howrah-Amta, Bargachia-Champadanga	75.00				Howrah -Amta (43 kms)	Yes		
			Champadanga-Tarkeshwar & Amta-Bagnan	24.00		0		0	No		
2	NR	1981-82		83.74	730.00	241.45	488.55				

					Rupees in crores						
Sl. No.	**Rly**	**Year of inclusion in Budget**	**Name of the project(s)**	**Length in Kms**	**Latest anticipated cost**	**Actual expenditure till 31.3.10**	**Balance funds required**	**Part section if completed**	**Wether the either end of completed section is linked to existing line**	**Expenditure on the completed section**	**Whether train service commenced? If so date from which commenced**
1	***2***	***3***	***4***	***5***	***6***	***7***	***8***	***9***	***10***	***11***	***12***
3	NFR	1983-84	Eklakhi-Balurghat & Gazole-Itahar	113.11	285.93	232.1	53.83	Eklakhi - Balurghat	yes	225.41	yes 30.12.2004
4	NCR	1985-86	Guna-Etawah	344.00	356.85	294.24	62.61	* GWL-BIX	Yes	84.92	July'2002
			GWL-BIX	81.93							
			BIX-ETW	36.39							
5	WR	1989-90	Dahod-Indore via Sardarpur, Jhabao & Dhar	236.00							
		2007-08	Dahod - Indore	200.97	1644.12	61.34	1582.78	Nil	Nil	Nil	Nil
6	NFR	1992-93	Dudhnoi- Mendhpathar (Depa)	19.75	86.22	24.82	61.40	No	Nil	Nil	Nil
7	CR	1993-94	Amravati-Narkher	138.00	365.27	270.15	95.12	Amravati - Chandurbazar	No	123.07	No
8	ECoR	1993-94	Lanjigarh Road-Junagarh	56.00	170.00	109.31	60.69	No	No	0	No
9	SCR	1993-94	Peddapally-Karimnagar-Nizamabad	178.37	617.62	340.92	276.70	PDPL-KRMR-JGTL	yes	227.79	14.02.2001/ 26.12.07
10	ECoR	1994-95	Khurda Road-Bolangir	289.00	700.00	105.80	594.20	No	No	0	No
11	CR	1995-96	Ahmednagar -Beed-Parli Vajinath	261.25	462.67	45.53	417.14	Ahmednagar -Narayandoh	No	45.53	No
12	ER	1995-96	Mandarhill-Rampurhat via Dumka	130.00	873.33	300.98	572.35	Not Completed	No		
13	NER	1995-96	Rampur-Lalkuan-Kathgodam ROB on NH	0.00	30.51	0.11	30.40				
14	SECR	1995-96	Dallirajahara-Jadalpur (**PPP**)	235.00	1296.09	48.61	1247.48	Not Completed	NA	NA	NA
15	ECR	1996-97	Khagaria-Kusheshwarsthan	42.30	162.87	68.02	94.85				
16	ECR	1996-97	Sakri-Hasanpur	76.00	175.68	128.92	46.76				
17	NFR	1996-97	Harmuti-Itanagar	33.00	531.81	81.67	450.14	No			
18	NWR	1996-97	Dausa-Gangapur City	92.67	410.08	110.90	299.18	No	No	No	No
19	SR	1996-97	Karur-Salem	85.00	712	337.51	374.49	Nil	Nil	Nil	Nil

