Chapter 2
Traffic

The Traffic Department comprises four streams viz., Commercial, Traffic, Coaching and Catering & Tourism. The activities related to these streams are performed by the respective directorates headed by Additional Members/ Executive Director. At the Railway Board level, the Traffic Department is headed by Member Traffic.

The activities such as marketing, traffic development, improvements in quality of railway services provided to customers, regulation of passenger/ coaching/ freight tariffs, monitoring of collection, accountal and remittance of revenues from passenger/ freight traffic are managed by Commercial Directorate. The activities such as long-term and short-term planning of transportation services, management of day to day running of trains including their time table, ensuring availability of rolling stock to meet the expected demand and conditions for safe running of trains is managed by Traffic Directorate. The management of passenger and parcel services is done by Coaching Directorate and activities related to catering and tourism is managed by Catering & Tourism Directorate.

At the zonal level, the Traffic Department consists of two departments, viz., Operating and Commercial. These are headed by Chief Operations Manager (COM) and Chief Commercial Manager (CCM) respectively, who are under charge of General Manager of the concerned Zonal Railway. At the divisional level, the Operating and Commercial Departments are headed by Senior Divisional Operations Manager (Sr.DOM) and Senior Divisional Commercial Manager (Sr.DCM) respectively, who report to Divisional Railway Manager (DRM) of the concerned Division.

The total expenditure of the Traffic Department during the year 2015-16 was ₹ 10,451.73 crore. Total gross traffic receipt during the year was ₹ 1,64,333.51 crore[2]. During the year, apart from regular audit of vouchers and tenders etc., 1398 offices of the department including 942 stations were inspected by audit.

This chapter includes two reviews on specific themes covering all Zonal Railways. In the first review 'Parcel Business in Indian Railways', Audit assessed the management of parcel services and examined the adequacy of infrastructure and other institutional arrangements in place for bringing about improvement in parcel services. In the other review on 'Container Trains Operation in Indian Railways', Audit focused on the effectiveness of monitoring system and recovery of dues by container operators.

In addition, ten Audit Paragraphs highlighting irregularities such as, injudicious decision of preservation of railway line sections as heritage; non-preferring of bills of shunting charges; non-levy of detention charges; non-recovery of license fee; non-revision of interest and maintenance charges; improper utilisation of Higher Capacity Wagons etc., are also included.

[2] Source: Year Book 2015-16

2.1 Parcel Business in Indian Railways

2.1.1 Introduction

As per the Railways Act 1989, 'Parcel' is defined as goods entrusted to the Railway Administration for carriage by passenger or parcel train. Articles such as personal effects, general merchandise, perishables, scooters and motorcycles packed as per conditions prescribed by Railways are accepted as parcels for booking and carriage by Railways. Indian Railways carry different types of Parcel traffic in Passenger trains or in Special Bogies designed for the purpose such as Assistant Guard's Cabin (AGC), Brake Vans (SLRs), Parcel Vans (VPs/VPUs/VPHs), Special Parcel Trains – leased or non-leased, BCN[3] rakes for perishables traffic and Special Purpose Vehicles like Rail Milk Tanker, Refrigerated Vans etc. The traffic in AGC, SLRs and VPs is carried by Mail/Express and passenger trains. Parcel traffic is either leased or non-leased. Leased traffic in AGC, SLR and VPs is governed by the 'Comprehensive Parcel Leasing Policy' and leased traffic in parcel trains is governed by the policy on 'Parcel Cargo Express Trains'. Non-leased parcel traffic is booked by Railways from Parcel Offices at Parcel depots of concerned stations on a day to day basis.

Organizational set up

The Departments and officials dealing with Parcel business in Indian Railways at various levels are as follows:

Table 2.1 – Organizational Structure

Level	Directorate/ Departments	Officials	Responsibilities
Railway Board	Traffic Coaching Commercial	Member Traffic	Policy making and issue of circulars and instructions for field offices
Zonal Railway	Operating Commercial	General Manager • Chief Operations Manager (COM) • Chief Commercial Manager (CCM)	Issue of Zonal level policies and implementation of policy and instructions of Railway Board.
Division	Operating Commercial	Divisional Railway Manager • Senior Divisional Operations Manager (Sr. DOM) • Senior Divisional Commercial Manager (Sr. DCM)	Implementation of policy and instructions of Railway Board and Zonal Railway Headquarters.
Parcel depots/ Stations	Commercial	Parcel Supervisor	Booking of parcels following due procedures.

Audit scope and objectives

The study covered a three year period from 2013-14 to 2015-16 and was undertaken with an objective to assess the following:

[3] BCN – Bogie Covered Wagon

1. Whether railways took adequate steps to put in place the infrastructure and other institutional arrangements including computerization, weighment facilities, security etc. for augmentation and improvement in parcel services?
2. Whether the parcel business was managed with focus on providing quality service to customers?

Audit methodology and sample

The areas studied included steps taken by Indian Railways for augmenting infrastructure and bring about improvement in parcel business as per goals identified in the Vision 2020 Document of the Ministry of Railways. The progress in implementation of computerization of parcel services through Parcel Management System (PMS) was also studied over all Zonal Railways. The process of booking and managing leased and non-lease parcel traffic was also studied to assess the efficiency and effectiveness of parcel services in selected parcel depots, Divisions and Zonal Headquarters of various Zonal Railways.

Records were examined at the Railway Board, Zonal/Divisional Headquarters and field offices relating to plan/policies framed by the IR and their implementation. Detailed examination of records was also done at selected Parcel depots in respect of traffic booked in AGC/Brake Vans, Parcel vans and Special Parcel Trains.

Entry Conferences were held at Zonal Railway level to discuss the audit scope, methodology and objectives. Exit Conferences were held at Zonal Railway level to discuss audit findings and recommendations. Audit findings and recommendations were also discussed in Exit Conference held at Railway Board on 16 February 2017. The response of the Railway Administration has been considered and duly incorporated in the review.

The sample for the study were selected on the basis of the following criteria:

Table 2.2- Criteria for sample selection and sample selected for review

Details	**Criteria for selection of sample**	**Sample selected**
Parcel Depots	***On the basis of Yearly Balance Sheet earnings for 2014-15*** ₹ 10 crore and above - 2 parcel depots with maximum earnings ₹ 5 crore to ₹ 10 crore - 50 *per cent* s.t. maximum 2 ₹ 2 crore to ₹ 5 crore - 25 *per cent* s.t. maximum 2 ₹ 50 lakh to ₹ 2 crore - 15 *per cent* s.t. maximum 2 Below ₹ 50 lakh - 10 *per cent* s.t. maximum 2	156
Divisions	***Two Divisions per Zonal Railways***	33
Outward parcel way bills (PWB)	***For selected parcel depots -*** 10 April, 20 July, 1 October and 30 January each year (s.t. maximum of 100 PWBs per day)	
Tenders	***Tenders floated during the review period for Parcel Special Trains/ VPs/VPUs/VPHXs/AGCs/SLRs*** - 100 *per cent* of selected Divisions	34
Lease contracts	***Lease contracts awarded for operations of*** Parcel Special Trains / Parcel Cargo Trains - 100 *per cent* of	6

Table 2.2- Criteria for sample selection and sample selected for review		
Details	**Criteria for selection of sample**	**Sample selected**
	selected Divisions VPs/VPUs/VPHXs - For each year one train each with maximum trips starting from two different locations SLRs/AGCs - For each year one train each with maximum trips starting from three different locations Number of indents placed for parcel trains/parcel vans subsequently cancelled due to non-supply by Railways - 100 *per cent* Mango/Orange/Banana Traffic - 100 *per cent*	21 126 40 parcel depots 7 stations
Over carried parcels	Two terminating stations on each Zonal Railways with highest number of trains originating/terminating Detailed check of over carried parcels for the month of June and November 2015	32 stations
Parcel Complaints	Any 5 complaint cases lodged through from various means	70[4]

Details of Zonal Railway wise sample selected are given in **Annexure 2.1**.

Audit Criteria

Various aspects of parcel services in Indian Railways were reviewed with respect to the audit criteria which included the provisions prescribed in:

i. Indian Railway Commercial Manual,
ii. Indian Railway Coaching Tariff,
iii. Indian Railway Code for the Accounts Department,
iv. Indian Railway Vision 2020 Document,
v. Budget proposals of last six years (2010-11 onwards),
vi. Comprehensive Parcel Leasing Policy 2006 and 2014,
vii. Railway Board orders on Computerisation of Parcel Management System (PMS), and
viii. Guidelines/instructions issued by Railway Board/Zonal Railways relating to parcel traffic.

Audit findings

2.1.2 Growth of parcel business during 2013-14 to 2015-16

Presently, parcel business is considered as one of the non-core business in Indian Railways. Railway has assessed that Parcel business has a potentially huge market in India, as in parcel segment, there is heavy unmet demand. The data of parcel tonnage carried and parcel earnings of Zonal Railways during the past three years were as follows:

[4] excluding ECR/ ECoR

Table 2.3 - Zonal Railway wise position of Tonnage (in Tonnes) and Earnings (₹ in crore) from parcel business

Zonal Railway	2013-14		2014-15		2015-16	
	Tonnage	*Earning*	*Tonnage*	*Earning*	*Tonnage*	*Earning*
CR	612525	250.68	632717	296.24	542434	282.98
ER	401755	111.44	352967	120.19	332207	125.14
ECR	168135	28.85	147425	29.39	114828	23.77
ECoR	165480	39.08	143160	41.71	126470	40.01
NR	1820320	432.34	1835270	435.88	1972080	468.37
NCR	174358	32.67	178074	37.83	129328	39.58
NER	113161	19.62	95447	20.42	80222	19.43
NFR	232796	61.85	242894	77.33	288641	99.92
NWR	178970	58.08	171750	60.74	152560	67.66
SR	425223	152.42	408645	169.42	363443	163.77
SCR	390000	95.19	386000	104.93	374000	104.16
SER	326790	106.49	309190	122.50	289240	126.86
SECR	116880	23.36	115870	26.07	105940	27.29
SWR	201050	88.63	173350	88.46	189970	102.01
WR	663898	213.00	635036	235.71	573413	217.19
WCR	147050	25.68	131630	28.27	122780	29.48
Total	**6138391**	**1739.38**	**5959425**	**1895.09**	**5757556**	**1937.62**

Review of tonnage carried and earnings in various Zonal Railways showed that

- There was decreasing trend in the tonnage of parcel business carried by IR during 2013-14 to 2015-16. The parcel tonnage carried during 2015-16 was 6.2 *per cent* less than that carried during 2013-14.
- However, there was growth in terms of earnings during the period 2013-14 to 2015-16, mainly due to increase in freight tariff.
- Only in NR and NFR, the tonnage as well as earnings improved during the past three years.
- In ECR and NER, while there was a decline in tonnage carried by 32 and 29 *per cent,* the earnings also came down by 18 and 1 *per cent* respectively.
- In the remaining Zonal Railways, the tonnage carried decreased by 6 to 24 *per cent*, but the earnings increased by 2 to 21 *per cent*.

As can be seen, during 2013-14 to 2015-16 though the parcel earnings increased by 11.40 per cent, the tonnage carried in parcels declined by 6.2 per cent during the same period except in NR and NFR. This indicated that overall increase in earnings was due to increase in the tariff and not on account of increase in volume of parcel business.

The scheme for leasing SLRs for parcel traffic was introduced by Ministry of Railways in November 1991 with a view to maximize utilization of unutilized/ underutilized parcel space in Brake Vans (SLRs) of various Mail/Express trains. Railway Board introduced Comprehensive Leasing Policy[5] stipulating detailed

[5] Freight Marketing Circular 12 of 2006

guidelines for managing leased parcel. The Policy was later modified[6] to make it more attractive, customer-friendly and simplifying rules. For every four SLRs/AGCs in a train, Zonal Railways were allowed to lease up to three SLRs/AGCs and at least keep one SLR/AGC for non-leased traffic. The total capacity available for leased traffic was almost three times the capacity kept for non-leased traffic as one part of the SLR is required to be kept for loading of passenger luggage perishables, newsprint etc. In February 2007, Railway Board issued detailed policy for leasing of Parcel Cargo Express trains/Parcel Special Trains to private operators. In June 2010, Railway Board revised the standard composition of rake of parcel special trains consisting of 20 Parcel Vans[7] and one Brake Van[8].

Review of earnings from leased and non-leased parcel over various Zonal Railways during the past three years was as follows:

Table 2.4 - Share of earnings from leased and non-leased parcel traffic in various Zonal Railways *(₹ in crore)*

Zonal Railways	Leased parcel traffic			Non-leased parcel traffic		
	2013-14	*2014-15*	*2015-16*	*2013-14*	*2014-15*	*2015-16*
CR	132.61	92.05	118.13	118.07	204.19	164.88
ER	48.52	50.51	56.81	62.92	69.68	68.33
ECR	13.09	12.25	3.79	15.76	17.14	19.98
ECoR	5.03	4.23	3.26	34.05	37.49	36.74
NR	249.45	229.48	272.89	182.89	206.40	195.48
NCR	5.35	9.78	10.70	32.02	38.90	39.49
NER	9.27	9.01	7.95	11.61	12.36	13.92
NFR	0.55	1.20	3.43	23.14	23.18	96.48
NWR	38.39	40.98	45.44	22.27	22.73	25.12
SR	58.10	66.58	55.46	94.32	102.84	108.31
SCR	33.15	35.08	35.27	62.03	69.85	68.89
SER	49.02	46.78	56.02	57.47	75.72	70.85
SECR	5.86	6.96	6.99	17.50	19.11	20.30
SWR	49.24	45.26	54.42	39.39	43.20	47.59
WR	76.78	68.72	61.17	136.22	166.99	156.02
WCR	8.12	6.89	8.03	17.56	21.38	21.45
Total	**782.53**	**725.76**	**799.76**	**927.22**	**1131.16**	**1153.83**

It can be seen that the share of earnings from leased parcel which was 46 per cent of the total parcel earnings of Indian Railways in 2013-14, declined to 41 per cent in 2015-16. Considering that there has been a decline in parcel traffic carried by IR in tonnage terms, there is need to provide impetus to parcel business including leased parcel business.

[6] Freight Marketing Circular 6 of 2014
[7] VPHs/VPs/VPUs/VPHUXs
[8] SLR

2.1.3 Infrastructure development as envisaged in Vision 2020 document

Indian Railways' 'Vision 2020' document tabled in Parliament (December 2009) by Ministry of Railways (Railway Board) projected that the revenue from parcel business would grow at a fast pace from ₹ 1644 crore in 2011-12 to ₹ 8000 crore in 2019-20, provided the following measures for improvement of parcel business were taken:

a. Parcel services to be managed as a separate business and run from dedicated terminals with separate parcel trains rather than from station platforms.
b. On major routes, parcel services to be run as efficiently and professionally as air cargo services. For this, dedicated parcel terminals were to be set up and time-tabled super-fast parcel services were to be run.
c. Partnerships to be formed with the private sector to provide end-to-end logistics, induction of adequate number of parcel vans (200 per annum as against 100 at that time) which would include refrigerated parcel vans to carry fruits, vegetables and perishables and special-purpose rolling stock to carry automobiles.

Audit reviewed the steps taken by Railway Board and various Zonal Railways as envisaged in the Vision 2020 Document and observed that

- Parcel Business was not separated from passenger services,
- No private partnership were formed with private sector to provide end to end logistics and no new parcel vans were inducted in partnership with private sector.
- Refrigerated parcel vans to carry fruits and perishables were not introduced by any of the Zonal Railways. In SR, refrigerated Parcel Van was introduced in November 2002. However, after the inaugural service, no such service was in operation. In SWR, a refrigerated parcel van was available and was being utilised for loading of chocolates from Vasco-da-Gama station.
- Railway Board issued in November 2014 policy on Special Parcel Train Operator (SPTO) scheme to encourage investment through Public Private Partnership mode for procurement of rolling stock (i.e. General service new designed Parcel Vans- Freight Stock or Special purpose Parcel Vans like Refrigerated Vans, Milk tankers etc. for a specific commodity) to be run as Special Parcel Train for time sensitive cargo to meet the future demand. It was observed that there were no such schemes in operation on any of the Zonal Railways even after two years of introducing the policy on SPTO.
- No special purpose rolling stock was introduced to carry automobiles in any of the Zonal Railways.
- No dedicated parcel terminals were set up in any of the Zonal Railways.

Ministry of Railways recognised that in parcel business, the main challenges were enhancement of carrying capacity (rolling stock and dedicated terminal

infrastructure) and re-positioning the parcel business as a separate service rather than a piggy-back service of passenger service. However, in order to achieve the targeted growth of parcel business, Railway Board and Zonal Railways did not take action to facilitate growth of parcel business in Indian Railways.

2.1.4 Computerisation of parcel services - Parcel Management System (PMS)

Computerisation of parcel business in metropolitan cities in Indian Railways was conceived as early as in 1999. In October 2002, Railway Board asked Centre for Railway Information system (CRIS) to prepare estimate for development of application software for management of parcel services in IR viz. Parcel Management System (PMS). It included ten modules viz. weighment/booking of parcel, outward shed operations, loading of parcels, movement of parcels, unloading of parcels, inward shed operations, tracking of parcels, online information of parcels on internet, booking of parcels on internet with street collection/delivery mechanism and MIS and accounting module. For this purpose, electronic weighbridges were to be installed for weighing of parcels. After weighment, the data was to be received by the system where the Parcel Way Bills were to be prepared. The system was to be devised to calculate all the parcel freight charges i.e. individual parcels, four tonne SLR space, complete front or rear SLR, full VP, round trip VP, booking of parcel train, long term leasing of SLR/VP/Parcel trains and internet based parcel services. A single window operation through universal counters was envisaged to eventually make booking of parcels for customers more user friendly and prompt and also reduce customer complaints. It was also expected to reduce the possibility of over carriage and misplacement of parcels in transit thereby reducing cases of claims. Railway Board at that time expected that parcel market in the country was of the order of ₹ 50,000 crore and Railways share in this entire business was miniscule.

In the Pilot Project seven stations viz. New Delhi, Delhi, Kanpur, Allahabad, Gaya, Howrah and Sealdah were identified for computerization of parcel services in 2005-06 at a total cost of ₹ two crore.

In May 2008, Railway Board sanctioned roll out of PMS which included commissioning of 220 stations in two phases. Phase I was to cover 77 stations which included 390 terminals and counters on four corridors viz. New Delhi-Mumbai Central, New Delhi-Chennai, Howrah-Mumbai Central and Howrah-Chennai, 16 Zonal Headquarters, 18 Traffic Accounts (TA) offices and all Divisional (68) Headquarters i.e. total 178 locations. Balance 143 stations were to be taken up in Phase II, which included 561 terminals and counters. Railway Board in August 2009 set out the target for completion of all India roll out of PMS as April 2010 and first phase was set to be completed by February 2010. Zonal Railways were instructed to prepare selected locations for installation of equipment. Zonal Railways were therefore required to complete civil and electrical work at PMS nodes, procure furniture, ensure connectivity to all locations etc.

Up to March 2016, the capital expenditure incurred on Phase I was ₹ 15.23 crore and no capital expenditure was incurred on Phase II.

2.1.4.1 Implementation of Phase I and II of PMS

Review of progress of implementation of PMS (Phase I and Phase II) over all Zonal Railways was done. In Phase I, PMS was to be implemented at 77 stations of 11 Zonal Railways and was targeted for completion by February 2010. As on 31 March 2016, it was observed that

- The physical progress of the work of PMS Phase I was 100 *per cent*. However, PMS was implemented completely only on 29[9] stations on seven Zonal Railways. In addition, PMS was also implemented on three[10] stations in ECR, though not planned in Phase I.
- PMS was partially implemented on remaining 48[11] stations.
- In five[12] Zonal Railways, on 33[13] stations the delay in completion ranged between 32 and 72 months.
- Reasons for delay included paucity of funds (ECoR) and non-availability of clear site (NWR).

In Phase II, PMS was to be implemented at 143 locations of 13 Zonal Railways. These were targeted for completion in April 2010. As on 31 March 2016, it was observed that

- PMS was not yet implemented on any of the 143 stations in 13[14] Zonal Railways.
- The delay in implementation ranged between three and 77 months up to March 2016.
- Reasons for delay included non-availability of clear site (NWR, NFR), non-finalization of plans and drawings (NFR), non-availability of line blocks (NFR), delay in submission of rate contract/purchase order by CRIS (ECR, WR) and non-availability of connectivity (SWR).

