

Chapter 5 – Paragraphs related to Engineering department of Indian Railways

5.1 East Central: Poor planning in construction of railway quarters Railway (ECR) led to avoidable extra expenditure including payment for leased accommodation

Poor planning/indecision of ECR Administration in acquiring land and poor contract management in construction of quarters led to avoidable extra expenditure of ₹63.90 crore including recurring expenditure (₹18.64 crore till December 2014) on leased accommodation for officers/staff posted in ECR. Besides, indecision on part of the ECR in acquisition of land led to forfeiture of ₹1.23 crore out of amount paid as deposit.

Indian Railway Code for Engineering Department (Para 1917) stipulates that private buildings are primarily to be hired when suitable accommodation owned by the Railway does not exist in that locality. Further, as per Railway Board's (RB) instructions (5 May 2006), number of houses to be leased should be limited to the barest minimum. The proposal for leasing should inter-alia indicate the number of units under construction, also specifying as to when they would be completed and available for allotment.

From the above, it is evident that the priority of Indian Railways is to have its own accommodation as early as possible and that owned accommodation is preferable over leased accommodation.

Contrary to the above rules/instructions, ECR Administration had incurred avoidable expenditure of ₹18.64 crore²¹⁷ for leased accommodation to officers/staff posted in ECR as the staff/ officers quarters could not be constructed even after 12 years of sanction (2003) of Railway Board. The details of the lapses in acquiring of land and construction of staff quarters (including poor contract management), as noticed by Audit, are discussed below:

1. Consequent upon formation (October 2002) of ECR, Hajipur, RB sanctioned (2003) an amount of ₹78.88 crore for setting up the new zone, which included purchase of land at Patna (2.9 acres at ₹2.17 crore) for construction of staff/ officers quarters. However, ECR Administration subsequently found (January 2006) this insufficient and also unsuitable due to exorbitant land cost at Patna. Instead, ECR proposed (January 2006) for acquisition of land (50 acres) at Hajipur on Hajipur-Bidhpur Road for construction of centralized colony along with other facilities like officers club, marketing complex, health unit etc.
2. Though RB sanctioned (March 2006) an amount of ₹19.20 crore for acquisition of land (40 acres) at Hajipur, ECR Administration belatedly initiated the acquisition process in August 2007 and deposited an amount of ₹6 crore with District Land Acquisition Officer (DLAO), Hajipur for acquiring the land.

²¹⁷ Amount paid by ECR for leased accommodation for the period 2010-11 to December 2014 - ₹18.64 crore

3. Audit further noticed that ECR Administration reversed (September 2009) its decision to purchase land at Bidhpur/ Hajipur, stating that this was necessitated by steep rise (from ₹19.20 crore in 2005 to ₹40.85 crore in 2007) in cost of land. ECR decided to construct staff quarters at available railway land (Dighaghat/Patna – 25 acres and Hajipur station complex – 21 acres). On account of change in decision, State Government deducted ₹1.23 crore from the deposit money (₹ 6 crore) with DLAO as establishment cost and the balance amount (₹4.77 crore) was adjusted against other work (acquisition of land for construction of new line between Hajipur-Gigauli section).

As such, due to indecisiveness on part of ECR Administration in acquisition of land, they had to forfeit ₹1.23 crore which was deducted by DLAO, Hajipur. Besides, delay in taking decision for acquiring land also delayed the construction of railway quarters, which is detailed as under:

1. ECR Administration engaged (February 2006 to January 2008) five contractors at a total cost of ₹45.46 crore for construction of 572 Railway quarters as against the sanction (2005) of 604 quarters (reduced to 601 quarters in revised estimate sanctioned in 2012). The target date of completion of these contracts was between June 2007 and July 2009. Out of five contracts only one contract for 28 quarters has been completed (June 2007) and other four contracts were short closed/ terminated prior to 2012-13. Total expenditure of ₹25.89 crore had been incurred in these five contracts.
2. Reasons attributed by ECR Administration for short closure/ termination of contracts and consequential non-completion of construction of quarters included change of sites, delayed release of drawings, shortage of skilled/un-skilled labour and of materials.
3. For completion of balance work of construction of quarters, ECR Administration awarded (March 2013 to October 2013) eight contracts at a total cost of ₹64.83 crore (including cost of one work for which tender was under finalization till November 2014) with different dates of completion between February 2014 and November 2014.
4. Audit noticed that only 217 quarters (including 28 quarters completed through earlier contract) were constructed till date (November 2014) and work on 218 quarters was under execution. Moreover, for the balance 166 quarters, even tenders were not finalized (November 2014).

Above findings clearly indicate poor contract management on part of ECR Administration as they were able to construct only 217 quarters 10 years after their sanction (2005). Further, on account of re-tendering of contracts due to short closure/termination of contracts, ECR Administration had to bear extra expenditure amounting to ₹45.26 crore (₹64.83 crore + ₹25.89 crore - ₹45.46 crore).

Besides, due to delay in construction of quarters, ECR Administration had to bear an expenditure of ₹18.64 crore from 2010-11 to 2014-15 (December 2014) towards payment for leased accommodation to officers/staff posted in ECR. This could have been avoided if the quarters were constructed on time i.e. by July 2009. This expenditure is of recurring nature till the construction of all quarters.

Thus, poor planning/indecision in acquiring land and poor contract management in construction of quarters led to avoidable expenditure of ₹63.90 crore²¹⁸ that also includes recurring expenditure on account of payment of lease accommodation.

When the matter was taken up with ECR Administration in June 2014, they stated (November 2014) that delay in construction of quarters was mainly due to unavailability of sufficient fund from Railway Board prior to financial year 2012-13. They also stated that acquisition of land was delayed due to unavailability of sufficient fund and other factors, which caused steep rise in cost of land at Hajipur due to normal trend of increase in cost. They further contended that the amount deducted by DLAO was very less as compared to the cost of acquisition of 30 acres of land (₹48 crore) which was saved.

The above remarks are not acceptable in view of the fact that paucity of funds was not an issue as it was evident that prior to 2009-10 a proposal of an outlay of ₹76.45 crore was already approved by the Railway Board as against the sanctioned estimate of ₹78.88 crore. Further the forfeiture of ₹1.23 crore was due to indecision on the part of the Railway. The contention that Railway saved ₹48 crore by not acquiring the land is not correct as saving occurred due to utilization of railway's own land available at Hajipur and Dighaghat, Patna for construction of quarters. However, indecisiveness for acquiring land led to forfeiture of amount deposited with DLAO/ Hajipur.

The matter was brought to the notice of Railway Board in February 2015; their reply has not been received (May 2015).

