

O/o Comptroller and Auditor General of India

PRESS RELEASE

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**CAG Report - Union Government (Railways) for the year ended March 2016
laid in Parliament;**

**Report consists of audit findings relating to compliance issues in respect of
the Ministry of Railways and its various field units**

Comptroller and Auditor General of India's Report No. 14 of 2017 - Union Government (Railways) for the year ended March 2016 has been laid on the table of both houses of Parliament today.

The Audit Report consists of audit findings relating to compliance issues in respect of the Ministry of Railways and its various field units including Railway Public Sector Undertakings and Autonomous Bodies. The Audit Report includes four reviews conducted over all Zonal Railways on selected themes and 31 individual audit findings as a result of deficiencies/irregularities noticed during the course of transaction audit over Indian Railways during the year 2015-16. The brief of the major audit findings included in this Report are given below:

Parcel Business in Indian Railways

As per the Railways Act 1989, 'Parcel' is defined as goods entrusted to the Railway Administration for carriage by passenger or parcel train. Articles such as personal effects, general merchandise, perishables, scooters and motorcycles packed as per conditions prescribed by Railways are accepted as parcels for booking and carriage by Railways.

- Indian Railways did not undertake adequate steps to put in place the infrastructure and other institutional arrangements for improvement in parcel services.
- Adequate weighment arrangements were not made/ensured by the railways for weighment of leased parcel traffic. On the other hand, rules were framed for termination of contracts after fourth default of overloading. These were, however, not a deterrent as weighment was not being done as a regular measure to check overloading despite laid down norms.
- Response for booking of leased parcel traffic through Brake Vans as well as Parcel vans was inadequate and leasing space remained grossly unutilized. Leased traffic services suffered from lack of customer friendliness and from maladies like delays in internal processes and deficiencies in decision making.

- For non-leased traffic, Zonal Railways carried parcels beyond their intended destinations in a significant number of cases. In the two months test checked, railways carried 13565 over carried parcels back to their original destinations.

(Para 2.1)

Without assessing the tourism potential, decision of Northeast Frontier Railway to preserve two sections of Railways as heritage proved injudicious. This led to wasteful expenditure of ₹ 27.33 crore on their preservation/dismantling. **(Para 2.3)**

Rules for refund of charges on failure to provide air-conditioning facility in Air Conditioned (AC) coaches exist in railways. However, rules for refund of superfast surcharge to passengers, in cases where Superfast services have not been provided to the passengers, have not been framed by the Railway Board. On test check, Audit observed that in North Central and South Central Railways, superfast charges (₹ 11.17 crore) were levied and collected during the period 2013-14 to 2015-16 from the passengers on days, where 21 Superfast trains did not attain the average speed of 55 kmph (on broad gauge) for a 'Superfast' train. **(Para 2.5)**

Northern Railway failed to recover the license fee for additional/excess space provided/occupied by banks for ATMs as per the laid down rules. Audit noticed a total short recovery of ₹ 9.40 crore from banks at 97 railway stations over Northern Railway. **(Para 2.8)**

Diesel Locomotive Works (DLW) at Varanasi manufactures diesel locomotives for Indian Railways. DLW entered (October 1995) into a contract with M/s Electro Motive Diesel (EMD) of United States of America (USA) for Transfer of Technology (TOT) for manufacturing of High Horse Power diesel locomotives, which extended over the period of 1996-2006 at the total cost of US\$ 1.75 crore.

Despite a lapse of 10 years of TOT, DLW failed to develop indigenous sources and continued import of one-third of its requirement. Most of the imports (almost 91.73 *per cent* - ₹ 4329 crore in last five years) were made from the single supplier M/s EMD(USA) from whom the technology was transferred. DLW also did not take effective steps for development of new vendors to ensure competitive rates and continued to remain dependent on single source suppliers especially the foreign suppliers. **(Para 3.1)**

In August 2014, Railway Board instructed not to import crankcases (a component of diesel locomotive), but to improve in-house production and indigenous sources for the same. It was also instructed to revise the production plan of locomotives, if required. However, DLW continued import of crankcases from M/s EMD at higher cost and incurred extra expenditure of ₹ 59.28 crore in importing 81 crankcases between September 2014 to November 2015. **(Para 3.2)**

