सत्यमेव जयते

Report of the Comptroller and Auditor General of India

for the year ended March 2022

SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Union Government (Railways)
(Compliance Audit)
Report No. 4 of 2024

GAURAV RAI

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for the year ended March 2022

Laid in Lok Sabha/Rajya Sabha on ___________

Union Government (Railways)

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Preface

The Report for the year ended March 2022 has been prepared for submission to the President under Article 151 (1) of the Constitution of India.

The Report contains significant results of the compliance audit of the Ministry of Railways of the Union Government. This Audit Report contains 33 audit observations.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2021-22 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2021-22 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Contents

Overview

The Audit Report for the year ending March 2022 comprises four Chapters viz. Chapter 1 (Introduction), Chapter 2 (Operations and Business Development), Chapter 3 (Infrastructure) and Chapter 4 (Traction and Rolling Stock). This Report consists of audit findings relating to compliance issues in respect of the Ministry of Railways and its various field units. This Report includes 33 individual paragraphs involving money value of ₹ 2604.40 crore. A brief overview of the important audit findings and conclusions is given below.

Para 2.1 Loss of ₹ 834.72 crore on account of payment of interest on loan taken by IRCON due to improper decision of the Ministry of Railways to generate Non-Fare Revenue in 2017-18: Railway Board

Ministry of Railways (MoR) suffered a loss of ₹ 834.72 crore on interest paid on a loan of ₹ 3,200 crore taken by IRCON for development of a land parcel. The loan along with interest was repaid without any development of the land parcel.

Recommendations:

Ministry of Railways may consider:

- ***Fixing responsibility for the huge loss suffered by the Railways.***
- ***Avoiding decisions for generating Non-Fare Revenue at the fag end of the financial year without conducting proper feasibility studies.***

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Para 2.2 Non-levy of Shunting Charges: East Coast Railway

Non-levy of Shunting charges for shunting activity by using Railway engines resulted in loss of revenue of ₹ 149.12 crore during the period from 2018 to 2022 in East Coast Railway.

Recommendation:

Bills for Shunting charges may be preferred as required vide Ministry of Railway's Circular of February 2009 for utilisation of Railways' engine (s) for shunting activity in siding premises. Responsibility may also be fixed for the lapse resulting into loss of revenue to Railways.

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Para 2.3 Non-recovery of Goods and Services Tax from Siding owners: South East Central Railway and Western Railway

Non-compliance to Goods and Services Tax (GST) provisions regarding levying of GST on services provided by the Railways to Siding owners resulted in non-collection of ₹ 13.43 crore from Siding owners.

Recommendations:

- ***Outstanding GST should be realised from the Siding owners at the earliest to avoid loss to Government exchequer.***
- ***Further, responsibility may be fixed at appropriate level for non-implementation of the provision of the GST notification.***

(*Page-18*)

Para 2.4 Non-recovery of ₹ 10.61 crore due to non-revision of license fee of Land/building: West Central Railway

Railway Administration did not revise the licence fee of the Land and Building, leased to the Department of Posts for Railway Mail Services which resulted in non-realization of ₹ 10.61 crore from the Department of Posts.

Recommendation:

Ministry of Railways may ensure execution of agreements and realization of revised licence fee from the Department of Posts at the earliest.

(*Page-20*)

Para 2.5 Loss of ₹ 9.25 crore on account of granting ineligible concession of six *per cent* to an Automobile Freight Train Operator for automobile traffic to the North-Eastern States: Southern Railway

Southern Railway granted a concession (₹ 9.25 crore) of six *per cent* on freight for carriage of automobiles transported to North Eastern States in BCACBM rakes. The Ministry of Railways had accorded concession on freight for commodities transported in NMG rakes which was extended for transportation of Motor Vehicles in NMG rakes. The MoR instructions did not provide for the concession in freight for transportation of Motor Vehicles in BCACBM rakes. Thus, ineligible concession of six *per cent* granted for transportation of automobiles in BCACBM rakes to North-Eastern States had resulted in loss of ₹ 9.25 crore to the Railways.

Recommendation:

Ministry of Railways may consider issuing necessary instructions in this regard and ensure appropriate modification in Freight Operations Information System for not allowing this ineligible concession.

(*Page-22*)

Para 2.6 Loss due to non-updation of system: North Eastern Railway

Failure to update the Freight Operations Information System resulted in undercharge of freight amounting to ₹ 8.69 crore due to non-realization of freight as per notified CC+8 route.

Recommendation:

Failure to ensure timely updation on Freight Operations Information System needs to be investigated and responsibility for this lapse may be fixed. Railway Administration may ensure timely updation of the FOIS so that incidences of such nature are avoided.

(*Page-24*)

Para 2.7 Loss due to short charging of freight: East Coast Railway

Failure of East Coast Railway Administration to implement Ministry of Railways' instructions as well as Zonal Railways' Commercial Circular on applicability of tariff on siding distance resulted in loss of freight earnings of ₹ 6.12 crore during the period from October 2020 to February 2022.

Recommendation*:*

Railway may strengthen the monitoring mechanism in booking of rakes to ensure recovery of freight for proper chargeable distance in all cases to avoid loss of freight earnings. Responsibility may also be fixed for this lapse.

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Para 3.1 Undue favour in award of contract: IRCON International Limited

IRCON International Limited awarded a contract at ₹ 1110.80 crore to an ineligible bidder ignoring the essential qualifying criteria for the evaluation of tenders.

Recommendation:

Responsibility may be fixed for extending undue benefit to the contractor.

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Para 3.2 Idling of assets due to inordinate delay in opening of section for Goods traffic led to loss of potential earnings: Western Railway

Delay in opening of the section for Goods traffic after its Gauge conversion led to loss of earning capacity to the tune of ₹ 126 crore during the period from 2018-19 to 2020-21, in addition to idling of the investment of ₹ 121 crore incurred on the Project for more than three years.

Recommendation:

Responsibility may be fixed for delay in opening of the Bhuj-Deshalpur section for Goods traffic.

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Para 3.3 Blockade of capital due to non-completion of approach road: West Central Railway

Non-completion of approach road to the Road Over Bridges resulted in blocking of Railway's capital of ₹ 43.59 crore and recurring expenditure of ₹ 1.35 crore due to non-closure of the Level Crossings.

Recommendation:

WCR Administration should pursue the case with the State Government on monthly basis, in the manner stipulated by the MoR, for early completion of the approach road and ensure the functioning of ROB and closure of the LC.

(Page-37)

Para 3.4 Non-recovery of Mobilization Advance paid to the Contractor and interest thereon: South East Central Railway

South East Central Railway failed to safeguard its financial interest which resulted in loss of ₹ 28.95 crore due to non-recovery of Mobilization Advance paid to the Contractor and interest thereon.

Recommendation:

Responsibility may be fixed for not getting the validity of Mobilization Advances extended and the amount due from the contractor may be recovered at the earliest.

(Page-41)

Para 3.5 Non-closure of Level Crossings despite incurring cost of ₹ 28.03 crore on the construction of Road Over Bridges and recurring cost on continued operation of LCs: South Central Railway

Non-Compliance of Ministry of Railways instructions regarding inclusion of Limited Height Subway (LHS)/Light Foot Over Bridge (FOB) at the time of framing of proposal for construction of Road Over Bridge/Road Under Bridge by South Central Railway resulted in non-closure of Level Crossings.

Recommendation:

Responsibility may be fixed for not including LHS/FOB alongside ROB construction, resulting in non-closure of LCs.

(***Page-43***)

Para 3.6 Non-realization of leasing charges amounting to ₹ 26.59 crore from State Government of Uttar Pradesh: North Central Railway

Violation of Ministry of Railway's instructions regarding leasing of Railway land to Government of Uttar Pradesh (GoUP) by North Central Railway Administration resulted in non-execution of land lease agreement with GoUP. Further, Railway Administration could not realize the land leasing charges from GoUP which resulted in a loss of revenue amounting to ₹ 26.59 crore**.**

Recommendation:

Responsibility may be fixed on officials not initiating proposal for consideration of MoR. All out efforts may be made to realize the lease rent.

(***Page-46***)

Para 3.7 Payment of inadmissible allowances amounting to ₹ 16.79 crore to Government employees on deputation to Railway Commercial Undertakings: IRCON, DFCCIL and MRVC

Three Railway Commercial undertakings paid allowances amounting to ₹ 16.79 crore to employees on deputation to these Railway Commercial Undertakings in contravention of DPE guidelines.

Recommendation:

Responsibility for this irregular payment may be fixed and the amount so paid may be recovered.

(***Page-48***)

Para 3.8 Unfruitful expenditure on construction of washing pit: North Eastern Railway

Sanction of unwarranted washing pits and subsequent decision to stop the work resulted in unfruitful expenditure of ₹ 10.72 crore.

Recommendation:

Decision to construct any structure may be taken only after ensuring complete suitability of site and considering all other factors relevant to the proposed construction. The responsibility may be fixed for undertaking the construction despite non-availability of connectivity to the existing line, resulting in unfruitful expenditure.

(*Page-50*)

Para 3.9 Short collection of Land License Fee amounting to ₹ 8.21 crore from Container Corporation of India: South Central Railway

South Central Railway did not apply Railway Board's approved rates for charging Land License Fee for Railway land leased to Container Corporation of India Limited. This resulted in short collection of Land License Fee amounting to ₹ 8.21 crore from Container Corporation of India (CONCOR).

Recommendation:

Ministry of Railways need to review whether similar nature of cases of short collection of LLF from CONCOR has taken place in other Zonal Railways.

(*Page-53*)

Para 3.10 Non-execution of Standard Memo of Terms and Conditions with Ministry of Defence led to loss of ₹ 7.43 crore towards non-realization of Maintenance Charges: Northeast Frontier Railway

Non-compliance of Ministry of Railways instructions regarding operations of Defence Siding by Northeast Frontier Railway resulted in non-execution of Standard Memo of Terms and conditions with Ministry of Defence which led to non-recovery of Maintenance Charges of ₹ 7.43 crore in respect of MISA Military Siding (Amoni).

Recommendation:

The instructions issued by Ministry of Railways with regard to execution of Standard Memo of terms and conditions with Defence Authorities for operation of Defence siding may be strictly followed by Northeast Frontier Railway Administration, and the responsibility may be fixed for

violation of the instructions resulting into loss of ₹ 7.43 crore towards non-realization of maintenance charges.

(*Page-55*)

Para 3.11 Loss of ₹ 7.06 crore due to non-inclusion of appropriate clauses in contract agreements: IRCON International Limited

IDHHL entered into a back to back agreement with NHAI and IRCON for executing a work of six laning of Devangare-Haveri Section of National Highway 48. Clause 12.4.1 of the agreement provided for levy and recovery of damages for non-maintenance of existing road in pothole free condition. However, IRCON, while awarding the above work to the sub-contractors, did not include an identical clause in the agreement. Consequently, IRCON could not recover the penalty of ₹ 7.06 crore from the sub-contractor, which resulted in loss of ₹ 7.06 crore to IRCON.

Recommendation:

Responsibility may be fixed for non-inclusion of penal clauses in the contracts with sub-contractor.

(*Page-57*)

Para 3.12 Lack of adequate monitoring by Railway Administration resulted in wasteful expenditure of ₹ 6.83 crore: Eastern Railway

Eastern Railway awarded a contract for earthwork, etc. in connection with doubling of Dankuni-Bhattanagar section along with construction of one additional loop line. Lack of adequate monitoring by Railway Administration on contractual work resulted in failure of embankment constructed for the loop. Due to non-operation of the loop line, the expenditure of ₹ 6.83 crore incurred on its construction was rendered wasteful.

Recommendation:

Ministry of Railways may fix accountability for the failure to ensure the execution of work as per expert advice and as per contractual terms.

(*Page-59*)

Para 3.13 Negligible utilization of the asset despite assurance by Ministry of Railways: North Western Railway

Ajmer-Pushkar Broad Gauge line could not be operated due to inability of Railway Administration to optimally utilize the infrastructure created with investment of ₹ 133.69 crore even after passage of 11 years of the commencement of train services. This resulted in loss of ₹ 6.78 crore on train operations in Ajmer-Pushkar section for the period 2017-18 to 2019-20.

Recommendation:

Ministry of Railways may come up with concrete action plan to optimally utilize the infrastructure created with huge investment.

(*Page-63*)

Para 3.14 Irregular payment of Overtime Allowance to staff working in incentive sections of Signal and Telecom Workshop, Podanur: Southern Railway

Staff working in incentive sections of Workshops in Indian Railways are not eligible for Overtime Allowance. However, Overtime Allowance of ₹ 6.67 crore was paid to the staff of incentive shops at Signal & Telecommunication Workshop, Podanur, Southern Railway during the period 2017-18 to 2021-22.

Recommendations:

- ***Ministry of Railways may ensure compliance to the Codal provisions by not booking Overtime in sections under the incentive schemes.***
- ***Recovery notices may be issued.***

(*Page-65*)

Para 3.15 Avoidable liability of ₹ 6.63 crore: North Western Railway

Non-utilization of the completed track between Dausa-Deedwana and Piplai-Gangapur City sections of Dausa-Gangapur City New Line Project resulted in avoidable liability of ₹ 6.63 crore on restoration of the deteriorated infrastructure.

Recommendation:

Zonal Railway may ensure better co-ordination between Construction and Open Line so that projects are immediately put to use after their completion. The responsibility for this avoidable liability may be fixed.

(*Page-68*)

Para 3.16 Avoidable expenditure of ₹ 6.28 crore: North Central Railway

North Central Railway administration failed to convert a commercial electricity connection to domestic connection despite the same being used entirely for domestic purposes .This resulted in avoidable expenditure of ₹ 6.28 crore due to payment of electricity charges at a higher tariff during the period from April 2016 to June 2022.

Recommendation:

Responsibility may be fixed for not pursuing the matter with the distribution company during the period from April 2016 to March 2022.

(*Page-71*)

Para 3.17 Non re-assessment of rent for Railway property rented to other Government Departments resulted in loss of ₹ 4.66 crore: Southern Railway

Southern Railway did not revise rent of land measuring 3.79 acres allotted to the Superintendent of Police, Government of Tamil Nadu, Tirunelveli in accordance with revised procedure (2018) for re-assessment of rent for property allotted to other Government Departments. Consequently, Railways received only a rent of ₹ 75,480 *per annum* at old rates instead of revised rent of ₹ 1.17 crore *per annum* resulting in loss of ₹ 4.66 crore (excluding rent of buildings) during the period from July 2018 to June 2022.

Recommendations:

- ***Ministry of Railways may ensure the recovery of revised rent at the earliest.***
- ***Requisite action relating to agreement, Hiring Committee and Asset Register may be taken.***

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Para 4.1 Idling of expenditure incurred on manufacture of trainsets for Train-18: Integral Coach Factory

Decision of MoR to change the traction system after approving the production program for 240 coaches over two years resulted in idling of six unusable coach shells for Train-18 manufacture against earlier specification at a cost of ₹ 8.57 crore and idling of materials worth ₹ 46 crore.

Recommendation:

MoR needs to ensure complete freezing of specifications before approving production program.

(*Page-79*)

Para 4.2 Avoidable payment towards haulage charges: South Eastern Railway

Due to supply of sick/unloadable wagons, Railways had to incur an avoidable payment of ₹ 12.54 crore towards haulage charges to Haldia Dock Complex system at Haldia for the period from December 2015 to December 2021.

Recommendation:

Railways need to ensure examination of rakes before their placement for loading/back loading to avoid the payment of haulage charges for sick/unloadable wagons.

(*Page-81*)

Para 4.3 Procurement of spare machine led to avoidable expenditure: Chittaranjan Locomotive Works

CLW Administration procured an additional Horizontal Machine; despite the fact that a Heavy Duty Machine with similar function was already available with CLW. This has resulted in avoidable expenditure of ₹ 10.41 crore in procurement of Horizontal machine.

Recommendation:

Ministry of Railways should fix responsibility for procuring the machine as an under-utilized machine with similar functioning was available.

(*Page-83*)

Para 4.4 Loss on account of speed restrictions: South Central Railway

The newly Broad Gauge section was opened without making remedies to unstable formation, this led to infructuous expenditure of ₹ 2.60 crore on Purna-Akola section. Further, due to imposing of Speed restrictions loss of ₹ 7.29 crore resulted on account of time loss of freight trains.

Recommendation:

SCR needs to expedite remedial works to avoid speed restrictions.

(*Page-85*)

Para 4.5 Failure of Railway Administration in heeding to Vigilance Department's suggestion to ban business with a contractor resulted in undue award of contract: East Coast Railway

East Coast Railway awarded cleaning contract worth ₹ 7.26 crore without giving due recognition to Vigilance Departments instructions. Further, Railway Administration failed to discharge the duty of Principal employer to ensure payment of minimum wages to the contract labourers engaged in the cleaning contract.

Recommendation:

ECoR may verify the wages paid to the labourers and arrange to recover the less payment from the agency and pay the same to the labourers.

Responsibility may be fixed for re-awarding the contract to same agency despite adverse observations of the Vigilance Department.

(***Page-87***)

Para 4.6 Avoidable expenditure of ₹ 6.82 crore towards unwarranted procurement of materials: Chittaranjan Locomotive Works

Chittaranjan Locomotive Works Administration made an unwarranted procurement of 41,217 meters 4 GKW-AX 150 mm^2,1800 V BK Single Core Cable which led to an avoidable expenditure of ₹ 6.82 crore during the period from 2016-17 to 2018-19.

Recommendation:

CLW Administration may take suitable steps to avoid such unwarranted procurement through effective material management. Responsibility may be fixed for this lapse.

(***Page-89***)

Para 4.7 Non-blending of bio diesel with high speed diesel oil resulted in avoidable expenditure of ₹ 6.72 crore: Eastern Railway

Eastern Railway failed to comply with the Ministry of Railways' directives (March 2015) to blend bio diesel with high speed diesel oil for diesel traction. This led to an avoidable expenditure of ₹ 6.72 crore during the period from 2018-19 to 2021-22.

Recommendation:

Ministry of Railways may ensure blending of recommended quantity of bio diesel with high speed diesel oil in compliance with the Action Plan.

(***Page-91***)

Para 4.8 Undue benefit to the contractor due to procurement at higher rates: North Eastern Railway

Acceptance of single bid at significantly higher rates from a private vendor led to benefit to the contractor amounting to ₹ 6.05 crore during the period September 2019 to March 2021.

Recommendation:

Responsibility may be fixed for accepting single bid at high rates and providing undue benefit to the contractor.

(***Page-94***)

Para 4.9 Blocking of capital due to non-connection of two railway lines: Northeast Frontier Railway

Two lines in Barsoi Jn. Station of Northeast Frontier Railway were not used for more than 16 years due to non-linking with running lines. This resulted in blocking of capital of ₹ 4.83 crore on idle assets.

Recommendation:

Railway Administration should immediately complete the connectivity work of the two idle lines with the main running lines.

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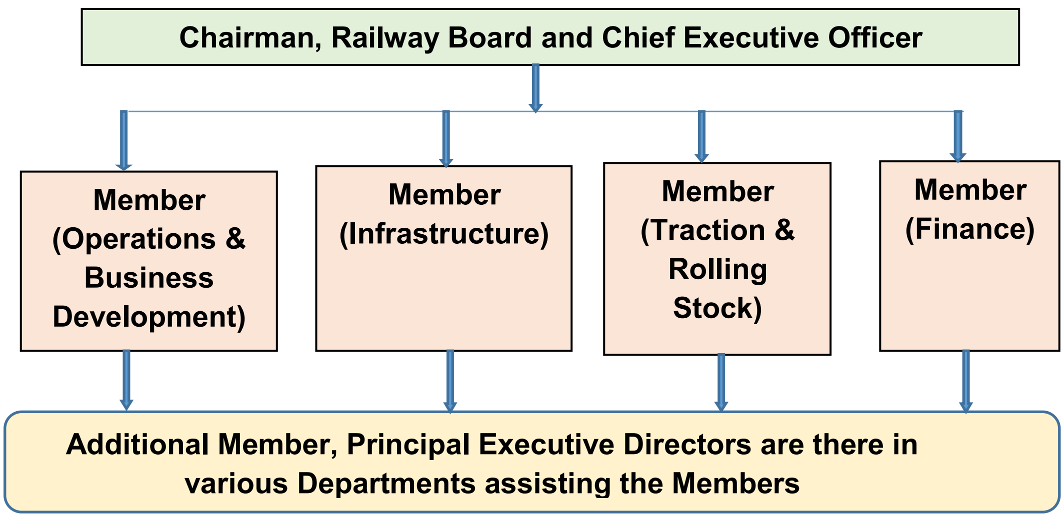
Chapter 1 – Introduction

Chapter 1 of the Audit Report gives a brief introduction of the audited entities; recoveries made by Ministry/Department at the instance of Audit; remedial actions taken in response to audit observations made in earlier Reports; summarized position of Action Taken Notes.

1.1 Ministry of Railways

Ministry of Railways (MoR) is headed by a Union Minister for Railways (a Cabinet Minister) and two Ministers of State for Railways. Railway Board which is the apex body of Indian Railways, reports to the Minister of Railways. The Board is headed by Chairman, Railway Board & Chief Executive Officer (CRB-CEO) and has four Members viz. Member (Operations & Business Development), Member (Infrastructure), Member (Traction & Rolling Stock) and Member (Finance). The Board lays down policies on operation and maintenance of train services, acquisition, construction and maintenance of assets. It monitors implementation of policies and instructions across 17 Zonal Railways. Railway Board also regulates pricing of both passenger fares and freight tariffs. The functional directorates under each Member assist and aid in decision-making and monitoring of railway operations.

The organizational structure of Railway Board (as on 31 March 2022)[1] is as follows:



Member (Operations & Business Development) looks after Traffic Transportation, Coaching, Tourism & Catering, Commercial, Non-Fare

[1] **Revised Organizational Structure of Railway Board issued vide MoR's Office Order No.64 of 2020 dated 8 September 2020**

Revenue, Marketing & Business Development and Information Technology.

Member (Infrastructure) looks after Works, Civil Engineering, Bridges, Signal & Telecommunication, Land & Amenities, Station Development and Railway Electrification.

Member (Traction & Rolling Stock) looks after Production Units, Mechanical Workshops, Coaches, Locomotives, Train sets, Environment and House Keeping, Electrical Maintenance of Coaching Stock, Traction Distribution, Power Supply, Renewable Energy and Material Management.

Member (Finance) is responsible for Accounts, Finance, Budget, Revenue and Statistics & Economics.

A fully integrated financial advice and control system exists at Railway Board headed by the Member (Finance). At Zonal level, finance functions are headed by Principal Financial Adviser (PFA). He is assisted by Financial Adviser & Chief Accounts Officers (FA & CAOs). They are responsible for rendering advice and scrutinizing all proposals involving expenditure from the public exchequer.

1.2 Zonal Railways

At the field level, there are 17 Zonal Railways including Metro Railway/Kolkata. In addition, there are specialized organizations *viz.,*

- Research, Designs and Standards Organization (RDSO), Lucknow for research and standardization;
- Central Organization for Modernization of Workshops (COFMOW) for procurement of specialized machinery;
- Locomotive manufacturing units- Banaras Locomotive Works (BLW) at Varanasi, Chittaranjan Locomotive Works (CLW) at Chittaranjan and Patiala Locomotive Works (PLW) at Patiala; and
- Coach Factories at Kapurthala, Raebareli and Perambur, Rail & Wheel Factory at Yelahanka and Rail Wheel Plant at Bela.

Zonal Railway-wise Total Track Kilometers and number of Stations under their jurisdiction as on 31 March 2022 are indicated in **Table 1.1.**

Table 1.1: Zonal Railway-wise Total Track Kilometers and number of Stations under their jurisdiction as on 31 March 2022

Sl. No.	Zonal Railways (Establishment Year)	Total Track KMs	No. of Stations*	Divisions
1	2	3	4	5
1	**Central (1951)**	9104	613	Mumbai, Bhusawal, Pune, Solapur, Nagpur
2	**Southern (1951)**	9285	569	Chennai, Tiruchirapalli, Madurai, Palakkad, Salem, Thiruvananthapuram
3	**Western (1951)**	10641	702	Mumbai Central, Ratlam, Ahmedabad, Rajkot, Bhavnagar, Vadodara
4	**Eastern (1952)**	7354	453	Howrah, Sealdah, Asansol, Malda
5	**North Eastern (1952)**	4911	345	Izzatnagar, Lucknow, Varanasi
6	**Northern (1952)**	13562	801	Delhi, Ambala, Firozpur, Lucknow, Moradabad
7	**South Eastern (1955)**	6518	331	Adra, Chakradharpur, Kharagpur, Ranchi
8	**Northeast Frontier (1958)**	6779	446	Alipurduar, Katihar, Rangia, Lumding, Tinsukia
9	**South Central (1966)**	11379	586	Secunderabad, Hyderabad, Guntakal, Guntur, Nanded, Vijayawada
10	**South East Central (1998)**	5419	233	Bilaspur, Raipur, Nagpur
11	**East Central (2002)**	8665	520	Danapur, Dhanbad, Pt. Deen Dayal Upadhayaya, Samastipur, Sonpur
12	**North Western (2002)**	8323	450	Jaipur, Ajmer, Bikaner, Jodhpur
13	**East Coast (2003)**	6220	286	Khurda Road, Sambalpur, Visakhapatnam
14	**North Central (2003)**	6669	338	Prayagraj, Agra, Jhansi
15	**South Western (2003)**	6466	309	Hubli, Bangalore, Mysore
16	**West Central (2003)**	6905	292	Jabalpur, Bhopal, Kota
17	**Metro Kolkata (2009)**	105	34	Kolkata

Source: Indian Railways Year Book 2021-22 and Indian Railways Annual Statistical Statement 2021-22.

1.3 Audited Entity Profile

Indian Railways is a multi-gauge, multi-traction system with a total route length of 68,043 km (as on 31 March 2022). Some important statistics[2] regarding route/track length in Indian Railways are indicated in **Table 1.2**.

Table 1.2: Important statistics regarding route/track length in Indian Railways

Sl. No.	Particulars	Broad Gauge (1,676 mm)	Metre Gauge (1,000 mm)	Narrow Gauge (762/610 mm)	Total
1	**2**	**3**	**4**	**5**	**6**
1	Route Km[3]	65,093	1,656	1,294	68,043
2	Track Km[4]	1,25,190	1,690	1,425	1,28,305
3	Electrified Route Km	50,394	-	-	50,394

***Source:** Indian Railways Year Book and Indian Railways Annual Report and Accounts 2021-22.*

During 2021-22 Indian Railways ran 10,250 passenger trains and 9,164 goods trains every day. It carried 9.64 million passengers and 3.88 million tonnes freight each day. As on 31 March 2022, Indian Railways had 12.13 lakh workforce and maintained the following infrastructural assets and rolling stock as indicated in **Table 1.3**.

Table 1.3: Infrastructural assets and rolling stock in Indian Railways

Sl. No.	Infrastructural assets/Rolling stock	Numbers
1	**2**	**3**
1	Stations	7,308
2	Locomotives	13,215
3	Coaching Vehicles	84,863
4	Freight Wagons	3,18,896

***Source:** Indian Railway Year Book 2021-22.*

In addition, Human Resources, Safety, Security, Health, Planning, Infrastructure, Vigilance, Efficiency & Research, Public Relations, Heritage, Transformation Cell, Corporate Co-ordination are the Directorates that report directly to the CRB-CEO. These Directorates are headed by Additional Members and Principal Executive Directors.

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[2] **Source: Indian Railways Year Book 2021-22.**

[3] **The distance between two points on the Railway irrespective of the number of lines connecting them, whether single line, double line *etc.***

[4] **Length of all running tracks and tracks in sidings, yards *etc.***

1.4 Authority for Audit

The authority for our audit is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) (DPC) Act, 1971. Audit of expenditure and receipts of MoR and its Autonomous Bodies is conducted under Section 13, Section 16 and Section 20 (1) of the CAG's (DPC) Act respectively.

1.5 Audit Planning

Selection of the units for audit of the Railways is planned on the basis of a risk assessment. The risk is assessed based on the level of budget 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, Public Accounts Committee (PAC)'s recommendation and action taken by the MoR, media reports, where relevant, are also considered. Based on such risk assessment, test audit of 4,299 entities/units of the Railways was conducted during 2021-22.

The Audit Plan focused on selected issues of significant nature in terms of policy and its implementation. These included operations, freight traffic, earnings, infrastructure development, passenger amenities, asset management, material management and safety works. Each study brings out important audit findings and conclusions followed by audit recommendations to help improve systems and strengthen internal control mechanism in Railways.

1.6 Audit Procedure and Reporting

Audits of relevant topics were conducted across the 17 Zonal Railways including field units, as well as records and documents of Railway Board. Appropriate audit samples from the population were selected so as to adequately cover the issues under study. The audit findings were issued to the respective Zonal Managements and six weeks time was given by Audit for their response. Audit findings were either settled or further action for compliance was advised depending upon the action taken. Important audit observations, not having been complied with, were followed up through Draft Paragraphs addressed to the General Managers of Zonal Railways. Copies of Draft Paragraphs were endorsed to the FA & CAOs and Heads of the Departments for reply within the prescribed period of six weeks. Selected issues were taken up as Provisional Paragraphs and issued to the MoR for eliciting their reply before inclusion in Audit Report.

1.7 Structure of the Report

This Audit Report comprises results of scrutiny of important financial transactions relating to expenditure, receipts, assets and liabilities of the units under the control of MoR. This includes examination of the adequacy, legality, transparency and effectiveness of the relevant rules to maintain and ensure control mechanism over public expenditure. The effectiveness of the rules to safeguard against misuse, waste and losses were also examined.

This Report contains four Chapters. Chapter 1 is introductory in nature and covers issues of cross-cutting nature. The other three Chapters relate to the core functional areas of the three Railway Board Members (Operations & Business Development, Infrastructure and Traction & Rolling Stock). The Report presents audit findings of significant materiality which are intended to aid the Executive in taking corrective actions for better performance and financial management.

Thirty-three individual paragraphs covering audit findings of respective Zonal Railways are presented in Chapters 2 to 4 of this Report.

1.8 Response of the Ministry/Departments to Provisional Paragraphs

As per the recommendation of the Public Accounts Committee, Ministry of Finance issued (June 1960) directions to all Ministries to send their response to the draft audit paragraphs within a time limit of six weeks.

This Report consists of 33 Provisional Paragraphs, which were issued to MoR[5]. At the end of December 2023, MoR's replies were received in respect of 23 Provisional Paragraphs. Replies received were duly considered and suitably incorporated in this Audit Report. The response in respect of remaining Provisional Paragraphs (10 nos.) was awaited from MoR.