5.2 Eastern Railway (ER): Unfruitful expenditure on construction of substructure of a Railway bridge

Railway's decision to award a contract for construction of substructure of a bridge on a new line project without ensuring site clearance, in violation of Railway Board's existing orders, resulted in infructuous/ unfruitful expenditure of ₹ 46.20 crore

As per Railway Board instructions (August 1980), contracts for works should not be awarded unless soil tests, site investigations are completed, all plans, drawings and estimates are approved/ sanctioned by the Competent Authority and there is no hitch in handing over the site to the contractor for executing the work. Railway Board has reiterated (April 2010) that ER Administration should foresee all delays to the extent possible and decide calling of tenders only when they are fully prepared to hand over the sites and plans etc to the contractor.

'Special Railway Projects' are those Projects which are notified by the Central Government from time to time to provide to the public national infrastructure covering one or more States or the Union Territories in a specified time frame.

Railway Board sanctioned (October 2009) a new Broad Gauge (BG) railway line project (4.84 km) between Canning and Bhangankhali stations²¹⁹ (sanctioned cost -

²¹⁸ Extra expenditure on account of poor contract management - ₹45.26 crore
 Payment for lease accommodation during 2010-11 to 2013-14 - ₹18.64 crore
 Total ₹63.90 crore

₹123.71 crore). It was estimated that the project would require acquisition of approximately 18.36 hectares of private land. In order to expedite the land acquisition process, Railway Board decided (January 2010) to process the project as a 'Special Railway project'²²⁰ and issued (March 2010) a Gazette Notification declaring the project a 'Special Railway Project'. Despite the project being a 'Special Railway Project', no date of completion was fixed by the Railway Board.

Audit observed that:

- Although ER Administration had issued (August 2010) the notices for the acquisition of private land²²¹ there was no acquisition (April 2013 and January 2014). There were as many as 191 encroachments on the required land. The Block Level Revenue Officer had also not issued the computerized 'Records of Rights' in respect of Bhangankhali Mouza. In respect of some plots on Kantha Iberia Mouza notices had yet to be published²²² (January 2014). No land had been acquired (December 2014) due to encroachments.
- Although no piece of land had been acquired by the ER Administration, they awarded (November 2009) a contract (cost ₹ 3.05 crore) for earthwork in embankment, blanketing, construction of minor bridges/ ROB, with date of completion 10 May 2010. However, contractor could not work due to non-availability of site for work and hindrances by encroachers and appealed (June 2010) to the Railways either to hand over the site or close the contract. Up to October 2010, the progress of work was eight per cent and payment made was ₹ 0.23 crore. The contract was short closed (December 2010) without any liability on either side.
- COER awarded (October 2010) another major contract (cost- ₹49 crore) to a contractor for construction of foundation and sub-structure²²³ of a bridge over River Matla along the proposed new line, with date of completion as March 2012. The sub-structure work of the bridge portion had been completed (March 2014) at a cost of ₹46.20 crore. The work for construction of the approaches at both the ends i.e. Canning end and Bhangkhali end could, however, not be taken up due to non-availability of land due to constraints involved in land acquisition,
- No tender for the super-structure of the bridge or any other work related to new line work had been floated due to non-acquisition of required land and funds. In the two successive Rail Budgets for the years 2013-14 and 2014-15, the funds provision for this project had been reduced and a token amount of ₹1.00 crore for each year was provided for three projects²²⁴ including this one.

²¹⁹ As a Material Modification work to doubling of Railway track between Ghutiarisharif and Canning.

²²⁰ Under Railway Amendment Act 2008

²²¹ under Section 20 A of Railway Amendment Act 2008 which is meant for

²²² under Section 20 A of Railway Amendment Act 2008

²²³ lower structure (Piers) on foundation of a Bridge

²²⁴ Bhangkhali-Basanti and Basanti- Jharkhali

When the matter was taken up with the Railway Board (March 2015) they stated (May 2015) that in June 2010 the land acquisition process was in nascent stage and then it never seemed that this process for Special Railway Project may face hurdles in course of time. It was felt judicious to float tender at the first phase for construction of sub-structure of the main bridge across river Matla as the construction of the bridge proper was a long lead activity.

Railway Board's contention is not acceptable. The sub-structure of the bridge had no use without construction of the approaches which had not been taken up for want of land acquisition. In fact, the constraints in land acquisition were very well known to Railway Administration as the work for earthwork in embankment etc. awarded in November 2009 had to be short closed due to non-availability of land site and encroachments. Since the land for both approaches had not been acquired by October 2010, the construction of sub-structure should not have been taken up in terms of Railway Board instructions (1980 and 2010).

Thus, Railway's decision to award a contract for construction of sub-structure of a bridge on a new line project without ensuring site clearance, in violation of Railway Board's extant orders, resulted in infructuous/ unfruitful expenditure to the extent of ₹46.20 crore. Also, the land could not be acquired for execution of work though it was the main reason to declare the project as a Special Railway Project.

5.3 Metro Railway (MR): Infructuous expenditure in construction of new workshop

Construction of new rehabilitation workshop (including procurement of plant and machinery for the workshop) at Noapara without exploring the potential of its utilization led to infructuous expenditure of ₹ 25.82 crore

A total of eighteen non-AC rakes (nine BHEL²²⁵ make and nine NGEF²²⁶ make) were commissioned in phases upto 1992 in Metro Railway, Kolkata. Periodical Overhauling (POH) of these rakes was being done at car shed, Noapara.

In addition to the existing Noapara car-shed, Railway Board approved (2009-10), the work for establishment of "Metro Rehabilitation Workshop, Noapara" at a cost of ₹76.19 crore. The work of Rake Rehabilitation Workshop was proposed with a view to making comprehensive rehabilitation works such as corrosion repair, re-cambering, refurbishing and special repairs to bogies, rotating machines and control gears of old non-AC coaches. The workshop had a capacity for rehabilitation of six rakes per year. An expenditure of ₹25.82 crore (including plant and machinery worth ₹ 10.65 crore) related to construction of the workshop was incurred so far (upto March 2014).

Review of records by Audit revealed the following:

²²⁵ Bharat Heavy Electricals Limited,

²²⁶ New Government Electric Factory Limited.

- Out of the total 144 non AC coaches (18 rakes X 8 coaches), 17 coaches were processed for condemnation after completing the extended codal life of 28 years.
- Seven rakes consisting of 56 coaches of NGEF make were being actively considered for Mid-life Special repair.
- The codal lives of 50 coaches were extended (May 2013) by the Railway Board for one POH cycle i.e. for three years. Out of these 50, 32 coaches would complete their extended codal life in March 2016 and remaining 18 coaches would complete their extended codal life in 2016-17.
- Only 21 coaches (144-(17+56+32+18)) remained for rehabilitation in the future.

Thus, the decision to establish a new workshop that would actually serve the purpose of rehabilitation of only these 21 coaches (9 reaching expiry of codal life within 2014-2015 to 2016-2017 and 12 reaching expiry of codal life during 2017-2018 to 2022-2023), does not appear to be well considered or justified.

