



**Appreciation Note  
of the  
Director General of Audit  
South East Central Railway  
Bilaspur**



**Year: 2017-18**



सत्यमेव जयते

**Appreciation Note  
of the  
Director General of Audit  
South East Central Railway  
Bilaspur**



**Year: 2017-18**

## Preface

I am pleased to present my Appreciation Note for the year ended 31<sup>st</sup> March 2018. This Note flags the important matters, which, in our opinion, are required to be brought to the notice of the General Manager, South East Central Railway.

This Note covers comments arising from the audit of the accounts of South East Central Railway for the year 2017-18 and other issues that we noticed in the course of the test audit of transactions of all the departments, viz., Engineering, Mechanical, Electrical, Signal & Telecommunication, Commercial and Personnel of South East Central Railway during 2017-18. The Audit observations contained in the report are essentially based on the results of audit conducted during the year 2017-18 but there are, however, matters relating to the transactions pertaining to the earlier years mentioned, wherever relevant.

Report of the Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March 2018 has already been submitted to the President of India under Article 151(1) of the Constitution of India. Therefore, Audit comments included in the Comptroller and Auditor General's Report have not been reflected in this report. However, some cases included in the PDAs Appreciation Note may find a place in the report of the Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March 2017.

I hope that the report will help the Railway Administration in fulfilling its objectives and act as a tool for value addition in good governance.

-Sd-

**(Bijay Kumar Mohanty)**  
**Director General of Audit**

## CONTENTS

Preface		
Chapter 1-	Financial Results	5
Chapter 2-	Appropriation Accounts	11
Chapter 3-	Traffic- Commercial and Operations	15
Chapter 4-	Engineering	18
Chapter 5-	Mechanical	43
Chapter 6-	Electrical	45
Chapter 7-	Signal & Telecommunication	50
Chapter 8-	Personnel	58
Chapter 9-	Audit Effectiveness	62

## Chapter 1 – Financial Results

This chapter provides a broad perspective of the finance of South East Central Railway (SECR) during 2017-18 and analyses the critical changes in the major financial indicators from the previous year as well as the overall trend.

### Highlights

- There was growth in gross traffic receipts by Rs. 1096.50 during the year 2017-18 (para 1.1)
- Total working expenses increased by 8.96 percent (Rs. 600.10 crore) from the previous year.(para 1.1)
- Goods earnings increased by 10.21 per cent (Rs. 1090.19 crore) in 2017-18 over 2016-17 (para 1.2.2)
- The operating ratio, which was at 56.24% in 2016-17 has been decreased to 55.82% in 2017-18. (para 1.4.1)
- There is a rising trend in the Capital-Output Ratio indicating employment of more capital per NTKM (Para 1.4.2)
- There was improvement in staff productivity in comparison to last year(Para 1.4.3).

### 1.1 Summary of receipt and expenditure of S.E.C. Railway

The financial results of the South East Central Railway for the year 2017-18, a comparison of the Budget Estimate (BE), Revised Estimate (RE) 2017-18 and actual of the previous year 2016-17 are shown below:

(Rupees in crore)

Sl. No.	Particulars	Actual 2016-17	Budget Estimate 2017-18	Revised Estimate 2016-12017-18	Actual 2017-18
1	<b>Gross Traffic Receipts</b>	<b>12002.28</b>	<b>13535.85</b>	<b>13608.67</b>	<b>13098.78</b>
2	(a) Miscellaneous Receipts	0.17	1.22	0.46	0.19
	(b) Miscellaneous Expenditure	0.90	5.81	1.00	1.15
	Net Miscellaneous Receipts (a) – (b)	<b>-0.73</b>	<b>-4.59</b>	<b>-0.54</b>	<b>-0.96</b>
3	<b>Total Receipts (1 + 2)</b>	<b>12001.55</b>	<b>13531.26</b>	<b>13608.13</b>	<b>13097.82</b>
4	(a) Ordinary Working Expenses	5272.17	5647.30	5450.30	5532.27
	(b) Less operational loss on strategic lines	0	0	0	0
5	Appropriation to (a) Depreciation	149.00	140.00	140.00	44.00

	Reserve Fund (b) Pension Fund	1276.00	1638.00	1656.74	1721.00
6	<b>Total Working Expenses (4+5)</b>	6697.17	7425.30	7247.04	7297.27
7	<b>Net Revenue (3-6)</b>	<b>5304.38</b>	<b>6105.96</b>	<b>6361.09</b>	<b>5800.54</b>

There was growth in gross traffic receipts over 2016-17, the total working expenses increased by 8.96 percent (Rs. 600.10 crore) from the previous year. There was an increase in the net revenue by 9.35% (Rs 496.16 crore) over the previous year. The targets set for Gross Traffic Receipts and net revenue for the Revised Budget Estimates of 2017-18 were not achieved.

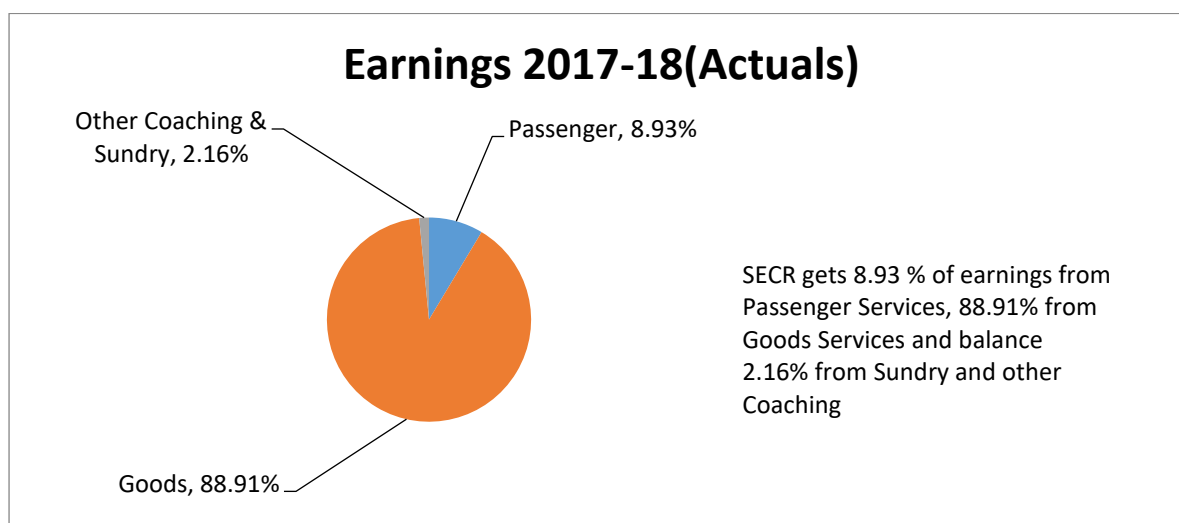
## 1.2 Gross Traffic Receipts

The detailed break-up of the traffic receipts of the SEC Railways for the year 2017-18 along with the details of Budget Estimate, Revised Estimate and actual of previous year's receipts are shown below:

(Rs. in crore)

Traffic Earnings	Actuals 2016-17	Budget Estimate 2017-18	Revised Estimate 2017-18	Actuals 2017-18
Passenger	1071.28	1148.52	1164.66	1127.90
Goods	10671.81	11911.51	12110.00	11762.00
Other Coaching	86.79	126.41	125.00	87.80
Sundries including suspense	172.41	349.41	209.01	121.08
<b>Total</b>	<b>12002.28</b>	<b>13535.85</b>	<b>13608.67</b>	<b>13098.78</b>

There was an overall increase in traffic earnings by RS. 1096.50 crore during the year 2017-18 as compared to previous year 2016-17 and the earnings was less by RS 509.89 crore of the Revised Estimate for the year 2017-18



The results of the review of the South East Central Railway's performance in passenger and goods traffic are discussed in the succeeding paragraphs.

### 1.2.1 Passenger Earnings

The trends in passenger earnings vis-à-vis the average lead and the average rate per passenger kms over the past five years are as follows:

Year	Passenger earnings (in crore of Rs.)	No. of passengers (in millions)	Passenger kms (in millions)	Average lead per passenger (in kms) Col. (4) / (3)	Average earnings per passenger kms (in paise) Col (2)/(4) x 1000
1	2	3	4	5	6
2012-13	716.21	208.52	25460.99	122.10	28.12
2013-14	870.12	209.76	26794.91	127.74	32.47
2014-15	993.57	210.36	27688.06	131.62	35.88
2015-16	1035.30	217.52	28225.59	129.76	36.67
2016-17	1071.28	218.54	29257.06	133.87	36.61
2017-18	1127.90	219.56	30716.59	139.90	36.71

From the above, it can be seen that during the year 2017-18, passenger earnings went up by Rs. 56.62 crore (5.28 per cent) over the previous year. During the year 2017-18, SECR carried 1.02 million (0.46 per cent) more passengers as compared to the previous year. SECR earned 36.71 paise for carrying a passenger over one Km in 2017-18 as against 36.61 paise in 2016-17. On an average, a passenger travelled 139.90 Kms as against 133.87 Kms in the previous year.

As earnings from passenger service increased over the previous year, passenger earnings has decreased of revised estimate (Rs 1164.66 crore) for the year 2017-18 by Rs. 36.76 crore.

### 1.2.2 Goods Earnings

Goods earnings increased by 10.21 per cent (Rs. 1090.19 crore) in 2017-18 over 2016-17 from Rs. 10671.81 crore to Rs.11762.00 crore. This was Rs 348 crore below the Revised Estimate for 2017-18 of Rs. 12110 crore.

### 1.2.3 Unrealized Earnings

In the 2017-18, the target was fixed by Railway Board for South East Central Railway to reduce the unrealized earnings (constitute outstanding on account of traffic revenue) was 4 Crores. Against these projections, the actual receipts (exclusive of Demands Recoverable) were Rs. 5.15 crore, leaving a balance of unrealized earnings Rs 37.55- crore at the end of 2017-18.

### 1.3 Demands Recoverable

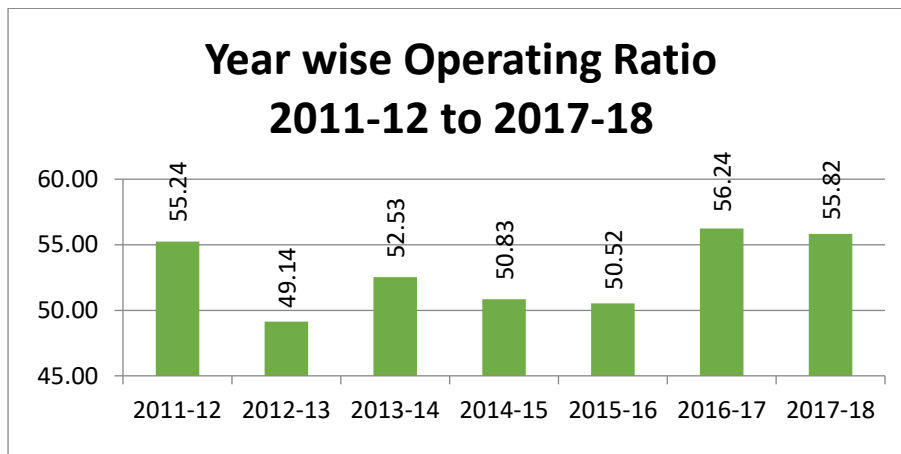
The Demands Recoverable represents outstanding in respect of (i) rent/lease charges for letting out Railway land and buildings and (ii) interest and maintenance charges from siding owners. The amount of Demand Recoverable for the year 2017-18 was Rs. 2.35 crore in comparison to Rs. (-) 0.43 crore for the year 2015-16, reducing the balance of Demands Recoverable from Rs. 8.59 crore at the end of 2016-17 to Rs. 6.24 crore at the end of 2017-18.

### 1.4 Efficiency Indices

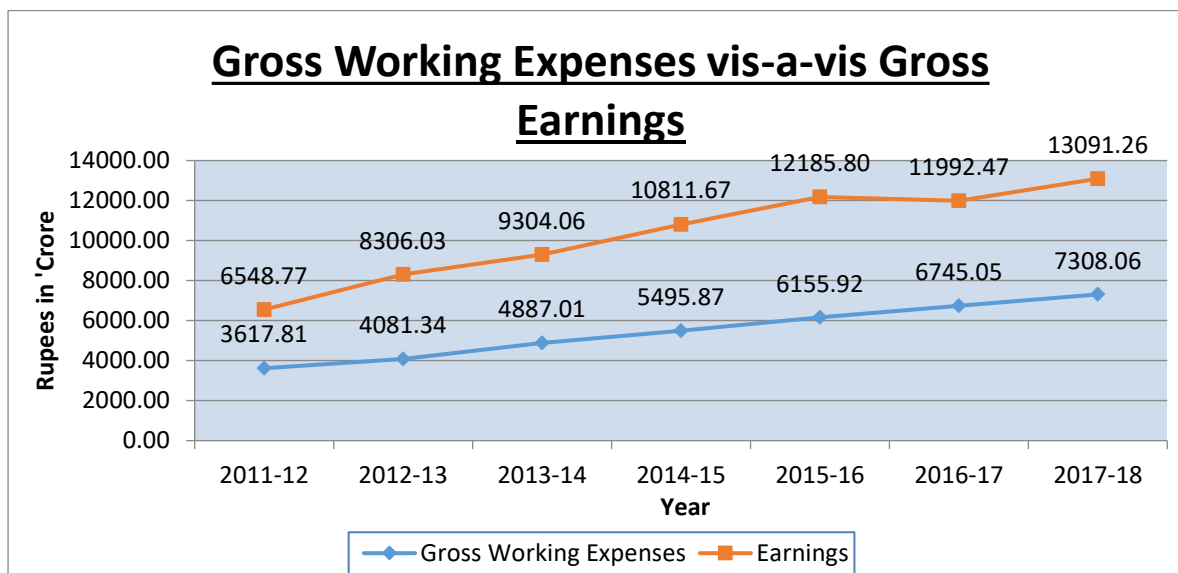
The financial efficiency and performance of an enterprise can be best assessed from its financial ratios and performance ratios viz 'Operating Ratio', 'Capital-Output Ratio' and 'Staff Productivity'. On this basis, the financial efficiency and performance of SEC Railway are discussed below.

#### 1.4.1 Operating Ratio

The Operating Ratio represents the percentage of gross working expenses to gross earnings. Year wise position of Gross Working Expenses and Gross Earnings is shown in the chart given below:







In the report of Operating Ratio (OR) it was seen that OR was below 100 percent during 2011-12 to 2017-18 implying that earnings was more than expenses. The operating ratio, which was at 56.24% in 2016-17 has decreased to 55.82% in 2017-18.

#### 1.4.2 Capital Output Ratio

Capital-Output Ratio i.e. Capital employed for Net Tonne Kilometer (NTKM) indicates the extent to which the operating measures and technological advancements have helped in reducing the Capital-output ratio. The Capital-output ratio for the total traffic (in terms of NTKM) carried by the SEC Railway during the last five years is shown below:

Period ending	Total Capital including investment from Capital Fund (₹ in millions)	Goods Traffic (in million NTKMs)	Passenger Traffic		Total Traffic (in Million NTKMs)	Capital at charge (in paise) per NTKM
			Passenger Kms (in millions)	NTKMs (in millions)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
March 2013	45070.31	53571.72	25460.99	1935.15	55506.87	81
March 2014	50931.38	54311.10	26794.91	2017	56328.10	90
March 2015	57061.31	56735.71	27688.06	2089	58824.71	97
March 2016	64288.96	60295.08	28225.59	2164	62459.08	103
March 2017	69047.89	55971.40	29257.06	2243	58214.40	119
March 2018	79329.01	61303.78	30716.59	2357	63660.78	125

The statement indicates a steady rise in the Capital-Output Ratio indicating employment of more capital per NTKM.

#### 1.4.3 Staff Productivity

Staff productivity on the SEC Railway is measured in terms of volume of traffic handled per employee. The strength of employees and the details of the goods and passenger traffic in NTKMs during 2012-13 to 2017-18 are given below:

Period ending	Number of Staff (in thousand)	Total traffic in Million NTKM	Traffic (per thousand employee) in NTKMs
March 2013	41	55506	1353.82
March 2014	46	56328.10	1224.53
March 2015	46	58824.71	1278.79
March 2016	48	62459.08	1301.23
March 2017	48	58214.40	1212.80
March 2018	47	63660.78	1354.48

There was improvement in staff productivity in comparison to last year.

#### 1.5 Status of Railway Funds

The following funds were financed through revenue or surplus except Railway safety fund which received a share of the Diesel cess. The balances of these funds as on 31-03-2018 are shown below:-

Fund	Balance as on 31.3.18 (Rs. in Cr)
Depreciation Reserve Fund	(-) 493.80
Development Fund	(-) 1467.92
Capital Fund	(-) 1775.64
Railway Safety Fund	(-) 1436.53
Pension Fund	7960.58

The balance available in the funds (except Pension Fund) exhibit a minus balance year after year.

## Chapter 2 – Appropriation Accounts

This chapter outlines financial accountability and budgetary practices through audit of appropriation accounts. Railway budget is an instrument of Parliamentary financial control and at the same time, an important management tool. Statutory audit seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and also whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

### Highlights

- out of the total expenditure of Rs.8956.59 crore during the financial year 2017-18, nearly 71.26 *per cent* was spent on revenue grants which constituted working expenses on administrative, operational and maintenance activities and 28.74 *per cent* was spent on capital grant dealing with creation and augmentation of infrastructure facilities through assets acquisition, construction and their replacement/renewal. (Para 2.1)
- Test check of transactions during 2017-18 revealed that expenditure of Rs.4.37 Crores were booked wrongly under various plan head resulted in Mistake in Accounts. (Para-2.4)

### 2.1 Summary of Appropriation Accounts 2017-18

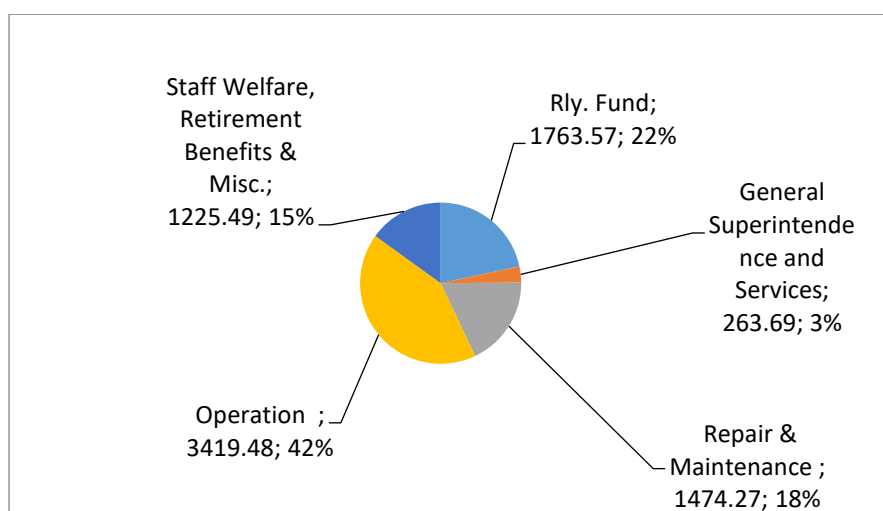
Appropriation Accounts for the sums expended during the year ended 31 March 2018 compared with the sums authorized in the Original and Supplementary Demands for Grants for expenditure are summarized below:

(Rs.in crore)

Voted and Charged	Original Grant	Supplementary grant	Final Grant	Actual expenditure	Savings(-)/ Excess(+)
<b>Revenue</b>					
Total Revenue	<b>6484.55</b>	<b>0</b>	<b>6382.70</b>	<b>6382.94</b>	<b>0.24</b>
<b>Capital</b>					
Total Capital	<b>2242.62</b>	<b>0</b>	<b>1874.80</b>	<b>2573.65</b>	<b>698.85</b>
<b>Grand Total</b>	<b>8727.17</b>	<b>0</b>	<b>8257.50</b>	<b>8956.59</b>	<b>699.09</b>

The above table indicates that out of the total expenditure of Rs.8956.59 crore during the financial year 2017-18, nearly 71.26 per cent was spent on revenue grants which constituted working expenses on administrative, operational and maintenance activities and 28.74 per cent was spent on capital grant dealing with creation and augmentation of infrastructure facilities through assets acquisition, construction and their replacement/renewal. The table also indicates excess of 37.29 per cent (Rs.698.85 crore) in capital grant against the Final provisions (FG) available in 2017-18.