Management of linen in Indian Railways

A robust system for procurement, washing and distribution of linen is necessary to provide clean, hygienic, well ironed and good quality linen to all passengers travelling in AC Classes of Indian Railway. Audit observed that

- Provision of inspection of new supply of linen was not being used effectively, to ensure, quality of the linen received. The storage space at General Stores Depot was not adequate and items were not stored in proper environment. The storage space in the Coaching Depots was also not adequate and proper storing arrangements were not made at many places.
- No norms had been prescribed for optimal stock of bedroll to be carried in trains.
- Blankets and pillows were not dry cleaned and/or sanitized for long periods before supply to the passengers.
- The existing departmentally installed laundries did not have sufficient handling capacity and railways continued to meet bulk of its requirement through outsourcing. The pace of setting up of departmental mechanised laundries was slow.
- No quality check of washing through departmental mechanised laundries was done nor any norms prescribed for the same. Necessary clearances for operating 26 out of 30 mechanised laundries were not obtained from respective State Pollution Control Boards. Effluent Treatment Plants (ETPs) were not installed in case of 15 out of 30 mechanised laundries.
- There were deficiencies in the washing contracts which diluted the enforcement of quality assurance measures. **(Para 4.1)**

The Coach Rehabilitation Workshop (CRWS), Bhopal undertakes the activity of Mid-life Rehabilitation (MLR) of passenger coaches in the age group of 12 to 15 years. The MLR activity include repair on corrosion and degenerated interior and furnishing is carried out to bring it to the level of “as good as new”. Audit noticed that

- 137 coaches received in CRWS, returned back to Zonal Railways during 2012-13 to 2015-16 with the total detention of 1066 days leading to loss of earning capacity of ₹ 2.21 crore of coaches. The reasons for returning back these coaches were such as the coaches were new/underage, overage, MLR already done, beyond repair, non-availability of adequate space etc.
- There were delays in MLR activities in the workshop as against the prescribed norms on account of insufficient space and frequent failure of machines.
- Out of total 2286 coaches rehabilitated during 2012-13 to 2015-16, 855 coaches were found defective and had to be re-repaired. The total time consumed on re-repair was 2423 days.

(Para 4.2)

Railway Board introduced a policy of recruitment of land losers as a compensation for acquisition of their land even though land could have been acquired using enabling provisions through notification of 'Special Projects' for expeditious land acquisition without making commitment of recruitment. When South Eastern Railway sought clarification on this issue, the Railway Board failed to take a clear stand on the policy. This created a situation of confusion and led to agitation by land losers. The work of the projects Bagnan-Amta and Deshpran-Nandigram New Railway Line projects in Kharagpur Division of SER had to be stopped and expenditure of ₹ 93.89 crore was rendered unfruitful. **(Para 5.1)**

Delay in payment of spectrum charges by NR and ECR led to payment of late fee/surcharge of ₹19.47 crore. In NFR, ER and NCR spectrum charges surcharges/late fee to the tune of ₹ 89.77 crore (including surcharge/late fee of ₹26.75 crore) were outstanding. Unless the spectrum charges are paid on time, late fee/surcharge would be imposed by Department of Telecommunication, which would have to be paid by the Zonal Railways, as there is no provision of waiver of late fee on spectrum charges. **(Para 5.2)**

Delays on part of East Central Railway to provide necessary facilities/material/ site to the contractor led to delay in building of the new bridge between Kiul and Luckee sarai stations. On the other hand, works taken up for strengthening of the existing bridge were also not completed on time due to lapses on part of the Railway. This resulted in continuation of Permanent Speed Restriction and running of trains on Kiul Bridge for the past 12 years, which is a safety hazard. **(Para 5.5)**

Railway's decision to award a contract for replacement of FOB without ensuring clear site and drawings resulted in unfruitful expenditure of ₹ 5.75 crore on fabrication of steel material for the FOB that would remain blocked till further decision for taking up the work. The existing foot over bridges are very old and not replaced/changed since installation. Till the time they are replaced, their use poses a threat to the safety of the passengers. **(Para 5.8)**