Annexure 2.2 a and 2.2 b

---

[9] CR (Mumbai CST), ER (Howrah), ECR (Patna, Danapur, Mugalsarai), ECoR (Bhubaneswar, Khurdaroad, Puri, Cuttack, Behrampur, Palasa, Jhajpur Keonjhar Road, Bhadrak (BHC), Vishakhapattanam, Viziaynagaram), NR(Nizamuddin, Delhi, New Delhi), SER (Tatanagar, Chakradharpur, Rourkela, Jharsaguda, Kharagpur, Balasore, Panskura, Mechada), WCR(Kota, Sawai madhopur, Bharatpur, Bhopal, Bina, Itarsi)

[10] Patna, Mugalsarai and Danapur

[11] CR(Dadar, Kalyan, Nasik Road, Manmad, Bhusawal, Akola, Nagpur, Ballarshah), NCR(Mathura, Agra, Gwalior, Jhansi), SR(Chennai Central), SCR (Kazipeth, Vijayawada, Tenali, Gudur, Secunderabad, Hyderabad, Renigunta, Guntur, Warangal, Kachiguda, Samalkot, Rajahmundry, Tirupati, Kakinada Port, Gudivada, Elluru, Nanded, Aurangabad), SECR(Gondia, Rajnandagaon, Itwari, Raipur, Durg, Bilaspur, Raigarh), WR(Surat, Nagda, Ratlam, Vadodra, Valsad, Vapi, Borivali, Dadar, Bandra Ternimus, Mumbai Central)

[12] CR, ECR, ECoR, SR and WR

[13] CR(Mumbai CST, Dadar, Kalyan, Nasik Road, Manmad, Bhusawal, Akola, Nagpur, Ballarshah), ECR (Patna, Danapur, Mugalsarai), ECoR (Bhubaneswar, Khurdaroad, Puri, Cuttack, Behrampur, Palasa, Jhajpur Keonjhar Road, Bhadrak (BHC), Vishakhapattanam, Viziaynagaram), SR(Chennai central), WR(Surat, Nagda, Ratlam, Vadodra, Valsad, Vapi, Borivali, Dadar, Bandra Ternimus, Mumbai Central)

[14] CR, ER, ECR, NR, NCR, NER, NFR, NWR, SR, SCR, SWR, WR and WCR

2.1.4.2 Deficiencies in implementation of PMS

Audit reviewed records of all the 223[15] PMS stations which were planned for implementation in Phase I and Phase II to study the implementation. Of the 223 stations selected in audit, PMS was fully implemented on 32 stations only. In 48 stations PMS was partially implemented and in 143 stations, PMS was yet to be implemented. It was observed that

- In CR, deficiencies such as non-generation of money receipt, non-utilisation of Freight Service & Ledger Account (FSLA) Module, non-inclusion of octroi charges in PMS, non-provision of Bar Code Printers, poor connectivity of Global Positioning System (GPS), maintenance of manual records and non-integration of weighing machine with PMS were noticed at Mumbai CST Parcel depot.
- In SR, wharfage/demurrage charges were not computed in PMS. Carrying capacity of VPs/VPUs was not displayed in PMS. The system had no monitoring mechanism for watching over-carried parcels/parcels unloaded short of destination. The daily reports did not indicate the train number and the scale in which it was booked and hence, the correctness of freight could not be verified.
- In NR, over carried parcels statement did not indicate scale and weight. Forwarding Note was not linked with PMS and were being filled manually. Balance sheet and loading summary were also prepared manually.
- In WR, deficiencies such as non-generation of money receipt and non-display of train number in daily report were noticed at Mumbai Central Parcel Depot.
- In ECR, PMS was not fully functional at Rajender Nagar Patna and only outward Parcel Way bills were being generated.
- In NER, NWR and SWR also, PMS was not fully functional.

Further, as PMS was not implemented fully, some of the functions which could have been done through the application were being done manually and there were deficiencies in their implementation. These are discussed below:

- As per provisions of comprehensive leasing policy[16], if the lease holders who are required to deposit lump sum lease freight one day in advance from the nominated day of loading fails to do so, a five *per cent* surcharge on lumpsum leased freight would be levied. Test check of 27 tenders brought out that there were 711 cases over nine[17] Zonal Railways at 16 selected parcel depots, where surcharges amounting to ₹ 8.16 lakh were not levied and collected.
- In cases where the existing lease holder, who was running lease contract up to the earlier destination, was prepared to take the lease for the extended run of train, railway may consider the same and increase the lump sum lease

[15] Additional 3 stations of ECR as intimated by PDA/ECR in review report.
[16] Para 12.1 and 12.2 of the FM Circular 6 of 2014, effective from 15.4.2014
[17] CR-₹ 4231, ECR-₹ 6421, NR-₹ 468944, NCR-₹ 3295, NER- ₹ 52778, NFR-₹ 16827, NWR-₹ 212537, SR-10742, SECR-₹ 54193

freight on pro-rata basis for the extra distance. In five cases in three Zonal Railways (NR, NWR and WR), the lease charges were revised late leading to loss of revenue of ₹ 8.30 lakh.

- As per Railway Board's extant instructions, all originating Zonal Railways are required to re-assess and re-classify the services of the different trains as per the methodology referred from time to time. On the basis of the percentage utilization of brake vans (SLRs) for a period of 12 months i.e. from 1st April to 31st March, Zonal Railways are required to do a review and issue the notification by 20th May to facilitate implementation of revised rates with effect from 1st June every year. Test check showed delay in implementation of re-classification of 11 trains on three Zonal Railways (CR, WCR and SCR) leading to loss of revenue of ₹ 2.34 lakh.
- As per laid down rules[18], demurrage charges are to be levied for detention to rolling stock after the expiry of the free time allowed for loading/ unloading. In case of detention of individual Wagon/ Van/ SLR resulting in detention of the entire Rake, demurrage was to be charged on the entire Rake. Test check showed that demurrage charges of ₹ 1.92 lakh in eight[19] Zonal Railways and wharfage charges of ₹ 2.00 lakh in ten[20] Zonal Railways were short levied/not collected.
- A test check of 72174 outward parcel way bills of 16 Zonal Railways for 12 days[21] during the review period was done at selected parcel depots in all Zonal Railways to assess the correctness of the charging of general parcels on the basis of class, rate, distance, weight etc. It was observed that the parcel freight collected in 488 cases was not as per the provisions prescribed by Railway Board from time to time in respect of class, rate etc. resulting in short collection of ₹ 1.22 lakh over 13 Zonal[22] Railways.

Thus, there were substantial delays in completion of Phase I (32 to 72 months) and Phase II (3 to 77 months) up to March 2016. Where implemented, many shortcomings/deficiencies were noticed as many processes were not implemented fully. This led to dependence on manual procedures which was susceptible to inaccuracies and errors.

2.1.5 Safety and security at Parcel Offices

Railway Board introduced in September 2008 installation of Integrated Security System (ISS) comprising CCTV System, Access Control, Personal and Baggage Screening System, and Explosive detection. Amongst the various locations of a railway station covered under ISS, parcel business areas were also covered[23].

[18] Para 103(15) of IRCM Vol. I (1992 edition)
[19] CR- 200, ER- ₹ 17850, NR- ₹1800, NCR- ₹ 5300, NFR- ₹41024, SR- ₹9750, SWR- ₹ 102521, WCR- ₹ 14157
[20] ER- ₹ 37980, ECR-₹ 913, NR- ₹ 16092, NCR-₹ 23566, NFR- ₹ 6272, NWR-₹ 9457, SR- ₹ 528, SCR- ₹ 3841, SECR-₹ 776, WCR- ₹ 267
[21] 10 April, 20 July, 1 October and 30 January each year (s.t. maximum of 100 PWBs per day)
[22] CR-₹3313, ER-₹705, ECoR- ₹11021,NR- ₹3309,NCR- ₹19085,NER-₹ 2134, NFR- ₹68544, NWR- ₹3181, SR- ₹450, SCR-₹4071, SECR- ₹1846, SWR-₹3915, WCR-₹1032
[23] Para 7.12 of Ministry of Railways Nineteenth Report (2013) on Passenger Amenities and Passenger Safety in Indian Railways

Review of safety and security features in place on 156 selected Parcel Depots over all Zonal Railways showed that

- In CR, ER ECR, ECoR, NR, NCR, NWR, SCR and SECR, CCTV cameras, scanners and explosive detection mechanism were not deployed exclusively in the parcel office area.
- In NCR NER, NFR and WCR, no mechanism existed for screening of contents of the parcels booked at parcel depots.
- In SR and WR, various tools of security monitoring system such as Personnel and Baggage (including Parcels) Screening Systems (Door Frame Metal Detectors, X-ray parcel scanners), Internet protocol based CCTV Surveillance system etc. were not in operation for parcel traffic.
- In SCR, no mechanism existed to check the parcels loaded in the leased VPs /SLRs to ensure the safety and security of the trains, though agreement restricted carrying of inflammables, dangerous and other restricted goods.
- In SWR, there was no mechanism for screening of parcel contents. This lacuna provided an opportunity for booking of prohibited articles in leased parcels.
- In SR, there has been regular booking of fresh and soiled currency notes by parcel vans (VPU/VPH) at various parcel depots by various banks. The position was reviewed at major Parcel Depots (Chennai Central, Chennai Egmore, Thiruvananthapuram Central, Madurai, Salem and Coimbatore) and it was observed that the provisions[24] for booking of currency notes were not followed by the Parcel Depots. Meanwhile, an incident of tampering of VPH carrying soiled currency notes was noticed on 09 August 2016 at Chennai Egmore Parcel Depot. The records available with SR Administration were examined and it was observed that the consignment was declared as soiled currency. However, the value of the currency notes was not declared. No claim was preferred by the consignee as the booking was under owner's risk. Such incidents reflects on the weaknesses of the security in the parcel operations.
- In SR, a leasing contract to operate one VPH in Train No.16031/16032 Andaman Express MAS-JAT and back (tri-weekly) on round trip basis for a period of three years from 08 January 2014 to 07 January 2017 was awarded to M/s Jugnu Jayant, New Delhi at the lump-sum lease freight of ₹ 4.34 lakh per trip for a total value of ₹ 20.33 crore. As per clause 11.13 to 11.15 of the agreement, inflammable materials were not allowed to be loaded in the leased parcel vans. On 21 April 2014, smoke was observed in the VPH No. SR 99838 attached to Train No. 16032 UP Andaman Express from Jammu Tawi to Chennai. It was noticed that Li-ion battery, which was prone to short circuit and explosion, was loaded in the VPH. The train was stopped and the said VPH was detached. Most of the contents in the VPH were burnt. As per the findings of the Accident Review Committee, (i) mobile Li – Ion battery, which was prone to explosion/short circuit was

[24] Para 1101 to 1130 of Indian Railway Commercial Manual – Volume I

transported in the said VPH, and (ii) items such as bidi butts left behind in the VPH by the loaders at NDLS was the reason for short circuit causing fire. The Committee fixed (October 2014) the responsibility on leaseholder, M/s Jugnu Jayant/New Delhi for loading hazardous/ explosive/ inflammable articles against the contractual conditions. During the meeting of CSOs and DRMs held on 23 April 2014 at NDLS, RB ordered to recover the cost of damage of ₹ 1.32 crore from the lease-holder. The lease-holder stopped loading VPH from 23 October 2014 claiming self ill-health as the reason. Even after a lapse of more than two years from the receipt of the report, SR administration neither has taken penal action nor recovered the cost of damages of ₹ 1.32 crore from the lease-holder so far. Further, no action has been taken to terminate the contract and to enter into fresh contract. Thus, non-enforcing of contract conditions and failure to ensure safety had resulted in loss of potential revenue of ₹ 13.17 crore (₹ 4.34 lakh per round trip x 303 round trips) during the period from 23 October 2014 to 30 October 2016 besides loss of ₹ 1.32 crore due to fire damage.

Thus, existing measures for security monitoring and screening of the parcels were not adequate and needed to be strengthened.

2.1.6 Leased parcel business

IR carry parcel traffic in Brake Vans[25]/Parcel Vans[26]. SLRs have the capacity of 4 or 5 tonnes, whereas Parcel Vans have a capacity of 23 tonne (VPH) and 18 tonne (VPU). IR introduced the scheme for leasing of SLRs for parcel traffic in November 1991 with the objective to utilize the parcel space in Brake Vans (SLRs) of various Mail/Express train. Comprehensive Parcel Leasing Policy was issued in 2006[27] for leasing of parcel space in AGCs, SLRs and Parcel Vans. In 2014, the policy was modified[28] to make it more attractive, customer-friendly and with rules simplified.

Similarly, Railway Board issued in February 2007 detailed policy for leasing of Parcel Cargo Express trains/Parcel Special Trains to private operators. In June 2010 the standard rake composition of Parcel Special Trains was revised as 20 parcel vans[29] and one brake van.

In November 2014, Railway Board issued policy on Special Parcel Train Operator (SPTO) scheme to encourage investment through Public Private Partnership mode for procurement of rolling stock (i.e. General service new designed Parcel Vans- Freight Stock or Special purpose Parcel Vans like Refrigerated Vans, Milk tankers etc. for a specific commodity) to be run as Special Parcel Train for time sensitive cargo to meet the future demand.

[25] SLRs
[26] VPUs/VPs/VPHs
[27] Freight Marketing Circular no. 12 of 2006
[28] Freight Marketing Circular 6 of 2014
[29] VPHs/VPs/VPUs/VPHUXs etc.

2.1.6.1 Carrying capacity for leased parcel traffic

White paper on IR (February 2015) stated that in parcel segment there was heavy unmet demand for which expansion of railway network was necessary. The position of holding of Parcel Vans in Indian Railways during the period of review was as follows:

Table 2.5	
As on	**Holding of parcel vans (in numbers)**
31 March 2014	1899
31 March 2015	1945
31 March 2016	1984

It was seen that there was a net increase of only 85 Parcel Vans of various kinds in Indian Railways during 2013-14 to 2015-16 and the carrying capacity added in terms of tonnage was only 1530 tonnes (on the basis of 18 tonnes per VPU). The overall carrying capacity for 1984 Parcel Vans was 35712 tonnes as on 31 March 2016. As regards, availability of carrying capacity in terms of Brake Vans over the past three years, it was seen that 387 SLRs were allotted/added after 2013-14, which added a capacity of 1548 tonne (@ 4 tonner per SLR) for luggage and parcel traffic during this period. The number of Parcel Vans of various types inducted in ten Zonal Railways were 600[30].

The availability of carrying capacity in terms of Parcel Vans over the past three years for Indian Railways as a whole and Zonal Railway-wise breakup as well as indents pending was as follows:

Table 2.6 – Zonal Railway-wise position of parcel vans

Zonal Railway	As on 31 March 2014		As on 31 March 2015		As on 31 March 2016	
	Holding	*Indents Pending*	*Holding*	*Indents Pending*	*Holding*	*Indents Pending*
CR	343	0	360	0	363	0
ER	126	0	145	0	155	0
ECR	31	0	31	0	31	0
ECoR	14	107	14	125	14	111
NR	388	6879	360	5568	329	6556
NCR	12	292	12	379	11	234
NER	74	73	74	79	118	82
NFR	13	0	13	0	13	0
NWR	28	25	28	47	28	87
SR	249	472	252	426	270	0
SCR	168	0	185	0	184	0
SER	119	0	119	0	119	0
SECR	11	49	11	27	11	128
SWR	138	417	141	284	150	118
WR	170	NMA	185	NMA	173	NMA
WCR	15	0	15	0	15	0
Total	**1899**	**8314**	**1945**	**6935**	**1984**	**7316**

[30] CR – 94, ECoR – 9, NR – 201, NER – 68, NFR – 8, SR – 60, SCR – 26, SECR – 5, SWR – 69, WR - 60

It was observed that

- 8314, 6935 and 7316 indents for Parcel Vans were pending from various parties as on 31 March 2014, 31 March 2015 and 31 March 2016 respectively. The number of indents pending in NR was significantly high.
- Only three Zonal Railways (ECoR-391, NWR-159 and SWR-36) requested Railway Board for allotment of more Parcel vans since 2010-11.

Thus, the demand of Parcel Vans from the parties exceeded the available capacity of various Zonal Railways.

Regarding audit observations on inadequate capacity being added in terms of AGC/SLR/VPUs, Railway Board during Exit Conference, stated (February 2017) that capacity is not a constraint, as adequate capacity is available with the Railways. Railway Board further stated that the area of concern is utilization of available existing capacity. As regards outstanding indents Railway Board stated that it takes two to three days to make available VPUs at selected stations and indents outstanding would be seasonal phenomenon. They further stated that specific response to the cases mentioned by audit would be given in due course after reply from Zonal Railways is received.

2.1.6.2 Provisions and rates for leased Parcel Traffic carried through Parcel Vans

The Comprehensive Parcel Leasing Policy laid down rules and provisions for booking of leased parcel traffic through Parcel trains, parcel vans and SLRs. The policy allows for leasing out of Parcel vans on long term contracts, on round trip basis and by inviting bids through open tenders. The reserve price for leasing of Parcel Vans on round trip basis has been fixed at 1.5 times of the single journey freight at Scale R and P for trains notified under R and P/S category respectively. Further, for carrying parcel traffic on leased basis, the parties have to submit application in prescribed form for registration as lease holder by paying registration fee of minimum ₹ 25000 to ₹ one lakh (for Categories C to A). A copy of audited balance sheet is also to be submitted along with Service Tax registration number etc. The Divisional/Zonal office then verifies the relevant documents within a period of one month from the date of application. If the documents are found incorrect, the applicant would not be eligible for being registered as lease holder. The registration is required separately to be done for all divisions, where the applicant wishes to book parcel and is valid for five years. The registration of the applicants can be cancelled as a punitive measure due to repeated overloading, repeated failure to start loading, attempt to deliberately defraud railways or repeated violation of existing stipulations and the entire registration fee of the applicant is forfeited, registration cancelled from all locations and he is debarred from fresh registration for a period of five years. However, once registered a party can participate in all the tenders floated for leasing of available capacity in the division/Zonal Railways for the category for which he is registered.

In addition to non-refundable registration fee, earnest money of ₹ 1 lakh for SLR and ₹ 4 lakh for VP and security deposit (SD)/performance guarantee (PG) of ₹ 1 lakh for SLR and ₹ 4 lakh for VP are required to be deposited by the bidder as per the Comprehensive Parcel Leasing Policy. Similarly, for Parcel Cargo Express Train (PCET), earnest money of ₹ 10 lakh and SD/PG of amount equivalent to three round trip/single trip for up to five trips per month and for above five trips per month, amount equivalent to five round/single trip is required to be deposited by the bidder, as per the policy.

Further, laid down rules in respect of payment of compensation claims stipulate that, 'unless the consignor declares the value of the consignments and pays the percentage charge on excess value as per rules, the maximum amount of excess liability of the railways shall not exceed the amount calculated at the rate of ₹ 50 per kg'.

The above rules for booking of parcel traffic were not found to be customer friendly as discussed below:

- Leasing of parcel space is admissible to only those who are registered with IR Divisions for this purpose. The rationale of this requirement is not understandable. Those who are not registered can also be allowed to bid subject to payment of Earnest Money Deposit. If non-registered bidder win the bid, their compliance to terms and conditions of lease can be enforced through relevant agreement and security deposit. Registration as a pre-condition only adds to the complexity of process and discourages potential bidders. During Exit Conference, Railway Board stated (February 2017) that registration is done to discourage non-serious bidders, who not only outbid others, but also do not carry traffic as per the contract. Audit stated that customer unfriendly rules make the probable customer move to road sector and unless the rules are made customer friendly, it would be difficult to compete with road sector as not only they provide end to end services, they also provided services at competitive rates. A comparison of parcel rates for carrying 100 kgs for 100 kms by rail and road was done for a few pairs of origin and destination stations. It was seen that the rates for road were higher than rail, in some cases as given below and road was a cheaper mode of transport:

Table 2.7- Comparison of Railway Parcel Rate (Scale P) with Road Transport for distance of 100 km for 100 kg

ZR	From	To	Shortest distance (kms)	Truck freight rate (₹)	Parcel Rate for 100 kgs for 100 kms			
					Train Rate @ 'P' Scale in ₹	*Truck Rate in ₹*	*Month & Year*	*Authority*
CR	Pune	New Delhi	1596	5000 per tonne	55.86	31.33	Jul-16	Road rates obtained from Lease Holder at Pune.
ER	Kolkata	Chennai	1648	2813 per tonne	55.86	17.07	Dec-16	Truck rates between Indian cities displayed at www.infobanc.com/logtruck.htm

Table 2.7- Comparison of Railway Parcel Rate (Scale P) with Road Transport for distance of 100 km for 100 kg

ZR	From	To	Shortest distance (kms)	Truck freight rate (₹)	Parcel Rate for 100 kgs for 100 kms			
					Train Rate @ 'P' Scale in ₹	*Truck Rate in ₹*	*Month & Year*	*Authority*
WR	Ahmedabad	Howrah	2087	5000 per tonne	55.86	23.96	Dec-16	Rates intimated by Railway administration

- The Railway procedure requiring registration to enable interested parties to participate in the bids for leasing of parcel space are restrictive and not in the spirit of the objective of railway administration of receiving competitively higher priced bids for this leasing activity. Rules require separate registration for each division, which makes the process cumbersome for interested parties involving procedural and financial commitment without any assurance of a leased contract.

- The leasing of parcel space in SLRs/AGCs on a day-to-day basis is also permissible to only registered lease holders.