Moreover, the workshop would remain under-utilised till the completion of codal lives (after 25 years around 2035-2038) of newly procured 13 AC rakes during 2010-13 (all AC rakes are in service in Metro Railway). It is also observed that Railway Board had repeatedly conveyed (March 2010 and August 2011) that on receipt of new AC coaches Metro Railway should plan to liquidate the old coaches with extended life.

As such, Metro Railway took up the work of Rehabilitation Workshop without preparing any perspective plan and feasibility report, to assess whether a full-fledged workshop for rehabilitation of a limited number of over-aged rakes was at all necessary and justifiable. Hence, the expenditure incurred (₹25.82 crore) so far (March 2014) towards construction of the new shed and procurement of plant and machinery was infructuous.

The matter was brought to the notice of Railway Board in February 2015. In reply, they stated (April 2015) that codal life of BHEL coaches was extended from 25 years to 28 years in the first phase subsequently for one POH cycle due to increase in metro services. It was further stated that as there is a very limited chance of availability of new rakes in forthcoming years, the life of those coaches may be further augmented for few years more. As such, rehabilitation facilities will be utilised for POH of coaches along with special repair etc. Hence work of Rehabilitation facilities was well conceived considering future expansion and need of more number of POH/ rehabilitation. Railway Board also stated that rehabilitation facility will also augment the POH activity of Noapara in future when rake holding increases during expansion of network. As such there is no possibility of non-utilization of the rehabilitation facilities.

The above replies are not tenable in view of the following facts –

- (i) The contention of Railway Board that rehabilitation facilities for POH of coaches will be adequately utilised in view of further augmentation of coaches as well as enhancement of codal lives of existing ones is an afterthought. At the time of decision for construction of new rehabilitation workshop, Metro Railway had only 21 coaches that remained to be rehabilitated in future as pointed out by Audit. As such, decision to take up

the work of new workshops without any perspective plan and feasibility report was injudicious.

- (ii) To maintain the increased services, codal life of existing coaches had been extended from 25 years to 28 years. Besides, new fleet of 13 AC rakes was inducted in Metro Railway. Further, Commissioner of Railway Safety (CRS) commented (February 2015) that 12 more rakes would be received by Metro Railway in the next four years. CRS further commented that seven BHEL rakes are in service beyond codal life and need to be replaced urgently along with over-aged rolling stock. Thus any extension of over-aged rolling stock beyond 28 years appears to be a compromise with the reliability and safety aspect of the coaches.
- (iii) Merely to augment the POH activity, establishment of new rehabilitation workshop is not at all a prudent decision. The POH activity can be augmented by boosting up the existing infrastructure of POH shop at Noapra.

5.4 North Eastern: Commencement of a new line work without acquiring Railway (NER) land for the project

Commencement of works on a new line project of 60.70 kms length without acquiring requisite land resulted in stoppage of work after incurring expenditure of ₹15.60 crore on 3.7 km new line on railway land

Para 204 of F-I provides that except in case of residential building, assisted siding and rolling stock to which special rules are applicable, no proposal for fresh investment will be considered as financially justified unless it can be shown that the net gain expected to be realized as a result of the proposed outlay would, after meeting the working expenses, yield a return of not less than 14 per cent of the initial estimated cost. Para 523 and 562-F further provides that the proposal for route selection must list out the information and data of the various alternative routes examined and must give an insight into the factors influencing the choice of the route adopted for the project. Financial returns must be worked out for the important alternatives and the one giving the best return may be generally adopted except when there are other overriding reasons in favour of the costlier alternative.

The new line between Paniahwa and Tamkuhi Road was to be considered for construction via two alternative routes (i) Chhitauni-Pakhnaha-Dahwa to Tamkuhi Road (60.70 km. estimated cost of ₹246 crore) and (ii) Chhitauni-Pakhnaha-Baraharaganj to Tamkuhi Road (70.00 km. (to be actually constructed 31.25 km. only because the proposed line from Baraharaganj to Tamkuhi Road was on existing Kaptanganj-Thawe line) - estimated cost of ₹122 crore). Though, as per survey report, both the alternative routes were neither financially viable nor operationally required, the construction of the new line via Chhitauni-Pakhnaha-Dahwa to Tamkuhi Road was approved without considering it actually being a longer route and other demerits as well.

The construction of new line project between Chhitauni-Tamkuhi Road was sanctioned by the Railway Board in its supplementary budget of 2006-07 with a Rate of Return (-) 9.22 per cent. In January 2007 the Railway Board asked the N.E. Railway Administration to send justification for change in alignment i.e. from Chhitauni - Tamkuhi Road to Paniahwa-Chhitauni-Tamkuhi Road. On the

initiative of the Railway Board the N.E. Railway Administration stated in its revised justification in February 2007 that in order to have full utilization of the work of new line between Chhitauni-Tamkuhi Road it is desirable and necessary to connect it to Paniahwa which is only at a distance of 2 Kms and on the existing rail network. Ultimately the Railway Board sanctioned the Paniahwa –Chhitauni new line as a part of Chhitauni-Tamkuhi Road new line.

Audit scrutiny revealed that the land required for this new line project was 264 hectares with compensation to land owners of ₹33.53 crore. Out of this ₹11.486 crore was already paid in (₹4.29 crore + ₹7.196 crore = ₹11.486 crore in December 2008 and March 2011) to District Administration for disbursing compensation to land owners. However, no land could be acquired even after a lapse of 8 years i.e. from 2006-07 to 2013-14 (upto February 2014). Railway Administration started the work between Paniahwa to Chhitauni on the available Railway land and incurred an expenditure of ₹15.61 crore till February 2014. Track linking work between Paniahwa to Chhitauni (about 3.7 Kms.) was completed and engine rolled out in March 2012. The Railway Administration has still to send the application for inspection by the Commissioner of Railway Safety (November 2014). Therefore, the train services have to yet to commence. .

In this connection, the following audit comments are offered:

The project was unremunerative and not financially viable as Rate of Return of the project was (-) 9.22 per cent. The Ministry of Statistics and Programme Implementation (Infrastructure and Project monitoring Division) had informed the Railway Board in August 2006 that the investment in the new line projects, which are not financially viable can be better utilized by spending the same for completing on-going new line projects which are at an advanced stage of completion. Even then the project was sanctioned and work commenced.

As per justification, given by North Eastern Railway Administration the section from Paniahwa to Chhitauni would have been useful in case of completion of Chhitauni-Tamkuhi Road new line. Thus, it is evident that the expenditure of ₹15.61 crore + ₹11.48 crore = ₹27.09 crore, incurred on construction of new line between Paniahwa – Chhitauni (3.7 Km) will remain unproductive till the completion of new line between Chhitauni-Tamkuhi Road alongwith additional liability of payment of dividend to General Revenues.