					Rupees in crores						
Sl. No.	**Rly**	**Year of inclusion in Budget**	**Name of the project(s)**	**Length in Kms**	**Latest anticipated cost**	**Actual expenditure till 31.3.10**	**Balance funds required**	**Part section if completed**	**Wether the either end of completed section is linked to existing line**	**Expenditure on the completed section**	**Whether train service commenced? If so date from which commenced**
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*
20	SWR	1996-97	Bangalore-Satyamanglam	260.00	226.00	0.29	225.71	Not applicable since works not taken up yet			
21	SWR	1996-97	Hassan-Bangalore	166.00	670	395.51	274.49	Hasan -Shravanabelagola (42 km) Chikkabanavar-Nelamangala(14km)	one end is linked	140.00	07.02.2006 but closed (12.07.2006
22	SWR	1996-97	Hubli-Ankola	167.00	285.24	78.76	206.48	No	No	NA	No
23	SWR	1996-97	Kadur-Chickmagalur-Sakleshpur	93.00	334.63	102.28	232.35	No	No	NA	No
24	ECR	1997-98	Gaya-Daltonganj via Rafijganj	136.88	445.25	54.20	391.05				
25	ECR	1997-98	Giridih-Koderma	102.50	371.36	258	113.36				
26	ECR	1997-98	Munger-rail-cum-road bridge on river Ganga	19.80	981.00	309.58	671.42				
27	ECR	1997-98	Muzaffarpur-Sitamarhi	64.50	322.30	272.300	50.00				
28	ECR	1997-98	Patna -Ganga bridge with linking bet. Patna & Hajipur	19.00	1389.00	583.62	805.38				
29	NCR	1997-98	Etawah-Mainpuri	57.50	142.48	110.7	31.78	No	NO	No	No
30	NCR	1997-98	Lalitpur-Satna, Rewa-Singrauli & Mahoba-Khajuraho								
			LAR-UDAIPURA	32.68	106.05	139.04	437.91				
			UDAIPURA-KURJ	134.82	470.90	0.00	0.00				
			MBA-KURJ	65.15	222.15	170.52	51.63	P.Way work completed	Yes	170.52	26.12.2008
31	NR	1997-98	Abohar-Fazilka	42.72	209.57	192.48	17.09	-	-	-	-
32	NR	1997-98	Chandigarh-Ludhiana	112.00	710.19	639.83	70.36	45 kms	yes	237.05	yes. 27.09.06
33	NR	1997-98	Tarantaran-Goindwal	21.50	101.34	45.23	56.11	-	-	-	-
34	SCR	1997-98	Gulbarga-Bidar	106.60	369.7	124.56	245.14	Nil	Nil	Nil	Nil

					Rupees in crores						
Sl. No.	**Rly**	**Year of inclusion in Budget**	**Name of the project(s)**	**Length in Kms**	**Latest anticipated cost**	**Actual expenditure till 31.3.10**	**Balance funds required**	**Part section if completed**	**Wether the either end of completed section is linked to existing line**	**Expenditure on the completed section**	**Whether train service commenced? If so date from which commenced**
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*
35	SCR	1997-98	Macherla-Nalgonda	81.60	363.26	0.27	362.99	Nil	Nil	Nil	Nil
36	SCR	1997-98	Munirabad-Mahbubanagar	246.00	497.47	66.82	430.65	Nil	Nil	Nil	Nil
37	SR	1997-98	Angamali-Sabarimala	146.00	550.00	62.34	487.66	Not Completed	No	Nil	No
38	CR	1998-99	Baramati-Lonad	54.00	138.48	40.17	98.31	Lonand -Phaltan (work under progress)	No	40.17	No
39	ECR	1998-99	Fatuha-Ishlampur Restoration and Sheikhpura to Neora	171.50	406.92	230.18	176.74				
40	ECR	1998-99	Koderma-Ranchi	202.00	1157.80	502.78	655.02				
41	ER	1998-99	Deogarh-Dumka	72.25	320.33	311.28	9.05	Yes	Yes	NA	
42	SCR	1998-99	Gadwal-Raichur	58.80	228.09	147.53	80.56				
43	NCR	1999-00	Agra-Etawah via Fatehabad and Bah	114.00	214.09	171.28	42.81	Nil	Nil	Nil	Nil
44	SCR	1999-00	Kakinada-Pithapuram	21.50	125.68	0.04	125.64				
45	SR	1999-00	Tirunnavaya-Guruvayoor	50.23	137.71	9.19	128.52	Not Completed	No	Nil	No
46	ER	2000-01	Deogarh-Sultanganj, Banka-Barahat and Banka-Bhitiah Road	151.28	607.09	187.67	419.42				
47	ER	2000-01	Tarakeshwar-Bishnupur with Ext up to Kumarkundu Bypass	85.00	840.00	222.92	617.08				
48	NWR	2000-01	Ajmer-Pushkar	25.70	106.20	65.29	40.91	No	No	No	No
49	WCR	2000-01	Ramganjmandi-Bhopal	270.00	1225.90	135.73	1090.17	NA	NA	NA	NA
50	SCR	2000-01	Kotipalli-Narsapur	57.21	1053.87	9.42	1044.45				
			Total		**25349.03**	**8549.11**	**16799.92**				