- If the registration of the applicant is cancelled as a punitive measure, all his leasing contracts from the divisions are also cancelled.

- The rule regarding allowing leased parcel traffic in VPUs on round trip basis at 1.5 times of the single journey freight is also a deterrent as a customer may not have necessary parcel traffic to carry both ways. During Exit Conference, Railway Board stated (February 2017) that if they allow one way leasing their SLR/VPUs will run empty in the return journey. They want genuine operators, therefore, they allowed leasing of SLR VPUs in both ways. Audit however, felt that the provision was not customer friendly.

- As regards, rules regarding compensation claims, railways have a limited liability towards loss or damage to booked goods. The rate prescribed was fixed in 1999, and has not been revised since. During the years 2015-16, IR paid an amount of ₹ 25 lakh to customers in 2891 claims cases (which works out to ₹ 865 per claim case). The value of the goods transported between 1999 and 2016 have risen manifold due to inflation. Consequently, unless the consignor pays additional charges, the risk of loss or damage is completely on him instead of railways. Thus, there is a need to revise these rates periodically, in order to adequately compensate the customer in case of loss/damage.

Thus, IR need to consider further simplification of procedure/rules governing booking of leased parcel traffic and make them customer friendly.

During Exit Conference, Railway Board stated (February 2017) that they have delegated powers to GMs, Zonal Railways wherein to attract parcel traffic, they can reduce rates and change conditions for booking of parcel traffic with the concurrence of associated finance.

2.1.6.3 Inadequate response for leasing parcel space

(a) Brake Van (AGCs/SLRs) lease contracts

The response to the tenders floated for lease of AGCs/SLRs was poor from cargo movers in all the Zonal Railways as seen from the below:

Table 2.8 - Offers received against AGCs/SLRs offered for leasing

Zonal Railway	No. of AGC/SLR offered for leasing	No. of offers received for AGC/SLR from parties	Percentage of offers received	Number of allotments made for SLR/AGC
CR	1355	412	30.41	172
ER	864	378	43.75	159
ECR	325	19	5.85	19
ECoR	1302	94	7.23	48
NR	1380	1708	123.77	541
NCR	314	57	18.15	39
NER	910	94	10.33	37
NFR	241	49	20.33	20
NWR	934	178	19.06	144
SR	803	281	34.99	119
SCR	3825	342	8.94	114
SER	604	94	21.83	94
SECR	342	59	17.25	36
SWR	585	90	15.38	81
WCR	239	50	20.92	47
WR	3170	348	1097	255
Total	**17193**	**4253**	**24.74**	**1925**

As can be seen,

- The patronage for leased parcel space in Brake Vans was less than 50 *per cent* in most of the Zonal Railways except in NR where it was 124 *per cent*. The reasons for poor patronage were high reserve price, delay in finalisation of tenders and large number of procedural requirements for leased parcel traffic etc.
- Further, as against the offers received, the number of allotments made was only 45 *per cent*.
- In six[31] Zonal Railways, less than 50 *per cent* of the total trains running were offered for SLR lease during the period of review.

Annexure 2.3

(b) Parcel Vans/Parcel Trains lease contracts

Similarly, the response to the tenders floated for lease of Parcel Vans/Parcel Trains was also poor from cargo movers in many Zonal Railways as seen from the below:

[31] ECR (18 *per cent* for 2014-15), NR (26 *per cent* to 43 *per cent* during 2014-15 and 2015-16), NCR (42 *per cent* to 47 *per cent* during 2014-15 and 2015-16), NFR (1 *per cent* to 30 *per cent*), SR (26*per cent* for 2014-15) and WCR (32 *per cent* for 2014-15)

Table 2.9 - Offers received against Parcel Vans/Parcel trains offered for leasing

Zonal Railway	No. of Parcel Vans/Parcel trains offered for leasing	No. of offers received for Parcel Vans/Parcel trains from parties	Percentage of offers received	Number of allotments made for Parcel Vans/Parcel trains
CR	28	10	39.29	4
ER	21	83	395.24	13
ECR	0	0	-	0
ECoR	8	19	261.25	2
NR	0	0	-	0
NCR	4	1	25.00	1
NER	1	2	200.00	1
NFR	2	2	100.00	2
NWR	28	15	53.57	5
SR	39	47	120.51	20
SCR	104	31	29.81	06
SER	27	8	29.62	7
SECR	3	5	166.67	2
SWR	4	4	100	4
WCR	54	8	14.81	8
WR	42	21	50	18
Total	**365**	**266**	**72.88**	**93**

As can be seen,

- As against the offers received, the number of allotments made was only 35 *per cent*.
- No offer was received in respect of 227 (CR-18, NCR-3, NWR-1, SR-13, SCR-73, SER-19, SECR-21, WCR-46 and WR-21) VPs/Parcel Trains offered for leasing by seven zones.
- While offers received were far less than space offered on lease, railways did not allot Parcel Vans in 65 *per cent* of cases. As such, leasing space in Parcel Vans remained unutilized.

Thus, response for booking of leased parcel traffic through AGCs/SLRs/Parcel Vans/Parcel trains was inadequate. Despite the fact that CCMs of Zonal Railways were given additional powers in 2014 to modify some of the conditions of prospective lease contracts, which were in the spirit of maximization of revenue, there was no significant improvement in the response for lease traffic in SLRs.

Review of various lease contracts of Parcel Trains/Parcel vans/SLRs revealed deficiencies in tender finalization and operational arrangements. Some of these cases are discussed below:

➢ In CR, tender for leasing of space in Parcel Express Train between Kalyan and New Guwahati on single trip basis for three years[32] was floated on 24 June 2014. Offer from M/s Esquire Express & Courier Services, Howrah for ₹ 36.56

[32] Composition of Parcel train - 20 VPs + 1 Brake van

lakh per trip for 576 trips with total earnings of ₹ 210.58 crore and from M/s Gati Kintetsu Express Pvt. Ltd. for ₹ 35.24 lakh per trip for 576 trips with earnings of ₹ 202.98 crore were received. CR Administration accepted the highest offer. Letter of acceptance was issued on 12 November 2014. However, M/s Esquire did not commence loading, ultimately leading to termination of the contract on 26 December 2014. It was observed that while finalising the tender, tender committee did not take into account the CCM/ER's letter of July 2014 intimating all ZRs, cancellation of registration of M/s Esquire Express & Courier Services, Howrah due to default in four contracts of licensing. By taking into consideration the past performance of the highest bidder, CR Administration could have awarded the contract to the next highest bidder i.e. M/s Gati Kintetsu Express Pvt. Ltd. for a total contract offer value of ₹ 202.98 crore and earned a revenue of ₹ 88.10 crore for the period from 11 December 2014 to 31 March 2016.

- In ECoR, a tender was floated in August 2015 for leasing of parcel vans of two trains (18507/08, 12807/08) on round trip basis. In response, three offers were received for train No. 18507/18508 (tri-weekly) for leasing of parcel van from Visakhapatnam to Amritsar. Out of the three tenderers, the highest bidder was not a registered lease holder at the time of offering his bid. The other two tenderers were registered lease holders in Category A. Tender Committee while examining tender notification observed that the Tender Notice issued was contrary to the instructions contained in Comprehensive Parcel Leasing Policy of 2014, as it invited all the interested parties to participate in the tender process without specifically mentioning that only registered lease holders could participate in the tender. Hence, the Tender was discharged on 5 January 2016. Owing to the flawed tender notification, the Parcel Van of Train No. 18507/08 could not be awarded to the eligible second highest bidder, who quoted a price of ₹ 3.07 lakh per trip, and railways lost an opportunity to earn ₹ 1.56 crore[33].

- In ECoR, a tender was floated in October 2014 for leasing of SLRs in 45 trains. In response, two offers were received for SLR in two trains (18507 ex Vishakhapatnam - Amritsar and 18573 ex Vishakhapatnam- Bhagat Ki Kothi). The tender for leasing of SLRs was awarded in March 2015 to the lone bidder for each train, at quoted price of ₹ 36,890 per trip (two trips in a week) for train No.18507 and ₹ 19,500 per trip (once in a week) for train No. 18573 for a period of three years. The party was to commence the lease by 17 April 2015. The party requested Sr.DCM/Waltair to permit extension of 15 days due to demise of his grandfather. Sr.DCM/Waltair granted the extension of 15 days with instructions that the party may execute the agreement and commence the lease on or before 02 May 2015. The tenderer approached Sr.DCM/Waltair for execution of agreement on 05 May 2015 stating that he could not come to execute the agreement on 02, 03 and 04 May 2015 being holidays. Condonation of delay beyond 15 days was referred to the higher

[33] For 51 round trips between 04.12.2015 to 31.03.2016

competent authority, CCM/FS/ECoR. After a lapse of about eight months, CCM/FS/ECoR instructed Sr. DCM/Waltair in January 2016 to include these two trains in fresh tender by forfeiting the EMD as the party failed to execute the agreement. As such, despite poor response to the tender (only five offers were received for leasing of 45 trains), fresh tender was called for. As a result of delay in taking decision, the lease could not materialize and railways lost an opportunity to earn ₹ 43.84 lakh[34].

- SR awarded a Parcel Cargo Express Train contract to Central Railside Warehouse Company Ltd. (CRWC) from Chalakudi to Moga at a rate of ₹ 41.12 lakh per round trip for a period of three years[35]. Lessee was to operate 156 trips on every Wednesday from Chalakudi and every Thursday from Moga. After operating 18 round trips up to 11 February 2015, CRWC withdrew (September 2015) the contract citing the reasons like delayed placement of rakes, long transit time etc. As per time tabled path, the transit time from Chalakudi to Moga was 95 hours and 45 minutes. It was observed that in all the 18 trips, there were delays in transit to the destination ranging from 37 to 157 hours. Thus, failure of Railway Administration in ensuring availability of satisfactory operational arrangements for running of Parcel Cargo Express Train resulted in loss of potential earnings of ₹ 55.52 crore[36].
- As per rules (FM Circular 03 of 2008), 50 *per cent* concession is granted in the freight to orange, mango and banana traffic when booked and transported in rakes consisting of BCN/BCNA/BCX wagons and freight is charged at parcel rates under Scale P minus 50 *per cent*. The freight is realized for the actual number of wagons supplied subject to minimum freight at concessional rates for 38 wagons. In CR, 17 rakes of BCN wagons and three rakes of VPUs were booked from Savda, Nimbhora and Raver during 2013-14. Similarly, 93 rakes of VPU were booked from Savda and Raver during 2014-15. However, in 2015-16 no banana traffic was loaded from these three stations. Banana traffic in parcels which was ₹ 8.17 crore in 2012-13, ₹ 3.48 crore in 2013-14 and ₹ 12.58 crore in 2014-15 from these stations came down to zero in 2015-16. Reasons as gathered from CR administration were failure of crops, delay in delivery at destination station, market conditions, demand for concession in VPU rakes as admissible for loading of Banana in BCN/BCNA/BCX wagons rakes i.e. 50 *per cent* concession in Scale 'P'. Farmers/ traders also had complaints in respect of enroute weighbridge at Jhansi where re-weighment was done.
- In NCR, a lease contract was awarded for round trip of Parcel Vans of train number 13007/08 (Kanpur Central - Howrah-Kanpur Central). Contractor commenced loading from 16 March 2013. However, due to non-permission for loading of raw material from platform at Howrah, declaration of VP as sick after loading of VP and lack of cooperation from ER Administration,

[34] ₹ 9,16,500 in respect of train No. 18573 for 47 trips and ₹ 34,67,660 in respect of train number 18507 for 94 trips during the period from 05.05.2015 to 31.03.2016.
[35] from 15.10.2014 to 14.10.2017
[36] 156 trips (-) 19+2 trips = 135 trips x ₹41.13 lakh

contractor moved to the High Court, Kolkata on 19 April 2013. The contractor vide letters dated 27 May 2013, 14 June 2013, 11 July 2013, 2 September 2013 and 14 October 2013 requested Railway Administration for supply of VP for commencement of loading of round trip VP. However, NC Railway Administration neither terminated the contract nor provided VPs for loading till 14 Ocotber 2013. The loading resumed from 15 Ocotber 2013 after a lapse of 171 days. Thus, indecisive action of Railway administration towards operation of leased VPs resulted in loss of revenue of ₹ 2.37 crore.

- In NWR, a tender was invited in September 2014 for leasing of PCET from Khori to Royapuram comprising 20 VPs and one Brake Van, on round trip basis, for three years, with minimum of two trips in a month. The reserve price was fixed as ₹ 34.85 lakh per round trip. The tender was opened on 01 October 2014 and only one offer was received. In its offer, party quoted the rates equivalent to the reserve price, with a condition that the party should be allowed and provided rakes for three trips in a week. Letter of acceptance was issued to the party on 03 January 2015. Minimum two trips per month were to be conducted for three years. Railway Administration, however, failed to provide time-table for the train and the party requested the Senior DCM/NWR, Jaipur on 09 October 2015 to refund the earnest money of ₹ 10 lakh. The contract was cancelled and the earnest money was refunded to the party in March 2016. Thus, Railway Administration failed to tap the revenue of ₹ 34.85 lakh per round trip for three years for its inaction in supply of rakes and fixing time table for the same. This resulted in loss of opportunity to earn ₹ 10.45 crore during January 2015 to March 2016.
- SER Administration enhanced the Parcel Rate in respect of three trains viz., 58017 (Kharagpur-Asansol), 58025 (Kharagpur-Hatia) and 58603 (Kharagpur-Dhanbad) from Scale S to R. Due to increase in rate, the traffic shifted from railway to road. There was a sharp fall of 36.58 *per cent* in weight carried and 24.65 *per cent* in earning during June 2015 to October 2015 in comparison to June 2014 to October 2014. The earning for the period reduced by ₹ 0.63 crore. Scrutiny of Audit revealed that upgradation of parcel rate was done erroneously. Finally, SER Administration upgraded the scale from R to S in March 2016.

Therefore, while on one hand railways could not provide adequate space for booking of non-leased indented parcel traffic as against demand, it lost opportunity for earning parcel revenue from leased traffic, since the services were not customer friendly and there were delays/deficiencies in their decision making. The rules were not customer friendly could also be seen from the fact that the term and conditions were very strict and rigid.

2.1.6.4 Delays in finalization of lease contracts

As per laid down provisions[37], Division/Zonal Railways should take timely action

[37] Para 8.2 of the Comprehensive Parcel Leasing Policy

to call for fresh tenders for parcel leasing contract at least two/three[38] months before the expiry of the existing parcels leasing contract. During the review of 131 tenders processed over various Zonal Railways in 33 selected divisions, it was observed that that the Divisions could not finalize lease contracts within the prescribed period of two/three months and there were delays from one day to 240 days[39] in finalization of lease contracts in respect of 795 trains.

Delay in finalization of tenders not only resulted in loss of parcel earnings of ₹ 80.55 crore over 16 Zonal[40] Railways, it also gave an indication to the parties, that Railways were not keen on timely finalization of contracts and providing services to them, thereby resulting in loss of potential goodwill.

Annexure 2.4

During the Exit Conference, Railway Board stated (February 2017) stated that they have started e-tendering for leasing out space in SLR on pilot basis in Delhi which will improve the time taken for finalization of contracts.

2.1.6.5 Delays due to non-receipt of clearance from destination Zonal Railways

As per rules[41], in all cases of leasing of parcel space of the parcel vans, before inviting tenders the Zonal Railway (owning/destination Zonal Railway) who intends to lease out parcel vans, must obtain prior consent and operational clearance (NOC) from the Zonal Railway of the other end. The operational clearance/NOC should be issued by the concerned Zonal Railway within a period of 15 days.

Lease contracts for running of 100 VPs/VPUs/VPHs were awarded during the period of review by inviting tenders on round trip basis with operational clearance from destination Zonal Railways. It was observed that due to delays in obtaining/receiving clearances from destination Zonal Railways, the lease contract could not be awarded on time in 32 trains in five Zonal Railways and Railways lost the opportunity for booking leased parcel for 2 to 753 days resulting in loss of potential earnings.

- Due to non-receipt of operation clearance from ER, NFR, SER and ECR for running of VPs, CR could not award lease contract for running of VPs on round trip basis during January to September 2013 and had lost potential earnings of ₹ 4.85 crore in five cases.

- In July 2013, SER sought operational clearance from CR for running of VP in weekly Train No. 22893/22894 Howrah-Sainagar Shirdi. STM (Cog) in July

[38] FM Circular of 2006 and 2014 respectively

[39] CR-4 to 48, ER-5 to 167, ECR-2 to 148, ECoR-5 to 55, NR-1 to 240, NCR-3 to 37, NER-2 to 58, NFR-8 to 124, NWR-1 to 73, SR-7 to 102, SCR-1 to 74, SER-3 to 222, SECR-8 to 88, SWR-28 to 35, WR-1 to 90, WCR-1 to 82

[40] CR-₹ 0.33 cr, ER-₹ 10.03 cr, ECR-₹ 0.39 cr, ECoR- ₹ 0.48 cr, NR-₹ 15.11 cr, NCR-₹ 0.25 cr, NER-₹ 0.71 cr, NFR-₹ 0.91cr, NWR-₹ 2.15 cr, SR-₹ 19.77 cr, SCR- ₹ 3.41 cr, SER- ₹ 15.20 cr, SECR- ₹ 1.23 cr, SWR-₹ 0.34 cr, WR- ₹ 8.62 cr, WCR-₹ 1.60 cr

[41] Para 50.1 of FM Circular 6 of 2014

2013 intimated CCM (FS) that attachment of VPH in this train was not feasible due to lack of infrastructure for handling of parcels. DCM/Solapur, however, stated that the facility is available at Sainagar Shirdi for loading/unloading of VPs. CR Administration in July 2016 stated that the NOC was not issued so far. Thus, SER lost opportunity to book leased parcel traffic and lost potential earnings of ₹ 2.72 crore. CR also did not take action to bring about improvement in the infrastructure facility at Sainagar Shirdi station for facilitating traffic in future.

- On ER, loss of parcel earnings due to delay in operational clearance from ECR, NR, NCR, NFR, NWR, WR was assessed as ₹ 16.74 crore.
- In NER, loss of parcel earnings due to delay in operational clearance from SER was ₹ 0.95 crore.
- In WR, loss of parcel earnings due to delay in operational clearance from NR was ₹ 0.69 crore.

Annexure 2.5

Operational clearance was an internal matter of Railway Administration and delay in grant of the same in above cases showed poor customer services and resultant loss of potential earnings. Besides loss of parcel earnings, casual approach towards internal processes may lead to loss of potential goodwill.

2.1.6.6 Cancellation of indents of Parcel Vans by parties due to non-supply by the railways

Records of Zonal Railways at 36[42] selected parcel depots for one month each during the three years of review period where maximum number of cancellation of indents were on account of non-supply of VPs by Railway Administration were reviewed. It was observed that

- During 2013-14 to 2015-16, 1451 indents for Parcel Vans (1421 for single VPU and 30 for Parcel special train) were cancelled due to non-supply by Railway Administration in 13[43] Zonal Railways.
- In ER, at Sealdah and Howrah Parcel depots, 402 indents for VPs were cancelled by the ER Administration during April 2014, as there was imposition of restriction by NFR for movement of VPs for the destination stations.
- In case of short supply of VPU /VPH, detailed reasons for non/short supply duly certified by the Gazetted Officer were to be recorded on Parcel Way Bills[44]. It was seen that none of the Zonal Railways recorded reasons for non-supply/short supply of Parcel Vans to parties.

---

[42] CR-5 (3 for VP- Lokmanya Tilak Terminus, Wadi bunder, Pune (different location for different year) and 2 for PST-Kalyan, New Delhi and one for PST-Tughlakabad) , NCR-2(Agra Fort, Kapur Central), NER-2 (Gonda, Kashipur), NFR-2 (VP-Katihar, New Jalpaiguri), NWR-2(Jaipur, Jodhpur), SR-3-Thiruvananthapuram Central, Chennai Egmore, Coimbatore (different location for different year), SCR-2(Secunderabad, Vijaywada), SER-2 (Shalimar, Ranchi), SECR-2(Bilaspur, Itwari), SWR-3(Two for Vasco, Bangluru and one for PST-Vasco), WR-2 (Palanpur, Vapi), WCR-2(Jabalpur, Shamgarh).

[43] CR-170 (144 VP + 26 PST), ER-402, ECoR-4, NR-703(702+1), NCR-19, NER-6, NFR-2, SR-51, SCR-36 ,SER-43, SWR-7(6+1), WR-7 (5+2), WCR-1

[44] Para 2.3 of FM Circular 17 of 2010

- In CR, at Taloje Panchnand, 19 Parcel Special Train indents were cancelled by the parties during 2013-14 to 2015-16 due to non-supply of VPs by the Railway Administration within 10 days. Railways lost potential parcel earnings of ₹ 4.41 crore, and lost the traffic to other modes of transport.
- In CR, during 12/05/16 to 24/07/2016 it was observed that one VPH (23 tonne capacity) was running empty from Lokmanya Tilak Terminus to Shalimar along with train No. 18029. This resulted in loss of potential earnings of ₹ 49.29 lakh[45].
- Test check of 40 Parcel Depots/stations for three months during the period of review revealed that the loss of potential parcel earnings due to cancellation of indents by the indenting parties on Railways' account in 12[46] Zonal Railways was ₹ 14.56 crore.