Thus, injudicious sanction of an un-remunerative new line project and its construction resulted in unproductive expenditure of ₹27.09 crore besides payment of dividend to General Revenues.

The matter was brought to the notice of Railway Board in March 2015; their reply has not been received (May 2015).

5.5 South Eastern: Deficient planning for procurement of water led to Railway (SER) unfruitful expenditure

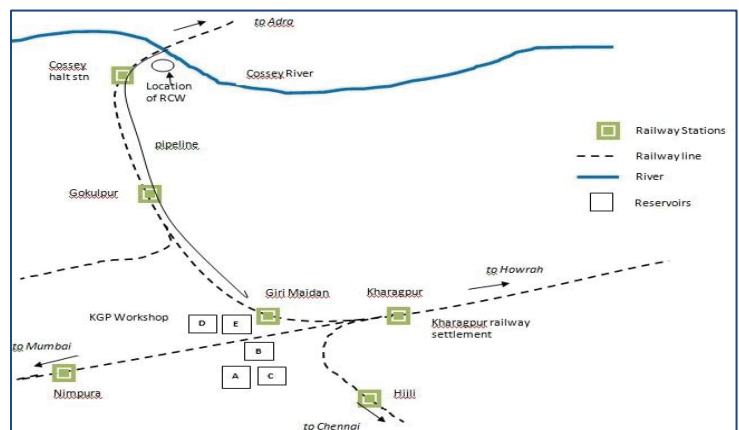
Deficient planning by the Railway Administration for procurement of water for Kharagpur railway settlement resulted in unfruitful expenditure of ₹ 11.38 crore incurred due to non-completion of Radial Collector Well, pipe line, pumps etc and extra expenditure of ₹ 3.92 crore due to sinking of Deep Tube Wells

Kharagpur is one of the biggest Railway Settlement²²⁷ of Indian Railways. For supplying potable water for the Railway settlement, Railway Board sanctioned (1998-99) the work of Water Treatment Plant (WTP) with conventional system²²⁸ with a capacity of 2.4 MGD, at an anticipated cost of ₹ 3.50 crore. The work was scheduled to be completed by the Railways within three years from the date of sanction i.e. by October 2002 at a revised estimated cost of ₹ 5.33 crore.

Initially (1998-99) it was decided to construct WTP, but after discussion between Construction Organisation and Divisional Railway Manager, Kharagpur it was decided (July 2003) that instead of WTP, a new Radial Collector Well²²⁹ (RCW) of 5 MGD capacity on Cossye river bed with an improved filtration technique may be constructed on the justification that this method was economical as the water did not need treatment and would provide adequate and un-interrupted supply of potable water to meet the demand of the area.

Due to change in scope of work from WTP to RCW and also for deciding the correct location of proposed RCW, Indian Institute of Technology, Kharagpur was asked to conduct the feasibility and resistivity test for the RCW on consultancy basis in November 2004. They submitted their report in September 2005 indicating

that the location initially decided does not have uniform thickness of coarse sand strata extending to a long distance in all directions, which later on may reduce the capacity of the collector well system. It was suggested to drill few more borewells in nearby locations so as to test the extent of uniform thickness of coarse sand strata.



Site of the RCW, pipelines and reservoirs

Therefore 50 nos. of borewells were dug in the nearby locations adjacent to the river and a suitable location was identified near the existing pump house for construction of the radial collector well of 5 MGD capacity. In December 2005, the initial estimate²³⁰ for construction of RCW of ₹ 5.33 crore for the Water Treatment

²²⁷ 14,000 residential quarters, Railway Hospital, 9 schools, 2 important Railway Institutes, etc.

²²⁸ Conventional system indicates Water Treatment Plant consists of flush mixer, pre-chlorination arrangement, sludge wall, rapid gravity sand filter with rate controller, post chlorination and other equipment complete with one testing laboratory fully equipped to ensure satisfactory supply of potable water.

²²⁹ Radial collector well are horizontal perforated conduits that collect ground water principally from surface water filtration.

²³⁰ In all the estimates i.e. ₹ 5.33 crore, ₹ 6.81 crore and ₹ 7.74 crore, costs for Civil Engineering work, Electrical Engineering work and S&T Engineering work were also included

Plant was revised to ₹ 6.82 crore and further revised to ₹ 7.74 crore (2008) vide Estimate No.1363W/2008²³¹.

The contract for construction of RCW of 5 MGD capacity with overhead pump house was awarded in November 2005 at a cost of ₹1.98 crore with a target to complete the work within 18 months from the issue of Letter of Acceptance, and the final location was decided in May 2006. Audit observed that the SE Railway Administration sanctioned four extensions up to 31 March 2009 due to reasons such as non-availability of men and machineries²³², delay in supplying approved drawing, non-execution of the electrical works, supply of pumps etc. Construction of the RCW of 5 MGD capacity with overhead pump house work was completed in March 2009 at a cost of ₹ 1.52 crore against the sanctioned estimate of ₹ 1.98 crore. The work of laying of 4800 m pipe line between Cossey river & Gokulpur was taken up in two parts - 2500 m and 2300 m in May 2010 and July 2011 respectively. These were completed in June 2011 and March 2012 after a delay of seven and five months²³³ respectively. During testing of direct water supply from Cossey RCW to D and E reservoir at Kharagpur in March and April 2013, failure/leakage in the pipe line was observed at different locations, subsequent to which replacement of pipe line between Gokulpur and reservoir at Kharagpur was proposed at an estimated cost of ₹ 2.56 crore (April 2013). It was intimated (April 2013) by the Assistant Divisional Engineer, SER, Water supply, that the existing 300 mm dia D.I. pipe line from Gokulpur to D&E Reservoir at Gate Bazar & A,B,C reservoir at workshop was old and not capable to supply water due to heavy leakage and high pressure in smaller dia pipe and hence it was proposed to provide new 450 mm dia D.I. pipe line in continuation with newly laid 450 mm dia for smooth water supply. The replacement of pipe line between Gokulpur and Kharagpur was yet to be done (February 2015).

When the matter of delay in completion of the project was earlier taken up with the SE Railway Administration in July 2011, they accepted (March 2012) that due to delay in laying pipe line and installation of booster pump at different locations, commissioning of whole project could not materialise and execution of the work got delayed to some extent. However, the present scheme would be overall cost effective and had not resulted in any additional financial liability and that the whole system would be utilised only after completion of all works. It was also stated that the work would be completed by March 2102.

²³¹ In the first two estimates i.e. . ₹ 5.33 crore & ₹ 6.81 crore only Civil and S&T Engineering works were included and Electrical Engineering works were not included. The Electrical Engineering works were included in the 3rd Estimate of ₹ 7.74 crore.