### 2.1.1 Revenue Grant



## 2.2 Financial accountability and Budget management

### 2.2.1 Excess over Final Budget provision

There was a case where expenditure incurred in excess of Rs. 10 Crores over authorization. (Rs. In Crores)

Sl. No.	Particulars	Original Provision	Final Grant	Actual Expenditure	Excess

1.	Grant No. 12K : Misc. Working Expenses	120.40	121.32	134.17	12.85
----	--	--------	--------	--------	-------

### 2.2.2 Savings

In respect of the following Grant, savings exceeded more than Rs.10 crore.

(Rs.in crore)

Sl. No	Particulars	Original provision	Final Grant	Actual expenditure	savings
1	Grant No. 13L- PF, Pension and other retirement benefit	866.20	863.30	849.67	(-)13.63

### 2.2.3 Surrenders

In the following case, there was injudicious surrender of funds despite actual expenditure exceeding the final grant.

(fig. in crore)

Sl. No.	Minor/Plan Head	Sanctioned Grant	Amount surrendered	Final Grant	Actual expenditure	Excess (w.r.t to Final Grant)
1	Grant no. 6D : Repair and Maintenance of Carriage & Wagon	479.10	5.60	473.50	476.78	3.28
2	Grant no. 7E : Repair & Maintenance of P&E.	254.22	4.21	250.00	250.20	0.20
3	11J : Staff Welfare and Amenities	254.53	13.05	241.48	241.63	0.15

In the following cases, SECR had re-appropriated funds and incurred expenditure though there were no Original or Supplementary budget provisions:

(Rs.In crore)

Sl. No.	Source of fund	Plan Head	Sanctioned Appropriation	Amount Re-appropriated	Expenditure incurred
1	CAP	21-BO-Rolling Stock-Bulk Order	0	2.46	9.42
2	CAP (Charged)	16- Traffic Facilities	0	0.34	0.34

3	RRSK	21:Rolling Stock (BO)	0	45.33	49.85
4	RRSK	53: Passenger Amenities	0	2.57	2.59

In the following case, SECR had incurred expenditure without any provision for the same:  
(Rs.In crore)

Sl No	Source of fund	Plan Head	Final Grant/ Appropriation	Expenditure incurred
	DF	21-BO-Rolling Stock-Bulk Order	0	0.37

The above cases indicates in efficient budgetary control.

### 3 Control over Suspense Accounts

Whenever transactions of receipt or expenditure cannot be classified immediately under the relevant Major Heads of Accounts due to lack of information about the transactions or for any other reason, they are kept temporarily under different suspense or other transitory heads of accounts. Normally each item under suspense or other transitory heads should be cleared as early as possible. Amount under the Suspense and other transitory heads should not be allowed to accumulate as it reflects lack of efforts to clear the transactions from this temporary head and incomplete accounting transactions in the account to that extent. Review of balances lying under some of the suspense heads/transitory heads of accounts of SECR revealed that old balances are outstanding since 2006-07.

(Rs. in Crore )

Sl. No.	Suspense head	Balance outstanding as on 31st March 2017	Oldest item relating to
1	Cheques and Bills	15.69 (Cr)	2009-10
2	Remittance into bank	-149.56 (Dr)	2016-17
3	Public Sector Bank Suspense	11.50 (Dr)	2012-13

#### 2.3.1 Purchase Suspense

A review of the balances in Purchase Account indicate a debit balance of Rs. 30.38 crore and a credit balance of Rs.51.14 crore at the end of the year 2017-18. Effective steps need be taken for reconciliation of items and clearance of the old outstanding amounts.

#### 2.4 Mistake in accounting

Instances of accounting mistakes had been noticed while verifying the accounts of SECR. Test check of transactions during 2017-18 revealed that expenditure of Rs. 4.37 Crores was booked wrongly under various plan head resulted in mistake in accounting.

## **Chapter 3 – Traffic- Commercial and Operation**

The operation of trains and earnings realized there from is the core activity of Indian Railways and this responsibility rests with the Operating and Commercial Departments respectively. Commercial branch is responsible for the marketing of transportation provided by the Railway, collection, accountal and remittance of freight, fare and other charges. The operating branch is responsible for smooth transportation of freight and passengers.

### **3.1 Results of local audit and central audit**

During the year 2017-18 we conducted inspection (Local audit) of Commercial & Operating branches. In addition, we carried out central audit i.e. voucher audit, check of initial records. This exercise involves scrutiny of transactions relating to expenditure, receipts, assets and liabilities in order to obtain assurance that the relevant rules and regulations are complied with. We also assessed the adequacy and effectiveness of the existing internal control system. Our findings are summarized below:

#### **Para 3.1.1: Non-payment of license fee of Rs. 5,19,554/- and LD of Cycle stand by Contractor.**

During the check of records of CS/USL it was noticed that the contract of parking stand was awarded to a contractor for 3 years from 3/3/14 to 2/3/17. As per contract agreement the payment schedule was half yearly and amount should be paid in advance. IT @ 2% annually should be collected for delay in payment.

But during the check of record it was noticed that payment schedule was never followed despite that party has never paid any LD for late payment. The payment detail was also checked in Divisional Commercial Office and it was noticed that total payment due to contractor was Rs. 7,25,554/- and after adjustment of S.D. of Rs. 2,06,000/- the pending amount was 5,19,554/-.

#### **Para 3.1.2 : Non collection of wharfage charge to the tune of Rs. 19,39,551/**

During the check of D/C Bill register, Wharfage Register of Goods Shed/ AAL, it was noticed that the wharfage charges were not collected from the party from the month of APR-14 to

JAN-16. An amount of Rs. 19, 39,551/- assessed in Audit may be recovered from the party concerned.

**Para 3.1.3 : Non collection of busy season Charges of Rs. 32,29,313/- from two points rake of BCN group of wagons.**

As per Rate circular 14/2016, the levy of Busy season charges was withdrawn for traffic transported in the jumbo rakes of BCN group and BCNHL wagons during the period from 01/05/2016 to 30/06/2016.

During the check of inward R.R of Orient Paper Mills (OPM) Siding which code is OPSG it was noticed that in 12 RRs (four rakes), the busy season charge was not collected in BCN/BCNA group of wagons for two points rakes (none of the rake was JUMBO rake) for the period from 01/05/2016 to 30/06/2016 in violation of above mentioned Railway Board's circular. This has resulted in non-collection of busy season charges of Rs. 32, 29,313/- for the period from 01/05/2016 to 30/06/2016 in four rakes (12 RRs).

**Para 3.1.4 : Short collection of shunting charges of Rs. 44, 36,750/- due to wrong calculation of shunting time.**

As per the para 1807 of Indian Railway code for Traffic (Commercial) Department, freight will be levied in two way. First is on through distance bogies i.e. the freight will be charged from and up to the buffer end of the siding if siding qualified for through distance basis. Second is if siding is not qualified for through distance basis i.e. placement and drawn-out of rake required shunting operation, then freight will be levied from and to the serving station and separate siding charges should be levied for haulage of wagons between the serving station and siding, the siding charges should normally be fixed on the basis of cost per engine hour and the average time for a round trip from the serving station to the siding and back for placement and/or removal of wagons whether loaded or empty.

During the check of record regarding freight charges bill, register, RR etc of Manikpur siding maintained by O/o the CGS Korba it was noticed that the siding was not qualified for through distance basis, but, the railway authority did not fix the required siding charge upto October 2016 for hauling of wagons between serving station and siding. The siding charge was fixed by railway authority on 26/10/2016. However, the shunting charges were collected by the railway authority for shunting operation inside the siding premises up to 25/10/2016. It was also noticed that the shunting times were calculated wrongly and there were found short collection of the shunting charges amounting to Rs. 44, 36,750/-.

As per RC 14/2009, Method for calculation of shunting charges in case of Train Engine is in siding where Train Engine is used for shunting on customer account shunting charges should be calculated for the total time of availability of the train Engine at the siding from arrival to departure, even if shunting time is less than the total time during which train engine is available within the siding.

During the detailed check of record regarding shunting charge bill register RR etc. It was noticed that the shunting were involved for placement and drawn out of rake at MCK siding and the entire shunting operation was done by train engine. During the check of records for September 2013 to November 2017 it was found that the shunting charges were not



collected up to November 2015. However a statement was prepared for shunting charges for the month of September 2013 where an amount of Rs. 2399356/- for shunting charges was due for collection but no documents provided by the commercial staff for its billing and collection thereof.

For December 2015, the shunting charges were collected through RR. The detailed check of RR and related register it was seen that actual time of locomotive availability at siding were not taking into account for calculation of shunting charges which was irregular and violation of Railway Board circular. This has resulted in short collection of shunting charges of Rs. 4436750/- was worked out in Audit for the period from December'15 to September 2016. The said short collection may be recovered from the siding owner.

**Para 3.1.5: Wrong charging of siding charges leads to less collection of Rs. 1076006/.**

As per Zonal Railway's circular vide No. 121/G of 2017, the siding charges have been fixed by railway authority for single engine. However, it was mentioned in the circular that if multiple engine is used it should be multiplied by number of engine used and required charges should be levied.

During the check of MCK siding pilot register maintained by O/o the CSM/ Korba and RR and Placement / release memos maintained by O/o the CGS/MCK siding/Korba, it was noticed that in 10 number of cases, siding charges were collected on the basis of less no. of engine utilized where actual utilization of engine was more. The reason for wrong calculation was due to less no. of engine mentioned in placement memos maintained by O/o CGS/ Korba. On that basis, CGS calculated and collected the siding charges. However the actual utilization of engine was mentioned in the pilot register maintained by O/o CSM/Korba and found that the utilization of engine was more than the no. of engine was taken for calculation. This has resulted in less collection of siding charges of Rs. 1076006/- worked out in Audit on the basis of utilization of engine mentioned in the pilot register which is more authentic than placement memos. The said less collection of siding charges may be recovered from siding authority.

**Para 3.1.6: Loss of freight of Rs. 9.38 lakh due to non weighment of bagged consignment.**

As per RC No. 32 of 2011, all the bagged consignments loaded in non-standard bags should be subject to 100% weighment.

However, during the inspection of FCI SDg./ RJN, in so many cases it was found that the party (FCI) has booked the consignment in non-Standardbags (as per their forwarding notes) and the freight was calculated on the sender's weight. However, all the bags of FCI contain a tag which shows the bags are of 50kg. None of the rakes were weighed by Railways. In one case where such rake was weighed, an excess weight of 91.1 tonne was found and POL of Rs. 627225/- was realized.

Audit detected 45 such cases where consignments were booked in Non-standard bags out of which only one was weighted and found overloaded. The reason behind the non weighment of rakes may be furnished to Audit. If railway did not weigh all the rakes considering the bags of standard size, the undercharge amount of Rs. 9.38 lakh may be recovered from the party.

### 3.2 Internal Control

The following weaknesses in internal control surfaced during inspection /test audit conducted during the year 2017-18. The pointed out below are those which would have an impact throughout the system.

In spite of specific instructions and norms, instances of **short collection of Shunting charges, non payment of license fee and LD charges, Non collection of Busy Season Charges, wrong charging of siding charges, non-collection of wharfage charges** were brought to the notice of Railway Administration through Inspection Report/Audit Note in the year 2017-18.

## Chapter 4 – Engineering

Civil Engineering Branch of open line is headed by Principal Chief Engineer. This department is responsible for the upkeep of assets such as land, buildings and tracks. The construction department is headed by Chief Administrative Officer (Construction) and is responsible for execution of projects such as New lines, doubling, Gauge Conversion, major bridges etc.

This chapter focuses on issues of deficiencies in contract management, avoidable / wasteful expenditure incurred on works, etc. In addition, this chapter includes issues of non-adherence/ non implementation of rules and regulations.

### 4.1 Results of local audit and central audit

During the year, we conducted inspection (Local audit) of Construction organization and open line. In addition, we carried out central audit i.e. voucher audit, check of initial records, review of tenders and contracts. This exercise involves scrutiny of transactions relating to expenditure, receipts, assets and liabilities in order to obtain assurance that the relevant rules and regulations are complied with. We also assessed the adequacy and effectiveness of the existing internal control system. Our findings are summarized below.

#### **Para 4.1.1: Improper preparation of Estimates leading to wrong assessment of Departmental value of the Tender.**

During the review of records and accounts maintained in the O/o Dy. CE/C/RIG at Bilaspur, It was noticed that CA No 148/Trans/RIG-JMG/CEC/SECR/13 valuing Rs 1,33,06,128/- with completion period of 18 months (i.e. 29.10.2012 to 28.04.2014) was short closed with financial progress of only Rs 26,50,722/- because Railway could not supply sleepers to the contractor for transportation.

The contract was finalized to transport 41,133 numbers of sleepers but only 12,300 numbers of sleepers were supplied to the contractor for transportation, which is only 30% of the total number of sleepers to be transported.

The tender was floated on the basis of wrong assessment due to which the value of the Tender Shoot up almost 5 times, which was irregular as the work was small, and a number of eligible bidders could have not been able to participate in the Tender Process.

**Para 4.1.2: Improper implementation of variation clause leading to excess payment to contractor amounting to Rs.7.32 Lakh.**

A contract for construction of major bridge no. 54(3X18.3m PSC) between Nainpur-Mandala fort station and major bridge no 4R(5X12.2m PSC) between Nainpur-Padrigannj station including foundation, substructure, superstructure and allied miscellaneous work in connection with Gauge Conversion work between (i) CWA-NIR-MFR and (ii) Gondia-Jabalpur was awarded vide contract agreement no. 293/Br.no.54 & 4R/BTC-NIR-MFR/15-16/104/DRL dtd.14.05.2016 at a value of Rs. 11,01,00,966/-

1<sup>st</sup> variation in this contract (with increase in the value of the contract to Rs. 16,18,16,854/- by 46.97%) was incorporated in this contract agreement on the ground of revision in GAD of major bridge no. 4R. As per remark of XEN(CON)/NIR in his note dated 03.03.2017 "As per advised design consultant, GAD has been revised and instead of mass concrete, RCC abutment & retaining wall are provided in the revised GAD therefore quantity of steel is increased". No where in this note which was approved by CE/Con/NGP, it was mentioned that there is variation in foundation.

As per Note 2(a) ii of Item No. 9 of Schedule of power (SOP), quantity operated in excess of 125% but up to 140% of the agreement quantity of the concerned item shall be paid at 98% of the rate awarded for the particular item in the tender. Quantity operated in excess of 140% but up to 150% of the agreement quantity of the concerned item shall be paid at 96% of the rate awarded in the tender.

While operating the variation, some items like steel and cement which were operated in excess of 125%, but rate reduction clause i.e. 98% and 96% of the rate awarded in the contract was not implemented. The reason adduced by the executive that supply of steel is used in foundation work (as per Dy. CE/Con/Chhindwara's reply to Dy. FA&CAO/Con/NGP vide letter dated 22.05.2017).

However while sanctioning the 1<sup>st</sup> variation, nowhere, it is certified that due to revision of GAD how much extra quantity of steel will be used in the foundation work and the variation will be operated as per clause 42(2)(iii) of GCC. In absence of any such certification and clarification, variation should have been operated under clause 42(4) of the GCC with rate reduction clause.

This led to excess payment to the contractor amounting to Rs. 732552/-

**Para 4.1.3: Non recovery of penalty (Rs. 2 lakh) from the contractor for cable cut.**

A work for 'Design, Construction of foundation and substructure of major Br 116 (Span 9x45.7 m) across Wainganga River between Tumsar Road and Mundikota stations along with allied miscellaneous works in connection with 3<sup>rd</sup> BG Railway line between

Rajnandgaon-Kalumna of Nagpur Division of SEC Railway' was awarded to a contractor the vide LOA No. Engg/Con/NGP/TN/Br. 116/RJN-KAV/15-16/146/3380 dated 13.12.2016.

During the check of records of office of CE/Con/Nagpur it was notices that, on 12.05.2016, while cutting earth for preparation of approach road, 2 nos 6 quad cables were cut and damaged by JCB within Railway boundary. The work of earth cutting was being done by the contractor without any information to Railway supervisor.

As per para 8 of JPO (No. SECR/S&T/Policy/889 dated 5.7.2012), in case cable is damaged by the contractor due to fault of his personnel, a penalty of Rs. One lakh only for each case shall be imposed on the contractor for the loss caused to the railway.

Further review in this regard revealed that no recovery in this regard was made by the Railway Administration even after lapse of seven months. Necessary action may please be taken to recover the total amount of Rs. 2 lakh from contractor for cut/damage of 2 nos of cable.

**Para 4.1.4 : Non recovery /Less recovery of building & Other construction worker's welfare cess @ 1% from contractors Amounting to Rs. 358157.45 from contractor's on A/c Bills.**

As per Railway Board's order 2008/CE-I/CT/6 dated 09.07.2008 & 29.11.2013, 1% cess towards Building and other Construction workers welfare should be recovered from the contractor's bills. Cost of the material shall be outside of the purview of cess only when supplied under a separate schedule item.

During the check of following contract Agreement it was noticed that the aforesaid cess was not recovered from the contractor's bills

Sl.No	Contract Agreement	Description of Schedules	Contract or bill No.	Amount passed for payment	Amount on which BOCC@ 1% should be recovered	Amount recovered on account BOCC	Amount should be recovered
1	ST/CON/tender/GC/C WAEI/NGP /531 dated 14.01.2015	B4- Supply Execution, testing and commissioning of Electronic interlocking	CC-1 CC-2 & CC-6	34585743.77	345857.43	0	345857.43
2		B5- Supply of signaling materials (Execution & supply of Power system) (solar &DG Set)	CC-6	1230001.92	12300.02	0	12300.02
	Total						358157.45

Reason for non-recovery of the cess@ 1% from the concerned contractors needs elucidation.

**Para 4.1.5: Non –recovery of empty Cement Bag charge amounting to Rs. 64640.40 from Contractor’s own a/c bill.**

In contract Agreement No. 260/Major Br./JMG-BPH/CEC/SECR/16, it was observed that there was a provision of recovery of Empty cement bag charge @Rs. 1.65 per bag, however the same is not being recovered (up to CC-10 On Account Bill) payment for 39176 Bags of cement has been made to the contractor accordingly Rs. 39176 x 1.65 = Rs. 64640.40 is recoverable from the contractor onaccount of Empty Cement Bag Charge.

Reason for non- recovery of Empty Cement Bag Charge from the concerned contractors needs elucidation.