Annexure 2.6

Cancellation of indents for VPs due to non-supply by Railway Administration, not only results in loss of potential earnings to Railways, but also diversion of the traffic to other modes of transport.

As per laid down rules[47], before commencing to load goods into wagons, care should be taken to see that wagons are suitable for the traffic to be loaded. For indents placed for the supply of Parcel Vans by the parties at Parcel depots, it is the responsibility of the Railway Administration to supply fit Parcel Vans duly checked by Carriage & Wagon staff for loading by the indenter. Test check of records of Zonal Railways for the period of review revealed that 24 parcel vans (CR-10, ER-13 and NR-1) were declared sick after loading and remained idle for a period ranging between one to 15 days. In these cases, the cargo was transferred and loaded to another Parcel van after one to four days, thereby delaying the time to reach the destination.

Declaring wagons/parcel vans sick after being loaded has an impact on the services provided to the parties and can impact the continuation of services in future. Railways also lost an opportunity to earn ₹22.25 lakh (CR- ₹18.27 lakh and NR- ₹3.98 lakh) in these cases.

2.1.7 Weighment arrangements, overloading and punitive charges - Parcels Vans, AGC/SLRs

Weighment of parcel/freight carried by the railways, is a necessary control measure to ensure that no overloading over and above the permissible weight takes place and railway tracks remain safe for operations. Weighment is also necessary to ensure that revenue due to the railways is received and there is no leakage of revenue.

---

[45] ₹1,69,894 per trip x 29 empty trips

[46] CR-₹ 7.97 crore, ECoR-₹0.07 crore, NR-₹ 3.83 crore, NCR-₹0.23 crore, NER-.₹0.11 crore, NFR-₹0.02 crore, SR-₹0.69 crore, SCR-₹0.55 crore, SER-₹0.45 crore, SWR-₹0.25 crore,WR-₹0.38 crore, WCR-₹0.01 crore

[47] Para 1506 (3) of Indian Railway Commercial Manual Vol. II

2.1.7.1 Weighment of leased parcel traffic at originating stations

The originating stations are required to weigh at least 20 *per cent* of the total leased parcel traffic on a daily basis in such a manner that the entire leased traffic, originating from a station, is weighed in rotation. Records of such weighment should be maintained in Weighment Registers in the Parcel depots. Review of records pertaining to weighment of leased parcel traffic in 156 selected depots showed that

- Weighment Registers were not maintained at 36[48] out of 156 selected parcel depots of ten Zonal Railways.
- Weighment of 20 *per cent* of outward leased parcel traffic as prescribed by Railway Board was not being done by any of the Zonal Railway except ECR at the parcel depots test checked.
- During the review period, leased parcel traffic was never weighed at 39[49] originating stations over 12[50] Zonal Railways. In CR, no VPs were weighed at Pune.
- The reasons for non weighment of parcel traffic were shortage of staff and non-availability of separate weighing machine (ECoR, NR, WR), lack of sufficient time for weighment (ECoR and SER) and non-working of in-motion weighbridge at Tughlakabad (NR) and inadequate infrastructure and no order of competent authority for weighment of loaded SLR (SER).

Annexure 2.7

2.1.7.2 Weighment of outward leased parcel traffic *enroute*/ at destination

(a) Weighment of Parcels Vans

Parcel vans attached to certain Mail/Express/Passenger trains of different capacities are leased to private parties for arranging parcel traffic. Loading and unloading thereof is done by their own staff. Railway Board in July 2009 advised Zonal Railways that all weighbridges installed/commissioned under Indian Railways can be utilized for weighment of parcel vans duly modifying software in the system. It was further instructed that JPO may be issued by CME, CCM and COM by August 2009 so as to implement the procedure early. Railway Board, reiterated[51] the instructions to the Zonal Railways and advised them to issue Joint Procedure Order (JPO) and confirm the same to Railway Board.

Records of *enroute* weighment of Parcel Vans and weighment advices received at zonal/ divisional headquarters were reviewed and it was observed that:

---

[48] CR-4 (Chatrapati Shivaji Terminus, Lokmanya Tilak terminus, Wadibunder, PA),ECoR-3 (Vishakhapatnam, Bhubaneshwar, Puri), NCR-3 (Jhansi, Mathura, Gwalior), NER- 5 (Lucknow, Gorakhpur, Kathgodam, Chhapara, Allahabad City), NFR-3 (Katihar, New Jalpaiguri, Guwahati), NWR-3 (Ajmer, Jaipur, Udaipur), SR- 6(Chennai Egmore, Thiruvananthapuram Central, Madurai, Ppmdocjerry, Mettupalayam, Kanniyakumari), SER-4 (Abada/Sankrail, Kharagpur, Santracachi, Hatia), SWR-2 (KSR Bangaluri, Hubli), WCR-3 (Katni, Rewa, Kota)

[49] CR-1(Lokmanya Tilak Terminus), ECoR-3(Vishakhaptnam, Bhubaneswar, Puri), NR-1(Firozpur), NCR-3 (Jhanshi,Gwalior, Mathura Junction), NER- 5 (Luknow NE, Gorakhpur, Kathgodam, Chhapra, Allahabad City), NFR-3 (Katihar, New Jalpaiguri, Guwahati), NWR-5 (Sri Ganganagar, Udaipur, Ajmer, Jaipur, Bhiwani), SR- 9 (Chennai Central, Irinjalakuda, Aluwaye, Alleppey, Kanniyakumari, Mettupalayam, Pondicherry, Thiruvananthapuram Central), SCR-2 (Renigunta, Tirupati), SER-4 (Abada/Sankrail, Khargpur, Santragachi, Hatia), SECR-1 (Bilaspur), SWR-2 (Yashwantpur, KSR Bengluru)

[50] CR, ECoR, NR, NCR, NER, NFR, NWR, SR, SCR, SER, SECR, SWR

[51] In reply to Para 2.1 of Report No 26 of 2014

- JPOs as directed by Railway Board in July 2009 for utilisation of all weighbridges installed/commissioned in Indian Railways for weighment of parcel vans duly executing some software modification in the system were not found on record in any of the Zonal Railways.
- During the period of review, out of 45850 Parcel Vans booked from selected parcel depots, only 9128 were weighed *enroute*. 36722 Parcel Vans (80 *per cent*) were not weighed *enroute*. *Enroute* weighment advices were also not received in these cases.
- Out of 5135 Parcel Vans booked from CR and SR during the period of review, overloading was detected on every occasion of test weighment done (CR-3, SR-14) *enroute*.
- If all leased Parcel Vans booked during the period of review were checked for overloading, on a proportionate basis, railways would have earned by way of additional revenue and penalties ₹ 91.98 crore at selected locations in three zones[52].

Such large scale non-weighment of Parcel vans not only results in leakage of revenue in terms of penalty and charges for tonnage carried over and above the allowed capacity, it enhances the risk of overloading and damage to rolling stock and tracks affecting safe operations of passenger trains.

Annexure 2.8

(b) Weighment of AGC/SLRs

Records of *enroute* weighment of AGC/SLRs and weighment advices received at zonal/divisional headquarters of Zonal railways were reviewed and it was observed that:

- During the period of review, out of 562907 AGC/SLRs booked from selected parcel depots, only 40752 were weighed *enroute* and 522155 AGC/SLRs i.e. 93 *per cent* AGC/SLRs were not weighed *enroute*.
- In respect of AGC/SLRs booked from selected locations of four Zonal Railways[53], overloading was detected in most of the cases weighed *enroute*.
- In five Zonal Railways (ER, NER, SER, NFR and WCR), no AGCs/SLRs were weighed *enroute.*
- If all leased AGCs/SLRs booked during the period of review were checked for overloading, on a proportionate basis, railway would have earned by way of additional revenue and penalties of ₹ 475.62 crore at selected locations in four zones[54].
- The details of defaulters in respect of whom the overloading has been

[52] CR- 2.85 cr, NR-0.07 cr and SR- 89.07 cr
[53] CR - 73 out of 74 weighed, ECoR-6 out of 6, SR - 67 out of 67 and WR - 4 out of 4
[54] CR- ₹ 329.59 crore, ECoR- ₹ 0.88 crore, SR- ₹ 139.19 crore and WR- ₹ 5.96 crore

noticed/detected are also required to be sent to the Parcel Depots so that they can watch and stop after 4th default. However, such particulars were not being received by Parcel Depots from any *enroute* or destination station.

Annexure 2.9

(c) Joint inspection of two Inward trains

Joint inspection of two inward trains (SLRs or AGC) at terminating stations of Zonal Railways was conducted by audit along with Chief Commercial Inspectors/Travelling Inspectors of Accounts during August 2016 to October 2016.

- During the re-weighment of the SLR/ AGC (inward) of 32 trains over all Zonal Railways, overloading was detected in five trains in five[55] Zonal Railways and an amount of ₹ 1.80 lakh[56] was recovered as a penalty for overloading in excess of permissible carrying capacity.
- Penalty of ₹ 5000/- each was recovered in SECR and NWR Railway for excess packages found against the declaration in manifesto.
- It was also observed that in few cases number of packages found during the joint inspection were less than the packages declared in manifesto. Reasons for the same were not on record.
- In WR, during joint inspection in presence of representative of the contractor of parcel loaded in Assistant Guard Cabin of train No. 12926 at Bandra Terminus on 14 September 2016, overloading was detected on re-weighment.

Annexure 2.10

2.1.7.3 Punitive charges due to overloading of leased parcels

Para 27.4 of Comprehensive Parcel Leasing Policy of 2014 stipulates that if weight of parcels exceeds the permissible carrying capacity of any coaching vehicle viz. VPs/SLRs/AGCs, punitive charges shall be recovered from the consignor/leaseholder. The punitive charges would include normal lumpsum leased freight for weight in excess of permissible carrying capacity of vehicle plus punitive charges equivalent to six times the freight at Scale – R for entire excess weight from origin to destination irrespective of the point where such over loading was detected, and a penalty of ₹ 10,000/- per vehicle. In addition to above penalty, Railway will terminate the contract after 4th default by forfeiting 'Security/Performance deposit'. Division where such excess weight was detected would communicate to the lease allotting division/railway, which in turn will take necessary action like termination of lease, cancellation of registration etc.

During test check of records relating to recovery of punitive charges for overloading of leased parcels at 156 selected parcel depots, it was observed that:

[55] NR, NFR, NWR, SECR and WR
[56] NR- ₹ 33450, NFR- ₹ 23560, SECR- ₹ 38572 WR- ₹ 84000

- In NCR, in Agra Division overloading was detected in SLR – I and II of train No. 13168. However, penalty of ₹10,000/- for overloading for only one vehicle was recovered whereas penalty of ₹10,000/- for other vehicle and normal lump sum leased freight for weight in excess of permissible CC of vehicle plus punitive charges equivalent to six times the freight at Scale – R for entire excess weight amounting to ₹ 3.06 lakh were not recovered. The joint inspection of two leased SLRs of two trains i.e. No. 14152 (FSLRII) and 12034 (FSLR) on 29.08.2016 at Kanpur Central revealed that number of packets declared in manifest were more than the actual number of packets loaded. Descriptions of parcels were not included in manifest and columns of description were filled as Bundels.
- In NER, at selected depots no records regarding penalty imposed for overloading were maintained.
- In NFR, in four cases of overloading, punitive charges of ₹ 1.22 lakh were charged less. Similarly, contracts were not terminated on detection of overloading for 4 times in Train No. 13147-AGC, 15 times in Train No. 13147-FSLR and 4 times in Train No 15721-AGC.
- In SECR, outward leased SLR/AGC/VPUs were not weighed regularly.
- On CR, a lease contract for loading of four tonne R-SLR by train No. 12101 was awarded for ₹ 30,093/- per trip for a period of three years from 05 February 2013 to 04 February 2016. Overloading of 3125 kgs was detected (1st default) at Nagpur on 04 December 2013. In contravention of the clause 27.4 (iii) of Parcel Leasing Policy 2006, Railway Administration terminated the contract on 10 January 2014 after 1st default. Party went in Arbitration and the sole Arbitrator passed the award on 10 December 2014 and party started loading again from 06 January 2015. During the period of termination of contract from 10 January 2014 to 06 January 2015, SLR (4 tonnne) moved empty resulting in loss of earnings of ₹ 62.59 lakh (₹ 30,093 x 52 x 4 trips per week).
- In ER, in case of leased VP of train No. 13049/50, instance of fourth overloading was noticed during the contractual period. In all the four instances, punitive charges for excess weight were recovered. However, the contract was not terminated till 31 March 2016.

Thus, adequate weighment arrangements were not made/ensured by the railways for weighment of leased parcel traffic. On the other hand, rules were framed for termination of contracts after fourth default of overloading. These were however not a deterrent as weighment was not being done as a regular measure to check overloading despite laid down norms. Railways need to ensure provision of weighment facilities for parcel traffic for weighment of parcel traffic, rather than waiting for the fourth default to terminate the contract.

Railway Board during the Exit Conference stated (February 2017) that instructions were given to weigh 20 *per cent* of the outward leased parcel traffic by all Zonal Railways. Audit pointed out that the same were not being followed in most of the Zonal Railways. They further stated that practically, it was not possible to weigh all leased parcel traffic due to constraints such as staff and space. Audit, however, stated that Railway should provide adequate weighment facilities and ensure weighment instead of not weighing the leased traffic and then terminating the contract after fourth default of overloading.

2.1.8 Other issues

2.1.8.1 Over carried parcels

As per rules[57], Guard/ Assistant Guard of the train is required to check the entries in the parcel summary with the packages and that the way bills have been received. On reaching the destination, the Guard should hand over all summaries duly signed together with a covering memo to the Station Master. Rules[58] further stipulate that 'when parcels are over-carried on the home line, the Station Master of the station to which the parcels have been so over-carried will book them back to the correct destination under a free parcel way-bill, which will be accounted for in the books of outward and inward stations and in returns submitted to the Traffic Accounts Office in the same manner as other waybills. However, parcels over-carried from other railways should be rebooked to destination 'To pay' at the ordinary tariff rates, the outstanding being cleared through a certified overcharge sheet. Provisions[59] also exist for supervision of loading of parcels in the order of delivery in various *enroute* stations and also for correct unloading of parcels at the destination stations. Indiscriminate loading without observing the geographical order leads to difficulties for intermediate stations to locate and unload parcels booked to those stations within the limited stoppage time of the train.

Test check of records of over carried parcels for two months (June 2015 and November 2015) maintained at 32[60] selected stations revealed that

- Over-carried Parcel Registers were not being maintained properly on any of the Zonal Railways showing details of scale, weight, charges, consignee etc. Only number of packages, originating station and destination station were mentioned.
- In the two months test checked, railways had to carry, 13565 over carried parcels back to their original destinations, which involved financial implication of ₹ 0.96 crore in sixteen[61] Zonal Railways.

---

[57] Para 940 and 942 of Indian Railway Commercial Manual (IRCM), Volume I
[58] Para 972 of IRCM Volume I
[59] Para 935 to 939 of Indian Railway Commercial Manual (IRCM) Volume I
[60] Two parcel depots selected per Zonal Railway
[61] CR-₹ 11.68 lakh, ER-₹ 13.04 lakh, ECR- ₹2.55 lakh, ECoR-₹14.81 lakh, NR-₹6.59 lakh, NCR-₹0.63 lakh, NER- ₹ 5.15 lakh, NFR-₹5.42 lakh, NWR- ₹ 5.00 lakh, SR- ₹4.06 lakh, SCR- ₹1.93 lakh, SER- ₹ 1.96 lakh, SECR- ₹10.05 lakh, SWR- ₹ 2.94 lakh, WR- ₹ 9.19 lakh ₹ WCR-₹ 1.28 lakh

- No parcel way bills were prepared in any of the Zonal Railways for return journey of over carried parcels to actual destination stations on home lines. Packages were simply loaded in concerned trains after making entries in the Registers at Parcel depots.
- In respect of parcels over carried over foreign Railways, no rebooking was being done in any of the Zonal Railway. Packages were re-sent to their destinations after loading in concerned trains without preparation of Parcel Way Bills.
- Over-carried parcels were not re-weighed at any of the selected parcel depots.
- Over-carrying of parcels at parcel office was attributed to indiscriminate and haphazard loading at different stations, insufficient stoppage at concerned destination stations, placement of longest distance parcel at the doors of SLRs/AGCs/VPs i.e. failure to load parcels in the order of delivery, shortage of parcel staff at parcel offices, platforms being on the opposite side to sealed/padlocked doors of SLRs/AGCs/VP etc.
- Further, during test check of over carried parcels at few selected locations, peculiar cases of over carried parcels were noticed as follows.

a. In CR, one packet originally booked from Pune to Howrah vide PW Bill No. 440689 was over carried to Mumbai CST on 09/06/2015 by Train No. 16340.

b. In CR, one packet originally booked from Firozpur to Chennai vide PW Bill No. 458282 was over carried to Mumbai CST on 10/06/2015 by Train No. 12138.

c. In CR, one carton originally booked from Raipur to New Delhi vide PW Bill No. 551935 was over carried to Mumbai CST on 04/11/2015 by Train No. 11058.

d. In CR, one Motor Cycle originally booked from Firozpur to Tata vide PW Bill 342160 was over carried to Mumbai CST on 11/11/2015 by Train No. 12138.

e. In SR, a motor cycle booked from Habibganj to Agra Cantonment was wrongly loaded in Train No.12644 (NZM-TVC) and over-carried up to Thiruvananthapuram Central involving an additional distance of 5652 kms.

f. In SR, in another case, parcels booked from Kanpur Central to Nagpur in T. No. 12511 (Gorakhpur- Thiruvananthapuram Central) were not unloaded at Nagpur and over carried up to Thiruvananthapuram involving additional distance of 4000 kms.

g. In WR, two packets booked from Bandra Terminus to Kota vide PW Bill No. 2000619209 were over carried to Bandra Terminus on 2 June 2015 by Train No. 22934.

h. In WR, eleven packets booked from Bandra Terminus to Gorakhpur vide PW Bill No. 2000636241 were over carried to Bandra Terminus on 10 June 2015.

i. In WR, one packet booked from Hyderabad Deccan to Mathura Jn. vide PW Bill No. 20000486969 was over carried to Nizamuddin/ Bandra Terminus on 07 June 2015.

The journey of ten cases each, of over carried parcels in every Zonal Railway was traced from their origin to the final destination and 160 cases of over carried parcels were checked in 16 Zonal Railways. It was observed that these 160 parcels were over carried for the distance ranging between 53 and 3832 kms before they reached their destination up to one month after the due date of delivery.

Annexure 2.11

Instances of over carriage of parcels beyond their intended destinations were noticed in a significant number of cases. This results in hardship to the customers and creates operational problems to the Railway Administration. Such over-carried consignments not only results in additional handling of parcels, loss of freight, but also reflects on the quality of services being provided by Railways to the customers. It also results in occupation of precious space in AGC/SLR which could be utilised for transportation of genuine traffic.

2.1.8.2 Analysis of complaints regarding parcel business

1028 complaints[62] in respect of parcel business were lodged by users during April 2016 to August 2016 through various means over all Zonal Railways. Analysis of 70 out of these complaints over all Zonal Railways[63] revealed that

- 58 cases have been closed and 12 are under enquiry (October 2016).
- Parcels were delivered after a delay of 1 to 94 days (One case - 46 days in NR, one case-12 days in NCR, 5 cases-24 to 61 days in NFR, five cases - 27 to 94 days in WR).
- In SWR, departmental action was being taken by fixing responsibility/ accountability on Staff/ Officers concerned.
- No time limit for attending to and disposal of complaints had been fixed.
- In NR, complainants were not given proper attention as seen from the repeated complaints. Reasons for complaints were such as late arrival of parcels not properly informed to customers, motorcycle not sent to destination even after three days of booking, parcel of the one party dispatched by two different trains, missing parcel, etc.

[62] Facebook and twitter - 787, sms-125, web-112, app-4

[63] excluding ECR and ECoR

- In ECR, no complaint redressal mechanism was available at Muzaffarpur Parcel Depot.

Annexure 2.12

Railways need to improve the quality of services being provided to their customers, so that complaints are minimized.

2.1.9 Conclusion

Indian Railways recognised the need to augment its parcel business and re-position it as a separate line of business rather than an extension of its passenger transportation services. However, they did not undertake adequate steps to put in place the infrastructure and other institutional arrangements for improvement in parcel services. Consequently, Parcel Services continued to be non-core activity without any specific emphasis on augmentation and improvement in capacity of infrastructure or quality of service. Computerization of parcel services was started in 2005-06, but was yet to be completed on a large number of locations. Adequate measures for security monitoring and screening of the parcels were not available as seen at the selected parcel depots.