²³² Men and machineries were not to be provided by the Railway Administration, it was the contractor's duty. However, extensions were granted by Railways without imposing any penalty on the contractor.

Name of the work	Year of sanction	Works to be completed	Works actually completed	Delay in completion
Laying of 2500 m pipe line	May 2010	With n 6 months from the date of issue of LOA i.e. November 2010 (year of sanction + 6 months)	June 2011	7 months [June 2011 (-) November 2010]
Laying of 2300 m pipe line	July 2011	With n 3 months from the date of issue of LOA i.e. October 2011 (year of sanction + 3 months)	March 2012	5 months [March 2012 (-) October 2011]

The above reply is not acceptable as due to inadequate planning and execution during operation of pump at RCW on 30 September 2013 the pipe line burst at different locations between Cossey river RCW and Gokulpur and the replacement of pipe line between Gokulpur and Kharagpur which was proposed in April 2013 was yet to be done (February 2015). In the meanwhile due to non-completion of the RCW at Cossey river bed to maintain regular supply of water at railway settlement, SE Railway Administration had to resort (April 2005 to December 2012) to sinking and fitting Deep Tube Well at as many as 28 locations at a cost of ₹ 3.92 crore to make good the shortfall of water supply. Moreover, all works were yet to be completed even after 28 months from the expected date of completion i.e. March 2012.

Thus, it can be seen from the above that the project was not planned holistically and all the ancillary works were not contemplated at the planning stage itself²³⁴. Due to lack of foresight of the SE Railway Administration in planning the Water Supply Project for the Kharagpur railway settlement the project has been completed only in parts, even 15 years after it was conceptualised. Provision of both raw and filtered water to the users at Kharagpur railway settlement could not be ensured though an amount of ₹ 15.30 crore (₹ 11.38 crore incurred on RCW, pipe line, pumps, etc and ₹ 3.92 crore on sinking and fitting Deep Tube Well at 28 locations) was spent on the project.

The matter was brought to the notice of Railway Board in February 2015; their reply has not been received (May 2015).

5.6 Southern Railway (SR): Non-utilisation of Water recycling plants (WRPs) and consequent avoidable expenditure on water charges

Failure of SR Administration to comply with rules in connection with verification of credentials and financial ability of the contractor led to subsequent termination of contracts of civil works and delay in completion of project of commissioning of WRPs. As a result, proposed savings in water charges of ₹10.69 crore could not be achieved and investment of ₹2.83 crore for installation of WRPs at the two depots of SR remained unfruitful

Coach Depots at Basin Bridge (BBQ) and Gopalsamy Nagar (GSN) of Chennai Division of SR handle over 1,000 coaches a day for coach maintenance activities. About 19.63 lakh litres of water is required per day for coach maintenance and allied activities. The required water is procured from Chennai Metro Water Supply and Sewerage Board (CMWSSB) at commercial rate (₹60/- per kilo litre) and stored in the Ground level Reservoirs (GLRs) and overhead tanks (OHTs) at the two depots.

In order to reduce the dependence on CMWSSB and to minimize the cost of water charges, SR Administration proposed (2004-05) to install Water Recycle Plant (WRP) at BBQ and GSN depots of Chennai Division, and the same was sanctioned

²³⁴ Initially, the project was planned for WTP and estimate of ₹ 5.33 crore was prepared. Subsequently, it was decided for RCW and estimate was revised to ₹ 6.81 crore (costs for Civil Engineering work, Electrical Engineering work and S&T Engineering work were also included).

(November 2007) by Railway Board at an estimated cost of ₹5.15 crore (including civil works related to installation of WRPs).

Railway Administration (SR) assessed an anticipated saving of ₹2.73 crore per annum following installation of WRP at these two depots and consequent discontinuation of water supply from CMWSSB.

Though the project was sanctioned in November 2007, SR Administration awarded (December 2008) the contract for installation of WRP for ₹1.25 crore i.e. after a delay of one year. The work was to be completed by July 2009. However, WRP could be installed at BBQ only in February 2011 and at GSN in August 2012. Records of Chennai Division (SR) revealed that the delay of installation was primarily due to non-availability of clear site and power connections.

Audit, however, noticed that even after installation (February 2011/ August 2012), WRPs could not be put to use due to non-completion of civil works.

Audit reviewed the awarded contracts of civil works²³⁵ related to installation of WRPs at the two depots. It was observed that while awarding the contracts, the credential and financial status of the contractor had not been verified. This was contrary to the Para 1215 of Engineering Code, which stipulates that work should not ordinarily be entrusted for execution to a contractor whose capability, credentials and financial status have not been investigated before hand and found satisfactory. The details of audit findings in this regard are mentioned below:

- (i) SR Administration awarded (May 2009) a contract for execution of civil engineering works in connection with commissioning of WRPs at the two coaching depots (BBQ and GSN) to a private contractor²³⁶ at ₹3.74 crore slightly above the estimated price mentioned in the tender provision (₹3.58 crore).
- (ii) While awarding the contract, the tender committee relied on unattested copies of financial statements and experience certificate submitted by the contractor. This was contrary to the Regulations for tenders and contracts issued (June 2010) by SR Administration which stipulate submission of certified copy of audited balance sheet and attested copy of formation of the tendering firm.
- (iii) Against the completion schedule of April 2010, the completion period was extended up to December 2011. SR Administration attributed the delay to re-appropriating the fund from other works, delay in deciding the design etc.
- (iv) Consequent upon the receipt of complaints (October 2011) against the contractor, SR Administration made an enquiry and found (April 2012) that the partnership deed was not registered, Income Tax PAN submitted by contractor was invalid and information given in financial statements were wrong.
- (v) Hence, the contract was terminated (July 2012) and security deposit and performance guarantee were forfeited by the SR Administration.

²³⁵ Construction of Reinforced concrete over head tank, Ground level reservoir, collection well and allied pipe line arrangements

²³⁶ M/s Veeyer Enterprises, Chennai

- (vi) The effort of SR Administration to engage another agency to execute the remaining work remained unfruitful (July 2014). Tenders floated for the balance work during March 2013, June 2013, August 2013, September 2013 and May 2014 could not be finalized. Audit observed that due to receipt of high offer price (62 per cent to 82 per cent higher than estimated value) in these tenders, the same have been discharged.

Thus, failure on part of SR Administration to comply with rules laid down in connection with verification of credentials and financial ability of the contractor led to termination of contracts of civil works and subsequent delay in completion of project of commissioning of WRPs. This resulted in non-realization of proposed savings to the extent of ₹10.69 crore during the period January 2010 to December 2013 for procurement of water from CMWSSB. This will further increase till commissioning of WRPs. Besides, the unfruitful expenditure of ₹2.83 crore made in installation of WRPs at the two depots of SR.

This would also result in extra expenditure on completion of contracts as the balance work would only be completed by incurring extra cost as is evident from the result of tenders floated for completion of contracts.

