CHAPTER V: MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

Central Warehousing Corporation

5.1 Lack of transparency in awarding Strategic Alliance Management contracts

Central Warehousing Corporation (CWC) did not adhere to the CVC guidelines and mandated tendering procedure while entering into Strategic Alliance Management agreements for operation of two of its container freight stations in the West Zone. Deficiency in the contract resulted in undue benefit to one of the contractors to the tune of ₹ 6.79 crore.

CWC, in addition to operating its warehouses, also operates Container Freight Stations (CFSs) throughout the country, where composite services for containerized movement of import/export cargo are provided. Some of these CFSs are operated through Strategic Alliance Management and Operation/Operators (SAMOs) whereby private firms operate the CFSs at a fixed fee and additional variable fee, payable to CWC, depending on the storage quantity.

The Central Vigilance Commission (CVC) guidelines (May 2006) state that all works awarded on nomination basis should be brought to the notice of the Board of the respective PSU for scrutiny and vetting *post facto*. CWC's delegation of powers of July 2000 envisaged that in case of award of contract by negotiation, without calling for tenders in emergent cases, reasons are to be recorded in writing and the cases in excess of ₹20 lakh each are to be reported to the Board of Directors.

The CVC guidelines (July 2007), while referring to a Supreme Court of India judgment[♥], state that tendering process or public auction is a basic requirement for award of contract by any Government agency as any other method, especially award of contract on nomination basis would amount to a breach of Article 14 of the Constitution guaranteeing right to equality, which implies right to equality to all interested parties.

However, in rare and exceptional cases, for instance during natural calamities and emergencies declared by the Government, where the procurement is possible from a single source only, where the supplier or contractor has exclusive rights in respect of goods or services and no reasonable alternative or substitute exists, where the auction was held on several days but there were no bidder or the bid offered was too low, etc., this normal rule may be departed from and such contract may be awarded through 'private negotiations'.

Audit observed that in two cases, discussed below, CWC did not follow the mandated procedure of awarding SAMO contracts:

[♥] *Nagar Nigam, Meerut Vs A1 Faheem Meat Export Private Limited [arising out of SLP(civil) No. 10174 of 2006]*

(i) In case of a contract of CFS at Impex Park, Navi Mumbai, CWC awarded (September 2006) the contract to M/s ZIM Integrated Shipping Services Limited and M/s ZIM Integrated Shipping Services (India) Private Limited (jointly as ZIM), on nomination basis without going for open competitive bidding, at the rate of ₹ 4.50 crore per annum with escalation of 5 *per cent per annum* on compoundable basis. Though awarding of contract to ZIM was placed before the Executive Committee in their meeting (November 2006) for ratification, bringing this to the notice of the Board of Directors could not be discerned from the records made available to audit. As such, it could not be ascertained whether mandated provisions of CVC guidelines (May 2006) and CWC's delegation of power (July 2000) were adhered to. Further, it was seen that when the CWC decided to opt for price discovery through open tender (July 2012) after the contract with ZIM was over (February 2012), the contract awarded to M/s Total Transport Systems Private Limited (October 2012) was significantly higher at ₹ 11.03 crore, which was 88 *per cent* more than what was paid by ZIM to CWC (₹5.87 crore) in the immediately preceding year 2011-12.

Audit further noticed that though in other contracts for similar CFSs the standard provision was for a fixed fee and a minimum guarantee amount of variable fee for storage units, in case of ZIM the condition was different whereby variable fee was payable only in respect of storage units handled beyond 15,000 Twenty Equivalent Units[♠] (TEUs). This caused undue benefit to the firm to the tune of ₹ 5.14 crore over the period from 2006-07 to 2011-12 (upto February 2012). Moreover, reimbursement of cost recovery charges of Customs staff was also not included in this agreement with ZIM though it was a standard clause in other similar agreements. This resulted in further undue benefit to the firm to the tune of ₹ 1.65 crore for the period from 2006-07 to 2010-11.

Thus, CWC not only awarded contract to ZIM in a non-transparent manner but also gave undue benefit of ₹6.79 crore to the contractor by having non-standard conditions in the contract.