1.9 Recoveries at the instance of Audit

Audit had pointed out cases of undercharges/overpayments of ₹ 222.80 crore in 17 Zonal Railways during the year 2021-22. This included undercharges in realization of freight and other earnings, over payments to staff and other agencies, non-recovery of dues of the Railways *etc*. During

[5] **CRB, Members concerned and Member (Finance).**

the past six years, ₹ 907.61 crore had been recovered/accepted for recovery by the Railways at the instance of Audit, as detailed in **Table 1.4.**

Table 1.4: Recovery at the instance of Audit during 2016-17 to 2021-22

Sl. No.	Year	Amount recovered/accepted for recovery (₹ in crore)
1	2	3
1	2016-17	162.91
2	2017-18	193.13
3	2018-19	132.51
4	2019-20	81.99
5	2020-21	114.27
6	2021-22	222.80
Total		**907.61**

Source: Previous Audit Reports (2016-17 to 2020-21). For 2021-22, as per statement in respect of recoveries effected at the instance of Audit for the year 2021-22.

During 2021-22, an amount of ₹ 222.80 crore was accepted for recovery by various Zonal Railways and other field units. Of this, ₹ 129.93 crore was recovered and ₹ 92.87 crore was agreed to be recovered by the Zonal Railways. Six Zonal Railways accounted for recoveries exceeding ₹ 10 crore each[6]. Out of ₹ 222.80 crore, ₹ 94.55 crore pertained to transactions already checked by Railways' Accounts Department and ₹ 128.24 crore pertained to other than those checked by Accounts Department. As a result of further review carried out by Accounts Department, another ₹ 0.01 crore was recovered/agreed to be recovered by the Zonal Railways.

1.10 Remedial action on Audit Paragraphs included in the Audit Reports

As per the Public Accounts Committee (PAC) recommendations[7], Ministry/Departments of the Government of India should furnish corrective/remedial Action Taken Note (ATN) on all paragraphs raised in the Audit Reports within four months after laying of the Report in the Parliament.

[6] NWR (₹ 36.18 crore), NFR (₹ 11.53 crore), SER (₹ 62.83 crore), ER (₹ 19.88 crore), ECR (₹ 32.04 crore) and SCR (₹ 16.29 crore).

[7] Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22 April 1997.

On the Audit Paragraphs selected by PAC, discussions/oral evidence is taken by PAC. After the oral evidence, PAC issue Reports containing their observations/recommendations on which action is to be taken by the Ministry. The Action Taken Reports (ATRs) on the PAC Reports are submitted by the Ministry to the PAC after audit vetting.

During the period (01 August 2022[8] to 31 December 2023), the total number of ATNs processed was 211 and the status of pending ATNs as on 31 December 2023 is given in **Annexure 1.1**.

Some of the important cases, where MoR had made appropriate changes and issued instructions during 2021-22 for streamlining their internal process are illustrated in **Table 1.5.**

[8] **ATNs status upto 31 July 2022 given in Compliance Audit Report No. 25 of 2022 Vol- I.**

Table 1.5: Important cases, where MoR had made appropriate changes and issued instructions during 2021-22

Para No./Report No.	Audit Observations /Recommendations	Action taken by Railways
Para No. 3.17 of Report No. 19 of 2019- Non-realization of license fee for Railway land licensed to private siding owners: Central Railway	In December 2010, Railway Board instructed General Manager/Central Railway to launch a drive for signing of all pending agreements. However, Central Railway (CR) did not execute land license agreements in respect of 14 sidings and no siding charges were levied and collected. In other nine sidings, where agreements were executed, no bills were raised by CR. Audit assessed an amount of ₹ 127.15 crores of license fee outstanding for recovery from these 23 sidings till 31 March, 2018.	MoR stated that out of the 14 sidings that had no licensing agreements, 11 sidings are with M/s. Western Coalfields Limited (WCL). A Special drive has been conducted to initiate formulation of land license agreements in respect of those sidings. M/s. WCL authorities are awaiting directives from M/s. Coal India Limited before signing any agreement. M/s. Coal India Limited, in turn, have certain issues with respect to clauses of the standard format, including the clause for payment of land license fees. Drawing for sidings have been made in respect of 10 sidings. Land license fee have been worked out duly vetted by associate finance and raised against all 11 WCL sidings. For the remaining three defense sidings, the MoU is being revised and para is being incorporated in Siding Agreement as well as Land Licensing Agreement. Accordingly, bills for land licensing for CAD/Pulgaon siding amounting to ₹ 4,31,85,222 has already been raised. The amount is still pending as the Defense Authorities, Pulgaon are taking the matter to their higher forum for allocation of additional budget for the payments, which is under process. Similarly, bills for AMF and Bhandak defense sidings are being raised. The bills for nine other private sidings were also raised to parties and eight siding owners have paid the land license fees. Out of these eight sidings, four nos. of siding have paid land license fee (LLF) upto 2019-20, two nos. of sidings have paid LLF upto March, 2021, one no. of siding has paid LLF upto March, 2023 and one no. of siding has upto March, 2024. The bill in respect of only one party i.e. M/s. Lloyd Steel (Utam Galva) Bhugaon is yet to be received. The same is under accounts vetting.

Para No./Report No.	Audit Observations /Recommendations	Action taken by Railways
Para No. 2.5 of Report No. 22 of 2021- Loss of potential earnings due to avoidable detention of locomotives: Western Railway	Loss of potential earnings due to avoidable detention of locomotives on account of delay in installation of weighbridge at CONCOR siding, Khodiyar (CKYR)	MoR stated that necessary action has already been initiated by the Divisional Authorities for early installation of weighbridge at Viramgam. All efforts will be made to install Electronic in Motion Weighbridge (EIMWB) without further delay. It is ensured that corrective measures will be taken for timely installation of weighbridge at the locations.
Para No. 3.22 of Report No. 22 of 2021- Irregular payment of allowances: Rites Limited	Irregular payment of "Expert Professional Allowance" amounting to ₹ 9.01 crore to employees on Deputation	Payment of Expert Professional Allowance to employees on deputation discontinued with effect from 1 November 2021.

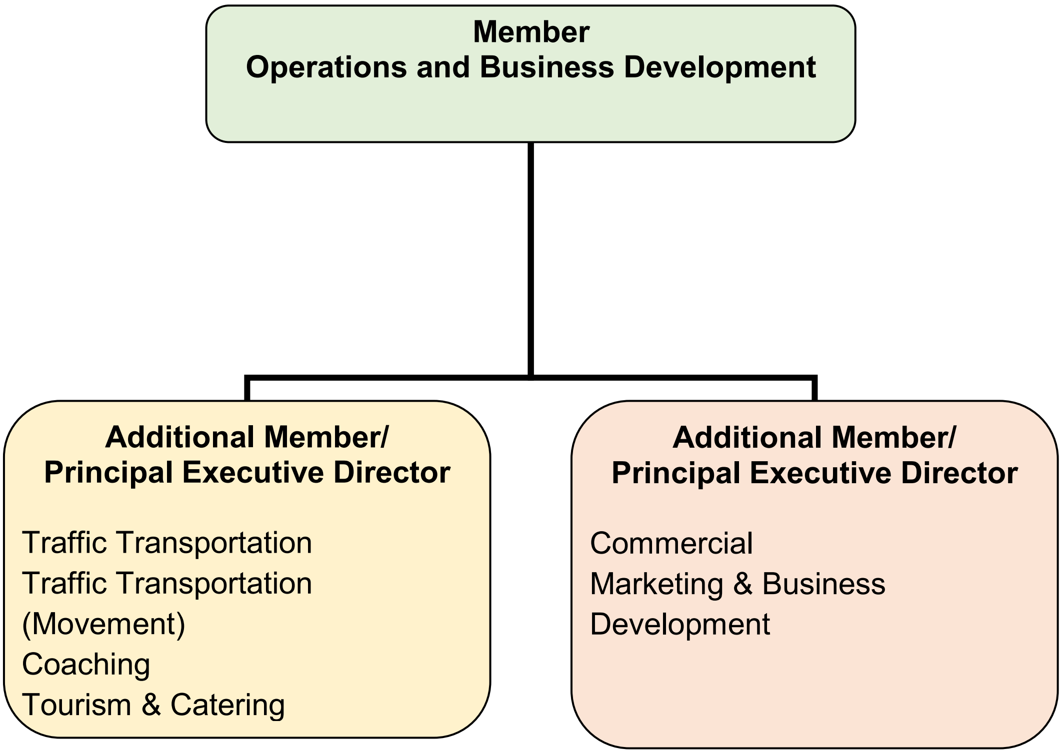
1.11 Acknowledgement

We acknowledge the co-operation extended by the Ministry of Railways and Zonal Railways during the course of audit.

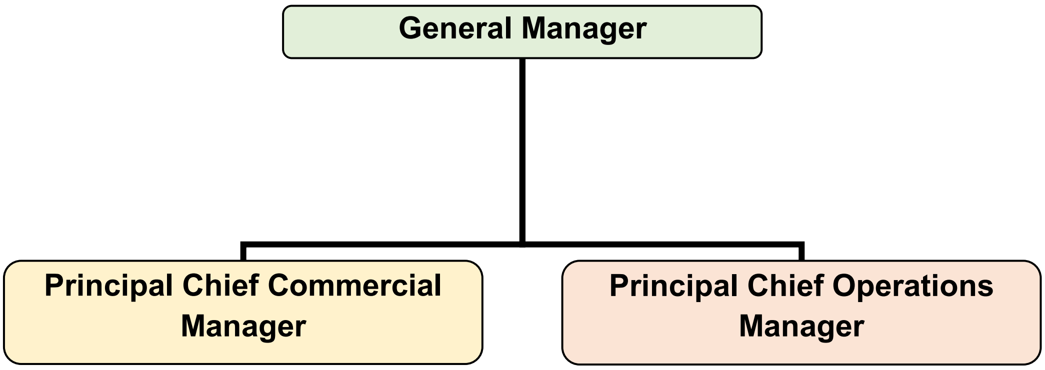
Chapter 2 – Operations and Business Development

Member (Operations and Business Development) at Railway Board[9] is assisted by Additional Members/Principal Executive Directors for fulfilling his responsibilities.

Railway Board Level



Zonal level



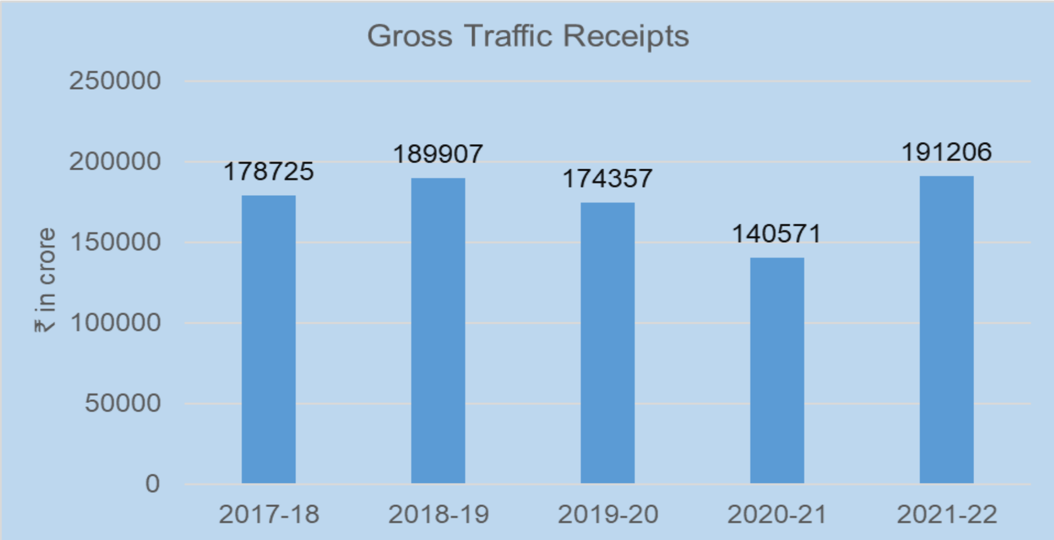
At the Zonal level, the Traffic Department has two departments, viz. Operating and Commercial. These are headed by Principal Chief Operations Manager (PCOM) and Principal Chief Commercial Manager (PCCM) respectively, who work under the overall supervision of General

[9] **Revised Organizational Structure of Railway Board issued vide MoR's Office Order No.64 of 2020 dated 8 September 2020.**

Manager (GM) of the Zonal Railway. At the divisional level, the Operating and Commercial Departments are headed by Senior Divisional Operations Manager (Sr. DOM) and Senior Divisional Commercial Manager (Sr. DCM) respectively, who report to Divisional Railway Manager (DRM) of the concerned Division.

The total traffic operating expenses during the year 2021-22 was ₹ 33,180 crore[10]. Total gross traffic receipt during the year was ₹ 1,91,206 crore[11]. A comparative graph of Gross Traffic Receipts for the last five years is shown below:

Fig. 2.1: Gross Traffic Receipts for the last five years



Source: *Previous Audit Reports (2017-18 to 2020-21). For 2021-22, as per Indian Railways Annual Report and Accounts 2021-22.*

During 2021-22, annual growth rate of passenger originating increased by 181.41 *per cent*[12] over the previous year. Passenger earnings in 2021-22 increased by 157.17 *per cent*[13] as compared to previous year. In 2021-22, freight loading increased by 15.02 *per cent*[14]. The freight earnings increased by 20.36 *per cent*[15] as compared to the previous year. Sundry earnings in 2021-22 increased by 2.18 *per cent* from ₹ 5,939 crore to ₹ 6068 crore when compared to the previous year.

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[10] **Sub Major Head 3002-3003 (07)- Operating Expenses - Traffic in 2021-22.**

[11] **Includes Passenger Earnings- ₹ 39,214.39 crore, Freight Earnings- ₹ 1,41,096.39 crore, Other Coaching Earnings- ₹ 4,899.56 crore and Sundry Earnings- ₹ 6,067.96 crore, Clearance from Traffic Outstanding (Suspense)- ₹ (-) 71.82 crore.**

[12] **Indian Railways carried 3,518.83 million passengers during 2021-22 as against 1,250.41 million passengers in the previous year.**

[13] **₹ 15,248.49 crore in 2020-21 and ₹ 39,214.39 crore in 2021-22.**

[14] **1,230.94 million tonne in 2020-21 and 1415.87 million tonne in 2021-22.**

[15] **₹ 1,17,231.82 crore in 2020-21 and ₹ 1,41,096.39 crore in 2021-22.**

During the year, apart from regular audit of vouchers, tenders, *etc*., 947 offices of the Commercial and Operating departments were audited.

This Chapter includes seven individual paragraphs discussing compliance issues in the implementation of rules and regulations on Passenger and Freight Business in Indian Railways.

2.1 Loss of ₹ 834.72 crore on account of payment of interest on loan taken by IRCON due to improper decision of the Ministry of Railways to generate Non-Fare Revenue in 2017-18: Railway Board

Ministry of Railways (MoR) suffered a loss of ₹ 834.72 crore on interest paid on a loan of ₹ 3,200 crore taken by IRCON for development of a land parcel. The loan along with interest was repaid without any development of the land parcel.

Ministry of Railways (MoR) approved (March 2018) 'in principle' that Rail Land Development Authority (RLDA) should have Memorandum of Understanding (MoU) with IRCON International Limited (IRCON) and get Lease Premium upfront by transferring the development of land lease rights to PSUs for generation of Non-Fare Revenue for the Financial Year 2017-18. Accordingly, a tripartite MoU was entered into (26 March 2018) by MoR with RLDA and IRCON, for transfer of 'Leasehold' rights of a land parcel measuring 4.3 Hectares at Bandra East, Mumbai. IRCON agreed to provide upfront Lease Premium, in the range of ₹ 2,700 crore to ₹ 3,200 crore, in lieu of being provided the transfer of leasehold rights for the project site and rights to undertake commercial development[16] of the site by appointing a developer.

It was also agreed in the MoU that the Upfront Lease Premium shall be raised by IRCON by way of loan from Indian Railway Finance Corporation (IRFC), on such terms as may be agreed between IRFC, IRCON and RLDA. The Upfront Lease Premium so raised by IRCON was to be paid by IRCON to RLDA by way of corresponding disbursement by IRFC into account designated by RLDA. The repayment of Principal and Interest and all costs connected with the loan raised by IRCON from IRFC was actually to be borne by MoR. Clause 2.4 of the MoU of 26 March 2018, read with

[16] **All revenue, receivables and/or realizations from the Project as paid by the developer to IRCON may be utilised by IRCON to pre-pay its liability under the loan agreement. Any balance amount/surplus on account of the NPV of the lease premium from the developer being higher than guidance price shall be paid by IRCON to RLDA who shall pay the same to MoR.**

Clause 2.5[17], provided that all instalments of principal and interest[18], as also any default or additional interest etc., shall be paid by RLDA to IRCON and RLDA and MoR shall enter into an agreement for disbursement of funds from MoR to RLDA on receipt of demand from IRCON or IRFC in relation to the Loan Agreement.

Pursuant to above MoU, RLDA and IRCON entered (28 March 2018) into a Lease Agreement for grant of lease of above-mentioned land parcel for a period of 99 years, in consideration of which IRCON was to pay ₹ 3,200 crore as the upfront Lease Premium to RLDA. However, the lease agreement was repudiated through a supplementary agreement on the same day (28 March 2018) stating inter-alia that 'in view of the fact that mutual discussions are presently on-going, and the Parties still examining the issue, the Parties recognise that the grant of lease to the Project Site is presently not required to be undertaken, and accordingly, the Parties have agreed to repudiate the Lease Deed on the date hereto, i.e., *ab initio'*.

IRCON went ahead and borrowed ₹ 3,200 crore[19] from IRFC at an interest rate of 8.77 *per cent*, vide their another Loan Agreement dated 28 March 2018 between the two parties. Even though the Lease Agreement had been repudiated on 28 March 2018, IRCON paid ₹ 2,580.64[20] crore on 31 March 2018 to RLDA. In terms of the provisions of the MoU of 26 March 2018, MoR repaid the entire Principal amount of ₹ 3,200 crore along with Interest of ₹ 834.72 crore in April 2023.

In this connection, it was observed that:

- Though the Lease Agreement was entered (28 March 2018) into by RLDA and IRCON for grant of lease parcel for a period of 99 years as per the agreement, however, the same was repudiated in its entirety on the same day (28 March 2018). After such repudiation, there was no consideration amongst the parties. However, IRCON borrowed from IRFC and paid lease premium of ₹ 2,580.64[21] crore to RLDA on 31 March 2018 for a land parcel for which the lease agreement had already been terminated.

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[17] As per Clause 2.5 of the MoU, upon the receipt of demand from IRCON or IRFC in relation to loan agreement, RLDA shall forthwith make a formal request to MoR for disbursement of such demand

[18] including any default or additional interest, and other costs, expenses and charges associated with the loan.

[19] Comprising of loan amount of ₹2580.64 crore plus GST (₹464.52 crore), Stamp Duty (₹129.03 crore), and margin of IRCON (₹25.81 crore), etc. The loan was raised on 28 March 2018.

[20] Excluding GST portion, stamp duty & IRCON margin.

[21] Excluding GST portion, stamp duty & IRCON margin.

Thus, the MoR received Lease Premium for a parcel of land which was not on lease. While this was credited as Non-Fare Revenue in that financial year (2017-18), it created a huge liability for repayment and finally MoR paid interest of ₹ 834.72 crore.

- At the time of exploring the possibilities of generating upfront Lease Payments for Railways, IRCON had appraised (5 March 2018) Railway Board about its inexperience and inadequate resources to take up real estate work of large magnitude. However, the Railway Board decided (March 2018) to go ahead with the decision to generate upfront Lease Payment after agreeing to safeguard the financial interest of IRCON. Subsequently, IRCON did not appoint any developer for commercial development of the land parcel, citing the lack of access from Western Express Highway and the requirement to increase Floor Space Index (FSI).
- MoU of MoR with IRCON and RLDA dated 26 March 2018 had expired on 28 March 2021. It was decided (December 2022) that the land parcel at Bandra would be taken back from IRCON for development and monetization of the site would be done by RLDA.

Thus, from the facts stated above, MoR's decision to generate Non-fare revenue by persuading IRCON to raise the loan was imprudent and resulted into loss on interest payment. MoR did not take proactive action to repay the amount immediately upon repudiation of the lease agreement on 28 March 2018. Instead, MoR repaid the entire amount after five years, in April 2023, without achieving any intended benefits and after bearing avoidable interest cost, amounting to ₹ 834.72 crore.

The matter was taken up with MoR in March 2023. In its reply (October 2023), MoR stated that after entering into the Lease Agreement, both the parties had engaged in further discussions immediately to improve the implementation and structure of the transaction. But it was decided that granting a lease to the project site is not presently necessary. Consequently, the Lease Agreement was repudiated. However, the process of development of land parcel by IRCON was not affected by repudiation of lease as efforts were made by IRCON for architectural design study. MoR also stated that since the money received was towards upfront Lease Premium, the same was remitted to MoR in 'Sundry Earnings'. The repudiation of Lease Agreement took place after the money was remitted by IRCON to MoR in 'Sundry Earnings'. All events took place at the fag end of the Financial Year and the amount of ₹ 2,584.69 crore was credited to MoR became a loan and the same has been repaid it in five instalments.

The reply of the MoR is not tenable. The lease premium amount was transferred by IRCON to RLDA after three days of repudiation of the Lease Agreement i.e., on 31 March 2018 and not before the repudiation. Having repudiated the lease agreement, this amount should not have been paid. Once paid, it became a 'loan' as stated by MoR. Instead of remitting the amount back to IRFC, MoR kept it for five years, thereby paying huge interest. Moreover, no development has taken place on the land parcel and the entire interest payment has been made without any outcome for MoR.

Thus, improper decision of the MoR to persuade IRCON to obtain loan and bear all costs on the loan for generating Non-fare revenue and non-repayment of the loan immediately upon repudiation of agreement resulted into avoidable loss of ₹ 834.72 crore on account of interest on loan.

Recommendations:

Ministry of Railways may consider:

- ***Fixing responsibility for the huge loss suffered by the Railways.***
- ***Avoiding decisions for generating Non-Fare Revenue at the fag end of the financial year without conducting proper feasibility studies.***

2.2 Non-levy of Shunting Charges: East Coast Railway

Non-levy of Shunting charges for shunting activity by using Railway engines resulted in loss of revenue of ₹ 149.12 crore during the period from 2018 to 2022 in East Coast Railway.

Ministry of Railways (MoR)'s Rate Circular of 2009[22] stipulates that Shunting charges are leviable[23] for utilization of Railways' locomotive to perform shunting operation at a siding. In sidings, where train engine is used for shunting on customer's account, shunting charges should be calculated for the total time of availability of the train engine at the siding from arrival to departure. Shunting charge is calculated for the total time taken by the shunting engine from the time of its departure from the serving station to the time it returns back to the serving station after finishing the shunting work. For the purpose of calculation, the shunting

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[22] **MoR's Circular No. TC-I/2008/214/1 dated 6 February 2009.**

[23] **On the basis of actual shunting time and prevailing All India Engine Hour Cost (AIEHC) circulated every year by MoR for Train Engine or Shunting Engine, as the case may be.**

time would be rounded off at the end of 10-day period and bills should be preferred accordingly.

Further in March 2013, MoR stated that sidings with agreement regarding Engine on Load (EOL) Scheme[24] were allowed to utilize the train engine for loading/unloading within the prescribed free time without paying any additional charges.

ADB Coal Handling plant siding (siding code PPAP) of Paradeep Port Trust in East Coast Railway (ECoR) had been working as a non-EOL siding. Audit scrutiny of records (March 2022) of PPAP siding revealed that 22,964 loaded rakes were unloaded in the PPAP siding by utilizing Railways' locomotive during March 2018 to March 2022. Unloading of each rake was done by shunting operation through Railways' locomotives and Railway's loco pilots. This utilization of Railways' locomotives for unloading operation in the siding attracts shunting charges as the PPAP siding was not under EOL scheme as per Senior Divisional Commercial Manager's letter of December 2021. However, ECoR did not raise any bills towards shunting charges against the siding owners during the period from March 2018 to March 2022. This resulted in loss of ₹ 149.12 crore to Railways.

The matter was taken up with MoR in January 2023. In their reply (November 2023), MoR stated that that ADB Coal Handling plant siding (PPAP) was notified (August 2001) on the working concept of Merry go round (MGR) system, in which Railways engine was to be used for the entire operation i.e. from arrival of loaded rake at handling yard to unloading bulb and return back to handling yard after unloading without detaching the engine from the rake.

Further, there was no shunting operation involved other than implementation of MGR system. Railways' engines were used only for unloading of coal due to operational requirement with an aim to minimize detention of wagons, as unloading of wagons was done through hoppers and engines were kept attached to rakes during the entire unloading operation. Also, no request for requirement of Railways' engine for loading/unloading activities were made by the Siding owner. Hence, no Shunting charges were levied.

MoR's reply about working of siding on MGR system was not acceptable. Siding was not working under MGR system (Rate Circular No. 7 of 2016),

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[24] **Under this scheme, the train engine will remain available during loading/unloading operation in the siding and wait on Railway's account so as to work the train immediately after loading/unloading operation is completed.**

as no agreement for working of siding under MGR system was executed between Siding owner and Railways.

Further, MoR contention that there was no shunting involved during unloading of rakes by using Railways' engine, was not tenable. The Indian Railways General & Subsidiary Rules clearly defines "Shunting" as movement of vehicles with or without an engine or of any engine for the purpose of attaching, detaching or transfer or any other purpose. As Railways' engines were used for unloading of rakes, this was a shunting. Shunting charges were to be levied, in case Railways' engines are used for any shunting operations inside the siding.

Thus, non-levy of Shunting charges for shunting activity performed through Railways' engines by Railway Administration resulted in loss of revenue of ₹ 149.12 crore during the period from March 2018 to March 2022.

Recommendation:

Bills for shunting charges may be preferred as required vide Ministry of Railway's Circular of February 2009 for utilisation of Railways' engine (s) for shunting activity in siding premises. Responsibility may also be fixed for the lapse resulting into loss of revenue to Railways.

2.3 Non-recovery of Goods and Services Tax from Siding owners: South East Central Railway and Western Railway

Non-compliance to Goods and Services Tax (GST) provisions regarding levying of GST on services provided by the Railways to Siding owners resulted in non-collection of ₹ 13.43 crore from Siding owners.

Clause 5 of Notification[25] No. 13/2017- Central Tax (Rate) dated 28 June 2017 states that Goods and Services Tax (GST) shall be paid on reverse charge basis by recipient of services[26]. Further, Engineering Code's para 1829 stipulates that Codal charges for surveys[27] and final inspection[28] in connection with construction of a Private Siding shall be payable by the parties who desire to set up a Siding.

[25] **Applicable with effect from 01 July 2017.**

[26] **Services supplied by the Central Government, State Government, Union Territory or Local Authority to a business entity.**

[27] **One *per cent* of the assessed cost of the project at the stage the party's proposal for undertaking the survey is approved by the Railway; and balance amount to complete two *per cent* of the estimated cost of the project at the stage of conveying approval to survey/ plans and estimates.**

[28] **Two *per cent* of the cost of project while applying for the final approval of the completed works.**

The activity of conducting surveys, preparation of estimates, etc. by Railway comes under the category of 'services supplied by the Central Government to a business entity' and accordingly Codal charges are to be levied for providing these services by Railway. Therefore, as per clause 5 of GST Notification of June 2017, GST on these Codal charges should have been collected from the Siding owner by Railway.

During the check of relevant records of Office of the Principal Chief Operations Manager/SECR in June 2022, Audit noticed that Operating Department of South East Central Railway (SECR) had sought clarification from Accounts Department/SECR (October 2020) to levy GST on Codal charges as per GST notification. Accounts Department/SECR advised (10 November 2020) them to levy GST at the rate of 18 *per cent* on Codal charges and collect the same from Siding owners.

However, instead of levying GST on Codal charges with effect from 1 July 2017, the same was levied from 10 November 2020 by the Railway Administration and no GST was levied, for which payment was made to SECR prior to 10 November 2020. Further, in 11 cases, where payment of Codal charges were made by Siding owners even after 10 November 2020, GST was not levied/collected from these Siding owners. This resulted in non-levy of ₹ 10.25 crore from Siding owners towards GST on Codal charges.

Similarly, in Western Railway[29] (WR), GST on Codal charges amounting to ₹ 3.18 crore was not levied from Siding owner.

Thus, due to non-compliance of the GST provisions regarding levying of GST on services provided to Siding owners by Railway resulted in non-recovery of ₹ 13.43 crore[30] as shown in **Table 2.1** from Siding owners during the period from July 2017 to August 2021.

Table 2.1: Statement showing non-recovery of GST on Codal charges from Siding owners

(₹ in crore)

Sl. No.	Zonal Railway	Codal charges paid by Siding owners during	Amount received towards Codal charges	Amount of GST (at the rate of 18 *per cent*) on Codal charges should have been collected from the siding owners
1	2	3	4	5
1	SECR	From 1 July 2017 to 10 November 2020	46.38	8.35
		From 11 November 2020 to 13 August	10.58	1.90

[29] NTPC, Khandwa Road Siding, Ratlam Division.
[30] SECR- ₹ 10.25 crore and WR- ₹ 3.18 crore

Sl. No.	Zonal Railway	Codal charges paid by Siding owners during	Amount received towards Codal charges	Amount of GST (at the rate of 18 *per cent*) on Codal charges should have been collected from the siding owners
		2021		
2	WR	July 2019	17.65	3.18
Total			**74.61**	**13.43**

Source: Relevant records of SECR and WR.

Matter was taken up with MoR in February 2023. In their reply (September 2023), MoR agreed with the audit contention and stated that GST amounting to ₹ 3.18 crore in respect of WR had been deposited directly to GST Authority by the Siding owner. Further, in respect of SECR, it was stated that all the concerned Siding owners had been instructed (July 2023) to deposit outstanding GST charges with GST office. In response, nine Siding owners had deposited GST amounting to ₹ 1.43 crore to Railway Administration/GST Authority.

Thus, out of total GST amounting to ₹ 13.43 crore pointed out by Audit; ₹ 8.82 crore was yet to be recovered from Siding Owners (December 2023).

Recommendations:

- ***Outstanding GST should be realised from the Siding owners at the earliest to avoid loss to Government exchequer.***
- ***Further, responsibility may be fixed at appropriate level for non-implementation of the provision of the GST notification.***

2.4 Non-recovery of ₹ 10.61 crore due to non-revision of license fee of Land/building: West Central Railway

Railway Administration did not revise the licence fee of the Land and Building, leased to the Department of Posts for Railway Mail Services which resulted in non-realization of ₹ 10.61 crore from the Department of Posts.