The matter was brought to the notice of Railway Board in January 2015; their reply has not been received (May 2015).

5.7 Northeast Frontier: *Avoidable expenditure due to deficient Railway (NEFR) planning and inefficient management of contract*

Deficient planning and inadequate survey of the alignment resulted in avoidable expenditure of ₹12.20 crore which was incurred due to execution of excess quantity of works through contracts finalized on the basis of 'Special Limited Tender', besides avoidable extra expenditure of ₹2.04 crore due to non-operation of item of earthwork in filling with Railways earth

In connection with the construction of New Broad Gauge line between Dudhnoi and Mendipathar²³⁷ (19.47 km.), Construction Organisation of North East Frontier Railway (CONEFR) entered into a contract agreement²³⁸ (July 2009) to carry out the Civil Engineering works for the project at a face value of ₹ 53 crore with the stipulated date of completion (DOC) by November 2010.

The scope of work mainly provides for earthwork in filling and earthwork in cutting to form embankment for laying of track. As per provisions of contract agreement, the Executing Authorities may increase or decrease from the agreed quantities of items of work by 25 per cent at the same rate and terms and conditions of the contract agreements. Railway Board also stipulated²³⁹ (September 2007) that if an increase of more than 25 per cent in the agreement quantities of various items of work is considered unavoidable, the increased quantity would be

²³⁷ This section connects Meghalaya to the Indian Railway network. Mendipathar is situated in North Garo Hills district of Meghalaya and Dudhnoi is located in lower Assam's Goalpara District on the south bank of river Brahmaputra.

²³⁸ CA No. CON/NMX-JPZ/1268 dated 09.07.2009

²³⁹ Railway Board circular NO. 2007/CE.1/CT/18 dated 28.09.2007

got executed by floating a fresh tender. However, if floating of a fresh tender is considered impracticable, negotiations may be held with the existing contractor for arriving at reasonable rates for additional quantities beyond 125 *per cent* of agreement quantity.

During the execution of work, there was substantial variation in the quantities of various items of work mainly in respect of earthwork due to construction of Road Under Bridge (RUB) for elimination of Level Crossing Gates, inclusion of new major and minor bridges etc.. The revised quantities of work were carried out through the existing contractor by executing Subsidiary Contract Agreements²⁴⁰ (SCA) in September 2010 and in August 2012. In September 2012, the contractor refused to carry out the work in excess of 49.96 *per cent* of the quantities of original contract agreement. As the project was targeted for completion by March 2013, CONEFR floated (September 2012) three 'Special Limited Tenders' (SLT) for carrying out the balance quantities of work which includes earthwork as one of the major items. SLTs were finalised and contract agreements²⁴¹ were executed with the three new contractors in December 2012 with the stipulated DOC by May 2013.

Scrutiny of records revealed that:

- I. Due to erroneous assessment, in respect of two major items, earthwork in filling and earthwork in cutting, there was a variation of 21.5 *per cent* and 11950 *per cent* respectively. Before execution of SCA-2 (August 2012), CONEFR was aware of the substantial variation in the quantities of earthwork to be executed for completion of the work. Even then, no action was taken to get the increased volume of work (3.55 lakh cum. of earthwork in filling and 4.17 lakh cum. of earthwork in cutting²⁴²) done by floating open tender on the plea that calling of 'Open Tender' (OT) would not serve the purpose as it would take two to three months time. It was, however, observed that the DOC of three contracts finalised on the basis of SLT were extended till June 2014 citing law and order situation and early onset of monsoon. The work against these tenders was, however, in progress (March 2015). The purpose of finalisation of special limited tender was defeated as the work could not be completed within the target date (March 2013).
- II. The execution of works at higher rates by floating SLT resulted in avoidable expenditure of ₹ 12.20 crore (**Statement-A**) being the difference in rates between the initial contract and the contracts executed by floating SLT for executing additional quantities of earthwork alone. The extra expenditure could have been avoided had the Railway Administration assessed the quantum of work with reasonable accuracy and considered the same in the initial contract²⁴³.

²⁴⁰ SCA-1 in September 2010 and SCA-2 in August 2012

²⁴¹ CA.No. CON/DDNI-MDPR/1638 dt. 03/01/2013, CA.No. CON/DDNI-MDPR/1641 dt. 08/01/2013 and CA.No. CON/DDNI-MDPR/1642 dated 08/01/2013

²⁴² Difference of quantity as per original contract and as per SCA-3 to CA No. CON/NMX-JPZ/1268 dated 9/7/2009

²⁴³ CA No. CON/NMX-JPZ/1268 dated 09/07/2009

- III. The quantum of earthwork in fillings required to be done, as per original contracts awarded through special limited tender, was also increased subsequently by 30.55 *per cent*²⁴⁴. Even then, the work could not be completed. CONEFR again executed SCA-3 (April 2014) with the first contractor²⁴⁵ for carrying out additional 3,55,000 cum. of earthwork in filling and 1.87 lakh cum. of earthwork in cutting involving expenditure of ₹5.35 crore for these two items of work alone.

As seen in audit, due to inadequate survey of the alignment, the quantity of earthwork in cutting etc. against the initial contract (July 2009) was increased from 8000 cum. to 4,17,000 (11950 *per cent*). Similarly, the earthwork in filling to form embankment with contractor's own earth had also increased by 4,17,000 from 16,50,000 cum. to 20,05,000 (21.5 *per cent*). The 4,17,000 cum of earth obtained on cutting could have been utilised for earthwork in filling to form embankment by operating the scheduled item of work "Earthwork in filling in layers with Railways earth". CONEFR, however, did not operate this item which had resulted in avoidable extra expenditure of ₹2.04 crore (**Statement - B**) as the rate for carrying out earthwork with contractor's own earth was higher by ₹49 per cum. in comparison to rate for earthwork with Railways' earth.

When the matter was taken up with CONEFR Administration in June 2013, they stated (May 2015) that finalization of Open tenders would have taken more time due to which the important working season (2012-13) would have been lost. CONEFR further asserted that contractor was reluctant to execute the works due to adverse law and order situation.

The contention of CONEFR was not acceptable. The process of finalisation of Special Limited Tender took almost the same span of time (four months) as would have been required for finalizing Open Tender. Moreover, the plea of the Railway Administration in support of the floating of SLT to complete the work to achieve the target of the project lacked justification as the required land was not even acquisitioned before floating of tender. Reported reluctance of the contractor to execute the works due to adverse law and order situation as seen from the records was not supported by the fact that even after awarding of contracts through SLT, the initial contractor carried out 3,55,000 cum. of earthwork vide SCA-3²⁴⁶ besides 11,80,250 cum. of earthwork carried out through contracts awarded on SLT basis.