**Para 4.1.6: Improper Contract Management leading to non-levy of penalty for non-supply of Drawing and design as stipulated in the contract Agreement and non-recovery of conservancy cess amounting to Rs. 13,56,468/**

While scrutinizing the accounts and records of O/s Dy. CE/Con/RIG @BSP it was noticed that a contract for “ execution of earthwork, supply of ballast , track linking , construction of bridges, transportation and launching of steel girders , construction of platform and other miscellaneous works in connection with construction of Addl. Up loop at IB” was awarded to a contractor vide LOA dated 23.10.2012 at an amount of Rs. 3,67,00,004/- with original completion period of 12 Month i.e. up to 23.10.2013.

As stipulated in the contract agreement complete set of design and drawing of the bridge foundation, sub structure and related drawings in all aspect (ScheduleA) had to be submitted within 8 weeks from the date of acceptance and in case of any delay in submission of from the scheduled date , Penalty of Rs. 25000/- per week shall be imposed.

Till date the said drawing and design has not been submitted by the contractor neither any penalty has been imposed. Till date CC-13 on a/c bill has been drawn and Dy.CE/Con/RIG has even recommended vide his letter to Dy. FA&CAO/Con/BSP dated 16.10.2014 that work has been physically completed on 30.12.2013 and proposed to release the PG amounting to Rs.18,35,000/- but the drawing and design has not been submitted by the contractor . However, completion certificate of the said agreement was not available in the record made available to Audit.

Further as per the contract agreement conservancy cess was also recoverable from the contractor; however the same has also not been recovered. An average of 30-50 Nos of labourer were engaged by the contractor as certified in the contractor’s on a/c bill.

Till date final bill has not been passed in the said agreement. Following amounts are recoverable against this contract agreement.

Types of Recoveries	The rate at which recoveries is to be made.	Period for which recoveries is to be made (from 23.10.2012 to 30.12.2013)	Recoverable amount	Remark
Penalty for non-submission of Drawing and Design	Rs. 25000/- per week	(54+8-8)= 54 weeks	54 x 25000= Rs 13,50,000/-	
Conservancy Cess	Rs 462 p.m. for 26 to 50 labourer or	14 months	462 x 14 = Rs 6468/-	

	workman deployed per day			
Total			13,56,468/-	

Reason for non-recovery of penalty for Non-submission of complete set of Design and Drawing within stipulated time period and the conservancy cess from the concerned contractors needs elucidation.

**Para 4.1.7 : Irregular passing of PVC bill amounting to Rs.9,07,543.00**

Railway Board issue instruction vide letter no. 2007/CE-I/CT/18 pt. 19 dated 14.12.2012 regarding PVC clause 46A to IRs General Conditions of Contract (GCC) "General instructions". Clause 46A (6) also clarify vide letter ibid that PVC is applicable only for various type of Engineering works. The details are as under:-

- (a) Earthwork contracts
- (b) Ballast & Quarry products contracts
- (c) Tunnelling contracts
- (d) Other works contracts.

A contract for transportation of P. way materials such as PSC sleeper, rails and other P.way fitting etc. from any place to Nainpur-Mandlafort and Nainpur-balaghat section in connection with (a) Chhindwara-Mandlafort and (b) Gondia-Jabalpur Gauge conversion project was awarded to a contractor at an amount of Rs. 4,81,59,715.00 vide CA No. 281/Transp/NIR-MFR/NIR-BTC/15-16/102/TBR dated 5.3.2016 with a completion period 18 months from the date of acceptance i.e. 15.12.1015 to 18.6.2017.

Audit observed during the check of records of Dy.CE//NIR at NGP that PVC bill amounting to Rs. 6,58,621.00 was paid to the agency which is highly irregular and violating the PVC rule as the contract was awarded only for transportation work from one place to another place i.e.Nainpur-Mandlafort and Nainpur-balaghat section in connection with (a) Chhindwara-Mandlafort. Audit also observed from the PVC bill that an amount of Rs. 2,05773.92 paid for Material components.

Similar cases is also noticed that PVC bill amounting to Rs. 2,48,922.00 (PVC1-1,76,903 & PVC- Rs. 72,019.00) paid to the contractor vide C.A.No. 171/Tranp/DCE/II/NGP/11-12/63/TBRL dated 2.2.2012

Sr. DSO(A/cs)/NGP and bill clerk passed the PVC without any checking resulting undue benefit to the contractor. Responsibility may be fixed to concerned official

**Para 4.1.8: Avoidable expenditure to the tune of Rs. 25.70 Crore due to change of Rail section BTCNIR & NIR to JBP from 52 kg. to 60 kg.**

Gondia -Jabalpur Gauge conversion work was sanctioned by Railway Board in 1996-97 at an abstract cost of Rs. 386.60 crore vide Railway Board's no. 94/W-1/GC/SE/3 dated 7.8.2001. Detailed estimate was sanctioned on 7.8.2002 at a cost of Rs. 511.85 crore. Ist revised detailed estimate was sanctioned by Railway board 's vide letter No. 94/ W-1/GC/SE/3 dated 24.9.2010 at the cost of Rs. 1037.9 crore. 2<sup>nd</sup> revised estimate of Gondia –Jabalpur Gauge conversion project including..... and Katangi –Torodi at a cost of Rs. 1476.43 crore was submitted to Railway board for sanction in sept. 2014. Railway board has raised certain observation and instructed to recast the estimate. Accordingly, 2<sup>nd</sup> revised estimate submitted to Railway board at Rs. 1776.81 crore for sanction after recasting. The final sanction is still pending.The ROR of this section is 8.81 %.

As per provision of sanctioned estimate, 52 kg new Rail to be used to the entire section i.e. Balaghat to Jabalpur section. Gondia to Balaghat section already opened for traffic and used 52 kg. Rail. Audit observed that SECR Railway decided to change the Rail in the remaining

section from BTC-NIR & NIR to JBP from 52 kg. to 60 kg. due to expected traffic being more than 5 GMT without prior approval of Railway Board.

Thus due to change in Rail from 52 kg. to 60 kg in remaining section the extra expenditure incurred amounting to Rs. 25.70 crore which is still unsanctioned from Railway Board.

#### **Para 4.1.9: Improper planning resulting extra expenditure amounting to Rs.33.31 crore**

As per Railway Board's instructions (October 2006) contracts for works should not be awarded unless preliminary works such as site investigation, approval of plans, drawings and estimates of works are completed and there is no hitch in handing over the site to the contractor for executing the work.

Gondia -Jabalpur Gauge conversion work was sanctioned by Railway Board in 1996-97 at an abstract cost of Rs. 386.60 crore vide Railway Board's no. 94/W-1/GC/SE/3 dated 7.8.2001. Detailed estimate was sanctioned on 7.8.2002 at a cost of Rs. 511.85 crore. 1st revised detailed estimate was sanctioned by Railway board 's vide letter No. 94/ W-1/GC/SE/3 dated 24.9.2010 at the cost of Rs. 1037.9 crore. 2<sup>nd</sup> revised estimate of Gondia –Jabalpur Gauge conversion project including Katangi –Torodi at a cost of Rs. 1476.43 crore was submitted to Railway board for sanction in September 2014. Railway board has raised certain observation and instructed to recast the estimate. Accordingly, 2<sup>nd</sup> revised estimate submitted to Railway board at Rs. 1776.81 crore for sanction after recasting on . The final sanction is still pending. The ROR of this section is 8.81 %.

Land acquisition is a major part for completion of the project. During check of records of o/o the Dy. E/C/NIR at NGP it was noticed that the application for acquisition of 19.822 hect of forest land in Balaghat district between Balaghat to Nainpur was submitted by SECR Railway to DFO/Balaghat on 12.9.2006. Subsequently revised proposal for acquisition of 69.759 hect of forest land was submitted to DFO/Balaghat on 2.5.2008. Forest department insist to the Railway that forest land which is already under possession of Railways for NG line has been declared as reserve forest and ownership of the land lies with forest department.

Contract of major bridges and RCC boxes for provision of underpasses of wildlife animals at various locations in BTC-NIR was awarded to a contractor at a cost of Rs. 33.31 crore vide CA. NO.313/underpasses/BTC-NIR/16-17/AE with a completion period 12 months i.e. 14.2.2017 to 13.2.2018. Audit observed that the above work was not approved in the existing estimate.

Thus, due to violation of Railway Board Instruction, clear site handed over to the contractor before commencement of work and frequent change of land acquisition, the extra expenditure incurred to the tune of Rs. 33.31 crore which could have been avoided if the land acquisition was completed before floating of tender.

#### **Para 4.1.10: Avoidable expenditure amounting to Rs. 5.25 crore due to change in design in later stage**

As per Railway Board's instructions (October 2006) contracts for works should not be awarded unless preliminary works such as site investigation, approval of plans, drawings and estimates of works are completed and there is no hitch in handing over the site to the contractor for executing the work.

Contract for construction of 6 nos. of major bridge i.e. 1A,4,38,49,50 & 54 (5x12.2 m PSC) was awarded to a contractor at a cost of Rs. 12,29,50,067 with a completion period 24 months i.e. from 25.5.2011 to 24.5.2013 vide C.A.No. 163/EW/Min.br./NIR-MFR/CEC/SECR/11. The contractor completed all except Br. No. 54. Railway Administration engaged a project consultancy for Br. No. 54. As per Geo-tech report's dated June 2012, cast in situ pile foundation of 1200 mm dia bore piles to be founded 30 m below the present

average ground level for higher safe bearing capacity to the Br. No. 54. According to the Dy.CE/C/II/NGP's note dated 9.8.2012, it is revealed that there was no piling item in the contract agreement, if non -schedule item would be included in the existing contract, there would be an increase in contract value by Rs. 4.265 crore i.e. 34.69 % above the original contract value. Proposal for short closure of the contract was taken. Finally the contract was short closed on 21.7.2014 to Rs. 6,29,28,254 (estimated cost of Br. No. 54 is Rs. 4,68,40,326.00). Only reason adduced for short closure of the contract was that the variation in CA value, due to inclusion of NS items, would be more than 25%.

Further for completion of bridge no. 54, a new tender was floated by combining with Br. No. 54 & Br. No. 4R) . Contract for construction of Major Br. no. 54 between NIR to Mandla Fort station and Major br. No. 4R between Nainpur to padrikanj including foundation, sub-structure superstructure and other allied misc. works in connection with GC works Gondia JBP work was awarded to a contractor at a cost of Rs. 11,01,00,966.00 (departmental value Rs. 9,84,19,000 ) with a completion period 15 months from the date issue of acceptance letter i.e from 29.12.2015 to 28.03.2017 vide CA No. 293/Br. No. 54 & 4R/BTC-NIR-MFR/15-16/104/DRL dated 14.5.2016.

Progress of the work was very slow as Railway could not hand over clear site to the contractor. Acceptance of the contract was communicated to the contractor on December 2015 but site for Br. No. 4R was given in the middle of December 2016 as the completion date of the contract on March 2017.

Proposal for 1<sup>st</sup> variation statement was mooted on March 2017 from Rs. 11,01,00,966.00 to 16,18,16,854.00 (47% of the actual price) for sanction. CAO/C/BSP sanctioned on 23.6.2017 due to change in design of Major Bridge from mass concrete to RCC Box type.

Audit observed that initially abutment and retaining wall was planned with mass concrete as per GAD. After execution of work SEC Railway changed the design from mass concrete to RCC Box type. Consultancy already recommended in the month of June 2012 that the RCC box type to be adopted for the Br.no. 54 in the first contract but contract short-closed due to huge variation (35%). Audit also observed that, at the time of floating of 2<sup>nd</sup> tender the the recommendation of consultancy has not been included.

Thus due to injudicious decision to award a contract without ensuring clear site and change in design in later stage as well as recommendation of consultancy not being included in tender schedule resulted an extra expenditure amounting to Rs. 5.25 crore as well as delay in completion of bridge.

#### **Para 4.1.11: Injudicious and irregular award of contract**

As per Railway Board's instructions (October 2006) contracts for works should not be awarded unless preliminary works such as site investigation, approval of plans, drawings and estimates of works are completed and there is no hitch in handing over the site to the contractor for executing the work.

As per Para 116 -standard of financial propriety of Indian Railway financial code Vol -1, in exercise of their financial powers, the sanctioning authorities must pay due regard to the principle that the expenditure Should not prima facie be more than the occasion demands, and that every govt. servant should exercise the same vigilance in respect of expenditure, incurred from public money as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

Contract of Br. No. 43 and balance work of Br. No 65 & 120 between BTC and Padrikanj was awarded to a contractor at a cost of Rs. 6,37,82,124.00 vide CA.No. 168/Maj.Br. 43,65&



120/BTC-PNJ/DRL/09 dated 6.10.2009 . Bridge No. 65 & 120 completed except br. No. 43 due to change in design. The contract was short closed at a cost of Rs. 5,06,04,747.00.

Further a balance work on “Br. No 43 & other balance misc. civil engineering work in mega block to make section fit for commissioning including execution of earthwork in formation, construction of minor bridges by launching of precast in situ execution of balance work of major bridges No. 43 an related protection work and other allied miscellaneous works between Lamta to Balaghat “was awarded to a contractor On 17.2.2016 at a cost of Rs. 58.37 crore

In this connection audit observed that:

1. No plan, detailed estimated and tender schedules indicating details of wok to be done by the contractor was prepared before inviting the above tender. Therefore there is a huge scope of manipulation and misuse of Govt. money.
2. In the absence of tender schedule the work may be executed by the authority at their will and pleasure which may lead to misuse of Govt. exchequer
3. It may also happen that the certain work left over by the previous contractor may also be done by this contractor without taking action against the defaulting contractor because no detailed survey was made

Thus due to non -adherence to the existing instruction and financial prosperity, Railway is going to incur loss on unspecified work.

**Para 4.1.12: Less deduction of EC Bag Charge amounting to Rs. 6303.00.**

As per condition for supply of cement by the contractor, the empty cement bag is the property of the contractor, however empty Cement Bag charge @ Rs. 1.65 per bag is recoverable from the contractor’s on A/c bill for the cost of cement Bag.

During test Check of the accounts and records at the O/o the Dy. CE/Con-I/NIR, it was found that less amount was deducted under the head Empty Cement Bag Charge from CC-9 & CC-12 in following contract agreement as per the detail given below:

CA No	CC on A/c Bill	EC Bag charge recoverable	Actual amount recovered	Due Amount to be recovered
Engg./NIR/TN/Stn. Bldg./NIR-BTC/15-16/59/679	CC-9	9933	6039	Rs. 3894.00
	CC-12	11550	9141	Rs.2409.00
<b>Total</b>				<b>Rs. 6303.00</b>

Therefore, Rs. 6303.00 is recoverable from the contractor.

**Para 4.1.13: Non recovery of Building and other construction worker’s welfare Cess (BOCWW Cess) amounting to Rs. 2.13 Lakh from contractors**

As per clause No. 55-C of General Condition of Contract, Building and other construction worker’s welfare cess @ 1% of the cost of construction work will be deducted from each bill. Cost of material, when supplied under a separate schedule item, shall be outside the purview of cess. While scrutinizing the accounts and records of O/o the Dy. CE/Con-I/NIR, it

was found that the Building and other construction worker's welfare Cess has not been recovered from the contractor's Bill as detailed in the table below.

CA No.	Concerned contractor's bill	Total amount of the Bill on which BOCWW cess recoverable	Actual Amount recovered	Amount to be recovered
285/Stn.Bdg. /NIR/15-16/ 58/RC	CC-10 <sup>th</sup> on A/c Contractor's Bill	Rs. 73,03,406.00	Nil	Rs. 73034.00
	CC-11 <sup>th</sup> on A/c Bill	Rs. 97,89,571.00	Nil	Rs. 97895.00
299/EW/Br./NIR-PNJ/15-16/62/JNL	PVC 1 <sup>st</sup> on A/c Bill	6,27,836-33720(supply of cement)=Rs. 594116.00	Nil	Rs. 5941.00
	PVC 2 <sup>nd</sup> on A/c Bill	13,38,179-269(supply of cement)=Rs. 13,35,560.00	Nil	Rs. 13355.60
CA No293/Br.No. 54&4R/NIR-MFR/15-16/104/DRL	PVC 1 <sup>st</sup> Bill	215187/-	Nil	Rs. 2151.80
	CC-12 <sup>th</sup>	Rs.13,78,405	Nil	Rs.13784.00
	PVC 2 <sup>nd</sup> Bill	Rs.7,40,144.00	Nil	Rs. 7401.40
Total				Rs. 2,13,562.8

**Para4.1.14: Irregular passing of PVC bill amounting to Rs. 2059569.00**

Railway Board issue instruction vide letter no. 2007/CE-I/CT/18 pt. 19 dated 14.12.2012 regarding PVC clause 46A to IRs General Conditions of Contract (GCC) "General instructions". Clause 46A (6) also clarified vide letter ibid that PVC applicable only for various type of Engineering works. The details are as under:-

- (b) Earthwork contracts
- (b) Ballast & Quarry products contracts
- (c) Tunneling contracts
- (d) Other works contracts

A contract for transportation of 60 kg./52 kg. PSC Sleeper, special sleeper, other Railway miscellaneous P. Way fittings including some single rails from any place to jurisdiction of Dy. CE/Con/I/NGP in connection with CWA-NGP GC project was awarded to a contractor at a cost of Rs. 2,15,35,309.00 vide CA No. 193/Transp/DCE/C-I/NGP/11-12/123/TBR dated 6.2.2013 with a completion period 12 months from the date of acceptance i.e. 31.10.2012 to 30.10.2013.

Audit observed during check of records of Dy.CE/GC/NGP that PVC bill was paid to the agency amounting to Rs. 14,21,700..00 (total 6 nos. of PVC bill) which is highly irregular and violating the PVC rule as contract was award only for transportation work from one place to another place i.e. Chhindwara-Nagpur section. Audit also observed from the PVC bill that an amount of Rs. 3, 66,061.00 paid towards Material components.

Similar cases is also noticed that PVC bill amounting to Rs. 6,37,869.00 ( 2 nos. of PVC bill) paid to a contractor vide C.A.No. 256/Tranp/CWA-NGP/14-15/63/TBR dated 30.6.2015 and Rs. 1,06,870.00 paid to material component.

**Para4.1.15: Irregular passing of PVC bill amounting to Rs. 1.69 crore resulting undue**

## **benefit to the contractor**

Time is the essence of contract as per GCC and thus timely completion of works is essential to ensure that the investment made on the works achieve desired result.

In Indian Railway, Price variation clause are made part of contract condition in respect of all tender over Rs. 50 lakh irrespective of time of completion to safeguard against general inflation linked to specified price indices for labour, stores and fuel.

In case of extension in execution of contract beyond “due date of completion” due to (i) modification or change in scope of work (ii) delay on account of Railway under clause 17(A) of GCC. Railway is liable for payment of price variation. No price variation is liable to be paid on account of delay in execution on account of contract under Clause 17(B) of GCC.