The Ministry stated (March 2015) that decision to give the facility to M/s ZIM was taken after repeated failure of tenders for entering into Strategic Alliance for this facility and the contract was not awarded by nomination as the agreement was for 100 *per cent* reservation whereby there was no need to either issue the tender or fix the reserve price. It further stated that the rates of M/s Total Transport Systems Private Limited of 2012 should not be compared with rates of earlier contract entered into six year ago in 2006 with M/s ZIM and that no undue benefit was given to M/s ZIM. It also stated that there was no violation of CVC guidelines.

The reply of the Ministry is not acceptable in view of the following facts:

The terms and conditions for the contract entered with M/s ZIM, stated to be on 100 *per cent* reservation basis, are similar to Strategic Alliance Management operations of CFSs whereby the Corporation receives fixed lease amount every year as well as predetermined amount (per TEU basis) to earn marginal profit. Thus, the contract was *de facto* awarded

[♠] ***One TEU being equivalent to 20 foot container. The container measuring more than 20 foot is to be treated as two TEUs.***

to M/s ZIM on a nomination basis, a fact which was not brought before the Board of Directors for approval as required. Moreover, undue benefit was given to M/s ZIM due to non-inclusion of standard provisions of minimum guaranteed amount of variable fee and reimbursement of cost recovery charges of Customs staff. Further, audit has compared the rates the Corporation had fetched in October 2012 with the rates the Corporation got from M/s ZIM in the immediate preceding year i.e., 2011-12 and not with those of six year ago as stated by the Corporation.

(ii) The Corporation entered into a SAMO agreement on 22 January 2008 with M/s Hind Terminal Private Limited (HTPL) for utilizing CFS, Mundra, Gujarat for a period of two years with an option to extend it by another one year.

The proposal for expression of interest was stated to have been sent by the Corporation's Regional Manager, Ahmedabad, through e-mail (7 November 2007) to six-seven parties whose selection criteria were not on record. A generic expression of interest without any financial figure was received on 13 November 2007 only from one party namely HTPL. The management entered into an agreement (January 2008) with HTPL at a fixed fee of ₹ 3 crore *per annum* and ₹ 210 per TEU for a minimum of 24000 TEUs. As no reserve price was fixed to evaluate the bids, the reasonability of the rates in the contract entered into by the Corporation with HTPL could not be vouchsafed in audit. Further, the Management did not report this proposal to the Board of Directors as was required. The contract with HTPL was extended in March 2010 for a further period of one year at a fixed amount of ₹ 3.60 crore *per annum* with additional warehousing charges of ₹ 250 per TEU for a minimum guarantee of 30000 TEUs, adding to ₹ 4.35 crore *per annum*.

Audit further observed that when the Corporation went in for price discovery for CFS, Mundra through open competitive bidding (July 2011) it fetched a rate of ₹ 6.12 crore *per annum*, which was 41 *per cent* higher than the minimum rate of ₹ 4.35 crore payable by HTPL in the previous year 2011-12.

The Management stated (August 2014) that the contract was awarded to HTPL keeping in view the circumstances prevailing in the trade and citing dearth of business due to fear of competition. However, reply of the Management is not acceptable as proposal for awarding contract to HTPL at CFS, Mundra was not brought to the notice of the Board of Directors as envisaged in CVC guidelines.

The Ministry stated (March 2015) that the selection criteria was on records as the communication was sent to top users of Mundra International Container Terminal and as the contract was finalized on 100 *per cent* reservation basis there was no need to either fix reserve price or float a tender for the same. It further stated that the market conditions were recorded by the Regional Office level committee on 30 November 2007 and Corporate Office level in January 2008.

The reply of the Ministry is not tenable as tendering process is a basic requirement of award of a contract by any Government agency (CVC guidelines of July 2007). Moreover, the market conditions were recorded for the first time on 30 November 2007 whereas the proposal for expression of interest was sent by Regional Office Ahmedabad through email on 7 November 2007. Thus, clearly the process for utilizing CFS Mundra had already started even before the market conditions were taken on records by the Corporation.

Thus, the process adopted by the Corporation to award the contracts was in violation of CVC guidelines and against the mandated tendering procedure in both the above cases.

Food Corporation of India

5.2 Loss due to non-availing of concessional railway freight

Food Corporation of India failed to avail the benefit of concessional railway freight in terms of the agreement entered into with a private developer-cum-operator which resulted in loss of ₹ 27.23 crore.

