

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

21 July, 2025

C&AG's Compliance Audit report on Union Government (Railways) presented in Parliament

Audit Report No. 5 of 2025 – 'Union Government (Railways) – Compliance Audit Report' was laid on the table of Rajya Sabha on 4 April, 2025 and today in Lok Sabha.

The Audit Report contains results of the compliance audit of the Ministry of Railways of the Union Government. It contains 25 audit observations. The instances mentioned in this Report are those which came to notice in the course of test audit for 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:

Para 2.1 Non-realisation of shunting charges: East Central Railway

Non-levy of shunting charges for shunting activity by using railway engines at Bina siding (BCSK) of East Central Railway resulted in non-realisation of ₹ 50.77 crore from the siding owner during the period from April 2020 to March 2023.

Para 2.2 Loss due to inaction on proposals relating to operation of train with poor patronage: South Western Railway

Even after poor patronage of an express train between Satya Sai Prasanthi Nilayam (SSPN) station and KSR Bengaluru City (SBC) station, which was repeatedly reported by Bengaluru (SBC) Division, South Western Railway (SWR) continued its operation. This resulted in loss of ₹ 17.47 crore on its running during the period from 2017-18 to 2022-23.

Para 2.3 Loss of revenue due to non/delayed upgradation of routes: Western Railway

Ministry of Railways permitted freight loading of CC+8 tonne axle load on origin-destination pairs over routes where the CC+6/CC+4 stretches were within 10 per cent of the total distance of route, by putting suitable speed restrictions till conversion of such stretches into CC+8. These directives were implemented in Western Railway in three such routes after a delay of more

than two years which led to less loading of commodity of 51,453 tonnes in rakes resulting in revenue loss of ₹ 6.17 crore during the period from June 2021 to September 2023. In one other such route, these directives were yet to be implemented. As a result, 23,817 tonnes of commodity could not be loaded in rakes resulting in loss of revenue of ₹ 6.45 crore during the period from April 2022 to September 2023.

Para 2.4 Loss of ₹ 11.02 crore to the Railways due to sanction of ineligible STS concession: Southern Railway

To garner additional traffic, concession in freight rates was allowed by the Railways under the Station-to-Station Rates (STS) scheme. Railway Board issued comprehensive guidelines which specifically instructed the Zonal Railways to ensure that this concession results in increased freight traffic and the consignees should not be able to take concession in the name of new traffic by changing the loading point or by diverting the existing traffic. However, Southern Railway Administration sanctioned ineligible concession resulting in loss of ₹ 11.02 crore to the Railways.

Para 2.5 Loss of potential freight earning due to empty haulage of defective wagons: South Eastern Railway

South Eastern Railway supplied unfit/unloadable wagons along with fit wagons to Ultratech Cement Limited Siding at Dhutra and Orissa Cement Limited Siding at Rajgangpur. These defective wagons were allowed to run empty along with fit wagons in the outward rakes for different locations. As a result, South Eastern Railway could not earn potential freight to the tune of ₹ 10.25 crore for these defective empty wagons during 2021-22 and 2022-23.

Para 2.6 Failure of Railway Administration in timely supply of rakes against premium indent resulted in potential loss of premium charges: West Central Railway

Railway Administration failed to implement Railway Board's Policy by not supplying rakes to the parties against premium indents resulting in potential loss of premium charges amounting to ₹ 6.16 crore.

Para 2.7 Failure to initiate proposal for notifying a route to carry higher axle-load resulted in loss of revenue: Southern Railway

The objective of Southern Railway (SR) to operate CC+8 loads in Magnesite Junction - Nagercoil section (458.25 Kms) could not be realised due to non-submission of a proposal to Ministry of Railways to notify the Karur-Nagercoil section as fit for running CC+8 loads. This resulted in loss of revenue of ₹ 5.43 crore during the period April 2018 to March 2023 due to carrying of less load through the entire section.

Para 3.1 Short recovery of land licence fee of ₹ 148.61 crore from Government-aided schools: Northern Railway

Northern Railway did not comply with Railway Board's directives to recover license fee at the rate of six per cent of land value from five Government-aided schools which led to short recovery of licence fee of ₹ 148.61 crore.

Para 3.2 Non-recovery of contribution from contractors towards District Mineral Foundation: South Eastern, South Western, North Central, East Coast, Eastern, North Western, Southeast Central, West Central and Central Railways

The Mines and Minerals (Development and Regulation) Act, 1957 provides for payment towards District Mineral Foundation (DMF) in the interest and benefit of persons and areas affected by mining-related operations. Contribution towards DMF is to be deducted from contractors along with royalty, in case the same is not paid by the contractor. Though royalty is being recovered by South Eastern, South Western, North Central, East Coast, Eastern, North Western, South East Central, West Central and Central Railway Administrations from contractors' bills, contribution towards DMF is not being recovered, resulting in non-recovery of ₹ 55.51 crore during the period from January 2015 to March 2024.

Para 3.3 Non-realisation of ₹ 25.48 crore in execution of deposit work: South Central Railway and Northeast Frontier Railway

Non-compliance to the codal provisions relating to deposit works resulted in non-realisation of ₹ 10.05 crore from Government of Andhra Pradesh by South Central Railway and ₹ 15.43 crore from Defence Department and other parties by Northeast Frontier Railway.

Para 3.4 Avoidable liability due to delayed renewal of licenses for Very High Frequency sets: South Central Railway

Delay in payment of license fee by South Central Railway Administration, for Very High Frequency sets led to avoidable financial liability of ₹ 23.16 crore towards late fee.

