

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

New Delhi

18th December, 2025

**CAG COMPLIANCE AUDIT REPORT ON RAILWAYS PRESENTED IN
PARLIAMENT**

Audit Report No. 24 of 2025 – ‘Union Government (Railways) – Compliance Audit Report’ was laid on the table of both Houses of the Parliament here today. The Audit Report contains results of the compliance audit of (a) Levy and recovery of charges on Private Sidings in Indian Railways and (b) Working of Signalling Systems in South Western Railway of Ministry of Railways of the Union Government, covering the period leading upto Financial Year 2022-23. Information relating to the period subsequent to 2022-23 have also been included, wherever necessary, to update the status of audit observations.

Brief of the audit observations:

1. Levy and recovery of charges on Private Sidings in Indian Railways

Sidings are constructed to eliminate handling of goods at the stations as well as local haulage between the place of production/ consumption and Railway station. Despite RB's instructions (April 2017) in reference to audit findings incorporated in the Audit Report No. 24 of 2015 regarding recovery of outstanding dues from the siding owners, effective steps were not taken to address the issue. Audit observed that an amount of ₹ 4087.33 crore (including interest on delayed payments) was recoverable from the 269 private siding owners till March 2023, against various siding charges, such as, Land License Fee (LLF), repair & maintenance, staff cost, demurrage charge, inspection charge, siding charge, *etc.* levied on the siding owners. LLF of ₹ 2016.20 crore pertains to Central Railway contributed to 95 *per cent* of the total outstanding balances of ₹ 2134.90 crore against LLF.

The total recoverable amount against various siding charges (excluding interest on delayed payments) was ₹ 2625.86 crore. However, the delays in preferring bills and their non-realisation from concerned siding owners were factors leading to the accumulation of dues. Delays up to a maximum of 1825

days were noticed in recovery from the siding owners. Moreover, Zonal Railways could not levy and recover interest amounting to ₹ 1461.47 crore accrued on delayed payment of various charges.

Further, due to deficient implementation of Engine on Load (EOL) scheme, Indian Railways suffered a loss of ₹ 131.88 crore.

Basic records like siding register which records various information related to sidings like length, date of commencement, basis of charging freight, agreement details *etc.*, were not being maintained by the Zonal Railways. There was absence of any IT application for monitoring levy and recovery of various siding charges, which added to the delay in raising of bills and accumulation of various charges recoverable from the siding owners. Siding agreement, which spells out terms and conditions for levy of various charges, were either not executed or not renewed periodically as per extant guidelines of RB.

2. Working of Signalling Systems in South Western Railway

The audit revealed that there were substantial cases of signal failures in South Western Railway (SWR), at an average of 2,961 incidents per annum, reflecting poorly on the reliability and availability of signalling systems. Maintenance schedules in respect of signalling assets were undertaken at the specified periodicity and there was no shortfall during the period from 2020-21 to 2022-23. Though 100 *per cent* of required maintenance blocks were granted, cases of signal failures continued to take place in substantial numbers. Joint inspections of signals and signalling assets by SSEs/JEs were conducted as per the schedules prescribed in Indian Railway Signal Engineering Manual (IRSEM) without any shortfalls. A total of six cases of Signal Passing at Danger (SPAD) were reported during the review period. Though the cases of accidents in SWR are declining, cases of SPAD and cases of non-setting of facing points to unoccupied lines after receiving the previous trains at several stations, are a cause for concern.

Safety audit had also pointed out several irregular maintenance practices. Most of the observations were repetitive which suggests that constant monitoring was absent. There were several instances of abnormal delays in attending to deficiencies pointed out during inspections/joint inspections by the safety department.

Several cases of disconnection/reconnection of signalling equipments were done in contravention to Railway Board orders which mandated that no disconnection/reconnection should be resorted to, without issue of disconnection memo to the Station Master and obtaining necessary approvals. Maintenance staff are not strictly adhering to the stipulated rules regarding disconnection and reconnection of signalling gears which may result in accidents.

Incidences of Optical Fibre Cable (OFC) and signal cable cuts continued unabated leading to equipment failures and disruption to signalling and telecommunication services. Integrated Cable Route Plan has not been prepared yet. Issues pertaining to sharing of Cable Plans with contractors and lack of co-ordination between Signalling and Engineering departments continue to persist.

There was no upgradation plan *per se* for upgrading the existing signalling assets with technologically advanced systems.

Large number of Manned Level Crossings (MLCs) with Train Vehicle Units (TVUs) more than 50,000 and 20,000 had been interlocked. However, six MLCs with TVUs more than 50,000 were yet to be interlocked in Mysuru Division. Similarly, 57 MLCs with TVUs more than 20,000 were yet to be interlocked in SWR.

Automatic Fire Detection and Alarm Systems were yet to be provided in 67 stations and Emergency Sliding Booms (ESB) are yet to be provided at 206 level crossings as on March 2023. Signal Maintenance Management Systems (SMMS) for facilitating predictive maintenance of signalling assets and implementation of Computerised Train Signal Registers are yet to be implemented in SWR.

Important works such as replacement of conventional panels with advanced Visual Display Units (VDU), replacement of overaged signalling gears, replacement of overaged interlocking systems with Electronic Interlocking systems and implementation of Predictive Maintenance System are yet to be completed.