Thus, due to deficient planning and inadequate survey of the alignment, avoidable expenditure of ₹12.20 crore was incurred due to execution of excess quantity of works through contracts finalized on the basis of 'Special Limited Tender'. Besides, inefficient management of contract resulted in avoidable extra expenditure of ₹2.04 crore due to non-operation of item of earthwork in filling with Railways earth.

The matter was brought to the notice of Railway Board in March 2015; their reply has not been received (May 2015).

²⁴⁴ Increased by 276250 cm of earthwork against original agreement quantity of 904000 cum

²⁴⁵ Against CA No. CON/NMX-JPZ/1268 dated 09.07.2009

²⁴⁶ CA No. CON/NMX-JPZ/1268 dated 09/07/2009

Statement-A

Statement showing the avoidable expenditure due to execution of earthwork through contracts executed on 'Special Limited Tender Basis'**Table I: Earthwork executed through contracts finalised on 'Special Limited Tender Basis'**

Sl. No.	Description of items of work	Earthwork in filling of embankment		
		Qty. (in cum)	Rate (in ₹)	Amt. (in crore)
1.	CA.No. CON/DDNI-MDPR/1638 dt. 03/01/2013	558000	266.48	14.87
2.	CA.No. CON/DDNI-MDPR/1641 dt. 08/01/2013	136400	258.97	3.53
	<i>Total</i>	<i>694400</i>		<i>18.40</i>
		Earthwork in cutting		
3.	CA.No. CON/DDNI-MDPR/1642 dt. 08/01/2013	442853	113.61	5.03
	Grand Total			23.43

Table II: Avoidable expenditure due to execution of excess quantities of earthwork through Contracts finalised on Special Limited Tender Basis'

Sl. No.	Description of items of work	Total Expenditure (refer table-I) (in crore)	Total Quantity (refer table-I)	Total exp. involved as per accepted rates of CA. No. CON/NMX-JPZ/1268 Dt. 9/7/2009 (in crore)	Avoidable Expenditure# (in crore)
1	2	3	4	5	6
1.	Earthwork in filling of embankment	18.40	694400	7.29 (Col. 4 X ₹105)	11.11
2.	Earthwork in cutting	5.03	442853	3.94 (Col. 4 X ₹89)	1.09
	Grand Total				12.20

Avoidable expenditure has been calculated with reference to the accepted rates of CA. No. CON/NMX-JPZ/1268 Dt. 9/7/2009 as the extra expenditure could have been avoided had the Railway Administration assessed the quantum of work with reasonable accuracy and considered the same in the above contract

Statement – B
Statement showing the extra expenditure due to non-utilisation of earth obtained on earth cutting against CA. No. CON/NMX-JPZ/1268 dated 09/07/2009

Earthwork in filling in layers with contractor's own earth		Earthwork in filling in layers with Railways earth	Earthwork in cutting etc. In cum.	Difference in rates per cum. Col. (2-3)	Avoidable extra expenditure
Quantity In cum.	Rate per Cum.	Rate per Cum.	Quantity executed In cum.		
1	2	3	4	5	6
20,05,000	105	56	4,17,000	49	2,04,33,000

5.8 Eastern Railway (ER): Delay and Cost overrun due to award of contract without site clearance and improper planning

Railway commenced the work for laying a new Broad Gauge line prior to clearance of land belonging to Forest department. Further, due to Railway's inefficient planning, the work was executed with a cost overrun of ₹ 12.38 crore. The clearance of the Forest department was finally obtained after eight years from the award of initial contract.

As per Railway Board instructions (August 1980), contracts for works should not be awarded unless soil tests, site investigation are complete, all plans, drawings and estimates duly have been approved/sanctioned by Competent Authority and there is no hitch in handing over the site to the contractor. Railway Board reiterated (April 2010) that Railway Administration should initiate calling of tenders only when they were fully prepared to hand over the site to the contractor for the execution of work.

Railway Board sanctioned (2000-01) a new Broad Gauge line from Deoghar to Sultanganj (116.48 km). A major portion of land along the stretch of the new line was forest land. The fact that construction of new line would involve the transfer of forest land and environmental clearance was well known to ER Administration since the initial stage of land survey (August 2000). However, after a lapse of four years i.e. in July 2004, ER Administration approached Forest department for joint survey for environment clearance and transfer of forest.

Meanwhile, ER Administration, awarded, between September 2002 and April 2003, three contracts (total contract value ₹12.63 crore) to a contractor²⁴⁷ for earthwork, blanketing and minor bridges²⁴⁸, as a part of laying of new line without getting the land from forest department. The contracts could not be completed due

²⁴⁷ M/s. Hardev Construction Pvt. Ltd. between September 2002 and April 2003

²⁴⁸ First contract for chainage from 12.300 Km. to 15.775 Km., Second contract for chainage from 15.925 Km. to 22.270 Km. and third contract for chainage from 22.340 Km. to 29.100 Km.

to non-availability of site involving forest land and contracts had to be short-closed (February 2006) without liability on either side. The total expenditure incurred on these three works till their short closure was ₹4.46 crore only, leaving residual works valuing ₹ 8.17 crore.

Although no forest land was available for execution, ER Administration awarded another contract (June 2007) to a contractor²⁴⁹ (contract value of ₹ 30.65 crore) clubbing all residual works and increasing the scope of work by 1.400 Km (from chainage 29.100 Km. to 30.500 Km), with date of completion December 2008. As major portion of the land between chainage from 15.400 Km. and 21.600 Km (6.200 km) pertained to Forest department and there were also other reasons like non-removal of obstructions of the electrical lines etc, the extensions of date of completion were given on Railway account up to March 2010.

In view of non-availability of site, the contractor requested (June 2010) for the deletion from the scope of the work of the stretch from chainage 15.900 Km to 21.600 Km (5.700Km), involving forest land. The contractor stated that in comparison to rates of various inputs at the award of contract in June 2007, there was quantum jump in June 2010 and the provisions of contract, including Price Variation Clause, were not meeting out the loss, specifically in Forest land. ER Administration accepted the request and deleted the portion of work. For this de-scoping, ER Administration executed a supplementary agreement (March 2012) with the contractor. The remaining work was completed (May 2013) at a cost of ₹ 17.28 crore.

Since ER Administration could get the clearance of the forest department in July 2010, they awarded (April 2011) the work for the deleted and de-scoped portion of work of the earlier contract to another contractor²⁵⁰ (contract value-₹ 14.59 crore) with date of completion January 2012. This contract had to be terminated (January 2013) due to slow progress of the work. Till then, a sum of ₹ 2.44 crore had been paid to the contractor. The balance work of the terminated contract was awarded (April 2013) to another contractor²⁵¹ (value - ₹ 9.05 crore) with date of completion December 2013, extended up to July 2014.