Food Corporation of India (FCI) entered (June 2005) into two service agreements with a private developer-cum-operator (DCO) viz. M/s Adani Agri Logistics Limited (AALL) on 'build, own and operate' basis for integrated storage and bulk handling and transportation of foodgrains between base depots[1] and field depots[2] of FCI in Circuit-1[3] and Circuit-2[4]. In consideration of the services provided by the DCO, FCI was required to pay storage-cum-handling charges to the DCO in accordance with the terms of the service agreements. The commissioning of the project and commencement of commercial operations of the facilities was to be accomplished by the DCO within 36 months from the date of execution of the agreements. The agreements were to be operative for a period of 20 years from the date of commencement of operations.

The terms and conditions of the service agreements, *inter alia,* provided that the DCO would develop, procure and own at its cost special bulk foodgrains wagons and lease them to the Indian Railways for the duration of the service period under the Railways' Own Your Wagon Scheme (OYWS). Further, the DCO and FCI would jointly negotiate with the Indian Railways the station to station railway freight rates or general rebate in freight charges for rail transportation between base depots and field depots. The DCO would enter into an appropriate OYWS agreement with the Indian Railways, the draft of which would be approved by FCI. The railway freight so negotiated and finalised would be paid by the DCO to the Railways and be reimbursed by FCI to the DCO.

The service agreements with DCO were entered into by FCI after getting a cost-benefit analysis carried out (June 2003) by RITES Limited[5] (Consultant). The cost-benefit analysis was done by the Consultant on the assumption that a freight concession of 22.5 *per cent* on the normal tariff would be granted by the Railways under OYWS as per the

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[1] ***Base depot refers to the depot located in the foodgrains producing area.***

[2] ***Field depot refers to the depot located in the distribution/consuming area.***

[3] ***Circuit refers to a set of facilities forming a chain, comprising base depot and field depots. Circuit-1 consisted of base depot at Moga (Punjab) and field depots at Chennai, Coimbatore and Bengaluru.***

[4] ***Circuit-2 consisted of base depot at Kaithal (Haryana) and field depots at Navi Mumbai (Maharashtra) and Hooghly (West Bengal).***

[5] ***RITES Limited is a multi disciplinaryconsultancy organisation in the fields of transport, infrastructure and related technologies.***

then existing practice. Based on this assumption, the Consultant concluded that the project of bulk handling, storage and transportation of foodgrains would be financially remunerative for FCI. Thus, the underlying premise for entering into the service agreements by FCI was the expected savings that would accrue to FCI on account of rebate in railway freight charges.

Audit observed that during the period of 36 months provided under the service agreements for operationalisation of the project, the FCI/DCO did not negotiate and finalise the rebate in freight to be granted by the Indian Railways under OYWS. Meanwhile, the Ministry of Railways introduced (April 2008) a new liberalised wagon investment scheme (LWIS) superseding OYWS. Under LWIS, concession of 15 *per cent* in the railway freight was admissible only to the end-users i.e. consumers or producers of goods. Thus, the DCO, being a logistic company, became ineligible for the rebate. However, despite the fact that the rebate in railway freight was no longer admissible to the DCO, FCI allowed the DCO to commence transportation of foodgrains between base depots and field depots in Circuit-1 and Circuit-2 from November 2008 and October 2008 respectively and made payment of freight charges at normal tariff rates. The Ministry of Railways did not agree (May 2009) to grant any rebate to FCI under LWIS even after pursuance of the matter since the rebate under LWIS was not available to a logistic company. Audit further observed that LWIS provided that the customers who had already invested in wagons or had obtained approval of the Ministry of Railways under any earlier wagon investment scheme including OYWS shall have the option to continue as per the terms and conditions of that particular scheme. Thus, had FCI/DCO ensured that the rebate in railway freight was negotiated and finalised with the Railways in time, the admissibility of rebate would have continued under LWIS at least to the extent of 15 *per cent* of the normal freight.

The DCO moved a quantity of 5,04,928 metric tons (MT) and 4,82,310 MT of foodgrains in Circuit-1 and Circuit-2 respectively since operationalisation of the project on which expenditure of ₹ 107.70 crore and ₹ 73.86 crore respectively were incurred by FCI till May 2014 on account of basic railway freight. The loss suffered by FCI due to non-admissibility of concessional freight at the rate of 15 *per cent* of basic freight, therefore, worked out to ₹ 27.23 crore.