Para 1024 and 1028 of the Indian Railway code for Engineering Department envisages levy of license fees at a uniform rate of six *per cent* of the market value of land and periodical revision[31] of the rent, as assessed by local revenue authorities in the case of land licensed to other

[31] As per Para 1024, the revision of rent for locations other than large towns and commercial centres, should be revised at interval of 10 years only. The exact locations at which five yearly revisions should be applied is to be decided by the Railway Administration.

Government Department. Para 823 of Indian Railway Works Manual also stipulates that 'where structures are raised by departments, the rate of licence fee for actual covered area should be enhanced to 12 *per cent* of the market value'. Railway Board further instructed (February 2005[32]) that w.e.f. April 2004, the land value shall be increased at the rate of 7 *per cent* every year over the previous year's value.

Jabalpur Division of West Central Railways (WCR) had leased their Land and Buildings to the Department of Posts for Railway Mail Service (RMS) at four locations (Jabalpur, Katni junction, Satna and Saugor). Audit scrutiny revealed that the WCR did not enter into any agreement with the Department of Posts as the lease agreement was not available either with the WCR or the Department of Posts. However, rates applied by WCR for raising lease rental bills were available only since 2007-08 onwards.

It was observed that WCR had neither revised the licence fee after intervals of 10 years (for locations other than large towns and commercial centres) nor applied the collector guidelines rates (circle rates) for lease rentals of Land and Buildings at these locations. Audit further observed that the Railway Administration raised the bills with the Department of Posts at the rate of ₹ 29,547.00 (total) *per annum* for RMS offices situated at Jabalpur, Katni, Satna, and Saugor w.e.f. 2017-18 to 2022-23 instead of revising the rates as per codal provisions and instructions of the Railway Board. Audit assessed[33] the revised rates w.e.f. 2017-23 on the basis of instructions of the Railway Board and it was revealed that instead of preferring bills amounting to ₹ 10.63 crore, WCR had preferred bills of only ₹ 0.02 crore on the Department of Posts. Therefore, non-revision of the rates by WCR had resulted in short realization of ₹ 10.61 crore **(Annexure 2.1)** from the Department of Posts during the period from 2017-23. In absence of the agreement and base rates applied prior to this 2007-08, the short realisation prior to 2017-18 (in accordance with Para 1024 ibid), could not be worked out.

The matter was taken up with MoR in February 2023. In its reply (September 2023), MoR accepted the audit contention and stated that bills for revised licence fee from 2009-10 to 2028-29 in respect of RMS at Jabalpur, Katni, Satna and Saugor had been raised with Department of Posts in May 2023. In addition, they had also been approached to execute the agreements with Railways for above RMS.

Thus after the matter was taken up by Audit, Railway Administration approached Department of Posts to execute the agreements and raised

32 Vide Letter No. 2005/LML/18/8 dated 10 February 2005.

33 Assuming the locations as ' other than large towns' and not taking revised rates prior to 2017-18.

bills for revised licence fee in respect of above RMS. Moreover, in spite of repeated reminders (May 2023 and August 2023), agreements were yet to be executed and revised licence fee was also yet to be realized from them (September 2023).

Recommendation:

Ministry of Railways may ensure execution of agreements and realization of revised licence fee from the Department of Posts at the earliest.

2.5 Loss of ₹ 9.25 crore on account of granting ineligible concession of six *per cent* to an Automobile Freight Train Operator for automobile traffic to the North-Eastern States: Southern Railway

Southern Railway granted a concession (₹ 9.25 crore) of six *per cent* on freight for carriage of automobiles transported to North Eastern States in BCACBM rakes. The Ministry of Railways had accorded concession on freight for commodities transported in NMG rakes which was extended for transportation of Motor Vehicles in NMG rakes. The MoR instructions did not provide for the concession in freight for transportation of Motor Vehicles in BCACBM rakes. Thus, ineligible concession of six *per cent* granted for transportation of automobiles in BCACBM rakes to North-Eastern States had resulted in loss of ₹ 9.25 crore to the Railways.

Indian Railways transports goods across the country through various types of wagons either owned by the Railways or by Private parties. Container traffic is handled by the Container Corporation of India (CONCOR) and Private Container Operators (PCOs). Automobiles (passenger cars, two/three-wheeler automobile units, mini trucks, tractors, etc.) are transported by the Indian Railways through Railway owned NMG[34], BCCNR[35] types of automobile carrier rakes[36] and through BCACM[37], BCACBM[38] rakes owned by private parties.

Ministry of Railways (MoR) accorded (March 2008) sanction to grant six *per cent* concession on Normal Tariff Rates for goods booked from any station falling in the States other than Assam and other North-Eastern States to any station falling in the States of Assam and other North-Eastern States. MoR clarified (February 2010) that this six *per cent*

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[34] **Newly modified goods wagon.**
[35] **Bogie covered wagon fitted with air brake for loading auto-car.**
[36] **A train carrying wagons/coaches to a destination is called as a rake.**
[37] **Bogie covered auto-car modified wagon.**
[38] **Bogie covered auto-car carrier wagon.**

concession is not applicable to container traffic. MoR later clarified (November 2012) that this six *per cent* concession is also applicable for motor vehicles transported through NMG rakes.

MoR introduced (July 2010) a scheme “Automobile Freight Train Operator[39] (AFTO) Scheme” which envisaged induction of auto carriers of suitable design and higher throughput, in Indian Railway system to facilitate bulk transportation of automobiles from production clusters to consumption centres. In Southern Railway, automobiles were transported by ‘M/s. APL Logistics Vascor Automotive Pvt. Ltd.’ under the AFTO scheme from Melpakkam (MLPM) to Changsari (CGS) in Assam in BCACBM rakes since 2015.

The six *per cent* concession, on Normal Tariff, for traffic booked to North-Eastern States was eligible only for automobiles carried through NMG rakes. The AFTO scheme did not provide for such concession on traffic carried to North-Eastern States by BCACBM rakes.

Audit noticed that during the period from May 2015 to October 2022, Southern Railway (SR) allowed a concession of six *per cent,* totalling ₹ 9.25 crore[40], on Normal Tariff Rates to ‘M/s. APL Logistics Vascor Automotive Pvt. Ltd.’ for the automobiles transported from Melpakkam (MLPM) to Changsari (CGS) in Assam. It was observed that the concession allowed to M/s. APL Logistics Vascor Automobile Pvt Limited, for transporting Motor Vehicles through BCACBM rakes was not permissible in terms of MoR clarifications of February 2010 and November 2012 which allowed the concession for transportation through NMG rakes.

The matter was taken up with MoR in February 2023. In its reply (March 2023), MoR stated that six *per cent* concession on Normal Tariff Rate (NTR) was granted in accordance with its Rates Circular No. 7 of 2008, as there was provision of granting concession of six *per cent* on NTR for traffic booked from stations falling in States other than Assam to stations falling in Assam. This six *per cent* concession was also applicable for automobiles transported through NMG rakes as clarified in November 2012 and no specific guidelines were required to be issued for automobiles booked for transportation in BCACBM rakes.

The contention of MoR about non-issuing of specific guidelines in case of BCACBM rakes was contrary and not acceptable, as after issue of above

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[39] **Automobile Freight Train Operators are private parties who invest in procurement of rakes and arrange traffic for loading/unloading in the Auto Freight Trains (AFT) owned by them.**

[40] **Concession of six *per cent:* Source- Web Report/Outward Freight Register of FOIS.**

Rates Circular No. 7 of 2008 in March 2008, MoR specifically clarified in November 2012 that six *per cent* concession will also be applicable for automobiles being transported through NMG rakes. Also, MoR instructions did not provide for such concession in freight for transportation of automobiles in BCACBM rakes under AFTO scheme. Therefore, in terms of MoR instructions, this concession was applicable for automobiles being transported through NMG rakes only instead of BCACBM rakes owned by Automobile Freight Train Operator under AFTO scheme.

Thus, application of the ineligible concession to Automobile Freight Train Operator had resulted in undue favour to the Operator and loss of ₹ 9.25 crore to the Railways.

Recommendation:

Ministry of Railways may consider issuing necessary instructions in this regard and ensure appropriate modification in Freight Operations Information System for not allowing this ineligible concession.

2.6 Loss due to non-updation of system: North Eastern Railway

Failure to update the Freight Operations Information System resulted in undercharge of freight amounting to ₹ 8.69 crore due to non-realization of freight as per notified CC+8 route.

Ministry of Railway (MoR)'s Circular (October 2015 and May 2019) stipulates that when traffic is booked via routes which involve one or more different routes viz. excepted CC+6 routes, universalized CC+6 routes, CC+8 routes[41] etc., the chargeable weight will be the Permissible Carrying Capacity (PCC) of the route for which PCC is most restrictive.

On 24th August 2016, MoR notified the Katihar – Barauni route (KIR-BJU) of East Central Railway (ECR) in the list of CC+8 routes with effect from 26th August 2016. However, the KIR-BJU route was updated as CC+8 route on Freight Operations Information System (FOIS) only on 8th June 2022 after the delay of six years from the date of its notification as CC+8 route (26th August 2016).

During review of records of Mairwa Station (MW) of North Eastern Railway (NER) in March 2022, it was observed that stone chips were booked from various locations via Tilrath (TIL) to MW and charged at CC+6.

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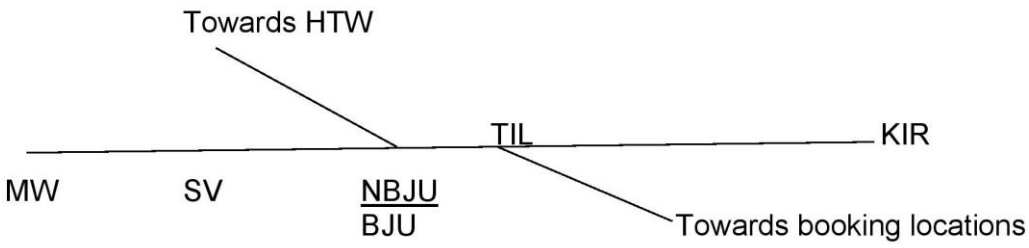
[41] **Excepted CC+6, universalized CC+6, CC+8 are categories of the routes in respect of their carrying capacity (in tonnes) commodity wise per wagon (as notified by MoR from time to time).**

The relative position of the stations is depicted in the line diagram below:



It was observed that all these bookings were passing over a small part TIL-New Barauni (NBJU) (six Kilometres) of KIR-BJU route. Due to non-updation of the KIR-BJU route as CC+8 on the system, this part was considered as CC+6 and the entire carriage of Stone chips was charged for weight at PCC of CC+6 route though the entire route of booking was actually CC+8. The same issue was observed in respect of deliveries to nearby stations viz. Siwan (SV) and Hathua (HTW) also. The details of various bookings of traffic via TIL to MW, SV and HTW are given in **Table 2.2**.

Table 2.2: Details of undercharge due to failure of updation of FOIS

(in ₹)

Sl. No.	Forwarding stations	Undercharge of freight for traffic booked to stations of NER due to non-upgradation of route from CC+6 to CC+8 in FOIS			Total undercharge of freight
		Hathua	Mairwa	Siwan	
1	2	3	4	5	6
1	MCCS	0	0	71,244	71,244
2	RSCS	0	5,47,758	32,48,925	37,96,683
3	PKRX	3,23,317	57,30,397	73,09,801	1,33,63,515
4	BHW	19,50,553	1,12,79,972	55,47,165	1,87,77,690
5	RJL	1,44,485	1,38,677	6,13,463	8,96,626
6	BKLE	7,15,448	54,78,589	87,67,068	1,49,61,105
7	TPH	0	1,38,677	2,00,801	3,39,478
8	TLJ	0	3,32,825	7,34,428	10,67,253
9	MJP	0	2,52,989	7,12,644	9,65,633
10	SLJ	9,78,949	64,41,747	72,57,200	1,46,77,896
11	SBG	9,13,685	59,20,025	40,27,034	1,08,60,745
12	MZC	4,56,843	34,57,982	25,46,793	64,61,618
13	PPT	0	3,65,783	1,69,859	5,35,642
14	KGG	0	1,32,197	0	1,32,197
Grand Total		**54,83,280**	**4,02,17,620**	**4,12,06,425**	**8,69,07,325 Say ₹ 8.69 crore**

Source: Data collected from Railway Receipts at above stations.

The charging at lower PCC (CC+6) rates as shown in the above table resulted in short realization of freight amounting to ₹ 8.69 crore during the period from January 2017 to May 2022.

The matter was brought to the notice of NER Administration in March 2022. In reply (June 2022), Railway Administration accepted audit contention and stated that the route (TIL-NBJU) falls under ECR and upgradation of that route on FOIS has now been done.

The matter was referred to the MoR in January 2023; no reply was received (December 2023).

Recommendation:

Failure to ensure timely updation on Freight Operations Information System needs to be investigated and responsibility for this lapse may be fixed. Railway Administration may ensure timely updation of the FOIS so that incidences of such nature are avoided.

2.7 Loss due to short charging of freight: East Coast Railway

Failure of East Coast Railway Administration to implement Ministry of Railways' instructions as well as Zonal Railways' Commercial Circular on applicability of tariff on siding distance resulted in loss of freight earnings of ₹ 6.12 crore during the period from October 2020 to February 2022.

Para 1438 of Indian Railway Commercial Manual Vol-II prescribes collection of freight charges on the basis of applicable rate and the chargeable distance[42]. Ministry of Railways (MoR) in September 2014 formulated the system of charging of freight on through distance basis[43] for which the chargeable distance was to be notified vide Para 4.1 of MoR's Circular of 24 September 2014 without reference to the serving station and the distance up to farthest point of the siding.

Paradeep (PRDP) is a major rake handling station of East Coast Railway (ECoR) which serves different sidings of Paradeep Port Trust. ECoR had notified[44] the siding named 'Paradeep Port Through Distance siding (alpha code-PPTP)' with a chargeable distance of PRDP+7.45 Km (i.e., distance up to Paradeep from source or destination station plus 7.45 km of siding distance) on through distance basis.

Audit noticed (March 2022) that 245 rakes loaded from PPTP siding were booked to M/s. Tata Steel Limited (TSLJ)/Jakhapura and Bokaro Steel

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[42] **Chargeable distance is the shortest distance from a booking station to the destination station or as notified for charging of freight.**

[43] **Freight from the originating station to the end point of the siding is charged on through distance basis as per MoR's Rate Master Circular No.TC-1/2014/214/3 dated 24 September 2014.**

[44] **Vide ECoR's Commercial Circular No. 49(G)/2016 dated 29 April 2016.**

Plant siding (BSCS) during October 2020 to February 2022. Although those rakes were loaded from PPTP siding, the originating station in the Railway Receipts was incorrectly shown as 'Cargo Berth Siding (CBSP)', which has a chargeable distance of PRDP+0 Km. Thus, freight was collected for the distance from CBSP instead of PPTP in those 245 rakes which was not the actual siding where the rakes were loaded. For rakes with destination TSLJ, freight was charged for 119 Kms instead of 127 kms and for BSCS bound rakes, freight was charged for 597 Kms instead of 605 Kms involving short charging for 8 Kms in both the cases.

PPTP siding was notified on through distance basis. Therefore, not reckoning the chargeable distance up to the farthest point of the siding was the violation of MoR's Circular of September 2014 and ECoR's notification (April 2016) on siding distance. Thus, irregular booking of 245 rakes by ECoR resulted in short charging of freight of ₹ 6.12 crore during the period from October 2020 to February 2022 as shown in **Table 2.3**.

Table 2.3: Charging of freight during the period October 2020 to February 2022 by ECoR

(in ₹)

Sl. No.	No. of rakes	loading		Date of loading		Freight collected	Freight should have been collected	Difference (short charging of freight) [Col.8 (-) Col.7]
		From	To	From	To			
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
1	234	PPTP	TSLJ	07.10.2020	23.02.2022	29,62,24,770	34,74,61,762	5,12,36,992
2	11	PPTP	BSCS	13.02.2021	17.02.2022	5,33,21,234	6,03,66,634	70,45,400
Total	**245**							**5,82,82,392**
							GST at the rate of 5 *per cent*	29,14,120
							Grand Total	**6,11,96,512**
								Say ₹ 6.12 crore

Source: FOIS- Railway Receipt Data

The matter was taken up with MoR in January 2023. In their reply (September 2023), MoR stated that the indents for rakes were placed for movement of traffic from CBSP to TSLJ and BSCS. However, for operational convenience of Railways, loading of rakes was done at PPTP. Thereafter, these rakes were hauled by Port's locomotives from PPTP to exchange yard of CBSP and further movement of rakes from the Exchange yard of CBSP to the destinations was done by Railway locomotives. Accordingly, freight was charged only for the distance hauled by Railway locomotives i.e. from Exchange yard of CBSP (PRDP+0 km) to destination instead of charging from PPTP (PRDP+7.45 km) to destination.

Now, Zonal Railway Administration has been advised to avoid repetition of such instances and directed to follow due procedure in future.

MoR reply was not acceptable since PPTP was notified as through distance basis siding and the chargeable distance should be up to the farthest point of siding instead of up to Exchange yard of the siding. In MoR's circular regarding charging of freight on through distance basis, there was no concept of hauling of rakes from siding to its Exchange yard by siding owner locomotive and further from Exchange yard to destination by Railway locomotive.

Thus, failure of East Coast Railway Administration to implement MoR's instructions as well as Zonal Railway's Commercial Circular on siding distance resulted in loss of freight revenue of ₹ 6.12 crore during the period from October 2020 to February 2022.

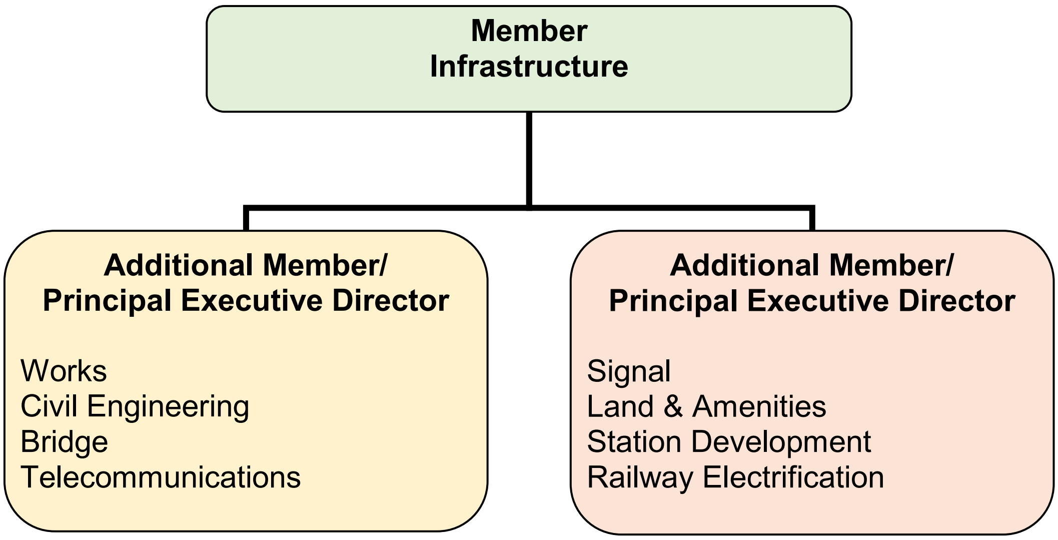
Recommendation*:*

Railway may strengthen the monitoring mechanism in booking of rakes to ensure recovery of freight for proper chargeable distance in all cases to avoid loss of freight earnings. Responsibility may also be fixed for this lapse.

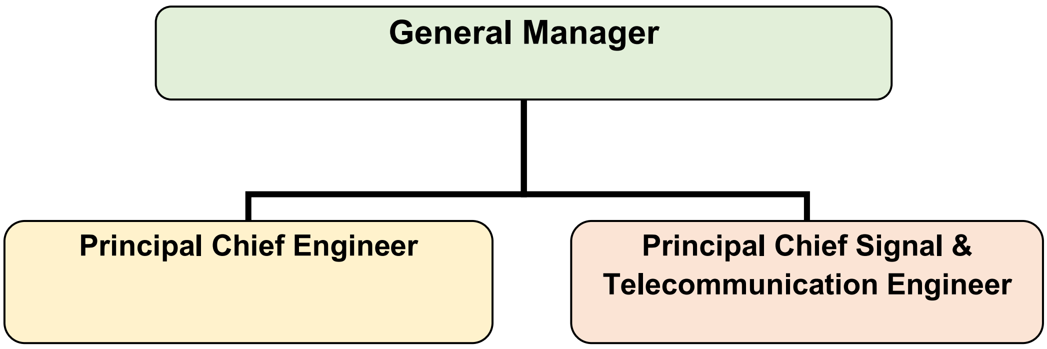
Chapter 3 - Infrastructure

Member (Infrastructure) at Railway Board[45] is responsible for maintenance of all fixed assets of Indian Railways, such as, Tracks, Bridges, Buildings, Roads. In addition, the Member (Infrastructure) is responsible for construction of new assets, such as new lines, gauge conversion, doubling & other expansion and developmental works. Member (Infrastructure) is assisted by Additional Members and Principal Executive Directors.

Railway Board Level



Zonal Level



At Zonal level, with the General Manager heading the Zone, the Engineering Department is headed by Principal Chief Engineer (PCE). PCE is assisted by various Chief Engineers for maintenance of Tracks, Bridges, Buildings, Roads, *etc.* Each Zonal Railway also has a construction organization headed by a Chief Administrative Officer (Construction) who is responsible for major construction works of Zonal

[45] **Revised Organizational Structure of Railway Board issued vide MoR's Office Order No.64 of 2020 dated 8 September 2020.**

Railway. Chief Administrative Officer (Construction) is assisted by various Chief Engineers (Construction).

Member (Infrastructure) at Railway Board is also responsible for Signal & Telecom Departments of Indian Railways. The Signal & Telecom Directorate at Railway Board is responsible for all the issues regarding procurement, maintenance of Signal & Telecom assets over Indian Railways. In the Railway Board, Member (Infrastructure) is assisted by Additional Member (Signal) and Additional Member (Tele).

At Zonal level, the Chief Signalling and Telecom Engineer (CSTE) is responsible for overall supervision and maintenance of S&T assets.

For enhancing efficiency and safety in train operation, modern signalling plays a very vital role. The Signalling Department handles induction and maintenance of signalling systems. The Telecom Department is responsible for telecommunication services in Railways.

In 2021-22, the total expenditure on repair and maintenance of assets[46] by Engineering Department in Indian Railways was ₹ 25,407.99 crore[47]. Indian Railways also incurred an expenditure of ₹ 57,473.79 crore[48] on creation of new assets[49]. During the year, apart from regular audit of vouchers and tenders, audit of 1097 offices of Engineering Department including Construction Organization was conducted.

The expenditure on repair and maintenance of plant and equipment of S&T Department during the year 2021-22 was ₹ 3,401.52 crore[50]. Capital expenditure of ₹ 2144.33 crore was incurred on creation of S&T assets. During the year, apart from regular audit of vouchers and tenders, 184 offices of the S&T Department were inspected.

This Chapter includes 17 individual paragraphs. These paragraphs highlight compliance issues that relate to undue favour in award of contract to contractor, blockade of funds in railway projects, underutilization of assets created, non-recovery of due charges from

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[46] **Permanent Way and Works, Bridges, Tunnels, Roads, Sanitation and Water Supply *etc.* including Plant and Equipment.**

[47] **Sub head 3002-3003 (02)-Repair and Maintenance of Permanent Way and Works and Sub head 3002-3003 (05)-Repair and Maintenance of Plant and Equipment- Appropriation Accounts – 2021-22.**

[48] **Sub head 5002-5003-Assets-Acquisition, Construction and Replacement– Appropriation Accounts – 2021-22.**

[49] **New Line, Doubling, Gauge Conversion, Traffic Facility Works, Track Renewal Works, Bridge Works, Level Crossings and Passenger Amenities Works.**

[50] **Minor Head 500, 600 and 700 of Sub head 3002 and 3003 (5)- Repair and Maintenance of Plant and Equipment -Indian Railways Appropriation Accounts- 2021-22.**

contractors, loss of potential earning capacity of wagons, unfruitful expenditure on creation of assets, *etc*.

3.1 Undue favour in award of contract: IRCON International Limited

IRCON International Limited awarded a contract at ₹ 1110.80 crore to an ineligible bidder ignoring the essential qualifying criteria for the evaluation of tenders.

IRCON International Limited (IRCON) is constructing the 'Udhampur-Srinagar-Baramulla New Broad Gauge Rail Link Project' (USBRL) – a project of 'National Importance'. As part of the project, IRCON undertook the construction of Tunnel 'T48'[51] on Dharam-Qazigund Section of USBRL in September 2012.

The contract for construction of the tunnel was initially awarded (September 2012) to M/s. Hindustan Construction Company Limited (HCC) at a cost of ₹ 883.90 crore which was to be completed by 5 September 2017 (in 60 months). Due to slow progress of work[52], IRCON terminated (April 2017) the contract (about five years) at the risk and cost of HCC.

IRCON invited (June 2017) open tenders for execution of the remaining works of Tunnel T48, at an estimated cost[53] of ₹ 676.83 crore. Of the three bidders[54], two bidders viz. M/s. Gammon Engineers & Contractors Private Ltd[55] (GECPL) and M/s. Patel & Age JV, were declared technically qualified.

The work was awarded (August 2017) to the lowest bidder i.e., M/s. GECPL, at a contract value of ₹ 1,110.80 crore[56] scheduled to be completed by November 2020. As the contract value exceeded the original contract value by ₹ 433.97 crore, the entire amount of ₹ 433.97 crore was recoverable from HCC.

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[51] **between Km. 100.00 to km. 110.200.**

[52] **The overall progress of work was only 32.29 *per cent* in 90 *per cent* of the scheduled completion period (54 months out of 60 months).**

[53] **The estimate was based on the rate awarded (September 2012) to the previous contractor, HCC.**

[54] **M/s. HCC, M/s. GECPL and M/s. Patel & Age JV.**

[55] **M/s. GECPL is a subsidiary of M/s Gammon India Limited (GIL), another private company.**

[56] **Initially awarded for ₹ 1170.32 crore, but was later adjusted to ₹ 1110.80 crore, due to revision of GST from 18 *per cent* to 12 *per cent*.**

IRCON recovered only ₹ 197.28 crore from HCC, by encashing the bank guarantee and by forfeiting the retention money. HCC, however, went into arbitration (April 2018) and the remaining amount of ₹ 236.69 crore had not yet been recovered (as of February 2023).

Audit observed that:

- As per Clause 23 of the Instruction to Tenderers (ITT), bids were to be evaluated on the basis of criteria stipulated in Annexures IV and IV A of the ITT. Further, as per 'Essential Qualifying criteria' A5 of Annexure IV A of the ITT, the contractor was to have positive net worth, to be adjudged from the audited balance sheet of the last financial year ending March 2016.

  Instead of submitting the audited balance sheet as on 31 March 2016, M/s. GECPL submitted the details of turnover of M/s. Gammon India Limited (GIL)[57], from 2011-12 to 2015-16, certified by a Chartered Accountant. Subsequently, IRCON called for (14 August 2017) the latest balance sheet (Audited/ Provisional) of M/s. GECPL. M/s. GECPL submitted (15 August 2017[58]) the provisional balance sheet as on 31 March 2017 (as against the balance sheet on 31 March 2016, as stipulated).

- On the basis of the turnover details of M/s. GIL and the balance sheet for a subsequent year, the net worth of M/s. GECPL was assessed as '*Positive*'. M/s. GECPL was declared the successful bidder by the tender committee on 18 August 2017 and work was awarded on 30 August 2017.

Audit observed that as per the provisional balance sheet for 2016-17, M/s. GECPL had a meagre cash balance i.e., cash equivalent of only ₹ 9 lakh, and 'Nil' turnover as on 31 March 2016. Even with this meagre liquidity and 'Nil' Plant and Machinery, M/s. GECPL was declared technically qualified for award of the contract valued at ₹ 1,110.80 crore.

Para 9.9.2 (x) of the Vigilance Manual 2017, stipulates that tenders be evaluated strictly as per *pre-notified* criteria, and that tender terms and conditions/specifications not be relaxed to favour any bidder/s. Thus, accepting M/s. GECPL's balance sheet for the year ended 31 March 2017, tantamounted to relaxation of terms and conditions, thereby extending undue favour to a bidder, which was not only a violation of the ITT, but also of the Vigilance Manual.

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[57] **The Engineering, procurement, and construction (EPC) business of M/s. GIL was transferred to M/s. GECPL w.e.f. July 2016.**

[58] **15th August 2017 was a National Holiday.**

M/s. GECPL was to complete the work by 29 August 2020, but even after 30 months of that date, i.e., till February 2023, the work had not been completed. The slow progress of work by M/s. GECPL defeated the purpose of re-tendering at higher cost of ₹ 433.97 crore and the schedule of completion of work of a project of national importance, had not been adhered to.

The tunnel work, scheduled to be completed by November 2020 (originally scheduled for September 2017), had not been completed by February 2023 either. Despite, awarding work at a higher cost to M/s. GECPL, even by relaxing norms in violation of Vigilance Manual and ITT, the schedule for completion had not been adhered to.

IRCON stated (June 2021) that though the bidder (M/s. GECPL) had positive net-worth in 2015-16, with the scheme of arrangement taking place with effect from 1 July 2016, it was felt prudent to ask for the provisional balance sheet of 2016-17. IRCON further stated that a firm – 'NIKIAS Metals Pvt. Ltd.' – was incorporated on 17 December 2014 and later (on 12 July 2016) renamed as M/s. GECPL, was part of M/s. GIL till 1 July 2016. As the net worth of M/s. NIKIAS Metals Pvt. Ltd. as on 31 March 2016 was determined as 'Positive' by the Company, M/s. GECPL was deemed to have met the eligibility criteria.

The Ministry of Railways endorsed (October 2021) the reply of IRCON.

IRCON's contention that net-worth of M/s. GECPL was determined as 'Positive' on the basis of balance sheet of M/s. NIKIAS Metals Pvt. Ltd. for the year ended March 2016, was not acceptable, as the bidder had not submitted any document in support of net worth. There was no mention of M/s. NIKIAS Metals earlier in file or documents. The Ministry of Railways' stand was not acceptable either.