Adequate weighment arrangements were not made/ensured by the railways for weighment of leased parcel traffic. On the other hand, rules were framed for termination of contracts after fourth default of overloading. These were, however, not a deterrent as weighment was not being done as a regular measure to check overloading despite laid down norms.

Response for booking of leased parcel traffic through SLRs as well as Parcel vans was inadequate. While offers received were far less than space offered on lease, railways did not allot Parcel Vans in 65 per cent of cases. As such, leasing space remained grossly unutilized. Leased traffic services suffered from lack of customer friendliness and from maladies like delays/deficiencies in their decision making relating the internal processes of the IR. For leasing of parcel space, delay of up to 240 days in finalization of tenders by Zonal Railways was noticed. Customers had to cancel indents for VPs due to non-supply by Railway Administration and in many cases parcel vans were declared sick after being loaded. There were also delays in granting operational clearance due to which railways could not finalise lease agreements.

For non-leased traffic, Zonal Railways carried parcels beyond their intended destinations in a significant number of cases. In the two months test checked, railways carried 13565 over carried parcels back to their original destinations. Over carriage of parcels also took away space in AGC/SLR which could be utilised for transportation of parcel traffic. This resulted in hardships to the customers and created operational problems to the Railway Administration. This also reflected on the quality of services being provided to the customers.

2.1.10 Recommendations

It is recommended that

1. *Parcel Management System may be implemented over all identified and required locations in a time bound manner, so as to derive its full benefits.*
2. *Infrastructure requirements for augmentation and improvement in parcel services may be identified and developed so as to re-position the parcel business as a separate service.*
3. *In order to bring about improvement in leased parcel traffic, the quality of services provided to the leaseholders may be improved in terms of timely finalisation of contracts, minimizing operational delays, providing flexibility to the customers and offer rates which are competitive in comparison to road. Adequate weighment arrangements may also be ensured for weighment of leased parcel traffic.*
4. *Railways may explore using services of professional firms for providing solutions for end-to-end services to customers to compete with road.*
5. *Quality of services provided to customers carrying non-leased traffic may be improved by reducing over carriage of parcels.*
6. *Existing measures for security monitoring and screening of the parcels may be strengthened.*
7. *Railways systems and procedures need to be re-tuned. Present spirit of IR treating itself benefactor and customers as beneficiaries should give way to IR treating itself as service provider and customer as the reason for their existence.*

2.2 Container Train Operations in Indian Railways

2.2.1 Introduction

Indian Railways (IR), is one of the largest transportation and logistics networks of the world. As of March 2016, IR ran 23,024 trains (passenger and goods) daily throughout its network of 66,687 route kilometres connecting areas across the length and breadth of the country. During 2015-16, IR carried nearly 3.03 million tonnes of freight traffic and 22.21 million passengers everyday.

By mid 1990s, IR revolutionized their loading performance by introducing speedier bulk movement. During the same time, IR established Container Corporation of India Ltd. (CONCOR) to cater to small and piecemeal traffic through containerized service. Both these initiatives led to higher growth and better services in cargo and piecemeal traffic.

CONCOR remains under IR's control, but has since outsourced lot of its activities to private sector during its expansion. The main objective of setting up of CONCOR was to carry piecemeal traffic, which the Indian Railways had lost to road traffic due to shift in its policy to carry only bulk traffic in rake loads.

A policy to allow operators other than CONCOR, to carry container traffic was announced in 1994. However, the policy did not clearly bring out the role of CONCOR vis-à-vis new operators and the guidelines were found to be restrictive in implementation. Minister for Railways (MR), in his budget speech on 26th February, 2005 announced that the Ministry of Railways (MoR) and the Government of India would permit private operators to run container trains. At the time of this announcement, all container train operations on IR network were being carried out solely by CONCOR.

New Container Train Operation Policy

CONCOR was enjoying monopoly with captive traffic and strategic long term advantage, but Ministry of Railways decided to open up container business to other private players and announced (February, 2006) it's Container Trains Operation Policy, wherein it allowed private operators to obtain licences for operating container trains on IR network.

Minister for Railways while announcing the opening of the sector to new players stated in the Parliament that with the globalization of the Indian economy and spurt in imports and exports, the container traffic is expected to grow exponentially and growth was assessed around 15 *per cent*.

The policy was conceived with a view to attract a greater share of container traffic for railways. India's containerized cargo was mostly export-import and the rail share was only 30 *per cent*. CONCOR, a subsidiary of IR, was the monopoly operator of container trains at the time of announcing the new Container Trains Operation Policy.

As per the new policy, the entire network of IR was classified and grouped into following categories:

- **Category I**- Jawahar Lal Nehru Port (J N Port) /Mumbai Port-National capital region area rail Corridor and/or permission to operate on an all India basis. This includes the existing and future terminals falling in Delhi Area linked to J N Port or Mumbai Port. This constitutes the biggest flow of traffic.
- **Category II**- Rail corridors serving JN Port and its hinterland other than Delhi area.
- **Category III**- Rail corridors serving other ports which have less traffic as compared to JN Port. The ports included in this area are Pipavav, Mundra, Chennai/Ennore, Vizag, Kochi and their hinterlands.
- **Category IV-** Rail Corridors serving ports of Kandla, New Mangalore, Tuticurin, Haldia/Kolkata, Paradip, Mormugao and their hinterlands.

After introduction of policy, 17 container operators including CONCOR were given license to enter the container train operations. Necessary agreements were executed by the authorised representative of the parties and the General Manager/Northern Railway on behalf of the President of India. Agreements between Railway Administrations and 17 Container train operators were executed (15 Agreements executed during January 2007 to May 2007 and two Agreements executed on 9 May 2008 and on 12 December 2012).

Against the total freight traffic of 1101.51 Million Tonnes handled by Indian Railways as of 31 March 2016, container traffic was 46.18 Million Tonne, which constituted 4.19 *per cent* of the total IR's traffic. The new Container Train Operators (CTOs) have procured 128 rakes and developed 14 terminals. CONCOR owns 249 rakes and 63 terminals.

Main features of the Container Trains Operation Policy

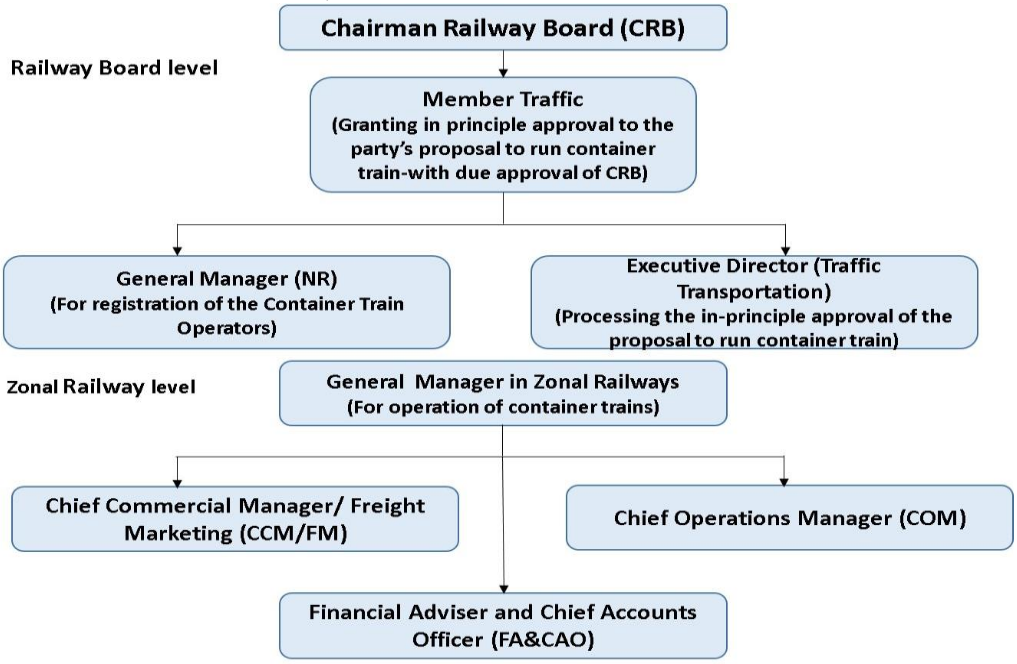
The scheme was open to any individual or a joint venture or a company registered under the Companies Act, 1956. The policy stipulated that it shall be in effect from the date notified in the official gazette in India. The policy was published in the Gazette of India in September 2006. Main features of the policy are as under:

- A non-refundable registration fee of ₹ 50 crore for all India operations (for operations in Category I) and ₹ 10 crore for every other category was to be paid by every operator.
- The permission was for a period of 20 years from the date of operation of container train by the operator and permission could be extended by 10 years subject to satisfactory performance on payment of fees as applicable at that time.
- Operators were to pay the railways haulage charges applicable uniformly to all operators, as notified by railway from time to time.
- Operators were to procure their own rolling stocks (flat wagons) and containers in accordance with the approved design of Research, Design and Standards Organisation (RDSO).
- Maintenance of rolling stock was to be done by the Indian Railways for which prescribed charges were to be recovered from operators.
- Operators were to be permitted to transfer permission to another operator subject to the latter fulfilling the selection criteria and obtaining prior approval of the Railway Board. This permission was to be granted only for one year after container traffic has commenced from Inland Container Depots (ICDs).

As per Indian Railways Vision 2020 Document, an annual growth of 20 *per cent* in container tonnage was envisaged and the container traffic was expected to touch 210 million tonnes by 2020.

Organisational set up

The following organisational structure shows the roles and responsibilities of officials related to container operations in IR at various levels:



Railway Board is responsible for policy decisions relating to container train operations. The General Manager/NR is responsible for execution of concession agreement between all container operators and IRs. The operating and commercial departments of Zonal Railways are responsible for operating the container traffic and recovery of all dues from container operators respectively. Traffic accounts department is responsible for maintaining the record of earnings and monitoring the receipt of earnings.

Earlier coverage of the subject

A Para on Container Operations in Indian Railways was featured as Audit Para no.2.1 of Report no. 34 of 2010-11, highlighting the following issues:

- Inconsistencies in charging haulage charges for a Twenty Feet Equivalent Unit (TEU) and Forty Feet Equivalent Unit (FEU)
- Diversion of rail traffic to Container Train Operators (CTOs),
- Non-recovery of haulage charges by the route of actual carriage
- Non-recovery of haulage charges of IR owned brake vans attached to container trains
- Non-maintenance of proper records of land leased out and recovery of license fees

Audit Scope and Objectives

The audit covered a period of four years i.e. from 2012-13 to 2015-16 and was aimed at examining

1. Whether the container operators were permitted operations as per the policy framework;
2. Whether the charges due from CTOs were recovered timely and whether an effective monitoring system was in place to oversee the private container train operations.

Audit Criteria

The performance was assessed with respect to the following criteria:

1. Policy framework issued by IR in 2006
2. Concession agreements signed by Competent Authority
3. Various circulars/orders/instructions issued by the Railway Board from time to time relating to operation of container trains.

Audit Methodology and samples

The audit methodology included the examination of policy related files/records in Railway Board, Container trains operations related record at Zonal Railways as well as Divisional Headquarters, Traffic Accounts offices and selected Container Rail Terminals/Inland Container Depots (CRTs/ICDs) besides analysis of the relevant quantitative data.

There were 314 notified Container Rail Terminals/Inland Container Depots (CRTs/ICDs) over IR as of March 2016. However, only 195 CRTs/ICDs were operational. Of these 121 terminals (56 ICDs and 65 CRTs) were selected for detailed review. The year wise revenue earned from 121 selected terminals is given below:

Table 2.10 – Details of revenue earned from Container Trains Operators[64] (CTOs) at selected terminals

Number of Terminals	No. of CTOs	Year	Number of rakes handled	Traffic Handled (Million Tonnes)	Freight earnings (₹ in crore)
121	33	2012-13	31791	35437982	3669
121	33	2013-14	33671	38137855	4119
121	33	2014-15	35110	40649310	4684
121	33	2015-16	33179	40853493	4788
		Total	**133751**	**155078640**	**17260**

Source:-Details collected from Commercial Department in Zonal Railways

As can be seen that Railways earned revenue of ₹ 17260 crore by handling traffic of 155.08 million tonnes during the period from 2012-13 to 2015-16 in respect of 121 selected terminals in 16 Zonal Railways examined in this study.

[64] Container Trains Operators refers to the parties which had entered into an Agreement with the Indian Railways for running container trains. These Container Trains Operators include 16 private parties and CONCOR, a Railway PSU.

Audit Findings

2.2.2 Selection of container train operators (CTOs) and execution of agreements

As per rule 7 of the Indian Railways (permission for operators to move the container trains on Indian Railways) Amendment Rules 2006, the agreement shall be signed by the General Manager, Northern Railway, but shall be deemed to have been signed by the respective Railway Administration where a container train is to be moved. Based on the record made available to audit, it was observed that container train services were being operated on various Zonal Railways by 33 CTOs during 2012-13 to 2015-16, however, the Concession agreements were executed with only 17 CTOs. Nothing on record was found to show if any concession agreements was executed between Railway Administration and 16 CTOs listed below:

Table 2.11 Details of the 16 Container Train Operators with no Concession Agreement with Indian Railways

S.no	Name of the container train operator	Period of operation
1	Navkar Corporation	2012-13, 2013-14, 2014-15
2	JSW Ispat Ltd	2012-13, 2013-14, 2014-15
3	Ramkrishna Rasayani Ltd	2012-13, 2013-14, 2014-15
4	Kanpur Logistics Park	2012-13, 2013-14, 2014-15
5	HTPH	2012-13, 2014-15
6	ARIK	2012-13, 2013-14, 2014-15
7	DPWORLD	2012-13, 2013-14, 2014-15
8	SMART	2012-13, 2013-14, 2014-15
9	Kirloskar	2012-13
10	Indo Aryan	2012-13, 2013-14, 2014-15
11	TIPL	2012-13, 2013-14, 2014-15
12	HIPL	2012-13, 2013-14, 2014-15
13	FSTR	2012-13, 2013-14, 2014-15
14	Trans Rail	2013-14
15	HTPL	2013-14, 2014-15
16	Indian Infrastructure Logistics Private Limited	2013-14, 2014-15

Source: Details collected from the Commercial Department in Zonal Railways

2.2.3 Growth of Container Traffic

Initially, IR permitted CONCOR to carry piecemeal traffic stipulating that CONCOR will recover the freight at IR tariff rates from the customers and retain 18 *per cent* freight collected for services rendered. Subsequently from 1 November 2006, all commodities except Ores, Minerals, Coal and Coke carried in containers were charged at haulage rates. The haulage charges notified from time to time were applicable to all container operators including CONCOR. Further, a separate rate of haulage termed as container rates (85 to 90 *per cent* of the railway tariff rates) were also prescribed for notified commodities like Sugar, Oil cake, seeds, food grains, chemical manures, iron & steel and petroleum and gases etc. The year wise container traffic performance vis-a-vis Indian Railways' traffic during the period from 2010-11 to 2015-16 is tabulated below:

Table 2.12 Details of tonnes loaded

Year	Indian Railway		Container traffic		Percentage of container traffic with reference to total IR's traffic
	Tonnes loaded (in Million Tonnes)	*Per cent growth*	*Tonnes loaded (in Million Tonnes)*	*Per cent growth*	
2010-11	921.73	-	37.59	-	4.08
2011-12	969.05	5.13	38.02	1.14	3.92
2012-13	1008.09	4.03	41.04	7.94	4.07
2013-14	1051.64	4.32	43.6	6.24	4.15
2014-15	1095.26	4.15	48.83	12.00	4.46
2015-16	1101.51	0.57	46.18	0.00	4.19

Source: Data obtained from Traffic Directorate of Railway Board

It was observed that though container traffic increased from 37.59 MT in 2010-11 to 46.18 MT in 2015-16, the share of container traffic with reference to total IR's traffic registered a marginal increase[65] since 2010-11. Average annual growth in the container traffic has been around 4.57 *per cent* during 2010-11 to 2015-16.

2.2.4 Receipt of the Railways' dues from the CTOs

Transportation of containers in the form of rakes is the responsibility of IR. Loading/unloading operations of the containers are performed by CTOs and the IR provides locomotives, crew and path for movement of the containers for the designated destinations. For the movement of container trains, besides recovering haulage charges, Railways are required to recover certain cost from the CTOs which included haulage/hire charges for the Railway's brake vans, Siding charges, shunting charges, busy season surcharge, stabling charges etc. Status on the recovery of such charges from the CTOs is discussed in the succeeding paragraphs.

2.2.4.1 Non-recovery of haulage charges for usage of railway owned brake vans

Prior to 1 April 2012, Brake Van[66] charges were being recovered at 110 *per cent* of haulage charges of one TEU (Twenty Feet Equivalent Unit) as per Rate Circular no.15 of 2009. As per Rate Circular (RC) 2 of 2012 effective from 1 April 2012, Brake Van hire charges were to be recovered at the prescribed rate of ₹ 1500 per day per brake van. Northern Railway was given the responsibility for collection of hire charges in respect of each CTOs over Indian Railways. In January 2012, Northern Railway, however, expressed their inability to maintain the record of the railway brake vans used by the parties across IR network and had requested Railway Board to resolve the issue.

An examination of the position of Railways owned brake vans hire charges at selected terminals over all 16 Zonal Railways revealed that:

- Details relating to railway brake vans allotted to the CTOs and hire charges recovered were found on record in NR only. An amount of ₹ 5.83 crore was

[65] 4.09 *per cent* in 2010-11 to 4.8 *per cent* in 2015-16.
[66] A four wheeled unit attached at the end of the goods train which has the braking system for use in emergency situation. It is occupied by Guard of the Goods train.

recovered towards the brake van allotted by NR to the CTOs during 2012-13 to 2014-15.

- Details of the railway brake vans allotted and the hire charges recovered were not made available to audit in 11 Zonal Railways[67].
- In four Zonal Railways (NER, NWR, SCR and SER), though record relating to railway brake vans allotted was made available, the details of the hire charges recovered were not made available.

In the action taken note on Audit Para No.2.1 of Report no. 34 of 2010-11, on the issue of recovery of brake van charges, the Ministry stated (July 2015) that the system improvement had been initiated by way of taking one-time payment towards the cost of brake van from the parties so that the tedious calculation of day to day charges is avoided.

2.2.4.2 Loss due to non-recovery of Shunting Charges

When a Railway locomotive is utilized for shunting operation in the siding, separate Shunting Charges are to be recovered from the siding owner. These are recovered on the basis of actual shunting time at the rate equal to All India Engine Hour Cost (AIEHC) for 'Train Engine' or 'Shunting Engine' as the case may be. As per Rate Circular (RC) 14 of 2013, rates of AIEHC for different kind of engines with effect from 1 July 2013 of Indian Railways are given below:

Table 2.13 Shunting charges

Type of Engine	*Cost Per Hour (figures in ₹)*	
	Broad Gauge	***Meter Gauge***
Shunting Engine	5180	7560
Train Engine	8510	13750
Electric Engine	10120	Not Available

Review of record relating to shunting charges at 121 selected CRTs/ICDs over IR revealed that in six Zonal Railways (NR, NWR, SECR, SER, SR and WR), an amount of ₹ 9.81 crore was outstanding during 2012-13 to 2015-16 as per details given below:

Table 2.14 Loss due to non-recovery of shunting charges

Zonal Railway	Name of CRTs/ ICDs	Name of CTO	Year	No. of rakes	Shunting charge (in ₹)		
					Chargeable	Actually charged	Outstanding
NR	TICD, ICOD & CWCN	CONCOR	2012-13 to 2015-16	2517	136708960	43601882	93107078
NWR	ICD-Kala Bakra		2012-13 to 2014-15	2634	12454500	12416350	38150
SECR	Monnet Ispat and Energy Ltd. Siding Bhupdeopur	ILSL, CONCOR, ARIL, BXTS, GIPL, ETAP	2012-13 to 2015-16	114	367560	0	367560

[67] CR, ER, ECR, ECoR, NCR, NER, SR, SECR, SWR, WCR and WR

Table 2.14 Loss due to non-recovery of shunting charges							
Zonal Railway	Name of CRTs/ ICDs	Name of CTO	Year	No. of rakes	Shunting charge (in ₹)		
					Chargeable	Actually charged	Outstanding
	(CRT/ PMSB/ BEF), CRT/ MNDH						
SER	*Rourkela & TATA*	B2B, ARIL, KRIBHCO, CONCOR	2012-13 to 2015-16	724	5069084	548500	4520584
SR	IGCS	CONCOR	2012-13 to 2015-16	73	29540	19420	10120
WR	PPSP, HZL, SBT, RTM, CKYR	CONCOR, ARIL, GRFL, FSTR, ADIL, APIL, IIPL, KRIL	2015-16	2194	38374185	38300505	73680
		Total		**8256**	**193003829**	**94886657**	**98117172 Say ₹ 9.81 crore**

Source:-Details collected from the Commercial Department in Zonal Railways

The shunting charges were not leviable at any CRTs/ICDs in nine Zonal Railways[68] and in two Zonal Railways (CR and SCR) no shunting charges were outstanding during the entire period of review as the same were recovered correctly as per the prescribed rates.