**Granting extensions with price variation in cases where delay in execution is due to contractors fault results in extending undue benefit to the contractor.**

During check of records of office of the Dy. CE/GC/NGP it was noticed that a contract was awarded to a contractor for construction of Tunnel No. 1 & Tunnel no. 2 including approaches and other ancillary works in section between Bhadarkund and Bhimalgondi station in connection with GC work between CWA-NGP at a cost of Rs. 15.70 crore with a completion period of 20 months from the date of issue of acceptance letter i.e. from 22.12.2010 to 21.8.2012 vide C.A.No. 147/tunnels/CWA-NGP/09-10/81/UANMAX dt.22.03.2011 ie. Works required to be completed within 21.8.2012. Contractor could not complete the work within stipulated time i.e within 21.8.2012. From the CE/Con/II/BSP letter no. 1332 dated 7.2.2012 it was revealed that from the very beginning the progress of the work of the contractor is not satisfactory. Seven days notice was issued to the contractor on 7.2.2012 to start the work and progressed the work as per bar chat otherwise action will be taken to terminate the contract. But contractor could not improve the progress of the work. Several extensions (8 times) were granted to the contractor from 22.8.2012 to 30.4.2017 under clause 17(A)( 2 nos.) and 17(B) (6 nos). Extension granted under clause 17(A) is highly irregular as progress of the contractor from the very beginning was very poor. Audit also observed that mobilization advance given to the contractor of Rs. 77, 78,075.00 on 22.06.2011 for timely completion of the work. Total amount recovered with prescribed interest through CC31 on 29.10.2015. But more than 5 ½ years has been elapsed, contractor could not complete the work till date (Physical progress only 80%). While, conducting Test check of bill files it was noticed that total amount of Rs. 1.69 crore paid (total 11<sup>th</sup> PVC bills) to the contractor from 8.11.2012 to 7.9.2016 out of which Rs. 26,55,369.00 paid to the contractor under clause 17 (B) which highly irregular and undue benefit to the contractor.

In this connection the following audit observation are made:-

- (i) From the very beginning the progress of the contract was not satisfactory, but Railway Admn. granted extension in the contract in routine manner with PVC which is highly irregular and violating the PVC clause.
- (ii) More than 5 ½ years had been elapsed (Completion period of the contractor was 21.8.2012) but contractor has completed only 80 % of work .why the contract has not been terminated.
- (iii) Passing of Rs. 26,55,369.00 under clause 17(B) which is highly irregular

Thus undue benefit to the contractor from the very beginning and violating to the PVC clause resulting irregular payment of PVC amounting to Rs. 1.69 crore.

**Para 4.1.16: Non Collection of Rs. 1.52 Crore due to non-inclusion of provision of Building and Other Construction Workers Welfare Cess Act, 1996 in Tender Document**

## **/Contract Agreement**

Railway Board vide letter no. 2008/CE-I/CT/6 dated 9.7.2008 instructed to all zonal Railway for implementation of the Building and other construction workers (RECS) Act 1996 and the Building and other Construction Workers Welfare Cess Act 1996 in Railway. The silent features of the acts are as follows:

- (i) As per this Act, the tenderer shall be levied a cess @1% of cost of construction work which would be deducted from each bill. Cost of material, when supplied under a separate schedule item, shall be outside the purview of the cess.
- (ii) The proceeds of the cess collected shall be paid by the local authority or the State Government collecting the cess to the Building and other Construction workers welfare Board constituted by the State Government.
- (iii) If any employer fails to pay any amount of cess payable under section 3 within the time specified in the order of assessment, such employer shall be liable to pay interest on the amount to be paid at the rate of two per cent for every month or part of a month comprised in the period from the date on which such payment is due till such amount is actually paid.

Office of the CAO/Con/BSP vide letter No CEC/BSP/ER/O/Policy/Pt-IV/1158 dated 10.09.2009 circulated the above mentioned provisions of the act to all its Chief Engineers and Dy. Chief Engineers to implement the same in all tenders to be invited from the date of issue of the instructions.

During check of records of office of the Dy.CE/GC/NGP it was noticed that a contract for construction of Tunnel No. 1 & Tunnel no. 2 including approaches and other ancillary works in the section between Bhadarkund and Bhimalgondi station in connection with GC work between CWA-NGP was awarded to a contractor at a cost of Rs. 15.70 crore with a completion period of 20 months from the date of issue of acceptance letter i.e. from 22.12.2010 to 21.8.2012 vide C.A.No. 147/tunnels/CWA-NGP/09-10/81/UANMAX dt.22.03.2011. Check of Tender agreement revealed that no such provision has been included in the tender document. Revised value of contract agreement was reduced from Rs. 15,70,06,398 to Rs. 15,21,98,716.00.

As the BOCWW fund is utilized for various labour welfare measures. Non-inclusion of BOCWW Cess provisions in tender document lead to non-collection of the BOCWW Cess, amounting to Rs 1.52 Crore, from the contractor which would have been applied for labour welfare.

This may be regularized by collecting the BOCWW Cess from the concerned Contractor with Interest and depositing the same to BOCWW Board.

## **Para 4.1.17: Improper planning resulting variation in quantities during execution**

As per existing instructions, assessment of quantities in the tender stage is to be done with due care as to avoid scope for large modification or addition to the existing work schedules.

- (a) A contract for execution of balance Civil Engg. Work in mega block to make section fit for commissioning including other miscellaneous allied work between Kelod to Khaparkhede in between Kelod – Ngpur in connection with CWA-NGP GC project was awarded to a contractor at a cost of Rs. 44,60,72,692.00 with a completion period 14 months from the date of issue of acceptance letter i.e

5.2.2016 to 4.4.2017 vide CANo. 297/EW/Br./KPKD-NGP/15-16/107/KTIPL dtd. 22.6.2016. The contractor could not complete the work in time. Ist variation was granted from Rs. 44,6072,692.00 to 53,50,37,043.00 ie. excess in variation of Rs. 8,89,64,352.00 due consumption of excess cement for constrction of 2 nos. of LHS etc.

(b) contract for construction of major bridges with RCC boxes cast in situ, retention wall, toe wall and other allied and miscellaneous works in section between Sausar and Saoner station in connection with GC work between CWA-NGP section was awarded to a contractor at a cost of Rs. 5,14,20,544 with a completion period 15 months from the date of issue of acceptance letter i.e. from 19.9.2015 to 18.12.2016 vide CANO. 278/Min.Br./SASR-SONR/14-15/123 dated 27.2.2016. Ist variation was granted and contract value increased from Rs. 5,14,20,544.00 to Rs. 6,40,66,315.00. The contractor could not complete the work within stipulated time. Total three extensions were granted (31.3.2017, 31.7.2017 & last extension 31.12.2017). From the check of records it was noticed that contractor has not applied any extension of time for completion of work after 31.12.2017 which is highly irregular. Ist variation was granted on 31.3.2017 from Rs. 5,14,20,544 to Rs.6,40,66,315.

The above analysis indicates that there was a failure in estimation and assessing the scope of work correctly. Besides, operation of excess quantities resulted in increase in value of the works.

**Para 4.1.18: Non-deduction of Mandatory taxes/Cess amounting to Rs. 84,63,500/ from Contract Agreements**

A contract for "earthwork & related protection works (including small toe walls, stone pitching, drain work etc.) between Ch 41100 to Ch 43600 & Ch 46000 to Ch 56000 including in the approaches of viaduct of Brg. No.84 & Brg. No. 89 and allied miscellaneous work in connection with Chhindwara –Nagpur Guage conversion project" was awarded to a contractor @ Value of Rs. 41,82,69,310/- vide LOA No. CEC/NGP/12-13/98/EW/Ch 41100-43600 & CH 46000-56000/CWA-NGP /0740 dated 05.11.2013 with completion period of 18 months (i.e. up to 04.05.2015) including monsoon. Contract Agreement for this work was executed vide CA no. 215/EW/ Ch 41100- 43600 & CH 46000-56000/12-13/ 98/JNPL dated 03.12.2013

While scrutinizing the records and accounts it is found that mandatory provision like deduction of Building and other construction workers welfare cess @ 1%(BOCWWC) and Empty cement bag charge @Rs. 1.65 per bag was Missing from the contract agreement. Moreover there was provision for Deduction of Madhya Pradesh VanijayKarAdhiniyam at work contract @2 %( WCT) on work contract vide clause 1.58 of special condition of contract (Part- ) is also not being deducted.

Till date CC 34<sup>th</sup> on A/c bill amounting to total Rs. 28,80,48,837.00 has been paid to the contractor under which Supply of TMT Bar was for amount Rs. 34,29,685.00 and supply of Cement was for amount Rs. 3,18,86,505.16. Therefore, following mandatory taxes are recoverable from the contractor.

Items for which payment has been made	Contractual Payment made	Recovery to be made under statutory taxes	Amount of Recovery leviable	Actual recovery	Net amount to be recovered

Execution of Earthwork	25,27,32,647	BOCWWC @1%	2527326.47	Nil	2527326.47
		WCT @2%	505465294	Nil	5054652.94
Supply of Cement and Steel	3,53,16,190	WCT@2%	706323.80	Nil	706323.80
Empty Cement Bag charge	Total consumption of Cement 5309 MT. No of Bags 106180= EC bag charge Rs. 175197			Nil	175197.00
	Nil			Nil	84,63,500

**Para 4.1.19: Non-recovery of penalty in spite of EOT being granted under clause 17B of GCC with suitable token penalty.**

A contract for “ construction of LHS with pre-cast RCC Boxes including only casting or cutting and launching of Pre-cast RCC Boxes & base slab segments at different unmanned level crossing gates between chainage 97400 (saonga PH)and khaprikheda station in Chhindwara- Nagpur section of SEC Railway in Maharastra state” was awarded a contractor vide LOA No. CEC/NGP/ER/T/12-13/68/MS/0209 dated 01.08.2013 at Agreemental Vlaue of Rs. 18,24,50,787/- with completion period of 24 months i.e. up to 31.07.2015.

After repeated reminders from the Railway, the contractor was not able to show adequate progress in the work till Jan’2014 as evident from Dy.CE/Con/I/NGP’s letter dated 06.01.2014 to the contractor.

Meanwhile in Jan’2015, NS items were included in Contract Agreement increasing the contract value to Rs. 22,64,80,611/-. While replying to the observation of accounts Department, it was intimated by the Dy.CE/Con/I/NGP vide his letter dated 30.01.2015, that inclusion of NS item would not require any additional time to execute the contract.

1<sup>st</sup> EOT up to 31.10.2016 (i.e. for 15 months in one span) in the contract was approved under clause 17A (with PVC) of GCC. Approving such a long extension of time with PVC and without any penalty in one span, show that favor has been made to the contractor. During this period PVC bill amounting to Rs. 79, 41,362/-was paid to the contractor.

2<sup>nd</sup> EOT up to 28.02.2017 in the contract was recommended “under clause 17B of GCC i.e. without PVC & with suitable token penalty as deemed appropriate” by CE/Con/NGP and the same was approved on 02.01.2017 by CAO/Con/BSP. However suitable token penalty was not indicated by either CE/Con/NGP or CAO/Con/BSP. 3<sup>rd</sup> EOT up to 30.05.2017 was sanctioned under clause 17B of GCC with suitable token penalty of Rs. 20,000/-per month. 4<sup>th</sup> EOT up to 30.11.2017 was sanctioned under clause 17B of GCC i.e. without PVC and with token Penalty of Rs. 20,000/-per month. In this connection Audit makes following observation.

1. Despite the fact made it clear to the accounts department that inclusion of NS item would not require any additional time to execute the contract, 1<sup>st</sup> EOT up to 31.10.2016 (for 15 months) was granted to the contractor without penalty and with PVC. Therefore, amount of Rs. 79,41,362/- paid under PVC clause is extra burden inured on the Railway exchequer.

Despite of indicating that penalty is leviable for 2<sup>nd</sup> extension, neither any penalty amount was fixed nor was penalty recovered from the contractor. This show leniency adopted towards the contractor. If the same rate of penalty (levied at subsequent period) is to be

considered, at least Rs. 80,000/- (Rs. 20000/-per month for 4 month from Nov'16 to Feb'17) penalty for the 2<sup>nd</sup> extension is to be recovered.

**Para 4.1.20 : Late submission of Performance Guarantee i.e. beyond 60 day.**

As per clause 16.4(a) of GCC 2014, Contractor may submit the requisite PG within 60 days with 15% annual interest. In case contractor fails to submit the requisite PG within 60 days of date of issue of LOA the contract shall be terminated duly forfeiting the EMD. In case of the LOA No. CEC/BSP/ER/T/15-16/98 Balast Madir Hasaund-Naya R –Kendri/177 dtd. 02.03.2016, the contractor submitted the requisite PG on 03.05.2016 i.e. beyond 60 days. As per GCC clause 17(4), this contract should have been terminated along with forfeiture of EMD. However delayed submission of PG was condoned along with penalty of RS. 10,000/-.

**Para 4.1.21: Irregular passing of PVC bill amounting to Rs. 672062.00**

Railway Board issue instruction vide letter no. 2007/CE-I/CT/18 pt. 19 dated 14.12.2012 regarding PVC clause 46A to IRs General Conditions of Contract (GCC) "General instructions". Clause 46A (6) also clarify vide letter ibid that PVC applicable only for various type of Engineering works. The details are as under:-

- (c) Earthwork contracts (b) Ballast & Quarry products contracts (c) Tunnelling contracts
- (d) Other works contracts

A contract for transportation of 60 kg./52 kg. PSC Sleeper, special sleeper, other Railway miscellaneous p.way fittings including some single rails from any place to jurisdiction of Dy. CE/Con/I/NGP in connection with CWA-NGP GC project was awarded to a contractor vide CA No. 281/Transp/NIR-MFR/15-16/102/TBR dated 5.3.2016.

Audit observed during check of records of Dy.CE/Con/CWA that PVC bill paid to the agency amounting to Rs. 6,72,062.00 which is highly irregular and violating the PVC rule as contract was awarded only for transportation work from one place to another place i.e. Chhindwara-Nagpur section. Audit also observed from the PVC bill that an amount of Rs. 2,05,774.00 paid to Material components.

Sr.DSO(A/cs)/NGP and bill clerk passed the PVC without checking resulting to undue benefit to the contractor

**Para 4.1.22: Price variation clause during extended period of contract**

Time is essence of the contract as per GCC and thus timely completion of works is essential to ensure that the investments made on the works achieve desired results.

During check of records of office of the Dy. CE/C/CWA it was noticed that a contract for execution of earthwork & related protection works (including small toe walls, stone pitching drain works etc.) between Ch. 41100 to Ch. 43600 & 46000 to Ch. 56000 including in the approaches of viaduct br. No. 84 & Br. No. 89 and allied and miscellaneous works in connection with CWA-NGP gauge conversion project was awarded to a contractor at a cost of Rs. 41,82,69,310.00 vide C.A.No. 215/EW/CH-41000-43600 & CH.46000-56000/12-13/98/JNPL dt 3.12.2013 with a completion period 18 months from the date of issue of acceptance letter i.e from 5.11.2013 to 4.5.2015. The contractor could not complete the work within stipulated time due to increase in the scope of work and non-availability of clear site. Contractor executed the work valuing Rs. 30,02,43,048.00 and paid through CC 35<sup>th</sup> bill dated 31.1.2018. 4<sup>th</sup> extensions were granted upto 31.3.2018 and contractor completed only 70% of work. Audit also observed that during extension period Railway paid PVC bill amounting to Rs. 80, 62,367.00

Thus due to improper planning resulting extra expenditure amounting to Rs. 80.62 lakhs paid to the contractor through PVC bill due to non-completion of work in time, the amount will increase after completion of work. If the work had been completed in time, SEC Railway could have saved the extra expenditure on account of PVC amounting to Rs. 80.62 lakhs.

**Para 4.1.23: Non implementation of Central Vigilance Commission Order regarding Verification of Bank Guarantee (BG).**

While scrutinizing the Accounts and Records of O/o the Dy. CE/Con/CWA, it was observed that paper based system of verification of Bank Guarantee (BG) received from contractors is being followed in the Railway. As per Central Vigilance Commission (CVC) circular No. 04/03/2016 issued vide CVC OM No. 02-07-CTE-30/309204 dated 04.03.2016 (issued to all chief Vigilance Officer) wherein CVC has observed that the practice of paper based verification of BGs followed by the organization is not only time consuming but its trustworthiness cannot always be ensured due to human intervention in it.

Accordingly, the CVC had advised the organization to follow IT enabled confirmation system which is swift and secured in addition to their existing paper based confirmation system. Three methods of IT enabled confirmation system of BG have been suggested by the CVC in the circular *ibid*.

**Para 4.1.24: Short closure of the Contract instead of termination and distribution of the balance work to existing agencies.**

A contract for construction of Station building, DG room, platform work including water supply, sanitary, electrical works and other associated misc civil works at Garha and Gaurighat station in connection with Gondia – Jabalpur G.C works was awarded to a contractor at a cost of Rs. 4,47,32,268/-, vide the Contract Agreement No. 218/StnBldg/Garha-Gawarighat/CES/SECR/2015, dated 18.06.2015.

The work was commenced on 05.04.2015. From records available it is clear that the contractor adopted lackadaisical approach from very start of the work, some examples are cited below.

1. The Railway Administration (Dy CE Con/JBP) showing its concern over slow progress of work directed the contractor to deploy man & machinery at site, vide letters dated 30.07.2015, 31.03.2016, 07.05.2016 & minutes of the meeting dated 12.08.2015.
2. The soil sample send for testing at Geo Tech lab Bilaspur failed and in this connection the contractor was advised by Dy CE Con/JBP to ensure the quality of soil as per agreemental specifications, vide letter dated 30.11.2015.
3. AEE/Con/NGP vide his letter dated 07.04.2016 informed Dy CE/Con/JBP that 'the electrical wiring work of Garha and Gwarighat station building, which was a part of above agreement, was not started by the contractor (not started till April 2016) and requested to initiate necessary action against the contractor.
4. The slow progress of work a '7 days notice' was issued to the contractor in accordance with the clause 62(1) (B) (e) of GCC.

Despite of the above mentioned examples showing contractor's approach towards the work, the Dy CE Con/JBP vide note dated 11.09.2016 requested the TAA i.e. CE/Con/II/BSP for Short Closure of the work without any liability on either side. Dy CE's proposal for short closure of the work was accepted by the TAA and the work was short closed on 11.09.2016. When the work was short closed a total payment of Rs. 2,23,95,303/- was made to the contractor )upto CC 12 on AC bill)



In this connection, audit has observed that the short closure of the work without any liability of either side is highly objectionable, as from the facts mentioned above it is clear that the contractor was responsible for delay in execution of work. Therefore the work should have been terminated forfeiting the SD& PG, as per the special Conditions of the contractor agreement.

**Para 4.1.25: Injudicious award of new works to the existing contractors without floating fresh tenders.**

On 30.01.2016, the CAO/C/BSP during the inspection of NIR-SKY section in connection with Gondia- Jabalpur conversion project, instructed Railway officials to construct 10 numbers of new bridges between NIR-SKY section, as detailed below:

Sr. No.	Section	Bridge no.	Approx Cost in Rs. (Lakh)
1	NIR-PDE	205-B	20
2	PDE-Nidhani	232-A	10
3		246-A	14
4		246-B	10
5		250-A	39
6	Nidhani-GNS	251-A	10
7		254-A	10
8		261-B	80
9	VNK-SKY	285-A	11
10	SKY-SOY	310-A	19

A proposal was mooted by AXEN/C/II/NIR vide Note No DCE/Con/II/NIR dated 12.04.2016 for construction of 10 nos. of bridges (br. No. 205B, 232A, 246A, 246B,250A,251A,254A,261b,285a & 310a) at an approximate cost of Rs. 2.33 Crores. Dy CE/C/II/NIR proposed to execute the same through existing agencies within their geographical jurisdiction of Mega Block Contract. Accordingly the same was approved by the CAO/Con on 21.04.2016.

As per the items No. 5(B) of Model Schedule of Powers the CAO(C) may invite single tender for work costing up to Rs. 5 Cr in case of works pertaining to doubling. Traffic facility, New Lines, gauge conversion and railway electrification projects, which are targeted for completion in the current financial year.

In this connection, audit has observed that the work for construction of all new bridges valuing Rs. 2.3 crore should have been done by floating of tenders or by award of single tender duly following all procedures.