Thus, failure of FCI and the DCO in obtaining approval of the Ministry of Railways for grant of rebate in freight under OYWS and allowing the DCO by FCI to commence transportation of foodgrains at normal freight rates resulted in loss of ₹ 27.23 crore. Further, as the service agreements with the DCO were operative for a period of 20 years from the date of commencement of operations, the non-admissibility of rebate in railway freight would result in recurring loss to FCI over this period thereby defeating the very purpose of venturing into bulk handling, storage and movement of foodgrains.

The Regional office, Haryana of FCI stated (January 2014) that the issue was taken up (May 2008) by the DCO as well as FCI Headquarters (May/June 2008) with the Railways to get rebate in freight under LWIS but the Railways denied (May 2009) to grant any rebate. Further, the Zonal office of FCI stated (March 2014) that the Railways was having complete monopoly over its operations and whatever they did was almost final. The pursuance by field offices of FCI with the Railways was a futile exercise and the matter was taken up with FCI Headquarters for appropriate action.

The Management reply is not tenable as there was a time lag of 36 months in operationalisation of the project from the date of agreements (June 2005) during which FCI/DCO failed to come to favourable terms with the Railways in respect of rebate in railway freight under OYWS despite the freight concession being the basis of financial viability of the scheme. Such rebate granted under OYWS would be admissible even after introduction of LWIS. The contention of the Management that the Railways denied any rebate is not acceptable since the matter was taken up by FCI with the Railways only in May/June 2008 i.e. after OYWS was superseded by LWIS under which the DCO became ineligible for the rebate.

FCI stated (January 2015) that it was incomprehensible to forecast closure of the rebate scheme (OYWS) and FCI had no mechanism available for anticipating or pre-empting this move on part of the Railways. Further, the DCO had started taking up the matter with the Railway Board in July 2007 itself and requested Railways to notify the concessional freight. Ministry of Railways did not respond to it till May 2008 and then only the matter was taken up by FCI with the Railways. However, the Railway Board informed (May 2009) that the request of FCI had not been agreed to. Further, the movement of foodgrains was started at the normal freight rates in order to fulfil the PDS requirements and on the assumption that the decision on rebate in freight, whenever decided, would be made applicable from retrospective date. The Ministry endorsed (January 2015) the reply of FCI Headquarters.

The reply of FCI/Ministry is not acceptable because of the fact that even though it was the joint responsibility of DCO and FCI to negotiate and finalise the rebate in railway freight, FCI took up the matter with the Railways only in May 2008, almost 3 years after the agreement between two parties when OYWS had already been superseded by LWIS under which the rebate was not available. Before May 2008, it was only the DCO which was taking up the matter with the Railways. Moreover, the assumption made by FCI that the decision on rebate in freight would be made applicable from retrospective date is not backed by any assurance from the Railways to that effect. Further, while taking into account the fact that FCI commenced the movement of foodgrains at normal freight rates in order to fulfil PDS requirements, it is observed that non-finalisation of rebate in railway freight would result in continuing loss to the exchequer over the 20-year period of the service agreements entered into by FCI with the DCO. FCI Management should have taken up the matter with the Railways before operationalisation of the long-term project which was not done leading to the recurring loss.

5.3 Excess payment of mandi labour charges

Food Corporation of India made excess payment of ₹ 16.96 crore to the Government of Uttar Pradesh and its agencies during the years 2010-11 and 2011-12 due to reimbursement of inadmissible elements as part of mandi labour charges on procurement of wheat.

The Ministry of Consumer Affairs, Food and Public Distribution (Ministry) conveyed (April 2010 and June 2011) the provisional rates of procurement incidentals to be paid by

Food Corporation of India (FCI) to the Government of Uttar Pradesh and its agencies for procurement of wheat for the Central Pool during the Rabi Marketing Seasons (RMS) 2010-11 and 2011-12 respectively. These provisional incidentals included a sum of ₹ 10.91 per quintal for each of the two RMS on account of mandi labour charges to be paid for handling of wheat in mandi.

As per the guidelines for submission of incidental claims by the State government/agencies as issued (September 2010) by the Ministry, mandi labour charges are the charges incurred in the mandis/markets for engaging the labour to perform various activities like cleaning grains, filling in the bags, weighing, stitching, labeling, stacking, loading in truck, etc. The guidelines further clarified that the expenditure incurred for making arrangement for lights, drinking water, temporary sheds are not included in the cost of mandi labour charges as these are part of the services provided by the marketing committees for which separate market fee is paid.

