

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

NEW DELHI

21st DECEMBER, 2022

C&AG's Compliance Audit report on Railways presented in Parliament

Audit Report No. 25 of 2022 – 'Union Government (Railways) – Compliance Audit Report, Volume I' was laid in Parliament here today.

The Audit Report, Volume I consists of audit findings relating to one Pan India Paragraph and 25 individual paragraphs of the Ministry of Railways. The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2020-21 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 2020-21 have also been included, wherever necessary.

Pan India Paragraph

Para 2.1 Implementation of Railway Policy on Care and Protection of Children in contact with Railways

The salient findings emerging from the review of Railway Policy on Care and Protection of Children in contact with Railways were as follows:

- (i) Results of audit revealed inadequacies of SOP in addressing relevant provisions of the Juvenile Justice (JJ) Act, 2015, JJ Rules, 2016 and Circulars/Orders of Ministry of Women and Child Development (MWCD)/Railway Board (RB).
- (ii) At many stations, Child Help Groups (CHGs) were not formed. At other places, the composition of members of CHG did not conform to the Standard Operating Procedure (SOP). Monthly Review Reports were not submitted to Additional Divisional Railway Managers (ADRM)s by the CHGs. CHG meetings were not convened by Station Superintendents (SSs)/Station Masters (SMs) as envisaged in the SOP.
- (iii) There were shortfalls in setting up of Child Help Desks (CHDs) at Stations. Separate space for male and female children, who arrived and stayed at different stations was not provided. Records pertaining to details of Functionaries/Authorities for care and protection of children were deficient. Admission Register and Inventory Register were not maintained by SSs/SMs at many stations. Delay in reporting of found/rescued children to Child Welfare Committee (CWC) were noticed at many stations.

- (iv) No separate awareness programme on child care was conducted by Railway Protection Force (RPF) in many stations. Official website for the publication of rescued children at stations was also not in existence. Instances of directly handing over the children to their parents/other than parents by RPF authorities were a matter of serious concern.
- (v) Ministry of Railways has revised the SOP in December 2021 to address some areas of concern; however, there still exist issues which require further attention of the Ministry of Railways.

Individual Paragraphs

Para 2.2 Loss of opportunity to earn additional freight and extra expenditure on haulage: South Western Railway

Failure of South Western Railway Administration to supply the BOXNHA rakes with BOXNEL wagons on the Tornagallu-Ranjitpura route resulted in loss of opportunity to earn an additional freight of ₹ 48.24 crore for the period from 2013-14 to 2020-21. The Railway Administration also incurred an extra expenditure of ₹ 5.22 crore on haulage of 781 excess number of rakes during the period.

Para 2.3 Loss of revenue: South Western Railway

South Western Railway Administration leased land measuring 3.92 acre to M/s Maruthi Builders, Bengaluru for setting up a PSC Sleepers factory. The Railway Administration assessed Land License Fee (LLF) on land value of an incorrect location which was far below the nearest locations to the land leased out. This resulted in loss of revenue to the tune of ₹ 45.18 crore for the period from April 2006 to March 2021 due to non-adoption of higher land value of the nearest location for assessing the LLF.

Para 2.4 Non-realisation of staff cost amounting to ₹ 28.85 crore from M/s Mahanandi Coal Fields Limited, Talcher: East Coast Railway

Accounts department of East Coast Railway has failed to safeguard the interest of railway by not following the provisions contained in para 1141 of Indian Railway Code for the Accounts Department (Volume-I) for timely preparation of bills and pursuance for recovery. This has resulted in non-recovery of ₹ 28.85 crore of the staff cost from M/s Mahanandi Coal Fields Limited for the period from 2007 to 2021.

Para 2.5 Non/short recovery of inspection and maintenance charges from Private Siding Owners: Western Railway

Failure of Western Railway Administration to levy inspection and maintenance charges from private siding owners resulted in non/short recovery of inspection and maintenance charges amounting to ₹ 23.35 crore for the period from 2017-18 to 2021-22.