Note the figures filled in the columns are based on the figures indicated in the works programmes of the Railways for the year 2010-11

Annexure XXIII

(Paras 3.1.7.1 & 3.1.7.2)

Status of contracts for various works

Sl. No.	Rly	Year of inclusion in Budget	Name of the project(s)	No. of total contracts entered	No. of contracts completed within stipulated period	No. of contracts not completed within stipulated period	No of contracts not completed with in stipulated date of completion and extent of delay		Reasons for slow progress/delay in completion (number of contracts)						No. of contracts foreclosed without liability on either side	No. of contracts re-awarded at higher cost	Extra expenditure	No. of contracts terminated at risk and cost	Financial implications	
							No.	Extentent of delay (in months from ___to ___)	Non-availability of clear site	Non-availability of drawings	Change in scope of work	Non-supply/ availability of material	Slow progress by contractor	Other					Total risk and cost amount	Risk cost not recovered
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*	*16*	*17*	*18*	*19*	*20*	*21*
1	CR	1995-96	Ahmednagar -Beed-Parli Vajinath	6	0	6	6	6 to 30 months	2	2	0	0	1	1	0	0	0	0	0	0
2	CR	1993-94	Amravati-Narkher	28	0	19	19	2 to 17 months	0	0	0	0	14	5	0	0	0	5	10.93	0.07
3	CR	1998-99	Baramati-Lonad	6	0	6	6	10 to 29 months	3	2	0	0	0	1	0	0	0	0	0	0
4	ECoR	1994-95	Khurda Road-Bolangir	5	0	5	1	32 months	0	1	0	0	1	0	1	1	4.32	1	12.43	12.43
5	ECoR	1993-94	Lanjigarh Road-Junagarh	7	0	7	2	0	0	0	2	0	0	0	5	5	3.32	0	0	0
6	ECR	1998-99	Fatuha-Ishlampur Restoration and Sheikhpura to Neora	21	2	19	14	12 to 72 months	14	0	0	0	0	0	0	2	35.88	2	52.81	0
7	ECR	1997-98	Gaya-Daltonganj via Rafijganj																	
8	ECR	1997-98	Giridih-Koderma	23	2	21	21	5 to 46 months						0	0	2		3		
9	ECR	1996-97	Khagaria-Kusheshwarsthan	8	1	3	0	0	0	0	0	0	2	0	0			1		
10	ECR	1998-99	Koderma-Ranchi																	
11	ECR	1997-98	Munger-rail-cum-road bridge on river Ganga	42	28	1	1	1 month												
12	ECR	1997-98	Muzaffarpur-Sitamarhi																	
13	ECR	1997-98	Patna -Ganga bridge with linking bet. Patna & Hajipur	75	0	75	75	1 to 40 months							16	11	11.32	15	11.32	0.5
14	ECR	1996-97	Sakri-Hasanpur	30	8	6	4						6	3	1	2	1.38	6		
15	ER	1998-99	Deogarh-Dumka																	
16	ER	2000-01	Deogarh-Sultanganj, Banka-Barahat and Banka-Bhitiah Road																	
17	ER	1995-96	Mandarhill-Rampurhat via Dumka																	
18	ER	2000-01	Tarakeshwar-Bishnupur with Ext up to Kumarkundu Bypass																	
19	NCR	1999-2000	Agra-Etawah via Fatehabad and Bah	31	1	21	21	06 months to	11	0	1	0	0	9	0	0	0	4	19.74	19.74
20	NCR	1997-98	Etawah-Mainpuri	21	12	9	9	4 to 31	0	0	0	0	2	7	0	0	0	2	0	0
21	NCR	1985-86	Guna-Etawah	190	2	61	61	2 months to 60 months	14	5	0	6	0	36	0	0	0	13	35.06	35.06
22	NCR	1997-98	Lalitpur-Satna, Rewa-Singrauli & Mahoba-Khajuraho	113	2	31	31	2 months to 36 months	16	1	0	1	0	13	0	0	0	11	1.71	1.71
23	NER	1995-96	Rampur-Lalkuan-Kathgodam ROB on NH																	
24	NFR	1992-93	Dudhnoi- Mendhpathar (Depa)	2	1	0	0	0												
25	NFR	1984-85	Eklakhi-Balurghat & Gazole-Itahar	86	9	77	77	11 to 33 months	7	3	12	7	15	33	0	0	0	3	0.54	0.53
26	NFR	1996-97	Harmuti-Itanagar	2	1	0	0													