Audit, however, observed that the provisional rate (₹ 10.91 per quintal) of mandi labour charges fixed for RMS 2010-11 and 2011-12 included inadmissible elements viz. arrangements at purchase centre for tent (₹ 1.90 per quintal), drinking water (₹ 0.50 per quintal) and petromax (₹ 1.00 per quintal). As the expenditure on these elements was already included in 'mandi charges', these were to be excluded from the mandi labour charges. Thus, the expenditure on inadmissible elements aggregating ₹ 3.40 per quintal were reimbursed by FCI to the Government of Uttar Pradesh and its agencies as part of mandi labour charges. During RMS 2010-11 and 2011-12, FCI Uttar Pradesh region procured 498.81 lakh quintals of wheat on which the excess reimbursement of mandi labour charges at the rate of ₹ 3.40 per quintal worked out to ₹ 16.96 crore.

Thus, the Ministry violated its own guidelines by including such elements in the mandi labour charges which were already paid under other heads of expenditure in the provisional cost sheet. Further, as FCI was also aware of these guidelines as well as the fact that mandi labour charges were to be paid only in respect of handling of wheat in mandi, it was necessary on the part of FCI to take up the matter with the Ministry for removal of overlapping elements from the mandi labour charges before releasing the payment on this account to the State Government/State Government Agencies. The Ministry, in turn, should have excluded the inadmissible elements from mandi labour charges. Thus, failure to exercise due diligence by FCI resulted in excess payment of ₹ 16.96 crore.

The Management stated (August 2013) that since there was no bifurcation of mandi labour charges, FCI was not aware about the overlapping elements and the reimbursement had been made to the State Government Agencies under the cost sheet determined by the Ministry. The Ministry elaborated (December 2014) on the procedure for working out the mandi labour charges by indexing the final or provisional rates of the previous year with the Consumer Price Index. It further added that in case of Uttar Pradesh, mandi labour charges of ₹10.91 per quintal were allowed accordingly during 2010-11 and 2011-12 and further stated that FCI was being advised to ensure payment after thorough check of claim and ensuring no overlapping of claims.

The reply of the Management is not acceptable as being nodal agency for implementing food policy of the Government of India, FCI should have ensured compliance of the

Guidelines for State Governments/Agencies for Submission of Incidental Claims. As such, FCI was bound to verify the admissibility of the components of mandi labour charges before making reimbursement. Further, the Ministry did not furnish specific reply regarding admissibility of components of mandi labour charges and also remained silent on recovery of excess payment from the Government of Uttar Pradesh.

5.4 Excess payment of interest

Food Corporation of India made excess payment of interest of ₹ 5.22 crore due to ineffective monitoring and lack of internal checks on the cash credit

Food Corporation of India (FCI) entered (June 1989) into an agreement for cash credit facility from a consortium of banks led by State Bank of India (SBI) for financing its day-to-day operations. As per procedure under cash credit facility, the branches of banks maintaining cash credit accounts of FCI Regional/District Offices were required to transfer the net debit or credit balances to FCI Zonal cash credit accounts invariably before end of the day's transactions through auto sweep facility. Further, the branches of banks maintaining FCI Zonal cash credit account would have to transfer any credit balance or debit balance exceeding the overnight limit to the centralised cash credit account maintained in Industrial Finance Branch (IFB) of State Bank of India, New Delhi. The interest on the credits availed by FCI would be calculated on daily balance and would be charged to FCI on quarterly basis.

During test check of records relating to cash credit accounts of FCI Zonal Office (East), Regional Office Ranchi (Jharkhand) and nine District Offices[♥], Audit observed the following:

- The daily transfer of all credit balances in the cash credit account of Regional/District Offices to the Zonal cash credit account would ensure adjustment of all credit balances against debit balances and payment of interest on the net outstanding balance. However, there were instances of delayed transfer of credit balances by the bank branches in respect of FCI Regional Office, Ranchi (Jharkhand) and nine District Offices during the period 2008-09 to 2013-14. This resulted in excess payment of interest on cash credit account by FCI to the tune of ₹ 5.02 crore. This excess payment of interest, however, remained undetected until it was brought to the notice of FCI by Audit, which indicated ineffective monitoring and absence of necessary control by the former over the cash credit facility.

