

Executive summary

I Background

Freight is a profit making business segment of Indian Railways and is the backbone of railway revenues. Over the years the market share of Indian Railways has been consistently shrinking and railways was losing out to road sector. Achievement of projected freight targets largely depended on the manner in which the Indian Railways reshaped its policies and strategies not only to regain the lost share in freight traffic but also to provide value for money to customers in terms of better facilities and improved services. IR carries more than 35 per cent of the total freight traffic (tonnes /kilometers) of the country and about two third of its revenue comes from transportation of goods traffic. Despite encouraging growth of freight, the market share of IR in freight sector has declined substantially from 53 to about 35 per cent during the last two decades.

Efficient management of goods train operations depend on the following factors and Railway Administration's inclination and ability to regulate these issues efficiently without compromising the quality of materials and service.

- Adequate availability of rolling stock, crews and appropriate paths for movement of goods trains
- Timely repair and maintenance of rolling stock to keep them in good condition,
- Ensuring optimum utilization of locos/wagons by achieving reduction in turn-around time,

This audit review was aimed at assessing the adequacy of rolling stock with respect to the freight traffic growth of Indian Railways; see the effectiveness of utilization and maintenance of available rolling stock besides reviewing the effectiveness of the monitoring mechanism to oversee the smooth freight train operations.

This Report highlights the performance of Indian Railways during 2008-2013 on the aspects pertaining to Goods Trains operations that included assessment, procurement of rolling stock, its distribution, utilization and maintenance.

II Major Audit Findings

1. Audit reviewed the assessment of requirement of wagons vis a vis procurement to see that procurement of wagons and locos was commensurate with the requirement assessed. Adequate funding was ensured. Audit also examined if the intended benefit of the technological development planned in the wagons was achieved. It was observed that:-
 - (a) The requirement of rolling stock assessed did not have any input from the Zonal Railways, the ultimate user. Further, the quantity procured during the review period was not in line with the requirement assessed.

It was further observed that even the ordered quantity of wagons was not supplied in full by the Railway Production units and Public Sector Wagon Manufacturers and the shortfall in wagon manufacturing was 36 and 24 per cent respectively. Funds provided for procurement of wagons were not utilised resulting in savings in all the years except for 2011-12.

During the period 2008-13 IR had paid ₹ 10,349.14 crore (₹ 4,299.21 crore for wagons and ₹ 6,049.93 crore for locos) for payment towards principal component of lease payments to IRFC. This payment was made from Capital Fund till 2010-11 and thereafter payment of ₹ 5514 crore was made from capital for which IR borne an additional dividend liability of ₹ 221 crore.

(Para 2.2, 2.3, 2.4, 2.5 and 2.6)

- (b) Four projects involving up-gradation in wagons design taken up during 2006 to 2008 with a view to increase the through put were still in progress till March 2013.

(Para 2.8)

Recommendations

IR needs to ensure that acquisition of wagons /locomotives is commensurate with the requirement assessed. Production of the wagons by the firms should be monitored on monthly basis and suitable action should be taken for non-adherence of production targets.

- 2 Audit examined the adequacy of wagons and locomotives for meeting the demand for freight loading along with the utilization of wagons to see if these were effectively utilized. It was observed in audit that:-

- (a) Deterioration in the various efficiency parameters like Wagon Turn Round (WTR), Hot Axles, Detachment, Train Parting, Spring Breakage, Poor Brake power affected smooth and efficient freight train operations. Further, more than 50 per cent of the train run was observed at an average speed below 20 kmph. Empty run of wagons had been consistently at 33 per cent during 2008-2013 despite measures initiated by IR to capture the traffic in empty direction. Test audit also revealed that more than 50 per cent of the goods trains started late for want of locomotives

(Para 3.2.2, 3.2.3, 3.2.4 and 3.4)

- (b) Wagons suffered detentions at loading /unloading points in goods/sidings. The average detention was more than 24 hours in several cases. The objective of reducing detentions due to loading and unloading operations below 16 hours has not been achieved.

(Para 3.2.5)

- (c) Test check in audit revealed that about 63 per cent of the trains started late for want of locos. 18 per cent of the trains started late due to non availability of the clear path and crew.

(Para 3.4)

- (d) One third of the wagons found unconnected (2552 wagons) were connected beyond the prescribed period of 72 hours. 876 wagons (34.33 per cent) remained out of service for the period ranging between 16 to 1271 days resulting in loss of earning capacity of ₹ 28.47 crore. Further, the time taken for tracing 162 un-connected wagons was even more than 100 days in five Zonal Railways and 54 of these 162 wagons could be traced beyond 500 days.