2.2.4.3 Inadequacies in weighment arrangement available for container traffic in sidings or enroute

Railway Board in October 2006 issued instructions that all rakes loaded at each loading point for each stream were required to be weighed at Associated Weighbridge/ Alternate Associated Weighbridge with the exception of rakes loaded with standard size bags of uniform size. Overloading, if any, should be intimated to Traffic Accounts Office. Subsequently in December 2009, detailed instructions regarding weighment of container trains were also issued by Railway Board. Zonal Railways were advised that the extant instructions to weigh container trains may be followed scrupulously. Further, vide Rate Circular (RC) 30 of 2010 weighment of rakes was made mandatory in respect of commodities being charged at container class rate[69]. Audit examination of weighment facilities at 121 selected terminals over IR revealed that:

- Weighbridges were available only in 39 (32.23 *per cent*) out of 121 CRTs/ICDs test checked in audit. One weighbridge installed in SWR was not functioning.
- Weighment was supervised by the Railway Staff at only at 24 terminals (out of 39) leaving 15 terminals in four ZRs (ECoR, NR, SR, WCR) without supervision by the Railway staff.

[68] CR, ECoR, ECR, ER, NCR, NER, NFR, SWR and WCR

[69] Container class rates for the notified commodities (Cement, Iron& Steel, Bricks and Stones, Alumina, Petroleum products and gases) are levied by applying 15 *per cent* concession on the applicable class rate as published in Goods Tariff.

- Out of 15 terminals, where weighment was not supervised by Railway staff, no overloading was detected at 14 terminals and overloading of 2.70 MT was noticed at one terminal of ECoR (GHNH) and penalty was accordingly recovered.

Audit also examined the position of weighment done *enroute* and observed overloading of 14458.32 MT in 9724 wagons in 10 Zonal Railways during the period 2012-13 to 2015-16. As against the penalty of ₹ 5.90 crore due for recovery, ₹ 5.87 crore was recovered leaving outstanding amount of ₹ 0.03 crore in two ZRs (ECoR & SR). No overloading was detected in *enroute* weighment done in NR, NCR & WCR. *Enroute* weighment of containers was not done in remaining three Zonal Railways (ECR, NFR and SCR[70]).

2.2.4.4 Recovery of maintenance charges

Outstanding Track Maintenance Charges

In January 2012, Railway Board liberalized[71] siding rules. As per Para 6.2 of circular, the maintenance of track in the siding shall be done by the parties at their own cost. However, it was decided that Railways would not charge Inspection Charges. Wherever track maintenance is done by Railways at the cost of siding owner, the party shall continue to bear the cost.The results of review of record relating to maintenance charges at selected terminals during the period 2012-13 to 2015-16 are indicated in the following table:

Table 2.15 Position of maintenance charges of track outstanding as on 31 March 2015

Zonal Railway	Amount outstanding	Reasons for maintenance charges outstanding for recovery
CR, NFR and SECR	9.16 crore	Maintenance charges of ₹ 1.79 core were outstanding against the CRT/JSLK/KDTR due to dispute between Railway and private party on account of railway property. The reasons for outstanding (₹ 7.37 crore in CR and NFR) were not found on Railway record
SER	Not available	Detailed records were not provided, the position of billing and recovery could not be ascertained by audit

Source: Details collected from the Commercial Department in Zonal Railways

No maintenance charges were outstanding in the remaining 12 Zonal Railways[72] as the maintenance was done by the CTOs themselves.

Outstanding charges relating to maintenance of Container flats[73]

After introduction of the container train operations on the Railway Network, the Railway Board issued instructions (April 2006) on maintenance of privately Owned Container Flats including CONCOR.

Prior to 1 April 2006, five *per cent* of the capital cost of the wagons was being deposited by operator on annual basis with Northern Railway and the entire cost including the cost of maintenance organization, spares etc. was being charged to work charged estimates, sanctioned for this activity. However, with effect from

[70] One out of 13 CRTs
[71] Freight Marketing circular No.1 of 2012
[72] ECoR, ECR ER, NCR, NER, NR, NWR, SCR, SR, SWR, WCR & WR
[73] Flats refers to the base with bogie on which containers are placed

1 April 2006 *in lieu* of separate recovery of maintenance charges, 4.76 *per cent* of haulage charges recovered from operators (including CONCOR) was to be set apart towards the cost of maintenance of stock.

Matter regarding failure to observe the prescribed procedure on SCR resulting in short realisation of maintenance charges to the extent of ₹ 13.31 crore at Rayanpada in Secunderabad division of SCR was taken up in Audit in February 2014. The amount remained un-recovered till March 2016.

2.2.4.5 Non levy of detention charges of locomotives which were not attached/ released within free time

Para 6.3.2 of Concessional agreement provides that detention of engine beyond free time on siding owner's account would result in increase in cost of engine usage per hour, which should be recovered from CTOs. Detention Charges should be levied for the period of detention beyond the permissible time at the rates prescribed by the Railway Board from time to time.

Audit reviewed the position of detention of locomotives at 121 selected terminals and it was observed that at seven terminals in NCR, NFR, NR, NWR and SWR, the cases of detention of locomotives which were not attached or detached and released within the free time of two hours, were noticed. In these cases the necessary detention charges were either not recovered or short recovered. As a result, these Railways suffered a loss of ₹ 2.80 crore due to non-levy/short levy of detention charges as per details given below:

Table 2.16 Non-levy of detention charges in respect of Locomotives during 2012-13 to 2015-16

Zonal Railway	Terminals affected	Detention Charges Due (₹)	Detention Charges Recovered (₹)	Undercharges (₹)
NCR	1 (ICDD)	8940930	0	8940930
NFR	1 (AMINGAON)	265603	0	265603
NR	2 (DDL, AHH)	17075776	0	17075776
NWR	(2) MDRV, GOTN	609750	172800	436950
SWR	1 (ICDW)	1381715	0	1381715
Total	**07**	**28357994**	**172800**	**28016754**
				₹ 2.80 crore

Source: Details collected from the Commercial Department in Zonal Railways

The reasons for short-recovery of detention charges from siding owners were, however, not found on record. In the remaining terminals over 11 Zonal Railways[74], no case of such detention of locomotives beyond free time (two hours) was noticed on the part of siding owners.

[74] CR, ECoR, ECR, ER, NER, SCR, SECR, SER, SR, WCR & WR

2.2.4.6 Loss due to non-adjustment of salary of Railway staff deputed at container siding

Rate Circular No.45 of 2009 issued by MoR stipulated that the cost of Railway staff posted at CRTs/ICDs for documentation works, issue of RRs etc. was to be borne by CTOs and shall be charged separately.

The position of recovery of staff cost, at terminals where railway staff was posted, was examined and the following was noticed:

1) 61 Railway staff were posted in 36 terminals in five Zonal Railways[75]. As on 31 March 2016, against an amount of ₹ 22.46 crore due for recovery as staff cost for the period from 2012-13 to 2015-16, only ₹ 6.47 crore was recovered leaving an amount of ₹ 15.99 crore outstanding.

2) In five Zonal Railways[76], staff cost of ₹ 11.95 crore was not recovered in respect 54 Railway staff posted on 21 terminals during the period of review.

2.2.4.7 Loss due to non-levy of stabling charges

In terms of RC 97 of 2006, Stabling Charge are levied on stabling of rolling stock of container operator on railway track, beyond four hours due to any reason attributed to container operator like (i) party unable to receive such stock in their siding; and (ii) party declines to accept such stock in their siding. Stabling charge is leviable at the rate of ₹ 300 per wagon per day or part of a day on detention beyond four hours. With effect from 1 April 2013[77], these charges were enhanced to ₹ 500 per wagon per day or part of the day from the time of arrival to the time of removal. A review of position of levy of stabling charges at selected CRTS/ICDs revealed the following:

1. At 35 Terminals of 11 Zonal Railways[78] the stabling charges of ₹ 77.02 crore were recoverable during the period of review. Of these, ₹ 58.07 crore was actually recovered leaving outstanding of ₹ 18.95 crore in respect of eight ZRs[79]. As on March 2016, out of total stabling charges of ₹ 18.95 crore to be recovered, an amount of ₹ 17.72 was recoverable in NR and SER only.
2. No stabling charges were due in five Zonal Railways[80].

2.2.4.8 Recovery of Land license fee from Container Train Operators

As per rules[81], charges to be levied at the rate of six *per cent* of the market value of the land leased were applicable uniformly to CONCOR as well as other CTOs. The rate of annual license fee for the land leased to the outsiders was fixed at six *per cent* of the land value with a provision of annual revision of the land value at the rate of seven *per cent*. Further, in 2008, Policy of licensing of railway land to

---

[75]CR, ECoR, NCR, NF and, NR
[76]ER, NFR, NR, SER and SR
[77] Rate Circular 5 of 2013
[78]CR, ECoR, ER, NCR, NR, NWR, SCR, SECR, SER, SR & WR
[79] CR, ECoR, NCR, NR, NWR, SECR, SER & WR
[80] ECR, NER, NFR, SWR & WCR
[81] Railway Board's letter No. 2005/LML/18/8 dated 10-2-2005

CONCOR was revised[82], as per which railway land was given to CONCOR on Twenty Feet Equivalent Unit (TEU) basis whereby the charges levied on per TEU basis was ₹ 500.

A review of records for the period 2010-11 to 2015-16 pertaining to license fee in respect of selected Container Terminals revealed the following:

1. In 21 terminals of 11 Zonal Railways (all Zonal Railways except CR, ECR, ER, NER and WR), an amount of ₹ 41.17 crore was outstanding as on 31 March 2016.

2. Outstanding in most of the cases was attributed to non-preferment of bills. At two terminals (GDGH of NR & CSRP of SECR), the private operators did not deposit the license fee due to differential treatment in fixation of rate.

3. No revision of rate of land license fee on TEU basis was done for the past eight years and license fee of ₹ 500/- per TEU was continued to be levied on CONCOR.

Irregularity in revision/updation of land license fee - Besides above the following irregularities in revision of land license fees were also noticed during detailed study in various Zonal Railways:

1. During the review of records of land licence fee pertaining to land leased to CONCOR in 14 ZRs (SWR, NR, WCR, CR, ECR, ECoR, NCR, NER, NWR, NFR, SCR, SER, SECR & SR), it was observed that license fee of ₹ 500 per TEU handled was not revised/ enhanced by seven *per cent* annually by the Railway Administration. This resulted in a loss of revenue of ₹ 156.85 crore for the period 2008-09 to 2015-16[83].
2. As per instructions[84], renting[85] on immovable property will attract service tax at 12.36 *per cent*. During review of land licence fee record at five Zonal Railways (NWR, NR, NCR, SER & NFR), it was noticed that though the land license fee was deposited time to time by CONCOR, service tax at the rate of 12.36 *per cent* for the period from October 2012 to March 2015 amounting to ₹ 14.59 crore were not collected along with the land license fee.
3. A plot of Railway land measuring 19.89 acres was leased by NFR Administration to CONCOR at Aminagaon (AMJ) on 29 April 2005. As per extant order of Railway Board, license fee was to be recovered on the basis of number of TEUs handled (inward & outward). During audit, it was observed that record in respect of number of inward TEUs was not maintained at ICD/AMJ. Para-3.2 of the Contract Agreement, executed

[82] Ministry of Railways letter No. 2001/LML/13/55 dated 24-1-2008

[83] In nine ZRs (SWR, WCR, CR, ECoR, NER, NWR, SCR, SER & SECR), loss of revenue as a result of non-revision of land license fee worked out for the period from 2008-09 to 2015-16 and in remaining five ZRs (NR, SR, NFR, NCR & ECR), it was worked out for 2010-11 to 2015-16.

[84] Para 2 of RB's letter No. 2012/LML/25/15 dated 28 September 2012

[85] Renting of immovable property was defined in the Service Tax Act (Chapter V of Finance Act 1994) Section 65B as "allowing permitting or granting access, entry occupation, usage or any such facility, wholly or party, in an immovable property, with or without the transfer of possession or control of the said immovable property and includes letting, leasing, licensing or other similar arrangements in respect of immovable property"

between Railway and CONCOR, stipulated that total number of TEUs handled during the period (inward & outward) should be certified by the Operating/Commercial Department of Railway. However, no such certification was done by the railway administration. As a result, land license fee was recovered from CONCOR on the basis of records maintained (TEUs handled inward & outward) by CONCOR Authority and there was no scope of verification of the accuracy of the amount by the railways.

2.2.5 Review of Mechanism for monitoring of movement of container trains

After introduction of Freight Operations and Information System (FOIS) in IR, the movement of container trains is being monitored through the Rake Management System (RMS) leaving minimal scope for manual monitoring.

It was noticed that provision was available in FOIS for capturing container traffic related data[86]in the same way as the data for other types of goods traffic. It was further noticed that various types of reports are generated by FOIS (as per the requirement of Railway users) for monitoring Goods traffic/train operations.

A test check of returns or data pertaining to container traffic available on TMS (Terminal Management System) of FOIS (Freight Operation Information System) revealed the following:

1. Details of only last 35 days was available on FOIS for outward container rakes of each siding/CRT.
2. Number of containers, name of commodity, type of containers and loaded weight was not available in FOIS returns/reports.
3. E-payment details were mentioned under the title “Charges”, instead of “E-payment”.
4. No details were available on TMS regarding weighment of containers on in-motion weigh bridges of Railway or through associated weigh bridges within the container siding of any Zone.

The aspects relating to monitoring mechanism were also reviewed in all Zonal Railways and the following cases of inadequate internal control mechanism were noticed:

i. Returns regarding outstanding debits of IOCD and TICD siding over Northern Railway were not sent to Accounts office/Headquarters office during the period from April 2012 to March 2016. Similarly, in NFR, no return/information was received from Agthori station or CONCOR at Railway Traffic Accounts Office/MLG during the review period. Besides, no action was found to be taken by the Railway Traffic Accounts Authority for ensuring correctness of haulage charges paid by CONCOR.

[86] Details like rake/consist formation, originating/destination details, placement details, demand/ forwarding note, commodity details (Container), container loading, computation of Demurrage, RR Generation/Freight computation, Loco attachment/detachment, BPC details, train ordering/departure, Train Arrival/Termination, Wagon consist examination, Unloading, WTR Details, Delivery, Removal, Wharfage etc.

ii. Over NR, Stabling charges at ICOD siding during the period of review and at ICMB siding from January 2015 onwards were either not paid or reflected in the monthly balance sheet and without mentioning in Balance sheet, proper watch on recovery of these charges could not be made by Traffic Accounts office. Traffic Accounts office never pointed out these lapses. In SECR stabling charges were taken in goods sheds instead of demurrage charges.

iii. In NR, allotment of IR owned brake vans for container operation as well as recoveries thereof was not monitored either by goods staff deployed at four terminals (TICD, ICOD, ICMB & DDL) or by Accounts Office authorities. Goods staff posted at selected ICDs over Northern Railway were not aware whether these charges were being recovered.

iv. ECoR has put in place monitoring mechanism to monitor container operations from CRTs/sidings/goods sheds. One designated section under the personal supervision of Deputy Chief Commercial Manager/Freight Services is in charge of monitoring the container traffic originating from ECoR. Further, Traffic Inspector of Accounts and Commercial Inspectors have been deployed to find irregularity, if any, committed in transportation of container traffic.

v. In CR, NER, SWR and SR, there was no specific mechanisms for monitoring movement of container trains.

2.2.6 Conclusion

The primary objective of promoting Container Operations by the private operators was to increase the rail share of traffic by offloading sundry and piecemeal traffic to the private operators, which the Railways had decided not to carry with the objective of improving its operational efficiency through rake load movement and to augment its own earnings. The container traffic carried through Private Containers (including CONCOR) registered an annual increase of about 4.57 *per cent* during 2010-11 to 2015-16 and chances of achieving the target of 210 million tonnes by 2020 as envisaged by Indian Railways in its vision Document 2020 appear remote, as the end of 2015-16, the container traffic loaded by these CTOs stood at 46.18 million tonnes.

Details of the recovery of the brake van allotted to CTOs and hire charges realized for the same from them was not found on record. Besides, various other charges like shunting charges, charges for detention of rakes beyond free time, stabling charges and land license fee, which were recoverable from CTOs were not realized in full. The mechanism of recovering the staff cost for commercial staff deployed in various CRTs/ICDs was not effective. There was no specific mechanism for monitoring movement of container trains in CR, NER, SWR and SR.

2.2.7 Recommendations

It is recommended that

1. *IR may consider allowing the Container Train Operators for running the container trains by entering in to standard agreement in cases where private parties were operating container trains without formal agreements.*
2. *IR needs to devise an effective internal control mechanism to ensure recovery of various charges due from the container train operators.*
3. *IR may put in place effective mechanism for monitoring the movement of container trains so as to ensure punctuality in movement and to attract more business from private container operators.*
4. *Container operations by private parties have the potential of expanding on account of the respective strength of IR infrastructure and private sector (container orientation). IR should, therefore, identify bottlenecks in safe and smooth movement of container operation and take suitable measures to tackle these bottlenecks.*

2.3 Northeast Frontier Railway (NFR) : Wasteful expenditure on preservation of injudiciously selected sections as heritage and subsequent withdrawal of the decision

Injudicious decision of preservation of two sections in Northeast Frontier Railway as heritage without assessing their potentiality for tourism/assessing their historical importance led to wasteful expenditure of ₹ 27.33 crore on their preservation/dismantling.

Railway Board issued guidelines (April 1999) for preservation of heritage structure to all General Managers of Indian Railways. Initially, on the basis of the information collected from Zonal Railways, 32 buildings/precincts and 11 bridges were identified as heritage structures. Any additions and/or deletions from this list was to be decided based on assessment duly considered by the Heritage Committee[87]. Two cases of preservation of Heritage Line without assessing their viability from the point of view of historical importance/heritage/tourism were noticed, where NFR Administration incurred a wasteful expenditure of ₹ 27.33 crore.

A. On the initiative of NFR Administration, Railway Board (September 2008) approved the preservation of the Mahur–Harangajao (Meter Gauge) section for heritage/tourism. Financial approval of the work at a cost of ₹ 21.72 crore was provided after four years from its administrative approval in 2008. An expenditure of ₹ 8.01 crore was incurred on preservation of the project up to September 2014.

NFR Administration retracted (April 2014) from their earlier position and apprised Railway Board to reconsider the decision for retention of Mahur–

[87] A committee constituted of officials from the Railway Board, Zonal Railways, persons from the public who are working in the field of conservation of heritage, persons interested in conservation of heritage etc.

Harangajao section as heritage/ tourism on the ground that the section was facing frequent breaches and considerable expenditure would be required to restore it. It was also stated that the area did not have any tourist activity and found no place under tourist map of India. Subsequently, Railway Board decided to drop the proposal of preserving the heritage section and the work was finally stopped in September 2014.

Chief Secretary, Government of Assam wrote (October 2014) to General Manager (GM), NFR for preservation of the site. In the same month Member, North Eastern Council and MLA & Chairman ASTC also wrote to the Chairman, Railway Board requesting him to take necessary steps for preservation of the said section as heritage. Executive Director (ED), Heritage asked GM, NFR (November 2014) to hold talks with all the stake holders before reversing the decision. Additional GM, NFR informed (July 2015) ED, Heritage that though talks were held with Assam Government, Assam Tourism Development Corporation and IRCTC, commitment for bearing of cost had not been received.

While the matter of consultation with other stake holders was in progress, NFR Administration dismantled the section and executed two Contract Agreements (CAs) worth ₹ 4.19 crore in March and July 2015 against which, an expenditure of ₹ 3.17 crore was incurred on dismantling till October 2016. It was observed that despite dismantling the structure, NFR Administration wrote to the State Government of Assam (Jan 2016) seeking full compensation of the capital cost of the project. No response was received from the State Government in this regard.

Thus, the decision for preservation of the said section as heritage/tourism, without exploring the feasibility by consulting stake holders[88] was not well conceived. Commencement of work for preservation and subsequently dropping of the project resulted in a wasteful expenditure of ₹ 11.18 crore[89].

The matter was brought to the notice of NFR Administration in November 2015. It was replied that the expenditure on heritage work was mainly for replacement of wooden bridge sleeper by steel channel sleeper (dual gauge) and it would be reused in BG section in future and labour cost of insertion was the only loss. However, the fact remains that only five *per cent* of the replaced steel channel sleepers were of dual gauge, which could be utilised in BG section in future.

Thus, the decision for preservation work of the section without considering its heritage/tourism value followed by subsequent withdrawal of the project, especially when discussions with stakeholders were going on, resulted in wasteful expenditure of ₹ 11.18 crore.