Sl. No.	Rly	Year of inclusion in Budget	Name of the project(s)	No. of total contracts entered	No. of contracts completed within stipulated period	No. of contracts not completed within stipulated period	No of contracts not completed with in stipulated date of completion and extent of delay		Reasons for slow progress/delay in completion (number of contracts)						No. of contracts foreclosed without liability on either side	No. of contracts re-awarded at higher cost	Extra expenditure	No. of contracts terminated at risk and cost	Financial implications	
							No.	Extentent of delay (in months from ___to ___)	Non-availability of clear site	Non-availability of drawings	Change in scope of work	Non-supply/ availability of material	Slow progress by contractor	Other					Total risk and cost amount	Risk cost not recovered
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*	*16*	*17*	*18*	*19*	*20*	*21*
27	NR	1997-98	Abohar-Fazilka	13		11	11	2 to 29	4	2				5						
28	NR	1997-98	Chandigarh-Ludhiana	31		31	31	2 to 54	18	4	3	1		5		4		4	1.07	1.07
29	NR	1981-82	Nangal Dam-Talwara & Taking over siding of Mukerian Talwara																	
30	NR	1997-98	Tarantaran-Goindwal	6	6	6	6	3 to 12	2	1	2			1						
31	NWR	2000-01	Ajmer-Pushkar	17	0	17	17	3 to 21	4	1	1	1	5	5	1	1	0.38	4	6.12	6.12
32	NWR	1996-97	Dausa-Gangapur City	14	0	14	14	8 to 45	5	7	0	0	2	0	0	0	0	1	1.82	1.82
33	SCR	1998-99	Gadwal-Raichur	54	6	48	48	3 tp 29	1	4	11	0	29	2	4	0	0	0	0	0
34	SCR	1997-98	Gulbarga-Bidar	42	2	40	40	4 to 31	7	0	10	1	31	2	0	0	0	0	0	0
35	SCR	1999-00	Kainada-Pithapuram	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	SCR	2000-01	Kotipalli-Narsapur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	SCR	1997-98	Macherla-Nalgonda	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38	SCR	1997-98	Munirabad-Mahbubanagar	16	0	16	16	14 to 33	1	0	4	0	10	2	2	2	0.72	0	0	0
39	SCR	1993-94	Peddapally-Karimnagar-Nizamabad	156	5	151	151	1 to 58	7	5	14	2	59	10	4	6	4.69	6	4.69	3.45
40	SECR	1995-96	Dallirajahara-Jadalpur	2	0	1	1	19	0	0	0	0	0	1	0	0	0	0	0	0
41	SER	1974-75	Howrah-Amta		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	SR	1997-98	Angamali-Sabarimala	2	0	2	1	20 months	1	0	0	0	0	0	0	0	0	0	0	0
43	SR	1996-97	Karur-Salem	79	5	74			3	1	1	11	16	17	12	--	--	10	--	--
44	SR	1999-00	Tirunnavaya-Guruvayoor																	
45	SWR	1996-97	Bangalore-Satyamanglam																	
46	SWR	1996-97	Hassan-Bangalore	164	14	129	129	1 to 76 months	37	8	3	2	60	19	10	13	8.74	11	11.29	11.23
47	SWR	1996-97	Hubli-Ankola	37	0	35	35	2 to 84 months	13	1	12	0	12	29	0	0	0	2	0.7	0.7
48	SWR	1996-97	Kadur-Chickmagalur-Sakleshpur	43	2	29	29	5 to 60 months	7	14	6	0	33	8	4	2	4.92	7	15.22	14.84
49	WCR	2000-01	Ramganjmandi-Bhopal	12	0	12	10	2 to 42 months	0	3	0	0	2	0	0	0	0	3	7.21	7.18
50	WR	2007-08	Dahod-Indore via Sardarpur, Jhabao & Dhar	15	0	4	4	2 to 5 months	9	5	0	0	0	0	0	0	0	0	0	0
			Total	**1399**	**109**	**987**	**891**		**184**	**68**	**82**	**32**	**299**	**213**	**60**	**51**	**75.67**	**114**	**192.66**	**116.45**