In this connection, Audit observed that:

- Although ER Administration was well aware, since August 2000, that the project work would require forest land²⁵², they applied formally for the clearance of land only in July 2004. Finally, they could get the clearance of the department in July 2010 only. As such, it took ten years to get the clearance of the Forest department.
- ER Administration awarded contracts (first between September 2002 to April 2003, then in June 2007 for the residual work) without getting clearance from Forest department violating Railway Board orders to award contract only after ensuring the availability of site for work clear from all obstacles.

²⁴⁹ M/s. Modi Projects Ltd., Ranchi

²⁵⁰ M/s. Allied-Aaranya (JV)

²⁵¹ M/s. Choubatia Construction Pvt. Ltd

²⁵² Railways initial correspondence with Forest department was dated 22-08-2000

- Further, ER Administration took considerable time of around two years in awarding a contract for the residual work (June 2007). This inordinate delay in finalizing the work contract emerged as a major reason for substantial cost overrun and impacted adversely on the completion of the work besides deletion from the existing scope of work the portion to be executed on Forest land. The contract for the deleted/ de-scoped portion of work had to be awarded to another contractor (April 2011) at higher rates.
- Pending clearance from the Forest department ER Administration executed the total work in piecemeal manner by carrying forward the residual work to subsequent tenders that took substantial time in their finalization and also resulted in cost overrun to the extent of ₹ 12.38 crore.

Thus, due to award of contract prior to clearance of site by Forest department for execution of work and improper planning at every stage thereafter, work for laying of a new Broad Gauge line could be completed only after a lapse of more than 10 years and cost overrun of ₹ 12.38 crore²⁵³.

When the matter was taken up with the ER Administration (August 2014), they stated (October, 2014) that delay in executing work occurred due to delay in clearance from forest department of State Government (Jharkhand). Tenders were invited in anticipation of early clearance of forest department as per directives of Minister of State for Railways (MoSR). Reasons for delay were unforeseen. If the tender had been invited after clearance by forest department railway could have incurred extra expenditure.

The fact remains that awarding work contracts for laying a new line on land without its clearance from forest department resulted in short closure of first contract after spending ₹ 4.46 crore and subsequent de-scoping of items of work related to that stretch of the line. It also led to re-tendering/execution of supplementary agreement etc. resulting in cost overrun to the extent of ₹ 12.38 crore.

The matter was brought to the notice of Railway Board in March 2015; their reply has not been received (May 2015).

5.9 North Eastern: *Infructuous expenditure on construction of Railway (NER) rake handling platform*

Improper planning based on poor estimation of future demand, resulted in abrupt closure of the project and infructuous expenditure of ₹ 5.18 crore

Divisional Engineering section of North Eastern Railway (NER) proposed (September 2009) a work of widening and surfacing of rake handling platform including provision of additional loop for rake handling, Merchants Room and approach road etc. at Haldi Road (HDD) station (Rampur-Kathgodam section adjacent to Pantnagar). The proposal mentioned that various diversified products such as Maggie, TATA mini trucks, NANO car, plywood and timber for paper mills etc. were being loaded and sent to far off places of the country. Cement, paper etc. were also unloaded here. There was only one rake handling siding and the

²⁵³ The cost overrun has been assessed in such a way that had the clear site been provided to the contractor initially, what amount would have been paid and what was actually paid.

condition of the platform was "kuchha". Hence as per directives of Railway Board's letter dated 05 June 2007 widening and improvement of platform surface was urgently required. Besides this, one additional Rake handling siding with platform and approach road was needed to be developed considering future expansion. The same was sanctioned by Railway Board in the year 2010-11 under Plan Head-16²⁵⁴ on the consideration that inward and outward loading was expanding rapidly due to proximity to State Infrastructure and Industrial Development Corporation of Uttarakhand Limited (SIDCUL). The above work was justified to cater to the expected traffic from SIDCUL. The work was estimated to cost ₹ 16.79 crore, including the cost of stores (₹ 4.22 crore). Three contracts were entered into for completing the work viz.

1. CA No. E/118/TC dated 30 March 2011 for ₹ 4.46 crore for construction of approach road earth work at Haldi Road Station (HDD) in connection with the work of widening and surfacing of rake handling platform at Haldi Road station (HDD).
2. CA No. E/86/TC dated 23 December 2010 valuing ₹ 5.34 crore for construction of rake handling platform and retaining wall at Haldi Road in connection with widening and surfacing of rake handling platform at Haldi Road station (HDD).
3. CA No. E/362/4/TC/370 dated 07 March 2011 valuing ₹ 0.27 crore for Construction of Merchant Room, Goods Office etc. in connection with the said work. (The work on this contract was not started at all).

The work was stopped by the Sr .Divisional Operations Managers Izzatnagar of NER in May 2013 with remarks "The work was proposed to cater NANO traffic and it has gone to Sanand Gujarat, so there is no scope of further work. It will be winded up". Consequently, after having incurred an expenditure of ₹5.18 crore on contractual payment, supply of materials, contingency and establishment charges the work was abruptly closed without ultimately utilizing it for the desired purpose. Thus, decision of the Railway Administration to commence the work without assessing the future requirement from the users of the area and its abandonment midway, resulted in infructuous expenditure of ₹ 5.18 crore²⁵⁵.

The matter was brought to the notice of Railway Administration in July 2014, Railway Administration in their reply (September 2014) conceded that an expenditure of approx. ₹3.74 crore was made in connection with contractual payment and supply of material. They further stated that the above sanctioned project was meant to cater not only to the loading of Nano Cars but also the future traffic generated by development of State of Uttarakhand. However, it was unfortunate that the loading of Nano Cars was completely stopped due to shifting of Nano plant to Sanand, Gujarat. 15 rakes per month were being loaded/ unloaded at Haldi Road station at present, for which facilities created were being utilized.

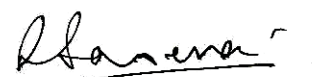
The reply is not tenable because the work carried out/completed up to the closure of the work included only earth work and construction of retaining wall, without the

²⁵⁴ Capital, Depreciation Fund, Development Fund, Open Line Works (Revenue) and Accident Compensation, Safety and Passenger Amenities Fund expenditure

²⁵⁵ Contractual payment for work and supply ₹4.61 crore, Railway supply of cement ₹ 0.15 crore, Contingency Charges ₹ 0.05 crore and temporary establishment charges ₹ 0.37 crore.

construction of loop line and other subsidiary work as proposed in the estimate of the work. Hence, the work had no utility for the Railways. Further, the expenditure incurred on the said work, as claimed by the Railway Administration i.e. ₹ 3.74 crore does not include the arrears of payment to the contractor for his work, the contingency charges and the temporary establishment charges. Thus, failure to assess the future requirement of traffic, resulted in abrupt closure of the project and infructuous expenditure of ₹ 5.18 crore.

The matter was brought to the notice of Railway Board in February 2015; their reply has not been received (May 2015).



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