- There was no mechanism at the FCI Zonal Office (East), Kolkata to check the accuracy of interest charged by the bank on the daily balance in the cash credit account. Audit detected (June 2013) that the bank had charged excess interest on cash credit account of FCI Zonal Office (East), Kolkata to the tune of ₹ 19.45 lakh (August 2012: ₹ 18.73 lakh, February 2013: ₹ 0.28 lakh and March 2013: ₹ 0.44 lakh). After the excess payment of interest was pointed out by Audit, FCI claimed (July 2013) this amount from the bank.

[♥] ***24-Parganas, Durgapur, Port Depot, Ranchi, Gaya, Chhapra, Muzaffarpur, Patna and Bhubaneswar.***

Thus, due to ineffective monitoring and lack of internal checks over cash credit facility, FCI incurred excess payment of interest amounting to ₹ 5.22 crore.

The Management stated (December 2014) that after persuasion with SBI, the excess interest of ₹ 19.45 lakh was received back (October 2014). As regards the excess interest due to delayed transfer of credit balances of cash credit accounts by the bank branches at FCI Regional/District Offices to the FCI Zonal cash credit account, persuasion for its refund was being made.

The Ministry of Consumer Affairs, Food and Public Distribution, Department of Food and Public Distribution (Ministry) stated (December 2014) that it had asked FCI to send quarterly report for instances of delayed transfer of credit balances. The Ministry further stated (January 2015) that after due persuasion with the SBI for the refund of excess interest, the bank had principally agreed to the claim of FCI and issued instructions to its concerned branches to settle the same.

Audit observed that IFB of SBI, New Delhi had forwarded (October 2014) the FCI's claims for refund of interest due to delay in transferring the credit balances to respective bank branches with the request to verify and arrange to settle the same. However, refund of the excess interest was awaited (January 2015).

5.5 Avoidable payment of terminal charges

FCI paid to the Railways non-leviable destination terminal charges amounting to ₹ 5.01 crore in respect of its own sidings from July 2007 to March 2013

Food Corporation of India (FCI) moves foodgrains from procuring States to deficit States by rail. In addition to the normal freight charges, the Ministry of Railways introduced (May 2007) levy of terminal charge of ₹ 10 per tonne per terminal with effect from 1 July 2007 for movement of goods on Railways owned terminals and sidings. These terminal charges were leviable on loading/ unloading terminals, independently and separately, on the basis of chargeable weight at the time of issue of Railway Receipt (RR). The rate of terminal charge was enhanced (January 2008) by the Ministry of Railways to ₹ 20 per tonne per terminal with effect from 1 February 2008.

A total of 102 railway sidings[1] were owned by FCI all over the country out of which the records of 53 railway sidings[2] were test checked in Audit. It was observed that out of these 53 railway sidings, in case of 41[3] sidings, the RRs raised for the foodgrains consignments also included destination terminal charges amounting to ₹ 5.01 crore which were paid by FCI along with freight charges to the Railways during the period July 2007 to March 2013. As these sidings were owned by FCI and not by the Railways, the destination terminal charges were not leviable in these cases. Audit observed that the monthly movement plan prepared by FCI Headquarters clearly indicated whether there

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[1] The 102 owned sidings of FCI consisted of 19 sidings in East zone, 6 sidings in North-East zone, 15 sidings in West zone, 25 sidings in North zone and 37 sidings in South zone.

[2] These 53 sidings consisted of 19 sidings of East zone, 8 sidings of North zone and 26 sidings of South zone.

[3] These 41 sidings consisted of 19 sidings of East zone, 6 sidings of North zone and 16 sidings of South zone.

was FCI owned siding at the destination terminal and thus there was no ambiguity about the ownership of railway sidings at the destination. Therefore, the destination terminal charges of ₹ 5.01 crore were not required to be paid at all in such cases. However, FCI did not verify the RRs with regard to the ownership of sidings at the destination end, before making payments to the Railways. This resulted in avoidable payment of railway freight by FCI to the extent of ₹ 5.01 crore during the period July 2007 to March 2013 (**Annexure-X**).

While accepting the audit observation, the Management stated (May 2013) that claims for refund of the wrongfully paid terminal charges were lodged with the Railways by the dispatching regions. Further, with effect from 1 April 2013, the Railways had stopped levying terminal charges even for its own railheads.

The Management further stated (December 2014) that a reply to the audit para would be sent upon receipt of necessary information from the concerned zonal/regional offices of FCI. The final reply of the Management was awaited (January 2015).

The matter was reported to the Ministry in September 2014; their reply was awaited (March 2015).