**Para 4.1.26: Award of work without having clear sites resulting into a voidable payment of Rs 64.15 lakh in the form of PVC.**

A contract for construction of Major Br. No. 9 Br. No. 10 & Construction of RUB No. 10A, RUB NO. 26A & RUB No. 26B in between section of BUQ-GRG on detour alignment in connection with GC work was awarded to a contractor at a cost of Rs. 4,36,37,358/- vide C.A. No. 195/RUB/GRG-BUQ/CES/SECR/11 dated 11.03.2011 with a completion period 12 months from the date of issue of acceptance letter i.e. from 28.09.2010 to 27.09.2011.

The work was commenced on 18.11.2010. The work could not be completed even after lapse of 4 years and finally the work was short closed in the month of April 2015, on the

ground of delay in availing mega block of GC. Up to CC13 & final bill payment of Rs. 2,51,76,101/- (Rs. 2,17,93,084/- + PVC Rs. 33,83,017/-) was made to the contractor.

During the course of audit it was noticed that for completion of the project total 6 extensions were granted to the contractor. Review in this regard revealed that the contractor was wholly or partly responsible for non-completion of work and therefore besides short closure of the work suitable action as per the Conditions of Contract agreement should also have been taken against the contractor.

Similar case is also noticed that a contract, for construction of major bridge No. 11 (5x18.3m PSC minor bridges No. 9 & 12 including earth work in approaches along with other allied and miscellaneous works between ch 3800 to 5400 in Shikara-Sukrimangla section on detour alignment in connection with Gondia-Jabalpur gauge conversion project, was awarded to a contractor at a cost of Rs. 10,16,03,968/- vide CA No. 177/Maj Br.11/Min Br 9 & 12/Shikara-Shukrimangla/CSE/SECR/10 with a completion period of 16 months from 11.11.2009 to 05.04.2011.

But due to delay in obtaining forest clearance cutting/disposal of trees, revision of drawing due to change in actual strata encountered at site the work could not be completed even after lapse of 4 years and finally the work was short closed in the month of April 2013. A total of Rs 4,37,56,898/- (Rs 4,07,24,857/- amount of work done + Rs. 30,32,041/- PVC) was made to the contractor, when the work was short closed.

Thus Railway Administration's act of hustle to award a contract without availability of clear site in hand resulted into not only short closure of the works but also payment of Rs. 64.15 lakh as a cost overrun, in the form of PVC bills.

**Para 4.1.27: Award of contract before ensuring the availability of fund in violation to the RB guidelines resulting into short closure of the work.**

A work for 'Execution of earth work in bank and cutting, blanketing, construction of minor bridge and miscellaneous works in detour and/or on same alignment (during mega block) between KEQ-BUQ section in connection with Gondia-Jabalpur gauge conversion project' was awarded to a contractor at a cost of Rs 4.33 Cr, vide LOA No. CEC/BSP/ER/T/11-12/20/EW/Min Br/KEQ-BUQ/1328 dated 04.02.2012. The Contract Agreement was executed vide CA No. 233/EW/Min Br/KEQ0-BUQ/CEC/SECR/12.

The work was commenced on April 2012. Upto December 2013, even after lapse of 18 months, financial progress of only 18% was achieved i.e. total payment of Rs. 81,29,655/- was made to the contractor. In the month of March 2014 the work was short closed without liability on either side under clause 61/1 of GCC. Main reasons, as attributed by the Railway Administration, for short closure of the work are as under:

1. The Currency of contract expired on 31.12.2013 and agency is not applying for EOT due to non-certainty of making payments of the work executed by the contractor.
2. Paucity of fund from 1<sup>st</sup> week of Nov'13 onwards.
3. Non willingness of contractor to execute the balance work which can be done before availing mega block.
4. The Earthwork and bridge work was stopped due to rain from June 2013 to Oct'2013 which is beyond the contractor control.
5. Railway was not in a position to ensure the timely payment for work done under this agreement from Oct'13 onwards and even as on date also.

Therefore, the instant case of non-observance of Railway Board guidelines, regarding ensuring availability of clear sites and fund before award of work, resulted into short closure of work.

**Para 4.1.28: Delay in execution of the work resulting into payment of Rs. 6.5 Cr as PVC.**

A contract, for execution of earth work in formation between ch 100 to 5050 (ch starts from CSB of Vinaiki) and construction of minor bridge No. 2 (66.1 x 3.5m RCC Box) at ch 1983 m ROB No.4 (1 x 21.0m RCC T beam girder) at ch 4002 m & two Nos. aquaduct at ch 3853 & ch 4464 along with other allied and miscellaneous works between ch 100 to 5050 in Vinaiki-Shikara section in connection with Gondia-Jabalpur gauge conversion project, was awarded to a contractor vide CA No. 184/Rock cutting/Vinaiki-Shikara/CEC/SECR/10 with agreement value of Rs. 16,36,50,594/- with completion period of 24 months from 06.04.2010 to 07.03.2012.

The contractor could not complete the work within the stipulated time and the work was finally completed on 30.04.2016 with 4 years of extension period at a cost of Rs. 24,34,45,113/- (Rs 20,01,41,755/- amount of work done + Rs. 4,33,03,358/- PVC).

Similar case vide CA No 230/EW/Min Br/Ch- 5050- 7100/VNK-SKY/CES/SECR/12 with agreemental value of Rs 8,28,82,894/- with completion period of 18 months from 04.09.2012 to 17.05.2014 was awarded to the same contractor was noticed, which was also completed on 30.04.2016 at a cost of Rs. 13,96,08,907/- (Rs. 11,76,42,054/- amount of work done + Rs. 2,16,66,853/- PVC), with 2 years of extension period.

Thus due to Improper Contractor management and delay in Railway's part the Railway Administration had to pay a sum of Rs. 6.5 Cr, as a cost overrun of the project.

**Para 4.1.29: Non –deduction of agreed damage charges for the EOT under 17'B' amounting to Rs. 33,23,916/**

As per the Para No 17-B of Indian Railway Standard General Conditions Of Contract: The time for the execution of the work or part of the works specified in the contract documents shall be deemed to be the essence of the contract and the works must be completed not later than the date(s) as specified in the contract. If the contractor fails to complete the works within the time as specified in the contract for the reasons other than the reasons specified in Clause 17 and 17-A, the Railway may, if satisfied that the works can be completed by the contractor within reasonable short time thereafter, allow the contractor for further extension of time (Proforma at Annexure-VII) as the Engineer may decide. On such extension the Railway will be entitled without prejudice to any other right and remedy available on that behalf, to recover from the contractor as agreed damages and not by way of penalty a sum equivalent to ½ of 1% of the contract value of the works for each week or part of the week.

For the purpose of this Clause, the contract value of the works shall be taken as value of work as per contract agreement including any supplementary work order/contract agreement issued. Provided also, that the total amount of liquidated damages under this condition, shall not exceed the under noted percentage value or of the total value of the item or groups of items of work for which a separate distinct completion period is specified in the contract. (i) For contract value upto Rs. 2 lakh – 10% of total value of the contract (ii) For contracts valued above Rs. 2 lakh -10% of first Rs. 2 lakh and 5% of balance.

A contract, for Execution of P.Way linking works, spreading of ballast, maintenance of track, supply/construction of various indicator boards with other allied and miscellaneous works between Nainpur (excluding) to Ghansore (excluding) in connection with Gondia-Jabalpur Gauge Conversion project, was awarded to a contractor vide CA No. 283/Linking/NIR-Ghansore/CEC/SECR/16 valuing Rs. 7,38,64,754/- with a completion period of 10 months from 19.02.2016 to 18.12.2016.

The work was not completed in the stipulated time and the contractor was given extension under 17 'B' without PVC and without penalty for the period of 61 days.

Audit, in this connection, observed that as the extension was given under the clause 17B of GCC therefore agreed damage amounting to Rs 33,23,916/- ( ½ % of 7, 38,64,754/- = 3,69,324 per week and sum calculated for 9 weeks comes to 33, 23,916/-) should have been recovered from the contractor.

**Para 4.1.30: Blockage of capital to the tune of Rs. 2.51 Cr due to award of work without completion of preliminary works in violation to RB guidelines.**

As per Railway Board's instructions (October 2006) contracts for works should not be awarded unless preliminary works such as site investigation, approval of plans, drawings and estimates of works are completed and there is no hitch in handing over the site to the contractor for executing the work.

The works for Salwa long loop was approved vide PB item no. 84 of 2013-14 at total cost of Rs. 10.42 crore. Detailed estimated was sanctioned on March 2015 at a cost of Rs. 14.18 crore. From the justification of the above project it was observed that Salwa is B class station with 4 line situated in HWH-Mumbai main line. Due to non-availability of sufficient length of loops at stations, long haul trains cannot be operated/arranged. For optimal use of the existing line capacity SEC Railway decided to extend the loop lines at Salwa to such an extent that long haul trains can be accommodated on the loop when ever required.

Accordingly, Contract for Civil Engineering work was awarded to a contractor Vide CA No. 283/Salwa/15-16/52/Technocrat at a cost of Rs. 4,74,03,465/- with a completion period 15 months, i.e. the work to be completed by March 2017.

During the course of audit it is observed that, upto April 2017, only 60% of physical progress was achieved for above work with an expenditure of Rs. 1.57 Cr. upto July 2017, total payment of Rs. 2.51 Cr was made to the contractor.

The reason for delay of the work, as attributed, are:

1. Due to delay in shifting the cables by the department,
2. Removal of hindrances at site was delayed,
3. Delay in finalizing the drawings and
4. Non availability of P.Way, materials for this work.

In this connection, audit has observed that the contract for above mentioned work was awarded by the Railway Administration without completion of preliminary works, in violation to the Railway Board circular mentioned above.

Thus, the hasty decision of the SEC Railway for awarding the contract without having clear site lead to not only Blockage of Capital to the tune of Rs. 2.51 Cr but also into delay in Traffic facility work and non-achievement of intended benefit.

**Para 4.1.31: Expenditure of Rs. 7.12 Cr in a cost sharing project without the acceptance of state government for sharing of the revised cost of the project.**

The work for 'Wadsa-Gadchiroli (52.36 Km) – New Lines' was sectioned in the year 2011-12 with abstract cost of Rs. 229.01 Cr. The work is to be funded by the Railway Administration & the Government of Maharashtra on 50:50 cost sharing basis. In May/17, the last sanctioned cost of above work was revised on Rs. 403 Cr.

A work for 'Executions of passenger platform, goods platform, goods shed, shelter, extension of minor bridge, service building for S&T and miscellaneous work for yard remodeling at Wadsa station in connection with Wadsa-Gadchiroli new line project' was awarded to a contractor at a cost of Rs. 10.62 Cr, vide the Contract Agreement No. 276/WSA Yd/15-16/42/DRL dated 25.02.2016.

From records available, it is seen that, against the above mentioned work, expenditure of Rs. 7.12 Cr. (Upto Nov'17) was incurred against the sanctioned cost of Rs. 10.62 Cr.

Review in this regard revealed that no confirmation from the Government of Maharashtra was received, upto Dec'17 for sharing of revised cost. As, the above mentioned project was sanctioned by the Railway Board on cost sharing basis from the Government of Maharashtra and as any expenditure by Railway Administration should have been incurred by the Railway Administration only after getting acceptance letter from the Government of Maharashtra for sharing of revised cost. The Railway Administration may be deprived of the state government share, in case the State government does not agree for sharing of the revised cost.

**Para 4.1.32: Blockage of investment to tune of Rs. 3.21 Cr. due to award of contract in violation of Railway Board instructions.**

As per Railway Board's instructions (October 2006) contracts for works should not be awarded unless preliminary works such as site investigation, approval of plans, drawings and estimates of works are completed and there is no hitch in handing over the site to the contractor for executing the work.

A contract for 'Execution of balance left over work of protection works retaining wall, toe wall drains approach roads of level crossing P.way linking allied misc. work between Kalumna and Nagpur station in connection with doubling between Nagpur to Kalmuna station' was awarded to a contractor at a cost of Rs. 4,18,53,136/- with completion period of 8 months, i.e. work to be completed by Septmeber 2016, vide C.A. No. 273/KAV-NGP/Bal. protection/15-16/92/PDM dated 24.02.2016.

The work could not be completed even after lapse of one year form the due date of completion & award of 4 extensions. Upto October 2017 only 65% work was completed with a payment of Rs. 3.21 Cr. through on A/c bill CC 18<sup>th</sup>. The contractor could not complete the work within the stipulated time due to 'non clearance of encroachment at Railway area'&non finalization of NI works. In the meantime, NS item valuing Rs. 21.78 lakh was also sanctioned for completion of the work.

Thus the award for contract in violation of Railway Board instructions, resulted into not only delay in completion of the project but also into blockage of investment to tune of Rs. 3.21 Cr.

**Para 4.1.33 : Loss due to encroachment of Railway land in the Nagbhir Sub Division of SEC**

## Railway.

It is the duty of every Railway administration to preserve unimpaired title to all land in its occupation and to keep it free from encroachment. With a view to obviate any litigation, accurate land plans of all railway lands should be maintained and boundaries adequately demarcated and verified at regular intervals<sup>1</sup>. Further, Railway Administration is also responsible for maintenance of proper records in connection with the demarcation and periodical verification of the boundaries of all land in the possession of the Railway<sup>2</sup>. The Section Engineer (Works/P. Way) under the supervision of Assistant Engineers and Divisional Engineers are primarily responsible for maintaining railway land without any encroachments or development of easement rights. A land boundary verification register (printed register) showing details of "encroachment and details of missing boundary stones and action taken thereon" should be maintained by them for this purpose. While Section Engineer (P. Way) is responsible for Railway land between stations and at unimportant stations, Section Engineer (Works) is responsible for land at important stations and staff colonies<sup>3</sup>.

In this connection, following irregularities were noticed :

**a) Encroachment Railway land at Chandafort:-** It was noticed that Land Boundary Verification Register was not being maintained at Sr. Section Engineer /Works /Nagbhir's office. The very purpose of maintaining the register is to ensure that there is no encroachment inside the Railway Boundary. As a result of the negligence on the part of the Railway Administration over a long period, several encroachments cropped up in Chandafort colony. Total no. of encroachments have gone upto 179 covering an area of 5429.57 sq meter of land present value of which comes to Rs 15.57 lakh based on Railway's land rate of 2017-18 (Rs. 286.73 x 5429.57).

**b) Land handed over to State Government without license fee:** - Audit noticed (October – November 2009) that 18000 Sqft (1672.2547 sq meter) of Railway's land near Railway station at Nagbhir were handed over to the local authority of the State Government<sup>4</sup> in the year 1968 (27.3.1968) by the then Assistant Engineer, SE Railway, Nagbhir for construction of Government Grain Godown. The cost of Railway land at that time was Rs. 1239.40. However, Railway did not take any action for realization of land license fee. No agreement was signed with State Government for handing over this land.

### **Para 4.1.34: Avoidable expenditure of Rs. 54.53 lakh due to delay in construction of Road Over Bridge in manned Level Crossing gates.**

Para 604 of Chapter VI of Indian Railway Code for the Engineering Department provide that an important requirement for effective investment planning is the realistic estimation of project costs. Full details of the scheme must be worked out and no scheme should be included in the Railway's Works Programme unless detailed plans and estimates have been prepared and are ready. In the case of yard remodelling, line capacity works i.e., goods shed facilities and important buildings the estimates should be based on plans approved and signed by the concerned departments who should scrutinize the plans carefully to avoid the **need for making any substantial modifications in the required facility at a subsequent stage**. In regard to proposals for new marshalling yards goods terminals, and tranship yards

etc., work study teams should go into the actual working before formulating schemes for the additional facilities required.

Further, Railway Board's instructions also exist (August 1980 and October 2006) that contracts for works should not be awarded without completion of the prerequisites such as clearance of site, preparations of plans and drawings etc. These prerequisite should be completed in time to hand over the same to the contractor immediately so that the progress of work is not hampered.

During Audit review of Tender case on "Construction of ROB (Br. No. 32A) in lieu of manned LC No. TT-23 at Km 1075/3 between Goverwahi-Dongaribuzurgstations onTumsar – Tirodi Branch line (BG) under the jurisdiction of ADEN/Tumsar Road" it is seen that the contract was awarded to a contractor under LOA No. C/31/NGP/2016-17/299 dtd 02.05.2017. **As per the LOA the work is to be completed by six months from the date of award of the contract including monsoon period i.e. by 01.11.2017.** Review of work in this connection revealed the following:

The work is yet to be started (November 2017) and following remarks have been furnished in the work status in IRPSM:

**"LOA issued on 02.5.2017. Work to be taken up after monsoon. GAD under approval"**This indicates that existing instructions of Railway Board regarding award of contract was not followed and contracts was awarded without completing the prerequisite (non preparation of GAD – General Arrangement Drawing) which will definitely lead to further delay in execution of contracts. Six month's completion period was stipulated in the LOA dated 2.5.2017 which also includes monsoon period. The above remark that works to be taken up after monsoon indicates casual approach of executing authority in completion of work. The delay in completion of work may also involve "payment of price variation" to the existing contractor for which the executing authority should be held responsible.

It is further noticed that the above work was sanctioned under the authority of the General Manager in the year 2013-14 at a cost of Rs. 2.2994 crore which was revised for Rs. 2,48,34,719 vide Revised Estimate No. 81/NGP-BG/2016 prepared in December 2016 vide No. E/EST/WP/C/2016/324 dated 13.12.2016. However, the Revised Estimate was sanctioned by the Sr. DEN/Co-ord/SECR/NGP on 20.2.2017(not by the General Manager). As per the said revised Estimate, revision was required due to addition of "RE Wall and Design and Drawing". As this is new item added to the revised estimate this should be treated as "Material Modification" and therefore, this revised estimate should have been sanctioned by the General Manager. This also indicates that existing rules on effective investment planning was not done for this work. Had the proper planning made and realistic estimation of project costs was arrived at initially in 2013-14 itself, the work could have been completed in 2013-14 itself and Manned level crossing Gate No. TT-23 could have been closed. This has resulted in incurrance of avoidable expenditure of Rs. 15.16 lakh per annum (approx) on operation and maintenance of the manned LC gates. Total avoidable expenditure from 2014-15 to 2017-18 on this account comes to Rs. 54.53 lakh. Further to above, it may be pointed out that the contract was issued for RS. 2,54,70,558.50 which is more than the original sanctioned estimate (Rs.2.2994crore) and even revised estimate (Rs.2.4835 crore). Therefore, for completing the work the estimate is to be revised again to avoid unsanctioned expenditure.

It therefore, follows from the above that even after a lapse of four years from the date of initial planning and sanction of General Manager in 2013-14 at a cost of RS. 2.2994 crore, Railway failed to construct the ROB at manned level crossing No. TT-23 due to defective planning resulting in avoidable expenditure of Rs. 54.53 lakh on operation and maintenance of manned Level Crossings at Tumsar-Tirodi (TT-23) Branch line of Nagpur Division.

**Para 4.1.35: Loss due to encroachment of Railway land in the Nagbhir Sub Division of SEC Railway.**

It is the duty of every Railway administration to preserve unimpaired title to all land in its occupation and to keep it free from encroachment. With a view to obviate any litigation, accurate land plans of all railway lands should be maintained and boundaries adequately demarcated and verified at regular intervals<sup>5</sup>. Further, Railway Administration is also responsible for maintenance of proper records in connection with the demarcation and periodical verification of the boundaries of all land in the possession of the Railway<sup>6</sup>. The Section Engineer (Works/P. Way) under the supervision of Assistant Engineers and Divisional Engineers are primarily responsible for maintaining railway land without any encroachments or development of easement rights. A land boundary verification register (printed register) showing details of “encroachment and details of missing boundary stones and action taken thereon” should be maintained by them for this purpose. While Section Engineer (P. Way) is responsible for Railway land between stations and at unimportant stations, Section Engineer (Works) is responsible for land at important stations and staff colonies<sup>7</sup>.