The Company called for the additional documents (Provisional balance sheet for 2016-17) from M/s. GECPL and relied upon this provisional balance sheet for the period ended March, 2017 for finalization of the tender. This was in contravention of the pre-notified criteria A5 of Annexure IV-A of the ITT, which stipulated that 'the positive net-worth of the contractor was to be adjudged from the audited balance sheet of the last financial year ended March, 2016'. This tantamounted to extending undue favour to M/s. GECPL, in violation of Vigilance Manual.

Thus, IRCON extended undue favour to M/s. GECPL, by ignoring essential qualifying criteria and CVC instructions, while awarding the work. Despite awarding work at a higher cost (64.12 *per cent* increase), the work had not been completed and was already behind schedule by 65 months, as of February 2023.

Recommendation:

Responsibility may be fixed for extending undue benefit to the contractor.

3.2 Idling of assets due to inordinate delay in opening of section for Goods traffic led to loss of potential earnings: Western Railway

Delay in opening of the section for Goods traffic after its Gauge conversion led to loss of earning capacity to the tune of ₹ 126 crore during the period from 2018-19 to 2020-21, in addition to idling of the investment of ₹ 121 crore incurred on the Project for more than three years.

Para 1601 of Indian Railway Code for Engineering Department stipulates that a line under construction should not be left un-remunerative. Further, Ministry of Railways (MoR)'s directives of November 2011 also emphasizes on resolution of deficiencies/left over works within six months from the completion of the Project.

The Project of gauge conversion of Bhuj-Naliya (101.35 Kms) with new line (24.65 Kms) up to Vayor in Ahmedabad Division of Western Railway (WR) was sanctioned in the supplementary budget 2008-09[59]. Detailed estimate for gauge conversion of Bhuj–Naliya project (101.35 kms) costing ₹ 321.62 crore was sanctioned by MoR in August 2014.

Audit observed (October 2022) that the Project was planned to be taken up under Joint Venture (JV) with Rail India Technical and Economic Service Limited (RITES)[60]. However, MoR in June 2015[61] directed WR to execute the work. Further, in case, creation of Special Purpose Vehicle[62] (SPV) for this Project is approved later on, the construction work, either partially or fully, will continue to be done by WR based on the status of works awarded, through a suitable arrangement between WR and SPV.

Accordingly, WR completed the gauge conversion work of Bhuj-Deshalpur section at a cost of ₹ 121.14 crore and same was inspected by Commissioner of Railway Safety (CRS) in August 2017. CRS authorized (September 2017) Zonal Railway to open it for the public carriage of passengers subject to compliance to the observations made by them on deficiencies noticed during inspection of the section. However, there was

59 Pink Book item No.7 of 2010-11.

60 RITES submitted expression of interest in October 2014.

61 MoR's letter no. 2014/Infra/12/18 dated 29 June, 2015.

62 A legal entity created to fulfil single, well defined and narrow objective/purpose.

delay of 36 months in opening of this section after completion of work as seen from the Flow Chart below.

Flow Chart showing progress of work of gauge conversion of Bhuj-Naliya project

MoR, in June 2015 accorded approval to Construction Organization/WR to carry out the work of the gauge conversion of Bhuj-Naliya project till finalization of decision to undertake the same through JV vide letter no. 2014/Infra/12/18 dated 29 June, 2015.

↓

Member Engineering/ MoR in July 2016, identified this Project as a targeted Project and directed to commission the Bhuj-Deshalpur section (28.85 Kms) in 2016-17.

↓

MoR in August 2016, took decision for execution of project through JV. In response, WR vide letter no. WNC/121/6/4 (Bhuj-Naliya) (Genl Corres) dated 31 August 2016 sought clarification and approval of MoR for finalization of tenders pertaining to Bhuj- Deshalpur section.

↓

MoR accorded approval to WR in September 2016 to carry out and complete the remaining work from Bhuj to Deshalpur.

↓

After completion of work of Bhuj-Deshalpur section, CRS inspected that section (August 2017) and authorized Zonal Railway in September 2017 to open it for the public carriage of passengers subject to compliance to the observations made by them on deficiencies noticed during inspection of the section.

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Bhuj- Deshalpur section was opened for Goods traffic in March 2021 with inordinate delay of 36 months, as this was to be opened within six months of CRS inspection i.e. by April 2018.

Source: relevant records of Construction Organization/Western Railway.

Audit further observed that after opening of the section for Goods traffic in March 2021, there were freight earnings of ₹ 24.47 crore from booking of 26 outward rakes of Bentonite at Deshalpur during the seven months period from February 2022 to August 2022. The average earnings per month was ₹ 3.5 crore.

Due to delay of 36 months (April 2018 to March 2021) in opening the completed Bhuj-Deshalpur section for Goods traffic, WR lost an opportunity to earn freight amounting to ₹ 126 crore[63] as shown in the **Table 3.1**.

Table 3.1: Loss of potential earning in respect of Bhuj-Deshalpur section

(Amount in ₹)

Sl. No.	Month	No. of rakes	Freight		Total freight (Col.4 + Col.5)
			Without GST	GST	
1	**2**	**3**	**4**	**5**	**6**
1	February 2022 to August 2022	26	232972118	11730939	244703057 Say ₹ 24.47 crore
Note:	**Earnings for seven months (February 2022 to August 2022) = ₹ 244703057**				
	Average earning per month = ₹ 244703057 divided by seven (February 2022 to August 2022) = ₹ 34957579.57				
	Loss of earning for 36 months (April 2018 to March 2021)= ₹ 34957579.57 (x) 36 = ₹ 1258472864.52 or ₹ 126 crore				

Source: Data as per Chief Goods Supervisor, Deshalpur's record.

The matter was taken up with MoR in January 2023. In their reply (September 2023), MoR stated that compliance to CRS observations were made in July 2018. Before CRS inspection, it was advised to CTPM/CCG[64] that the Bhuj-Deshalpur section was planned to be commissioned on one train only system in Phase-I and requested to take necessary action. In response, Ahmedabad Division asked for watering, terminating examination, manning of level crossing gates or any other facility required for operation. He further advised that existing trains and time table was examined which was primarily not suitable for extension of any services towards Deshalpur. Additional deficiencies/requirements/ facilities required for operational pointed out by 'Open line' in October 2020 were not taken up due to non-availability of Bhuj-Deshalpur section under administrative control of Construction Organization of Western Railway, as the entire Project (gauge conversion of Bhuj-Naliya with new line up to Vayor) was transferred to Rail India Technical and Economic Service Limited (RITES) and Gujarat Rail Infrastructure Development

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[63] **At the rate of ₹ 3.5 crore per month for 36 months.**
[64] **Chief Traffic & Planning Manager/Churchgate.**

Corporation (G-RIDE)[65] for commercial operation. This caused the delay in handing over the section to 'Open Line' for opening to Goods traffic.

The response indicates that the failure of the Railway Administration to comply with codal provisions to promptly rectify the deficiencies pointed out by the CRS to hand over the completed Bhuj-Deshalpur section to 'Open line', transfer of the project before opening the section and without planning substantive measures to address the deficiencies pointed out by Ahmedabad Division to ensure opening the line resulted in delay of 36 months (April 2018 to March 2021) in opening the line for Goods traffic. This inordinate delay resulted into a potential loss of freight earnings amounting to ₹ 126 crore[66] besides idling of investment of ₹ 121.14 crore for more than three years.

Recommendation:

Responsibility may be fixed for delay in opening of the Bhuj-Deshalpur section for Goods traffic.

3.3 Blockade of capital due to non-completion of approach road: West Central Railway

Non-completion of approach road to the Road Over Bridges resulted in blocking of Railways' capital of ₹ 43.59 crore and recurring expenditure of ₹ 1.35 crore due to non-closure of the Level Crossings.

The work of construction of Road Over Bridge (ROB) or Road Under Bridge (RUB) in lieu of existing level crossings (LC) is undertaken by Railways on cost sharing basis with the State Government. In terms of Para 925 of the Indian Railway Permanent Way Manual, minimum Train Vehicle Units[67] on a Level Crossing should be one lakh per day to become eligible for replacement with ROBs/ RUBs on 'Cost Sharing' basis. Further, closure of the Level Crossings should be ensured before commissioning of the ROBs/ RUBs.

Ministry of Railways (MoR) instructed in May 2008 that Railways should take up only those ROBs/RUBs for execution where the necessary provision of funds is ensured by the State Government. It was also stipulated that an undertaking should be obtained from the State Government to the effect that priority for the work should be assigned in their Works Programme to commence and complete the work on approach roads simultaneously.

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65 A joint venture of Government of Gujarat and Ministry of Railways.
66 At the rate of ₹ 3.5 crore per month for 36 months.
67 Vehicular traffic.

During the review of records (May 2022) in the O/o. Dy. CE (C) Kota, it was observed that the work of four ROBs in lieu of existing LC[68] was undertaken by the railway administration at a total cost of ₹ 67.37 crore. All the four works were sanctioned by the competent authority during 2012-13 to 2015-16 as per MoR's 2008 guidelines. The railway portion work of four ROBs was completed between October 2019 to December 2021, as shown in **Table 3.2**.

Table 3.2: Details of ROBs undertaken by Railway Administration in lieu of existing LCs

(₹ in crore)

Sl. No.	LC No.	Name of ROB work	Pink Book Item No.	Year of sanction	Cost sharing with States	Amount (Railway portion)	Date of completion of railway portion work	Actual expenditure done by Railway administration to complete the work (upto 31 March 2022)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
1	20	Luniricha - VMA	153	2012-13	MP	14.33	31 October 2019	6.71
2	08	MEP - Luniricha	152	2012-13	MP	15.42	31 October 2019	6.72
3	219	Dumariya -BXN	200	2015-16	Rajasthan	22.02	31 December 2021	19.94
4	32	Talavli - CMU	199	2015-16	Rajasthan	15.60	21 March 2020	10.22
Total						**67.37**	**Total**	**43.59**

Source: Expenditure and Final Grant in Appropriation Accounts.

Audit observed the following:

a) Despite MoR's directives (May 2008), West Central Railway (WCR) administration executed the work of ROBs without ensuring progress of approach road by the State Government. The State Government did not complete the approach road even after a lapse of more than two years[69]/one year[70] after the completion of the Railway portion work of ROBs.

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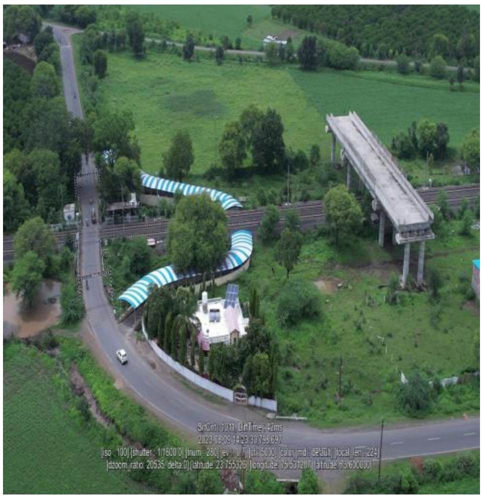
[68] **LC No. 20, 8, 219, and 32 at a cost of ₹ 14.33 crore, ₹ 15.42 crore, ₹ 22.02 crore and ₹ 15.60 crore respectively.**

[69] **in the case of LC No. 20, 8 and 32.**

[70] **in the case of LC No. 219.**

Picture showing non-completion of approach road of ROB by State Government in respect of LC No. 8



Picture showing non-completion of approach road of ROB by State Government in respect of LC No. 20

This has resulted in the non-closure of level crossings. WCR administration incurred an expenditure of ₹1.35 crore[71] during the period from November 2019 to June 2022 towards pay and allowances of gatemen manning the LCs and would continue to incur the expenditure till the closure of the LCs.

b) An amount of ₹ 43.59 crore incurred by the WCR administration on the above four ROBs was blocked due to the non-completion of the approach portion of ROBs by the State Government.

MoR in September 2011 stated that to avoid any communication gap at any stage of the work leading to infructuous expenditure, and delay in obtaining the detailed estimate of the approach road from the State Government, Railways should inform the Chief Secretary of the State

[71] **Based on pay and allowances as on date of issue of Special Letter (May 2022).**

Government in writing on monthly basis. However, WCR administration failed to pursue the issue with the State Government regularly. Only two meetings were held one on 30 January 2017 between Public Works Department, Rajasthan, and Chief Bridge Engineer/WCR Zone and other on 21 September 2021 between Chief Secretary of Government of Rajasthan and General Manager/WCR.

The matter was taken up with MoR in March 2023. In their reply (April 2023), MoR stated that the work on the Railway's portion has been done with the utmost care and also the District Administration/State Government has been advised time to time for progress of the work. They also requested to take the work of approach roads on top priority so that the facility of the ROB/RUB may be provided to the Public and LC may be closed. State Government sanctioned the work in 2020-21 and land acquisition was in progress but acquisition progress was slow due to litigation in the court by public. Continuous efforts were being made by Railway to pursue with the State Government for expediting land acquisition and execution of approach work. At present, work on state portion was in progress and targeted for completion in May 2023.

The reply of MoR was not acceptable. The work was sanctioned in 2012-13 and railway's portion of the work was completed in October 2019, whereas work was sanctioned by State Government in 2020-21. It shows that the railway administration was not in close co-ordination with the State Government. Further, Railway Administration executed the work without ensuring necessary provision of funds and simultaneous progress by the State Government. Railway Administration also failed to take up the matter at appropriate level (i.e., Chief Secretary) as per the MoR's letters of September 2011 and March 2019. Due to non-completion of work of approaches, the very purpose of construction of ROB is defeated (i.e., elimination of LC and to improve the efficiency of railway operations and safety of the public). This has resulted in blocking of Railway's capital of ₹ 43.59 crore and recurring expenditure of ₹ 1.35 crore during the period from November 2019 to June 2022 on operation of posts of gatemen due to non-closure of the Level Crossings.

Recommendation:

WCR Administration should pursue the case with the State Government on monthly basis, in the manner stipulated by the MoR, for early completion of the approach road and ensure the functioning of ROB and closure of the LC.

3.4 Non-recovery of Mobilization Advance paid to the Contractor and interest thereon: South East Central Railway

South East Central Railway failed to safeguard its financial interest which resulted in loss of ₹ 28.95 crore due to non-recovery of Mobilization Advance paid to the Contractor and interest thereon.

Central Vigilance Commission (CVC)[72] instructed that the recovery of Mobilization Advance should be time bound and not be linked with progress of the work. This would ensure that even if the contractor is not executing the work or executing it at a slow pace, the recovery of advance could commence and scope of misuse of such advance could be reduced.

Para 1264 of Indian Railway Code for Engineering Department (IREC) has provisions regarding sanction of Mobilization Advances to contractors in two stages. Further, Ministry of Railways instructed (23 May 2012) that Mobilization Advance shall be against an irrevocable Bank Guarantee (BG) of at least 110 *per cent* of the value of sanctioned advance. The interest on Mobilization Advance shall be 4.5 *per cent* above the base rate of the State Bank of India.

For the work of Anuppur – Katni 3rd line (165.52 Km) project, two contracts (CA No. 306/Singpur-Budhwapara & Mudaria- Karkeli/3rd Line APR-KTE/SECR/16 dated 24 March 2017 and CA No. 307/Karkeli-Lorha & Chandia-New Katni/3rd Line APR-KTE/SECR/16 dated 24 March 2017) were awarded in March 2017, wherein an amount of ₹ 27.19 crore was paid to the contractor as Mobilization Advance in two stages (30 March 2017 and 29 June 2017 respectively).

Audit noticed (February 2022) that the Railway Administration terminated both the contracts on 28 November 2019 due to non-performance of the contractor and forfeited Security Deposit (SD) and encashed Performance Guarantee (PG) of the contractor. Before termination of the contracts, only two instalments of interest on Mobilization Advance[73] (₹ 1.03 crore) were recovered from contractor bills by June 2019. In addition, interest on Mobilization Advance paid to the contractor to the tune of ₹ 10.21 crore (as on 28 November 2019) was also not recovered from the contractor.

It was further noticed that after termination of the contracts, BGs towards Mobilization Advance of ₹ 6.21 crore and ₹ 8.74 crore issued by the State Bank of India, Mumbai were encashed on 16 December 2019. However, two BGs valuing ₹ 6.21 crore and ₹ 8.74 crore issued by the Corporation Bank, Mumbai could not be encashed as their validity period had already

[72] **Circular No. 4CC-1-CTE-2, dated 10 April 2007.**

[73] **₹ 1.03 crore [₹ 0.18 crore (+) ₹ 0.85 crore].**

expired in the month of June 2019. Thus the bank refused to pay the claimed amount. Failure of the SECR to recover Mobilization Advance and interest thereon due to non-performance of the contractor resulted in loss of ₹ 28.95 crore as shown in **Table 3.3**.

Table 3.3: Details of payment of Mobilization Advance paid to the contractor and recovery thereof

Sl. No.	CA No.	Details of Mobilization Advance paid to the contractor (in ₹)		Interest on Mobilization Advance	Amount recoverable from the contractor	Details of recovery		Amount outstanding
		Stage I on 30 March 2017	Stage II on 29 June 2017	Interest accrued upto termination of contracts (28 November 2019)	At the time of termination of the contracts [Col.3 (+) Col.4 (+) Col.5]	Through Running Bill	By encashment of BG	Amount still pending for recovery [Col.6 (-) Col.7 (-) Col.8]
		(Amount in ₹)						
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
1	306/Singpur - Budhwapara & Mudaria-Karkeli/ 3rd Line APR-KTE/SECR/ 16 dated 24 March 2017	56504428	56504428	45519406	158528262	0	62154871	96373391
2	307/Karkeli-Lorha & Chandia-New Katni/3rd Line APR-KTE/SECR/ 16 dated 24 March 2017	79455882	79455882	56596013	215507777	10366740	87401470	117739567
Total		**135960310**	**135960310**	**102115419**	**374036039**	**10366740**	**149556341**	**214112958**

Note: (1) Interest on due amount i.e. ₹ 21,41,12,958 from 29 November 2019 (contract terminated on 28 November 2019) to 30 June 2022 at the rate of 13.60 per cent (4.5 per cent (+) 9.10 per cent base rate at the time of payment of Mobilization Advance= 4.50 + 9.10 = 13.60 per cent).

(2) Total amount recoverable from the contractor as on 1 July 2022 = 214112968 (x) 13.60 per cent (x) 945 days (29 November 2019 to 30 June 2022)/365 = 29119362.288 (x) 945/365 = 75391225.6495 or 75391226 = 21,41,12,958 (+) 7,53,91,226 = ₹ 28,95,04,184 or ₹ 28.95 crore.

(3) Details of Mobilisation Advance paid to the contractor and interest thereon = [₹ 135960310 (+) ₹ 135960310 (+) ₹ 102115419] = ₹ 374036039 or ₹ 37.40 crore

(4) Recovery details = ₹ 1.03 crore (through running bill) (+) ₹ 14.95 crore (encashment of BG)

The matter was taken up with MoR in January 2023. In its reply (December 2023), MoR agreed with audit contention about Railway Administration failure in ensuring the validity extension of two BGs amounting to ₹ 14.95 crore resulting into their non-encashment. It was further stated that matter is sub-judice in the Hon'able Arbitration Tribunal and Railway is pursuing the case to recover the Mobilization Advance and interest thereon from the contractor. In addition, all the Zonal Railways have been requested (December 2019) by South East Central Railway to withhold the payments of contractor concerned in order to recover the balance Mobilization Advance.

Thus, Railway Administration failed to recover the Mobilization Advance within the validity period of BGs and also failed to extend the validity periods of these BGs resulting into their non-encashment. Owing to this, an amount of ₹ 28.95 crore (including interest accrued on due amount from 29 November 2019 to 30 June 2022 i.e. ₹ 7.53 crore) towards Mobilization Advance was still outstanding against the contractor. Unless the outstanding Mobilization Advance is recovered from the contractor, interest on the same will continue to accrue.

Recommendation:

Responsibility may be fixed for not getting the validity of Mobilization Advances extended and the amount due from the contractor may be recovered at the earliest.

3.5 Non-closure of Level Crossings despite incurring cost of ₹ 28.03 crore on the construction of Road Over Bridges and recurring cost on continued operation of LCs: South Central Railway

Non-Compliance of Ministry of Railways instructions regarding inclusion of Limited Height Subway (LHS)/Light Foot Over Bridge (FOB) at the time of framing of proposal for construction of Road Over Bridge/Road Under Bridge by South Central Railway resulted in non-closure of Level Crossings.

Para 925 (4) of Indian Railway Permanent Way manual stipulates *inter alia* that in case of Road Over/Under Bridges (ROB/RUBs) are constructed in replacement of busy level crossings (LCs) situated in Municipal/ Corporation/Metropolitan areas additional provision may be made for construction of the subway or a light Over Bridge with ramps for the use of light vehicular traffic at the time of framing the proposal for the construction of ROB/RUBs. These instructions were reiterated by MoR (March 2010 and September 2010)[74] to Zonal Railways and instructed that work of Foot Over Bridge/Limited Height Subway (FOB/LHS) should be processed with main proposal of ROB, otherwise a certificate "LHS/FOB is not required for enforcing closure of level crossing gate" should be endorsed. MoR had

[74] **Ministry of Railway's letter No. 2008/CE-I/Misc/2/RUB/ (Pt.) dated 23 March 2010 and 14 September 2010.**

also instructed that in all cases, where ROB has been constructed but level crossing is not getting closed, Railways may like to exercise one of the following options:

"All such ROB should be treated as Deposit work for the State Government and necessary recovery should be affected against the ongoing ROB works".

OR

"If the on-going work is closed/deleted from Law/Pink Book, Railway should sanction one new cost sharing work of LHS under General Manager or Board's power on cost sharing basis with consent of closure of Level Crossing in question".

Review of records relating to construction of ROBs in lieu of LC Gate No. 166,150 and 23 in South Central Railway (SCR) revealed that:

(1). MoR sanctioned (2009-10) the work "Construction of ROB in lieu of LC No. 150 between Dhone-Bogolu stations and LC No. 166 between Dhone-Malkapuram stations" in Guntakal Division. Construction organisation of SCR executed the Bridge proper portion and Government of Andhra Pradesh (GoAP) completed the approaches. The ROB was opened for traffic in October 2017. Expenditure incurred on construction of ROB by SCR and GoAP was ₹ 11.12 crore and ₹ 26.13 crore respectively. Though the ROB was commissioned in October 2017, LCs are yet to be closed (September 2022). A Public Interest Litigation (PIL) was filed (40154 of 2017) and Honourable High court of AP passed an interim order to permit the passage through LC till Road Underpass are constructed.

Audit Scrutiny of records revealed that Senior Divisional Engineer/Central/ Guntakal Division advised (July 2012 and March 2013) Deputy Chief Engineer/Construction/Guntakal to revise the estimate as per MoR instructions (March 2010) and to include provision of LHS in the estimate of construction of ROB. Construction Organisation completed the ROB work but no provision of LHS was made in the estimate of ROB. After more than three and half years from the completion of ROB (October 2017), during the joint inspection (May 2021), SCR proposed to construct RUB/LHS to divert road traffic through ROB but GoAP was not willing to share the cost of RUB/LHS.

The terms and conditions of agreement with GoAP for construction of ROB provided that, if the LCs are not closed after completion/commissioning of ROB for any reason, the entire cost of ROB shall be borne by the State Government. LCs No. 150 and 166 were not closed after completion of ROB and hence Chief Engineer/construction/SCR requested (December

2019 and September 2021) Chief Engineer/Roads and Buildings department/GoAP to reimburse SCR's share of cost of ROB ₹ 13.41 crore by treating the whole work as Deposit work but there was no response from GoAP. This resulted in loss to Railways due to non-recovery of cost of construction of ROB from GoAP.

(2). Similarly, in another case, Audit observed that MoR sanctioned (March 2000) detailed estimate for construction of ROB in lieu of LC No. 23 at "Palakollu" station in Vijayawada Division on cost sharing basis.

As per detailed estimate, in the event of LC No. 23 was not closed for traffic after opening the ROB, the entire cost of ROB shall be borne by the State Government. Construction organisation of SCR had executed the work and the expenditure incurred towards Railways' share was ₹ 13.98 crore. Though the ROB was commissioned in April 2015, LC is yet to be closed (September 2022). However, the proposal for construction of LHS at LC location was submitted (December 2015) by SCR to GoAP to facilitate closure of LC but Superintending Engineer/Roads and Buildings department GoAP (May 2021) after more than five years expressed practical difficulties in construction of LHS. In addition to Railways' share of cost of ROB, recurring expenditure of ₹ 74,291 *per month* was being incurred by Railway Administration of Vijayawada division on operational cost of LC No. 23. Even though the State Government authorities have stated that the provision of LHS is not feasible, no constructive steps were taken by SCR to recover the cost of construction of ROB by treating the work as "Deposit Work".

The matter was taken up with Railway Administration in April 2022 and July 2022 in respect of LC No. 23 and LC No. 150 & 166 respectively. In its reply, (LC No. 23), DFM/BZA stated (September 2022), that Senior Divisional Engineer/Co-ordination/Vijayawada had referred the matter to District Collector/West Godavari, GoAP. Reply was not acceptable as Railway Administration raised the demand (July 2022) against District Collector/West Godavari for reimbursement of Railways' share of cost of construction of ROB ₹ 13.98 crore and operational cost of ₹ 0.64 crore on maintenance of LC after more than seven years from the date of commissioning of ROB (April 2015). However, the amount was still not recovered from State Government.

Thus, failure of the Railway Administration to include provision for LHS along with ROB works or get sanction for LHS after completion of ROBs resulted in non-closure of LCs despite expending ₹ 28.03 crores (₹ 13.41 crore + ₹ 14.62 crore) on cost of construction and recurring cost on continued operation of LCs.

The matter was referred to the MoR in February 2023; no reply was received (December 2023).

Recommendation:

Responsibility may be fixed for not including LHS/FOB alongside ROB construction, resulting in non-closure of LCs.

3.6 Non-realization of leasing charges amounting to ₹ 26.59 crore from State Government of Uttar Pradesh: North Central Railway

Violation of Ministry of Railway's instructions regarding leasing of Railway land to Government of Uttar Pradesh (GoUP) by North Central Railway Administration resulted in non-execution of land lease agreement with GoUP. Further, Railway Administration could not realize the land leasing charges from GoUP which resulted in a loss of revenue amounting to ₹ 26.59 crore.

Ministry of Railways issued (October 2001)[75] instructions regarding Railway land to be leased to Government Departments on long term basis for a period of 35 years on payment of lumpsum lease charges equivalent to 99 *per cent* of the market value of the land along with nominal license fee of ₹ 1000 *per annum*. These instructions were reiterated by MoR in July 2003 [76] and stated that General Manager with the concurrence of FA & CAO will have the power to sanction the leasing of railway land having value upto ₹ 5 lakhs only. In September 2014[77], MoR enhanced the sanctioning power of General Manager from ₹ 5 lakhs to ₹ 25 lakhs for long term leasing of Railway land/Relinquishment of Railway Land to Govt. departments. In November 2019[78], MoR directed all Zonal Railways (ZRs) for strict compliance to the instructions on leasing of Railway land and stated that all cases of leasing of Railway Land falling beyond the power delegated to General Managers i.e. more than ₹ 25 lakhs should be referred to the Ministry of Railway. MoR also insisted that in each case proper agreement should be executed with lessee before transferring the rights on Railway land.

Government of Uttar Pradesh (GoUP) submitted a proposal (September 2014) for construction of additional two lane Road Over Bridge (ROB) near Pani ki Tanki, Prayagraj parallel to the existing ROB No. 38-D on cost

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[75] **Ministry of Railway's letter No. 2001/LML/13/53 dated 04 October 2001.**

[76] **Ministry of Railway's letter No. 2001/LML/13/53 dated 30 July 2003.**

[77] **Ministry of Railway's letter No. 2001/LML/13/53 dated 11 September 2014.**

[78] **Ministry of Railway's letter No. 2019/LML/20/1 dated 20 November 2019.**

sharing basis. District Magistrate/Prayagraj vide letter dated 27 April 2015 addressed to General Manager/NCR stated that 3918.40 Sqm. Railway land was falling under the proposed ROB and requested to give permission/NOC for construction of ROB on Railway Land. Accordingly, the proposed ROB work was sanctioned in the NCR works programme for the year 2016-17. The Detailed Estimate of this work was sanctioned (June 2017) by NCR Administration at a total cost of ₹ 84.82 crore with a provision of ₹ 26.59 crore as land leasing charges of Railway land. Since, the value of Railway Land was beyond delegated power of General Manager, it was required to be forwarded to MoR by NCR Administration as per MoR order No. 2001/LML/13/53 dated 11 September 2014.

Audit scrutiny of records revealed that no proposal for leasing of Railway Land to GoUP was forwarded to MoR for getting approval. No land lease agreement in this regard was executed with GoUP. Audit also observed that no bill was raised by NCR to the GoUP for payment of lumpsum land leasing charges before commencement of the work.

ROB near Pani ki Tanki, Prayagraj was commissioned in November 2018. Audit further observed that Railway Administration raised the demand for payment of land lease charges of ₹ 26.59 crore vide letter No. 138-W/Dy.CE/C/ALD/Estt. dated 25 April 2019 against the GoUP only after pointed out by Mela Adhikari's letter dated April 2019 (A functionary of the Govt. of UP). Despite several reminders from Railway Administration, the Government of Uttar Pradesh did not remit any amount to Railway. This has resulted in loss of ₹ 26.59 crore to Railways.

Thus, Railway Administration failed to send the proposal for sanctioning of leasing of Railway Land to Ministry of Railways. This has resulted in non-execution of land lease agreement with GoUP. Besides, this land lease charges amounting to ₹ 26.59 crore could not be recovered from the GoUP even after lapse of more than five years from the date of sanctioning of the detailed estimate (June 2017).

The matter was taken up with MoR in February 2023. In their reply (October 2023), MoR stated that to manage heavy pilgrimage traffic on occasion of Kumbh Mela 2019 at Prayagraj, work of construction of above ROB was targeted for completion in October 2018 by GoUP. Thus, due to urgency of work, case for land leasing could not have been processed for approval of MoR by Railway Administration. Had the procedure for execution of lease agreement before handing over railway land to GoUP been followed, major delay in construction of above ROB could have occurred. It was further stated that State Administration has been asked (September 2023) to adjust outstanding leasing charges against other works. However, no response has been received from their side.

The reply of MoR that laid down procedure for land leasing could not followed due to work urgency, was not tenable, as it does not explain the continued inaction on the part of Railway Administration. The District Magistrate, Prayagraj had sought NOC for Railway Land use as far back April 2015, but the Railway Administration did not initiate any proposal. Even after sanctioning of work in June 2017 with a provision for leasing charges, no proposal was sent to MoR till after completion of construction. Moreover, even after commissioning of ROB in November 2018, neither the land leasing agreement was executed nor land leasing charges were recovered from GoUP by Railway Administration (December 2023).