Para 2.6 Short recovery of license fees for Railway Mail Service (RMS): Western Railway

Western Railway Administration failed to periodically revise land license fees for Railway Mail Services (RMS) facilities granted to Department of Posts. This has resulted in short recovery of license fee amounting to ₹ 16.19 crore for the period from 2008-09 to 2021-22.

Para 2.7 Excess payment of Overtime Allowance: Eastern Railway

In contravention of the provisions of the Seventh Central Pay Commission, Eastern Railway Administration incurred excess payment of Overtime Allowance amounting ₹ 8.0 crore for the period from July 2017 to December 2021.

Para 2.8 Non-levy/non-collection of cost of commercial staff from the siding owners: East Central Railway

East Central Railway Administration did not follow Railway Board's instruction regarding levy of cost of railway commercial staff posted in four private sidings. This has resulted in non-recovery of staff cost to the tune of ₹ 7.57 crore for the period from January 2005 to December 2021.

Para 2.9 Short levy of demurrage charges from private sidings: East Coast Railway

Railway Board's guidelines of March 2012 for reckoning the detention hours for calculation of demurrage charges during back loading of rakes in private sidings was not implemented in two sidings of East Coast Railway till January 2018. This resulted in short collection of demurrage charges of ₹ 4.63 crore for the period from February 2015 to December 2017.

Para 2.10 Loss of earning capacity due to prolonged detention of rakes in siding: North Western Railway

North Western Railway Administration failed to provide timely release of locomotives at Ultratech Nathdwara Cement Limited siding after completion of unloading operation and release of the rakes by the party. This has resulted in prolonged detention of rakes leading to loss of earning capacity of wagons to the tune of ₹ 12.60 crore for the period from August 2019 to July 2021.

Para 2.11 Inordinate delay in concluding enquiry proceedings related to fake railway appointments: Central Railway

Twenty two Group 'D' employees joined Metropolitan Transport Project/Railway (MTP/R) between May 1989 and April 1992 based on fake documents. Central Railway Administration took 14 to 20 years time to conclude the enquiry proceedings resulting in these 22 Group 'D' employees being retained in service for 29 to 32 years drawing regular pay and allowances amounting to ₹ 10.37 crore.

Para 3.1 Wasteful expenditure due to award of contracts without ensuring the possession of encumbrance free land: Eastern Railway

Eastern Railway Administration awarded contracts without ensuring the possession of encumbrance free land for approach railway connectivity. Due to non-completion of the project for more than 13 years from the date of sanction of

Detailed Estimate, the intended purpose of the project was yet to be fulfilled. This has resulted in blockage of capital amounting to ₹ 130.85 crore as unfruitful.

Para 3.2 Injudicious procurement of an additional CNC Horizontal Boring and Milling Machine: Patiala Locomotive Works

Failure on the part of Patiala Locomotive Works (PLW) Administration to review the requirement of an additional CNC machine as per Railway Board's directives of 2014, resulted in injudicious procurement of the CNC machine at a cost of ₹ 22.87 crore.

Para 3.3 Infertuous expenditure on creation of Mid-Life Rehabilitation facilities at Parel Workshop: Central Railway

Central Railway (CR) Administration's failure in fulfilling the pre-requisites such as availability of clear site for work/funds led to foreclosure of civil works contracts of Mid-Life Rehabilitation (MLR) Project. Besides, CR Administration took imprudent decision to develop the Passenger Terminal facility by closing the Parel Workshop despite incurring expenditure of ₹ 22.07 crore on MLR Project.

Para 3.4 Blocking of capital due to non-completion of approach roads: Central Railway

Central Railway Administration constructed two Road Over Bridges (ROBs) at a cost of ₹ 18.75 crore without obtaining requisite undertaking from Maharashtra State Government for completion of the approach roads. This resulted in blocking of capital of ₹ 18.75 crore on construction of ROBs for more than four years.

Para 3.5 Avoidable payment to the contractors under Price Variation Clause due to non-compliance of the Railway Board directives: Western Railway

Poor planning by Western Railway Administration in completing the preliminary works resulted in avoidable payment of ₹ 15.76 crore to contractors under the Price Variation Clause (PVC).