B. In July 2008, Gauge Conversion (GC) work of MG track from Aluabari Road to Siliguri (76 kms) was approved by Railway Board. At the request of NFR

---

[88] As required by the Railway Board Guidelines issued in the year 1999

[89] ₹ 8.01 crore for the project plus ₹ 3.17 crore for dismantling

Administration, Railway Board approved (September 2008) preservation of Siliguri to Bagdogra (9.7 kms) Meter Gauge (MG) track as heritage (falling in Aluabari Road to Siliguri section) with either gauntleted[90] track or separate alignment. NFR Administration's proposal to convert the stretch of 8.05 kms, out of total 9.7 kms, as gauntleted track consisting of both BG and MG lines together and for the rest with separate BG and MG lines was approved by Railway Board in May 2010 at a cost of ₹ 16.15 crore as Material Modification to Gauge Conversion (GC) work of MG track from Aluabari Road to Siliguri. The cost of the project was enhanced to ₹ 272.11 crore which was later revised (November 2011) to ₹ 435.87 crore.

Gauge Conversion (GC) work of MG track from Aluabari Road to Siliguri, has since been completed and the project has been opened to traffic. Up to March 2016 an expenditure of ₹ 435.57 crore was incurred on the entire project. The cost of the Material Modification of the gauntleted track was not shown separately in the revised estimate and thus the actual expenditure on the heritage work was not ascertainable. Even if the initial sanctioned estimate amount was spent, the expenditure incurred on the preservation of heritage line would be ₹ 16.15 crore. Besides, ₹ 24 lakh was spent on procurement and transportation of one Rail Bus for running on the above said heritage line. NFR received another Rail Bus from WR on transfer basis.

Two Rail Buses were in operation on Siliguri to Bagdogra line (to and fro) from 19 July 2011 with a capacity of 70 persons[91] each. Between February 2012 and December 2012, services of the two Rail Buses were suspended. Subsequently, the service of one Rail Bus was started again in May 2013 on a weekly basis to keep the cultural heritage in existence and for maintenance of track and loco. This service, too, was cancelled in December 2015 due to poor response from passengers. Since its introduction in 2011, these Rail Buses could earn ₹ 27,778 only through ticket sales. Further, due to the gauntleted track having diamond crossing[92], speed restriction was imposed, which resulted in avoidable extra expenditure on account of additional fuel consumption and other costs.

The matter was brought to the notice of the NFR Administration in March 2016. Divisional Railway Administration replied that the work was done as per Railway Board instructions.

Thus, NFR Administration's decision for retaining MG track for Heritage purpose was not based on any technical or analytical study of either potential earnings or tourist importance. The decision to develop the section as heritage, thus, resulted in wasteful expenditure of ₹ 16.15 crore.

The matter was referred to Railway Board in December 2016; their reply has not been received (February 2017).

---

[90] An arrangement in which railway tracks run parallel on a single track bed and are interlaced/overlapped such that only one pair of rails may be used at a time.

[91] 50 seating and 20 standing

[92] A diamond crossing is the point where two railway lines cross each other, forming the shape of diamonds at the crossing point.

2.4 East Central Railway (ECR) : Non preferring of bills for shunting charges

ECR Administration did not prefer bills for shunting charges as per Railway Board's circular (February 2009) for utilization of Railway engine for shunting activity in siding premises of Bina Coal Siding of Dhanbad division, which resulted in loss of revenue of ₹ 24.28 crore during the period January 2010 to March 2016.

In order to improve the utilization of the rolling stock and timely clearance of freight trains from their sidings/terminals, Railway Board introduced (July 2004) the Engine-on-Load (EOL) scheme. The scheme *inter alia* states that

- Under EOL operations, the train engine will remain available during loading or unloading operation in the siding and wait on Railway's account so as to work the train immediately after loading/unloading operation is completed.
- The siding holders will be required to opt for the EOL operation under an agreement with the Zonal Railway Administration.
- For mechanized loading in coal sidings with EOL facility, the free time allowed would be three hours[93] and no shunting charges would be levied.

Scrutiny of records of Bina Coal Siding in Dhanbad division of ECR revealed that there was no agreement between Bina Private Siding and the ECR Administration for EOL, yet the diesel engine remained in on-position with rakes, while mechanized loading of wagons was being done.

Since the EOL scheme was not applicable to this siding, utilizing diesel engine for loading/unloading operation in the siding on Railway's accounts was not correct and shunting charges[94] should have been levied. It was noticed that at Bina Coal Siding though diesel engine remain attached during the whole process of loading, no bills for shunting charges were raised by ECR administration against the siding owner.

As worked out in audit, ECR Administration during the period from January 2010 to March 2016 supplied their diesel engine with load in on position for 29532 hours in respect of 6287 rakes to Bina Coal Siding for which total shunting charge of ₹ 24.28 crore[95] should be levied against the siding owner. In reply to an audit query Divisional Administration, Dhanbad stated (November 2016) that free time allowed for mechanized loading in the coal siding was as per the Rate Circulars 74 of 2005 and 97 of 2006, which stipulated a free time of five hours for mechanized loading. This indicates that the siding was not under EOL scheme and siding charges should have been levied and recovered.

---

[93] Rate Circular no.21 of 2004, Rate Circular no. 23 of 2012

[94] Railway Board's instructions (06 February 2009) clarified that shunting charges are leviable for utilization of Railway's locomotive to perform shunting operation at siding, irrespective of the fact whether the siding is notified for charging freight on through distance basis or otherwise.

[95] Shunting charges has been calculated on the basis of all-India Engine Hour Cost notified by Railway Board from time to time.

Thus, the failure of ECR Administration to prefer bills of shunting charges as per Railway Board's circular (February 2009) for utilization of Railway engine for shunting activity in siding premises resulted in loss of revenue of ₹ 24.28 crore.

The matter was referred to Railway Board in November 2016; their reply has not been received (February 2017).

2.5 North Central and South Central Railways (NCR and SCR): Irregular levy and collection of Superfast Surcharge from passengers

North Central and South Central Railways levied and collected ₹11.17 crore from passengers on account of Superfast surcharges, without providing facility of Superfast Trains.

In terms of Railway Board's Commercial Circular no. 105 of 2006, the average speed of the trains is single criteria considered for declaring the Mail/Express trains as Superfast trains for the purpose of levy of Supplementary Charge (i.e. Superfast Surcharge). Average speed of 55 kmph or more for Broad Gauge trains and 45 kmph or more for Meter Gauge trains has been fixed by the Railway Board for declaring the Trains as 'Superfast' trains. The average speed is calculated by dividing the end-to-end distance by the total journey time. The average speed criteria need to be satisfied in both up and down directions for a particular pair of train. Zonal Railways are empowered to declare the train as Superfast train when it fulfils the requisite speed criteria. As an exception, Howrah-Kalka Mail has been categorized as a Superfast train for travel between Delhi and Howrah only.

The Superfast surcharges are fixed by the Railway Board from time to time. Railway Board, while revising the Superfast surcharges, fixed the Superfast surcharges for different class of coaches viz. General/Second class, Sleeper Class, AC (Chair Car, AC-3-Economy class, AC-3-Tier, First Class, AC-2-Tier) and AC First/Executive Class at ₹ 15, ₹ 30, ₹ 45 and ₹ 75 respectively which were effective from 01 April 2013. Superfast charges are levied on all passengers irrespective of distance travelled separately for each journey.

Audit conducted a test check in North Central and South Central Railways and studied the data on punctuality of Superfast trains during 2013-14 to 2015-16. The status of running of 11 Superfast trains (out of 36 Superfast trains in North Central Railway) and 10 Superfast trains (out of 70 Superfast trains in South Central Railway) was examined from the data collected from Integrated Coach Management System (ICMS). **Annexure 2.13**

The study revealed the following:

1. The 21 Superfast trains (selected for review over NCR and SCR) had reached the destination station late between 13.48 *per cent* and 95.17 *per cent* days of their operation/running.
2. Out of 16,804 days of trains operation of these 21 Superfast trains, the trains had reached the destination stations late on 5,599 days (33.32 *per cent* of total days of train operations).

3. Out of 5,599 days where the trains were delayed, the Superfast trains did not meet the criteria of average speed of 55 kmph on 3,000 occasions (53.58 *per cent* of the total delayed trains).

4. Out of the 21 trains reviewed in audit, 11 trains (four trains over NCR and seven trains over SCR) had been delayed on more than 30 *per cent* of their runs. Train Nos.12319-Kolkata Agra Cantt. Express and 12404-Jaipur Allahabad Express reached their destinations late on 95 *per cent* and 68 *per cent* occasions respectively.

5. Out of the 21 trains reviewed in audit, 10 trains (seven trains over NCR and three trains over SCR) had been delayed on less than 30 *per cent* of their runs. Train Nos.12034-Shatabdi Express and 22444-Kanpur Bandra Express had been delayed on 25 *per cent* and 24 *per cent* occasions respectively.

Based on the train composition (number of different classes of coaches and seating capacity), NCR and SCR administrations collected superfast charges amounting to ₹ 11.17 crore during the period 2013-14 to 2015-16 on days, where these 21 trains did not attain the average speed for a ‘Superfast’ train, but Superfast Surcharge was levied and collected from the passengers.

Rules for refund of charges on failure to provide air-conditioning facility in AC coaches exist in railways, wherein, the railways are liable to refund the difference between the fare of AC and non-AC classes of tickets. However, rules for refund of superfast surcharge to passengers in cases where Superfast services have not been provided to the passengers, have not been framed by the Railway Board.

The matter of irregular levy and collection of superfast surcharge was referred to Railway Board in January 2017. Their reply is still awaited (February 2017).

2.6 Eastern Railway (ER): Non-realisation of detention charges for overloaded wagons warranting load adjustment

Non-levy of detention charges through Railway Receipts by railway administration for load correction of overloaded wagons in respect of five coal companies in Asansol Division of Eastern Railway led to non-recovery of ₹ 10.70 crore for the period May 2008 to May 2016.

Railway Board’s instructions[96] stipulated that wagons must be evenly loaded so that the load bore equally on all springs and no overloading beyond the marked, increased or restricted carrying capacity was allowed. Railway Board further directed (November 2004)[97] that where in-motion weighbridges do not exist, weight/volume ratio method will continue to be applied to ensure that no overloading takes place. However, wagons overloaded will be adjusted by the consignors prior to issue of Railway Receipt (RR). Also, demurrage will be charged for detention of the rake till the weight is adjusted.

[96] Rule 1508 of Indian Railway Commercial Manual (Volume II)
[97] Railway Board letter No. TCI/2004/109/4 dated 4 November 2004

Railway Board further directed (October 2006)[98], that punitive charges[99] for overloading, if any, should be realised at the originating point itself and it should be mentioned in the RR that rake has been weighed and that all the charges including punitive charges have been collected. It was also directed (March 2007)[100] that in cases of gross overloading, where load adjustment/detachment had to be resorted to, detention charges from the time of completion of weighment to the time of completion of load adjustment/detachment would be realised in addition to the applicable punitive charges. Detention charges, levied for extra detention to wagons, would be treated in the same manner as demurrage charges in all respects.

In September 2011, Railway Board decided[101] to levy a penalty of ₹ 5000 as detention charges per overloaded wagon in case of detention of a rake after weighment warranting load adjustment at the originating station itself in case of detection of overloading at originating point. Detention Charge at the prevailing rate of Demurrage on all the wagons in the rake from the time of completion of weighment to the completion of load adjustment plus penalty of ₹ 5000 as Detention Charge per overloaded wagon was leviable. It was also clarified that as Detention Charges were not waivable, it should be collected with Railway Receipts (RR).

Scrutiny of records pertaining to implementation of above orders on Asansol Division revealed that during May 2008 to May 2016 detention charges to the extent of ₹ 10.70 crore for load correction of overloaded wagons against five coal companies[102] had not been realised. It was observed that Eastern Railway Administration had not raised demand for detention charges at the time of generation of RRs and had raised the same subsequently. However, when the demands for detention charge were eventually made, the coal companies did not agree for payment. Further, demand for April and May 2016 was yet to be raised by Eastern Railway Administration.

On this being pointed out by Audit (February 2016), Railway Administration stated (April 2016) that the issue has been taken up with the Railway Board and also discussed in Rail-Coal interface meeting. However, it was seen that even after the Rail-Coal interface meeting (May 2014), Railway Board had not changed the policy regarding detention charges[103] and as such, detention charges are payable. As the divisional authorities failed to implement Railway Board's orders for recovery of the detention charges through RRs, the outstanding dues on account of detention charges started accumulating.

---

[98] Rate Circular No. 86 of 2006

[99] Punitive charges are freight leviable on the entire load of the commodity in excess of the permissible carrying capacity plus loading tolerance, if any. Punitive charges are levied for the entire distance to be travelled by the train.

[100] Rate Circular No.40 of 2007

[101] Rate Circular No.32 of 2011

[102] (i) Eastern Coalfields Ltd. (ii) Bharat Coking Coal Ltd. (iii) Central Coalfields Ltd. (iv) Integrated Coal Mines Ltd. (v) Bengal Emta Coal Mines Ltd.

[103] Rates Master Circular (July 2014)-TC I/2014/108/4 dated 11 July 2014

Thus, due to non-levy of detention charge through RRs in Asansol Division in violation of Railway Board's orders, railway administration could not realise detention charges of ₹10.70 crore from the coal companies. Eastern Railway Administration in their subsequent reply (August 2016) stated that from June 2016 onwards, detention charges were collected through e-payment along with RRs. However, detention charges of ₹ 10.70 crore against these five coal companies up to the period of May 2016 continues to remain outstanding.

The matter was referred to Railway Board in November 2016. In reply, they stated (February 2017) that there is no provision to collect detention charges in RR through system till now and no Head has been specified in RR through which due detention charges can be specified and realized. They further stated that detention for overloading are collected in RR through 'SD' (Siding Charge) column from June 2016. Thus, suitable provision needs to be made in RR for specifying and realizing detention charges for overloaded wagons through the system.

2.7 Metro Railway, Kolkata (MR): Delay in implementation of Integrated Security System

The Integrated Security System in Metro Railway, Kolkata was yet to be implemented fully five years after the scheduled date of completion. Delay in supply of location plans to the contractor, delay in allowing access to the OFC backbone to the contractor, unclear terms and conditions of the contract etc. led to delay in implementation of the Integrated Security System project. Security measures as envisaged under ISS thus remained incomplete.

The Integrated Security System (ISS) project was included in the Works Programme of Metro Railway/Kolkata (MR) in 2009-10 at a cost of ₹ 25.31 crore. Accordingly, through an open tender in January 2010, the lowest bidder M/s BCL Secure Premises (P) Ltd., New Delhi was offered the job of supply, installation and commissioning, operation & maintenance of Internet Protocol (IP) based Surveillance System[104], at 23 Metro Railway station premises and Metro Rail Bhavan in February 2011 at an all-inclusive cost of ₹ 17.07 crore. The date of completion was fixed as 23 August 2011. After granting twelve extensions, the contract was terminated on 9 July 2015 due to poor progress of work. Metro Railway Administration paid ₹ 9.48 crore to the contractor up to April 2014. Metro Railway Administration initiated the process of hiring a new agency for 'Repairing of baggage scanners and comprehensive maintenance and repairing of CCTV system installed at Metro Railway stations and control Room for three

[104] **(A) Security related items** included baggage screening system, portable scanner, multi zone door frame metal detectors, hand held metal detector, bomb basket, bomb suppression blanket, bomb suit, explosive detector, NLJD super broom advanced and automatic vehicle scanner, CCTV system, Access control, Personal Baggage scanners and Explosive detection & disposal system;
(B) CCTV surveillance system included High Resolution Day and Night IP cameras, MPEG-4 Encoder with analytic support, software for secured web interfacing and web cast, video management and analytics software, networking components, workstations for network management and monitoring etc.

years' in February and March 2016 respectively. Agency for the same is yet to be appointed (October 2016).

Audit reviewed the progress of implementation of the work and observed that:

- Metro Railway Administration took 17 months to 34 months in responding to the request of the ISS contractor demanding the location plans for CCTV, Door Frame Metal Detectors (DFMD), and Automatic Vehicle Scanners etc.
- The contract conditions *inter alia* provided for supply of 57 Door Frame Metal Detectors and 60 Hand Held Metal Detectors (HHMD) costing ₹ 1.06 crore and ₹ 2.33 lakh respectively. Payment of ₹ 1.63 lakh was made to the contractor against supply of HHMD. The contract conditions however, did not clearly mention that the contractor was required to supply network equipped DFMDs and also had to network them. It was observed that the DFMDs offered by the contractor were as per Railways' specification and network compatible, but he did not provide the necessary networking. This created a dispute between the Railways and the contractor and the contractor did not supply the accessories including network module. Though no payment was made, 57 multi zone DFMDs were not installed.
- The S&T Department of the railways delayed the access to the OFC backbone to the contractor[105] and networking of stations got delayed. As a result, surveillance through CCTV could not be done centrally from Security Control at Metro Bhavan. Further, though CCTVs had been installed, the video analytic software which could facilitate Intrusion Detection, Left Object Detection, Overcrowding Detection, Camera Tampering Detection, help trigger audio-video alarm and provide pre-warning to security personnel (October 2016) was not implemented.
- As per original location plan of installation of CCTV camera, total eight Pan Tilt Zoom (PTZ) cameras, 43 C-mount cameras were to be installed at nine different locations covering Yards, Crossings/Y-sidings & tunnel mouths. These were considered necessary as these were the outlets at different locations other than at stations and were identified as risk areas for infiltration. It was observed that no cameras had been installed on the identified locations as required access to networking was not provided by the Railways (October 2016).
- 23 baggage scanners were installed in October 2012, in each 23 stations for a single direction only, against the requirement of 46 scanners. 14 out of 23 scanner machines remained out of order as on 17 October 2016. Since their installation in October 2012, these 23 scanners remained inoperative for approximately 25 *per cent* of the time. It was also observed that these scanners were installed without UPS (Uninterruptible Power Supply) in 2012 and the contractor was required to supply these later. However, as the

[105] The project commenced in February and was to be completed in August 2011. The access to OFC backbone was given to the contractor by the Railway Administration in April 2014.

contract was terminated, these were not supplied by the contractor and would have to be purchased afresh.

- From the scheduled date of completion of the project (August 2011) till March 2015, 12 extensions were granted to the contractor mainly on account of the Railway Administration's fault. Only three extensions were granted for delays on account of the contractor with token penalty.
- Security gadgets viz. 25 Bomb Baskets and 25 bomb suppression blankets, Explosive Vapour Detector, NLJD Super Broom Advanced, and Surge Protection Box for CCTV were not supplied.
- Two Automatic Vehicle scanners (UVSS) were supplied, but not installed.

Metro Railway Administration floated two tenders (February & March 2016), one for maintaining the CCTV system for three years and another repair of baggage scanners for one year at an estimated cost of ₹ 7.96 crore and ₹ 12.60 lakh respectively. The maintenance contract for CCTV was yet to be finalised and the other tender was discharged.

Thus, five years after the scheduled date of completion only CCTV and baggage screening system could be implemented completely. Delay in supply of location plans to the contractor, delay in allowing access to the OFC backbone to the contractor, unclear terms and conditions of the contract etc. led to delay in implementation of the Integrated Security System project. A number of components of the Integrated Security System viz. access control and explosive detection and disposal system were yet to be implemented. Thus, not only security measures as envisaged under ISS remained incomplete, in the absence of maintenance arrangements for CCTV and baggage scanners and also due to non-implementation of video analytic software and networking of stations for surveillance through CCTV, the expenditure of ₹ 9.48 crore incurred so far remained largely unfruitful.

The matter was referred to Railway Board in November 2016. In reply they stated (February 2017) that through the ISS contract Metro Railway has received material worth ₹ 13.58 crore, of which only 70 *per cent* payment have been made. They further stated that nearly 95 *per cent* of the supplied material have been installed and Metro Railway is using the installed /commissioned items fully except few installed and subsequently failed defective baggage scanners. However, none of the four parts of ISS were fully completed, six year after the issue of LOA as detailed below:

(a) Access Control - Door Frame Metal Detector supplied, but not installed,

(b) Surveillance System - CCTV installed, but without video analytic software, which would be done by the new agency yet to be engaged,

(c) Baggage Scanner – installed, but some subsequently failed,

(d) Bomb Detection - Bomb suit, Bomb suppression blanket, Bomb basket, Explosive vapour detectior etc. not supplied.

2.8 Northern Railway (NR): Short-recovery of license fee from Banks for additional/excess space provided/occupied by them for ATMs

Failure to recover the license fee for additional/excess space provided/occupied by banks for ATMs as per laid down rules and applying wrong category to the stations, led to short recovery of ₹ 9.40 crore from banks at 97 Railway stations over Northern Railway.

Ministry of Railways during August 2006 to June 2007 signed Memorandum of Understandings (MOUs) with 16 Nationalised Banks for installation of Automated Teller Machines (ATMs) at various stations over Indian Railways. A standard form of agreement was made an integral part of the MOU, which *inter-alia*, stated that Railways agrees to allot space of 6 sqm to banks for installation of ATMs. For internet ticketing kiosk, an additional space of 1.5 sqm was to be provided. No additional license fee was to be charged for this additional area above 6 sqm.