During check of records maintained in the office of the Sr. Section Engineer/P.Way/Bhandara Road, it was noticed that Land Boundary Verification Register was not being maintained. The very purpose of maintaining the register is to ensure that there is no encroachment inside the Railway Boundary. As a result of the negligence on the part of the Railway Administration over a long period, several encroachments cropped up in Bhandara Road. Total no. of encroachments have gone upto 104 covering an area of 10810.873 sq meter of land. However no fruitful action was found from Railway Administration to remove the encroachments.

**Para 4.1.36 : Non adherence of Railway Board’s guidelines in floating of Tender/issue of work order – resulting delay in completion and avoidable expenditure towards payment of PVC:**

During check of works file regarding “Provision of goomty (36 nos.) in connection with interlocking of LC gates & automatic signalling under ADEN/Gondia” it was noticed that the work was awarded to a contractor vide LOA No. E/35/NGP/2015/16/201 dt. 02.05.2016. The work was required to be completed within 10 months from the date of issue of LOA. Agreement was executed on 09.09.2016. The work was not completed within the stipulated date i.e. on 01.03.2017. The contractor applied for extension of completion time on 18.03.2017 showing the following reasons:

1. As per tender in all 36 locations are to be provided with goomtys.
2. Out of 36, only 14 locations have so far been finalised and layout given.
3. Out of 14, 04 locations were finalised in March, 2017.
4. Thus layout for 22 locations is yet to be finalised by the Railways.

The above reasons were certified as satisfactory by the ADEN/Gondia and extension for completion of the work awarded upto 31.12.2017 without penalty and with PVC. The contractor submitted 1<sup>st</sup> PVC Bill on work executed upto 30.06.2017 of Rs. 3,34,060/- which



was certified by the ADEN/Gondia and the amount of PVC was paid to the contractor. In this connection following observations are made:

1. As per Railway Board's guidelines, the site of work should be cleared and ready before issue of work order to the contractor. Reasons for awarding the above work without finalizing almost 2/3<sup>rd</sup> of the locations may please be furnished.
2. Due to non-finalisation of location of work, Railways have to allow extension of time to complete the work which attracted PVC amounting to Rs. 3.34 lakh till date. .

**Para 4.1.37: Infructuous expenditure Rs. 83.42 lakh due to deficient planning of works by Nagpur Division.**

Para 601 of Indian Railway Code for Engineering Department provides that investment decision relating to creation, acquisition and replacement of assets on the Railways are processed through the annual "Works, Machinery and Rolling Stock Programme". Para 603 further provides that the preparation of Annual Works Programme of Railway is not an isolated exercise for the year, but is a part of continuous planning process from the level of the Divisional Officer onwards. Investment proposals emanating from the Division would be those which are intended to effect improvements in operation or remove bottlenecks etc., within the Division itself. In regard to proposals for new marshalling yards, goods terminals and tranship yard etc., work study team should go into the actual working before formulating the schemes for the additional facilities<sup>8</sup>. For preparation of Preliminary Works Programme (PWP), the Chief Engineer of the Railway is primarily responsible for ensuring that the proposals prepared by the various departments are complete in all respect and are correctly prepared<sup>9</sup>.

In this connection, it was seen during Audit ( January 2018) that nine works proposed by the Nagpur Division were sanctioned by the General Manager, SEC Railway Bilaspur / Divisional Railway Manager, Nagpur during 2011-12 to 2012-13 at a cost of Rs. 14.66 crore vide details enclosed in Annexure A. However, after incurring an expenditure of Rs. 83.42 lakh the works were dropped during the period from November 2014 to September 2016 without any physical progress in any works. In case of works at SI (1) of Annexure A, it could not be executed after incurring expenditure of Rs. 78.60 lakh (79.47%) out sanctioned amount of Rs. 98.91 lakh due to involvement of huge modification of S&T which was not taken into account in the estimate as result of deficient investigation / survey before initiation of proposal. Works of LHS at SI (2) could not be executed as Collector / Balaghat's consent obtained for plain closure of the LHS after incurring expenditure of Rs 20,000. This also indicates bad planning. As a person of ordinary prudence (Para 116-F-1), and also as per Railway Board's extant orders, Railway should first explore the possibility of plain closure of LHS. In case of construction of another LHS vide SI (5) work abandoned on 16.11.2014 after incurring expenditure of Rs. 81,000 due to non receipt of forest clearance which is pre-requisite before sanction of sanction of estimate. Thus, it may be seen that all the works were abandoned due to deficient planning / bad planning at the proposal stage vide details in enclosed Annexure A. This has resulted in not only the infructuous expenditure of Rs. 83.42 lakh but also blockage of costly funds allotted in the budget from the year of sanction and onwards.

**Para 4.1.38: Award of contract without ensuring adequacy of fund in contravention to RB guideline.**

To ensure successful and timely execution of contracts, Railway Board issued instructions that tenders are to be called for only after detailed site investigations, ensuring availability of clear site inadequacy of funds for execution of contracts in time, vide letter No. 72/WI/CT/43 dated 21.09.1972, 30/W2/3/33 dated 29.08.1980, 85/W1/CT/9 dated 22.02.1985. Similar orders were issued as far back as in year 1972 and reiterated in the years 1980, 1983, 1985, 1990, 1993, 2000 and 2001 but were being ignored in a routine manner.

A work for 'Construction of 68 units (G+1) Type-II quarters in Bilaspur Railway settlement' area including electrification and other allied and development works' was awarded to a contractor vide LOA No. CEC/BSP/ER/T/16-17/05/Type-II staff qtrs at BSP/545 dated 28.09.2016 at a cost of Rs. 7,94,15,077/- with completion period of 15 months. The Contract Agreement was executed vide CA No. 298/68 Units Type-II qtrs at BSP/SECR/16, dated 31.01.2017. The work was sanctioned in the year 2007 vide the estimate No. CE/CON/BSP/QRS-401/4/2007 and revised vide the Revised Estimate No. CE/CON/BSP/QRS-401/Revised/7-2009.

Following audit remarks are offered, after review of above contract:

1. Vide the Pink Book item No. 475 of 2016-17, only Rs. 1.70 Cr was allotted for the year 2016-17, against this estimate, but the Railway Administration awarded a work for Rs. 7.91 Cr. In this connection, the audit has observed that the contract was awarded by the Railway Administration without ensuring the adequacy of fund, which is in contravention to the Railway Board guidelines *ibid*.
2. The award of contract without ensuring adequacy of fund may not only result into unnecessary delay in completion of the work & excess expenditure in the form of PVC but also may lead to unwanted litigations.
3. As the work was sanctioned in the year 2007 and upto the year 2015-16 overall expenditure for 401 units of Quarter was only Rs. 8.26 Cr against the sanctioned cost of Rs. 21.09 Cr, the urgency of work may not be a reason acceptable to Audit.
4. The reason for non compliance to the Railway Board guideline needs to be elucidated to Audit.

**Para 4.1.39: Unsanctioned expenditure to the tune of Rs. 35.83 lakh.**

During check of Audit, it was noticed that a debit of Rs. 23,71,511/- was raised from Divl/Engineer (North), SECR/Nagpur to Sr. AFA (Con)/NGP against the work 'Extension of various Civil Engineering work in connection with existing Narrow Gauge Rail Museum at Nainpur, vide Bills recoverable No. E/WAB/06/NG/NT dated 07.08.2017. Moreover, a debit for Rs. 12,12,179/- was also raised by Sr DEE(G)/SECR/NGP to Dy FA&CAO/Con/NGP against the work 'Electrification of new NG rail Museum building at Nainpur'. Both the above expenditures were booked to the estimate No. CEC/BSP/CWA-NIR-MFR/Pt II/16/10 of 2011-12. From the check of estimate it was observed that no such provision has been made for construction of Narrow Gauge Museum in Gauge conversion work of CWA NGP-MFR.

**Para 4.1.40: Non deduction of Sale Tax amounting to Rs. 1.99 lakh from on A/c bill.**

A work for 'Execution of P. Way linking work and allied works in section between Chindwara to Bhimalgongi (including both yards), in connection with Chhindwara-Nagpur Gauge Conversion project' was awarded to a contractor vide Contract Agreement No. 307/P.Way/CWA-BMC/16-17/03/GE (JV) dated 23.01.2017.

During check of vouchers (Co6 No.- 34070117000094 dated 08.05.2017) it was noticed the sale tax @2% (amounting to Rs. 199022) was not deducted from the on A/c bill CC-2 of above mentioned work. The amount deductible against Sale Tax was calculated by the executive at the initial stage of bill preparation but was further cancelled/ corrected. The correction was attested by Dy CE/Con/CWA, without any remarks, which is highly irregular. Detailed check in this regard revealed that there was a provision for deduction of sale tax @ 2% in the Special Conditions of the Contract Agreement, and the sale tax amounting to Rs. 104698 was also deducted from the on A/c bill CC-1 of the same work. The reason for non deduction of sale tax from CC-2 on A/c bill needs elucidation.

The instant case reflects the lack of internal control by the Account Department of Construction Organization as the bills are being passed, without scrutiny of records & files.

## Chapter 5. Mechanical Engineering

The Chief Mechanical Engineer is the overall in-charge of the department assisted by chief Workshop Engineer, Chief Rolling Stock Engineer and Chief Motive Power Engineer. The main functions of the department are maintenance of rolling stock, disposal of condemned rolling stock, mechanized cleaning of coach and platforms etc.

During the course of annual inspection of the department at Headquarters and at Divisions, some of audit observations noticed have been mentioned in the succeeding paragraphs.

### **Para 5.1: Unsanctioned expenditure of Rs 7.68 lakhs due to Irregular creation of Gazetted work charged posts from D&G charges .**

Railway Board vide letter no: 2016/E&R/3(1)/1 dtd 27.03.2017 issued detail procedure and yardstick to create Gazetted and Non Gazette workcharged posts from available D&G charges in various Works Estimates of Construction Projects. As per point no 10 of the said RB letter it is mentioned that "In case of 'turn-key' projects, 25% of the outlay should be taken for determining the admissible work charged posts." Further, point 8 stipulated that "Railway should not take into account outlays for the works which stands transferred to MRVC/RVNL/Railtel. Only in case where execution of the work or part thereof vests with the zonal Railways should the commensurate outlay be added for working out the number of admissible posts."

In SECR, total outlay for plan head 42 (workshops including production units) was 43.49 crore for year 2017-18. This included outlay of Rs 7.00 crore for 'Nagpur workshop – Setting up of broad gauge coach periodical overhauling shed of 27 non air-conditioned coaches'. This work is being executed by COFMOW on turnkey basis hence 25% of the outlay (Rs.7 crore) should have been taken for determining the admissible work charged posts. However, it was noticed that D&G charges was worked out for the total Rs. 43.49 crore by the PCME office. Actual D&G charges for creation of work charged posts should have been

Rs. 55.93 lakhs instead of Rs. 63.61 lakhs. Thus non observation of rules led to excess appropriation of Rs. 7.68 lakhs towards creation of work charged Gazetted posts in the Mechanical Department. Hence, expenditure of Rs 7.68 lakhs mentioned above is to be treated as unsanctioned expenditure.

**Para 5.2: Poor planning has resulted in delay in completion of Pink Book works and excess expenditure of more than Rs. 24 Crore.**

It was noticed during review of Plan Head 42 works in which PCME/SECR was Plan Head Coordinator that 6 works sanctioned by Railway Board could not be completed in due time and still pending. The works were sanctioned 4 to 8 years back and the delay is in the range of 2 years to 7 years in respect of the first target date of completion. In two of those works, expenditure has exceeded the original cost by Rs. 19.11 crore and this will further increase until the works are completed. Detail are given in Annexure B. it is therefore observed that poor planning & contract management and lack of coordination between departments has burdened the railways exchequer by more than Rs. 24 crore and total expenditure of Rs 72.35 crore for those 6 projects also remains unproductive.

**Para 5.3: Non Adherence to the general Condition of Contracts in awarding vehicle contract.**

During the review of the contract agreement of vehicle for official use of CME and CRSE, it was noticed that 02 vehicles agreement have been made between Railway and a contractor for hiring of vehicle . During the check of the contracts following irregularities were noticed:

- 1) As per point 19 of General condition of Contract, the contractor shall possess the vehicle which he proposed under the under/contract registered by competent authority in his name / company or firm's name/ partner's name or shall have a power of attorney of the vehicle in his name/company. It was found that contractor did not possess the vehicles proposed during currency of the contract.
- 2) As per point 20 of General condition of contract, the Vehicle shall be passed in Taxi/Maxi quota, but both the vehicles proposed were private vehicles not meant for commercial use. Which resulted in corresponding loss of Road Tax to State Government.
- 3) Without fulfilling conditions of the GCC, bills passed under above mentioned contract are irregular.

## **Chapter 6. Electrical**

Electrical department is headed by Chief Electrical Engineer at the Zonal level. This department is responsible for the generation, Purchase and distribution of power for traction and general purpose. The department is also responsible for maintenance of electrical equipments and electrical rolling stock.

During the course of annual inspection of the department at Headquarters and at Divisions, audit observations noticed are mentioned in the succeeding paragraphs.

### **Para 6.1 : Non deduction of excess electricity charges from the staffs amounting to Rs. 80572/-**

During the check of the Accounts and records of the O/o The Dy.CE/C/R, it is noticed that some staff has to pay an amount of Rs 80572/- on account of the electricity charges used by them in the last consecutive years. Action may be taken to recover the aforesaid amount at the earliest.

### **Para 6.2: Violating of Railway Board's instruction leading to delay in completion of Traffic facility work as well as blockage of capital**

As per Railway Board's instructions (October 2006) contracts for works should not be awarded unless preliminary works such as site investigation, approval of plans, drawings and estimates of works are completed and there is no hitch in handing over the site to the contractor for executing the work

A contract for electrical work of OHE and general in NGP division (i) OHE work of additional work loop lines (02 nos) and electrical general works at Itwari. (2) extension of Up loop (common loop) for accommodating long halt trains at Koka was awarded to a contractor,

Nagpur at a cost of Rs. 1,52,75,778.00 vide C.A. NO.12/CEE/con/SECR/BSP/2015 with a completion period of 18 months i.e. upto 22.12.2016. Subsequently the agreemental value reduced to Rs. 44,79,757/- due to shifting of work of OHE work of additional work loop lines (02) to NGP Division. The Contractor Completed 90% of OHE and was paid Rs. 32, 76,913/- up to CC IV on account bill dated 25.10.2016. The balance OHE work has been Stopped from July – 2016 due to incomplete engineering work. Contractor several times requested for short closure of Contract due to non-clearance of site.

Similar work for electrification work of extension of up & down loops at Salwa for accommodating long haul trains was awarded to a contractor at a cost of Rs. 1,08,02,851.00 vide C.A.No. 29/CEE/CON/SECR/BSP/2016 dated 27.9.2016 with a completion period of 12 months i.e. upto 18.8.2017. Contractor could not complete the work within time due to non clearance of site & non clearance of S&T cable by S&T department. 1st extension was granted upto 31.3.2018 without Liquidated damage. Total Rs. 14,31,474.00 paid to the contractor for supply of materials.

Thus due to violation of Rly Board instructions that contracts for works should not be awarded unless preliminary works such as site investigation, approval of plans, drawings and estimates of works are completed, resulted into delay in execution of traffic facility work as well as blockage of capital.

### **Para 6.3: Irregular award of Tender due to incomplete preparation of tender schedule**

Calling of open Tender for the work of “Electrification wiring, illumination of Platforms, Circulating area, LC Gates, Services buildings & Battery Charging arrangement etc. between SASR – NGP section & **balance work between CWA-SASR Section in connection with CWA – NGP GC Project in NGP Division**” was approved by CEE/Co/BSP on 17.03.2016. Accordingly tender was floated on 28.03.2016 vide Tender No: 07/Tender/EL/Con/SECR/2016 at a departmental value of Rs. 5,76,17,087/-. Tender opened on 24.05.2016. The Tender Committee consist of three members:

1. Dy.CEE/Con/BSP
2. Sr.AFA/Con/NGP
3. Dy.CE/Con/GC/NGP

Two offers were received against the open Tender.

As per the Financial Condition of the tender document “Total Contract value received by the tenderer during last three years i.e. current years should be a minimum of 150% of advertised tender value of work”.

In this tender, minimum amount required towards 150% of the advertised tender value came to Rs 8,64,25,630.50/-. Total amount of receipt of the contractor during last three financial years and current year was Rs 8,74,56,170/- of (1st tender) and the same for the contractor was Rs 11,79,61,831 /- ( the 2<sup>nd</sup> tenderer).

During the check of records of O/o the Dy. CEE/C/NGP it was noticed that Tender published & finalized for electrification from SASR to NGP and balance work of CWA-SASR. Quantity assessed & included in the tender scheduled was only for SASR-NGP. And no assessment was made for the balance wok of CWS-SASR section. Which lead to under valuation of the Departmental value of the instant tender resulting into wrong evaluation of the Tenderer on the Financial Criterion.

Had the Departmental value of the Work been correctly assessed, the departmental value of the work would be higher than Rs. 5,76,17,087/-. Therefore, the contractor which was marginally fulfilling the financial criterion, couldn't have been selected.

Thus, due to wrong assessment of the Departmental value of the work resulted into selection of a tenderer, who otherwise would have not been qualifying the financial criterion.

#### **Para 6.4: Manipulation of variation of contract to avoid GM sanction**

A contract for execution of electrical wiring, illuminating of platform circulating area, LC gates services building & battery charging arrangement etc. between CWA- SASR was awarded to a contractor vide CANo. 11/CEE/CON/SECR/BSP/2014 at a cost of Rs. 1,99,71,016.00 with a completion period of 18 months i.e. up to 29.12.2015.. Further, 1st variation of 55.039% of the original CA value increasing the Contract value from Rs. 1,99,71,016 to Rs. 3,09,62,993.00 was proposed, however the same was not approved as the variation was shooting more than 50%.

As per para XXXIX © of the contract Agreement it is mentioned that if the variation of quantities beyond 150% of the overall agreemental value should not be permitted and if found necessary, should be only through fresh tenders or by negotiating with existing contractor with prior personal concurrence of FA&CAO/ and approval of the General Manager.

While scrutinizing the records and accounts of the O/o the Dy. CEE/Con/SECR/NGP it was noticed that, in order to avoid the sanction of the GM, variation in quantities was manipulated and 1st variation up to 49.47% of the original CA value amounting to Rs. 2, 98, 50,916.00 was approved. And the remaining amount of the variation amounting to Rs. 1,28,82,039/- is proposed to be clubbed in another contract No. 32/CEE/Con/SECR/BSP/2016 through variation.

Thus, to avoid taking sanction of the GM, manipulation in variation of quantities were done which is irregular on the part of executing authority.

#### **Para 6.5: Procurement of (Non-Schedule) NS item below the specification with higher rate.**

A contract for execution of electrical wiring, illuminating of platform circulating area, LC gates services building & battery charging arrangement etc. between CWA- SASR was awarded to a contractor vide CANo. 11/CEE/CON/SECR/BSP/2014 at a cost of Rs. 1,99,71,016.00 with a completion period of 18 months i.e. up to 29.12.2015.

A proposal for inclusion of NS was mooted for procurement of 24 Nos of LED flood lights of 80W.