(Para 3.5)

Study of record of the selected goods sheds and sidings revealed that 25 per cent of the demurrage charges accrued (₹ 267.07 crore) were waived by Railways and demurrage charges amounting to ₹ 53.06 crore still remains to be recovered from the Parties. Further, the rate for the demurrage charges as fixed since 2008 was not commensurate with the loss of earning potential of wagons due to detention.

(Para 3.6)

Recommendations

- *IR also needs to address, on priority, the shortfall in the availability of basic infrastructure facilities at the goods sheds/sidings which will certainly help in keeping check on the un-necessary detention to wagons.*
- *IR should consider fixing norms for detention to wagons at each of the activity centre so that the stock can be effectively utilized. IR should also consider devising mechanism for improving the efficiency parameters.*

3 A review in audit of the wagon maintenance and status on condemnation of rolling stock revealed that:-

- (a) Wagons found unfit for operational activities during the examination of wagons in the sick line attached to the terminal yards were detained for abnormally longer periods. 53,815 such wagons in four ZRs suffered detention exceeding nine hours resulting in loss of earning capacity of ₹ 24.63 crore. No permissible norms for detention for all activities at terminal yards/sick lines existed either at Railway Board or Zonal Railway level. Further, 2484 wagons repaired in sick lines suffered detention in yard for the period ranging between 48 to 173 days after being declared fit but before putting back in service consequently resulting in loss of earning capacity of ₹ 72.65 crore.

(Para 4.2.1 and 4.2.2)

- (b) As many as 31928 wagons not-due for POH were erroneously received in the workshops for POH during 2008-13. Of these 4850 wagons were turned out by the workshop authorities with avoidable delays ranging between three months to one year resulting in loss of revenue amounting to ₹ 144.35 crore.

(Para 4.4.1)

- (c) The review of the arrangements for sending the wagons for periodical overhauling, time taken by workshops in overhauling and removal of wagons turned out after overhauling revealed that wagons suffered detention at all these stages. Detention of 82705 wagons prior to/after POH in workshop resulted in avoidable loss of earning capacity to the tune of ₹ 333.58 crore
- (d) Out of the wagons given POH in workshop, Railways could not complete POH within the prescribed cycle time in respect of the 40 per cent of the wagons depriving IR of the services of the wagons on line for the period they were detained beyond prescribed cycle time resulting in avoidable loss of earning potential of ₹ 314.71 crore during the period under review.

(Para 4.4.2 and 4.4.3)

- (e) The reason attributed for wagons becoming unloadable was improper handling by the siding owners. A test check of position on unloadable wagons during 2011-12 and 2012-13 revealed that out of 1,53,445 unloadable wagons requiring attention for repairs, 1,42,171 wagons were attended in sick lines/sheds and the remaining 11,274 unloadable wagon were sent to various workshops for NPOH attention. An amount of ₹ 62.22 crore was spent on repairs of 3,661 unloadable wagons in NWR, SCR and SER. The amount spent on repair of remaining 7,551 unloadable wagons was not made available.

(Para 4.5)

- (f) Examination of the position at selected examination points and workshops revealed that rejected wagons were passed locally without being certified as fit by NCO and put in to service. This was irregular and in contravention of rules and a compromise with the safe running of freight trains.

[Para 4.6 (a) and (b)]

- (g) Test check revealed that five Zonal Railways could not achieve its targets of condemnation of wagons stock during the years 2010-13. This has to be considered in the background of the finding that over aged rolling stock remains in operation with the most of the Zonal Railways posing safety risks.

(Para 4.7.2)

Recommendations

- *IR needs to expeditiously provide all infrastructure facility as well as required machinery and plant at all examination points in terminal yards and in POH workshops and fix a reasonable time frame for repairs to wagon in sick line as well for POH of wagon in the workshop in order to minimise detentions of rolling stock at examination points as well as in workshops during POH.*
- *A suitable monitoring mechanism need to be devised to ensure that wagons not due for POH are not erroneously sent to workshop. IR needs to institute an effective deterrence on defaulting parties so that the incidences of wagons*

becoming unloadable due to mishandling of wagons by the parties during loading/unloading operations are avoided.

- 4 Audit reviewed the monitoring mechanism to oversee that the freight trains operations were smooth and efficient. Efficient functioning of the control office at Division as well as Zonal level should get translated in to achieving the objectives of control organisation. But the cases of excessive detentions of wagons at various activity centres affecting the availability of wagons, non availability of locomotives for running the goods trains and deterioration in average speed of goods trains amply points towards a monitoring mechanism that warrants streamlining.

(Para 5.4)

Recommendation

IR needs to strengthen its monitoring mechanism during loading /unloading and maintenance operations so that the wagons are not detained un-necessarily for longer periods affecting the availability of wagons.