Railway Board on 03 September 2009 issued further instructions that at those locations where it was essential for banks to provide e-ticketing kiosk along with ATMs as per MOU and banks have not done the same; the banks may be asked to complete installation of e-ticketing kiosk latest by 31 December 2009, failing which, the space allotted to them may be reduced to 6 sqm. Railway Board further instructed that

- This space of 1.5 sqm may be restored only when the banks provide e-ticketing kiosk.
- At these locations, the agreement with the banks should not be renewed unless they provide e-ticketing kiosk.
- Zonal Railways should also explore the feasibility of making a provision in the agreement to be signed with the banks in future, for collection of cash generated at the stations and make it with mutual consent.

Railway Board, in August 2012, further clarified that

- At the time of renewal of agreement for installation of ATM, the condition for providing e-ticketing kiosk may not be insisted upon.
- At those locations where e-ticketing kiosk have been provided and Banks have no objection in continuation of the same, they be allowed to continue with the same on the existing terms and conditions.
- At those locations where banks are not interested to continue with the e-ticketing kiosk and they want to remove this facility or e-ticketing kiosk have not been provided at all, banks may be given option of either reducing the area to 6 sqm by making alteration in the kiosk structure at their own cost or to pay enhanced licence fee for this additional area of 1.5 sqm, at double the rate charged for the 6 sqm area.

Scrutiny of records related to allotment of space for ATMs and realization of license fee as well as agreement executed between banks and Northern Railway in respect of 147 ATMs was done. It was seen that in 102 locations allotment of space/ area occupied by banks for ATMs was more than 7.5 sqm (6+1.5 sqm for e-ticket kiosks), but licence fee from the banks was recovered for 6 sqm of area only. The area allotted/ occupied by banks in Northern Railway ranged from 5.95 sqm at Patiala by State Bank of Patiala to 27 sqm at Dehradun by State Bank of India.

In 97 out of 102 locations, e-ticket kiosk had not been provided. It was observed that at these locations neither the space was reduced to 6 sqm nor license fee for additional space of 1.5 sqm was charged at double the rate (w.e.f 1 September 2012) as instructed in Railway Board's directive of August 2012. NR Administration did not recover license fee in respect of the additional area occupied at these locations which led to short recovery of license fee of ₹ 5.02 crore (double the license fee for the extra space) for the period from 1 September 2012 to July 2016. The loss would continue, till remedial action is taken by the Railway Administration.

Railway administration also did not raise the issue of excess area provided/occupied by the banks in excess of their agreements. Had railway administration raised the issue they would have realized license fee to the tune of ₹ 3.46 crore at normal license fee rate.

The matter was taken up with the Railway Administration in February and March 2016. In response the Railway administration stated that Banks were asked in October 2014 to deposit license fee at double the license fee for the additional area occupied by them. However, despite lapse of 18 months of issue of notice neither recovery has been made, nor any bank agreed to pay this amount.

Agreement with banks further stipulated that the license fee were payable as per category of stations notified by the Railway Administration. It was however, noticed that license fee in respect 13 stations were recovered incorrectly by treating the concerned stations lower than that notified. This resulted in short recovery of ₹ 0.92 crore as worked out by audit.

Thus, failure to recover the license fee for additional/excess space provided/occupied by banks for ATMs as per laid down rules and applying wrong category to the stations, led to short recovery of ₹ 9.40[106] crore from banks at 97 Railway stations over Northern Railway.

The matter was referred to Railway Board in December 2016; their reply has not been received (February 2017).

2.9 Eastern Railway (ER): Short earning of revenue due to improper utilisation of Higher Capacity Wagons

During September 2011 to March 2016, Eastern Railway carried coal for longer lead traffic in lower capacity wagons instead of available higher capacity wagons. While the higher capacity wagons were utilised for shorter lead traffic. This resulted in short earning of revenue to the tune of ₹8.52 crore.

[106] ₹ 5.02 crore + ₹ 3.46 crore + ₹ 0.92 crore

While addressing the Chief Operations Managers' (COMs) conference on 21 and 22 April 2011, Advisor Traffic Transportation (Mobility), Railway Board observed that the *operating mantra* 'CRT' (Crew, Running, Terminals) had to be given emphasis by the Chief Operating Managers (COMs) while booking freight. The focus area should be Net Tonne Kilometre (NTKM), Stock utilisation, 25 t axle load clearance, reviewing sticky Origin-Destination flows etc.

Further, Member (Traffic), Railway Board also stressed (October/November 2014) the need to give higher priority for booking of long lead traffic. The Member also observed that Railways should focus on earnings and not just on loading targets and that the *mantra* should be to earn more from the same stock.

Out of different types of wagons (various carrying capacities) used by Indian Railways, open wagons, such as BOXNHL (70 tonne), BOXNR (69 tonne), BOXN (66 tonne), BOXNEL (67 tonne) and BOXNHA (68 tonne), are used for coal loading in Indian Railways. The BOXNHL wagons have the highest permissible carrying capacity and that should be given preference over other wagons at the time of booking of longer lead traffic to generate more revenue.

In Eastern Railway, during September 2011 to March 2016 coal originating from collieries around Pakur and Andal areas was transported to short lead (from 16 to 686 kms) destinations by 454 rakes of higher capacity wagons. Extra earning due to more loading in higher capacity wagons for the said shorter lead traffic was ₹ 2.85 crore. On same dates 454 rakes of lower capacity wagons were used for transporting coal to longer lead traffic. If higher capacity rakes were booked for longer lead traffic (from 206 to 1746 kms), railways could have earned ₹ 11.37 crore more.

Thus, Railway Administration lost the opportunity to earn additional amount of ₹ 8.52 crore by supplying rakes of higher capacity wagons for short lead traffic, instead of long lead traffic.

The matter was brought to the notice of Railway Administration through a Special Letter (April 2015). Railway Administration stated (May 2015) that supply of rakes for loading depends on the real time availability of the rakes in and around the loading points. It was also stated that higher capacity stock cannot be kept idle only to pick up long lead traffic while short lead traffic is readily available. Further, supply of higher capacity stock is dependent upon a number of parameters such as validity period, circuit of operation, critical situation of power houses, need for conserving the rakes, rake holding, engine holding, route congestion, maintenance block on the route and restrictions.

Audit has, however, captured the booking particulars of only those pair of rakes, where on the same dates, both higher and lower capacity wagons were available at the serving stations and also, both long and short lead traffic were booked from the sidings served by these serving stations. As such Audit compared cases where rakes of lower capacity wagons were supplied for long lead traffic and rakes of higher capacity wagons supplied for short lead traffic, from the same loading area, on the same days and on the basis of real time availability of both types of rakes. The distance between the points from where these two types of rakes were loaded was only 6 to 48 kms. Further, the parameters stated by the Railway Administration that have a bearing on supply of rakes are general in nature and are applicable equally for rakes consisting of higher capacity wagons as well as other types of wagons.

The matter was referred to Railway Board in December 2016; their reply has not been received (February 2017).

2.10 North Central Railway (NCR): *Non-revision of interest and maintenance charges of private sidings*

Delays in processing the proposal for revision of interest and maintenance charges in respect of six private sidings at various level (i.e. Division & Zonal Headquarter) of NCR Administration resulted in non-billing of charges as per the revised rates and consequential short recovery of interest and maintenance charges of ₹7.82 crore.

Para 1806 of Indian Railway Code for Traffic (Commercial) Department and 1827 of Indian Railway Code for Engineering Department states that the applicant of private sidings should pay annually, interest and maintenance charges to the Railway Administration as follows:

(i) Interest is to be charged on the book value, of the portion of the cost of siding borne by the Railway at the prevalent rate of dividend payable by the Railways to the General Revenue as may be fixed from time to lime, and

(ii) Repair and maintenance charges are to be recovered @ of 4.50 *per cent* on the cost of the portion of siding borne by the Railway or its present day cost, whichever is higher. For calculating these charges, the cost of the portion of siding borne by the Railway will be revalued every five years in accordance with such general or special orders as may be issued by the Railway Board from time to time.

Further, Railway Board instructions[107], *inter alia* states that in case, wherever private sidings are maintained by Railways, maintenance and repair charges are to be levied on basis of staff cost, tools and plant cost, cost of replacement of small fittings and departmental charges etc. Instructions further state that a review of these charges should be made every five years applicable from 1st April and the interregnum charges be increased by 10 *per cent* on the base rate every year.

Audit reviewed the records of six private sidings[108] of Jhansi Division of NCR, where repair and maintenance are being carried out by the NCR Administration and observed that

[107] letter No. 58/ P-7/SA/13 dated April 21/23 1982

[108] Reliance Siding, Lalpur, POL Siding, Karari (for M/s HPCL, M/s BPCL, M/s IOCL), BHEL Khajraha, Parichha Thermal Power House(PTPH) Siding Parichha, Diamond Cement Parichha Siding and POL Siding Rairu (M/s BPCL)

- The bills for interest and maintenance charges in case of these six sidings maintained by Railways were raised at the pre revised rates as fixed on 01 April 1997 (i.e. the initial years of their allotment).
- The revision in rates of interest and maintenance charges every five years as per the above codal provisions and Railway Board's instructions of April 1982 were due on April 2002, April 2007 and April 2012. It was however seen that the bills were raised at the earlier fixed rates (1997) and these rates were yet to be revised.
- Jhansi Division initiated a proposal for revision of interest and maintenance charges in respect of these six sidings in December 2011. However, the same was yet to be finalized owing to delays at every level viz. delay of 8 to 116 months for submission of proposal by Civil Engineering department, up to three months for vetting by Accounts Department, up to two years for approval by Divisional Railway Manager (DRM) for further submission to Zonal Headquarters and up to 32 months for return of approval from Zonal Headquarter. Final approval of DRM/Jhansi was yet to be given (August 2016).
- Audit assessed amount of short recovery of ₹ 7.82 crore on account of non-revision of interest and maintenance charges in respect of these six sidings as per the guidelines of Railway Board (April 1982) along with examples of earlier revision (January 2000) by Central Railway, Mumbai.

Thus, delays in processing the proposal for revision of interest and maintenance charges in respect of six private sidings at various level (i.e. Division & Zonal Headquarter) of NCR Administration resulted in non-billing of charges as per the revised rates and consequential short recovery of interest and maintenance charges of ₹ 7.82 crore.

The matter was referred to Railway Board in December 2016; their reply has not been received (February 2017).

2.11 South East Central Railway (SECR): Loss due to allowing excess free time for combination of manual and mechanised loading in cement sidings

There is an urgent need for policy decision by the Railway Board to prescribe permissible free time lesser than that allowed for manual loading for loading in covered wagons, where a combination of manual and mechanised loading is being used. At present such sidings are allowed free time applicable for manual loading, there is a potential loss of revenue of around ₹ 6 crore per annum on account of loss of carrying capacity of the wagons.

Railways grant permissible free time for loading/ unloading of wagons depending upon types of wagons (open and covered), working pattern of sidings and nature of loading in Railways terminals/ sidings. There are two types of loading viz. Mechanised loading and Manual loading. Permissible free time allowed is more in manual loading than mechanised loading. Railways impose demurrage charges for time taken in loading beyond permissible time to discourage terminal detention and improve availability of wagons.

As per Railway Board's Rate Circular 74 of 2005, mechanised loading is not applicable for covered wagons. Subsequent Railway Board Circulars 84 of 2006 and 01 of 2012 reiterated the same. As per RC 01 of 2012, free time allowed for manual loading of a group of 31 or more BCN (covered wagon) and 46 or more BCNHL (another type of covered wagon) was 9 hours and 11 hours respectively. Moreover, Railway Board clarified in October 2006 and August 2013 that in case both manual and mechanised operations are used for loading/ unloading of a rake, the more restrictive free time i.e. free time for mechanised loading/ unloading will be permitted.

During the check of five[109] private cement sidings of SECR, the following loading pattern was observed for loading of cement bags in BCN/ BCNHL (covered) wagons:

Mechanised loading of cement being done in a wagon in South East Central Railway

Cement bags were brought at loading platform through a conveyer belt, a machine called Auto loader was attached with the belt; the cement bags coming by conveyer belt were put into the wagon by the Auto loader. The loading procedure adopted requires only two persons in wagon, one person handles the Auto loader and another person helps in uniform stacking of bags in wagons. Eight such machines can be operated simultaneously in different wagons. Joint studies were conducted by Audit Team with Commercial staff (February 2013 to February 2016) to assess the time required for loading of one wagon by the system revealed that it takes only 35 to 45 minutes for BCN wagon and 60-70 minutes for BCNHL wagon to be loaded depending upon the carrying capacity of these wagons.

In the light of the above, it is observed in Audit that the BCN rake (42 wagons) and BCNHL rake (58 wagons) should be loaded in five hours and seven hours respectively including ½ hours for rake formation as loading is done in part placements on eight such machines being operated simultaneously against permissible free time for loading of nine hours and 11 hours respectively. As such, though a combination of manual and mechanised loading is being used for loading of covered wagons, these five cement sidings of SECR continue to avail permissible free time for manual loading only. By revising free time as per actual nature and time taken for loading, earning capacity of wagons for four hours per rake could have been increased.

The matter was brought to the notice of Railway Administration in March 2013, February 2014, March 2014, March 2016 and September 2016. During tripartite meeting (June 2015), SECR Administration accepted the audit contention and stated

[109]Ambuja Cement Siding/ Bhatapara (MRBL/BYT), Ultratech Cement Siding/Hatbandh (MGCH/HN), Ultratech Cement siding/Rawan/Hatbandh (ULCH/HN), Century Cement Siding/Baikunth (CCS/BKTH) and Lafarge Cement Siding/Akaltara (LIPL/AKT)

that the matter was referred (April 2015) to Railway Board for guidance. Further, while replying to the Draft Para in October 2016, Railway Administration accepted that less time is being consumed in loading of cement bags through conveyor belt (mechanised loading) as compared to manual loading by almost 50 *per cent*. Railway Administration further stated that all old cement sidings have multiple loading platforms which take more time in placement and later amalgamation after loading and average loading time in these sidings was 08.20 hrs.

The reply may be viewed in light of the fact that time required/taken for placement of wagons and formation/amalgamation of rake remains the same for both manual loading as well as mechanised loading. As such, the difference in time taken would be on account of manual or mechanised loading in the wagons and not on account of placement/amalgamation of rakes, which would be done in either case. The fact remains that in the absence of a prescribed free time for mechanised loading in covered wagons, parties continue to avail nine hours of permissible free time. SECR has not conducted study to assess the impact of introduction of mechanised loading on average time of loading in cement sidings and hence they are allowing the same permissible free time of nine hours applicable for manual loading, which needs revision.On the matter being referred to Railway Board, all Zonal Railways have been asked (August 2016) to provide details of mechanised loading of covered wagons.

Therefore, there is urgent need for taking policy decision by the Railway Board to prescribe permissible free time for mechanised loading in covered wagons. Until that is done, higher permissible free time applicable for manual loading will continue to be allowed to these five sidings, where a combination of manual and mechanised loading is being used. This has resulted in potential loss of revenue of ₹ 18.91 crore during the period from 2013-14 to 2015-16 (upto February 2016) on account of loss of earning capacity of these wagons and railways will continue to suffer loss of ₹ 0.54 crore per month (₹ 18.91 crore/ 35 months) till remedial action is taken.

The matter was referred to Railway Board in December 2016; their reply has not been received (February 2017).

2.12 East Coast Railway (ECoR) : Loss on account of non-weighment of rakes

Due to non-weighment of rakes despite existence of weighbridges enroute as well as at the destination station, Railway Administration sustained loss of ₹ 1.46 crore on account of non-recovery of punitive charges[110].

In terms of para 1422 to 1427 of Indian Railway Commercial Manual, Volume-II, loose goods, bulky goods or goods in bulk, which cannot be weighed on the ordinary weighing machine, should be weighed on a wagon weighbridge at the forwarding station if available or at a convenient weighbridge station *enroute*

[110] As per Ministry of Railways Rates circular No.19/2012, Circular No.TC-1/2006/109/6 Part-II, dated 23.07.2012, where the commodities are over-loaded in Railway wagon, the Railway Administration shall recover punitive charges as provided in parts I, II and III of the situation at 'A' and 'B' of the Schedule, from the consignor, the consignee or the endorsee as the case may be, for the entire distance to be travelled by the train hauling the wagon from the originating station to the destination point, irrespective of the point of detection of overloading.

which should, as far as possible, be the first weighbridge station. In case of non provision of weighment facilities at forwarding station, freight charges should be invoiced on sender's declared weight. However, it shall be the duty of the destination station to weigh the rakes not weighed at forwarding station/ *enroute* weighbridge, if weighbridge is available there and recover undercharges, if due, before delivery of goods.

Ministry of Railways (Railway Board) vide their Circulars of October 2004 and November 2004 emphasised that weighbridges should be installed preferably at originating points, so that there is 100 *per cent* weighment of all rakes. It was further mentioned that in cases, where the wagons were not weighed at the originating point due to non-availability of a weighbridge or due to the weighbridge being out of order, or any other operational reason, the originating station should send a message for weighment of such rakes to the commercial control of the Division where first available *enroute* weighbridge is located. Divisional commercial control after receiving the message for weighbridge will give memo to Divisional Operating control which will ensure weighment.

Further, Railway Board instructed[111] (October 2006) that Chief Operations Manager (COM) of each Railway will also notify Alternate Associated Weighbridge where weighment will be done, if the Associated weighbridge is defective and advise the same to all Zonal Railways and Board's office. Accordingly, Zonal Railways were to notify associated weighbridges and alternate associated weighbridges for each loading point. A reliable means of communication should be set up among the associated weighbridges, alternate associated weighbridges and loading points concerned for communicating results of weighment.

Based on the Railway Board's instructions of October 2006, ECoR notified[112] a list of nominated associated weighbridges and alternate associated weighbridges for loading points available in their Railway. For loading station Nayagarh, Kendujhargarh and Sukinda Road were nominated as the associated weighbridge and alternate associated weighbridge respectively.

During scrutiny (November 2014) of the accounts and records of Chief Goods Supervisor, Sukinda Road, it was observed that from March 2011 to October 2014, out of total 117 iron rakes booked from Nayagarh/Daitari to Sukinda Road Goods shed, only 17 rakes were weighed at Kendujhargarh (13 rakes) and at Sukinda Road (four rakes) weighbridges. For the remaining 100 rakes, freight charges were recovered on the Sender's Weight Accepted (SWA) basis despite availability of associated weighbridge at Kendujhargarh and alternate associated weighbridge at Sukinda Road. The reasons for non-weighment of these rakes were not on record.

Scrutiny further revealed that overloading was detected in all the rakes for which punitive charge of ₹ 25.34 lakh was recovered. The total overloading detected in 17 rakes was 1694.6 tonnes and the quantity of overloading ranged

[111] Rate Circular No.86/2006 of October 2006
[112] vide Commercial Circular No. 125(G)/07 in May 2007 (subsequently revised in August 2014)

from 7.7 tonnes to 291.35 tonnes. Thus, average excess load and punitive charges collected per rake worked out to 99.68 tonnes and ₹ 1.49 lakh respectively.

The matter was referred to Railway Board in June 2016 with the following observations:

(i) There is system failure in observing the instructions of Railway Board. Although weighment facilities existed at weighbridge at Kendujhargarh and Sukinda Road, out of 117 rakes only 17 rakes were weighed and overloading was detected in all cases. Thus, there was a need to ensure that rakes were subjected to weighment as per RB's instructions.

(ii) Non-weighment of rakes encourages overloading malpractices, which lead to loss of revenue and damage to rolling stock and tracks as well. Railway Board must ensure that their instructions of weighing the consignments are followed and recovery of penalty is done from the defaulting consignor/ consignee.

In reply, Railway Board informed (December 2016) that weighment of one more rake was done at Kendujhargarh for which punitive charge was collected at Nayagarh and that total number of rakes was 116 and not 117. They further stated that Commercial Circulars of May 2007 and August 2014 stipulates that for the loading point Nayagarh, Kendujhargarh is the associated weighbridge for the loads towards Jakhapura and Sukinda Road is nominated as the alternate associated weighbridge. The reply further stated that for loads upto Sukinda Road, Sukinda Road weighbridge is not nominated as alternate associated weighbridge due to operational constraints.

However, the fact remains that out of 116 rakes, all 18 rakes weighed (14 at Kendujhargarh and four at Sukinda Road) were found overloaded. Weighment of remaining rakes at Kendujhargarh was not carried out as the weighbridge Kendujhargarh was out of order for five years eight months (in long spells) during the period May 2009 to October 2015. It was the responsibility of the Railway to ensure that the weighbridge at Kendujhargarh was made operational timely and in case of any delay alternative arrangements to weigh all the rakes from Nayagarh to Sukindia Road should have been made, especially in view of the fact that overloading was detected in all the 18 rakes which were weighed at Kendujhargarh and Sukinda Road during the period 2013-14.

On the analogy of average overloading per rake the total quantity of overloading in respect of 98 rakes booked on 'Sender's Weight Accepted' basis works out to 9769.1 tonne and punitive charges of ₹ 1.46 crore was compromised.