While scrutinizing the files and records of O/o the DEE/Con/SECR/NGP it was noticed that the item was already there in the explanatory note as item No. 110 in which item is described as LED flood lights of 90/105 W but due to discrepancy the same item was described as 24/25 W LED type S/L fitting with lamp in the Schedule.

This discrepancy was corrected through inclusion of NS item i.e. LED flood lights of 80W. The price of this item @ Rs 24,384/- (incl. of taxes) was included as NS item in the contract after calling only one quotation from Bajaj Electricals Ltd. However, it is noticed that Havells make

LED of 120 W was available @ Rs 23,500/- (incl. of taxes) despite that LED light of less Wattage was included at higher price leading to excess payment amounting to Rs 21,216/- to the contractor.

**Para 6.6 : fixing the schedule price of LED street light/Outdoor fitting, MS joist at excessively higher side than the actual market price leading to overpayment amounting to Rs.44,12,535/- to the contractor.**

While scrutinizing the files and records of O/o the DEE/Con/SECR/NGP it was noticed that the supply prices of some items in the contracts schedules were 1.5 -2 times more than the prevailing market price of these items at which the contractor has purchased.

Moreover, supply and erection of these items were kept as separate items in the contract schedule. Accordingly full payment was made just after the supply of these items. Had the supply and erection of these items were combined it would have been possible to withheld 20% of the value of the supplied item till execution.

Thus, fixing the schedule price without doing the market survey, lead to overpayment to the contractor at the cost of the Indian Railway's exchequer.

**Para 6.7: Less recovery of Rs.99091/- towards Electric Energy Charges from State Bank of India.**

Though the State Bank of India is a public Sector Unit yet it was treated as other Government body by the office of the Sr. DEE(G)/SECR/R for charging of the electric energy charges resulting into less recovery of Rs. 99,091/- from SBI\_ATM/WRS colony, SBI\_ATM/DRM office complex's premises/Raipur and SBI\_ATM/BYT.

Recovery of the said amount is yet to be materialized.

**Para 6.8: Non-recovery electric charges from officer.**

During the check of accounts and records of office of the Sr.DEE(G)/SECR/Raipur, it was noticed that two officers have vacated the Railway quarters due to transfer to other zonal Railway without full settlement of electric Charges. Rs. 1,31,055/- of outstanding electric charges may be recovered from the officers.

**Para 6.9: Non observance of Railway Board's guidelines regarding conduct of Energy Audit of Traction Substations in Nagpur Division.**

After enactment of Energy Conservation act 2001, there has been great emphasis on efficient use of energy and its conservation. The Integrated Energy Policy document issued by the Planning Commission states that "the Government (Central/State), Railways, Defense and Public Sector units constitute a large market segment for energy intensive products." Railways has also been included in the list of Designated Consumer in Energy Conservation act 2001. The Ministry of Power in consultation with Bureau of Energy Efficiency (BEE) has notified Traction Substations of Railways as Energy Intensive Establishments vide Gazette Notification dated 19.03.2007. The Additional member Electrical of Railway Board vide D.O. letter No. 2002/Elect (G)/152/1 dated 11.05.2007 directed all the Chief Electrical Engineers of Zonal Railways to complete Energy Audit of Traction Substations by 31.08.2007.

During Scrutiny of records of office of the Sr.DEE/TRD/NGP it was noticed that Nagpur division did not follow the above instruction of Additional member Electrical of Railway Board regarding conduct of energy Audit of 06 Traction Substations under the jurisdiction of



Sr.DEE/TRD/NGP. As a result the six Traction Substations viz. Kanhan, Bhandara Road, Kachewani, Gangajhari, Amgaon and Rajnandgaon are yet to get energy Audit done by an accredited Energy Auditor. The very purpose of the Energy Audit is to reduce carbon emission which will thereby result in emission of reduced Green House Gases. This kind of reluctant attitude towards serious issues like Energy Audit may reflect adverse effect to the nature in terms of pollutions

**Para 6.10: Non-realisation of Rs. 40.58 Lakh towards electric energy charges from BSNL, Airtel company, Railway union office, GRP office Building, Shop holder etc. in Bilaspur/Sett/SECR.**

During the review of accounts and records of O/o Sr. DEE/G/BSP, it was noticed that electric energy charges bill of Rs. 40.58 Lakh was lying outstanding from BSNL, Airtel company, Railway union office, GRP office building and Shop holder etc. in Bilaspur/Sett/SECR/BSP. Further review of records revealed that said amount from concerned holders were lying unrealized since long and were pertaining to the period 2012 onwards. Immediate action may please be taken to realize the outstanding amount of electric energy bill of Rs. 40.58 Lakhs from the parties concerned under intimation to Audit.

**Para 6.11: Non realisation of electric energy charges of Rs. 3,41,099/ from GRP staff in BSP Division.**

During the review of records and accounts of office of the Sr. DEE/G/SECR/BSP it was noticed that electricity bill of Rs. 3,41,099/- involving 9 no. of GRP staff was lying outstanding in BSP division. Further review of records revealed that amount is lying unrealized since long.

## Chapter 7. Signal & Telecommunication

Signal and Telecommunication (S&T) department is headed by Chief Signal and Telecommunication Engineer (CSTE) at the zonal level. This department is responsible for efficient maintenance, up-gradation and installation of all S&T equipment. This Chapter focuses on various types of audit observations on the scrutiny of accounts and records of the departments during inspection.

**Para7.1:** Nonobservance of Railway Board Guidelines coupled with improper planning during the execution of work resulted into damage of cables.

The Railway Board vide its letter no. 2004/SIG/G/7 dated 13.12.2005 instructed all Zonal Railways that during the execution of Engineering work along the Railway Track the S&T department and Electrical Department shall provide a detailed cable route plan showing exact location of the cable at an interval of 200m or wherever there is change in alignment so that the same is located easily by the Engineering official/Contractor. In addition, S&T department and electrical department shall also provide cable markers wherever digging /earth work is being undertaken by the Engineering deptt. This cable route plans shall be made available to the DSTE/DEN or Dy. CE/Con as the case may be by Sr. DSTE/DSTE of the division or Dy. CSTE/C, within a reasonable time (paraC-1).

It is further instructed, vide the para No. C-12 that no new -----shall be laid close to the existing track. It shall be laid close to the Railway boundary to extent possible to avoid any interference with the future works (doubling etc.). It shall be ensured in the new works of cable laying that the cable route is properly identified with electronic or concrete markers. Henceforth wherever cable laying is planned before undertaking the cable work, the cable route plan of the same shall be prepared by the Dy. CSTE/C and shall be got approval from the concerned Sr. DSTE/DSTE and also from the concerned Dy.CE/C for new lines and from the concerned Sr.DEN for all other projects including doubling, GC etc to

avoid possible damage in future. Such approval shall be granted within seven days of the submission of the request.

During the check of records of office of the Dy.CSTE/Con/Nagpur it was noticed that a contract for installation, testing and commissioning of L.C Gate telephones an Emergency sockets, Optical Fiber communication system outdoor works for patch repairing and new works in Balaghat-Nainpur(76km) and Nainpur-Jabalpur (110) section in connection with Gauge conversion works was awarded to a contractor Vide agreement No. ST/Con/Tender/OFC outdoor /GC BTC-NIR-JBP/NGP/566 dated 28.12.2015 at a cost of Rs 4,03,52,818.00 with a completion period 24 months from the date of issue of the Letter of Acceptance.

The work commenced on 02.11.2015. In the month of December 2016, 1st variation was approved for Rs.4,92,61,492/- i.e. Rs.89,08,675/- above the original agreement value. Further on 13.6.2017 the 2<sup>nd</sup> variation proposal was submitted to the tune of Rs. 5,94,68,266.81 with the original CA value of Rs.4,0352,818 with an overall variation of Rs. 1,91,15,449.02 to the original agreement value of Rs.4,03,52,817.79.

The main reason, as attributed, for above variation was that while execution of earth works from civilEnggDeptt. in the section of BTC-NIR 06 Quad and OFC cable were defected and also there were some lapses in the earth work (As per Dy.CSTE note No.S&T/Con/NGP/OFC/Outdoor/GC/BTC-NIR-JBP/NGP/566 dated 09/05/2017). During the course of execution of the work in section the S&T department of Construction Organization observed that existing 6QD, HDFC and OFC cable were to be diverted due to execution of bridges, LHS,ROB and RUB work in connection with GC, especially in the section BTC-NIR and PDE-NIR, which was earlier not assessed /less assessed while preparing schedule.

**In this connection following audit observation are made:-**

- 1) The reason for 2<sup>nd</sup> variation has been attributed to replacement of OFC cable, HDPE pipe and 6 Quad cable, damaged while execution of earthwork from Civil Engineering Deptt./defected due to lapses in earth work. Length of the damaged/defected OFC cable, HDPE pipe and 6 quad cables as assessed may be provided to Audit alongwith supporting document.
- 2) In terms of para 1268 of Indian Railway Code for Engineering Department, a Variation of 15 to 25 percent was considered as reasonable depending on the nature of work involved. As per RB instruction, assessment of quantities in the tender stage is to be done with due care so as to avoid scope for large modifications or addition to the existing work schedules. The above variation indicates that there was a failure in estimation and assessing the scope of work correctly.
- 3) S&T department shall provide proper cable route plane /cable markers wherever digging /earth work is undertaken by the Engineering deptt/contractor. The instance of cut of costly cable clearly indicates the Railway Administration's failure for observance of above mentioned guidelines. Had the Engineering department been provided with the proper cable route plane /cable markers from the S&T con Department, well before execution of work , the damage of 6 quad cable and OFC could have been avoided.
- 4) Whether the proper cable route plan has been prepared by the Dy.CSTE/Con and approved by the concerned Sr.DSTE/DSTE or DyCE/C before execution of work, needs to be elucidated.

- 5) As per instruction mentioned above no new OFC/6 Quad cable shall be laid close to the existing track. It shall be laid close to Railway Boundary i.e. 1.0m from the Railway boundary. Whether the instructions were followed before execution of the work.
  - 6) Whether debit has been raised by the concerned Engineering department or contractor for damage of cable between Balaghat to Nainpur Section & its present status of recovery.
  - 7) Copy of the relevant Purchase order of OFC cable, HDPE pipe and 6 Quad Cables, procured against the instant contract (estimate of this GC work) may be provided to /Audit.
- Thus, non-observation of Railway Board instruction and improper planning before execution of Telecommunication outdoor work resulted into damage of costly cables.

**Para 7.2: Passing of final Contract Bill before reconciliation of Material Statement resulting in non-recovery of amount Rs. 1.33 Lakh (approximately) from the contractor.**

During the check of records of O/s Dy. CSTE/Con/SECR/NGP, It was found that in Contract Agreement No. S&T /Con/NGP/CA/09-10/T\_04/OFC/OD/CWD-NGP Dated 15.04.2010, made with a contractor. The final bill, vide CC No. XV (Final) dated 18.04.2017 was passed on 18.04.2017, before preparation of Material reconciliation statement which was prepared on 24.05.2017. As per Material reconciliation statement following items which were issued from Railway stores (AQ, G) were not returned by the contractor.

Sl.No	Description of Material	Unit	Quantity	Rate	Amount	Remark
	6 Quad cable	KM	0.502	182250/-	91489.5	The rate of Rail Post (9OR) is not included and freight, incidental charges etc. not included. This charges should be calculated and also be recovered from the contractor under intimation to Audit
	Rail post(9OR)	Mtr.	32.58	--		
	Megger-100V	Nos.	2	3670/-	7340/-	
	Digital Multimeter	Nos.	3	9920/-	29760/-	
	Alluminium Ladder	Nos.	2	2000/-	4000/-	
	Total				132590/-	

**Para 7.3: Non – recovery of Penalty amounting to Rs. 3,25,000/ for Damage and cut of OFC cables and 6 Quad Cable from the concerned Contractors.**

One instance of cable cut was reported by Sr.DSTE/Cord vide its letter No. ST/Tele/17/14 dated 11.04.2017 by wherein it was directed to recover penalty amounting to Rs.1,25,000/- from the contractor for the cut and damage of OFC cable during soil leveling work at Km No. 533/04 between BPH-LJKR section on 09.04.2017 . However, the same has not been recovered till date from the contractor.

Another instance of cut & damages of 02 Nos of 6quads cable was reported vide Sr. DSTE/Cord's letter No. ST/Tele/cable/17/08 dated 22.02.2017, wherein, it was instructed that during 3<sup>rd</sup> line earthwork at KM no. 576/25-27 between RIG-KRL on 18/02/2017, 02 Nos of 06 Quads cable was damaged and Rs.2,00,000/- penalty was recoverable from the

concerned contractor. As no specific name of the contractor is mentioned in the letter, however as per remark of the Dy.CE/Con RIG@Bilaspur the amount was recoverable from the contractor. Till date the amount has not been recovered from the concerned contractor.

**Para 7.4: Infructuous expenditure to the tune of Rs. 1.28 crore due to non-commissioning of IBH between Darekasa-salekasa.**

Provision of IBH in the section between Darekasa-Salekasa station was sanctioned vide Law Book item No. 55 of 2013-2014 at a cost of Rs.2,18,83,000/- .As per the justification of the project , it was stated that the sections are longer block section (11.4 Km), running time of goods trains are very high. It affects the punctuality of the mail/express and passenger trains and cause detention of goods trains. With the provision of IBH in the section between Darekasa-Salekasa, the line capacity will increase & minimize the detention of trains and increase mobility of wagons, locomotives as well crew & guard will be more, which in turn will fetch more revenue to the Railway.

Accordingly tender was floated for provision of IBH between Darekasa-Salakasa vide tender notice No. S&T/Project/NGP/14-15/T-02/IBS-SKS-DKS dated 10.09.2014 with the departmental value Rs. 1,63,75,412.00. L-1 quoted the rate at 49.48% above the departmental value i.e 2,54,98,459.00. Three round negotiations were held by the tender committee on 5.2.2015, 27.4.2015 & 6.5.2015 and the tenderer reduced the rate from Rs. 2,54,98,459.00 to Rs. 2,19,26,630.00 with saving of Rs. 25,51,891.00 and accepted the contract at 33.90% higher than the departmental value. From the minutes of meeting it was observed that the tender committee recommended the work as very important and was to be complete in the year 2015 for achieving 15% of the additional loading. Accordingly, the recommendation of the tender committee was accepted by the tender accepting authority i.e. Dy. CSTE/Project/NGP.

Contract for the above work was awarded to a contractor at cost of Rs. 2,19,26,630.00/- vide CA No. S&T/Project/NGP/14-15/T-02/IBS-SKS-DKS/251 dated 11.8.2015 with a completion period of 9 months from the date of issue of LOA i.e the work was required to be completed within 18.2.2016. The contractor could not complete the work within the stipulated time. 1<sup>st</sup> extension was granted from 19.2.2016 to 31.5.2016 due to non-availability of cable interface circuit non-submission by the contractor & Approval of NS items etc. Further 2<sup>nd</sup>, 3<sup>rd</sup>& 4<sup>th</sup> extension were granted from 01.06.2017 to 31.12.2017 due to non-approval of CRS sanction. In the meantime the contractor completed most of the work but sanction of CRS has not been received till date. Out of Rs. 2.19 crore, Rs. 1.28 crore paid to the contract for execution of work. Remaining amount is under process.

In this connection the following Audit observations are made:-

- (i) Reason for non-commissioning the IBH within stipulated time may be explained?
- (ii) Due to non-completion of project, SECR Railway is being deprived of the additional loading (15%) and loss of earning from 2015 to till date. The loss may be calculated and furnished to the Audit
- (iii) Commissioner of Railway safety vide letter no. 1834 dated 23.2.2016 stated that Auto signalling work has already been sanctioned in this section, commissioning of IBH is not desirable being an infructuous expenditure. Responsibility may be fixed on the concerned Officer for unnecessary expenditure from the Govt. exchequer.

Thus, due to non-commissioning of the IBH, the intended benefit could not be achieved by the SEC Railway and expenditure to the tune of Rs. 1.28 crore is totally infructuous and amount will increase after passing of the final bill.

**Para 7.5: Improper planning resulting infructuous expenditure to the tune of Rs. 54.53 lakhs**

Provision of IBS in the section between Bartalao-Paniajob stations in both directions only was sanctioned vide pink book no. 63 of 2016-17. From the justification of the project stated the section is a longer block section (8.8 km), running time of goods trains is very high. It affects the punctuality of the mail/express and passenger train and detention of goods trains. With the provision of IBS in the section between Bartalao-Paniajob, the line capacity will be increased & minimizing detention of trains and increasing mobility of wagons, locomotives as well as crew & guard will be more, which in turn will fetch more revenue to the Railway.

Accordingly tender was floated and contract awarded to a contractor vide LOA NO. 257/ET-102/S&T/Project/NGP/IBS PJB-BTL dated 15.4.2017 at a cost of Rs. 1,74,50,385/- with a completion period of 9 months from the date of issue of acceptance letter i.e. work was required to be completed within 14.01.2018. Contractor supplied the materials amounting to Rs. 54,52,643/-

Test check of records of office of the Dy. CSTE/Project/NGP revealed that Auto signaling work between Gondia – Durg was already sanctioned

In this connection following audit observations are made:-

- (i) Justification of both works i.e. IBH & Auto signaling work at the same time may be explained along with Railway Board order.
- (ii) Commissioner of Railway Safety vide letter no. 1834 dated 23.2.2016 regarding commissioning of IBH of Darekasa – Salekasa station stated that Auto signaling work has already been sanctioned in this section, commissioning of IBH is not desirable being an infructuous expenditure. It is also stated by audit in the same angle that the tender floated between PLB-BTL and expenditure till date is totally infructuous.
- (iii) Who is responsible for execution of the same work at the same time?

Thus, due to improper planning expenditure incurred in the above is totally infructuous and amount will increase after completion or passing of final bill.

**Para 7.6: Loss to Indian Railway due to fixing the schedule price of the Solar System for Railway signalling at excessively higher than the Market price without doing Market Survey for price of Solar System.**

While scrutinizing the records of materials supplied by the contractors at Gondia Stores of S&T Department it was observed that in CA No. ST/Pro/NGP/CA/13-14/T-01/4-PI/Isolation GBRI, DGBZ, TRD & RTK dated 11.02.2014, 4 units of complete sets of solar system of following descriptions were to be supplied by the contractor under item No. 2 of Schedule B4 of the contract Agreement.

*“Supply of solar system for Railway signaling consisting of (a) solar photovoltaic Module of 12V/70W as per RDSO Specification, (b) Galvanized Mounting structures, interconnecting cables and Hard wire etc. (c) fire proof Junction Box (d) Solar Charge controller of 110V, 60 Amp (e) Earthing Kit. Inspection of item no. (a) By RDSO and item no. (b) By RITES.”*

*(With each set of the solar system 3 no. of solar charge controller (110v, 60v) was to be supplied in spares.)*

While comparing the invoice price available in the record with the schedule price, it is found that the schedule price had been fixed at excessively higher i.e. more than 300% of the invoice price as calculated in the following table.

Schedule Price of 4 unit	Invoice price of 4 unit (including CST@ 2%)	Difference	Remark
32,00,000.00  (Quoted by the contractor at 18% above the schedule price which comes as 37,76,600.00)	8,68,400.00  (Excluding the price of 3 x4=12 units of spares charge controller is not included in the invoice price.)	23,31,600.00	Cost of transportation, installation and commissioning is separately provided in schedule A(Rs. 40,000/- for each set)

Invoice of the solar charge controller may be collected from the contractor and supplied to the Audit for calculation of actual Price of the schedule item.

