

Overview

This Report contains the audit findings of significant nature during the compliance audit of Ministry of Railways (Railway Board) of the Union Government and its field offices for the year ended 31 March 2011. The report contains six chapters. Chapter 1 presents a broad outline of the scheme of the Report and Chapters 2 to 7 present detailed findings/observations under relevant department title.

Chapter 1 – Introduction - This chapter contains 10 paragraphs containing audited entities' profile (**Para 1.2**), audit planning (**Para 1.4**), response of the Ministry/Department to the provisional paragraphs (**Para 1.6**), the number of objections issued as a result of audit of Railway accounts and records, objections settled after Railways had taken corrective action and those outstanding for want of action by Railways (**Para 1.7**), recoveries effected or agreed to be effected at the instance of audit (**Para 1.8**), remedial actions taken by Ministry of Railways (Railway Board) on audit observations contained in previous reports. (**Para 1.10**)

Chapter 2 – Traffic – Commercial and Operations - This chapter includes four thematic studies conducted across Zonal Railways covering freight and passenger services, freight policy of enhanced loading and concessional tariffs. The audit findings, in brief, are described below:

- **Up-Gradation of Goods sheds** - The study revealed that increase in rake turnover was hampered due to deficient planning and delays in implementation. There were immediate positive gains in terms of reduced detention in the limited number of cases where the Goods sheds were upgraded, though in some others, these resulted in a decline. (**Para 2.1**)
- **MEMU/DEMU Services in Indian Railways** - The study revealed that besides improper planning of train services and inadequacies of maintenance facilities, there were delays in commissioning of new coaches meant for replacement of conventional trains. (**Para 2.2**)
- **Running of freight trains with enhanced loading in wagons up to CC+8+2** - The study revealed that the progress made by Railways in providing requisite equipment for safe running of trains was far from satisfactory. It also revealed that though the IR had achieved the objective of increasing their earnings but simultaneously the expenditure on account of frequent wear and tear to rails and extensive damages to wagons parts such as CBC, draft gears, wheels and Axles assemblies, brake gears, etc. had also increased. (**Para 2.3**)
- **Movement of traffic at Train Load Class Rates** - The study revealed stations/sidings were notified as capable of handling full rake traffic regardless of the actual facilities available. This had not served the purpose of achieving economy by avoiding the detention as placement of wagons for loading/unloading continued to be done in a piece meal fashion causing incurrence of extra operational cost. (**Para 2.4**)

Overview

In addition, Chapter 2 includes seven paragraphs highlighting individual irregularities pertaining to freight concessions, parcel leasing and its utilization and provision of quality service such as undue benefit of ₹1795.51 crore to consignors of iron ore traffic booked as domestic traffic without complying with the conditions for availing the freight concession (**Para 2.5**), loss of ₹77.27 crore on account of non-rationalization of freight tariff as per actual movement of freight traffic (**Para 2.6**), loss of ₹29.69 crore due to empty haulage of unutilized parcel vans (**Para 2.7**), sub optimal leasing of parcel cargo express leading to loss ₹15.40 crore (**Para 2.8**), poor quality of linen service in departmentally managed trains at higher cost (₹14.87 crore) (**Para 2.9**), non-recovery of wagon hire charges of ₹26.81 crore at revised rate (**Para 2.10**), and loss of ₹25.77 crore due to heavy detentions of wagons (**Para 2.11**).

Chapter 3 - Engineering – Open Line and Construction – This chapter includes the following three thematic studies conducted across all Zonal Railways :-

- **Commercial Utilization of Surplus Railway Land in Indian Railways** - Despite the concerns expressed by the PAC, the performance of the Indian Railways in safeguarding its title to land and ensuring proper maintenance of land records continued to remain unsatisfactory. Though in a number of cases Railway land was allowed to be occupied by the PSUs/other Government Department and private parties, Zonal Railways had failed to take effective action to execute license agreements and recover the license fee from the licensees. (**Para 3.1**)
- **Civil Engineering Workshops in Indian Railways**- Audit observed that the objectives of setting up Civil Engineering Workshops to help Railways in meeting their demand of essential components required for day to day maintenance of tracks and manufacture of girders for bridges etc. had not been fully met due to lack of clear strategic direction (**Para 3.2**).
- **Safety works – Level Crossings, Road Over Bridges and Road Under Bridges** - The objective of improving safety in IR by elimination of level crossings had met with limited success largely due to inadequate commitment to implementation of policy that resulted in constant gross under-utilisation of funds both in level crossings and ROB/RUBs. Railways' efforts in co-ordinating with state governments for successful completion of ROB/RUBs were inadequate (**Para 3.3**).

Besides the thematic studies, cases of irregularities have been highlighted - avoidable loss of ₹284.20 crore due to delay in completion of bridge (**Para 3.4**) and avoidable expenditure of ₹13.64 crore in strengthening of old bridge in lieu of rebuilding (**Para 3.5**).

Chapter 4 – Mechanical – Zonal Headquarters/Workshops/Production units - This chapter includes a study on planning, procurement, installation and commissioning of Machinery and Plants (M&P) through Central Organization for Modernization of Workshops. The study revealed delays at

every stage from planning to commissioning of machines. Cases of underutilization were also noticed (**Para 4.1**).

Other individual instances of serious irregularities in procurement and maintenance operations highlighted include inadequate assessment of reasonableness of tender rates and lack of decision within the validity of offer period resulting in extra expenditure of ₹52.94 crore (**Para 4.2**), tendering of steel at prices other than ex-works price of SAIL, used as benchmark by Railway units in cost estimates leading to extra expenditure of ₹19.34 crore (**Para 4.3**), stabling of rolling stock for long periods causing loss of earning capacity of ₹15.42 crore (**Para 4.4**), splitting up of tendered quantity of steel items at higher rates leading to avoidable expenditure of ₹12.36 crore (**Para 4.5**).

Chapter 5 – Signal and Telecommunications – This chapter contains a thematic study on 'Safety works on Indian Railways - Anti Collision Device (ACD) and Train Protection and Warning System (TPWS). The study revealed that despite expenditure of about ₹250 crore, the reliability of the system viz. ACD and TPWS in prevention of collision of trains was in doubt as the performance efficiency recorded during trials was between 77 to 90 per cent as against the acceptable level of 99.9 per cent (**Para 5.1**).

Chapter 6 – Stores - This chapter contains audit observations on loss of ₹19.78 crore on account of non-inclusion of profit element in the price of wheelsets sold to M/s CONCOR (**Para 6.1**), loss of ₹19.45 crore due to excess procurement of sleepers (**Para 6.2**) and loss of ₹38.44 crore due to delay in finalization of tender for procurement of sleepers (**Para 6.3**).