Recommendation:

Responsibility may be fixed on officials not initiating proposal for consideration of MoR. All out efforts may be made to realize the lease rent.

3.7 Payment of inadmissible allowances amounting to ₹ 16.79 crore to Government employees on deputation to Railway Commercial Undertakings: IRCON, DFCCIL and MRVC

Three Railway Commercial undertakings paid allowances amounting to ₹ 16.79 crore to employees on deputation to these Railway Commercial Undertakings in contravention of DPE guidelines.

Department of Public Enterprises (DPE) Office Memorandum (OM) dated 26 November 2008, *inter alia* stipulates[79] that the Government officers, who are on deputation to CPSEs[80], would continue to draw salary as per their entitlements in the parent Department. Only those, who are permanently absorbed, would get the CPSE scales, perks and benefits.

Department of Personnel & Training (DoPT) OM[81] also clarified that for employees on deputation to CPSEs, the pay will be governed in terms of the orders issued by DPE vide OM dated 26 November 2008.

The Ministry of Railways (MoR) endorsed[82] the above instructions *mutatis mutandis* for the Railway employees also.

Audit observed that during the period from 2017-18 to 2021-2022, IRCON International Limited (IRCON), Dedicated Freight Corridor Corporation of India Limited (DFCCIL) and Mumbai Rail Vikas Corporation Ltd (MRVC) paid the following allowances as detailed in **Table 3.4** to Railway and other Government employees on deputation to these Railway Commercial

[79] **Annexure-IV, Para 12 (iv).**
[80] **Central Public Sector Enterprises.**
[81] **No. 6/8/2009-Estt. (Pay II), dated 17 June 2010 (Para 4).**
[82] **July 2010.**

Undertakings, which were not being paid to them in their parent Organisation:

Table 3.4: Details of allowances paid to Railway and other Government employees on deputation

Sl. No.	Railways Commercial Undertakings	Allowances	Total allowances paid (₹ in crore)
1	2	3	4
1.	IRCON International Ltd.	Expert Professional Allowance; Reimbursement of Entertainment Expenses; and Reimbursement of Expenses	5.89
2.	Dedicated Freight Corridor Corporation of India Ltd.	Professional Updation-cum-Education Allowance	10.25
3.	Mumbai Rail Vikas Corporation Limited	Expert Professional Allowance (Special Professional Updation Allowance) and Entertainment Allowance	0.65
Total			**16.79**

Source: Relevant records of Railway Commercial Undertakings.

Payment of the above-mentioned allowances amounting to ₹ 16.79 crore to deputationists was in contravention of DPE's OM dated 26 November 2008 and DOPT's OM dated 17 June 2010 and therefore inadmissible.

The matter was taken up with Ministry of Railways (MoR) in January and November 2023. MoR in its reply (April 2023) stated that all CPSEs has been instructed (November 2022) to strictly follow all the existing instructions/guidelines of DoPT and DPE in reference to pay, perks, allowances and benefits to deputationists. Only IRCON has confirmed that 'Expert Professional Allowance' paid to deputationists has been discontinued with effect from 01 April 2023. It was also stated that efforts are being made to get compliance from other CPSEs which have not implemented these instructions in letter and spirit.

MoR further stated (November 2023) that Professional Updation-cum-Education Allowance to employees on deputation to DFCCIL has been discontinued w.e.f 01 November 2023 and though payment of Special Professional Updation Allowance is in accordance with DoPT's directives shall be discontinued w.e.f December 2023 in respect of MVRC.

MoR also stated that the said payments by IRCON, DFCCIL and MRVC have been given to the deputationists with a view to attract and retain specially skilled professionals, hence payment to the employees on deputation to these CPSEs was not irregular.

The reply of the MoR that said payments are made to attract and retain specially skilled professionals is not tenable since such payments to the deputationists were in contravention of DPE/DoPT instructions. Whereas, MoR decided to stop payment of Professional Updation-Cum-Education Allowances to deputationists in Railway Commercial Undertakings, it has not stated any action plan for recovery of the irregular payments to the deputationists as highlighted by Audit.

Thus, payment of 'Expert Professional Allowance', 'Reimbursement of Entertainment Expenses' and 'Reimbursement of Expenses' amounting to ₹ 16.79 crore by IRCON, DFCCIL and MRVC to the deputationists in contravention of specific instructions issued by DPE and DoPT, was inadmissible.

Recommendation:

Responsibility for this irregular payment may be fixed and the amount so paid may be recovered.

3.8 Unfruitful expenditure on construction of washing pit: North Eastern Railway

Sanction of unwarranted washing pits and subsequent decision to stop the work resulted in unfruitful expenditure of ₹ 10.72 crore.

The North Eastern Railway (NER) administration proposed to construct two number of washing pits[83] and other supporting work, one in the Burhwal-Sitapur doubling project and another in the Gonda-Burhwal 3rd running line project. Ministry of Railways (MoR) accorded their sanction to Burhwal- Sitapur doubling project and Gonda-Burhwal 3rd running line project in June 2016 and November 2017 respectively. The NER administration executed two contract agreements for construction of washing pits (August 2019) and other supporting work (May 2019) regarding the two projects. The target dates of completion of the work were February 2020 and August 2020 respectively.

Scrutiny of records of the office of the Deputy Chief Engineer (Construction)/Bridge, Gorakhpur revealed that two contracts commenced in respect of washing pits and other supporting work in August 2019 and June 2019 respectively. The work was stopped as it was not technically feasible on the basis of decision taken during joint inspection held in August 2020. It was decided that washing pit, stabling line and shunting

[83] **Pit lines are the main infrastructure required for conducting primary maintenance of coaches of both express and passenger trains. The pit line will have facilities for day/night inspection, coach cleaning, coach charging and watering.**

neck to be removed from the proposed Engineering Scale Plan[84] (ESP) of Gonda yard (March 2022). However, no reason for the same was found on records made available to Audit.

Details of progress of work (physical and financial) as on September 2022 and expenditure incurred in respect of construction of washing pits and other supporting work regarding the two projects (Burhwal-Sitapur doubling project and Gonda-Burhwal 3rd running line project) is shown in **Table 3.5**.

Table 3.5: Showing details of progress of work and expenditure incurred

(₹ in crore)

Sl. No.	Contract No. and Date	Name of work	Physical progress up to September 2022	Financial progress up to September 2022	Expenditure incurred up to September 2022
1	**2**	**3**	**4**	**5**	**6**
1	CAO/Con/ GKP/1916 dated 10 May 2019	Construction of sick line, service building and CDO Office building, rake maintenance service building, *etc.*	19 *per cent*	19 *per cent*	1.17
2	CAO/Con/ GKP/1956 dated 28 August 2019	Construction of two numbers of washing pits including catwalk apron and drainage arrangement, *etc.*	75 *per cent*	65 *per cent*	9.55
Total expenditure incurred					**10.72**

Source: Contract agreement and Quarterly progress of Civil works

As shown above, payment of ₹ 10.72 crore was made to the contractors up to September 2022 for these two works. The final bill of the aforesaid Contracts Agreements has not been passed by the NER administration till date (September 2022).

84 Engineering Scale Plan (ESP) is basically the alignment plan of Station Yard in a scale of 1 in 1000 which is prepared based on the approved Alignment Plan & Longitudinal Section. It shows the plan of Railway track from last trailing point of incoming end to last trailing points of outgoing end of Station yard and gradient has been shown beyond 2.6 KM from either end of the yard. It includes existing and proposed all the structures like Station Building, Platforms, Running/Goods/Common/Engine Lines, Washing Lines, Foot over bridges, Ramps, bridges and other facilities/Utilities provided in that part of the section.

The matter was taken up with MoR in December 2022. MoR in its reply (September 2023) stated that the work related to washing pits, stabling line and shunting neck was removed from the ESP of Gonda yard as it was not possible to provide a connection with the existing line enabling smooth placement of rakes for maintenance/examination. This work will be taken up later along with Gonda yard remodelling.

The reply of MoR confirms the audit contention that the decision for construction of washing pits by Railway Administration was taken without proper examination of available site to connect it with the existing line. This resulted in abandonment of work for construction of washing pit after incurring an expenditure of ₹ 10.72 crore. The constructed structure for the washing pits was not being utilised for any other purpose and remained in a depleted condition as shown below and would further deteriorate with the passage of time.

Picture of incomplete washing pit at Gonda (NER) station

First washing Pit **Second Washing Pit**

Thus, sanction for construction of unwarranted washing pits, execution of incomplete works and subsequent decision to stop the work, reflected deficiencies in planning and execution of work. This resulted into unfruitful expenditure of ₹ 10.72 crore.

Recommendation:

Decision to construct any structure may be taken only after ensuring complete suitability of site and considering all other factors relevant to the proposed construction. The responsibility may be fixed for undertaking the construction despite non-availability of connectivity to the existing line, resulting in unfruitful expenditure.

3.9 Short collection of Land License Fee amounting to ₹ 8.21 crore from Container Corporation of India: South Central Railway

South Central Railway did not apply Railway Board's approved rates for charging Land License Fee for Railway land leased to Container Corporation of India Limited. This resulted in short collection of Land License Fee amounting to ₹ 8.21 crore from Container Corporation of India (CONCOR).

Railway Board decided (March 1990) to lease Railway land, wherever separable, to Container Corporation of India (CONCOR) to set up its Inland Container Depots (ICDs), Container Freight Stations and Container Parks. The rates of Land License Fee (LLF) are revised from time to time and advised by Railway Board (RB) to the Zonal Railways where ICDs are in operation. Railway Board decided (July 2016)[85] that the license fee for railway land leased to CONCOR shall be charged at the rate of ₹ 920 *per TEU*[86]. In March 2017, RB decided[87] that for the period from 01/04/2016 to 31/03/2017 license fee shall be kept at ₹ 920 *per TEU* which would be revised automatically from 01/04/2017 by the corresponding percentage increase in Profit After Tax (PAT) of CONCOR when compared with PAT in 2015-16. This formula would be applicable for the next three years[88] or till the Ministry of Railways (MoR) remains a majority shareholder in CONCOR whichever is earlier.

Scrutiny of the records (April 2022) of the Engineering Department of Secunderabad, Guntur and Nanded divisions in SCR revealed that rates of LLF for the Railway land leased to CONCOR were not charged as per the above instructions of the Railway Board. It was revealed that Standing Committee[89] in Secunderabad division reduced the rates of LLF for the land leased to CONCOR from ₹ 920 *per TEU* to ₹ 830.30 *per TEU* for the year 2017-18 owing to decrease in PAT of CONCOR during 2016-17. The rates of LLF were revised in proportion to the increase in PAT to ₹ 1,015 *per TEU* for the year 2018-19 and ₹ 1,175 *per TEU* for the year 2019-20.

Nanded division[90] had also adopted the same rates as were fixed by the Secunderabad division[91]. Guntur division[92] collected LLF at the rate fixed

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85 Letter No. 2015/LML.II/13/4 dated 21 July 2016.

86 TEU-Twenty Foot Equivalent Unit.

87 Letter No. 2015/LML.II/13/4 dated 3 March 2017.

88 1 April 2017 to 31 March 2020.

89 Divisional standing committee comprising of Sr. DEN/Co-ordination, Sr. DFM, Sr. DOM and CGM/CONCOR.

90 Daulatabad depot in Nanded division.

91 Sanatnagar depot in Secunderabad division.

by RB during 2017-18 but adopted the rates fixed by Secunderabad division during the years 2018-19 and 2019-20.

As the rates of LLF approved by the Railway Board (March 2017) were fixed at ₹ 920 *per TEU* for the year 2016-17, the reduction in base rate to ₹ 831 *per TEU* on the recommendation of the standing committee was not correct. This had a cascading effect on fixation of LLF for subsequent years also.

The reduction of the rates had resulted in short collection of LLF amounting to ₹ 8.21 crore from CONCOR **(Annexure 3.1)**.

The matter was taken up with MoR in February 2023. In its reply (June 2023), MoR stated that as there was no provision in Railway Board's guidelines (March 2017) regarding revision of LLF corresponding to the decrease in PAT, SCR Administration assumed that LLF will decrease corresponding to decrease in PAT in the same way as in case of increment in PAT, LLF increases. This resulted in short collection of LLF from the CONCOR by the Railway Administration.

However, after the issue being clarified by Railway Board (November 2022), revised bills have been raised by SCR Administration and recovery is being affected.

Besides SCR, Inland Container Depots (ICDs), Container Freight Stations and Container Parks of CONCOR have been established in various Zonal Railways. Thus, occurrence of similar nature of cases regarding wrong application of Railway Board's guidelines of March 2017 resulting into short collection of LLF cannot be ruled out in other Zonal Railways.

Recommendation:

Ministry of Railways need to review whether similar nature of cases of short collection of LLF from CONCOR has taken place in other Zonal Railways.

[92] **Reddipalem depot in Guntur division.**

3.10 Non-execution of Standard Memo of Terms and Conditions with Ministry of Defence led to loss of ₹ 7.43 crore towards non-realization of Maintenance Charges: Northeast Frontier Railway

Non-compliance of Ministry of Railways instructions regarding operations of Defence Siding by Northeast Frontier Railway resulted in non-execution of Standard Memo of Terms and conditions with Ministry of Defence which led to non-recovery of Maintenance Charges of ₹ 7.43 crore in respect of MISA Military Siding (Amoni).

As per the Ministry of Railways instructions (June 1985) regarding operation of Defence Siding, Standard Memo of Terms and Conditions is to be executed between Ministry of Railways and the Ministry of Defence. These instructions were revised by MoR in consultation with Ministry of Defence on 25th February 2014[93] in supersession to the order of June 1985. As per these instructions, Standard Memo of terms and conditions regarding Defence Siding is to be executed with Ministry of Defence. Clause 2 (a), 2 (c) and 2 (d) of the Standard Memo of terms and conditions inter alia, stipulates that the ordinary maintenance of the siding and all connected works, including Level Crossing(s), both within and outside Railway premises, will be carried out by Railway Administration at the expense of the Defence Department, Ministry of Defence. The standard and adequacy of maintenance shall be verified through Joint Inspection by a team consisting of representatives of the Defence Department and Railway Administration in the month of June and December every year. The Railway Administration shall ensure rectification of all shortcomings noticed during the Joint Inspection. The overall responsibility and accountability from the safety viewpoint and other technical aspects, shall continue to be of the Railways. Further, Clause 6 (a) (ii) provides that maintenance charges at the rate of 4.5 *per cent per annum* on Railways' share of the cost as per book value of the siding or its present day cost, whichever was higher, and at the rate of 4.5 *per cent per annum* for the Defence Department share of cost as per book value of the siding, was payable to Railways. For the old existing Defence Siding *(i.e. prior to 25th February 2014),* Annual Maintenance Charges at the rate of 4.5 *per cent* of the cost borne by the Defence Department, shall be effective from 1 April 1975.

MISA Defence Siding (Serving Station Amoni) under Lumding Division of Northeast Frontier Railway (NFR), was constructed as part of Senchoa-Silghat Gauge Conversion work on 'Deposit Terms' and opened for Military

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[93] **Ministry of Railway's letter No. 2002/CE-I/SP/1 Pt. dated 25 February 2014.**

Traffic on 30 July 2011. The total length of the Defence Siding is 11.235 km. (Railway premises- 0.875 km. and Defence premises- 10.360 km.). It was mutually agreed on 21 December 2005 through a Memorandum of Understanding (MoU) between Ministry of Railways and Ministry of Defence that maintenance of the siding shall be done by the Agency as decided while entering into the siding agreement, i.e., standard memo of terms and conditions, with the Railway separately. Defence Authorities had constructed a ballast less track within their own premises, hence, were responsible for maintaining the same and the Railway was responsible for maintaining the track in Railway premises.

Audit scrutiny of records revealed that the standard memo of terms and conditions was not executed between Ministry of Railways and Ministry of Defence since opening of the Siding on 30 July 2011. This was in violation of Railway Board's instructions (June 1985 and February 2014). Consequently, Railway Administration could not realize maintenance charges for Railways premises to the tune of ₹ 7.43 crore as shown in **Table 3.6**.

Table 3.6: Statement showing non-recovery of Maintenance Charges of MISA Defence Siding (Amoni)

Particulars	Period	Amount (in crore)	Remarks
1	2	3	4
Maintenance Charges	01-08-2011 to 31-03-2023	7.43	Non-execution of Standard Memo of Terms and conditions with Ministry of Defence
Total		**7.43**	

Source: Relevant records of Ministry of Defence.

The matter was taken up with the Railway Administration on 26th July 2018. In its reply, Railway Administration stated (September 2022) that the agreement/MoU with MISA Military Siding (AMONI) was not yet executed despite several correspondences made by Senior Divisional Commercial manager, Lumding to Defence Authorities (DRDO), Secunderabad. As a result, maintenance charges were not realized from Defence Authorities.

Though Railway Administration agreed with the audit contention, it did not take effective efforts to pursue the matter at higher levels. Audit observed that correspondence for execution of the Agreement with Defence Authorities was made at the level of Senior Divisional Commercial manager (Lumding) only. The issue was not pursued at the level of higher Railway Authorities[94] with Defence Authorities even after more than eleven years have already elapsed.

[94] **Divisional Railway Manager/ Chief Commercial manager/ General Manager.**

Thus, NFR Administration failed to execute the standard memo of terms and conditions with Ministry of Defence resulted in loss of ₹ 7.43 crore towards non-realization of maintenance charges from Defence Authorities.

The matter was referred to the MoR in February 2023; no reply was received (December 2023).

Recommendation:

The instructions issued by Ministry of Railways with regard to execution of Standard Memo of terms and conditions with Defence Authorities for operation of Defence siding may be strictly followed by Northeast Frontier Railway Administration, and the responsibility may be fixed for violation of the instructions resulting into loss of ₹ 7.43 crore towards non-realization of maintenance charges.

3.11 Loss of ₹ 7.06 crore due to non-inclusion of appropriate clauses in contract agreements: IRCON International Limited

IDHHL entered into a back to back agreement with NHAI and IRCON for executing a work of six laning of Devangare-Haveri Section of National Highway 48. Clause 12.4.1 of the agreement provided for levy and recovery of damages for non-maintenance of existing road in pothole free condition. However, IRCON, while awarding the above work to the sub-contractors, did not include an identical clause in the agreement. Consequently, IRCON could not recover the penalty of ₹ 7.06 crore from the sub-contractor, which resulted in loss of ₹ 7.06 crore to IRCON.

National Highway Authority of India (NHAI) awarded (March 2017) a work of six laning of Devangare-Haveri section[95] of National Highway-48 to IRCON Davanagere Haveri Highway Limited (IDHHL) at a cost of ₹ 916.93 crore. The two parties entered (June 2017) into a concession agreement for executing the above work on Hybrid Annuity Project[96] on Design Build Operate and Transfer[97] (DBOT) basis.

Clause 12.4.1 of the Concession Agreement between IDHHL and NHAI provided that the concessionaire shall maintain the existing Project

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[95] from 260 Km to 338.923 Km (total 78.923 Kms).

[96] Under Hybrid Annuity Model, 40 *per cent* of the project cost is paid to the concessionaire by the Grantor in five equal instalments of 8 *per cent* each during construction period. The remaining 60 *per cent* is initially borne by the concessionaire and subsequently reimbursed after completion of the project (in 15 years) in semi-annual annuity payments with interest.

[97] Under DBOT contract, the developer Designs, Constructs, Maintains and operates the project and after completion of the contract period the project is transferred to the grantor/ authority.

Highway at its cost and ensure that the road is pothole free and take corrective and preventive maintenance of the highway for this purpose. In the event of default by the Concessionaire in discharging the obligation specified in Clause 12.4.1 of Article 12 of the Concession Agreement, the Authority may levy and recover damages for each day of default.

IDHHL further awarded (October 2017) this work to IRCON International Limited (IRCON). The agreement (Jan 2018) between IDHHL and IRCON also provided (Clause 4) that IRCON shall execute the work in total conformity with the construction drawings, technical specifications, physical deliverables, *etc*., and all conditions governing the relationship between the Concessionaire and NHAI in accordance with the Concession Agreement.

Audit observed (April 2022) that IRCON had further awarded (January/ February 2018) the above work to sub-contractors viz. M/s. GHV (India) Private Limited (one package) and M/s. Dilip Buildcon Limited (two packages). However, the agreements between IRCON and the sub-contractors had not included an identical clause for recovery of the penalty in case of default to enable it recover damages on account of non-maintenance of the existing road by the sub-contractors.

It was noticed that NHAI recovered (August 2019) a penalty of ₹ 7.06 crore from IDHHL for non-maintenance of highway in terms of clause 12.4.1 of the Concession agreement which was passed on (August 2019) by IDHHL to IRCON in terms of the back-to-back agreements. Accordingly, IDHHL recovered (August 2019) the amount of penalty of ₹ 7.06 crore from IRCON. As, an identical clause did not exist in the contract agreements with the sub-contractors, IRCON was not in a position to recover this penalty from the sub-contractors which resulted into avoidable loss of ₹ 7.06 crore to IRCON.

The matter was taken up with MoR in February 2023. In response, MoR stated (April 2023) that IRCON is hopeful of realizing the penalty from NHAI and IRCON has kept sufficient amount in the form of Bank Guarantees (BGs) and Retention Money from two sub-contractors to take care of any eventuality of NHAI not reversing the penalty. MoR further stated that there was a clear understanding that the corresponding amount will be recovered from the dues of the sub-contractor in case IDHHL fails to realize the penalty from NHAI.

The reply of MoR was not tenable. The failure to provide essential clauses in the contract to protect the company's interest can not be covered up by hopes of recovery from contractor without the backing of any contractual clauses.

Thus, the failure to include penal clauses in agreement with the sub-contractor, for default in maintenance of existing road in pothole free condition, resulted into avoidable loss of ₹ 7.06 crore.

Recommendation:

Responsibility may be fixed for non-inclusion of penal clauses in the contracts with sub-contractor.

3.12 Lack of adequate monitoring by Railway Administration resulted in wasteful expenditure of ₹ 6.83 crore: Eastern Railway

Eastern Railway awarded a contract for earthwork, *etc.* in connection with doubling of Dankuni-Bhattanagar section along with construction of one additional loop line. Lack of adequate monitoring by Railway Administration on contractual work resulted in failure of embankment constructed for the loop. Due to non-operation of the loop line, the expenditure of ₹ 6.83 crore incurred on its construction was rendered wasteful.

The project for Doubling of Dankuni-Bhattanagar via CC Link (West) along with construction of one additional loop was sanctioned in 2011-12. The detailed estimate was sanctioned in August 2013 at a cost of ₹ 60.25 crore. Eastern Railway (ER) engaged M/s. Technoma (I) in January 2013 for geo-technical investigation to assess the condition of the sub-soil/parent soil and that of locally available soil where the required embankment was to be constructed. Based on the soil condition of the worksite and provisions of Research Designs and Standards Organisation (RDSO) guidelines, M/s. Technoma (I) recommended that:

- The proposed embankment should be constructed with CI/MI type of soil or other superior quality of soil. Soil considered unsuitable in RDSO guidelines[98] should not be used under any circumstances whatsoever. Sub-soil along the proposed alignment being soft, marshy type, cohesive with poor shear and settlement parameters, proper slope stability analysis was to be made for any embankment, irrespective of its height. As the condition of ground soil/subsoil was with low bearing capacity, ground improvement should also be adopted suitably at the time of construction of the proposed embankment as per provisions of RDSO guidelines.

As the proposed loop line was passing from near the bank of an existing pond having depth of water of about 8 feet, for formation of the embankment, Railway Administration also engaged the Construction Engineering Department of Jadavpur University, Kolkata for geo-technical investigation. They suggested (August 2014) continuous insertion of rail piling along water side and boulder filling with sand at the front side of rail

[98] Organic soil, dispersive soil, clayey silt/silty clay soil of high plasticity (CH/MH type of soil).

piling upto lowest water level with compaction of good earth (CI/MI type) thereafter upto the formation level.

The contract was awarded to M/s. SM-GCC(JU), Kolkata in July 2015 at a cost of ₹ 49.94 crores for Earthwork in filling/cutting with required compaction in railway embankment, supplying and spreading of blanket materials over formation, minor bridges, panel cabins and other ancillary work with target date of completion in all respect by 15 January 2017.

Review of records revealed that the formation of embankment in between Chainage (Ch) 5540 and 6210 (670 Meter) for construction of additional loop line at Bhattanagar was done by making boulder wall in December 2015. Just after a month (January 2016), 85 metres of the wall [at Ch 5910 to 5945 (35 meters) and Ch 5970 to 6020 (50 meters)] had been shifted by about 25 metres from its original alignment. Thereafter, effort to rebuild the boulder wall in its original alignment also failed.

As per the provisions of RDSO guidelines, recommendations of Technoma (I), Jadavpur University and Schedule A-I, the following works were required to be executed for formation of the embankment:

(a) strict adherence of RDSO guidelines for earthwork in filling in the embankment; (b) Engineer-in-charge's approval of test result of samples of earth and slope stability analysis before making the embankment; (c) driving of 90R/52 kg. rail for protection of embankment; and (d) filling, watering, compacting back fill materials consisting of mixture of stone ballast with voids filled by sand behind the boulder backing of abutment.

However, it was observed by Audit that:

- Although each of the above items was part of the Schedule A-I of the awarded contract, scrutiny of contractor's bill revealed that item nos. (c) & (d) as mentioned above were not executed at all.
- Further, as observed by RDSO[99], normal earth had been filled in the pond portion below the embankment in violation of Jadavpur University's recommendation to fill the pond by boulders with sand. Observations of Commissioner of Railway Safety (2 March 2017) also revealed that earthwork in Bhattanagar yard had been done with local soil (mostly clay) which was unsuitable as per the provision of RDSO.
- Boulder crate was provided as per recommendation of Jadavpur University; but without provision of rail piling contrary to the recommendation.

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[99] **After failure of the embankment, the matter was referred to RDSO on 9 July 2016 for advice regarding suitable corrective measures to avoid further failure.**

- No ground improvement technique was adopted for subsoil.
- Slope Stability Analysis was not carried out before construction of embankment.
- Contractor's bill for Schedule B-I (C) further revealed that provision of boulder crates for protection at the toe of the embankment was also not carried out by the contractor as per contractual quantity as in **Table 3.7**.

Table 3.7: Quantum of work done against agreemental quantity for items of work of Schedule B-I (C)

Sl. No.	Items of work	Agreemental quantity (in m^3)	Actually done (in m^3)	Shortfall (in m^3)
1	**2**	**3**	**4**	**[Col.3 (-) Col.4]**
1	Stone Boulders (weighing 35 kg. to 60 kg.)	5000	381.916	4618.084 (92 *per cent*)
2	Providing and laying boulders apron on river bed	25000	12575.326	12424.674 (49.69 per cent)
3	Laying of boulder apron laid in wire crates of approved galvanised steel wire	5000	0	5000 (100 *per cent*)
4	Supplying galvanised wire net trungers (in $m^{2)}$	30000	82153	---
4	Providing and laying pitching with stone boulders	400	108.54	291.46 (72.86 *per cent*)
5	Providing and laying materials as per RDSO specifications underneath pitching in slopes	50	0	50 (100 *per cent*)

Source: Contractor's final bill and Schedule B-I (C).

As evident from the above, the quantity of boulders used was far less than the agreemental quantity.

- Further, the boulders were not laid in galvanised steel wire crates although the contractor was paid for supply of the same.
- Pitching with stone boulders was also remained inadequate and RDSO specified materials were not laid underneath pitching in slopes.

The work was completed on 30 June 2017 and Dankuni-Bhattanagar doubling section was commissioned on 21 August 2017. However, construction of the additional loop line which was an integral part of the project remained incomplete due to failure of the embankment and could not be operationalised till date resulting in incurrence of ₹ 6.83 crore as wasteful payment for items of work of Schedule B-I (C).

In May 2022, the matter was again referred to RDSO requesting their recommendations regarding measures to be taken for stability of the bank to make the loop line operational. It was observed that most of the recommendations made by RDSO were actually included in the Schedule of Works of the Contract agreement, but were not executed by the contractor.

Thus, the omission of contracted items of work as per schedules and the inferior standard of executed work led to failure of the embankment. These short comings were never highlighted. Instead, the performance of the contractor was certified as satisfactory which implied lack of monitoring by the Engineer-in-charge for the contractual work.

Thus, absence of monitoring of contract by Railway Administration resulted in deficient contractual work and incurrence of wasteful expenditure of ₹ 6.83 crore that led to non-completion/non-operation of the loop line which was essential for enhancing holding capacity of Bhattanagar.

The matter was taken up with MoR in December 2022 and November 2023. In their reply (November 2023), MoR stated that the quality of soil used was of CI type for construction of embankment in confirmation with the recommendations. The affected location near water body is about 500 m in which boulder crates are provided with protection using ballah piling being a cost effective and economical. Also, adequate quantity of sand in confirmation with recommendations was also used along with boulder crates. The site is full of water and marshy land with running current. The ideal solution to this problem is removing of the marshy soil, draining out of water and filling the vacated area with new soil of standard classification. However, neither the removal of marshy soil nor draining out of complete water is practically feasible and advisable as the subject area is low laying area where complete water of Howrah Municipality drains in. The cost-effective method is providing boulder crates which has been used in the instant case as per recommendations. Further, slope stability analysis was carried. It's further reiterated that as per available records boulders are laid in galvanized steel wires crates only and these crates are prepared as per the specifications and accounted. Thus, in nutshell, adequate protection was ensured as per the need of the site and work carried out as per drawing, specifications and accounted and no excessive payment is made to agency. Further pitching work using stone boulders were carried out. From above chronological discussion and actual site condition this is not a futile expenditure as highlighted rather Railway administration put all-out effort for protection of the railway formation to ensure continuous train operations by taking time to time various remedial measures.

The reply of MoR is inadequate and not tenable. It summarises the constraints of the site and the work executed by the Railway Administration which failed to resolve the issues. The problems of the site were very well known at the outset and for which the Railway Administration had sought expert's opinion. It does not explain the reasons for not executing the work as per the recommendations of the expert (Jadavpur University) viz. to fill the pond by boulders with sand; Boulder crate to be provided with provision of rail piling; Adoption of ground improvement technique for subsoil; Carrying Slope Stability Analysis before construction of embankment.

The above violations from the recommendations of Jadavpur University were highlighted by RDSO in February 2017.

Further, items included in the schedule of works in the contract agreement, were also not included by the contractor.

