

Overview

This Report contains the audit findings of significant nature detected during the compliance audit in Ministry of Railways (Railway Board) of the Union Government and its field offices for the year ended 31 March 2013. The Report contains five chapters. Chapter 1 gives a brief introduction of the audited entities; recoveries made by Ministry/ Department at the instance of Audit; remedial actions taken in response to audit observations made in earlier Reports; summarized position of Action Taken Notes. Chapters 2 to 5 present detailed findings/observations under the relevant department title.

Some of the important findings included in this Report are given below:

Performance of weighbridges in Indian Railways

In Indian Railways (IR) bulk commodities such as coal, iron ore etc are transported loose and required to be weighed at the originating station by weighbridges, en-route or at the destination points to plug the leakage of revenue and also to discourage overloading of wagons. Railway Board has emphasized that all loading points should be covered by weighbridges for weighment of all rakes. Audit, however, observed that out of 1176 loading points, 759 do not have their own weighbridges. They were largely (65 *per cent*) dependent on privately owned weighbridges for weighment especially for bulk consignments such as coal, iron-ore etc. There were deficiencies in the proper up-keep and maintenance of the weighbridges. Performance of these weighbridges was not being regularly monitored. This led to risk of revenue loss in carrying freight.

(Paragraph 2.1)

Maha Kumbh Mela, 2013

The Maha Kumbh Mela 2013 was celebrated from 14th January to 10th March 2013 at Allahabad in Uttar Pradesh. North Central Railway assessed that about 34 lakh pilgrims would utilize the train services during the Mela period. To handle the large rush of pilgrims, the three Zonal Railways (North Central, Northern and North Eastern), impacted by the Mela, made special arrangements for the pilgrims such as running of special trains, provision of safety and security of passengers and provision of other basic facilities. Audit observed that Railway Administrations failed to establish proper coordination

with the State authorities for crowd management at Allahabad station including diversion of pilgrim rush from the Allahabad station. This led to build up of huge crowd at Allahabad station. Lack of proper management in movement of special trains was also noticed during the Mela period. To ensure safety and security of passengers, adequate deployment of security staff is essential. However, shortfall of 33 *per cent* in the deployment of security staff was noticed. On the day of Mauni Amawasya, this problem was further accentuated as there was a shortfall of 48 *per cent* noticed at Allahabad station

(Paragraph 2.2)

Loss due to under-utilisation of Parcel Cargo Express Trains

Southern Railway SR Administration failed to ensure the availability of satisfactory operational arrangements for running of Parcel Cargo Express Trains (PCET) with fixed path and time schedules. This adversely impacted the revenue earnings to the tune of `314.64 crore on four routes due to non-commencement/ non-operation of PCET. Besides, the Railway had to sustain loss of parcel charges to the tune of `15.44 crore on account of under-utilization of rakes operated on one route.

(Paragraph 2.3)

Loss due to incorrect apportionment of revenue between Railways and Pipavav Railway Corporation Ltd.

Incorrect apportionment of freight share by Western Railway Administration based on the basis of booked route instead of actual carried route resulted in payment of extra share of `39.88 crore during April 2009 to March 2013 to Pipavav Railway Corporation Ltd., a Public Sector Unit under Ministry of Railways, operating between the line connecting Port of Pipavav to Surendranagar.

(Paragraph 2.4)

Works implemented under Material Modification in Indian Railways

Material Modification (MM) refers to a substantial change in the scope of a sanctioned work or scheme which was not thought of at the initial stage but which is subsequently considered necessary. Independent works/schemes/projects do not fall in the category of Material Modification as these would require separate sanction of the competent authority. Audit observed that 91 MM works were sanctioned against 38 original projects. None of these could be classified as MMs as these projects were on adjoining/ separate alignments. Audit also observed that 31 MMs were approved after completion of the original project. In fact in four cases the MMs were sanctioned as late as eight to ten years (Northeast Frontier Railway) after completion of the original project. Ministry of Railways flouted the procedures laid down for both formulation and approval of projects. Even preliminary procedures like conducting a Techno Economic Survey were not followed. In fact the standard procedure of taking approval of the Planning Commission before inclusion of a work in the Annual Works Programme was also not followed.

(Paragraph 3.1)

Acceptance of substandard formation works in construction of a new line endangering safety

The commissioning of new line (Kottur- Harihar) constructed at a cost of `351.48 crore on South Western Railway without rectifying major deficiencies in formation work resulted in opening of a new line section for regular traffic compromising the safe operation of trains/ safety of travelling passengers.

(Paragraph 3.2)

Loss due to non-preferring of bills for way leave charges

Non-preferment of bills for way leave charges by North Western Railway Administration in respect of land occupied and utilized by Jaipur Development Authority resulted in loss of `30.02 crore.

(Paragraph 3.3)**Avoidable payment of low power factor surcharge due to non-provision of essential equipments in Traction Sub-stations**

Dynamic Reactive Power Compensation Equipments were not installed by Southern Railway Administration in thirteen Traction Sub-stations although their provision had been made mandatory by the Tamil Nadu Electricity Board in view of change in method for computing Power factor. This resulted in avoidable payment of compensation/ surcharge amounting to `9.77 crore during 2010-13. Such avoidable payment would continue till provision of required equipments.

(Paragraph 4.1)**Management of scrap in Indian Railways**

The process of scrap disposal includes timely identification and collection of scrap from originating points, formation of lots in economic quantity of a particular item of scrap, their valuation and sale. Audit observed that no time frame was fixed by the Railways for scrap identification and its disposal. The system of assessment, retrieval and disposal of scrap and the monitoring mechanism in place was deficient and delays at various levels enhanced the risk of deterioration of scrap, decrease in value and theft and pilferages. There were substantial delays in write back adjustment to rolling stocks procured from capital account which led to payment of avoidable dividend.

(Paragraph 5.1)**Working of Integral Coach Factory, Chennai**

Integral Coach Factory (ICF) at Perambur, Chennai is an important coach production unit of Indian Railways and responsible for design, development and manufacturing of coaches. Audit noticed delay in finalization of Annual Production Programmes due to frequent revisions in the production plans both at ICF and the Railway Board level. The actual outturn of different types of coaches was either increased or decreased in comparison to targets of production fixed for them. This adversely affected the production of heavy build coaches and timely availability of coaching stock.

(Paragraph 5.2)**Working of Rail Wheel Factory, Yelahanka, Bangalore**

Rail Wheel Factory (RWF), Yelahanka commissioned in 1984 is a production unit of Indian Railways and is engaged in production of wheels, axles and wheel sets of railroad wagons, coaches and locomotives. Audit observed that the planning process of RWF was weak. Rail Wheel Factory focused primarily on achieving/ exceeding the annual production targets fixed by Railway Board without reference to actual requirement of types of wheels as decided in the quarterly Wheel Tyre Axle (WTA) allotment meeting. Planning for production and distribution was not as per WTA allotment. This lack of synchronization between its WTA allotments and production resulted in stock piling of inventory of certain types of wheels.

(Paragraph 5.3)