Para 3.6 Violation of General Conditions of Contract resulted in undue benefit to the contractor to the tune of ₹ 12.17 crore: South East Central Railway

Non-adherence to General Conditions of Contract regarding restrictions on subletting of work to sub-contractor resulted in undue benefit of ₹ 12.17 crore to the contractor.

Para 3.7 Non-recovery of State Government's share of ₹ 7.75 crore in construction works: South East Central Railway

South East Central Railway Administration failed to execute supplementary agreement/Memorandum of Understanding (MoU) with the Chhattisgarh State Government for construction works of Road Over Bridges (ROBs) and Road Under Bridges (RUBs). As a result, State Government's share to the extent of ₹ 7.75 crore could not be recovered since February 2019.

Para 3.8 Non-realisation of penalty from Contractors for damages caused to signalling and telecommunication cables: Southern Railway

Southern Railway Administration failed to comply with the provisions of Joint Procedure Order (JPO) related to undertaking digging work in vicinity of signaling, electrical and telecommunication cables. This has resulted in avoidable cable damages and non-realisation of penalty of ₹ 6.43 crore from the defaulting contractors for damaging the cables while executing civil engineering work.

Para 3.9 Non-recovery of Liquidated Damages from Contractors: North Eastern Railway

Weak internal control mechanism in North Eastern Railway Administration led to non-recovery of Liquidated Damages (LD) applicable for grant of extensions under Clause 17(B) of the General Conditions of Contract (GCC) amounting to ₹ 6.20 crore.

Para 3.10 Non-recovery of leasing charges for the railway land under possession of Central Reserve Police Force: Northern Railway

Railway land measuring 11,299.66 sqm was under possession of Central Reserve Police Force (CRPF) since 1989. However, due to poor land management, Northern Railway Administration did not raise bills for the land leasing charges amounting to ₹ 4.88 crore for the period from 1989-90 to 2015-16.

Para 4.1 Loss of revenue due to running of Suvidha Express trains: South Western Railway

Ministry of Railways introduced Suvidha Express Trains on Yesvantpur-Jaipur-Yesvantpur route to meet peak demand during festivals/holidays on variable fare structure. Despite the suggestion of Commercial Department, South Western Railway Administration failed to convert the Suvidha Express Trains running with poor patronage to Tatkal Special/Superfast Express Trains. This resulted in loss of revenue to the tune of ₹ 80.74 crore for the period from 2016 to 2021.

Para 4.2 Extra expenditure due to delay in finalizing power purchase agreements through Open Access: West Central Railway

Ministry of Railways issued instructions (March 2015) to all the Zonal Railways to get direct power from Generating Companies through Open Access and ensure provision of Availability Based Tariff (ABT) Meters. Despite entering into the Agreement in March 2016 under Open Access, power supply was commenced only from January 2017 mainly due to delay in provisioning of ABT Meters. Delay in shifting to Open Access resulted into extra expenditure of ₹ 75.10 crore on power purchase.

Para 4.3 Loss of revenue due to application of incorrect loco hiring charges: Southern Railway

Ministry of Railways directed (December 2014) all Zonal Railways to collect loco hiring charges on per loco per hour basis, instead of the existing per loco per day

basis. Southern Railway Administration in violation of the instructions, entered into annual agreements with North Chennai Thermal Power Station (NCTPS) for hiring one railway diesel loco for transportation of Coal on a per day basis. This has resulted in loss of ₹ 17.60 crore for the period from April 2017 to March 2021.

Para 4.4 Short closure of electrification works due to incomplete pre-requisite works: South East Central Railway

South East Central Railway Administration awarded Railway electrification works without ensuring progress of pre-requisite civil works. Thus, award of Railway electrification works without ensuring sufficient progress of civil works resulted in short closure of electrification works after incurring an expenditure of ₹ 9.0 crore.

Para 4.5 Avoidable expenditure on procurement of Channel Air Boxes: Banaras Locomotive Works

Despite, MoR's policy of complete electrification, Banaras Locomotive Works (BLW) accepted 660 Channel Air Boxes meant for diesel locomotives from a foreign supplier, beyond the scheduled period of delivery. The items so procured were lying unused for more than three years. This resulted in avoidable expenditure of ₹ 6.85 crore.