Thus, the work of construction of embankment was not executed conforming to the recommendations of the technical experts as well as the items in schedule of works of the contract. The quantity executed for important items relating to protection of embankment was far less than the agreemental quantity. This resulted in the failure of the embankment.

Recommendation:

Ministry of Railways may fix accountability for the failure to ensure the execution of work as per expert advice and as per contractual terms.

3.13 Negligible utilization of the asset despite assurance by Ministry of Railways: North Western Railway

Ajmer-Pushkar Broad Gauge line could not be operated due to inability of Railway Administration to optimally utilize the infrastructure created with investment of ₹ 133.69 crore even after passage of 11 years of the commencement of train services. This resulted in loss of ₹ 6.78 crore on train operations in Ajmer-Pushkar section for the period 2017-18 to 2019-20.

The issue regarding idle expenditure of ₹ 133.69 crore on creation of Ajmer-Pushkar Broad Gauge (BG) Line (opened in January 2012) with six *per cent* average occupancy besides incurrence of an operating loss of ₹ 2.60 crore was pointed out in Audit Para No. 3.9 of Report No. 26 of 2014.

At the time of vetting of the Action Taken Note (ATN) in August 2016, Ministry of Railways (MoR) stated that the Rail link would gradually fetch huge amount of traffic after introduction/linkage of direct trains from Pushkar to various pilgrim destinations[100]. This line would also be a part of future Ajmer-Merta Road line and thus, would eventually help in connecting Ajmer City with Merta Road and Jodhpur by the shortest route. It was further stated that justification for connecting Ajmer city to Pushkar

[100] **Haridwar (HW), Dwarka (DWK), Jammu Tawi (JAT), Udhampur (UHP) and Shri Mata Vaishno Devi Katra (SVDK).**

was based on socio-economic and religious consideration for providing direct connectivity to holy city of Pushkar.

The utilization of Ajmer-Pushkar BG Line was reviewed afresh in September 2022 in light of remarks furnished by MoR (August 2016) and it was observed that the position deteriorated since 2017-18 onwards as no new long distance trains from Pushkar were introduced in the section after passage of more than six years. The occupancy against the seating capacity of the sole train plying between Ajmer and Pushkar during the period 2017-18 to 2022-23 is shown in **Table 3.8**:

Table 3.8: Occupancy of the sole train plying in Ajmer-Pushkar section

Year	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
1	2	3	4	5	6	7
Occupancy against Seating Capacity	3.97 *per cent*	3.40 *per cent*	3.17 *per cent*	Train services suspended at the outbreak of Covid-19		2.32 *per cent* (July 2022) 2.05 *per cent* (August 2022)

Source: Information as received from Commercial Department.

The above table clearly depicts three *per cent* average occupancy of Ajmer-Pushkar New Line even after assurance by MoR to utilize the line optimally.

It was further observed by Audit that the work of linking of Pushkar with Merta Road (59 km) was sanctioned in 2013-14 at a cost of ₹ 323 crore but the same was kept in abeyance (September 2019).

The train services in Ajmer-Pushkar section started from January 2012. However, against the projected earnings of ₹ 4.35 crore[101], the actual earnings were ₹ 0.08 crore for the period 2017-18 to 2019-20. There was no earning during 2020-21 and 2021-22 due to suspension of train services at the outbreak of Covid-19. After resumption of train services (July 2022), the actual earnings during July 2022 and August 2022 were ₹ 0.20 lakh and ₹ 0.23 lakh respectively as compared to the average projected earnings of ₹ 0.12 crore *per month*[102]. Thus, Railway Administration failed to utilize the created asset optimally.

Further review in this regard revealed that the haulage cost of the sole train plying in the section during the period 2017-18 to 2019-20 was ₹ 6.86 crore calculated on the basis of Annual Statistical Statements whereas, the actual earnings were ₹ 0.08 crore only leading to loss of ₹ 6.78 crore during the same period.

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[101] **₹ 1.45 crore (x) 3 years (2017-18 to 2019-20).**
[102] **₹ 1.45 crore/12 months.**

The matter was brought to the notice of Railway Administration in October 2022. In reply, Railway Administration stated (January 2023) that long distance trains could not be introduced due to non-availability of adequate infrastructure at Pushkar to operate long distance trains. It was further stated that because of better road connectivity, less running time by road and easy approach with personal/public vehicles, travelling public prefer the road transport. Moreover, survey work of Pushkar-Merta Road was in progress.

Railway Administration expressed their inability to optimally utilize the asset even after passage of 11 years[103] and thus, the Audit contention regarding negligible utilization of asset despite assurance by MoR is firmly established. As far as linking of Pushkar with Merta Road is concerned, the work was sanctioned in 2013-14 and even the survey work has not been completed till date.

Thus, despite investment of ₹ 133.69 crore, the average occupancy of the sole train plying in Ajmer-Pushkar section remains between 3.97 *per cent* (2017-18) to 3.17 *per cent* (2019-20). The average occupancy further deteriorated to 2.32 *per cent* (July 2022) and 2.05 *per cent* (August 2022). The negligible utilization ultimately resulted in loss of ₹ 6.78 crore in plying of the sole train between Ajmer and Pushkar for the period from 2017-18 to 2019-20.

The matter was referred to the MoR in February 2023; no reply was received (December 2023).

Recommendation:

Ministry of Railways may come up with concrete action plan to optimally utilize the infrastructure created with huge investment.

3.14 Irregular payment of Overtime Allowance to staff working in incentive sections of Signal and Telecom Workshop, Podanur: Southern Railway

Staff working in incentive sections of Workshops in Indian Railways are not eligible for Overtime Allowance. However, Overtime Allowance of ₹ 6.67 crore was paid to the staff of incentive shops at Signal & Telecommunication Workshop, Podanur, Southern Railway during the period 2017-18 to 2021-22.

Ministry of Railways (MoR) in December 1954 introduced incentive scheme in Chittaranjan Locomotive Works (CLW) with the objective of

[103] **The train services started in January 2012.**

improving productivity in workshops. The initial success of the scheme known as "payment by results" manifested in extending it to other Workshops of Indian Railways.

The Signal and Telecommunication (S&T) workshop at Podanur in Southern Railway (SR) manufactures S&T equipment viz. Relays, Point Machines, Block instruments, *etc*. There are 11 shops in the S&T Workshop, Podanur of which eight shops are covered under the incentive scheme.

Para 325 of the Indian Railway Rolling Stock (IRRS) Code stipulates that in any workshop, long term planning and day to day activity planning must ensure that the outturn is achieved without overtime working. No overtime should be booked except in very exceptional and urgent circumstances, that too after exploring the possibility of rescheduling jobs that are urgent ahead of those not so urgent. Further, para 426 stipulates that there should not be any overtime booking in sections under incentive schemes. Provisions of the code are mandatory and binding, and for any deviation, the sanction of MoR should be obtained.

Further, para 1416 of Indian Railway Code for the Accounts Department specifies that special allowances (such as overtime, special overtime, running, special running and under rest allowances) granted to railway servants are to be admitted initially on the authority of the departmental officer signing the bill. A test check is to be conducted with the initial documents on which they are based. Errors and irregularities noticed during this check should be taken up with the Departmental Officers and the adjustments of over payments, if any, watched through the subsequent month's bills.

It was noticed by Audit that in contravention to the codal provisions, Overtime Allowance (OTA) of ₹ 6.67 crore was paid to the staff of incentive shops at S&T Workshop, Podanur, SR during the period 2017-18 to 2021-22 as depicted below in the **Table 3.9**.

Table 3.9: Statement showing payment of OTA to the staff of incentive shops during 2017-18 to 2021-22

(₹ in crore)

Sl. No.	Year	Shops notified as incentive scheme	Amount of OT paid
1	**2**	**3**	**4**
1	2017-18	Machine Shop (MS), Point Machine Shop (EMA I), Point Machine Shop (EMA II), Block Instruments and Relay (BI&R) Shop, Fabrication Shop (FAB), Forge and Smithy Shop (FS) and Protective Coating Shop (PC)	0.51
2	2018-19		1.64
3	2019-20		2.27
4	2020-21		0.91
5	2021-22		1.34
Total			**6.67**

Source: IPAS data

The matter was brought to the notice of MoR in February 2023. In their reply (April 2023), MoR stated that overtime allowance paid is not in violation of the Indian Railway Rolling Stock (IRRS) Code provisions. The said provision is applicable to all workshops irrespective of whether the workshop is under in incentive scheme or otherwise. As per para 326 of IRRS code, labourers have been engaged for overtime with the prior approval of Chief Workshop Manager. As the overtime allowance is being checked at different levels by different authorities, there are no irregularities found such as incentive payment during overtime hours, *etc*. Therefore, the overlapping of both the allowances does not arise. As against OTA of ₹ 6.67 crore, paid for the period from 2017-18 to 2021-22, outturn achieved during the OT period is ₹ 35.98 crore, could be achieved only due to engaging labour for extra hours which has helped various projects/divisional units/RVNL to complete the MoR's targeted works in time. Further, incentive is paid to the employees for the time saved in a particular job. This helps to achieve faster manufacturing of products. Whereas overtime payment is paid for engaging the labour for extra hours to increase the production. However, while engaging the labour for extra hours (overtime) no incentive is being paid i.e, no overlapping of both the allowances is allowed.

The reply of MoR was not acceptable because Para 426 of IRRS Code clearly stipulates that "There shall be no overtime booking on sections under incentive Scheme". Provisions of the Code are binding and for any deviation, the sanction of MoR should be obtained. But, no specific sanction of MoR was obtained in this case. Para 326 cited in the reply specifies the procedure for booking overtime. As staff working in incentive sections are not to be booked for overtime vide Para 325, instructions contained in Para 326 are not relevant in respect of staff working in incentive sections. The Accounts department failed to prevent irregular payment of overtime allowance as per the provisions of the IRRS code. Further, MoR in September 2018 observed that huge payments of OTA were made in S&T Workshop, Podanur and instructed Principal Financial Adviser (PFA) that OTA should be controlled. However, neither the PFA nor the Accounts Office has furnished any document on the measures taken to control OTA payments as directed by MOR. Linking of OTA with outturn in incentive shop is not acceptable. Para 325 of IRRS Code stipulates that in any workshop, long term planning and day to day activity planning must ensure that the outturn is achieved without overtime working. Further, para 426 stipulates that there should not be any overtime booking in sections under incentive schemes. MoR should ensure strict compliance to the rules and procedures envisaged in the Codes and Manuals.

Thus, SR Administration in violation of the codal provisions made payment of ₹ 6.67 crore as OTA to staff of incentive shops in S&T Workshop, Podanur during the period 2017-18 to 2021-22.

Recommendations:

- ***Ministry of Railways may ensure compliance to the Codal provisions by not booking Overtime in sections under the incentive schemes.***
- ***Recovery notices may be issued.***

3.15 Avoidable liability of ₹ 6.63 crore: North Western Railway

Non-utilization of the completed track between Dausa-Deedwana and Piplai-Gangapur City sections of Dausa-Gangapur City New Line Project resulted in avoidable liability of ₹ 6.63 crore on restoration of the deteriorated infrastructure.

The work of Dausa-Gangapur City New Line (92.76 Km) was sanctioned in 1996-97 with stipulated completion period of five years. The Detailed Estimate of the New Line was sanctioned after passage of six years in May 2002 at a cost of ₹ 208.83 crore and the work commenced in the year 2003. However, the work was not completed as on 31 December 2022. Dausa-Gangapur City New Line has three parts– Dausa-Deedwana, Deedwana-Piplai and Piplai-Gangapur City section.

(A) Dausa-Deedwana section

The work of track linking[104] in Dausa-Deedwana was completed in March 2014 and Commissioner of Railway Safety (CRS)[105] authorization was accorded in August 2017 which was valid for three months. However, no train services could be started on the section even after passage of more than five years (December 2022).

(B) Deedwana-Piplai Section

The Deedwana-Piplai Section comprises a tunnel with length of 2.136 Km. The contract for construction of tunnel awarded in September 2010 and the same was terminated in July 2015 due to slow progress of the work. A

[104] The track linking shall be done as per methodology given in IRPWM which includes linking of new rails over the sleepers giving correct expansion gaps, straightening and aligning of the rails, fixing of keys and spikes/ERCs to the rails, packing of sleepers, tightening of fittings, *etc*.

[105] Commissioner of Railway Safety (CRS) - The CRS, after inspection, may under Section 28 sanction the opening for public carriage of passengers of new lines of Railway within the respective circles subject to the conditions as the Commissioner may impose.

fresh contract for the balance work awarded in September 2016 but the work is still incomplete (December 2022).

(C) Piplai-Gangapur City section

The work of track linking in Piplai-Gangapur City was completed in January 2021 and CRS authorization was accorded in April 2021 which was valid for three months. No train could be plied in this section also even after a lapse of more than one and half year (December 2022).

Due to non-completion of tunnel (2.136 Km) in Deedwana-Piplai Section the entire Dausa-Gangapur City project (92.76 Km) remained unutilized.

In June 2021, Chief Engineer (Construction) directed to review the upkeep of Dausa-Deedwana section and work out a comprehensive action plan for the same as the section could not be utilized since long after CRS inspection. In compliance, Executive Engineer (XEN), Dausa submitted a detailed report in August 2021 pointing towards deterioration of the track, fittings and other structures with the passage of time and due to its non-maintenance on a regular basis as shown below:

Source: Report submitted by Executive Engineer, Construction (Dausa).

Audit had assessed the cost of a few items[106] required to make the track fit to run as per deficiencies pointed out by XEN, Dausa. In addition, most of the fittings[107] had outlived their codal life of eight years without any use.

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[106] **One round of machine tamping, boxing & dressing, de-stressing of complete section, deficient ballast (₹ 1.19 crore)**

[107] **ERCs, Composite Grooved Rubber Sole Plates (CGRSP), Metal Liners (₹ 4.13 crore)**

Further, to maintain the structures in Dausa-Deedwana section, a contract[108] was also awarded (February 2018). This entailed total avoidable liability of ₹ 6.63 crore for restoration of asset deteriorated without any use. The details are shown in **Table 3.10**:

Table 3.10: Statement showing total avoidable liability of ₹ 6.63 crore for restoration of asset deteriorated without any use

Sl. No.	Items/ details	Cost involved (₹ in crore)
1	Few items (one round of machine tamping, boxing & dressing, de-stressing of complete section, deficient ballast) required to make the track fit to run as per deficiencies pointed out by XEN, Dausa	1.19
2	Most of the fitting had outlived their codal life of eight years	4.13
3	To maintain the structure in Dausa-Deedwana section, a contract was awarded in February 2018	1.31
Total avoidable liability		**6.63**

Source: Report of Executive Engineer, Dausa, the cost of fittings which outlived their codal life assessed by Audit and maintenance contract file.

The matter was taken up with MoR in February 2023 and November 2023. In their reply (May 2023 and December 2023), MoR stated that after CRS inspection of Dausa-Deedwana section and Piplai-Gangapur City section, necessary planning was made to start train services. However, due to non-availability of rake and resources for maintenance of section, train services could not be started in the section.

In respect of Deedwana-Piplai section, it was stated that work of construction of tunnel could not be completed due to 'Status Quo' order issued by National Company Law Tribunal, New Delhi in a case filed against the contractor. After getting the 'Status Quo' order vacated in October 2021, the tunnel work is going on and expected to be completed by January 2024. After commissioning of the entire Dausa-Gangapur City New Line Project, train services will be started in the section.

Further, in respect of expenditure incurred on maintenance of track without its use, MoR accepted the expenditure incurred on restoration work of the track without any use and stated that to up keep the assets and make the track fit for running of passenger train, it was necessary.

The reply of MoR was not acceptable. There was no court case during the currency of original contract awarded in September 2010 for the work of tunnel (with completion period of 24 months) in Deedwana-Piplai Section.

[108] **Contract for maintenance of various assets like service buildings, LHS drainage, *etc.* (₹ 1.31 crore)**

However, Railway Administration failed to monitor the progress of the Project since its inception resulting into its non-completion by the target date and intended benefit could not be achieved.

Further, legal dispute was resolved in October 2021. However, physical progress of work for construction of Ballast less track in the tunnel is only 60 *per cent* (December 2024). Thus, possibility of its completion by January 2024 is bleak.

Thus, poor planning and lack of co-ordination between Construction and Open Line organizations of NWR led to non-utilization of the completed Dausa-Deedwana and Piplai-Gangapur City sections of Dausa-Gangapur City New Line Project resulting in avoidable liability of ₹ 6.63 crore on restoration of the deteriorated infrastructure without any use.

Recommendation:

Zonal Railway may ensure better co-ordination between Construction and Open Line so that projects are immediately put to use after their completion. The responsibility for this avoidable liability may be fixed.

3.16 Avoidable expenditure of ₹ 6.28 crore: North Central Railway

North Central Railway administration failed to convert a commercial electricity connection to domestic connection despite the same being used entirely for domestic purposes. This resulted in avoidable expenditure of ₹ 6.28 crore due to payment of electricity charges at a higher tariff during the period from April 2016 to June 2022.

Ministry of Railways decided (April 1986) that the feeder lines for Railway residential colonies should be separated from the railway own distribution network which include workshops, yards and other railway operational installations. Further, electric power supplied by these feeder lines should be at domestic tariff rate of the State Electricity Board.

Rate schedule of Uttar Pradesh Power Corporation Limited for the year 2015-16 provided that:-

- LMV-1 tariff should be applied for registered society, residential colonies/Township with condition that 70 *per cent* of the total contracted load shall be exclusively for domestic purposes.
- HV-1)b(tariff should be applied for Registered Societies, Residential Colonies /Townships, Residential Multi-Storied Buildings having less than 70 *per cent* of the total contracted load exclusively for the domestic purposes.

The two electricity connections (one of 11 KVA and the other of 33 KVA) were provided in Agra Cantonment railway station under the non-industrial bulk load category prior to 2014. Actual date of providing connection at the station was neither made available to Audit nor found on records. Electricity distribution company (M/s. Torrent Power Limited) had been billing both connections at HV-1(b) tariff while 11 KVA connection was being used for 900 railways residential quarters.

North Central Railway (NCR) Administration requested (December 2014) M/s Torrent Power Limited for billing 33 KVA connection at LMV-1 tariff in place of HV-1. However, M/s. Torrent Power Limited did not accept Railway Administration's request stating that concrete bifurcation of domestic and official load may be done only by producing technical record and satisfying the condition of tariff. Subsequently, Railway Administration again approached M/s. Torrent Power Limited (March 2016) after load segregation (domestic and commercial) and furnished a diagram showing commercial load with red colour and domestic load with green colour, stating that connection of 11 KVA is being used entirely for domestic purpose and requested for billing the same at lower tariff but M/s Torrent Power Limited did not respond. Tariff for billing was not changed despite two reminders in March 2016 and April 2016. Railway administration did not pursue the matter further till Audit took up the issue in January 2022.

Subsequently, Railway Administration again requested M/s Torrent Power Limited for billing of 11 KVA connection at lower tariff in March 2022. In response, M/s. Torrent Power Limited asked (April 2022) the Railway Administration to complete certain formalities[109] for changing the category of connection. After fulfilling necessary formalities, 11 KVA commercial connection was converted to domestic connection with effect from August 2022. Thus, due to failure to proactively pursue the matter, NCR incurred an avoidable expenditure of ₹ 6.28 crore on payment of electricity at higher rate.

The matter was taken up with MoR in March 2023. In their reply (August 2023), MoR agreed with the audit contention about slackness on Railway Administration's part in pursuing the matter with M/s. Torrent Power Limited during the period from April 2016 to March 2022. It was further stated that M/s. Torrent Power Limited was requested to adjust the differential cost against the energy consumption. However, their request was turned down by them. Now, the matter will be taken up with Uttar

[109] Test Report for 1346 KW/ 1495 KVA; Safety Challan; Load NOC for 1346 KW/1495 KVA from Directorate of Electrical Safety; GST undertaking; Notarised Heavy Load agreement; Differential Security deposit and processing fees.

Pradesh Electricity Regulatory Commission for the refund/adjustment of differential cost from M/s. Torrent Power Limited.

Thus, due to non-pursuing the matter with M/s. Torrent Power Limited between April 2016 to March 2022, payment of electricity charges was made at higher tariff. This resulted in avoidable expenditure of ₹ 6.28 crore during the period from April 2016 to June 2022.

Recommendation:

Responsibility may be fixed for not pursuing the matter with the distribution company during the period from April 2016 to March 2022.

3.17 Non re-assessment of rent for Railway property rented to other Government Departments resulted in loss of ₹ 4.66 crore: Southern Railway

Southern Railway did not revise rent of land measuring 3.79 acres allotted to the Superintendent of Police, Government of Tamil Nadu, Tirunelveli in accordance with revised procedure (2018) for re-assessment of rent for property allotted to other Government Departments. Consequently, Railways received only a rent of ₹ 75,480 *per annum* at old rates instead of revised rent of ₹ 1.17 crore *per annum* resulting in loss of ₹ 4.66 crore (excluding rent of buildings) during the period from July 2018 to June 2022.

Para 1941 of the Indian Railways Code for Engineering Department permits General Manager of the Railway to sanction use of Railway buildings, including residential quarters, permanent allotment for the exclusive use of other Government Department not in service of the Railways. Accordingly, subject to rules, rent of the buildings for the exclusive use of other Departments rent is to be recovered as provided in Para 1942 of the Code. Railway Board revised (July 2018) the procedure for assessment/re-assessment of rent to be charged from other Government departments.

As per the revised procedure, the rent is to be fixed at seven *per cent* for non-residential use and six *per cent* for residential use in un-classified cities. The rent shall be assessed/re-assessed by considering the cost of land appurtenant to the building and the cost of the surplus land, residual value of the building and Municipal Tax. The cost for maintenance and repairs at the rate of twelve *per cent* of the rent so fixed on the property is also to be claimed. Further, the rent is to be re-assessed every year as on 1st April as per the revised procedure.

The Revised procedure also provides that the assessment/re-assessment of rent shall be done by a 'Hiring Committee' headed by Sr. Divisional Engineer under whose jurisdiction the hired building stands. Sr. Divisional Electrical Engineer (G) and Sr. Divisional Finance Manager of the Division shall be the other Members of the Hiring Committee. The recommendation of the 'Hiring Committee' shall be approved by the Divisional Railway Manager.

In Madurai Division of Southern Railway, land measuring 3.79 acres (1, 65,118.23 sq.ft) with a building of 562.14 sq.m. (6,050.82 sq.ft) at High ground area, Palayamkottai, Tirunelveli was allotted to the Superintendent of Police, Tirunelveli (Un-classified city) during August 1977. Previously, it was used by the Railways as Assistant Engineer's Bungalow bearing door No.14-A (344.39 sq.ft.) and 14-B (217.75 sq.ft.). The property is being used as Camp Office and residence by the Superintendent of Police, Tirunelveli.

Audit scrutiny of the records revealed that the Southern Railway collected a rent of only ₹ 75,480 *per annum* instead of revised rental of ₹ 1.17[110] crore *per annum* from the Superintendent of Police, Tirunelveli. Thus, during the period from July 2018 to June 2022, the Southern Railway had foregone a rent of land amounting to ₹ 4.66 crore[111].

Audit analysed the reasons for non-revision of the rent and it was noticed that Southern Railway had not entered into any agreement with the State Police Department for renting out the property and safeguard its interests. Southern Railway had also not recorded the said property in the 'Asset Register' of the Madurai Division. In absence of recording the property in Asset Register, re-assessment of rent was not done every year on 1st April as per revised procedure. Further, Southern Railways had not constituted a Hiring Committee as required in the Revised Guidelines (July 2018) for re-assessing the rent.

The matter was taken up with MoR in February 2023. In their reply (October 2023), MoR agreed with the audit contention and stated that land license fee bills amounting to ₹ 5.12 crore for the period from July 2018 to June 2023 for the land appurtenant to building at the revised rate had been raised with State Police Department in August 2023.

Thus, after being taken up the matter by Audit, Railway Administration re-assessed the land license fee and raised the bills amounting to ₹ 5.12 crore with State Police Department. However, same was yet to be realized. Further, Railway Administration had neither entered into any agreement with the State Police Department for renting out the property nor constituted a Hiring Committee as required in the Revised Guidelines (July 2018) for re-assessing

[110] Calculated on total area of 15340 sqm of land excluding building area on guideline value of ₹ 15.31 crore issued by Registration Department of Tamil Nadu and taking annual rate of return at the rate of 6 *per cent* and repair and maintenance charges at the rate of 12 *per cent*.

[111] Revised rent of ₹1.17 crore *per annum* for the period from July 2018 to June 2022.

the rent so far (October 2023). The said property had also not been recorded in the 'Asset Register' of the Madurai Division.

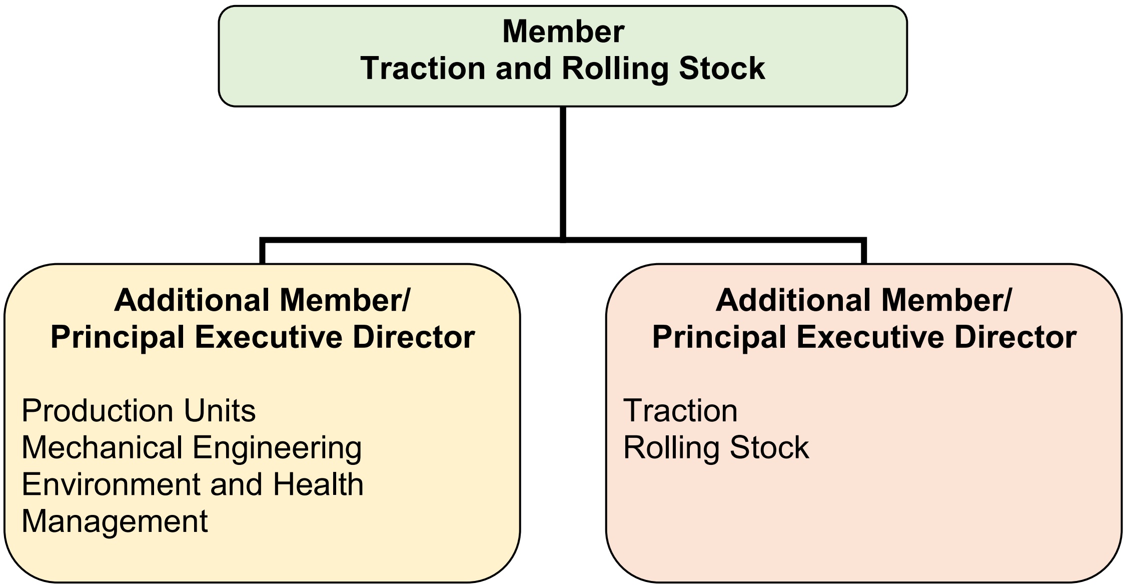
Recommendations:

- ***Ministry of Railways may ensure the recovery of revised rent at the earliest.***
- ***Requisite action relating to Agreement, Hiring Committee and Asset Register may be taken.***

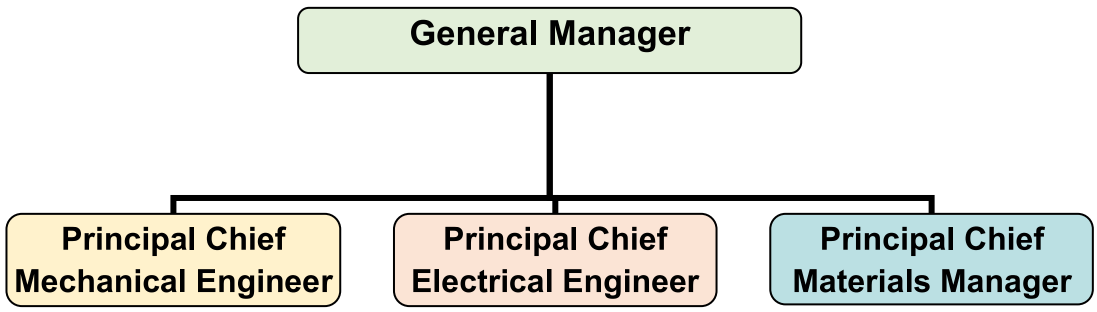
Chapter 4 – Traction and Rolling Stock

Member (Traction and Rolling Stock) at Railway Board[112] is overall in-charge of Mechanical Department including Workshops and Production Units as well as Material Management Department. The works related to Electric Multiple Unit/Mainline Electric Multiple Unit (EMU/MEMU) and electrical maintenance of all coaching stock along with Environment and Health Management (EnHM) is also the responsibility of the Member (Traction and Rolling Stock).

Railway Board Level



Zonal level



At Zonal level, Principal Chief Mechanical Engineer (PCME) is responsible for overall supervision and maintenance of all coaches, wagons *etc.* Chief Workshop Engineer (CWE) is overall in-charge of the workshops, who

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[112] **Revised Organizational Structure of Railway Board issued vide MoR's Office Order No.64 of 2020 dated 8 September 2020.**

reports to PCME and undertake maintenance of rolling stock and related items. Principal Chief Electrical Engineer is overall in-charge of electrical maintenance of Electric rolling stock, which includes Electric Locos, Electric Multiple units, Electric Loco sheds, Electric Workshops, General services and Over Head Traction services, *etc*.

Total revenue expenditure on repair and maintenance of rolling stock[113] in workshop during 2021-22 was ₹ 18,018.06 crore[114]. Operating expenses on rolling stock and equipment was ₹ 17,133.77 crore[115] during 2021-22. Further, capital expenditure on Production Units[116] during 2021-22 was ₹ 2664.33 crore. During the year, apart from regular audit of vouchers and tenders, 523 offices of the Mechanical Department were taken up for inspection.

Material Management Department is responsible for planning, procurement of various types of stores required for operations and maintenance of trains. These include supply of spare parts, components, fittings, sub-assemblies to production units, maintenance and manufacturing workshops. The Department is also responsible for total inventory management of all stores, their purchasing and distribution to consignees. Besides this, Material Management Department also carries out disposal of scrap items through public auction and tenders (selected items).

At the Zonal level, Principal Chief Materials Manager is the principal head of the Department who is assisted by Chief Material Managers and Deputy Chief Material Managers. At Divisional level, Senior Divisional Material Manager is head of the Department and reports to Divisional Railway Manager. Total expenditure of the Stores Department during 2021-22 was ₹ 1,108.69 crore[117]. During the year, apart from regular audit of vouchers and tenders *etc*., 147 offices of the Stores Department were inspected.