Para 3.5 Non-adherence to the instructions on apportionment of cost: Central Railway

Non-adherence to codal provisions and Ministry of Railway's (MoR) instructions in apportionment of cost sharing between Railways and Government of Maharashtra (GoM) resulted in extra expenditure of ₹ 15.62 crore in construction of four Road Under Bridges (RUBs) in Diva-Panvel–Jasai–JNPT section on Western Freight Corridor of Dedicated Freight Corridor Corporation of India Limited (DFCCIL) project.

Para 3.6 Irregular reimbursement of seigniorage charges: South Central Railway

South Central Railway Administration amended provisions of Indian Railway Standard General Conditions of Contract 2014 without approval of the Ministry of Railways. This resulted in irregular reimbursement of seigniorage charges of ₹ 15.51 crore to contractors.

Para 3.7 Non-compliance of Railway Board's instructions and provisions of Memorandum of Understanding (MoU) resulted in non-realisation of State Government's share for construction of Road Over Bridge: Eastern Railway

Eastern Railway failed to implement Railway Board's instructions and provisions of Memorandum of Understanding for construction of a Road Over Bridge. As a result, the State Government's share to the extent of ₹ 13.52 crore could not be realised even after commissioning of the bridge.

Para 3.8 Non-execution of agreement with the Siding Authority (CONCOR) led to non-realisation of Maintenance and Inspection Charges: Northeast Frontier and South Central Railways

Non-adherence to the instructions of Ministry of Railways led to non-realisation of Maintenance & Inspection Charges of ₹ 12.76 crore from the Container Corporation of India Limited (CONCOR) authorities.

Para 3.9 Non-commencement of the work of approach roads led to idling of the bridge proper resulting in blocking of capital: South Western Railway

South Western Railway Administration constructed Road Over Bridge without ensuring matching action by Government of Karnataka for their shared work. This has resulted in non-elimination of Level Crossing and blocking of capital of ₹ 11.81 crore for more than five years (2018 to 2023).

Para 3.10 Non-development of infrastructure at Gosalpur Goods shed resulted in detention of loaded rakes: West Central Railway

Railway Administration could not develop proper infrastructure at Gosalpur Goods shed despite having sufficient freight business resulting in detention of loaded rakes.

Para 3.11 Irregularity in awarding of contract: Northeast Frontier Railway

In violation of stipulated provisions, Northeast Frontier Railway Administration accepted higher rates for procurement of machine crushed Track Ballast ignoring the last accepted rates prevailing in the same area. This resulted in undue benefit of ₹ 9.40 crore to the contractor due to procurement at a higher rate.

Para 3.12 Non-commissioning of Electric Loco Trip Shed in New Jalpaiguri led to blocking of funds: Northeast Frontier Railway

Improper planning and lack of co-ordinated efforts of Railway Electrification (RE) Organisation and Open Line (OL) Organisation of Northeast Frontier Railway led to non-commissioning of Electric Loco Trip Shed at New Jalpaiguri, and consequent blocking of funds of ₹ 9.33 crore.

Para 3.13 Infertuous expenditure on construction of a terminal station: Eastern Railway

Decision to execute buffer-ended loop deviating from original plan without realising the operational constraints resulted in infertuous expenditure of ₹ 7.62 crore with further undischarged liability of ₹ 1.65 crore in connection with construction of New Garia Terminal station.

Para 3.14 Avoidable extra expenditure of ₹ 7.40 crore on transportation of PSC sleeper due to mismanagement of supply chain: South East Central Railway

Due to non-compliance of Railway Board's instructions and mis-management of supply chain, South East Central Railway incurred avoidable expenditure of ₹ 7.40 crore towards transportation of Pre-stressed Concrete sleepers from longer distance despite availability of sleepers in the nearer Sleeper Plant.

Para 4.1 Manufacturing of coaches for Nilgiri Mountain Railway (NMR) without assessing basic technical requirement: Southern Railway and Integral Coach Factory

Southern Railway (SR) planned (May 2015) to replace 28 Nilgiri Mountain Railway (NMR) Meter Gauge coaches. Ministry of Railways (MoR) advised (July 2015) Integral Coach Factory (ICF) to design and develop a prototype coach. ICF manufactured 28 NMR coaches and delivered these (between March 2019 and March 2021) to SR at a cost of ₹ 27.91 crore. ICF did not comply with the instructions of MoR in developing a prototype coach in consultation with Research, Design and Standards Organisation which led to creation of ineffective and deficient assets at a cost of ₹ 27.91 crore as NMR coaches were not put to effective use even after three years of manufacturing.

Para 4.2 Short recovery of electricity charges from the occupants of Railway quarters: East Central Railway

Non-implementation of the revised rate of electricity charges of various State Electricity Boards (SEBs) for recovery from the occupants of Railway quarters in Dhanbad Division of East Central Railway resulted in short recovery of ₹ 14.89 crore.

Para 4.3 Injudicious procurement of Coach Shot Blasting Plant: Eastern Railway

Disregarding Luluah Workshop's submission on its unsuitability, one Coach Shot Blasting Plant compatible with Linke Hofmann Busch (LHB) coaches only was procured and commissioned in the Workshop as an integral part of mechanised system of painting of coaches. However, subsequent decision of Workshop Authority to outsource the painting and allied works of LHB coaches rendered the procurement of the plant at a cost of ₹ 12.66 crore injudicious.

Para 4.4 Non-availing of input tax credit due to erroneous flagging and failure to rectify flagging of Works Contract bills within stipulated time: Eastern Railway

Eastern Railway did not follow Ministry of Railway's guidelines for flagging of Works Contract bills for claiming input tax credit and further could not rectify the incorrect flagging within the stipulated time. As a result, Eastern Railway could not avail ₹ 6.45 crore as Input Tax Credit (ITC) on Goods and Service Tax paid.