While scrutinizing the estimate file of this work at O/o Dy. CSTE/Proj/SECR/NGP, it is found that the Schedule price of the solar System was decided on the basis of LAR without doing the market survey for the price of the Solar System.

Thus, Audit contends that undue advantage was given to the contractor by keeping the schedule price of the supply items much more than the Market price and thus Railway suffered an extra burden amounting to Rs. 20 lakh (Approx).

**Para7.7: wrong inclusion of Non-schedule (NS) items leading to loss of Rs. 13,33,600/- to the Indian Railway.**

The Contract Agreement no. 254/S&T/Project/NGP/CA/Standby MDSAC/KAV-G Dated 03.02.2017 was awarded to a contractor for the work of installation of standby MSDAC between Kalumana to Gondia.

Following Non-Schedule items were included vide CSTE/Project's approval dated 13.11.2017 after finance concurrence.

Sl. No.	Description of the item	units	Qty	Rate	Total Value
1.	Design and preparation of circuit and Drawing in connection with standby MSDAC work . Design and Development of Circuit Diagram in size B(A3) as per SEM sheet including contact Analysis including outdoor diagram.	No. of Sheet	1200	Rs.800	9,60,000.00
2	Modification in existing Data logger in connection with standby MSDAC work. This includes modification in software	Per station	10	Rs.37,360	3,73,600.00

	and hardware of station Datalogger and sectional Datalogger/RTU connected to it and testing, validation and commissioning.				
	Total				13,33,600.00

There was only two schedules in this contract The departmental value of the contract was Rs. 14,43,53,560.00 and accepted by the contractor at Rs. 10,29,43,040.00 by quoting schedule A, 34% below and schedule B, 28% below the departmental value.

While scrutinizing the files and records of the Contract Agreement it is found that above items were already mentioned in the scope of the work vide item no. 5 and 2.7 annexed with the Contract Agreement and signed by both the party viz. Railway and the contractor.

As per Item no.5 of the scope of work “ Railway shall supply the approved signal interlocking plan. All the other drawing i.e. RCC, FPD, Circuit diagram etc. will be prepared/modified by the contractor as per the requirement”. While item no. 2.7 states that Modification in EI shall be done through OEM only. Modification of EI shall follow technical advisory note of RDSO.

The Dy. CSTE/Proj/Nagpur vide his letter dated 10.04.2017 had also asked the contractor to submit the necessary circuit diagram despite this contractor’s contention that preparation of necessary circuit diagram is not in his scope of work was accepted by the Railway and extra payment of Rs. 9,60,000.00 is being made to the contractor for this work.

As the tenders quotes their respective rate after deliberating all the details of the schedule and scope of works on the ground and if there is any confusion it would had been clarified before submitting the tender by the contractor. Thus the contractor before quoting his rate must have considered about:

1. Design and preparation of circuit and Drawing in connection with standby MSDAC work alongwith Design and Development of Circuit Diagram in size B(A3) as per SEM sheet including contact Analysis including outdoor diagram.
2. Modification in existing Data logger for connecting with standby MSDAC as scope of the work.

Thus audit contends that including these items as Non-Schedule item and incurring extra expenditure of Rs. 13, 33,600.00 is not justified and is a loss to the exchequer of the Indian Railway.

**Para 7.8: Poor Human Resource Management led to loss of Railway exchequer to the tune of Rs. 10,63,919/-.**

During inspection of the office of the DSTE/Gondia, it was found that Sri Sunil K Dharnedhar, MTM/MDM Gr. I was transferred and posted under ADSTE/Gondia vide Sr. DPO/SECR/NGP’s order dated 11/11/2008. Sri Sunil Dharnedhar, MTM/MDM Gr. I joined under ADSTE/Gondia on 13/11/2008. However, it has been noticed that there was no Motor Trolley under ADSTE/Gondia. This irregularity has already been raised vide this office’s inspection report no. NGP/Audit/2-14/Sr. DSTE/pt-II/2011-12/314, dated 28.11.2011 and the para was closed in view of reply furnished to Audit stating utilization of said staff in other duties viz. operation of mini motor trolley of SSE/Sig./East/G, Driving of Jeep of ADSTE/G and



maintenance of DG set in the section CAF-KGE. However, ADSTE/G vide his letter no. ADSTE/Action Plan/13 dated 19.12.2015 stated that Sri Sunil Dharnedhar has been seating idle in that office since October 2014 which resulted in financial loss to Railway administration and recommended for his posting elsewhere.

It is clear from the above that posting of Sri Sunil Dharnedhar under ADSTE/Gondia was irregular. Thus the Pay and allowances paid to Sri Kondbaji since his posting to Gondia was a loss to the tune of Rs.10,63,919/- to Railways exchequer due to poor Human Resource Management and sheer negligence on the part of Railway Administration.

**Para 7.9: Irregular procurement of S&T cable valuing Rs. 99.96 lakh.**

As per the extant rules and Railway Board guidelines, S&T cables should be procured through the centralized purchasing agency i.e. the Controller of Stores.

During the course of audit, it was noticed that S&T cables valuing Rs. 99,96,173/- were procured through 3 different Non Stock Requisitions dated 28.09.2015, 12.06.2015 & 19.05.2014. 100% payment against the above mentioned expenditure was made to the contractor vide Vr No. S&T/Proj/NGP/STORES/PO/100% BILL dated 26.05.2017.

The above case of procurement of S&T cables though NS Requisition is in violation to the rule ibid. The reasons and circumstances under which Railway Administration violated the extant rules/Railway guidelines may be intimated to audit.

**Para 7.10: Non-recovery of cable damage charges of Rs.2 lakhs from contractor.**

The provision of a flat penalty of Rs.1 lakh in each case of damage of cable in terms of Para C (15) of Revised Joint Procedure Order(Annexure to Telecommunication Circular No.17/2013) issued by Railway Board dated 24.06.2013 vide letter no. 2003/Tele/RCIL/1 Pt IX. It was noticed that cables were damaged (in two occasions) while executing the works along the Railway track by the contractor but no penalty of Rs. 2 lakh levied on the default contractors(Ref: SSE/Tele/BIA letter nos. SSE/Tele/BIA/ Damage/05/17-01 dated 31.05.2017 & SSE/Tele/BIA/Damage/06/17-01 dated 11.06.2017.

## Chapter 8. Personnel

Personnel branch is headed by Chief Personnel Officer at the zonal level. This department is responsible for recruitment, training and deployment of personnel at Zonal Railway level.

### Para 8.1: Irregular Drawls of Children Education Allocance of `1, 29,437/-.

As per DOPT's Order No. 12011/03/2008/ESTT.(Allowance) dt: 02-9-08 & further clarification dated 23.11.2009, reimbursement will be applicable for expenditure on the education of school going children only i.e. for children from classes nursery to twelfth, including classes eleventh and andtwelfth held by junior colleges or schools affiliated to Universities or Board of Education . The definition of 'nursery' as the same is being called by different names in different institutions. This matter was considered in consultation with Ministry of Finance . It is cleared that 'classes nursery to twelfth ' will include classes I to XII +2 classes prior to class I irrespective of the nomenclature. The items for which reimbursement can be claimed under the scheme are: Tuition fee, Admission Fee, Laboratory Fee, Special Fee charged for agriculture ,Electronics, Music or any other subject, Fee charged for practical work under the programme of work experience , Fee pain for the use of any aid or appliance by the child ,Library Fee, Games/Sports Fee and Fee for extracurricular activities .This also includes reimbursement for purchase of one set of text books and note books, two sets of uniforms and one set of school shoes which can be claimed for a child in a year.

While checking the reimbursement Bills of Children Education Allowance, It is observed that bill passing authority does not check/Examine the vouchers /bills properly for the items o fees for their admissibility while passing the vouchers/bills related to the claim. This has resulted irregular payment of `1, 29,437/-.

**Para 8.2: Non deduction of NPS Amount from the several Staffs since long period.**

For implementation of NPS in Railways, Railway Board issued (19.02.2004) instructions to all Zonal Railways which inter-alia stipulates that:-

1. Recoveries towards the contribution to the system shall be effected from the 1<sup>st</sup> of the month following the month in which the Railway servant has joined the service.
2. Immediately on joining the service the Railway servant shall be asked by the bill drawing offices to furnish their particulars viz, name, designation, scale of pay, date of birth, nominee for the fund etc., in the prescribed format. Each bill drawing officer will consolidate this information in respect of all the Railway servants, who have joined service during the previous month and submit it in the prescribed format to the associate bill passing Accounts officer.
3. The particulars of Railway servant received from various drawing officers will be consolidated by the Associate Accounts officer in prescribed format and sent to FA&CAO who shall consolidate the particulars in the prescribed format and forward the same to Central Pension Accounting Officer for feeding the information in their computer.

During the test check of salary bills maintained in Office of Dy.CE/C/Raipur, Sr. DEE/TRD, SSE/PW/ITR it is noticed that NPS contribution of the some staffs were not deducted from their salary since very long period. . As a result NPS contribution of both employees and matching Government contribution could not be remitted to the Trustee Bank, where investment can only be made once the money is received within the system. This led financial loss to employees concerned. Due to non-remittance of due amount of NPS contribution in stipulated time to the Trustee Bank, Railway failed to protect the interest of own employees and as a result several cases of grievances may crop up for delayed remittance of due amount and arrear payment of NPS contribution. Over and above this will have impact of less charging of amount in Ongoing Projects during relevant years which requires clarification.

**Para 8.3: Unauthorized occupation of Railway Accommodation.**

During review of Quarters correspondence file of office of the Sr. Divisional Personal Officer, Raipur, it was noticed that Sri D.K. Sarkar, Sr. AFA/WRS has occupied two Railway residential accommodations (Qrs. No. 164/1, WRS Colony/Raipur and Transit House No. 04, WRS Colony Raipur) simultaneously. Qrs. No. 164/1 was allotted to Sri Sarkar on 09.01.2012 and thereafter transit accommodation was also facilitated to him on 08.10.2015 Occupation of two Railway accommodations at a time indicates mis-utilization of power and depriving Railway accommodation to other official, As a result, Railway Administration has to allow House Rent Allowance to one official for non-provision of Railway Quarters.

Due to unauthorized occupation of Railway accommodation by Sri Sarkar, Railway administration failed to facilitate Railway quarters to other needy official and losing revenue and permitting house rent allowances as well. Thus, allotted Quarter to Sri D. K. Sarkar should immediately be cancelled and the quarters be allotted to other official for proper utilization of Railway accommodation. Besides cancellation of unauthorized occupation. Damage rent to the tune of Rs. 2,05,425/- may also be recovered from Sri D. K. Sarkar. Pending for want of reply from executive concerned as well as from Associate Finance.

**Para 8.4: Non realisation of Damage rent of Rs. 3, 01,789/ (Approx) for unauthorized**

#### **retention/occupation of Railway Quarters.**

As per Railway Board letter No. F(X), 1/99/11/1 dated 17.03.15 Railway Employees who retain/occupy the railway quarters unauthorizedly after their retirement/transfer and deputation etc. are to be charged damage rent for such retention/occupation of Railway Quarters beyond permissible period of 2 months. Audit reviewed the accounts and records of O/o Sr. DME/SECR/BSP and noticed that some Railway employees were transferred/retired or posted other station but they did not vacate their old railway qtrs. It was also noticed that they did not get any permission from the competent authority for such retention of railway qtrs. beyond permissible period. This has resulted non recovery of damage rent amounting to ` 301789/-.

#### **Para 8.5: Non deduction of Profession tax.**

As per Maharashtra Profession tax Act – 1975, professional tax to be levied on employees working in Maharashtra. The tax payable under this act, by any person earning a salary shall be deducted by his employer from the salary payable to such person before such salary paid to him. The professional tax rates have been revised with effect from 01.07.2009. As per new tax rates ` 2500 shall be deducted from the person earning more than ` 10000/- per month in Maharashtra in the manner that ` 200 per month shall be deducted from March to January and ` 300 shall be deducted in February month.

During check of salary bill unit nos. 3405-136, 113,501, 520 and 522 it was seen that Profession tax was not being recovered from the officials in violation of the above. This has resulted in short recovery of ` 40,000/- towards professional tax.

#### **Para 8.6: Less deduction/Non-deduction of CGEGIS contribution.**

As per RBE no. 05/2010 a Railway service post carrying Grade pay 1800 in Pay Band-I (5200-20200) is classified as Group "C". Further, as per RBE no. 145/2010 the subscription towards CGEGIS for post carrying Grade Pay 1800 has been enhanced to ` 30 per month w.e.f. 01.01.2011. During the check of salary bill of Engineering department/NGP (bill unit nos. 3405-113,120,122,136,138& 142), Electrical department/NGP (bill unit nos. 3405-501, 520 & 522) it was noticed that in contravention of the above, recovery towards CGEGIS contribution was made at Rs.15.

#### **Para 8.7: Issue of Privilege Passes via longer route involving money value Rs.18844/-.**

In accordance with the extant Pass Rules, Privilege Pass may be issued by longer route if it does not exceed shortest route by more than 15%. During the course of the checking of Passes issued in the office of the SSE/P-Way/BRD & SSE/P-Way/AGN it came to notice that the Privilege Passes were issued by longer route in violation of the above rule. The irregular issue of Privilege Passes may please be looked into and regularized by obtaining sanction of competent authority in accordance with the rules duly verifying facts and figures.

#### **Para 8.8: Excess issue to privilege passes.**

It was noticed from the records of O/o Sr. DEE/G/BSP that Shri Burhanuddin, Tech-I, was issued ½ set excess privilege passes during the year 2015-16. Hence the issue of excess pass was irregular and the cost of the excess issued pass to the tune of Rs. 1836/- (Approx) may please be recovered from the concerned staff.

**Para 8.9: Irregular issue of School Passes.**

During the check of Passes issued in the office of the SSE/Works/DGG, it was noticed that under mentioned School Privilege Passes were issued in favour of student son aged 18 years (date of birth- 18.03.1999) of Sri Anil Kumar Maurya, SSE/Works/Con./NGP. The Pass provided for outward journey for guardian to bring the student son from educational institute in the same class. As per Pass Rules, a Guardian may be included in School Privilege Pass only till the boy is under 18 years of age. This inclusion of Guardian in the said Pass is irregular.

Sl. no.	Particulars of School Privilege Pass (all 1 <sup>st</sup> class)	Issued in favour of	From-to	Money value for guardian wrongly included (₹)
1	No. 288439, issued on 14.03.2017 (valid from or after 01.04.2017)	Guardian of Sri Ankur Kumar Maurya, son of Sri Anil Kumar Maurya	Durg to Kota	1804
2	No. 288440, issued on 14.03.2017 (valid from or after 01.04.2017)	Sri Ankur Kumar Maurya with one Guardian only	Kota to Durg	1804
<b>Total</b>				<b>3608/-</b>

**Para 8.10: Irregular drawal of Transport Allowance amounting to `549254/-.**

As per RBE 203/2003, Transport Allowance will not be admissible to the Railway employee who is absent from duty for full calendar month(s) due to leave, training, tour etc. During check of records of office of the Sr. DME/SECR/BSP, Railway Mixed High School, Dongargarh, SSE/P-Way/Itwari, SSE/P-Way/Bhandara, SSE/OHE/Tumsar and SSE/Works/Nagbhir, it was noticed that some officials were absent from duty for the whole calendar month. Further, it was seen from the salary bill that they were allowed full Transport allowance amounting to `549254/-.

**Para 8.11: Over payment of pay and allowances of Rs. 21,343/ due to irregular grant of annual increment.**

As per extant rules the annual increment is due to every employee either on 1<sup>st</sup> July or on 1<sup>st</sup> January every year who is present on duty. If any employee is absent on date of increment on any ground except on C.L/R.H, the annual increment should not be granted to those employees. In those cases annual increment may be granted to those employees from the date of joining.

During the review of records and accounts of the office of the Sr. DME/SECR/BSP, it was noticed that staff were given annual increments on 1<sup>st</sup> July 2016 and 2017 even though they were on leave on 1<sup>st</sup> July 2016 and 1<sup>st</sup> July 2017 which were irregular. This has resulted in over payment of Rs. 21,145/-

## Chapter 9. Audit Effectiveness

### 9.1 Audit objections issued, settled and outstanding

Broadly, the selection of units for audit of South East Central Railway Was made on the basis of certain vital risk factors such as level of budget planned; resources allocated and deployed; extent of compliance with internal controls; scope of delegation of power; sensitivity and criticality of functions/activities, etc., previous audit finding and media reports, where relevant, were also considered. Based on such risk assessments, test audit of following unit of SECR was carried out during 2017-18.

Auditing Sections	No. of Units/Offices programmed for the year 2017-18	Total No. of offices/ Units audited during the year 2017-18
Bilaspur Division	41	41
Raipur Division	24	24
Nagpur Division	43	43
Workshop	27	27
Stores	13	13
Construction	37	37
Traffic	21	21
HQ Inspection	14	14
<b>Total</b>	<b>221</b>	<b>221</b>

In addition, thematic studies and performance Audit having significances and sensitivity in relation to public policy and implementation as identified by O/o the C&AG were also undertaken.

## 9.2 Audit objections issued, settled and outstanding

The details of important audit objections (IR Part I, AN Part I and Special letters) issued and settled during the year 2017-18 is as under:-

Sl. No.	Name of unit	Number of objections pending as on 1st April 2016			No of objections issued during 1st April 2016 to 31st March 2017			No of objections settled during the year 2016-17			No of objections pending as on 31st March 2017		
		No of IR AN and Spl letter	No of paras in IR AN and Spl letter	Amount involved (Rs in Crore)	No of IR AN and Spl letter	No of paras in IR AN and Spl letter	Amount involved( Rs in Crore)	No of IR AN and Spl letter	No of paras in IR AN and Spl letter	Amount involved( Rs in Crore)	No of IR AN and Spl letter	No of paras in IR AN and Spl letter	Amount involved( Rs in Crore)
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Bilaspur Division	24	88	35.55	14	45	97.382	11	47	17.44	27	86	115.52
2	Stores	18	33	8.68	9	38	9.36	19	50	9.66	8	21	8.38
3	Construction	59	219	219.32	31	147	163.27	19	122	1.07	71	254	355.63
4	Nagpur Division*	25	62	107.84	21	73	15.44	13	57	4.31	33	78	118.98
5	Workshop Nagpur & Raipur	15	52	21.18	12	62	5.95	6	30	0.11	21	84	22.02
6	Raipur Division	21	116	109.68	8	35	3.73	6	45	10.73	23	106	102.67
7	H.Q. Insp	10	27	14.87	13	43	65.29	6	23	3.344	17	47	76.82
8	Traffic Audit	34	70	69.36	29	111	27.88	26	60	21.68	37	121	75.53
	<b>TOTAL</b>	<b>206</b>	<b>667</b>	<b>586.48</b>	<b>137</b>	<b>554</b>	<b>388.3</b>	<b>106</b>	<b>434</b>	<b>68.34</b>	<b>237</b>	<b>797</b>	<b>880.55</b>

## 9.3 Recoveries at the instance of Audit

As a result of audit, cases of under charges, non-recovery of dues and over payments were brought to the notice of Railway Administration and an amount of ₹25.713 crore, as detailed below, was recovered.

Sl. No.	Divisions/Units	Amount recovered / accepted for recovery during 2017-18 (₹in crore)
1	NGP Division	0.160
2	BSP Division	0.174
3	Raipur Division	0.505
4	Head Office	0.006
5	Construction Wing	0.120
6	Stores Audit Section	0.013
7	Workshop NGP & R	0.028
8	Traffic Wing	24.401
	<b>Total</b>	<b>25.713</b>