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[113] **including Carriages & Wagons, Plant & Equipment.**

[114] **Sub head 3002-3003 (4)-Repair and maintenance of Carriages and Wagons and Minor head 300 of Sub head 3002-3003 (5)- Repair and maintenance of Plant and Equipment- Appropriation Accounts– 2021-22.**

[115] **Sub head 3002-3003 (6)-Operating Expenses- Rolling Stock and Equipment- Appropriation Accounts – 2021-22.**

[116] **ICF/Chennai, RCF/Kapurthala, RCF/Raebareli, RWP/Bela, RWF/Yelahanka, PLW/Patiala, BLW/Varanasi and CLW/Chittaranjan- Appropriation Accounts – 2021-22.**

[117] **Minor Head 400 of Sub head 3002-3003 (01)- General Superintendence and Services- Indian Railways Appropriation Accounts-2021-22.**

This Chapter includes nine individual paragraphs. These paragraphs highlight compliance issues that relate to procurement at higher rates and material management, *etc*.

4.1 Idling of expenditure incurred on manufacture of trainsets for Train-18: Integral Coach Factory

Decision of MoR to change the traction system after approving the production program for 240 coaches over two years resulted in idling of six unusable coach shells for Train-18 manufacture against earlier specification at a cost of ₹ 8.57 crore and idling of materials worth ₹ 46 crore.

Ministry of Railways (MoR), approved production of 24 coaches by Integral Coach Factory (ICF) for Train-18 under the production program of 2017-18 in February 2017. Accordingly, ICF (April 2017) planned to manufacture a prototype of Train-18 trainsets with a speed potential of 160 kmph comprising of 16 coaches and another trainset of eight coaches during the year 2017-18. In February 2018, MoR approved the layout drawings for the Trainsets. The first prototype rake of Train-18 comprising 16 coaches was dispatched to Northern Railway (NR) in October 2018 and the second rake of Train-18 comprising 16 coaches was dispatched to NR in May 2019.

MoR approved production of 80 coaches under the production program of 2018-19 and 160 coaches by ICF under the production program of 2019-20 (January 2019). ICF floated a tender (June 2019) for procuring 204 sets of propulsion system and also manufactured six[118] Train-18 Coach Shells at a cost of ₹ 8.57 crore during May 2019 to November 2019 as per the approved production program.

In February, 2021 MoR placed orders for purchase of propulsion equipment for 44 trainsets. ICF informed MoR that the traction equipment for these trainsets was different compared to the existing prototype rakes of Trains-18. In a correspondence with Northern Railway Zone, ICF also stated that in view of changes in design of propulsion and bogies, some shells manufactured at ICF in the past could not be put to effective use. These valuable inventories were lying unused along with several components/sub-assemblies procured for the earlier version of trainsets.

It was observed that in pursuance to the tender of June 2018, materials to the tune of ₹ 64 crore conforming to the earlier design of propulsion and bogie, were already received in ICF, out of which, material worth ₹ 46

[118] **Four Motor coaches (20 November 2019, 13 August 2019, 18 May 2019 and 3 May 2019), one Trailer coach (7 May 2019) and one Driving Trailer coach (18 May 2019).**

crore[119] remained unutilized. General Manager (GM), ICF informed MoR (August 2019) that materials exclusive to Train-18 coaches worth ₹ 46 crore had remained unutilized with ICF. Moreover, the six shells manufactured (November 2019) at a cost of ₹ 8.57 crore were idling as they did not conform to the design of coaches being used with the revised propulsion and bogie design. Details are given in **Table 4.1**

Table 4.1: Statement showing cost of six Train-18 coach shells manufactured in ICF during May 2019 to November 2019

Sl. No.	Coach Type	No. of coach shells manufactured	Cost per shell (₹ in crore)	Total cost (₹ in crore)
1	**2**	**3**	**4**	**5**
1	Motor coach (MC)	4	1.36	5.44
2	Driving trailer car (DTC)	1	1.84	1.84
3	Trailer coach (TC)	1	1.29	1.29
			Total	**₹ 8.57 crore**

Source: Daily production particulars of ICF and Sr. AFA/Shell's letter No. ACA/CR/ Cost Information dated 20 August 2021.

The matter was brought to the notice of Railway Administration (ICF) in November 2022. In their reply (December 2022) Railway Administration stated that ICF had followed the RDSO specification for propulsion system of December 2009 with additional requirements for adopting it to semi-high speed trainsets. MoR was communicated (August 2019) that materials worth ₹ 46 crore exclusive for use in Trainsets remained unused with ICF.

The reply of Railway Administration was not adequate. It did not explain why there was a change in traction system after approval of production program of 2019-20 which rendered unusable the propulsion equipment and six shells conforming to the old design.

Thus, decision of MoR to change the traction system after approving the production program for 240 coaches over two years resulted in idling of six unusable coach shells for Train-18 manufactured as per earlier specification at a cost of ₹ 8.57 crore and idling of materials worth ₹ 46 crore procured in this regard by ICF.

The matter was referred to the MoR in February 2023; no reply was received (December 2023).

Recommendation:

MoR needs to ensure complete freezing of specifications before approving production program.

[119] **Exclusive to Train-18 coaches.**

4.2 Avoidable payment towards haulage charges: South Eastern Railway

Due to supply of sick/unloadable wagons, Railways had to incur an avoidable payment of ₹ 12.54 crore towards haulage charges to Haldia Dock Complex System at Haldia for the period from December 2015 to December 2021.

South Eastern Railway (SER) entered (November 2015) into an agreement with Kolkata Port Trust (KoPT) for working arrangement with the Port Railway at Haldia for interchange of goods traffic with Haldia Dock Complex (HDC) system at Haldia. Para 6(ix) of the agreement stipulates that SER shall pay placement charges at the prescribed rate in respect of each incoming damaged wagon. If wagon damaged within the port premises, HDC will be liable and no placement charges will be payable by SER.

During review of records (March 2022) of HDC, it was observed that damage and deficiency examination of inward rakes were being carried out by the Carriage & Wagon (C & W) staff of Railways only after their placement by SER at HDC. In course of such examination, some wagons were found to be sick/unloadable. Those wagons were detached from the rakes and placed at the sick line at HDC and SER had to bear haulage charges for such placement of sick wagons. During the period from December 2015 to December 2021, SER had to bear ₹ 12.54 crore towards haulage charges for the sick wagons as shown in **Table 4.2**.

Table 4.2: Statement showing haulage charges for sick wagons

Sl. No.	Bill Period	No of sick wagons involved*	Rate per wagon (₹)	Bill Amount (including Tax) (₹)
1	2	3	4	5
PRE-GST PERIOD (Special rate- 5 *Per cent*, Service Tax - 14 *Per cent*)				
1	01 December 2015 to 31 March 2016	1946	1850	4284119
2	2016-17	6352	1850	13888321
3	01 April 2017 to 30 June 2017	1820	2200	4604600
(Post GST at the rate of 18 *Per cent*)				
4	01 July 2017 to 31 March 2018	6380	2200	16562480
5	2018-19	7553	2200	19607588
6	2019-20	9837	2200 (upto August 2019) and 2205 (from September 2019 to March 2020)	25569797
7	2020-21	8427	2205	21926213
8	01 April 2021 to 31 December 2021	7274	2205	18926220
Total		**49589**		**125369338**
			Say ₹ 12.54 crore	

Source: Data of damage and deficiency examination of inward rakes.

Test check of damage reports of twelve incoming rakes for the period from January 2021 to March 2021 revealed that on an average 16 wagons per rake (27 *per cent* considering average rake composition of 58 wagons) were marked sick. Similarly, Damage Reports for the period from January 2022 to March 2022 showed that on an average 18 wagons (31 *per cent*) per rake were marked sick. The major causes for wagons becoming unloadable were due to deficiency in door, side panel, floor, *etc*. HDC authority also raised the issue with SER on several occasions and requested Railways to address the problem on urgent basis so that loading/unloading of wagons can be done smoothly at HDC. However, SER could not improve the position over the years and problem continued to exist[120].

The matter was taken up with MoR in February 2023. In their reply (May 2023), MoR stated that majority of rakes offered for loading are coming to Haldia area in loaded condition and after unloading they are placed for loading. Currently, rake examination facilitates at Haldia is limited, hence all rakes cannot be examined. Therefore, there are chances of having unloadable wagons in rakes placed for loading. Further, if rakes are sent for examination to Nimpura yard, there will be empty movement of rakes, wastage of crew & path and will result in loss of loading.

The reply of MoR highlights the immediate requirement for augmenting rake examination facility at Haldia so that supply of sick wagons could be avoided. This would reduce the avoidable payment of haulage charges to HDC for sick wagons as well as running of empty wagons.

Thus, due to supply of sick wagons, Railways had to incur an avoidable payment of ₹ 12.54 crore towards haulage charges to HDC for the period from December 2015 to December 2021.

Recommendation:

Railways need to ensure examination of rakes before their placement for loading/back loading to avoid the payment of haulage charges for sick/unloadable wagons.

[120] **As per Sick Line Haulage Bill Reconciliation Statement of December 2021.**

4.3 Procurement of spare machine led to avoidable expenditure: Chittaranjan Locomotive Works

CLW Administration procured an additional Horizontal Machine; despite the fact that a Heavy Duty Machine with similar function was already available with CLW. This has resulted in avoidable expenditure of ₹ 10.41 crore in procurement of Horizontal Machine.

Ministry of Railways (MoR) sanctioned one Heavy Duty Machine[121] in 2009-10 and the machine was commissioned in Chittaranjan Locomotive Works (CLW) in June 2013. The machine was mainly for the operation of machining (milling, drilling, etc.) on Stators[122].

Further to the sanction of Heavy Duty Machine, MoR also sanctioned one Horizontal Machine[123] with same utility in 2010-11.

During scrutiny of records at the department of Mechanical Engineering of CLW, it was noticed that CLW administration had submitted indent for procuring the Horizontal Machine to Central Organisation for Modernisation of Workshops (COFMOW) in December 2011. However, in July 2012, CLW dropped the proposal for procurement of Horizontal Machine, as procurement of the Heavy Duty Machine with similar function was then under process. In November 2012, CLW again sent proposal to COFMOW to procure the Horizontal Machine on top priority basis. Thereafter, in April 2013, CLW intimated COFMOW that the Horizontal Machine was no longer required and the indent sent may be treated as dropped.

Thereafter, in August 2015, CLW proposed to revive the dropped proposal for procurement of Horizontal Machine with the justification that the installed Heavy Duty Machine (which was commissioned in June 2013) was the only machine available for the operation of machining on stators and breakdown of this machine would affect production. Accordingly, a new Indent for procurement of Horizontal Machine was sent to COFMOW in June 2016 and COFMOW placed the order in February 2018 at the cost of ₹10.41 crore. The Horizontal Machine was finally commissioned in CLW in December 2019.

It was observed that despite availability of Heavy Duty Machine, a Horizontal Machine with similar function was procured. Utilization status of the already available Heavy Duty Machine was reviewed for the period of

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121 Heavy Duty Universal Machining Centre – generally used for machining of various components of electric locos like Stators, Suspension tubes, etc.

122 Stators, Suspension tubes etc. are components used in electric locomotive.

123 Universal CNC Horizontal Machining Centre- generally used for machining of Stators, Suspension tubes like components used in electric loco.

2016-17 to 2021-22. Details of utilization and work done by the Heavy Duty Machine and Horizontal Machine is shown in **Table 4.3**.

Table 4.3: Statement showing work done by Horizontal Machine and Heavy Duty Machine (2016-17 to 2021-22)

Sl. No.	Year	Target	Machining of Stators by Horizontal Machine commissioned on 18 December 2019			Machining of Stators by Heavy Duty Machine commissioned on 27 June 2013		
			Machined	Utilization of the machine (in *per cent*) with respect to the target fixed [(Col.4*100)/ Col 3]	Utilization of the machine (in *per cent*) with respect to the rated capacity of 1400 *per annum* [(Col.4*100)/1400]	Machined	Utilization of the machine (in per cent) with respect to the target fixed [(Col.7*100)/ Col 3]	Utilization of the machine (in *per cent*) with respect to the rated capacity of 1400 *per annum* [(Col.7*100)/1400]
1	2	3	4	5	6	7	8	9
1	2016-17	660	NIL	0	0	527	80	38
2	2017-18	720	NIL	0	0	745	103	53
3	2018-19	720	NIL	0	0	747	104	53
4	2019-20	900	111	12	8	767	85	55
5	2020-21	900	406	45	29	281	31	20
6	2021-22	618	293	47	21	71	11	5

Source: Records of O/o. Chief Mechanical Engineer (Manufacturing), CLW.

The above facts revealed that the Heavy Duty Machine itself was sufficient to achieve the stipulated target even when it was under-utilized with respect to its rated annual capacity of 1400. Further, right from the sanction by MoR in 2010-11 for procuring the Horizontal Machine, CLW was aware that the procurement of another Heavy Duty Machine of similar nature was under process. Thus, on the basis of the improved performance of the already available Heavy Duty machine, CLW could easily cancel the process of procurement of another Horizontal Machine well before the placement of order by COFMOW in February 2018. This resulted in avoidable expenditure of ₹10.41 crore in procurement of Horizontal Machine.

The matter was taken up with MoR in March 2023. MoR in its reply (June 2023) stated that the performance of the only Heavy Duty Machine available with CLW was not satisfactory and locomotive out turn was held up due to its frequent breakdown during May 2014 to August 2015. Therefore, CLW revived (August 2015) the dropped proposal for procurement of spare Horizontal Machine and placed indent for its procurement on COFMOW in August 2016 so that production target could be achieved.

The reply of MoR was not acceptable. The only Heavy Duty Machine {having codal life of 15 years (up to 2028)} available with CLW was under warranty initially for a period of two years since its commissioning in June

2013. This warranty period was extended further for 65 days, as machine was under breakdown[124].

Moreover, CLW awarded maintenance work of above machine to M/s VW MOSBACH CNC Technologies for one year at the cost of ₹ 0.48 crore. Thus, during this warranty and post-warranty periods, incidences of breakdown was to be attended by the vendor/contractor as per contractual obligations to put the machine in service. Further, production target could have been achieved easily, had the machine utilized to its full extent, as during 2016-17 to 2021-22 production target had always been under the rated capacity of the Heavy Duty Machine.

Thus, procurement of an additional Horizontal Machine with the same functioning as spare resulted in avoidable expenditure of ₹ 10.41 crore.

Recommendation:

Ministry of Railways should fix responsibility for procuring the machine as an under-utilized machine with similar functioning was available.

4.4 Loss on account of speed restrictions: South Central Railway

The newly Broad Gauge section was opened without making remedies to unstable formation, this led to infructuous expenditure of ₹ 2.60 crore on Purna-Akola section. Further, due to imposing of Speed restrictions loss of ₹ 7.29 crore resulted on account of time loss of freight trains.

Performance of a track primarily depends on the soundness of its foundation. Its formation should be adequately designed to cater to envisaged traffic loads and constructed with modern and appropriate techniques to keep maintenance requirements low and have good riding quality.

Purna (PAU)-Akola (AK) section in South Central Railway (SCR) was initially Meter Gauge (MG) section and Gauge Conversion (GC) work was taken up in 2006-07. During the GC work, Construction Organization of SCR had identified unstable formation[125] of 11.2 Kms between Hingoli (HNL)-Nandapur (NDPR) stations in PAU-AK section. The section was rendered unstable formation because of various technical issues[126].

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[124] **for 61 days during 05.05.2014 to 03.07.2015 and four days during 17.08.2015 to 20.08.2015.**

[125] **Unstable Formation is yielding formation with non-terminating settlement including slope failure, which require excessive maintenance efforts.**

[126] **Variation in levels, formation of cracks on cess and ballast penetration, etc.**

Therefore, provision of one-meter blanketing was included in the revised estimate for GC work.

The line was opened in 2008. Although the section between PAU-AK has the maximum permissible speed of 100 Kmph, but the PAU-AK section was placed under speed restriction of 60 Kmph.

As per RDSO field investigation report (June 2015), the section was opened for traffic (2008) without adopting any remedial measures for bad formation. The speed restrictions imposed before GC works were continued even after gauge conversion. As a remedial measure, the work "Through Formation Treatment[127] (TFTR)-18 Kms in PAU-AK section" was sanctioned in January 2018 for ₹ 8.86 crore, ten years after completion of GC work (2008). Accordingly, SCR Administration awarded a work (January 2019) with the target date of completion (January 2020).

However, it was noticed by Audit that even after 3 years (2022), the work is still incomplete after incurring of ₹ 2.60 crore.

The unstable formation was noticed during GC work and its remedy was also planned; but the completed section (without taking remedial measures) was opened for traffic in 2008. This resulted in continuance of Permanent Speed Restrictions (PSRs) prior to and after gauge conversion. PSRs were imposed continuously during the period from 2009-10 to 2015-16. This led to loss of earning capacity of ₹ 7.29 crore on account of time loss of freight trains as shown in **Table 4.4**:

Table 4.4: Statement showing loss of earning capacity of freight trains due to speed restriction at km 874/0-889/0 between Hingoli and Nandapur during 2009-10 to 2015-16

(₹ in crore)

Sl. No.	Year	Avg. No. of Freight Trains moved in a year	Total time lost in a year for Freight Trains (Hours)	Total loss of wagon earning capacity in a year
1	**2**	**3**	**4**	**5**
1	2009-10	4015	1259	0.83
2	2010-11	4015	1259	0.74
3	2011-12	4015	1259	0.78
4	2012-13	4015	1259	1.19
5	2013-14	5110	1602	1.15
6	2014-15	4015	1259	1.36
7	2015-16	4015	1259	1.24
Total		**29200**	**9157**	**7.29**

Source: Working Time Table of Nanded Division of SCR and Annexure B of MoR's Letter No. 2016/M (L)/467/2 dated 7 November 2016 and Annual Statistical Statement of MoR for corresponding year

[127] **Weak formations result in many direct losses such as ballast penetration, increased maintenance, imposition of speed restriction, etc. Treatment to the formation with proper design is required for rehabilitation of the weak formation.**

The matter was brought to the notice of Railway Administration in September 2022. In their reply (October 2022), Railway Administration stated that due to weak formation in section, speed restrictions were imposed.

The reply of Railway Administration was not acceptable because bad formation was identified in 2008 and remedial measures could have been taken up during GC works. Delay in planning and execution of remedial action resulted in loss of ₹ 9.89 crore[128] during the period 2009 to 2017.

The matter was referred to the MoR in March 2023; no reply was received (December 2023).

Recommendation:

SCR needs to expedite remedial works to avoid speed restrictions.

4.5 Failure of Railway Administration in heeding to Vigilance Department's suggestion to ban business with a contractor resulted in undue award of contract: East Coast Railway

East Coast Railway awarded cleaning contract worth ₹ 7.26 crore without giving due recognition to Vigilance Departments instructions. Further, Railway Administration failed to discharge the duty of Principal employer to ensure payment of minimum wages to the contract labourers engaged in the cleaning contract.

In terms of Section 12 of Minimum Wages Act, 1948 and Section 21 of Contract Labour (Regulation and Abolition) Act 1970, the Principal Employer has the obligation to ensure payment of minimum wage to the contract labourers engaged. Ministry of Railways had instructed[129] Zonal Railways to nominate the Divisional officers and Zonal Head of Departments as the Principal Employer of the respective contracts at Divisions and Zonal Headquarters. Violation of any of the applicable labour legislations would entail punitive/penal proceedings against the contractor as well as the Principal Employer.

Medical Department of Sambalpur (SBP) awarded (February 2016) a contract to M/s. Dynamic Services at an agreement[130] value of ₹ 1.99 crore for 'Mechanized and Manual cleaning and upkeep of SBP station for three years including disposal of garbage'. As per the Contract

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[128] **₹ 2.60 crore (+) ₹ 7.29 crore.**

[129] **Vide RB letter dated 15 October 1971, 20 October 2015, 05 June 2017 and 24 January 2018.**

[130] **CMS / EcoR / SBP / Mechanized cleaning / SBP / Dynamic services/2015-16 dated 08 September 2016.**

Agreement, the contractor had to engage 45 labourers daily for sanitation work. Payment to the labourers was to be made by the contractor within seven days of the next month in bank account of the labourers and the details of payments made to labourers were to be submitted along with the contractor's bills to Railway Administration.

During examination (March 2021) of records on sanitation contract of Sambalpur Division of East Coast Railway (ECoR), Audit observed that there were frequent labour strikes at SBP station to protest against the non-payment of minimum wages which led to frequent disruption of sanitation work during the month of May 2017[131] and February 2018[132]. Contractual labourers also submitted written complaints regarding less payment of wages against the contractor to Chief Medical Superintendent /SBP, Divisional Railway Manager (DRM)/SBP and Labour Enforcement Officer/Rourkela.

Audit noticed that the contractor's bills were passed on the basis of copy of letters sent by the contractor to his bank (United Bank of India, Salt Lake, Kolkata) for making payment to Bank Accounts of labourers. Audit test checked copies of bank passbooks of 25 out of total 45 labourers (56 *per cent*) and compared it with the copy of wage statements submitted by the contractor to SBP Division, ECoR for passing of bills. During the period from March 2016 to Jan 2019, there was mismatch between the amounts shown in letter to the bank and actual amounts paid to the labourers. Audit calculated short payment of ₹ 5,16,812 in respect of 25 labourers as detailed in **Annexure 4.1**.

Further, in six months between May 2016 and October 2018, the date of credit of wages in the bank account of labourers was prior to the date of letter sent by the contractor to bank for making payments. It shows that the contractor had submitted false statements of payment to labourers and ECoR passed the contractor's bills by accepting the fraudulent statements without verifying actual payment of wages despite labour strike and written complaints. Thus, the Principal Employer i.e., ECoR was responsible for the short payments as the contractor had violated the labour laws and ECoR authorities did not verify the actual payments made to the labourers.

Audit further noticed that Vigilance Department of ECoR intimated (February 2016) all departments of ECoR that M/s. Dynamic Services was habitual of forging documents to get contracts and suggested to ban business with the firm. Consequently, Tender Committee of a sanitation

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[131] **08 May 2017 to 10 May 2017.**
[132] **13 February 2018 to 19 February 2018.**

tender (January 2016) of Waltair division of ECoR had rejected the offer of this contractor after finding fake/fabricated credentials of the bidder. However, in SBP Division, after completion of the mechanised cleaning contract at SBP station, the sanitation work was again awarded (25 July 2019) to the same contractor for four years at ₹ 7.26 crore.

The matter was brought to the notice of ECoR Administration in March 2021, October 2022 and December 2022. However, no reply of Railway Administration was received till date (January 2023).

Thus, SBP Division of ECoR showed undue favour to the agency by re-awarding four years' cleaning contract worth ₹7.26 crore despite having knowledge of habitual forging of documents and Vigilance Departments instructions.

The matter was referred to the MoR in February 2023; no reply was received (December 2023).

Recommendation:

ECoR may verify the wages paid to the labourers and arrange to recover the less payment from the agency and pay the same to the labourers. Responsibility may be fixed for re-awarding the contract to same agency despite adverse observations of the Vigilance Department.

4.6 Avoidable expenditure of ₹ 6.82 crore towards unwarranted procurement of materials: Chittaranjan Locomotive Works

Chittaranjan Locomotive Works Administration made an unwarranted procurement of 41,217 meters 4 GKW-AX 150 mm^2, 1800 V BK Single Core Cable which led to an avoidable expenditure of ₹ 6.82 crore during the period from 2016-17 to 2018-19.

Chittaranjan Locomotive Works (CLW) Administration was regularly procuring 4 GKW-AX 150 mm^2, 1800 V BK Single Core Cable for production of 3 Phase Locos (WAP-7 and WAP-5) from CLW approved sources[133].

Review of records revealed that, CLW administration was aware of the fact that the use of 4 GKW-AX 150 mm^2 was meagre and there was sufficient balance of stock of 32793 meters available with them as on 31st March 2016. Thus, CLW, during preparation of Material Planning Sheet (MPS)/Review Sheet (RS) for production years 2016-17, 2017-18 and 2018-19, mentioned that no further supply of the item was required, as

[133] **Huber & Suhner AG, Radiant RSCC Specialty Cable Private Limited, Siechem Technologies Private Limited, Apar Industries Limited.**

there was huge stock. The details of the stock position of 4 GKW-AX 150 mm^2 is shown in **Table 4.5**.

Table 4.5: Statement showing stock position of 4 GKW-AX 150 mm^2 cable

(Figures in Meters)

Sl. No.	Year	Opening Balance	Receipt	Issue	Closing Balance
1	**2**	**3**	**4**	**5**	**6**
1	2013-14	24558	11305	0	35863
2	2014-15	35863	1300	500	36663
3	2015-16	36663	0	3870	32793
4	2016-17	32793	3973	6588	30178
5	2017-18	30178	24194	9760	44612
6	2018-19	44612	13050	4160	53502
7	2019-20	53502	0	3660	49842
8	2020-21	49842	0	500	49342
9	2021-22	49342	0	2500	46842

Source: BIN card for material code 29605003/CRIS-IMMS.

Thus, despite availability of accumulated stock in stores and absence of requirement during the production years 2016-17, 2017-18 and 2018-19, CLW Administration placed 11 purchase orders for 41,850 meter of 4 GKW-AX 150 mm^2 by spending ₹ 6.82 crore on their procurement during the period 2016-17 to 2018-19. The details are shown in **Table 4.6**.

Table 4.6: Statement showing details of cable purchased/received during the period from 2016-17 to 2018-19

(₹ in crore)

Sl. No.	Year	Opening Stock (quantity in meter)	Nos. of Purchase Order placed	Total ordered quantity (in meter)	Total received quantity of the POs	Total Amount involved
1	**2**	**3**	**4**	**5**	**6**	**7**
1	2015-16	36663	3	5,200	5173 (3973 in 2016-17 and 1200 in 2017-18)	0.83
2	2016-17	32793	0	0	0	0
3	2017-18	30178	4	30,250	29744 (22994 in 2017-18 and 6750 in 2018-19)	4.89
4	2018-19	44612	4	6,400	6,300 in 2018-19	1.10
Total			**11**	**41,850**	**41,217**	**6.82**

Source: Purchase orders

The above table shows that due to ineffective material management, CLW Administration made a procurement of 41,217 meters of 4 GKW-AX 150 mm^2 cable despite availability of 43,342 meters of 4 GKW-AX 150 mm^2 cable. This has resulted in wasteful expenditure of ₹ 6.82 crore during the period 2016-17 to 2018-19. CLW processed for category revision and the item 4GKW-AX 150 mm^2 was deleted from the Category Book in December 2017. It was further mentioned that the material was no longer required for production of 3 Phase locomotive. It was further observed by Audit that 43,342 meters of 4 GKW-AX 150 mm^2 cable worth ₹ 7.25 crore are lying idle in stock as on 30 September 2022. As the material is no longer required for production of 3-Phase locomotives, utilization of the above quantity is remote.

The matter was brought to the notice of CLW Administration in February 2021 and July 2022. In their reply (August 2022), CLW Administration stated the category amendments altering the quantity per loco requirement results in non-utilization of material in stock. It was further stated that efforts are being made by CLW Administration to issue this item to other Zonal Railways and Production Units.

The above reply was not acceptable because despite availability of accumulated stock, CLW Administration procured 41,217 meters of 4 GKW-AX 150 mm^2 cable through recurring placement of orders. The possibility of issuing the existing stock to the other Zonal Railways for their use was not appropriate as only 7000 meters, 16 *per cent* of the available stock, had been issued during 2018-19 to 2022-23.

Thus, procurement of 41,217 meters of 4 GKW-AX 150 mm^2 cable without assessing its requirement resulted in wasteful expenditure of ₹ 6.82 crore during the period 2016-17 to 2018-19.

The matter was referred to the MoR in February 2023; no reply was received (December 2023).

Recommendation:

CLW Administration may take suitable steps to avoid such unwarranted procurement through effective material management. Responsibility may be fixed for this lapse.

4.7 Non-blending of bio diesel with high speed diesel oil resulted in avoidable expenditure of ₹ 6.72 crore: Eastern Railway

Eastern Railway failed to comply with the Ministry of Railways' directives (March 2015) to blend bio diesel with high speed diesel oil for diesel traction. This led to an avoidable expenditure of ₹ 6.72 crore during the period from 2018-19 to 2021-22.

Minister of Railways in Railway Budget for 2014-15, announced commencement of use of bio diesel up to 5 *per cent* of the total fuel consumption in diesel locomotives with the objectives of substantial saving in foreign exchange and a cleaner environment due to lower carbon emission. Accordingly, Ministry of Railways (MoR) issued Action Plan in March 2015 to start blending of bio diesel in Diesel Loco Shed

(DLS) and two Rail Consumer Depots (RCDs) identified in each Zone and to enter into fixed price contracts for three months promptly for procurement of bio diesel.

In July 2015, Zonal Railways were instructed to identify further three/four RCDs for proliferation of use of blended bio diesel and enter into bio diesel procurement contracts for longer period incorporating additional requirement for second phase implementation. All the Zonal Railways were directed to expedite the process in September 2015.

In Eastern Railway (ER), out of nine RCDs[134], three RCDs each in first[135] and second[136] phase were identified for storing, blending and further supply of blended fuel to locomotives. Accordingly, three Purchase Orders (POs) were placed on M/s. Emami Agrotech Limited Kolkata in 2015-16 for supply of 600 KLs of bio diesel to meet the indent of three units identified in the first phase, out of which 551 KLs were received and subsequently issued to locos by blending with High Speed Diesel (HSD) oil. Further, six indents for 2760 KLs of bio diesel were placed during August 2015 to January 2016 by the five[137] identified RCDs. However, the related tenders, although floated six times till January 2019, were discharged due to various reasons.

MoR and Indian Railways Organisation for Alternate Fuels (IROAF)[138] time and again[139] reiterated that implementation of 5 *per cent* blending of bio diesel in HSD was to be ensured on top priority to comply with National Bio-fuel Policy. ER was specifically criticized[140] by MoR and IROAF for non-procurement of bio diesel since 2016-17 and non-creation of infrastructure in all the RCDs.

During 2018-19 to 2021-22, 211977.02 KLs of HSD oil were issued for traction from the nine RCDs of ER, however, no bio diesel was procured/utilized. Further, infrastructure for storing and blending of bio diesel was not created in any of the nine RCDs. Thus, failure to finalize

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[134] Andal, Beliaghata, Jamalpur, Howrah, Rampurhat, Malda, Sahibganj, Bardhaman (closed on 31 January 2021) and Ranaghat (closed on 31 March 2020).

[135] Andal, Beliaghata and Jamalpur.

[136] Howrah, Rampurhat and Malda.

[137] Andal, Beliaghata, Howrah, Rampurhat and Malda.

[138] A dedicated organisation set up in 2008 for projects on Bio diesel and CNG on Indian Railways.

[139] MoR and IROAF's letters dated 8 June 2016, 6 September 2016, 20 September 2018, 8 October 2018, 14 October 2019, 3 December 2019, 26 December 2019, 4 March 2021 and 22 September 2021.

[140] MoR and IROAF's letters dated 6 September 2016, 31 August 2018, 20 February 2019, 3 December 2019, 26 December 2019 and 14 February 2020.

procurement and blending of cheaper bio diesel with expensive HSD oil resulted in an avoidable expenditure of ₹ 6.72 crore as shown in **Table 4.7.**

Table 4.7: Expenditure on HSD oil due to non-blending of bio diesel with HSD oil from 2018-19 to 2021-22 **(₹ in crore)**

Sl. No.	Name of the RCD	Quantity of HSD oil issued for diesel traction (litres)	Quantity (5 *per cent* of col. 3) of bio diesel to be blended with HSD as per order of MoR (litres)	Bio diesel actually blended ((litres)	Excess quantity of HSD oil used in traction for non-blending of bio diesel (litres) (Col.4 - 5)	Avoidable expenditure due to non-blending of bio diesel
1	**2**	**3**	**4**	**5**	**6**	**7**
1	Howrah	20155600.00	1007780.00	0.00	1007780.00	0.63
2	Beliaghata	17437300.00	871865.00	0.00	871865.00	0.59
3	Andal	34917125.00	1745856.25	0.00	1745856.25	1.19
4	Jamalpur	24787050.00	1239352.50	0.00	1239352.50	0.72
5	Bardhaman	4495875.00	224793.75	0.00	224793.75	0.09
6	Maldah	68876950.00	3443847.50	0.00	3443847.50	2.19
7	Ranaghat	1749716.00	87485.80	0.00	87485.80	0.04
8	Rampurhat	39034975.00	1951748.75	0.00	1951748.75	1.24
9	Shahibganj	522427.00	26121.35	0.00	26121.35	0.03
Total		**211977018.00**	**10598850.90**	**0.00**	**10598850.90**	**6.72**

Source: Relevant records of respective RCDs

Note: Avoidable expenditure due to non-blending of bio diesel= ₹ 6.72 crore (excess quantity of HSD oil used for non-blending of bio diesel (x) difference of rate of HSD oil and bio-diesel).

The matter was taken up with MoR in January 2023. In their reply (March 2023), MoR stated that in compliance of MoR's Action Plan, against the 3360 KLs bio diesel indented in 2015-16, POs for supplying only 600 KLs of bio diesel were placed on M/s. Emami Agrotech Ltd. in February 2016. However, only 551 KLs of bio diesel was supplied by the firm. Thereafter, tenders for procurement of balance bio diesel were floated five times during 2016-17 to 2018-19. But, the same could not be finalized due to non-participation of RDSO approved suppliers, offering 'Consignee' inspection instead of Rail India Technical and Economic Service Limited (RITES) inspection, quoting higher rate than HSD oil price as well as higher rate in comparison to other Zonal Railways within a short span by the bidders and bidder's offer being technically unsuitable, etc. MoR agreed with the audit contention about non-availability/non-creation of infrastructure for storing and blending of bio diesel in ER.

MoR's reply about procurement of bio diesel was not acceptable as M/s. Emami Agrotech Ltd., a bidder in four out of five times the tender floated, was a RDSO approved supplier and offered RITES inspection. In none of the Tender Committee minutes, it was mentioned that the rate of bio diesel offered by the bidder was higher than HSD oil price. POs were placed by East Central Railway and Western Railway during that period for procurement of bio diesel at the same price offered to ER by the bidder.

Thus, failure of ER to comply with the MoR's directives to blend bio diesel with HSD oil for diesel traction resulted in an avoidable expenditure of ₹ 6.72 crore during the period from 2018-19 to 2021-22.

Recommendation:

Ministry of Railways may ensure blending of recommended quantity of bio diesel with high speed diesel oil in compliance with the Action Plan.

4.8 Undue benefit to the contractor due to procurement at higher rates: North Eastern Railway

Acceptance of single bid at significantly higher rates from a private vendor led to benefit to the contractor amounting to ₹ 6.05 crore during the period September 2019 to March 2021.

Para 602 of Indian Railway Finance Code, Volume-I stipulates that it is a primary duty of the officers authorised to enter into contracts to obtain the best value for the money spent and the tender system should be given very careful and serious consideration in all cases as one of the most effective methods of securing competitive rates. Further para 116 stipulates that every Government servant should exercise the same vigilance in respect of expenditure incurred from public moneys.

During the review of records of office of Deputy Chief Engineer (Electrical) Workshop, North Eastern Railway (NER) at Gorakhpur[141], it was observed that an open tender was invited for procurement of LED lights[142] (required brand name not mentioned in the schedule) at an estimated cost of ₹ 8.00 crore. In response, a single bid had been received. The work was awarded (August 2019) to the single bidder M/s. Dhara Rail Project Pvt. Ltd. Mumbai (DRPL)[143] at a cost of ₹ 8.24 crore with completion period of eight months. The work started with effect from October 2019 and completed in March 2021 and final payment of ₹ 7.11 crore made in March 2021.

It was noticed in audit that rates of similar items were available with NER Administration. Similar items with same Integral Coach Factory (ICF) specification were procured by the Chief Material Manager (CMM) Gorakhpur in the immediate past (October 2018) at much lower prices from

141 September 2020 to October 2020.
142 With ICF specification No ICF/Ele.960 dated 4 December 2017.
143 Vide LOA No. EL-WS-GKP-2019 dated 07 August 2019.

M/s. Lord Krishna Electronics Industries (LKEI)[144]. Further, lower rates of branded LEDs (OSRAM, SAMSUNG etc.) supplied by the M/s. DRPL[145] itself in SER (May 2018) were also available in the records of NER.

Acceptance of single bid at unreasonably higher rates without having regard to the rates awarded in the recent past and available in records led to extra expenditure of ₹ 6.05 crore and consequent undue benefit to M/s. DRPL are shown in **Table 4.8.**

Table 4.8: Comparison of Rates awarded to M/s. DRPL

Sl. No.	Particulars of the item	Quantity supplied as per final bill	Rate as per DRPL in NER (₹)	Rate as per DRPL in SER (₹)	Difference of rates awarded (₹)	Amount (₹)
1	**2**	**3**	**4**	**5**	**6**	**7 (Col.3 *Col.6)**
1	Supply of 9 W (max) Tubular LED to be used in the existing holder, type A	33850	891.52	135.80	755.72	25581122
2	Supply of 5 W (max) LED Lamps to be used in the existing Edison screw type holders, type D	16200	571.20	174.60	396.60	6424920
3	Supply of 5 W (max) Tubular LED Tube to be used in the existing holders, type C	33900	776.53	174.60	601.93	20405427
Total Value						52411469
Offer at the rate of 3 *Per Cent*						1572344
Net Amount						53983813
Total avoidable loss including 12 *per cent* GST						**60461871 Say ₹ 6.05 crore**

Source: Schedule Item Rate and Quantity of Contract Agreement awarded to DRPL.

The matter was taken up with Railway Administration through a Special letter (March 2021). NER Administration stated (December 2021) in their reply that procurement was to be completed from ICF approved sources. The reply of the NER Administration does not explain why single bid was accepted and why rate analysis was not done to ensure reasonableness

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144 **9 W Tubular LED at the rate of ₹ 170.00 per unit, 5 W LED Lamps at the rate of ₹ 160.00 per unit.**

145 **9 W Tubular LED at the rate of ₹ 135.80 per unit, 5 W LED Lamps and 5 W Tubular LED at the rate of ₹ 174.60 per unit.**

of rate. Moreover, the contractor M/s. DRPL was not in the vendor list of ICF.

Thus, undue benefit was given to the M/s. DRPL by accepting single bid with higher rates resulted in extra expenditure of ₹ 6.05 crore during the period September 2019 to March 2021.

The matter was referred to the MoR in February 2023; no reply was received (December 2023).

Recommendation:

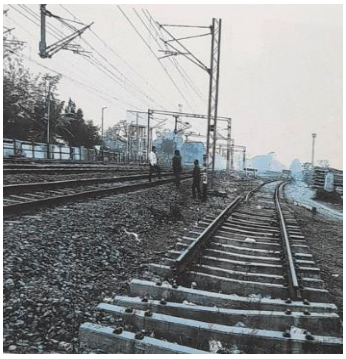
Responsibility may be fixed for accepting single bid at high rates and providing undue benefit to the contractor.

4.9 Blocking of capital due to non-connection of two railway lines: Northeast Frontier Railway

Two lines in Barsoi Jn. Station of Northeast Frontier Railway were not used for more than 16 years due to non-linking with running lines. This resulted in blocking of capital of ₹ 4.83 crore on idle assets.

Gauge Conversion (GC) of Katihar (KIR)-Barsoi (BOE) project (34.39 Km) was sanctioned in 2001 and completed in 2007. The GC of KIR-BOE included GC work of BOE-Radhikapur. During GC of Barsoi– Radhikapur, two lines (Line No. 5 & 6) were converted into Broad Gauge (BG) in Barsoi station with expenditure of ₹ 4.06 crore, which remained unconnected with the four main running BG lines of the station and the reasons for the same were not available in the records made available to Audit. These two lines (Line No. 5 and 6) were lying idle for more than 16 years due to non-connection with the running lines at one end[146]. Non connection of these two line is depicted in the following pictures:

BOE – Line No. 5 NJP End

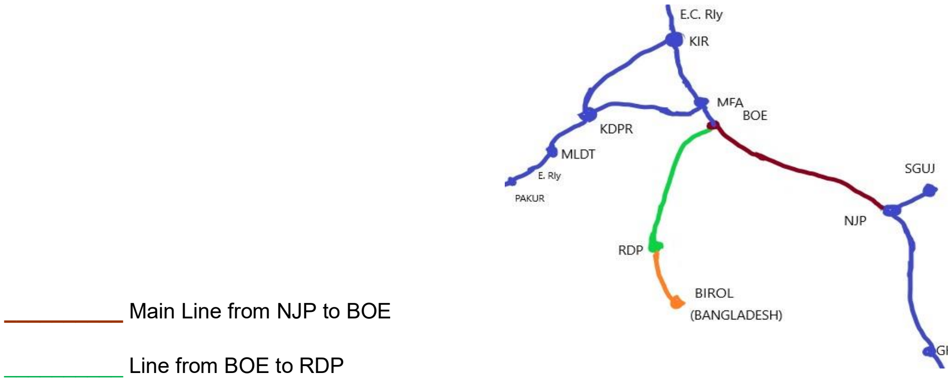


BOE – Line No. 6 NJP End

BOE – Line No. 5 & 6 Mukuria End

[146] **Line No. 5 and 6 are not connected to main line at Jalpaiguri (NJP) side and are connected to main line at KIR side.**

During scrutiny of records (January 2021), it was noticed that after ten years of construction of Line No. 5 and 6, Deputy Chief Operations Manager (Planning) submitted a justification (April 2017)[147] regarding the need for connection of the unutilized Lines with running lines (as shown in the schematic diagram below).



To connect the two idle lines (Line No. 5 and 6) with the running main line (KIR-BOE-NJP), a work[148] was sanctioned in 2017-18 at the value of ₹ 2.00 crore. But the work was not completed for want of Commissioner of Railway Safety (CRS) approval[149] and change in operating requirements[150]. Consequently, the work was closed in October 2021 with physical progress of 30 *per cent* (till September 2021). A total expenditure of ₹ 0.77 crore was incurred.

The issue was brought to the notice of Railway Administration (February 2022). Railway Administration stated in their reply (April 2022) that the work for connection of two idle lines has financial implication and both the idle lines are being used as PQRS depot[151] as requested for Complete Track Renewal (CTR) work[152] by Engineering wing for required shunting operations.

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147 Including Line clearance to Barsoi-Radhikapur and Barsoi-New Jalpaiguri Line remaining held up for a considerable time, non-stabling of Birol Station (Bangladesh) bound traffic for want of two full-length loop lines, and want of lines for stabling of two terminating passenger trains overnight at Barsoi.

148 Barsoi Jn: Connectivity of two idle BG Lines into Main Line to create additional loop at Barsoi.

149 The work was held up (closed) on 11 October 2021 before completion. As such CRS approval not obtained.

150 Change in operating requirements means the extra cross over at Mukuria (MFA)/ shunt signal, etc. and change was not considered by Operating Department.

151 Plasser's Quick Relaying System used for Track and Sleeper Renewal Works.

152 CTR means the complete track revewal i.e. Rails, Sleepers and Ballast are changed.

Reply of Railway Administration was not acceptable as the idle lines are being used as PQRS depot without CRS approval and the justification of construction of these two lines i.e. operating exigencies remained unachieved. This has resulted in blockage of capital of ₹ 4.83 crore (₹ 4.06 crore + ₹ 0.77 crore) on idle assets (Line No.5 and 6) as shown in **Table 4.9**.

Table 4.9: Details of blockage of capital on idle assets

(₹ in crore)

Period	Construction cost	Expenditure incurred for connection of idle lines	Total
2007-23	4.06	0.77	4.83

The matter was referred to the MoR in April 2023; no reply was received (December 2023).

Recommendation:

Railway Administration should immediately complete the connectivity work of the two idle lines with the main running lines.

New Delhi
Dated: 20 March 2024

(SUBIR MALLICK)
Deputy Comptroller and Auditor General

Countersigned

New Delhi
Dated: 21 March 2024

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

ANNEXURES

Annexure 1.1
Year-wise pendency position of Action Taken Notes (ATNs) as on 31 December 2023
(Reference Paragraph 1.10)

Sl. No.	Report Year	Total number of Paras in the Report	No. of Paras on which ATNs finalized	No. of Reports/Paras on which ATNs have not been submitted by Ministry even for the first time	No. of Reports/ Paras on which revised ATNs are awaited from Ministry	No. of ATNs which have been finally vetted by Audit but pending with Ministry for submission to PAC	No. of ATNs pending with Audit for vetting	Total No. of pending ATNs (Ministry and Audit both)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
1	2014-15	44	43	0	1	0	0	1
2	2015-16	45	44	0	0	1	0	1
3	2016-17	46	43	0	1	1	1	3
4	2017-18	52	45	0	4	1	2	7
5	2018-19	31	20	0	4	1	6	11
6	2019-20	40	28	0	3	3	6	12
7	2020-21	43	16	0	7	10	10	27
8	2021-22	4	1	0	0	0	3	3
Total		**305**	**240**	**0**	**20**	**17**	**28**	**65**

Annexure 2.1
Statement showing short recovery of License fee in respect of Railway Mail service (RMS) Building & Land in Jabalpur division (Reference Paragraph 2.4)

Sl. No.	Location	Year	Constructed area (sqm)	Open area land (sqm)	collector guideline rate for comml building per sqm (₹)	License fee at the rate of 12 *per cent* of Market value of the Building (vide para 823 of Works Manual) (₹)	Rate of commercial Land/ Plot per sqm as per Collector Guideline (₹)	Value of land to be increased at the rate of 7 *per cent* p.a. every year over the previous year's value vide letter dated 10 January 2005 (₹)	Levy of license fee at the rate of 6 *per cent* of the market value of the land/plot (6 *per cent* of land value) (₹)	Total amount of revised bills to be raised with the Deptt. of Posts (₹)	Amount of Bills Preferred by Railway administration (₹)	Short Recovery (₹)
1	2	3	4	5	6	7	8	9	10	11	12	13
						=4*6*12%			=9*5*6%	=10+7		col.11-col.12
1	RMS Jabalpur	2017-18	307.31	87.23	95000	3503334	80000	91592	479374	3982708	4818	3977890
		2018-19	307.31	87.23	95000	3503334	80000	98003	512928	4016262	4818	4011444
		2019-20	307.31	87.23	76000	2802667	64000	64000	334963	3137630	4818	3132812
		2020-21	307.31	87.23	80000	2950176	64000	68480	358411	3308587	4818	3303769
		2021-22	307.31	87.23	80000	2950176	64000	73274	383499	3333675	4818	3328857
		2022-23	307.31	87.23	80000	2950176	64000	78403	410344	3360520	4818	3355702
		Total								**21139382**	**28908**	**21110474**
2	RMS Katni	2017-18	505.24	33.45	111500	6760111	100000	131080	263077	7023188	11648	7011539.96
		2018-19	505.24	33.45	111500	6760111	100000	140255	281492	7041603	11648	7029955.33
		2019-20	505.24	33.45	89200	5408089	80000	80000	160560	5568649	11648	5557000.96
		2020-21	505.24	33.45	93000	5638478	80000	85600	171799	5810278	11648	5798629.6
		2021-22	505.24	33.45	93000	5638478	80000	91592	183825	5822304	11648	5810655.54
		2022-23	505.24	33.45	93000	5638478	80000	98003	196693	5835171	11648	5823523.3
		Total								**37101193**	**69888**	**37031305**
3	RMS Satna	2017-18	195.57	19.42	271500	6371671	260000	297674	346850	6718520	6342	6712178
		2018-19	195.57	19.42	271500	6371671	260000	318511	371129	6742800	6342	6736458
		2019-20	195.57	19.42	217200	5097336	208000	208000	242362	5339698	6342	5333356
		2020-21	195.57	19.42	221000	5186516	208000	222560	259327	5445843	6342	5439501
		2021-22	195.57	19.42	221000	5186516	208000	238139	277480	5463996	6342	5457654
		2022-23	195.57	19.42	221000	5186516	208000	254809	296903	5483420	6342	5477078
		Total								**35194277**	**38052**	**35156225**

Annexure 2.1

Statement showing short recovery of License fee in respect of Railway Mail service (RMS) Building & Land in Jabalpur division

(Reference Paragraph 2.4)

Sl. No.	Location	Year	Constructed area (sqm)	Open area land (sqm)	collector guideline rate for comml building per sqm (₹)	License fee at the rate of 12 *per cent* of Market value of the Building (vide para 823 of Works Manual) (₹)	Rate of commercial Land/ Plot per sqm as per Collector Guideline (₹)	Value of land to be increased at the rate of 7 *per cent* p.a. every year over the previous year's value vide letter dated 10 January 2005 (₹)	Levy of license fee at the rate of 6 *per cent* of the market value of the land/plot (6 *per cent* of land value) (₹)	Total amount of revised bills to be raised with the Deptt. of Posts (₹)	Amount of Bills Preferred by Railway administration (₹)	Short Recovery (₹)
1	2	3	4	5	6	7	8	9	10	11	12	13
						=4*6*12%			=9*5*6%	=10+7		col.11-col.12
4	RMS Saugor	2017-18	271.8	149.56	58900	1921082	47400	54268	486982	2408064	6738	2401326
		2018-19	271.8	149.56	58900	1921082	47400	58067	521070	2442153	6738	2435415
		2019-20	271.8	149.56	47100	1536214	37900	37900	340099	1876313	6738	1869575
		2020-21	271.8	149.56	50900	1660154	37900	40553	363906	2024061	6738	2017323
		2021-22	271.8	149.56	50900	1660154	37900	43392	389380	2049534	6738	2042796
		2022-23	271.8	149.56	50900	1660154	37900	46429	416636	2076791	6738	2070053
		Total:								**12876916**	**40428**	**12836488**
Grand Total										**106311768**	**177276**	**106134492**

Annexure 3.1

Statement showing short realization of Land License Fee (LLF) from CONCOR due to incorrect adoption of rate per TEU (Reference Paragraph 3.9)

CONCOR Depot	Year	Loaded TEUs handled during the Year	Actual rate per TEU to be taken as per RB guidelines (₹)	Actual amount to be recovered as per RB guidelines (₹)	Amount actually recovered for Loaded TEUs (₹)	Short recovery of LLF for Loaded TEUs (₹)
1	**2**	**3**	**4**	**5 (Col. 3 x Col. 4)**	**6**	**7 (Col. 5 - Col. 6)**
Sanath Nagar[153] (Secunderabad)	2017-18	68356	920	62887520	55231648	7655872
	2018-19	69499	1125	78186375	70193990	7992385
	2019-20	69472	1303	90522016	81629600	8892416
Daulatabad[154] (Nanded)	2017-18	23749	920	21849080	18507364	3341716
	2018-19	40228	1125	45256500	24937122	20319378
	2019-20	29756	1303	38772068	18455784	20316284
Reddypalem[155] (Guntur)	2017-18	2120	920	1950400	1888080	62320
	2018-19	2978	1125	3350250	2739760	610490
	2019-20	2955	1303	3850365	3472115	378250
Total						**69569111**
GST at the rate of 18 *per cent* (to be paid under Reverse Charge Mechanism)						12522440
Grand Total						**82091551**

[153] Sr. DFM/SC Ltr. No. ABR/SC/AUI/CONCOR dtd 9 February 2022.
[154] Sr. DEN/Co-ord/NED Statement showing details of Bills raised towards TEUs utilized by CONCOR at Daulatabad.
[155] Sr. DFM/GNT Ltr. No. A/X-BR/Audit/CONCOR/Corr. dtd 12. January 2023.

Annexure 4.1
Statement showing less payment of minimum wages
(Reference Paragraph 4.5)

Sl. No.	Name of the worker	Amount shown in Bank Statement (₹)	Amount credited in Bank Account (₹)	Short payment (₹)
1	2	3	4	5
1	Manaj Bag	239733	204760	34973
2	Lata Sikandar	184550	157400	27150
3	Charoumen Kumbhar	60586	55656	4930
4	Babu Suna	202883	173886	28997
5	Bharat Bag	256713	219060	37653
6	Prabhakar Jagdala	215451	186400	29051
7	Rajendra Bibhar	169907	144590	25317
8	Rameswar Mahananda	160752	145580	15172
9	Srabana Suna	164457	141470	22987
10	Tejraj Kumbhar	196782	168630	28152
11	Kausalya Suna	143860	122300	21560
12	Shila Tandia	217158	173104	44054

Annexure 4.1
Statement showing less payment of minimum wages
(Reference Paragraph 4.5)

Sl. No.	Name of the worker	Amount shown in Bank Statement (₹)	Amount credited in Bank Account (₹)	Short payment (₹)
1	2	3	4	5
13	Tulasi Sika	143778	125710	18068
14	Gayatri Bag	221552	205847	15705
15	Jasada Panchabiha	14680	12320	2360
16	Mina Sikandar	228479	195040	33439
17	Shital Mukhi	34807	32600	2207
18	Sibraj Bibar	151269	130450	20819
19	Khireswar Suna	51079	43420	7659
20	Govind Mukhi	73302	60666	12636
21	Anand Suna	56015	53430	2585
22	Anjeli Kheti	76915	54150	22765
23	Bihari Sikendar	79417	62577	16840
24	Suru Dunguri	211843	179310	32533
25	Sachin Suna	61300	52100	9200
Total		**3617268**	**3100456**	**516812**

Source: Bank Pass Book

ABBREVIATIONS

Abbreviations

Abbreviation	Full Form
ABT	Availability Based Tariff
AFTO	Automobile Freight Train Operator
AK	Akola
ATN	Action Taken Note
ATRs	Action Taken Reports
BG	Bank Guarantee
BG	Broad Gauge
BHW	Barharwa Jn.
BJU	Barauni Jn.
BKLE	Bakudi
BKSC	Bokaro Steel City
BLW	Banaras Locomotive Works
BoD	Board of Directors
BOE	Barsoi
BPC	Brake Power Certificate
BSCS	Bokaro Steel Plant siding
BSL	Bokaro Steel Plant
BTC	Balaghat Jn.
BZA	Vijayawada
CBSP	Cargo Berth Siding
CCMs	Chief Commercial Managers
CC	Carrying Capacity
CFCL	Chambal Fertiliser and Chemical Limited Siding
CGS	Chief Goods Supervisor
Ch	Chainage
CIL	Coal India Limited
CLW	Chittaranjan Locomotive Works
COFMOW	Central Organization for Modernization of Workshops
CONCOR	Container Corporation of India Limited
COD	Commencement of Operation Date
CPC	Central Pay Commission
CPSEs	Central Public Sector Enterprises
CR	Central Railway
CRB- CEO	Chairman Railway Board & Chief Executive Officer
CRIS	Centre for Railway Information Systems
CRS	Commissioner of Railway Safety
CSTE	Chief Signalling and Telecom Engineer
CTPM	Chief Traffic Planning Manager

Abbreviation	Full Form
CVC	Central Vigilance Commission
C & W	Carriage & Wagon
DEMU	Diesel Electric Multiple Unit
DFCCIL	Dedicated Freight Corridor Corporation of India Limited
DFM	Divisional Finance Manager
DLS	Diesel Loco Shed
DLW	Diesel Locomotive Works, Varanasi
DoPT	Department of Personnel & Training
DPC	Duties, Powers and Conditions of Service
DPE	Department of Public Enterprises
DRM	Divisional Railway Manager
DRPL	Dhara Rail Project Pvt. Ltd. Mumbai
DSTE	Divisional Signal and Telecom Engineer
Dy. CE (C)	Deputy Chief Engineer (Construction)
ECL	Eastern Coalfield Limited
ECR	East Central Railway
ECoR	East Coast Railway
EHC	Engine Hour Cost
EIMWB	Electronic in Motion Weighbridge
EOL	Engine-on-Load
ER	Eastern Railway
ESP	Engineering Scale Plan
FA & CAO	Financial Adviser & Chief Accounts Officer
FLS	Final Location Survey
FM	Freight Marketing
FOB	Foot Over Bridge
FOIS	Freight Operating Information System
GC	Gauge Conversion
GECPL	Gammon Engineers & Contractors Private Ltd
GIL	Gammon India Limited
GKP	Gorakhpur
GM	General Manager
GoAP	Government of Andhra Pradesh
GoJ	Government of Jharkhand
GoUP	Government of Uttar Pradesh
GST	Goods and Service Tax
GTL	Guntakal
GTPS	Gurla Thermal Power Siding
HCC	M/s. Hindustan Construction Company Limited

Abbreviation	Full Form
HDC	Haldia Dock Complex
HG	Hotgi
HSD	High Speed Diesel
HTW	Hathua
ICDs	Inland Container Depots
ICF	Integral Coach Factory
IDHHL	IRCON Davanagere Haveri Highway Limited
IPAS	Integrated Payroll & Accounting System
IR	Indian Railways
IRCA	Indian Railway Conference Association
IRCM	Indian Railway Commercial Manual
IRCON	IRCON International Limited
IREC	Indian Railway Code for Engineering Department
IRFC	Indian Railway Finance Corporation
IROAF	Indian Railways Organisation for Alternate Fuels
IRRS	Indian Railway Rolling Stock
ITT	Instruction to Tenderers
JPO	Joint Procedure Order
JV	Joint Venture
KDGI	Kudgi
KGG	Khagaria Jn.
KIR	Katihar Jn.
KLs	Kilolitres
Km	Kilometre
Kmph	Kilometre per hour
KoPT	Kolkata Port Trust
KPTCL	Karnataka Power Transmission Corporation Limited
LC	Level Crossing
LED	Light Emitting Diode
LHS	Limited Height Subway
LLF	Land License Fee
LOA	Letter of Acceptance
MCCS	Ultra Tech Cement Limited (Unit: Sonar Bangla Cement Works)
MJP	Moharajpur
MNQ	Mainpuri Junction
MoC	Ministry of Coal
MoD	Ministry of Defence
MoR	Ministry of Railways
MoU	Memorandum of Understanding

Abbreviation	Full Form
MRVC	Mumbai Rail Vikas Corporation Ltd
MW	Mairwa Station
MZC	Mirza-Cheuki
NBJU	New Barauni Jn.
NCR	North Central Railway
NER	North Eastern Railway
NFR	Northeast Frontier Railway
NHAI	National Highway Authority of India
NJP	New Jalpaiguri
NLCP	New Lakidih Open Cast Project
NOC	No Objection Certificate
NPV	Net Present Value
NR	Northern Railway
NTPC	National Thermal Power Corporation Limited
NWR	North Western Railway
OHE	Overhead Equipment
OM	Office Memorandum
OTA	Overtime Allowance
PAC	Public Accounts Committee
PAT	Profit After Tax
PAU	Purna
PCC	Permissible Carrying Capacity
PCCM	Principal Chief Commercial Manager
PCE	Principal Chief Engineer
PCME	Principal Chief Mechanical Engineer
PCOM	Principal Chief Operations Manager
PCRA	Proforma Capital and Revenue Account
PER	Perambur
PET	Preliminary Engineering cum Traffic
PFA	Principal Financial Adviser
PG	Performance Guarantee
PKRX	Pakur Lower Quarry Line no. 2 Siding
PLW	Patiala Locomotive Works
POs	Purchase Orders
POH	Periodical Overhauling
PPAP	ADB Coal Handling plant siding
PPT	Pirpainti
PPTP	Paradeep Port Through Distance Siding
PRDP	Paradeep
PSE	Public Sector Enterprise

Abbreviation	Full Form
PSR	Permanent Speed Restriction
PSUs	Public Sector Undertakings
PUs	Production Units
RB	Railway Board
RCDs	Rail Consumer Depots
RCF	Rail Coach Factory
RDP	Radhikapur
RDSO	Research, Design and Standards Organization
RHA	Risk and Hardship Allowance
RITES	Rail India Technical and Economic Service Limited
RJL	Rajmahal
RLDA	Rail Land Development Authority
RMS	Railway Mail Service
ROB	Road Over Bridge
RPU	Railway Production Unit
RRs	Railway Receipts
RSCS	Rajgaon Stone Co. Siding
RUB	Road Under Bridge
RWF	Rail Wheel Factory
RWP	Rail Wheel Plant
S&T	Signal and Telecommunication
SAIL	Steel Authority of India Limited
SBG	Sahibganj
SBP	Sambalpur
SCR	South Central Railway
SD	Security Deposit
SER	South Eastern Railway
SECR	South East Central Railway
SLJ	Sakrigali
SPV	Special Purpose Vehicle
SR	Southern Railway
SV	Siwan
Sr. DCM	Senior Divisional Commercial Manager
Sr. DOM	Senior Divisional Operations Manager
Sr. DSTE	Senior Divisional Signal and Telecom Engineer
SS	Station Superintendent
SSE	Senior Section Engineer
STD	Satrod
SWR	South Western Railway
TEU	Twenty Foot Equivalent Unit

Abbreviation	Full Form
TFTR	Through Formation Treatment
TIL	Tilrath
TLJ	Taljhari
TPH	Tinpahar Jn.
TSLJ	M/s Tata Steel Ltd Siding at Jakhapura
TSS	Traction Substation
USBRL	Udhampur-Srinagar-Baramulla New Broad Gauge Rail Link Project
VKM	Vehicle per Kilometre
WCL	Western Coalfields Limited
WCR	West Central Railway
WR	Western Railway
XEN	Executive Engineer
ZR	Zonal Railway